1 Preface

1.1 This paper has been prepared to set out the background to the housing target in the Milton Keynes Core Strategy: Revised Proposed Submission Version (published October 2010). It seeks to clarify the issues that have influenced a reduction in the housing target for Milton Keynes from that set out in the Regional Spatial Strategy (RSS) for the area, the South East Plan (SEP) and to justify the suitability of the current target.

1.2 The paper considers the circumstances within which the growth of Milton Keynes is expected to take place. It covers the policy framework and focuses on the changing dynamics of the local housing market and the implications of moving out of a period of recession.

1.3 It draws on information and data from published sources and is published as a technical paper to help justify the approach taken with the Revised Proposed Submission Core Strategy.
2 Executive Summary

2.1 In July 2010 the Government announced their intention to revoke Regional Spatial Strategies and the housing targets within them. As a result of this announcement, Milton Keynes Council acted to review its housing target for the Borough between 2010 and 2026. This led to a reduction of around 15% of the original South East Plan requirement for the Borough. This was primarily as a result of the Council believing it was unrealistic to expect the full South East Plan requirement of 41,360 to be delivered by 2026.

2.2 This paper sets out the rationale behind the reduced housing target, looking at the evidence which explains and justifies the revised housing figure.

2.3 After covering why the Council believed it was necessary to revise the housing target, the paper looks in more detail at a variety of factors which have influenced the decision to set the current housing target and allocate the former Strategic Reserve Areas through the Core Strategy. The paper analyses:

- The level of housing need in Milton Keynes.
- The current rate of house building in Milton Keynes and the future of the housing market.
- The land supply position and the deliverability of those sites already identified for development.
- The relationship between housing and economic growth.
- The wider sub-regional housing market.
- Continuity in plan making

2.4 The outcomes of the analysis, which have helped to set and justify the revised housing targets are:

- It is unrealistic to expect housing completions to exceed 2,220 annually on a regular basis, given the particular market and economic conditions in place at the time this was last exceeded.
- It is not realistic for the market to deliver the SHMA requirement for 3,366 new homes each year in the short term.
- As a minimum, the Council should be meeting the indigenous growth needs of the local population of 1,300 dwellings per annum, which is achievable.
- Government projections suggest around 1,600 new homes will be needed in Milton Keynes each year to 2031 based on demographic trends and rates of household formation.
- There is already a significant amount of land available for development which, in favourable economic conditions, could allow a significantly faster rate of development than forecast to be achieved.
- However, the available land is not being developed as quickly as it potentially could be.
- There is uncertainty as to how much development the local housing market will be able to sustain in the future, given the economic uncertainty.
- Any future housing target should be realistic and not rely on the delivery of consistently high annual completion rates, which are unlikely to be deliverable given the tendency for boom and bust in the housing market.
- There is no need for a short/medium term increase in land supply, given the number of new development sites due to begin construction imminently.
- Accurate forecasting shows that the number of homes proposed in the Revised Core Strategy could be delivered over the plan period, with the support of a limited amount of additional allocated land.
- There is potential flexibility and contingency provided by the Site Allocations DPD process and a justifiable windfall allowance.
- Evidence suggests a lack of housing would not necessarily prevent the economy from growing.

---

1 Completions in 2006 to 2010 totalled 7,215. 28,000 homes between 2010 and 2026 give a total provision of 35,215 in the period 2006-2026, 6,145 or 15%, less than the SEP target of 41,360.
Past economic growth does not appear to have put undue pressure on house prices. However, a side effect of growth has been employees choosing to live outside of the Borough and travel in to work, a factor that the Council are aware of.

Improving the perception of Milton Keynes as a place to live and ensuring the right type of housing are available are as important, if not more so, than increasing the number of homes built each year, in terms of supporting economic growth and dealing with the in-commuting problem.

There is land available for homes and jobs to be provided at a significantly higher rate than forecast, if the market chooses to do so.

The Council wants to support the continued growth of Milton Keynes up to 2026, and recognises that to ensure this happens; there is a need to supplement land supply in the medium to long term.

There is a need to move forward in a way that reflects the certainty provided during previous rounds of consultation and iterations of the Core Strategy. Allocating the Strategic Reserve Areas provides this continuity.

A future, potentially early, review of the Core Strategy could reconsider the need for additional large strategic allocations once development in the period post 2026 begins to be considered.

Other authorities in the wider sub-regional housing market have/are making similar changes to those proposed in Milton Keynes (see page 35 for details).

2.5 The housing target of 28,000 homes between 2010 and 2026 is a balance between each of these conclusions. It relies on achieving an average annual rate of completions of 1,750 homes, which is deemed to be realistic given observed trends and future forecasts for the housing market and economy in general. The analysis set out in the paper backs up this position, justifying the approach taken in the Revised Proposed Submission Consultation Core Strategy, October 2010.
1 Introduction

Background
The legal position
The original RSS requirements
The decision to review housing targets
Why is the SEP requirement no longer deliverable
Impact of the recession
Changes in circumstances
Lack of responsiveness to land supply

2 What factors the Council considered in determining its revised housing target

Introduction
Housing Need
Assessing housing need
Realisable demand
Government household projections
Relationship with job creation
Conclusions on housing need
The current rate of house building in Milton Keynes and the future of the housing market
Past and current rates of completion
Drivers of high rates of completion
Changes in the housing market
Other considerations
The land availability position
The reliance on large development sites
Alternatives to large development sites
The implementation of planning permissions
Conclusions on the land supply position and the housing market

Achievability & deliverability of those sites identified for development
The robustness of the housing trajectory
Key sites
Are forecasts for key sites deliverable?
Current position with key sites
The deliverability of other sites
Windfall development
Conclusions on the deliverability of the housing forecasts

The desire to support the long term growth of Milton Keynes
What do the facts show us?
What are the implications for housing?
Conclusions on the impacts of economic growth on the housing market

The wider sub-regional housing market
Contents

The current position 34
How does Milton Keynes compare? 34
Conclusions on sub-regional housing issues 36
**Continuity in plan making** 37
The need for new land allocations 37
Identification of land 37
What are the alternative approaches and why were they not pursued? 38

3 Conclusion 39
Summary of position 39

Appendices

A Analysis of completion rates 40
B Windfall Analysis 45
1 Introduction

Background

The legal position

1.1 In July 2010, the Government announced its intention to revoke housing targets set out in RSSs, passing the responsibility to Local Authorities to make decisions about the level of growth required in their areas. In light of this proposed change, Milton Keynes Council (MKC) took the decision to reduce the level of residential growth proposed within the authority boundary up to 2026 to 28,000 homes. Taking into account completions in the period 2006-2010, this is effectively a reduction of 6,145 homes (15%) against the figure previously set out in the SEP\(^2\). This position was consulted upon in a Revised Proposed Submission Consultation Core Strategy in October 2010.

1.2 During the consultation period, the Government announcement was successfully challenged in the High Court by CALA Homes, meaning that the RSS housing targets were reinstated. A subsequent announcement by the Government, that the decision made little difference and that they still intended to revoke RSS targets in due course, was also challenged by CALA Homes. A temporary injunction was put in place preventing the Government’s announcements being considered as a material consideration in planning decisions pending a full court hearing. In February 2011, the CALA Homes Judicial Review Challenge was dismissed meaning, where relevant, the proposed abolition of Regional Strategies and the progress of the Localism Bill can be considered as a material consideration in planning decisions.

1.3 To this end, Milton Keynes Council is still pursuing the housing target agreed after the initial Government announcement. This is primarily on the basis that the Council believe the RSS figures to be undeliverable over the plan period.

The original RSS requirements

1.4 In order to be in conformity with the SEP the original Pre-Submission version of the Core Strategy (February 2010), sought to meet the SEP requirement in full, which specifically included:

- the requirement for 4,800 homes to be accommodated in a Strategic Development Area to the South East of Milton Keynes
- 34,160 homes to be built on sites in and around the existing urban area of Milton Keynes; and
- 2,400 homes to be built in rural settlements across the Borough (an average of 120 per year)

1.5 The Core Strategy also supported delivery of growth proposals on the edge of the city, but outside the administrative boundary of Milton Keynes, in Bedfordshire and Aylesbury Vale. These sites were planned to accommodate between 8,000 and 11,000 homes up to 2026\(^3\). The planning responsibility for these areas falls outside the responsibilities of Milton Keynes Council.

1.6 These figures were determined through the sub-regional and regional planning process, with input from the Council and other key stakeholders. Whilst accepting that Milton Keynes was a suitable location for growth, MKC has always said that to deliver this quantum of growth in the Borough would be a challenge, and require a step change in the level of homes built across the Borough on an annual basis.

