

Conwy Local Development Plan Revised Deposit Plan 2007 – 2022



BACKGROUND PAPER 31

Capacity of the House Building Industry

December 2010

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1. Introduction

1.1 Purpose of the Background Paper

1.1.1 This paper is one of a series of background papers accompanying the Revised Deposit Local Development Plan (LDP) document. As the LDP (which covers the area of the County Borough outside the Snowdonia National Park over the plan period of 2007-2022) is due to go for public consultation on the revised deposit in the autumn of 2010, (the first deposit having gone for consultation in April 2008 with a housing growth figure of 6,300 dwellings), it is essential that the Council has an understanding of the capacity of the housebuilding industry. This will allow a sound and appropriate level of housing supply to be delivered enabling the Council to tackle the issues associated with the projected population change during that period.

1.1.2 To help gain this understanding, the Council requested that developers and landowners completed a questionnaire with regards to the potential development capacity of house builders in Conwy County Borough. This questionnaire was carried out in January and February 2010 with the subsequent report written up between the March and May of the same year. A copy of the covering letter sent with the questionnaire and the questionnaire itself can be found respectively in Appendices A and B of this report.

1.2 Areas covered by the Questionnaire

1.2.1 The following themes formed the basis of the questionnaire;

- The appropriate annual housebuilding completion rate during the LDP period
- The appropriate housebuilding completion rate in the current economic conditions, with the economy currently slowly emerging from recession
- The appropriate housebuilding completion rate in normal market conditions (e.g. those experienced before the recession, circa 2008)
- The appropriate housebuilding capacity on a site by site basis, taking into account the number of developers on site

1.2.2 The participants were given approximately 10 days to complete the questionnaire and in total, 18 responses were received by the Planning Policy Service. Of these responses, 4 were notifying the Council that the respondent did not feel that they were suitable to answer the questionnaire and as a result of this 14 responses

have contributed towards the findings and subsequent conclusions in this background paper. The names and addresses of those that responded are listed in Appendix C.

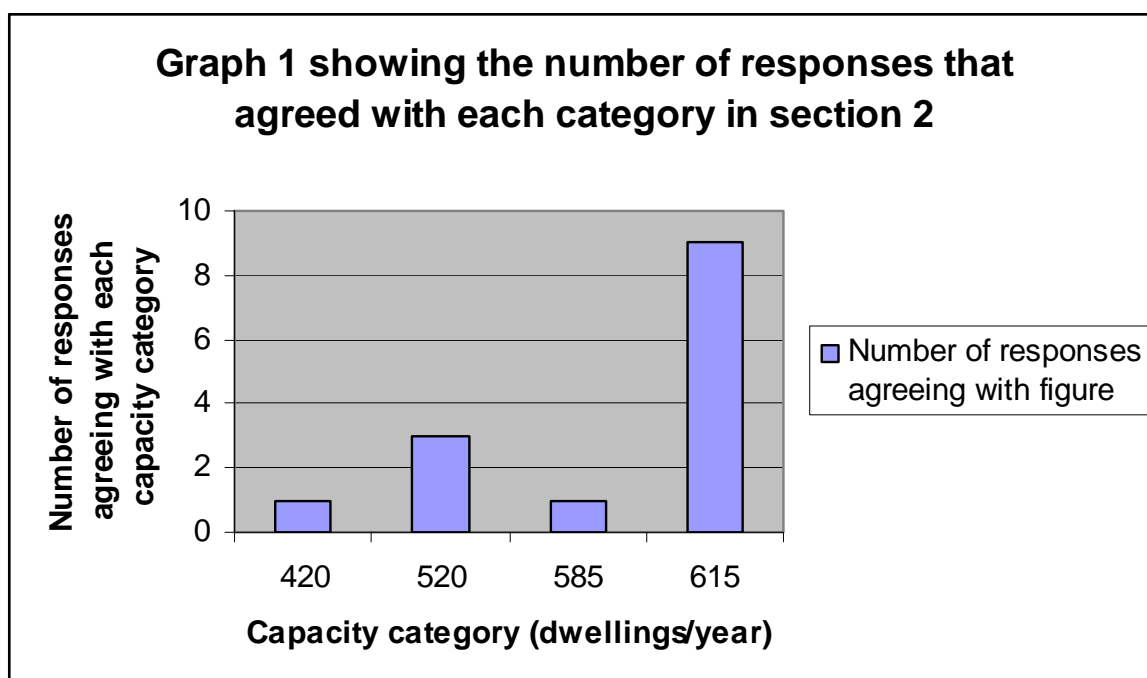
2. Results of the questionnaire

The results and conclusions gained from the questionnaire are on the following pages.

