

Planning permissions and completions

Research note

August 2019

Overview

In July 2017, Shelter released research on planning permissions, completions and profits in our [‘Phantom Homes’](#) research briefing. This research note provides an update on this research two years later, and an overview of the key findings, data and methodology.

Context

The Government has committed to a target of 300,000 new homes per year by the mid-2020s. While local authorities have significantly increased the number of units granted planning permission in recent years, these permissions aren’t resulting in the numbers of new homes needed. The last time England built more than 300,000 homes was in 1969, when councils and Housing Associations built 47% of new homes.¹

There has been growing discussion about the build out rates of major developers and the extent to which there is a gap between planning permissions and completions. Sir Oliver Letwin’s [Independent review of build out](#) (2018) identified that the fundamental driver of build out rates once planning permission is granted is the ‘absorption rate’ – the rate at which market sale homes can be sold without undermining the local market.

This reinforces that housebuilders’ approach to the land market is a consequence of the current system and they will only build homes at the rate at which they can sell them for a profit. In recent years the market has become increasingly reliant on this model of housebuilding to deliver new homes – and the homes that are delivered are often not affordable for the households who need them.

In contrast, housing sites with a larger proportion of social and affordable homes deliver more quickly. In their report [From Start to Finish: How quickly do large-scale housing sites deliver](#) (2016) Nathaniel Lichfield & Partners found that developments with 40% or more affordable housing have a build out rate that is around 50% higher compared to developments with less than 10% affordable housing.

This highlights the important role social housing can play in driving up overall supply and is one reason Shelter is calling for a [historic renewal of social housing](#), with a 20-year programme to deliver 3.1 million more social homes.

Research aims

The aims of this research update are to:

- determine whether the gap between planning permissions and housebuilding completions is increasing; and
- identify the shortfall of homes with planning permission that have not been built in recent years.

¹ MHCLG, [Live tables on house building: new build dwellings, Table 244](#)

Data sources and methodology

The following analysis is based on the data and methodology used in Shelter's 2017 [Phantom Homes](#) research on planning permissions and completions, updated to include data for 2016/17 and 2017/18.

Planning permissions

Our analysis sources the number of planning permissioned units from the Home Builders Federation (HBF) [New Housing Pipeline Q4 2018 Report](#). This report is based on an analysis of housing projects tracked by Glenigan and held on its database of construction projects.

HBF's definition of planning approvals is as follows:

Approvals are recorded at the detailed planning stage. Where a project has secured outline planning approval and the detailed consent is being resolved through the approval of reserve matters the date of 'detailed consent' is deemed to be that of the approval of reserve matters. In the case of some projects, the reserve matters are approved piecemeal; in these circumstances the earliest approval date has been used in order to avoid double counting.²

For the latter category, some of these sites may take a significant amount of time to leave the planning system. But some sites will have been stalled from before our period of study as well and will not figure in these planning permissions numbers.

In 2016 the LGA noted that Glenigan data did not include sites of less than 10 dwellings, outline permissions, or conversions and therefore underestimated the stock of new homes permitted.³ Glenigan have since updated their records to include sites of less than 10 dwellings and conversions, which will improve the accuracy of the data.

Number of housing units securing detailed planning permissions, England⁴

	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
Detailed planning permissions	190,763	185,195	227,130	241,886	264,254	315,116	382,997

² Home Builders Federation. 2019. [New Housing Pipeline Q4 2018 Report](#)

³ Letter to the Minister on behalf of the GLA, London Councils, South East England Councils, East of England Local Government Association. 2016. [Appendix 1](#)

⁴ Home Builders Federation/Glenigan data. 2019. [New Housing Pipeline Q4 2018 Report](#), Table 2: Number of housing units securing detailed planning approval by region & country.

Completions

A completion is counted when the unit is ready for occupation. We used new build data from MHCLG [Table 120: components of housing supply: net additional dwellings, England 2006/07 to 2017/18](#).

	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
New build completions	128,159	118,536	130,344	155,078	163,939	183,571	195,294

Methodology and key considerations

A key consideration is the time taken between granting planning permission, starting on site and completing a home. There are several different sources for this, but it appears that the average time taken to complete a home has increased over the last decade.

The [Callcutt review of housebuilding delivery](#) (2007) found that it takes 1.7 to 3.2 years for discharge of conditions and build and sale. [Research by the LGA](#) in 2016 found that this increased to 2.6 years, on average, from sites receiving planning permission to building work being completed. In 2017, Chamberlain Walker Economics completed a report on behalf of Barratt developments on the [role of land pipelines in the UK housebuilding process](#), which estimated 4 years as the average time taken from detailed planning permission to site completion.

However, the assumptions behind these timeframes need greater scrutiny – many homes can be and are built out much more quickly. In their report [From Start to Finish: How quickly do large-scale housing sites deliver](#) (2016), Nathaniel Lichfield & Partners found that on sites of over 2,000 units, the first homes are completed on average after 10 months, on sites of 500-2000 homes after 12 months, and on sites of less than 500 homes after 18 months.