---

\(^2\) The South East Plan set a housing target of 41,360 new homes within the Borough of Milton Keynes from 2006 to 2026. Of these, 7,215 were completed in the period 2006 to 2010, leaving a residual requirement of 34,144 to be found from 2010 to 2026.

\(^3\) The total amount to be provided in Central Bedfordshire was to be determined through a review of the East of England Plan.
The decision to review housing targets

1.7 The decision of the Government to commit to a revocation of regional housing targets in July 2010 effectively opened up the opportunity for the Council to look again at the level of growth they feel should be planned for the Borough. The Council based the initial decision to review the housing target on the principle of wanting targets to be set locally, rather than imposed from above. It also wanted to respond to the economic downturn, which has seen a decrease in the rate of house building across the Borough, and fundamentally changed the market within which the previous targets were set.

1.8 Despite the legal challenge to the Secretary of State’s decision to revoke Regional Strategies the intent of Government is clear and the publication of the Localism Bill in December 2010 reaffirms the intention to remove this tier of planning.

1.9 The key message from the Council is that Milton Keynes is still a growth area, and that the city is ‘open for business’ in terms of continuing to welcome housing and business growth to the area.

1.10 There has never been an aspiration to prevent Milton Keynes from growing as a city, but the Council wishes to ensure that the area grows in a co-ordinated manner and at a realistic pace. The Council wants to ensure any future growth benefits Milton Keynes, rather than putting undue pressure on the city to deliver growth for the south east region, of which Milton Keynes is on the periphery.

1.11 The SEP housing target required a significant and sustained increase in annual housing completion rates from 2006. This has not happened and is, at least in part, due to an unforeseen downturn in the economy since the target was originally set. This has lead to a shortfall against the required housing rate, which would have to be made up over the plan period.

1.12 Therefore it is currently felt that by seeking to achieve rates of housing delivery which are a significant increase on anything that has happened in the past, particularly given the current economic uncertainties, it would be unrealistic to continue to expect the SEP housing requirements to be delivered during the plan period. This conclusion is similar to that of the East of England Plan Review in 2009(4).

Why is the SEP requirement no longer deliverable

Impact of the recession

1.13 In the original Pre-Submission version of the Core Strategy (February 2010), MKC were still pursuing a development strategy which sought to deliver the full SEP housing requirement by 2026. This strategy had been based on several years work prior to the economic downturn, which began in 2008, and the effects of which were not known until recently. The Council continued to follow the Strategy to show its commitment to growth, believing that it was still potentially deliverable.

1.14 However, at the time of publishing the previous Core Strategy, Council Officers had started to engage in the process of responding to the refresh of the SEP housing figure. Despite the process not progressing due to the Government announcing the proposed revocation of the SEP, the early views were that a review of the plan should not allocate any further growth, and that the timescale for delivery of the growth already planned should be extended, as it would not be realistic to expect all of the homes to be completed by 2026.

1.15 The initial view of the Council at the time of the examination in public into the RSS was that the 41,360 homes could potentially be delivered by 2031, at a future rate of approximately 1,625 per annum(5).

---

4 The East of England (EoE) Plan review decreased housing targets after consideration of the economic climate as well as water scarcity, infrastructure deficiencies, funding for new infrastructure and environmental impacts.

5 This revised annual rate of completion is based on delivering the remaining 34,145 homes over the 21 years from 1st April 2010 to 31st March 2031.
1. Introduction

1.16 Key to this position were the recent rates of house building, which had created a large shortfall to be made up over the plan period, forecast future rates of housing completions and knowledge about the Milton Keynes housing market built up over the last 30 years.

1.17 The rate of completions in Milton Keynes between 2006 and 2010 had led to the required annual average completion rate to meet SEP requirements increasing from 2,068 to 2,134 from April 2010\(^6\). Based on forecasts for the next couple of years, this rate is predicted to have increased to 2,290 by the beginning of 2014. This rate of delivery has only been exceeded once in Milton Keynes since the 1980s when there were favourable market conditions and support from the Development Corporation, and it is not felt realistic to expect this rate to be achieved consistently in the future, particular given what appear to be significant changes in the UK housing market\(^7\).

Changes in circumstances

1.18 The SEP housing target made certain assumptions about the amount of land that was available for development within Milton Keynes. As well as greenfield expansion areas, this included a significant level of higher density development in Central Milton Keynes. Over the last couple of years, it has become apparent that the assumptions made about the capacity of this area up to 2026, which in part underpinned the SEP target, are no longer realistic due to the current drop in demand for flatted or apartment style developments. Whilst it is uncertain whether the drop in demand for flats and apartments is just a short term response to changing market circumstances, the loss in short term capacity directly affects the strategy, targets and assumptions that were agreed as being appropriate through the SEP process.

1.19 In addition to this, the general market conditions during which the SEP housing figure was determined are now fundamentally different to the current market conditions and those predicted for the foreseeable future. When the SEP figure was set, no consideration was given to the potential impact of a recession on the demand for new housing and the house building industry. A challenging target was set which required an immediate and continued improvement in the rate of house building and associated sales, which has proved difficult across the country, not just in Milton Keynes.

1.20 Milton Keynes Council’s response to the SEP Examination In Public (EiP) argued that the target in Policy MKAV1 of 15,000 homes over the period 2006-2011 was unachievable noting that annual housing completions have only reached 3,000 on two occasions, even at the height of the 1980s housing boom supported by a well resourced Development Corporation. At the time of the EiP, annual completions over the previous 5 years had averaged 1,230. Whilst still challenging, MKC cautiously acknowledged that it might be possible to build up to, and maintain, the SEP proposed levels of completions over time and that this would be more realistic than expecting to more than double the rate of house-building with immediate effect, followed by lower completion rates in later years, as proposed in the draft SEP.

1.21 The Housing and Planning Statistics, published by the CLG in 2010\(^8\) show that house buyers deposits are on average 5% higher now than in 2005 (8.4% higher for first time buyers), and that house price growth has subsided dramatically (8.3% fall in new house prices from 2008 to 2009). These issues are fundamental barriers to the growth in sales and disincentives for people to invest in housing in the way they have in the past. This will have a knock on impact on the realisable demand for homes.

---

6 Completions inside MKC boundary only.
7 This is discussed in more detail from page 15
Lack of responsiveness to land supply

1.22 In Milton Keynes, the planning process has put in place a framework which should have enabled an improvement in the rate of house building, but this has simply not materialised due to factors which appear to be outside of the control of the planning system.

1.23 In 2007/8, part of the SEP period, there were over 2,300 housing completions from broadly the same number of key sites that are now available, showing that the rate of house building required to deliver the SEP target could be achieved if the circumstances allowed. However, house builders are currently choosing not to build homes at the same rate on the land available, instead choosing to concentrate on maintaining price rather than increasing volume. Looking forward, if this approach is maintained by house builders, delivery of the SEP target by 2026 would be impossible. This is discussed in more detail on page 22.

---

9 See recent publicly available trading updates:
2 What factors the Council considered in determining its revised housing target

Introduction

2.1 After concluding that it is unrealistic to achieve the SEP housing requirement, the Council has determined that the revised housing target should be 28,000 homes across the Borough by 2026. This equates to 1,750 homes per year; and can be further broken down to 1,640 homes per year in the urban area and 110 per year in the rest of the Borough. The main considerations in establishing and justifying this target were:

- The level of housing need in Milton Keynes.
- The current rate of house building in Milton Keynes and the future of the housing market.
- The land supply position and the deliverability of those sites already identified for development.
- The relationship between housing and economic growth.
- The wider sub-regional housing market.
- Continuity in plan making

2.2 In arriving at the revised housing target for Milton Keynes, each of the above factors has been taken into account. No one issue is a determining factor in setting the housing target, with the outcome being a balance between each of the requirements, constraints identified and local opinion. Each of the factors and how they have been taken into account in establishing and justifying the revised target are discussed in the following sections.
Housing Need

Assessing housing need

2.3 In terms of assessing the housing requirement in Milton Keynes, technical evidence, in the form of the Strategic Housing Market Assessment (SHMA), and observed market activity, which is an indicator of the demand for new homes in the area, have been considered. Also of relevance are the recently updated Government housing projections, which provide an indication of the household levels and structures that would result if the assumptions based on previous demographic trends in the population and rates of household formation were to be realised.

2.4 The SHMA shows that there is a requirement for 3,366 new homes in Milton Keynes every year for the next five years. This is a total of 16,830 new homes. This figure is clearly well in excess of the 1,750 homes per year planned as part of the Revised Core Strategy.