2.1 The results for section 2

2.1.1 This section of the questionnaire asked; ‘Do you agree or disagree that the following annual completion rates can be achieved across the Council’s planning area?’ The results for this are below;

Number of dwellings that can be completed across the borough annually	Number of responses agreeing with figure
420	1
520	3
585	1
615	9



2.1.2 Conclusion;

The above graph shows that the majority of respondents thought that developers had the capacity to deliver a much higher number of dwellings in Conwy than the rate in the first deposit LDP of just 420 dwellings per year. The majority thought that a rate of 615 dwellings a year could be completed and thus over a 15 year period a total of 9,225 dwellings would be achievable. As a result, it would appear possible for the growth rate in the revised deposit LDP to be higher than the first deposit LDP target.

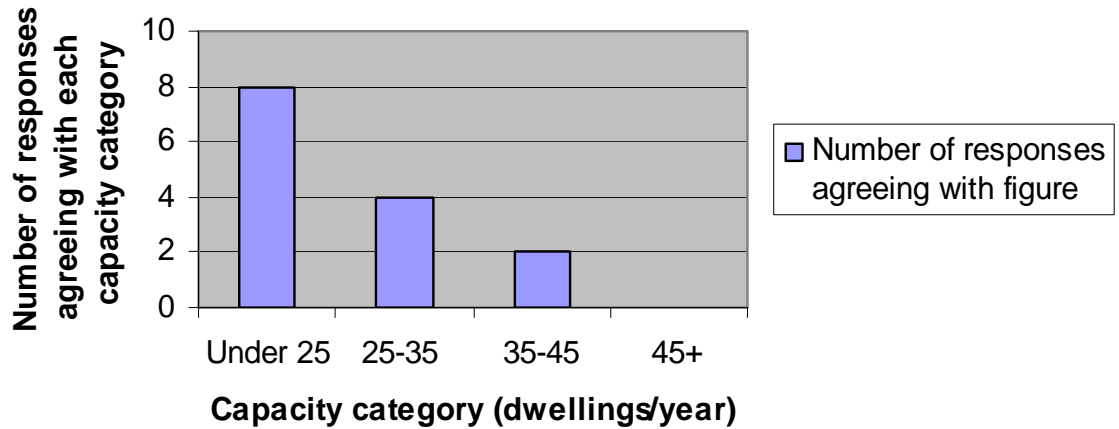
2.2 **The results for section 3 question 1**

2.2.1 This section asked the question; 'With 1 developer on the site how many dwellings would be achievable over the LDP period on a yearly basis?' This was split into 2 sections; under 'current conditions' and under 'normal market conditions'.

2.2.2 The for 'current conditions' are below and in Graph 2;

Number of dwellings would be achievable over the LDP period on a yearly basis	Number of responses agreeing with figure
Under 25	8
25-35	4
35-45	2
45+	0

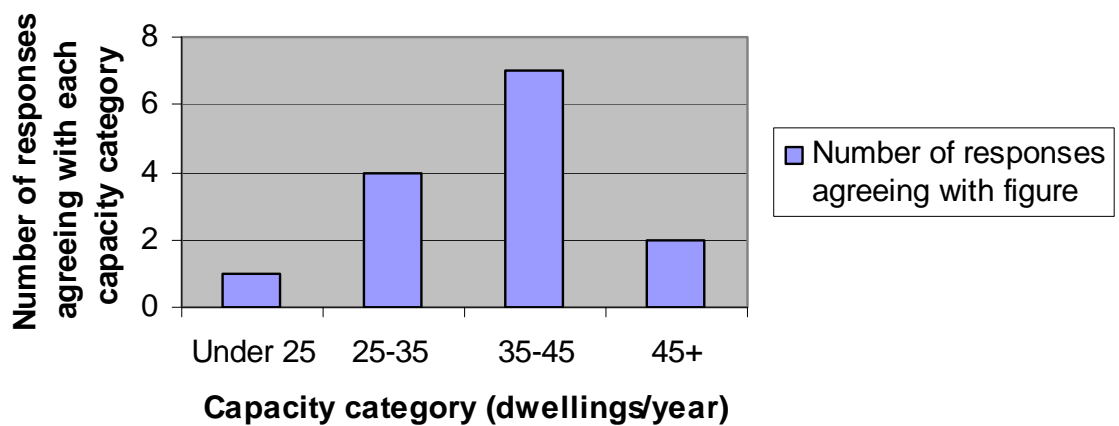
Graph 2 showing the number of responses that agreed with each capacity category in section 3, question 1- 'under current conditions'



2.2.3 The results for 'normal market conditions' are shown below;

Number of dwellings would be achievable over the LDP period on a yearly basis	Number of responses agreeing with figure
Under 25	1
25-35	4
35-45	7
45+	2 (figures given; 45 and 60)

Graph 3 showing the number of responses that agreed with each capacity category in section 3, answer 1- 'under normal conditions'



2.2.4 Conclusion;

Graph 2 shows that most of the respondents thought that a low rate of dwelling completions would be possible under the current market conditions, with half thinking that a rate of dwelling completions on a site with one developer working on it would be lower than 25.

