

NOTE ON LAPSE RATES FOR THE NORTH SOMERSET CORE STRATEGY

- 1.1 North Somerset Council provided supporting information on the calculation of lapse rates to the examination on the 21st June 2016. This note prepared by Neil Tiley, Pegasus Group uses this information to assess the appropriate lapse rates. The workings behind this were discussed with Natalie Richards, North Somerset Council and it is proposed that these will be agreed by all parties.
- 1.2 The calculations on the rear of the information sheet were clarified in discussions with Natalie Richards. The various columns reflect the following:
- Capacity – the number of dwellings subject to extant completions at April of that year including those under construction.
 - Completions – the number of dwellings completed in the year prior to April.
 - Lapsed – the number of dwellings subject to a permission which lapsed in the year prior to April.
- 1.3 The Council then add these together to generate a stock figure. Against this they calculate the proportion of dwellings which lapsed in the preceding year. This is then applied to extant permission excluding those under construction to make allowance for those expected to lapse from small sites and no allowance is made for large sites.
- 1.4 This approach is incorrect for 3 reasons as follows:
- 1.5 Firstly, the stock includes sites which were complete in the previous year and those which lapsed in the previous year. All of these are not subject to extant permissions and so should not be included in the stock.
- 1.6 Secondly, the stock includes sites under construction which reduces the lapse rate but then this is not applied to those sites which are under construction. An

inconsistent approach has been applied to the lapse rate calculation and its application.

- 1.7 Thirdly, but most critically the lapse rate only takes account of those dwellings which lapse in the first year. However, sites will also lapse in years 2 and 3 (and potentially later if they are subject to renewed applications). Therefore, of the stock in any year, the calculation only makes allowance for those sites which will expire in the first year and assumes that no sites will expire in subsequent years.
- 1.8 I provide the correct calculations below.
- 1.9 As at April 2009 there were 583 dwellings subject to an extant permission including those under construction. Of these 65 lapsed in 2009/10, 52 lapsed in 2010/11 and 21 lapsed in 2011/12 on the basis that all of these lapses must have been permitted at April 2009 for them to have lapsed by April 2012. This means that of the identified supply of 583 dwellings some 138 lapsed within 3 years. This equates to a lapse rate of 23.7% of the stock in this year. I undertake the comparative analysis for each year in the following table.

Year	Capacity in year x	Lapses subsequent years	in 3	Lapse rate
Large sites				
April 2007	4572	106		2.3%
April 2008	4691	119		2.5%
April 2009	2508	79		3.2%
April 2010	2493	13		0.5%
April 2011	3294	66		2.0%
April 2012	3185	79		2.5%
Small sites				
April 2009	583	138		23.7%
April 2010	479	110		23.0%
April 2011	463	132		28.5%
April 2012	571	138		24.2%

- 1.10 Given that these rates have been calculated based upon sites which are both not started and under construction, the rates should be applied to both sources

(averaging out the higher rates on sites which have not started with lower rates on those which are under construction).

- 1.11 The above demonstrates that somewhere in the region of 2% of large permitted sites at any point in time would be expected to lapse. However, I support the Council that a detailed site specific assessment is preferable and so I do not challenge their approach on this (although recognising that I may not agree with the sites specific assessments).
- 1.12 On small sites the lapse rate should be of the order of 24% based on historic rates. Given that CC/26 identifies a supply of 505 small sites subject to permission, the application of this rate would indicate that circa 121 of these are likely to lapse, as compared to the 32 identified by the Council. At a strategic level this difference is small but again supports the need for flexibility in the policies.
- 1.13 It should be noted that the above refers only to lapse rates and take no account of non-implementation rates where developments technically commence but never achieve completions.