2.5 There are however a number of factors that need to be taken into account when considering how the 3,366 figure has been established and what the figure actually shows:

- Despite taking into account affordability, the figure does not fully take into account the current constraints in mortgage availability. This means that not all households who are assessed as requiring a home in Milton Keynes can necessarily demand a new home, as they cannot afford to move. Therefore a proportion of the housing need will currently not be able to be realised. Currently, there are no signs that the constraints on mortgage provision are set to improve.
- The SHMA figure is household based not dwelling based. Therefore, given the constraints above, households who are assessed as requiring a home may take the decision to buy or rent in groups, reducing the housing requirement.
- The figure includes an allowance for migration into Milton Keynes as well as need generated by the housing requirements of the current population. Migration makes up approximately two thirds of total need. This figure is likely to be significantly less than forecast as it is based on past rates of migration projected forward. The economic downturn is likely to lead to less migration into Milton Keynes, and particular factors, such as the opening up of European borders in 2007, which led to a significant initial increase in international migration, are unlikely to occur again. The figure is also influenced by the number of homes built in previous years, which is likely to be lower in the future.
- The housing requirement for the indigenous growth of Milton Keynes is 1,300 homes per year.
- The figure only covers a period of five years. It is wrong to assume that this level of housing will be needed throughout the 15 year plan period; it may increase or decrease. There will be changes in circumstances, as has been the case recently, which will influence forecasts of housing need beyond the five year period.

Realisable demand

2.6 In terms of what the market is telling us, it appears that the assessed requirement in the SHMA is not being translated into demand on the ground. The number of housing transactions per month in Milton Keynes has dropped from a peak of around 700 during 2007 to an average of around 300 during 2009/10 (Source: Land Registry).

2.7 Despite sales volume clearly not relating directly to housing need, as it is obviously influenced by other factors, such as the number of homes available for sale, it gives an indication that there is currently not realisable demand for 3,366 new homes in Milton Keynes each year. This can be backed up by the fact that the low sales volume is not accompanied by a sharp rise in the average sales price, which would be expected if demand was considerably higher than the supply. The graphs below shows the house price index of Milton Keynes compared to the South East region, England and Wales as a whole as well as other authorities across the sub-region.

10 This figure covers all transactions, not just the figure for new homes
2.8 It can be seen that house price trends in the Borough broadly follow both those at a local, regional and national level, taken from a base date of January 1995. From the figures it can be seen that there appeared to be pressure on housing supply in the period between 2002 and 2004 when house prices in Milton Keynes grew more sharply than most neighbouring authorities, and indeed than the regional and national level. This period coincided with the lowest local completion rates on record, showing what can happen to house prices if demand exceeds supply.

2.9 The list of changes in the housing market (page 16) highlights some of the factors which will be influencing the level of realisable demand over the next few years.

Figure 1 House price changes - Milton Keynes, South East and England

Source: Land Registry, 2010
2. What factors the Council considered in determining its revised housing target

Government household projections

2.10 The Government Household Projections to 2031, published in March 2009\(^{11}\) show that 40,000 new households are expected to be created in Milton Keynes in the period 2006-2031. This would equate to a rate of 1,600 homes per year. These household projections are produced by applying projected household representative rates to the population projections published by the Office for National Statistics. They are based on trends observed in the Census and ongoing Labour Force Survey data, and whilst they do not consider the impact of any Government or Local Policy, or the changing economic climate, they give an indication of the level of housing the Council should be looking to provide to continue the growth of Milton Keynes.

2.11 This figure indicates that the 1,750 home per year target set by the Council is around 10% higher than would be needed to house the growing population of Milton Keynes, according to the Government’s forecasts.

Relationship with job creation

2.12 The relationship between job creation and housing need is discussed in more detail later in this paper. However, it is covered here as job growth has been identified by previous consultation responses as a key driver for housing need.

2.13 The graph below shows the relationship between annual job growth and housing completions. It can be seen that there appears to be little relationship between the two, particularly in recent years where the rate of house building can be seen to increase whilst the trend in job creation is downwards.

Source: Land Registry, 2010

\(^{11}\) [http://www.communities.gov.uk/housing/housingresearch/housingstatistics/housingstatisticsby/householdestimates/]
2.14 This suggests that even if job creation were a major determinant of housing need, the downward trend in job growth would mean there will be less demand for housing in the future. Whilst this is not definitive, and does not take into account other factors, such as future economic forecasts and demographic changes, it lessens the argument that significant housing growth is needed to support a growing economy.\(^\text{(12)}\)

2.15 Looking at this situation alongside the previous point about realisable demand and the apparent lack of pressure on local house prices, this suggests that new employees in Milton Keynes are choosing not to buy homes in the city, and therefore not adding to local housing need. If new employees were looking to buy homes in the city, given that there are on average 2.2 new employees for every new home (Source: MKi), it would be expected that there would be demand issues, potentially making the prices of houses increase.

**Conclusions on housing need**

2.16 The key output from the analysis of housing need indicators is that the level of realisable demand appears to be significantly less than the level of assessed need.

2.17 The data on house prices suggests that there isn’t a problem with demand outstripping supply. It suggests the average new home provision of around 1,500 homes per year since 1996/7 has been in line with the level of demand for new homes locally.

2.18 The data also suggests there is little relationship between job growth and housing need. Job growth has occurred at a ratio of 2.2 jobs to every home since 1995, without there appearing to be any impact on house prices due to excessive demands for the available housing stock. Whilst it is acknowledged that there may be other consequences of the relationship between jobs and homes growth, such as in commuting, and that there must be some impact of economic growth on the need for new homes (discussed in more detail from page 30) the facts suggest that economic growth alone does not drive housing need.

\(^{12}\) Future economic growth is discussed further on page 30.
The current rate of house building in Milton Keynes and the future of the housing market

Past and current rates of completion

2.19 The rate of house building in Milton Keynes has fluctuated over the last 20 years. The current rate of construction (1,120 forecast completions in 2010/11) is one of the lowest periods of performance on record, with starts at their lowest point in 20 years. Over this period, the peak level of construction was in 2007/08, when there were 2,317 new homes constructed.

Looking at past completion rates is clearly not the way to look forward and plan for the growth of the city. However, looking in more detail at the rates of completion, along with the factors and conditions that influenced them each year, helps to give an indication of the level of growth that can realistically be expected to be delivered.

Drivers of high rates of completion

2.21 When looking at completions since 1990, the highest completion rate of 2,317 homes in 2007/8 appears to be a response to particular circumstances in the housing market at the time. Completions in 2007/8 were 461 homes, or 20%, higher than any other annual completion rate over the last 15 years. There are several contributory factors to this:

- Completions were driven by high demand from the market. The average sale price in Milton Keynes peaked at £176,640 in January 2008, with total monthly sales peaking at 761 in October 2007 (Land Registry).
- There was a more buoyant economy, with 7,200 jobs created in 2007/8 after two years of negative job growth.
- Less barriers to development and relatively easy and wide-ranging mortgage finance.
- There was significant funding available for affordable housing.
- There was a strong demand for flats and apartments, particular for ‘buy to let’ investors (65% of completions were 1 or 2 bed flats compared to an average of 25% since 1991).
2. What factors the Council considered in determining its revised housing target

- Development of the Broughton area of the Eastern Expansion Area, identified through the 2005 Local Plan, had started to become established.
- Developers were choosing to build at a considerably quicker rate (in terms of the number of homes under construction at any given time) than they are now.
- There were 252 completions in the rural area, more than double the average for the last 10 years (120).
- There were more than double the average number of windfall developments during 2007/8 exploiting the advantageous housing market.

Changes in the housing market

2.22 These conditions are unlikely to be replicated in the near future given the changes to the housing market and the economy in general. Key considerations are:

- An uncertain future for the economy and the housing market. Demand is currently constrained by the inability of most people to access the funds needed to buy their first home or to move up the property ladder. There is also likely to be lower investor confidence in the market, with other land uses potentially being a better investment for a much reduced investment market.
- More uncertainty for house builders, leading to different development strategies designed to avoid risk whilst continuing to operate for a profit.
- Less readily available development finance for house builders.
- Less Government funding for affordable housing provision.
- Lower demand for flats and apartments, which can be built out more quickly than houses, and are built to a higher density.
- Less Government funding for growth projects will put pressure on the provision of infrastructure and facilities needed to support growth.
- More competition from other more valuable uses, such as retail, for potential redevelopment sites.

2.23 The changes in conditions bring into question whether the housing market in Milton Keynes would be able to support the delivery of the 2,317 home built in 2007/08 again, in the foreseeable future, particularly for any sustained period of time.