2.2.5 Graph 3 shows that under normal market conditions, a much higher rate of completions on a site would be possible than in graph 2 with 9 respondents thinking that a rate of at least 35 dwellings per year would be achievable. However, this rate does not seem to match up with the pattern shown in graph 1 where most of the respondents thought that the highest build rate (615 dwellings per year) could be achieved. If this was to be the rate of development on every site there would have to be at least 14 sites (with one developer on each site) with a total quantity of dwellings of 100 on each (as this was the hypothetical situation given in the questionnaire). This situation, which does not seem likely to happen in reality, raises questions about the feasibility of completing 615 dwellings in a year but it does appear that a build rate higher than the current one may be possible.

2.2.6 Overall, with one developer on site and under current market conditions there would be quite a low rate of dwelling completions, however, when things return to normal, the consensus seems to be that a higher rate of dwelling completions than was opted for in the first deposit LDP would be possible. Therefore, provided there is an economic recovery during the current plan period (to the levels of economic growth experienced before the recession began), a higher level of dwelling completions per annum would be possible later on in the plan period, due to the time it would take for build rates to get to the previous level. This would enable, if necessary, a higher growth target in the LDP to be achieved than the current 6,300 dwelling target.

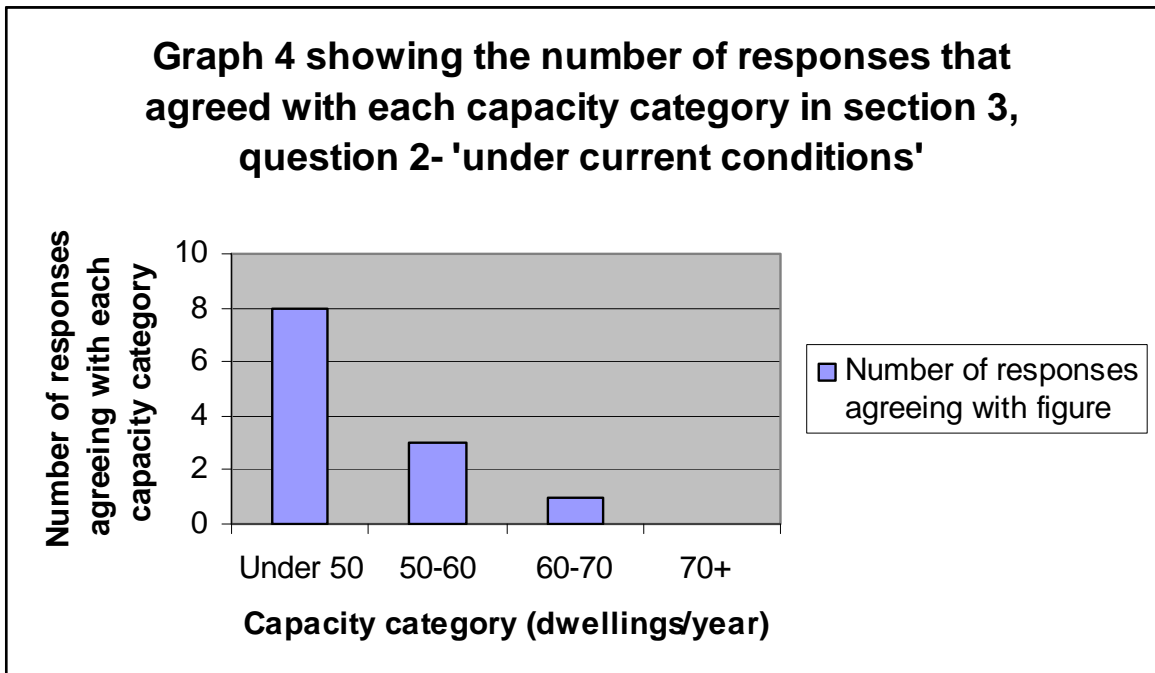
2.2.7 Having said that, considering the most popular level of dwelling completions given in section 2 were not the highest ones, it does not seem likely that 615 dwellings could be achieved considering the responses shown in graph 3. Therefore it would appear that a higher level than before could be achieved, but not as high as the 615 dwellings per year claimed in section 2.

2.3 **The results for section 3 question 2**

2.3.1 This section of the questionnaire asked; 'With 2 developers on the site how many dwellings would be achievable over the LDP period on a yearly basis? This was split into 2 sections; under 'current conditions' and under 'normal market conditions'.

