

North Somerset Council

Further note on housing land supply and lapse rates in response to participant's submissions

Housing land supply

The council have put before the examination sufficient evidence proportionate to the Core Strategy level of detail. Participants have also had ample opportunity to do this, and a number have done so.

The housing requirement of 20,985 dwellings is now an adopted figure, and is therefore the starting point for the five year supply calculation, as per NPPG advice.

'Housing requirement figures in up-to-date adopted Local Plans should be used as the starting point for calculating the five year supply. Considerable weight should be given to the housing requirement figures in adopted Local Plans, which have successfully passed through the examination process, unless significant new evidence comes to light.'

It is agreed that the purpose of the examination is to focus on whether the remitted policies have the ability to deliver the housing requirement. It is the council's position that five year supply is a key component of this, and the council's case is clear – we are requesting certainty on an effective framework for us to continue to maintain a supply of deliverable sites.

The Inspector has clearly indicated that he agrees with the council's position regarding the appropriate buffer to incorporate into the calculation, and that as there has been no evidence of persistent under delivery the buffer should be 5%. We welcome this level of certainty.

We also request that the Inspector concludes on the matter of whether the appropriate methodology to employ is Liverpool or Sedgefield, again to provide the council with a clear position from which to move forward. The council's case on this is set out clearly in CC-CS/2.

Lapse rates

Further to the discussions during the hearing sessions and the statement submitted by Pegasus Group to the examination, the council would like to clarify their position in respect of lapse rates.

The evidence put forward by the council in their response to question 1 (set out as appendix 1 of this note for ease of reference) remains the council's case, irrespective of the discussions with Pegasus.

Pegasus indicated orally during the hearing sessions that the approach they favour has been recommended by an Inspector examining the Gloucester, Cheltenham and Tewkesbury Joint Core Strategy. This is not the case. The examination into this plan has not concluded and whilst the Inspector has published some interim findings, they do not refer to the calculation of lapse rates, there is a sole reference to whether it is appropriate to apply a lapse rate to small sites with a capacity of 1-4 dwellings or 1-10. It is fair to say that the three councils have prepared further evidence on lapse rates since the last hearing sessions, but this is different to that submitted in this case by Pegasus, as it follows each consent through the process in detail and assesses whether each individual site completes, renews, or lapses.

The council consider that Pegasus's method presented in their note over estimates the lapse rates on small sites, as it does not take into account new consents being granted each year. It is also the council's position that it is not appropriate to discount the stock of permissions that are under construction.

The council's position is that 32 units should be discounted from the small site capacity. Pegasus' position is that 121 should be discounted. Neither of these figures represent a significant proportion of the council's expected supply.

It is agreed between the parties that it is not appropriate to make a flat rate discount from large sites.

Question 1

Permissions. See housing calculation table at paragraph 16 of CC/07 and at CC-CS/2. In April 2016 the council's supply figure is 8,327. In the CC/26 calculation a 9% discount has been applied to the figure for small sites with planning permission. Is that sufficient and should a similar figure be applied to the larger sites total? Is there a sound evidence base for this?

The 9% lapse rate applied to small sites is taken from previous research undertaken in August 2011, which informed the Strategic Housing Land Availability Assessment 2011. This research drew the following conclusions:

Large sites -	Average lapse rate between 2006-2011 was 0.73% of the total dwelling stock per annum.
(10+ units)	Over the five year period assessed, a total of seven applications expired (119 units).
	Highest figure in one year was 2.1% of dwelling stock.
	Conclusion that once planning permission secured there is almost definite intent to deliver.
Small sites -	Average lapse rate between 2008-2011 was 9.43% per annum.
(0-9 units)	Over the three year period assessed, individual years were 8.27%, 9.13%, 10.88%.
	Lapse rate higher than on large sites, as often consent sought for various uses when selling property.

As the large site lapse rate was so low, it has been standard practice since the research was undertaken to assess deliverability of each site individually, rather than apply a flat rate across the board.

The average of 9% discount for non-implementation per annum on small sites has been consistently applied ever since the research was undertaken. It is assumed that small sites that are under construction will come forward in their entirety and they are excluded from the discount calculation, then 9% of the capacity of all other small sites not started (with full or outline consent) is deducted.

An update of the 2011 research has been undertaken, to check the validity of the rates applied. This is set out in full overleaf.

To summarise:

- For large sites there has been an average lapse rate of 0.68% over the past 9 years, almost identical to the previous 0.73% rate, supporting the application of site by site analysis, rather than applying a standard rate.
- For small sites the 2011 research showed an average rate of 9.43% per annum over the preceding 3 years. Bringing the analysis up to date shows a slightly lower average of 7.92% over the past 7 years.

As at April 2016 there are now 505 units with consent on small sites, of which 148 are under construction, leaving 357 not yet started (as set out in CC/26). Applying the previously used 9% discount would remove 32 units from the supply.

Whilst it is acknowledged that an 'industry standard' rate to apply is usually 10%, in this case the council have clear evidence to support the marginally lower rate applied.

Lapse rate analysis

Large sites

	Capacity	+	Completions	+	Lapsed	=	Stock	Lapse rate	Average
Apr-2007	4572	+	883	+	0	=	5455	0.00%	0.67%
Apr-2008	4691	+	1182	+	0	=	5873	0.00%	
Apr-2009	2508	+	732	+	40	=	3280	1.22%	
Apr-2010	2493	+	605	+	66	=	3164	2.09%	
Apr-2011	3294	+	525	+	13	=	3832	0.34%	
Apr-2012	3185	+	393	+	0	=	3578	0.00%	
Apr-2013	2990	+	412	+	0	=	3402	0.00%	
Apr-2014	2570	+	760	+	66	=	3396	1.94%	
Apr-2015	2180	+	521	+	13	=	2714	0.48%	

Small sites

	Capacity	+	Completions	+	Lapsed	=	Stock	Lapse rate	Average
Apr-2009	583	+	203	+	96	=	882	10.88%	7.92%
Apr-2010	479	+	168	+	65	=	712	9.13%	
Apr-2011	463	+	114	+	52	=	629	8.27%	
Apr-2012	571	+	122	+	21	=	714	2.94%	
Apr-2013	412	+	115	+	37	=	564	6.56%	
Apr-2014	367	+	137	+	74	=	578	12.80%	
Apr-2015	373	+	153	+	27	=	553	4.88%	