Other considerations

2.24 There has been a general increase in the amount of housing land in private ownership. Traditionally, the majority of housing land has been owned by the Development Corporation and more recently the Homes and Communities Agency (HCA), which provides benefits in terms of greater control of, and reliable information on, the local land supply. The increasing proportion of development land in private ownership will mean that over time the benefits of public land ownership, such as deferred payments for sites, will diminish. This will affect the ability of development in Milton Keynes to recover from a downturn in the future, as private land owners are more likely to seek maximum return for their investment, which may be achieved by delaying development. This is likely to be the case where development land has been purchased at the peak of the market and a certain price needs to be obtained to makes its onward sale viable.

2.25 When looking at rates of house building and what this means for the housing target, the Council has considered representations made during previous rounds of consultation. These have suggested that the Council’s development strategy is flawed because it does not provide enough land or choice of site, for the required level housing to be achieved.

2.26 Objectors have argued that there is a need for more sites to be provided to enable the required annual rate of house building to occur, as the identified sites cannot deliver the number of homes the Council is forecasting can be completed each year.
2.27 Objectors suggest that a range of additional smaller sites are needed to support the existing supply of land across the Borough, as these are more deliverable. There is also an argument that if more land was provided, the market would be able to deliver more homes each year. The Council is accused of constraining the supply of new homes, despite market need.

The land availability position

2.28 Table 2.1, overleaf shows that there is now more potential housing land in Milton Keynes than at any stage in the past 10 years. There is land identified for over 26,000 new homes, over 19,000 of which have planning consent (covering 692 hectares (ha)), including over 5,000 full consents. This compares well to 2007/8 where there were approximately 11,500 homes with planning consent at the start of the year, covering 381ha, including just under 5,000 full consents. Table 2.1 also shows how the amount of housing land in Milton Keynes has gradually increased since 2001.

2.29 In terms of the distribution and choice of housing land, despite there being a focus on major development sites such as Brooklands, Broughton Gate, Tattenhoe Park, Kingsmead, Oakgrove and the Western Expansion Area (WEA), along with a large supply of land still available in Central Milton Keynes, there are major sites in all areas of Milton Keynes. This can be seen on figures 5 to 7 on page 19. These maps show how the amount of housing land in Milton Keynes has gradually increased since 2001.

2.30 Several major sites are yet to start construction, but are forecast to begin within the next couple of years. Tattenhoe Park and Kingsmead are fully serviced sites which could begin construction very quickly after planning permission is granted. It is currently anticipated that a revised infrastructure application for the WEA is to be submitted before Easter 2011, which is the first step in getting development on site to achieve completions by 2012. These sites should help to boost completion rates when they begin development in the next couple of years.

2.31 There are also some major sites that have been under construction for a number of years, which still have a significant remaining capacity. These include Oxley Park, Stantonbury Park Farm, Newton Leys, and in the rural area, the former Nampak site in Woburn Sands.

2.32 In terms of the type of sites available, one major difference between land supply in 2007/8 and now is that there are fewer deliverable windfall sites identified for development. In 2007/8, sites such as the redevelopment of Stephenson House (110 units), land adjacent to the hospital (109 units), the redevelopment of Bong McCourgordale (65 units), the redevelopment of the Wolverton Mill training and conference centre (63 units) and the rear of 22-28 Aylesbury Street (50 units) provided a significant boost to the amount of available housing land and dispersed completions across the city. Whilst some similar opportunities have been identified through the SHLAA, these are not of the scale of previous years. The deliverability of windfall sites is also less certain now, given the economic downturn and the likely costs involved with redeveloping brownfield land.

2.33 The other major difference is the deliverability of development in Central Milton Keynes. Whilst there is still significant capacity for new housing in CMK, during 2007/8 there was significantly greater demand for flats, particularly from investment buyers. The Council recognises that this dynamic has changed and that in the short term, housing development is CMK will be limited. Housing forecasts have been adjusted accordingly with the bulk of development in CMK forecast for completion post 2021. There is therefore no over reliance on development in CMK to meet housing targets in the short term.
Table 2.1 Housing Statistics 2001 - 2010

<table>
<thead>
<tr>
<th>Year</th>
<th>Full Consents @ 01/04</th>
<th>Outline Consents @ 01/04</th>
<th>Total Consents @ 01/04</th>
<th>Area with Permission (ha)</th>
<th>Starts</th>
<th>% starts of total consents</th>
<th>% starts of full consent</th>
<th>Area started (ha)</th>
<th>Completions</th>
<th>% completions of total consents</th>
<th>% completions of full consents</th>
<th>Area built (ha)</th>
<th>Approx gross density (dph)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2001</td>
<td>2,327</td>
<td>325</td>
<td>2,652</td>
<td>149</td>
<td>1,165</td>
<td>43.9%</td>
<td>50.1%</td>
<td>65.5</td>
<td>1,234</td>
<td>46.5%</td>
<td>53.0%</td>
<td>69.3</td>
<td>17.8</td>
</tr>
<tr>
<td>2002</td>
<td>1,998</td>
<td>214</td>
<td>2,212</td>
<td>129</td>
<td>1,310</td>
<td>59.2%</td>
<td>65.6%</td>
<td>76.4</td>
<td>1,188</td>
<td>53.7%</td>
<td>59.5%</td>
<td>69.3</td>
<td>17.1</td>
</tr>
<tr>
<td>2003</td>
<td>1,960</td>
<td>281</td>
<td>2,241</td>
<td>140</td>
<td>1,115</td>
<td>49.8%</td>
<td>56.9%</td>
<td>69.7</td>
<td>1,193</td>
<td>53.2%</td>
<td>60.9%</td>
<td>74.5</td>
<td>16.0</td>
</tr>
<tr>
<td>2004</td>
<td>3,392</td>
<td>1,809</td>
<td>5,201</td>
<td>222.3</td>
<td>2,030</td>
<td>39.0%</td>
<td>59.8%</td>
<td>86.8</td>
<td>1,370</td>
<td>26.3%</td>
<td>40.4%</td>
<td>58.6</td>
<td>23.4</td>
</tr>
<tr>
<td>2005</td>
<td>3,321</td>
<td>4,281</td>
<td>7,602</td>
<td>230.8</td>
<td>2,448</td>
<td>32.2%</td>
<td>73.7%</td>
<td>74.3</td>
<td>1,808</td>
<td>23.8%</td>
<td>54.4%</td>
<td>54.9</td>
<td>32.9</td>
</tr>
<tr>
<td>2006</td>
<td>4,314</td>
<td>5,681</td>
<td>9,995</td>
<td>283.6</td>
<td>2,544</td>
<td>25.5%</td>
<td>59.0%</td>
<td>72.2</td>
<td>1,672</td>
<td>16.7%</td>
<td>38.8%</td>
<td>47.4</td>
<td>35.2</td>
</tr>
<tr>
<td>2007</td>
<td>4,950</td>
<td>6,542</td>
<td>11,492</td>
<td>317.7</td>
<td>1,569</td>
<td>13.7%</td>
<td>31.7%</td>
<td>43.4</td>
<td>2,317</td>
<td>20.2%</td>
<td>46.8%</td>
<td>64.1</td>
<td>36.2</td>
</tr>
<tr>
<td>2008</td>
<td>5,303</td>
<td>9,413</td>
<td>14,716</td>
<td>478.76</td>
<td>1,083</td>
<td>7.4%</td>
<td>20.4%</td>
<td>35.2</td>
<td>1,856</td>
<td>12.6%</td>
<td>35.0%</td>
<td>60.4</td>
<td>30.7</td>
</tr>
<tr>
<td>2009</td>
<td>6,057</td>
<td>14,296</td>
<td>20,353</td>
<td>703.96</td>
<td>1,062</td>
<td>5.2%</td>
<td>17.5%</td>
<td>36.7</td>
<td>1,422</td>
<td>7.0%</td>
<td>23.5%</td>
<td>49.2</td>
<td>28.9</td>
</tr>
<tr>
<td>2010</td>
<td>5,181</td>
<td>14,070</td>
<td>19,251</td>
<td>692.20</td>
<td>1,800</td>
<td>9.4%</td>
<td>34.7%</td>
<td>64.7</td>
<td>1,200</td>
<td>6.2%</td>
<td>23.2%</td>
<td>43.1</td>
<td>27.8</td>
</tr>
</tbody>
</table>

a) 2010 starts are an estimate based on observed half year starts.

b) Area started/completed is approximate and does not refer to the specific sites that are being developed, but an average related to the number of starts and the amount of available land.
2. What factors the Council considered in determining its revised housing target

Figure 5 Major housing sites (30 units +) with completions 2007/8

Figure 6 Major housing sites (30 units +) with completions 2010/11
2.34 Traditionally Milton Keynes' development has been based on large housing sites. As a rapidly growing new town, the city has relied on the build out of large estates, often in close proximity, which have been divided up into smaller development parcels, to allow several developers on site at the same time. This approach has been continued in the form of the expansion areas identified in the Local Plan (2005) which, on the whole, have proved a successful way of maintaining the supply of new homes to the market.