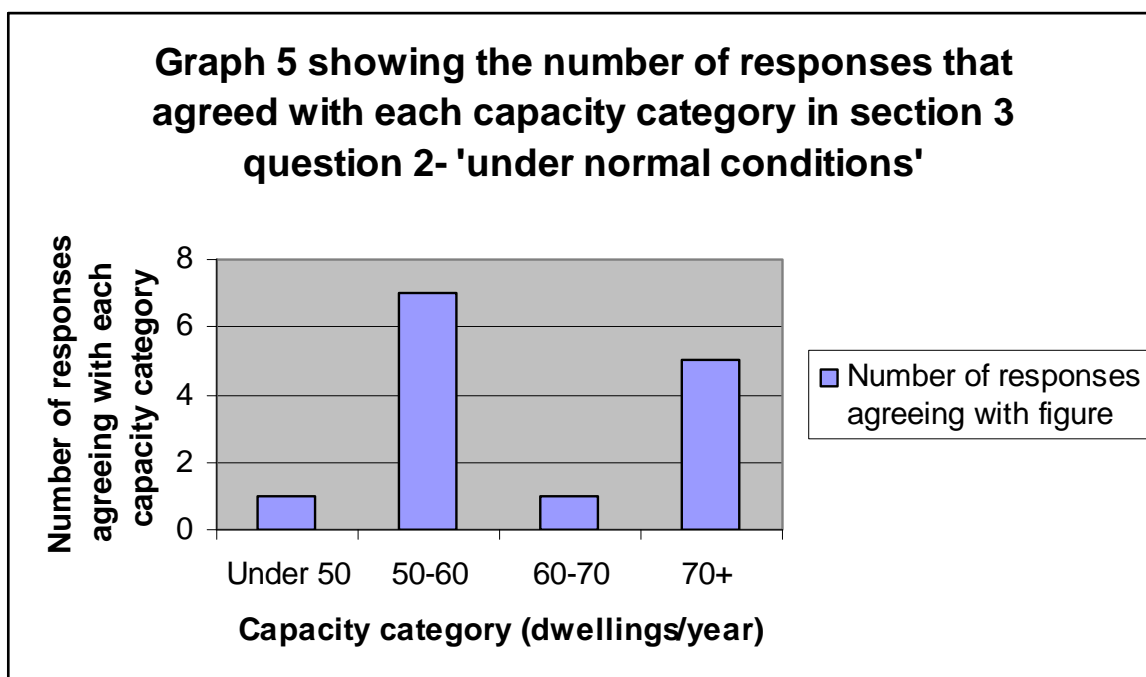
2.3.2 The results for 'current conditions' are below;

Number of dwellings would be achievable over the LDP period on a yearly basis	Number of responses agreeing with figure
Under 50	8
50-60	3
60-70	1
70+	2 (figures given; 80)



2.3.3 The results for 'normal market conditions' are below;

Number of dwellings would be achievable over the LDP period on a yearly basis	Number of responses agreeing with figure
Under 50	1
50-60	7
60-70	1
70+	5 (figures given; 70, 75, 80, 84, 120)



2.3.4 Conclusion;

The results in Graph 4 show that the pattern of responses regarding the rate of completions under normal market conditions is similar to those shown in question one, e.g. relatively low. The vast majority of the respondents (79%) thought that the rate of completions would be at most, 60 dwellings per year with 2 developers working on a site. This re-enforces the idea that only a low rate of development could take place under current market conditions.

2.3.5 The results in graph 5 show a mixed response to the potential annual capacity of 2 developers on a site to complete dwellings in normal market conditions. A small majority of respondents thought that the figure would be in the lower half of the range of potential completion rates with the average of the responses given in the 70+ category being approximately 86 dwellings per year. If this was the case (with this being the best case scenario), there would have to be 7 sites across the County Borough with 14 developers in total which seems an unlikely figure to be met in reality. Again, this does raise questions about all of the respondent's earlier support for the idea that 615 dwellings could be completed each year, as the responses given in section 3 do seem to be able to realistically meet this figure.

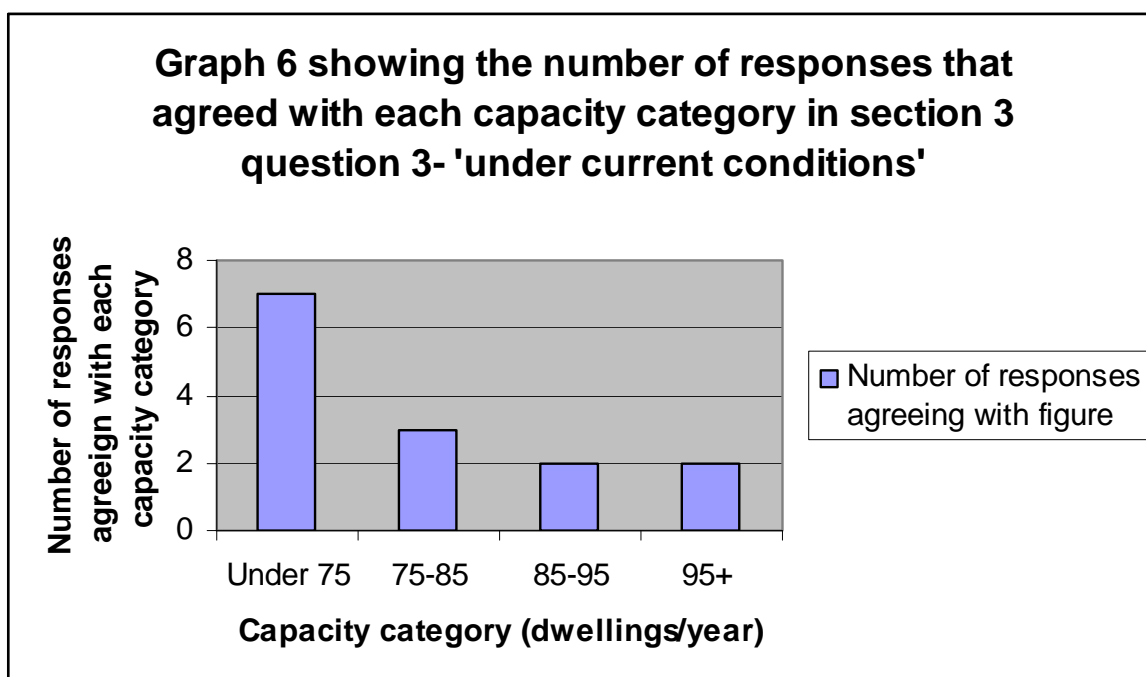
2.3.6 Overall, when considering the potential rate of completions possible for 2 developers on a site the consensus was that under the current economic

