

Housing capacity of previously-developed land in the South: National Land Use Database of Previously-Developed Land

Introduction

This note describes estimates of housing capacity on previously-developed land through to 2016, based on information from the National Land Use Database of Previously-Developed Land (NLUD-PDL).

The estimates are based on the returns made to the project by local authorities. They include both vacant and derelict land and land currently in use with known potential for redevelopment. Local authorities assess each site for suitability for housing, irrespective of whether housing is the planned use, and assess the housing capacity in terms of number of dwellings. The analysis in this note is based on sites within urban areas (with a population of 1,000 or more) or within 500 metres of an urban area, so remote rural sites are excluded. The estimates compensate for incomplete reporting of sites, using the local authorities' own figures of completeness.

As well as the housing capacity as it stands in 2005, there will be a continuing inflow of housing capacity on 'new' previously-developed land. This new supply is assumed, for the purpose of these estimates, to continue at the same rate as between 2003 and 2005, as reported in NLUD-PDL. Finally, there is a small allowance for the extra contribution from conversions.

The table below shows the estimates for the four southern regions. In the South East the estimated capacity over the period 2005 to 2016 is about 350,000 dwellings.

Housing capacity of PDL suitable for housing in the South 2005 to 2016

	Stock in 2005	New supply to 2016	Total to 2016	Extra from conversions	Total to 2016 incl conversions
					dwellings
East of England	110,400	84,600	195,000	4,200	199,200
London	125,200	98,600	223,800	10,600	234,400
South East	138,900	203,200	342,100	10,700	352,800
South West	97,100	51,900	149,000	8,600	157,600
Total South	471,600	438,300	909,900	34,100	944,000

How realistic are the estimates?

There are two major sources of uncertainty: the extent to which the recent inflow of new housing capacity will continue through to 2016; and the extent to which the housing capacity is developable. The rate of supply of new housing capacity was high in the South East between 2003 and 2005 so that, projected forward to 2016, it accounts for more than the initial stock in 2005. The issue of how much of the housing capacity is developable is discussed in an annex.

London Housing Capacity Study

A comparison with the London Housing Capacity Study suggests that the assumptions understate the housing capacity of previously-developed land in London by 44 per cent. The London Housing Capacity Study carried out a more thorough-going assessment of capacity than is possible in NLUD-PDL. It may be that the modelling based on NLUD-PDL understates housing capacity generally. In particular it does not fully capture the contribution from 'windfall' sites and also the implied densities are on the low side.

The recent past

As background, the table below shows trends in housing capacity, as identified in NLUD-PDL, and estimated numbers of new dwellings on previously-developed land (DCLG completions figures and Land Use Change Statistics). In the South East, although increasing numbers of dwellings have been provided on previously-developed land, the remaining capacity identified in NLUD-PDL has actually increased.

PDL assessed as suitable for housing

	2001	2002	2003	2004	2005
					hectares
East of England	4,480	3,980	5,120	4,880	4,430
London	2,470	2,120	1,890	1,950	1,850
South East	4,750	5,700	5,410	5,390	5,280
South West	2,640	2,860	3,720	3,160	2,950
South	14,340	14,660	16,140	15,380	14,510

Housing capacity on PDL

	2001	2002	2003	2004	2005
					dwellings
East of England	109,800	101,200	111,100	117,400	117,800
London	149,200	117,600	114,500	132,100	125,300
South East	119,300	137,500	151,400	160,200	160,700
South West	107,400	98,900	135,600	118,700	99,200
South	485,700	455,200	512,600	528,400	503,000

Housing built on PDL

	2001	2002	2003	2004	2005
					dwellings
East of England	9,470	9,880	11,000	12,040	13,360
London	13,330	14,160	17,460	22,970	24,700
South East	14,090	14,960	15,690	18,220	18,730
South West	7,600	7,360	9,550	8,790	10,350
South	44,480	46,360	53,710	62,020	67,150

Note that NLUD-PDL figures for 2001 are less reliable than for later years.

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Annex

Economic adjustments for viability

Clearly, the available previously-developed land will be developable to varying degrees because of the economic cost of preparing it. The uplift in value is the increase in value from developing the land for housing less the cost of preparing the land. A percentage has been calculated for each region to represent what proportion of previously-developed land in each region is viable, that is has a positive increase in value. The method of calculation is given in a note at the end.

The proportions estimated to be economically viable for housing development are given in the table below

Proportion viable	
East of England	85%
London	82%
South East	76%
South West	91%

It may not be profitable to develop land even if it has a positive uplift value but we do not know what the threshold is for profitability.

Note on the calculation of the proportions of previously-developed land that are economically viable

- First Valuation Office data is obtained on the value of residential and industrial & warehouse (used as a proxy for previously-developed) land per hectare at a local authority level.
- At the LA level the residential value is subtracted from the industrial & warehouse value.
- This is then assumed to be the mean “uplift” value for the LA and that “uplift” values are normally distributed within an LA.
- Within a region it is also assumed that “uplift” values are normally distributed and that the LA mean values, being part of the same population, are a representative sample.
- It is then possible to work out the regional standard deviation and at what point in the distribution “uplift” values become positive. At an individual LA level the area under the distribution to the left of zero is the percentage of previously-developed land that is not viable.
- This is applied to identified NLUD pdl in 2004 and summed over the region. When divide by total identified NLUD pdl in the region and subtracted from 100 the regional “uplift” percentage is obtained.