Given this, we consider a lag of two years to be a reasonable length of time to determine any shortfall between planning permissioned units and completions at an aggregate level. Using a lag of more than one or two years would also mean looking at permissions in part of the pre-2010 financial crisis period, which would limit the extent to which we can reflect 'normal' times in the planning system. This is similar to our 2017 analysis, which used both a one year and a two-year lag for sensitivity testing.

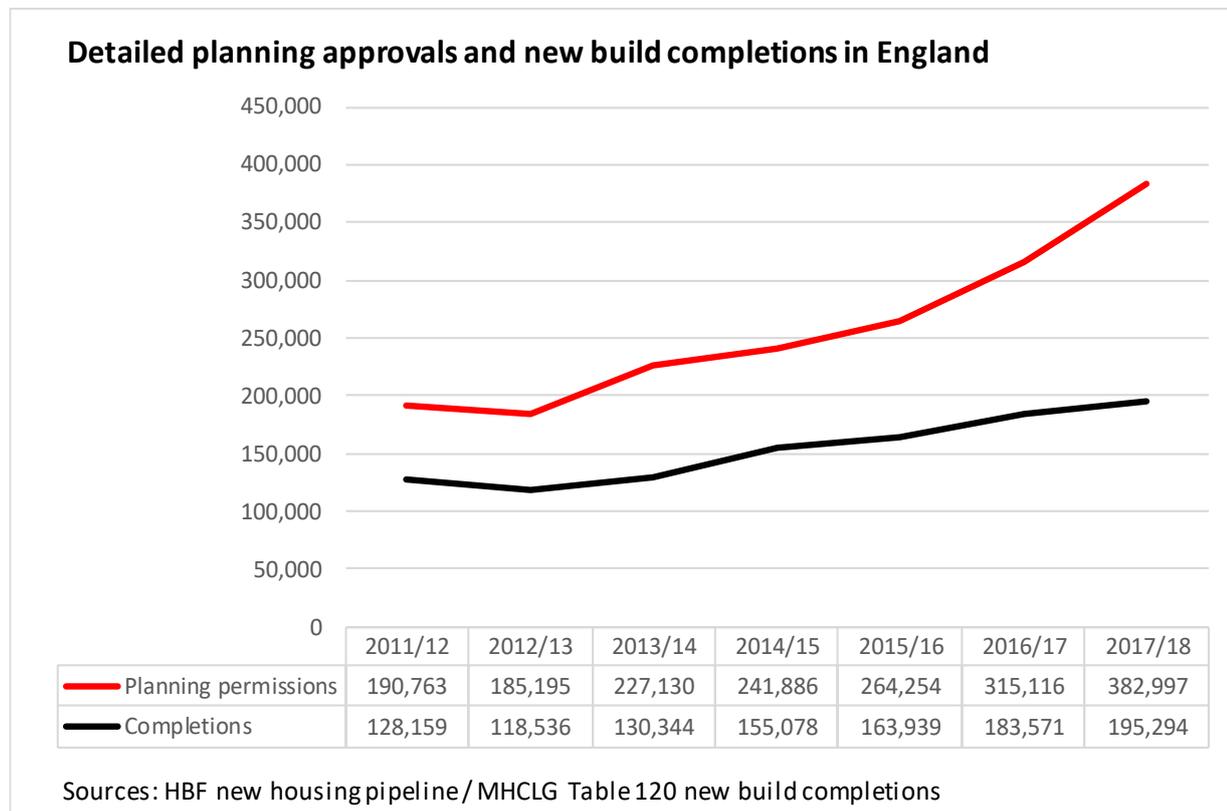
The following findings for the shortfall of homes are therefore the result of comparing data on planning permissioned units between 2011/12 and 2015/16, and completions for new build dwellings in England between 2013/14 and 2017/18.

Findings

Our analysis shows that the number of homes approved for development has far exceeded the number of completions every year for the past decade.

Planning permission has been awarded in England for 1,807,341 housing units between 2011/12 and 2017/18. This is an average of 258,192 new homes a year. But only 153,560 homes have been completed on average each year.

In addition, the number of planning permissions granted for housing each year has more than doubled, from 190,763 in 2011/12 to 382,997 in 2017/18. At the same time, house building completions have increased by only 52%, from 128,159 to 195,294.



Shortfall

When applying a lag of two years to account for time taken to move from planning approval to completion, the number of completed homes in England between 2013/14 and 2017/18 is 75% of the number of homes granted planning permission between 2011/12 and 2015/16. This is a shortfall of **281,002** homes.

Sensitivity testing

- If a lag of one year is applied, completions would only be 66% of permissioned units – a shortfall of 477,582 homes.
- If a lag of three years is applied, completions would only be 83% of permissioned units – a shortfall of 147,092 homes.

This shows that while the numbers shift, even a three-year completion timeframe is not being met in tens of thousands of cases.