conditions the rate would probably be relatively low, potentially in the region of 50 dwellings per year. Under normal market conditions there was a less obvious trend, and even in the best scenario put forward by the respondents, it would be unlikely to be able to meet the 615 dwellings per year completion rate that received the majority of support in section 2. This creates uncertainty as to whether the highest level of dwelling completions would be possible, but that rate would still appear to be above the current housing growth strategy figure of just 6,300 dwellings (420/year).

2.4 The results for section 3 question 3

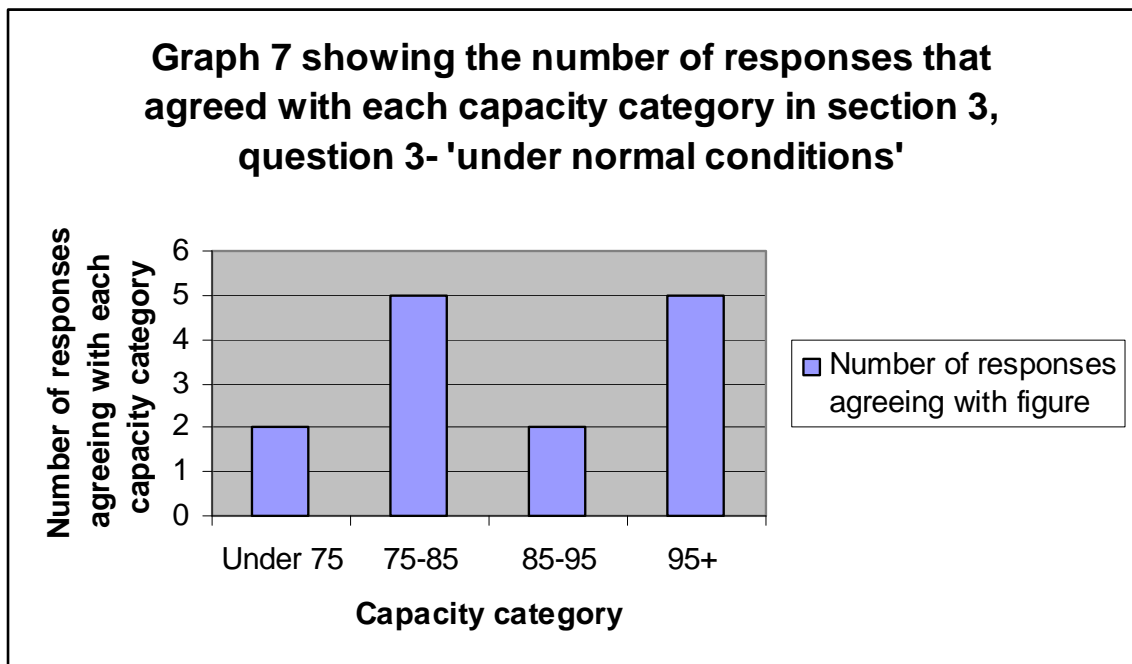
2.4.1 This section asked; 'With 3 developers on the site how many dwellings would be achievable over the LDP period on a yearly basis? This was split into 2 sections; under 'current conditions' and under 'normal market conditions'. The results for 'current conditions' are below;

Number of dwellings would be achievable over the LDP period on a yearly basis	Number of responses agreeing with figure
Under 75	7
75-85	3
85-95	2
95+	2 (figures given; 120 and 130)



2.4.2 The results for 'normal market conditions' are below;

Number of dwellings would be achievable over the LDP period on a yearly basis	Number of responses agreeing with figure
Under 75	2
75-85	5
85-95	2
95+	5 (figures given; 95, 100, 115,120 and 180)



2.4.3 Conclusion;

Graph 6 shows a very similar pattern of response to that shown in Graph 4, in that there is negative correlation when considering the number of dwellings that could be completed on a site with three developers on it under current market conditions. Half of the respondents thought that less than 75 dwellings could be completed in a year, with three thinking this would be in the region of just 75-85 dwellings per year. Overall this shows that the majority of the respondents thought that a relatively low build rate could be achieved under the existing market conditions.