2.35 This can be demonstrated by the fact that 27% of new homes completed in Milton Keynes during 2009/10 were from the Broughton Gate area of Milton Keynes (377 out of 1,422 completions) (Source: MKi). Figure 8 Below shows the Broughton Gate area from 2009 aerial photography, highlighting the relatively small area from which the 377 completions were achieved. It also highlights the scale of the Brooklands development area, showing the progress which had been made, two years ago, on primary infrastructure.
During this time, other smaller sites were less effective at delivering new homes to the market. For example, Ashlands (72 completions in 2007/08, 26 in 2009/10), OxleyPark (295/115) and Nampak (114/28) all showed a significant decrease in the rate of house building during the recession. This could be due to a number of factors, including the approach of developers to maximising profits and a difference in the type of unit under construction, but it suggests that large scale, mixed use developments continue to be attractive to both developers and house buyers alike.\(^\text{14}\)

That said, the WEA has not progressed as was expected after the adoption of the Local Plan in 2005. This has mainly been due to the downturn in the economy, according to the land owners, with land ownership and highway issues also having a delaying factor. However, as the economy picks up development of this area is anticipated to commence, and as mentioned earlier, a revised infrastructure application is expected by Easter 2011.

Alternatives to large development sites

If large development sites were not allocated in Milton Keynes to meet high housing completion rates, what would be the alternative? It has been suggested that a range of new, smaller sites, which are not reliant on major pieces of infrastructure or constrained by existing land and s106 deals, could be a way of increasing the amount of deliverable land in the short term.

\(^{14}\) In the first quarter of 2010, MK10, the postcode for Broughton and the surrounding area, was the most popular postcode in the country for house sales

[http://www.miltonkeynes.co.uk/news/local/the_uk_s_hottest_postcode_mk10_1_995331](http://www.miltonkeynes.co.uk/news/local/the_uk_s_hottest_postcode_mk10_1_995331)
2.39 However, the SHLAA has shown there are very few small sites on the edge of the city that could be considered as stand alone allocations. To replace an allocation of 2,500 homes, between 5 and 12 small sites would need to be identified (assuming capacities between 200 and 500 homes). This may not be realistic given the shortage of suitable sites.

2.40 There is clearly available land on the edge of the city but most sites would be part of much larger potential development sites. Allocation of such sites could be considered as piecemeal, and inappropriate in supporting the delivery of an agreed strategy.

2.41 A large number of small sites will still have a considerable impact on infrastructure requirements, but being dispersed, this would be a lot more difficult to plan for strategically and to fund effectively. This could in part be overcome by the move to the Community Infrastructure Levy, which could enable pooled contributions towards key pieces of infrastructure. However, it is likely that the requirements would be more widespread leading to issues with the prioritisation and timing of schemes as Milton Keynes grows.

The implementation of planning permissions

2.42 Currently a lower proportion of full planning consents are being implemented year on year than in the past. The figures, which can be seen on page 18, show that up to 2007/8 between 40% and 60% of full permissions in place at the start of each monitoring year were built out in the next 12 months. This figure is currently down to around 23%, indicating that there is currently less desire to build out sites than in previous years.

2.43 Figure 9 below highlights the slow down in performance of the house building industry in relation to the amount of available land with full planning permission\(^{15}\). It shows that there has been a steady rise in the number of implementable planning permissions since 2001, but no significant increase in the rate of completions.

![Figure 9 Full Planning Permissions vs Completions](image)

15 The available full consents dropped significantly in 2010 because, as well as taking into account new/completed permissions, un-implementable full consents, such as 650 units in CMK, were also removed.
2.44 This point is backed up by statements in housebuilders annual/interim reports to shareholders. As was mentioned in the introduction, several major housebuilders, active in Milton Keynes, have reported that their current development strategy is to focus on maintaining price, rather than increasing sales volumes. Milton Keynes is, to a large degree, reliant on completions from volume housebuilders to achieve housing targets. Therefore with housebuilders focusing on strategies based on market pragmatism and risk aversion; looking to make profit by restricting supply to maintain price, rather than maximising sales volumes, there is a clear conflict of interests which additional land will not necessarily solve.

2.45 An article by Andrew Whitaker, from the Home Builders Federation, in the Journal of Planning and Environmental Law, December 2007[16], highlights the importance of the distribution of sites within the local housing market. He states that the house building industry knows from experience that there are limits to the capacity of local housing markets to absorb new development each year, even in growth areas such as Milton Keynes. He goes on to state that allocating large amounts of land for development will not automatically lead to large numbers of new homes in a given year and that ‘the scale of land release in an area must be broadly in line with potential market demand and household growth in each housing market area’. This echoes the view of the Council that the housing target for Milton Keynes is reliant on the potential market demand for new homes and that planning for a figure higher than 1,750 per year would not be realistic.

Conclusions on the land supply position and the housing market

2.46 These facts demonstrate that there is no evidence that large development sites, once underway, aren’t a viable way of achieving good rates of completion. They also show that the land supply provided through the planning system is not being fully utilised, as it is not being built out as quickly as has been demonstrated is possible, and that allocating more land for development may not be the answer to achieving higher rates of development.

2.47 It is fair to assume that there are other factors, outside the control of the planning system, which are limiting the demand for, and supply of, new housing in Milton Keynes and therefore the maximum level of homes Milton Keynes should realistically be planning for.

2.48 Looking to the future, there is a significant amount of land which has yet to start being developed. The development of some of this land has been delayed by the economic downturn and the impact on land values, but it is expected that this will provide a short term boost to the level of housing provision as it begins to be developed over the next few years; the degree of which will be largely dictated by market constraints and the attitudes of house builders.

2.49 This includes major housing sites already identified as part of the development strategy, which are due to become active in the next couple of years. Tattenhoe Park (1,300 homes), the WEA (6,600 homes), Oakgrove (1,100 homes) and Kingsmead (420 homes) are all expected to begin showing completions by 2013, which will add diversity of supply to currently active sites which have managed to deliver over 1,000 homes in an economic downturn.

2.50 The release of these sites over the next few years should enable an increased rate of housing to be developed annually, as shown in the housing trajectory. If this does not happen, it will lend more weight to the view that it is the market and not the supply of housing land that is holding back the rate of housing development.

2.51 These factors lead the Council to question the need for additional land to be allocated for development, particularly at the current time, if best use is not being made from the land that is already available. Indeed, the Council would suggest that any additional land or ‘over allocating’ could potentially replace homes forecast for completion on sites already identified for development, rather than generate additional completions.
If significant amounts of additional land were to be identified for development, the increased supply of land could also potentially have other impacts that would be negative for the growth and development of Milton Keynes. These include:

- Increased uncertainty for local communities as to where and when growth is actually going to happen.
- Difficulties in planning for, and funding, infrastructure and service provision.
- Less incentive for investment in brownfield sites and regeneration areas.
- Less potential for the planning process to adequately deliver wider strategic objectives, such as improved public transport provision, regeneration and improved services.

It is the desire of the Council to maintain a development strategy which allows for the coherent growth of the city and settlements in the rural area. The Council does not wish to over-allocate land in the ‘hope’ that this will lead to an increased rate of housing completions; effectively allowing market forces to dictate a pattern of growth that would otherwise not have been considered appropriate.

The Council does not want to be in a position where it plans for a long term housing target which, based on past experience, will prove undeliverable due to continued periods of boom and bust. It is better for the Council to set a realistic and achievable long term target, which will be met through annual completion rates that are sometimes higher than needed, but which in other years will be lower.

The Council believes this approach enables there to be certainty for all as to how and where Milton Keynes will grow, but also provides short to medium term flexibility in the rate of housing that can be delivered, allowing the house building industry to respond to local demand, if economic conditions allow. There will be a chance to review this position over the course of the Core Strategy as Milton Keynes starts to look beyond 2026, but this should not be to the detriment of realising the plans already established for the city.
2. What factors the Council considered in determining its revised housing target

Achievability & deliverability of those sites identified for development

2.56 This leads on to the second major objection to the development strategy from respondents on the Core Strategy; that the rate of housing completions forecast year on year are not achievable, therefore more land is needed to supplement existing supply.

2.57 This objection, made to the original consultation on the Pre-Submission Core Strategy (Feb 2010), has in part been dealt with by the Council decision to reduce the housing target from the SEP 2,134 pa to 1,750 pa. However, the point has been made again in response to the Revised Proposed Submission Core Strategy (Oct 2010).

