



North Essex Authorities (NEAs) Section One Shared Strategic Plan

Matter 4: Build Out Rates

Response to Further Hearing Statements

December 2019

North Essex Authorities' Response to Further Hearing Statements related to Matter 4 (build out rates)

1. The NEAs have reviewed the Further Hearing Statements to Matter 4 and their position, as outlined in the Topic Paper and their Further Hearing Statement, remains unchanged. We have however responded to specific arguments which are set out below.

The consequences of an over-optimistic build out rate

2. CAUSE states that an over-optimistic build out rate will lead to infrastructure being delayed and potential future five-year housing land supply issues. Firstly, infrastructure is a central component of the garden communities and as such its delivery will be closely monitored in line with the NEAs' requirement that the new settlements are infrastructure-led. Secondly, as a national policy requirement, five-year housing land supply obligations will be a feature of any future spatial strategy and as such it is not specifically relevant to the build out rates matter at hand. See paragraph 6 below for our position on five year housing land supply requirements.

The garden communities will result in Colchester growing faster than needed

3. CAUSE suggests that there is an unrealistic assumption that Colchester will have to grow at a faster rate than existing growth rates under the NEAs' proposed strategy. This argument fails to appreciate that the proposed strategy in Section 1 caters for established growth requirements (initially approved through this Examination). These growth requirements will need to be satisfied under any alternative spatial strategy, therefore the garden communities will not result in a higher or faster growth rate of Colchester (or North Essex) compared to alternative scenarios.

Effects on five-year housing land supply

4. Lightwood seem to make the assumption that due to the garden communities' anticipated commencement within the first five years of the plan period, the NEAs will rely upon those completions to fulfil their five-year supply obligations. Lightwood state that the Inspector should adopt 'a s.78 attitude' when assessing deliverability of housing at the garden communities. But if one were to follow this logic, no housing sites capable of delivery in the first five years of a plan period would ever be allocated on the basis of their lacking deliverability.

5. Effectively this would mean the garden communities cannot be allocated in the first five years of the plan period because they can't demonstrate s.78-level requirements of deliverability (detailed planning approvals, preparatory works carried out on-site, etc) –but critically they will not be able obtain the s.78-level deliverability requirements until they are allocated in a plan.

6. Importantly, the NEAs do not rely on the garden communities to meet their five-year housing land supply requirements; the NEAs have sufficient land supply buffers to account for potential delay to the delivery of the garden communities and this is a point readily acknowledged by Lightwood in their statement.

The impact of Help to Buy on build out rates

7. CAUSE suggests that Help to Buy has propped-up housing delivery in recent years. The NEAs are of the view that considerable latent housing demand combined with the Government's continued focus on

home ownership¹ will continue to be the basis for future initiatives to improve access to the housing market. Moreover, this concern (if it ever does become an issue impacting delivery) is relevant to every housing development scheme in the UK and as such is not of specific relevance to this matter (or the wider Examination).

The Lichfields blogpost

8. The NEAs support the informed views of the Andrewsfield New Settlement Consortium; Galliard Homes; the L&Q, G120 and Cirrus Consortium; and North Essex Garden Communities Ltd that the Lichfields blogpost highlights the relevant determinants for build out rates but its empirical evidence is of only limited relevance to the garden communities. The NEAs maintain that the key factors affecting build out rates identified by Lichfields, Savills and Letwin, are all available at the garden communities.

9. Parker states that the blogpost refutes the point made in the Topic Paper that the Lichfields data is representative of abnormal market conditions (i.e. the 2007/8 recession). However, no such refutation has been forthcoming – simply adding a couple of years more data does not nullify the inclusion of the recessionary period (or post-recessionary period) in the dataset.

10. Parker further states that the plan period will likely experience fluctuations in market conditions and that such fluctuations should be considered normal. The NEAs do not dispute that fluctuations are likely (in fact they're almost certain) to take place during the plan period, but the NEAs strongly dispute any suggestion that the 2007/8 recession is representative of normally fluctuating market conditions – it should be treated as extraordinary. The NEAs still caution the use of the *Start to Finish* dataset on that basis (as well as its clear lack of suitable comparators to the garden communities).