2.4.4 The results in Graph 7 show that the respondents views on the potential rate of completions for a site with three developers on it under normal market conditions is very similar to that in Graph 5. An equal number of responses (five) thought it would be in either the 75-85 or 95+ categories (with the average total given in the

95+ category being 122) for dwellings completed in a year. A lower but still equal number of responses (2 each) thought it would be either under 75 or 85-95 dwellings completed per year. Using the highest growth rate average of 122 dwellings per year, there would have to be five sites with 3 developers working on each of them.

- 2.4.5 When considering the second most popular development rate (75-85 dwellings in a year), there would have to be 7 sites of this size with a total of 21 developers to reach the target of 615 dwellings per year. As a result of this, it would not seem possible to reach the highest possible development rate, putting further doubt on the figure of 615 dwellings being possible to complete in a year. Although the highest level of development may not be possible, there does seem to be reasonable argument for a higher level of development than the first deposit LDP.

3. Overall Conclusion

- 3.1 The overall trend for the level of dwellings that could be completed on a site under current market conditions is a very negative one with the majority of respondents thinking that only the lowest estimates would be possible (under 25, 50 or 75 dependent upon the number of developers on the site). This shows that there could be a depressed level of dwellings completed in the earlier part of the plan period. This could have serious implications for the total number of dwellings that can be completed over the plan period, which may result in a lower dwelling target having to be adopted despite the respondents showing support for a much higher level of development.
- 3.2 The trend shown by the results for build rates under normal market conditions was broadly positive, with a low number of responses thinking that the dwelling completion rate under normal market conditions would still be restricted to the lower levels. There was not however, a consensus as to what level could be achieved regarding how high the level of development could be.
- 3.3 The general trend was for approximately half of the responses to be split between proposing median levels of dwelling completion rates and the highest possible rate, either 45, 70 or 95 (or more) dwellings per year. This supports a relatively high potential level of development, but it would not appear to be in the region of

the figure of 615 dwellings per year proposed in section 2. The results do appear, however, to support the board principle of a higher level of growth in the revised deposit LDP than the previous target of 6,300 dwellings despite this.

- 3.4 The results recorded found no conclusive and cohesive set of information for the potential upper limits of the capacity of house building that would be achievable between the County Borough and site level. Because of this, it is not possible to determine whether the capacity of the housebuilding industry would be able to build the number of houses it claimed it could in section 2 of the questionnaire and thus a lower figure than the 615 is appropriate. For example, the 615 dwellings a year would need to assume in the LDP that 24 independent developers would be building 25 dwellings a year every year for the period of plan to total 9225 dwellings. This approach is questionable as supported by the results section 1 of the study. A more conservative approach i.e. less than 25 dwellings a year in the initial periods of the plan (15 dwellings) would assume 360 dwellings a year (24 developers x 15 dwellings) for the first 5 years (i.e. 2010 – 2015) and 600 dwellings a year for the remaining period of the Plan up to 2022 (24 Developers x 25 dwellings x 7 years). Taking into account the completions over the period 2007 to date (1054 dwellings), this would assume a deliverable housing figure over the plan period of **7054** dwellings.

4. Appendices

4.1 Appendix A

Below is a copy of the covering letter that accompanied the questionnaire sent out to landowners and developers;

Dear Sir/Madam,

Capacity of the housebuilding industry to deliver housing development in Conwy County Borough - Developer's Questionnaire

As the Conwy Local Development Plan (LDP) is due to go for revised submission in the summer of this year, (the first deposit having gone for consultation in April 2008) it is essential that the Council has an understanding of the capacity of the housebuilding industry to deliver a sound and appropriate level of housebuilding. This will enable it to tackle the issues associated with the projected population change through the revised LDP.

To help gain this understanding, the council would like you to complete the enclosed questionnaire with regards to development capacity in the County Borough. The questionnaire covers the following;

- The appropriate housebuilding completion rate to apply annually
- The appropriate housebuilding completion rate to apply in the current economic recession
- The appropriate housebuilding completion rate to apply in normal market conditions
- The appropriate housebuilding capacity to apply on a site by site basis taking into account one or more developers.

The results of this questionnaire will go towards forming part the evidence base of the revised Local Development Plan (LDP) and in determining a sound level of growth. This questionnaire is only short and should not take long to complete.

Please could you complete and return the questionnaire by the 02/02/10 in the enclosed stamped addressed envelope. Conwy County Borough Council would like to take this opportunity to thank you for your time in completing this questionnaire.