2.58 The current housing trajectory and forecast completions on a site by site basis can be seen in the latest Annual Monitoring Report and the 2010 SHLAA update\(^{17}\). The Council’s position is that this demonstrates that the existing land supply can deliver between 28,000 homes by 2026.

The robustness of the housing trajectory

2.59 The trajectory, and the forecasts within it, were prepared in 2010. The trajectory builds on previous years work and takes into account the expected impact of the recession as well as incorporating feedback from landowners and developers through the Strategic Housing Land Availability Assessment (SHLAA) process and monthly meetings of the Joint Housing Delivery Team\(^{18}\). The Council believes these forecasts are still realistic and represent, as closely as possible, the expected pattern of development in Milton Keynes.

2.60 Developer input is key to the accuracy of forecasting, particularly for major sites and where sites which are yet to begin construction. Developer and landowner feedback has been used for the vast majority of the major housing sites and is therefore felt to support the robustness of the forecasts.

2.61 For sites that are already under construction, it is possible to look back at how well developers have performed against their expectations in previous years. The 2010 review of the SHLAA showed that for the majority of sites, developer forecasts were accurate and in some cases progress was ahead of the feedback provided the year before. Again, this supports the robustness of the Council’s forecasting process.

2.62 The Council’s forecasting and housing trajectory incorporates measures to ensure it is as accurate as possible. Individual site forecasts (as shown in the SHLAA Update of 2010) recognise the general development principle that house builders do not normally build more than one home per site per week, meaning a maximum of around 50 homes per site each year\(^{19}\). It can be seen from the individual site forecasts that this principle has been maintained throughout. Indeed, as many of the sites are in close proximity in large development areas, it can be seen that the additional constraint of a competitive market, has been taken into account, with small parcels which are part of a larger development area often forecast to complete around 30 homes per year. This is in line with observed trends.

---

17 The AMR and SHLAA information are available through the website [http://www.milton-keynes.gov.uk/planning-policy](http://www.milton-keynes.gov.uk/planning-policy)

18 JHDT is a group of officers from MKP and MKC who meet monthly to discuss progress on individual housing sites, identify potential blockages to delivery and generally look to support the delivery of housing across Milton Keynes. Discussion involves direct feedback from landowners and developers provided through Case Officers and MKP Land Managers.

In addition to this, the Council uses a 25% optimum bias when translating the forecasts into a housing trajectory. The optimum bias effectively reduces total forecast annual completion rates by 25% and distributes the deducted completions into later years of the plan. This practice was introduced a number of years ago in response to overall completion rates regularly being 25% behind of the start of year forecasts. It reflects the fact that completions on some sites will slip back from a variety of reasons.

The practice of applying the optimum bias to all years was changed last year in light of more active monitoring arrangements making short term forecasting far more accurate\(^{20}\). The bias is however still applied to later years of the plan in recognition that there are likely to be unforeseen delays in bringing at least some development forward, but not knowing on which site this will be. It is felt that this practice helps to provide realism and robustness to the housing trajectory.

Key sites

Key to the accuracy of the trajectory are the forecasts made from the expansion areas and remaining undeveloped grid squares, as these sites account for 63% of the identified housing land supply. Of these, the sites that are considered the most challenging in delivering the forecast rate of completion are the WEA (Areas 10 and 11) and Brooklands, due to their sheer scale.

The forecasts for both incorporate feedback from the master developer on their timetable from the current time to completion of development. They show that the rate of completion in all three areas is expected to exceed 300 units per annum in some years.

This figure may seem high, but it has been achieved in comparable circumstances at Broughton Gate where, even during the depth of the downturn, there were 377 completions (2009/10), and starts remained at a good level. This was achieved by having a number of different developers on site at one time, providing a range of products at different price levels. At the time of writing there are ten active development parcels on site, forecast to achieve 330 completions during 2010/11\(^{21}\).

Are forecasts for key sites deliverable?

An analysis of the rate of completions on existing expansion areas and city estates has been undertaken to assess whether the forecast rates of completion on future major sites are realistic and achievable. The results of this assessment can be seen in Appendix A. The analysis looks at the nature of each site (i.e. their size and density), the number of annual completions on sites and the number of developers on site at any one time. The outcome is a figure that shows the proportion of large sites which have been delivered each year. For existing sites, this shows that between 10% and 20% of their land areas is built out each year.

Forecasts for the WEA indicate that 6.7% of the site area for Area 11 and 10% for Area 10 would need to be developed each year to enable the housing forecasts to be achieved. In the remainder of Brooklands, 11.1% of land would need to be developed per year to achieve the forecasts. Whilst not being definitive, as each area clearly has its own opportunities and constraints, all of these figures are within the parameters established when looking at the relative performance of previous development sites in Milton Keynes.

The analysis also shows that the number of active development parcels needed to ensure the forecast rates of completion are achieved is not too different from previous major sites. Given the larger size of the WEA in particular, it should be possible for the level of development which needs to be achieved to occur. On some
sites in Milton Keynes, such as Oxley Park, there have been practical health and safety constraints that have limited the number of developers who can be on site at one time. This is something that will need to be considered when looking at the phasing of development.

2.71 There may be factors, particularly financial, which alter the rate at which land in major development areas is released to the market by the land owner. This would clearly have an effect on the rate at which major sites could be developed. However, this would to a degree be counteracted by increased completion rates from fewer active parcels, due to less competition.

Current position with key sites

2.72 Brooklands is a logical continuation of the development at Broughton Gate, and the forecasts made for the future do not show higher rates of completion than we are seeing in Broughton Gate at the current time, suggesting they are realistic. Housing on the site is already under construction, with half of the primary infrastructure in place and the remainder under construction.

2.73 In the case of the WEA, there are two key challenges to ensuring the site progresses as forecast. The first will be to ensure that the development starts showing completions in 2012/13. This process will be supported through the Tariff Agreement, which will help with up front infrastructure costs, which could, in normal circumstances, delay the start of the development.

2.74 The second will be balancing completions from the two distinct parts; Areas 10 and 11. Each is forecast to achieve in excess of 300 homes per annum at times during the build period. Given their relative proximity, there has to be some uncertainty as to whether this rate of completion can actually be realised, given likely demand constraints. However, there is some flexibility in the forecasting for this eventuality, given that Area 11 is forecast to be completed 6 years before the end of the plan period, providing some room for slippage. Recent proposals from the landowner have been to amend the phasing arrangements for Area 11, so rather than starting from the Calverton Lane end, where there is a large proportion of employment land, they now propose to start from the Stony Stratford end so providing a greater proportion of housing at an earlier stage in the build-out.

2.75 The completion of the WEA and its importance to the development strategy is recognised by the Council. As such, the Council has taken measures to engage the master developer and support them in the delivery of the site. They have provided representations to support the figures the Council has included in the trajectory.

The deliverability of other sites

2.76 The deliverability of all sites has been taken into account when considering the housing target for Milton Keynes. As was noted earlier, previous targets relied upon assumptions about the capacity of sites in Central Milton Keynes which were significantly above the levels seen as being deliverable in the current economic climate. As such, lower, more deliverable figures have been included in the revised forecasting, with a recognition that development in the area is likely to be later in the plan period, and that in the short term CMK will see limited housing growth.

2.77 Development activity in CMK has not come to a complete halt. The Council is expecting an application for around 130 residential units on a site in the area. The Council is also involved in ongoing discussions about bringing forward the first phase of the Sustainable Residential Quarter (approximately 400 units) which is anticipated to commence development during 2013. This indicates that progress is being made on bringing forward sites within the higher density areas of CMK, in line with the forecasts in the trajectory.

2.78 CMK is the only area of Milton Keynes where higher density development is the ‘norm’. In other areas of the city, mixed use, mixed tenure developments are encouraged, with capacities assuming a mix of house types and sizes, as you would expect as part of sustainable communities. There is no over reliance on flats to deliver the quantum of development expected from each site. Given that the vast majority of land has at least outline planning
consent for the forecast number of homes, it is unlikely that the recent changes to Planning Policy Statement 3 regarding minimum densities, will have an impact on the realised capacities of these sites, making them realistic and deliverable.

2.79 The trajectory also highlights an element of flexibility in achieving the housing target of 28,000 by 2026 (see Figure 10 below). The average rate of completions to achieve this is 1,750 homes per year, and the Council is currently forecasting that the additional major housing sites that are due to begin development over the next few years could help to drive the annual rate of completions up to over 2,000 per year. However, as has already been noted in the previous section, it is uncertain whether the housing market, and demand for new homes, will allow this to happen in reality. This is something the Council is mindful of and the trajectory shows that there is potential for the annual rate of delivery to slip from the higher level of completions forecast in the early/mid years of the plan and still be achieved by 2026.