The number of outlets required at the garden communities

11. The NEAs welcome Galliard Homes' insight into the operation of sales outlets at strategic sites in particular the wide variance between the number of outlets and a site's build out rate. The NEAs consider that such variance cautions the strict application of broad averages or 'rules of thumb' to inform how many outlets will be required at the garden communities.

12. CAUSE lists outlets based on total completions at sites without taking into account that private sales are only an element of completions at those sites. This point is particularly important as the garden communities, if they are to create vibrant and cohesive communities in line with the NEAs' aspirations, will have to deliver a significant amount of non-market tenure types. Therefore, these tenures must be taken into account when attempting to forecast the number of sales outlets that will be required to deliver different levels of build out rate.

13. CAUSE questions the local market's ability to absorb the housing at the garden communities but this argument fails to recognise that the garden communities are simply catering for the housing needs identified in accordance with national planning policy. There must therefore be an assumption that there is capacity in the market otherwise the (initially approved) housing targets in Section 1 must be adjusted.

¹ See for example: <https://www.building.co.uk/communities/general-election-2019-a-letter-to-the-construction-industry-from-the-conservatives/5103134.article>

14. Gladman's view that a housing delivery strategy would be needed before assumptions on build out rates can be formed is not shared by the NEAs who are of the opinion that there is already sufficient justification for an average build out rate assumption of 300dpa. This assumption is based on the Section 1 proposals' capacity to deliver at scale, with timely infrastructure and housing diversity, by a master developer. All of these factors are considered by the industry (Lichfields, Savills and the Letwin Review) as fundamentally important to drive up build out rates.

15. Parker make a number of statements which collectively suggest that there is insufficient evidence to demonstrate the garden communities can be delivered at 300dpa. However, none of Parker's arguments are specific to the garden communities – they could be applied to any strategic site by a developer with an unallocated land interest. The key fact Parker fail to acknowledge is that a baseline level of demand for housing at the garden communities has been demonstrated by virtue of the plan's (initially approved) objectively assessed housing needs targets.

16. The NEAs disagree with Mike Lambert's statement that the garden communities are reliant on 'new forms of tenure and product'. There is no explanation of what is meant by this statement as the tenures and types of housing products proposed by the NEAs are well-established elements of the existing housing system.

The role of a master developer in housing delivery

17. The NEAs support the L&Q, G120 and Cirrus Consortium in its contention that a master developer role at the garden communities will serve to accelerate delivery. This can be achieved by the master developer:

- Funding infrastructure upfront and delivering it in accordance with an approved masterplan;
- Providing serviced plots that can be sold to housebuilders (or self/custom builders or builders or specialist housing), significantly reducing the most common barrier to housing delivery;
- Acting as the strategic developer it can co-ordinate development by responding to market conditions, for example by prioritising non-market housing in periods of downturn;
- Ensure housing delivery across the entire scheme are applied in accordance with adopted design codes/guides, the development plan, and the approved masterplan, thereby providing clarity to housing developers; and
- Acting as a conduit between the housing developers and the planning/transport authorities to ensure shared ambitions are met at the garden communities.

Miscellaneous arguments

18. Williams use Highwoods and Great Notley as comparator sites to the garden communities. Clearly, they are not comparators and the garden communities should be viewed as a combination of strategic sites rather than single developments delivered by single housebuilders. Moreover, the data and sources are not provided so scrutiny cannot be carried out on Williams' assertions. The NEAs welcome Williams' critique of the University of Glasgow paper as mostly irrelevant to the garden communities.

19. Lightwood state that 'The NEAs seem indifferent to asking the taxpayer for money for their garden communities projects' but local communities (i.e. taxpayers) have quite rightly demanded that strategic development should be infrastructure-led rather than parasitical on existing infrastructure.

20. Wivenhoe Town Council suggest that housing delivery will be sacrificed at the expense of 'other factors like affordable homes, infrastructure and the quality of build'. The NEAs response is that all of those elements (affordable housing, infrastructure and quality of build) are critical to achieve high housing delivery rates. This position is supported by the evidence base including the Letwin Review.

21. Wivenhoe Town Council also repeats concerns about Brexit affecting the availability of construction skills, again without any evidence. The NEAs maintain that any effects caused by Brexit will be applicable to every spatial strategy and every housing scheme in the UK and as such the argument is not specifically relevant to this matter (or to this Examination).