Yours sincerely

Stan Yates
Planning Policy Manager
Planning Policy Service

4.2 Appendix B

Below is a copy of the questionnaire sent out for developers to respond to the survey;

The capacity of the housebuilding industry to deliver housing development in Conwy County Borough

Developer Questionnaire

Introduction

The Council published the Conwy Deposit Local Development Plan (LDP) for consultation in April 2008. Following consideration of the representations received and as a result of new information received on population and household projections the Conwy LDP is being revised and re-published for consultation in August 2010. It is clear from the new projections that the population of the Conwy area could increase by as much as 9,600 to approximately 120,900 resulting from household change and net migration. In tackling the issues associated with the projected population change through the revised LDP, it is essential that the Council has an understanding of the capacity of the housebuilding industry to deliver a sound and appropriate level of housebuilding.

The past average housing build rate in the past five years for the Council's planning area has been 377 dwellings per year. However, the current planning framework for the Conwy Plan area is outdated and limited allocations remain in adopted Plans for housing development. While the current Conwy Housing Land Availability Study has demonstrated a 5 year housing land supply, Conwy has a limited supply of major Brownfield sites and in the future a much higher proportion of housing development will of necessity will need to take place on Greenfield sites.

Purpose of the questionnaire

The purpose of the questionnaire is to consult with developers and determine what the capacity level of local house builders is to deliver dwellings over the plan period. It covers the following:

- The appropriate housebuilding completion rate to apply annually
- The appropriate housebuilding completion rate to apply in the current economic recession
- The appropriate housebuilding completion rate to apply in normal market conditions
- The appropriate housebuilding capacity to apply on a site by site basis taking into account one or more developers.

The results of this questionnaire will go towards forming part the evidence base of the revised Local Development Plan (LDP) and in determining a sound level of growth. This questionnaire is only short and should not take long to complete. Conwy County Borough Council would like to take this opportunity to thank you for your time in completing this questionnaire.

Developer Questionnaire

Section 1- Your contact details

We need your contact details so we can return the results of this questionnaire to you when we have gathered all of the information and analysed the results.

Name of Company/Organisation.....

Officer Name.....

Address.....

Email address.....

Telephone number.....

Section 2

Do you agree or disagree that the following annual completion rates can be achieved across the Council's Planning Area? (Please tick)

Annual Completion Rate and Source	Yes	No
Trend completion rate based on the average of the previous 5 year completion rate of 377 dwellings per year		
The first deposit LDP annual dwelling completion date of 420 dwellings per year		
A completion rate of 520 dwellings per year dwellings based on a 15 year all migration trend (1991-2006)		
A completion rate of 585 dwellings per year dwellings based on a 10 year migration trend (1996-2006)		
Based on the official WAG 2006 based population and household projections with a 5 year migration trend of 615 dwellings per year		
Any other rate of completions different to those above (please specify and give reasons)		

Section 3

This section looks to establish the appropriate maximum level of on-site completions from 1 or more developers. The questions attempt to take into account the impact of the current economic climate on housebuilding activity and what happen when the economy returns to more normal market conditions. Please answer the following questions based on a hypothetical site with a total of 100 dwellings.

1. With 1 developer on the site how many dwellings would be achievable over the LDP period on a yearly basis? (please tick)

Current economic climate	Normal market conditions
<input type="radio"/> Under 25	<input type="radio"/> Under 25
<input type="radio"/> 25-35	<input type="radio"/> 25-35
<input type="radio"/> 35-45	<input type="radio"/> 35-45
<input type="radio"/> 45+ (please specify).....	<input type="radio"/> 45+ (please specify).....
<input type="radio"/> None Achievable	<input type="radio"/> None Achievable

2. With 2 developers on the site how many dwellings would be achievable over the LDP period on a yearly basis? (please tick)

Current economic climate	Normal market conditions
<input type="radio"/> Under 50	<input type="radio"/> Under 50
<input type="radio"/> 50-60	<input type="radio"/> 50-60
<input type="radio"/> 60-70	<input type="radio"/> 60-70
<input type="radio"/> 70+ (please specify).....	<input type="radio"/> 70+ (please specify).....
<input type="radio"/> None Achievable	<input type="radio"/> None Achievable

3. With 3 developers on the site how many dwellings would be achievable over the LDP period on a yearly basis? (please tick)

Current economic climate	Normal market conditions
<input type="radio"/> Under 75	<input type="radio"/> Under 75
<input type="radio"/> 75-85	<input type="radio"/> 75-85
<input type="radio"/> 85-95	<input type="radio"/> 85-95
<input type="radio"/> 95+ (please specify).....	<input type="radio"/> 95+ (please specify).....
<input type="radio"/> None Achievable	<input type="radio"/> None Achievable

Please could you respond within two weeks of receiving this questionnaire using the enclosed Stamped Addressed Envelope provided. Alternatively, the questionnaire is available to view and download on the Council's website at www.conwy.gov.uk (provide full link) which can either be faxed to 01492 512637, e-mailed to james.harland@conwy.gov.uk or posted to:

James Harland
 Conwy County Borough Council
 26 Castle Street
 Conwy
 LL32 8AY

Once again, Conwy County Borough Council would like to thank you for the time taken to complete and return this questionnaire.