**Figure 10 Annotated Housing Trajectory**

Windfall development

2.80 In addition to allocated and permitted sites, to support the strategy and add flexibility, the Council has looked at the potential impact of windfall development on past completion rates. The trajectory has made no allowance for windfall in annual completion rates, but in reality, over the plan period they will have a considerable impact on the total number of homes provided. Taking this allowance into account provides some contingency against potential under performance from allocated sites.

2.81 The analysis, which can be seen in Appendix B, shows that on average windfall sites have historically (1997–2009) contributed 226 homes each year across the Borough. This is approximately 14.5% of all completions. From table 2.2 below it can be seen that windfall completions are a significant source of housing, particularly in the rural area.
2. What factors the Council considered in determining its revised housing target

Table 2.2 Summary of Housing Completions 1997-2009

<table>
<thead>
<tr>
<th></th>
<th>Completions</th>
<th>Windfall completions</th>
<th>Annual average windfall</th>
<th>% windfall of total completions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Urban</td>
<td>18,672</td>
<td>2,120</td>
<td>163.5</td>
<td>11.4%</td>
</tr>
<tr>
<td>Rural</td>
<td>1,706</td>
<td>813</td>
<td>62.5</td>
<td>47%</td>
</tr>
<tr>
<td>Overall</td>
<td>20,378</td>
<td>2,936</td>
<td>226</td>
<td>14.4%</td>
</tr>
</tbody>
</table>

2.82 If this level of windfall completion were to continue over the plan period, it could contribute between 3,616 (@226 per year) and 4,032 (@14.4% of the housing target) additional homes. Even making an allowance for this rate to potentially decrease in the future due to market changes, availability of sites and so forth, it would still be realistic to expect in the region of 2,750 homes (around 75% of the previous rate) to be achieved over the plan period.

2.83 The Council believe it is more logical and sustainable to consider these as additional completions, rather than potentially allocating significant amounts of greenfield land to provide contingency to cater for potential under performance from allocated sites.

Conclusions on the deliverability of the housing forecasts

2.84 The Council feels current forecasts are robust and justified, and that no more land is needed to deliver the average annual rate of development forecast in the trajectory, particularly in the short term. The forecasts and housing trajectory also demonstrate that the housing target of 28,000 homes by 2026 can be achieved, showing that the available sites have the potential to more than meet the annual housing requirement in the short term, and that over the plan period there is potential to absorb any delay that may be caused by the housing market.

2.85 The contribution of windfall development has not been taken into account in looking at the land supply required to deliver the Council’s housing target. However, it is clear from research that it has the potential to make a significant contribution over the plan period, which should not be ignored.

2.86 That said, the Council does acknowledge that the allocation of any additional land would provide some flexibility and contingency in delivering housing targets. This is recognised in the Core Strategy and the Site Allocations Development Plan Document is to be programmed into a revision of the Local Development Scheme as a priority document. Whilst the purpose of this document will not be to allocate additional strategic sites, which has been advocated by some representations to the Core Strategy as being necessary to meet housing need, it will provide the opportunity to consider potential redevelopment and reallocation of sites within the urban area. It will also look at the potential for additional small scale expansion sites, particularly in the vicinity of existing expansion areas, which could supplement existing supply, without compromising the existing development strategy.

2.87 The Council feels that this process, in addition to the windfall situation, provides the contingency measures needed to support the robustness of the Core Strategy.
The desire to support the long term growth of Milton Keynes

2.88 The Council is clear that it wants to continue to see the local economy grow. This will necessitate attracting new businesses to invest in the area and supporting existing businesses to grow and develop. The impact of this will be a growing labour force working in the city, some of which will inevitably demand new homes. One of the criticisms of the Council’s decision to reduce the housing target for Milton Keynes is that it will constrain the growth of the economy. This section looks at the relationship between economic growth and the housing market.

What do the facts show us?

2.89 Since 1996 (to April 2010) there has been an average of 2,795 new jobs created each year, a total of 39,120. Over the same period, housing growth has totalled 22,040 units, 1,575 per year. This is a ratio of 1.78 jobs to every new home, showing that the growth of Milton Keynes has been employment led. During this time the total GVA (Gross Value Added\(^{22}\)) of the Milton Keynes economy has grown on average at a rate of 6.9% each year (South East average 5.8%, England 5.4%) (Cambridge Econometrics, 2010).

2.90 There is no distinct pattern between the rate of jobs created and new homes built. As has been shown previously (see Figure 3 on page 14), there appears to be no response in housing growth as a result of increased job creation, nor a drop in house building as a result of a fall in the total number of local jobs. This indicates that both markets appear to operate in comparative isolation. There may be a point at which job creation is stifled by a lack of house building, but there is no evidence that this has ever occurred. Likewise, there is no indication that house building has been limited by the lack of job creation in the area.

2.91 Whilst it is expected that the economy will continue to grow and new jobs will be created, it is uncertain to what degree the rate of job growth will reflect that of previous years. The economy is just emerging from the second biggest recession on record where the economy is estimated to have shrunk by 5.2% in the South East over the last year and growth rates are forecast at around 1.5-2.5% for the foreseeable future (SEEDA Research and Economics, 2010); significantly below previous rates of growth. The graph below shows that there is some correlation between annual rates of job creation and the growth in GVA, with both showing a downward trend over the 13 year period.

22 Gross Value Added (GVA) is a measure in economics of the value of goods and services produced in an area, industry or sector of an economy
2.92 Economic growth in Milton Keynes has slowed down since 2005. On average, between 2005 and 2008 (the most up-to-date information available) the average growth in GVA was 3.8%. This was lower than both the national average for GVA growth of 4.8% and that of the South East Region (4.4%). More recent figures for Milton Keynes are not available, but as mentioned above forecasts are that economic growth across the South East dropped to -5.2% during 2009.

2.93 This is supported by figures on jobs growth. Between 1995 and 2000 the rate of jobs growth averaged 4.9%. This rate decreased to 1.4% between 2000 and 2007 (ONS Annual Business Enquiry, 2008).

2.94 Looking forward, although Milton Keynes’ economy is expected to continue to perform well in comparison to the regional and national picture, growth in GVA and total jobs is not forecast to reach the levels it has in the past. Over the Core Strategy plan period, GVA is forecast to grow by an average of 3.25% annually and job growth will be at around 1.5% on average (Cambridge Econometrics, 2010).

2.95 Since 2001, there has been an increase in in-commuting into Milton Keynes. An ONS survey in 2008 estimated 38% of employees in Milton Keynes live outside the area and travel into the city to work. This is an increase from the 2001 Census which estimated around 25% of employees travelled into the Borough to work. Given the ratio of house building to job growth, this increase is not unexpected.

2.96 However, as mentioned earlier in this report, Milton Keynes has not demonstrated the characteristics of a city with excessive housing demand. There has been no rapid rise in house prices which would be expected if there was an excess of people looking to move to the city. In fact house prices in Milton Keynes compare favourably with prices in most surrounding areas (see Figures 1 and 2 on pages 12 and 13).

2.97 This suggests that there are other factors which mean people choose not to move to the city. This may include the ease of access to Milton Keynes, the perceived attractiveness of the city, the suitability of available housing or family ties in other areas.

What are the implications for housing?

2.98 The Council’s population modelling work has shown that if the 28,000 home target is completed by 2026, there will be around 14,000 new economically active residents living in the city. This is effectively an increase in the workforce of 875 each year, which is well below the historic rate of job growth in Milton Keynes. The simplistic implication of the modelling work is that if job growth does reach the previous average of 3,423 per annum, there will be a considerable impact on commuting patterns and potentially on local house price affordability.

2.99 As has already been noted, the past rate of job creation has exceeded housing completions at a rate of 2.2:1 without a significant impact on the affordability of housing. This suggests that the level of housing being provided has been sufficient to meet demand. It also shows that economic growth was not stifled by a completion rate of around 1,500 homes per year, which is lower than the Council is now planning for.

2.100 However, there has been an impact on in-commuting levels. Since 2001 it is estimated that the net level of in-commuting has risen from 16,000 to 35,000 (in 2008) a rise of 118%. This is clearly not ideal or sustainable but, given the above comment about house prices, appears to be a response to wider social and economic circumstances and decisions of individuals, rather than a housing shortage issue. All the Council can do is create attractive opportunities for people to choose to live close to their place of work; it cannot control where people choose to live.

2.101 The increase in in-commuting can be partly attributed to the locational characteristics of the city. 18 million people live within a 90 minute drive of the city, with the M1, A5 and A421 all providing good access by road. The city also benefits from the grid road system which, compared to other cities, allows for relatively free

23 See Milton Keynes Draft Local Economic Assessment figures 9.3 and 9.4, page 141
moving rush hour travel for in-commuters. It also has good rail connections from towns and cities to the north and south. This makes commuting a realistic and not unattractive option for many when weighed against other lifestyle choices.