4.3 Appendix C

Below is a copy of those who responded to the questionnaire with those highlighted in red being those who responded to inform the Planning Policy Service that they did not feel that they should complete the survey due to them not being a developer. Therefore, the results of this survey were taken using the information submitted by the 14 respondents who completed the questionnaires.

Jason Davies, K and C Developments Ltd, Enterprise House, Tir Llwyd Enterprise Park, Kinmel Bay, L18 5JZ
Julia Brownsword, Tan-y-Coed, Nant-y-Gamar, Llandudno, LL30 3BD
Les Jones Builders Ltd, Glan Y Don, 21 Deganwy Road, LL31 9DL
Bob Sugden, Conwy Valley Windows Ltd, The Roundabout, Glan y Mor Road, Penrhyn Bay, Llandudno
Dennis Worthing, D V Worthing, Treetops, Gofer Farm Cottages, Rhuddlan Road, St George, Abergele, LL22 9SE
St David's Commercial, 17 Coed Pella Road, Colwyn Bay, LL29 7BA
Brian Swindells, Colleg Llandrillo Cymru, Llandudno Road, Rhos-on-Sea, Colwyn Bay, LL28 4HZ
Dr Ahmed Jamil, Glasfryn, LlanfairTH, Abergele, Conwy, LL22 8SN
Jeff Fleet, Anwyl Construction, Mona Terrace, Prince Edward Ave, Rhyl, LL18, 4PH
Andrew Thorley (strategic land & Planning Manager), Taylor Wimpey UK Ltd, Taylor Wimpey House, Warrington Road, Birchwood, Warrington, WA3 6XU
Berwyn Evans, B&G Evans (Adeiladwyr) Cyf, Gelli, 7 Llwyn y Gibwst, Llansannan, Denbigh, LL16 5HQ
Mrs Gwenda Williams, Ty Mon, 8 Llewelyn Avenue, Glan Conwy, Conwy, LL28 5LU
Richard Robins, Redrow NW, Redrow House, St David's Park, Flintshire, CH5 3RX
Gwenno Price-Jones, JRL Law, Bank Buildings Llanrwst, LL26 OLS
Steve Goodwin, Goodwin Planning Services, Old Church Hall, Old Coach Road, Kelgall, Cheshire, CW6 0QJ (ON BEHALF OF MACBRYDE HOMES)
Berwyn Owen, Owen Devenport Ltd, 23 Wynnstay Road, Colwyn Bay, Conwy, LL29 8NB
Mostyn Estates Ltd, Mostyn Court, 2 Mostyn Street, Llandudno
John Hooson, Bryn-y-Glyn, Top Lan Road, Glan Conwy, LL28 6NP

Removing the respondents who did not complete the questionnaire leaves the table looking like this.

Respondent number	Respondents name and address
1	Jason Davies, K and C Developments Ltd, Enterprise House, Tir Llwyd Enterprise Park, Kinmel Bay, L18 5JZ
2	Julia Brownsword, Tan-y-Coed, Nant-y-Gamar, Llandudno, LL30 3BD
3	Dennis Worthing, D V Worthing, Treetops, Gofer Farm Cottages, Rhuddlan Road, St George, Abergele, LL22 9SE
4	St David's Commercial, 17 Coed Pella Road, Colwyn Bay, LL29 7BA
5	Dr Ahmed Jamil, Glasfryn, LlanfairTH, Abergele, Conwy, LL22 8SN
6	Jeff Fleet, Anwyl Construction, Mona Terrace, Prince Edward Ave, Rhyl, LL18, 4PH
7	Andrew Thorley (strategic land & Planning Manager), Taylor Wimpey UK Ltd, Taylor Wimpey House, Warrington Road, Birchwood, Warrington, WA3 6XU
8	Berwyn Evans, B&G Evans (Adeiladwyr) Cyf, Gelli, 7 Llwyn y Gibwst, Llansannan, Denbigh, LL16 5HQ
9	Mrs Gwenda Williams, Ty Mon, 8 Llewelyn Avenue, Glan Conwy, Conwy, LL28 5LU
10	Richard Robins, Redrow NW, Redrow House, St David's Park, Flintshire, CH5 3RX
11	Gwenno Price-Jones, JRL Law, Bank Buildings Llanrwst, LL26 OLS
12	Steve Goodwin, Goodwin Planning Services, Old Church Hall, Old Coach Road, Kelgall, Cheshire, CW6 0QJ (ON BEHALF OF MACBRYDE HOMES)
13	Berwyn Owen, Owen Devenport Ltd, 23 Wynnstay Road, Colwyn Bay, Conwy, LL29 8NB
14	Mostyn Estates Ltd, Mostyn Court, 2 Mostyn Street, Llandudno