2.102 This is supported by the fact that around 75% of commuters into the city travel relatively short distances from neighbouring authorities, either Northamptonshire, Bedfordshire/Luton or Aylesbury Vale, all of which are well connected to Milton Keynes.

2.103 In-commuting is also a side effect of the fact that the city acts as a regional economic growth point. This means that it attracts jobs and investment ahead of other local towns and, as such, also attracts workers from outside the city, some of whom may otherwise commute to other places, such as London.

2.104 However, in relation to future housing growth, this negative side effect needs to be placed in context. It has already been acknowledged that in the short to medium term, job growth is highly unlikely to reach the levels of previous years. This will reduce the potential for additional in-commuting.

2.105 In addition, the 118% increase in in-commuting happened at a time when house building averaged around 1,400 homes per year. The current strategy is seeking to deliver 1,750 new homes per year, 25% more than in recent years. Whilst the evidence suggests it is not a lack of homes that is influencing workers decisions to commute into, rather than move to the city, this increase will enhance the options for those who would consider moving to Milton Keynes.

2.106 This is coupled with a recognition that the type of house that has been provided in Milton Keynes over the last 10 years may not be what management and professional staff, who make up the majority of commuters, desire. In the last couple of years, larger family homes have been more prominent on development sites across the city, looking to attract new families to live and work in the city. Again, this could help to influence in commuters to move to Milton Keynes rather than travel from elsewhere.

2.107 The Council is also aware of the need to up-skill the existing population to enable them to be more active in the local job market. Despite employment and economic activity rates being higher in Milton Keynes than the South East average, the skills of the resident workforces have traditionally been lower. The position is improving but during 2008 there was still a lower proportion of residents qualified to NVQ level 3 than across the South East and England as a whole.

2.108 Research shows that in-commuters tend to be management and professional staff, who provide skills that the resident population either currently lack or skills that are not available as residents with these skills commute out of the Borough to work. The Council is actively seeking to improve the quality of education in schools and is also supporting the delivery of further and higher education facilities through the development of the University Centre Milton Keynes. This work should help to limit the future need for the bulk of management and professional jobs to be filled by non-Milton Keynes residents.

2.109 The Council is also recognising the impact of in-commuting and putting in place measures to manage its impacts. There has been significant investment in major road junctions on the M1 and A5 in recent years, as well as investment in a new coachway facility at junction 14 on the M1, which will help to cut the need for car travel into Milton Keynes. The city also benefits from one of the country’s most successful car share scheme. The scheme provides the option for commuters to share trips from the surrounding area, and has had significant take up with over 8% of workers in Central Milton Keynes being members.
Conclusions on the impacts of economic growth on the housing market

2.110 There is no clearly established link between the past rate of jobs growth and homes in Milton Keynes. This makes it very difficult to accurately quantify the potential impact of changing housing targets on economic growth. However, it is clear that a side effect of the balance between housing completions and past economic growth is an increase in in-commuting.

2.111 Population forecasting appears to suggest that the revised housing target could increase this problem by not providing enough homes to allow the level of economically active residents to grow. However, when analysed more closely, it appears that in the past housing growth of around 1,500 homes per year has been sufficient to satisfy the demand for homes from new employees, and that there are other reasons why new employees choose not to move to Milton Keynes to live close to their place of work.

2.112 To this end, it is suggested that improving the perception of Milton Keynes and ensuring the right type of homes are available are equally as important, if not more so, than building more homes in attracting new home buyers to the city.

2.113 In addition, there may be other factors outside the control of Milton Keynes Council as a planning authority which influence where those who take new jobs choose to live. In particular the location of the city, with its large catchment area and good road connections, and the fact the city acts as a regional growth point, are factors which are always going to make in-commuting a potential issue. The Council will need to be aware of this issue and put measures in place to ensure it is managed effectively. Key questions will be whether the road network can cope and is the public transport system developing adequately.

2.114 The Council’s response to criticism that the under provision of housing land will stifle economic development is that this simply is not true. Land is available for both new homes and jobs to be provided at a significantly faster rate than forecast if the market desired.

2.115 The potential for jobs growth in Milton Keynes is substantial with land for around 48,000 jobs currently available\(^{(25)}\) for development plus potential for a further 19,000 jobs to be created in service sectors (education, retail etc) related to housing growth. With over 19,000 planning permissions currently in place, if there were demand for new homes as a result of economic growth, these could be built, but this does not currently appear to be the case.

---

\(^{(25)}\) This figure is based on the maximum employment densities permitted on the identified employment sites.
The wider sub-regional housing market

The current position

2.116 The impact of the economic downturn and the decision of the Government to proceed with the revocation of regional housing targets has promoted other authorities within the sub-region to look again at the number of homes they should be planning for.

2.117 The sub-regional market for Milton Keynes covers authorities within the South East of England as well as the East of England and East Midlands regional areas. In the East of England, a full review of East of England Plan was undertaken and published in 2010. This saw a significant decrease in the housing numbers for the region, which includes Bedfordshire, which falls within the Milton Keynes sub-regional housing market.[26]

2.118 In the South East of England, a similar process had commenced prior to the change of Government earlier this year. As alluded to earlier (page 7), Milton Keynes had formed some initial thoughts, working with neighbouring authorities, on how the housing figures in the Plan should be amended. This process, however, was never completed and as such the challenging figures in the SEP remain in place.

2.119 However, after the original announcement that the Government intends to revoke these housing requirements, several local authorities across the sub-region, like Milton Keynes, took the opportunity to look again at housing figures in their plans. Table 2.3 below summarises the position with regards to neighbouring authorities housing delivery performance and anticipated amendments to housing targets.

How does Milton Keynes compare?

2.120 From the table it can be seen that none of the Local Authorities in the sub-regional housing area were able to meet the housing targets set out in the various Regional Spatial Strategies. In delivering 87% of the housing target, Milton Keynes was one of the better performers in the sub-region over the period from 2006-2009.

2.121 In terms of future planning requirements, Milton Keynes is currently one of three Local Authorities in the sub region which are proposing to plan for fewer new homes than are proposed in the most recent RSS for each area. The proposed level of reduction in Milton Keynes is comparable with that in Northampton, which is probably the most similar area to Milton Keynes across the sub-region.

2.122 In should also be noted that the Bedfordshire Authorities plan requirements were set against the former EoE Plan requirements, which ran to 2026. The revised EoE Plan ran to 2031, with reduced housing figures, which effectively means much lower annual requirements, hence the planned development in each area shows an over performance against the current RSS target.
Table 2.3 Housing targets and performance of surrounding Local Authorities

<table>
<thead>
<tr>
<th>Local Authority</th>
<th>Past Performance</th>
<th>Future Plan Requirements</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>RSS requirement (PA)(^{(1)})</td>
<td>Average Completions PA (2006-2010)</td>
</tr>
<tr>
<td>MK</td>
<td>2,068</td>
<td>1,804</td>
</tr>
<tr>
<td>Beds Borough</td>
<td>879(^{(6)})</td>
<td>524</td>
</tr>
<tr>
<td>Central Beds (north)</td>
<td>712(^{(9)})</td>
<td>666</td>
</tr>
<tr>
<td>Luton and South Central Beds</td>
<td>1,365</td>
<td>846</td>
</tr>
<tr>
<td>AVDC</td>
<td>1,345</td>
<td>737</td>
</tr>
<tr>
<td>South Northants</td>
<td>330</td>
<td>246</td>
</tr>
<tr>
<td>Northampton</td>
<td>1,615</td>
<td>1,107</td>
</tr>
</tbody>
</table>

1. In the case of the East of England authorities, these are the figures from the original East of England (EoE) Plan, not the 2010 revision
2. Figure either in an adopted or emerging Core Strategy or supporting papers
3. The requirement listed only covers that equivalent to the length of a Local Authorities adopted/proposed plan period (e.g. the Bedford Borough Plan runs to 2021, therefore the requirement is equivalent to 10 years of the total RSS target.
4. These figures set out the extent to which each authorities housing target will provide for the most up-to-date RSS requirements over their respective plan periods. In the case of the Bedfordshire Authorities, this does not cover the period post 2026.
5. SEP requirement of 41,360 (2006 to 2026)- 7,215 completions 2006-2010
6. Figure based on 16,270 in Growth Area and 1,300 in the rest of the Borough
7. Figure based on remaining Core Strategy requirement from 2011. Also applies to the Central Bed (north) target.
8. Based on revised EoE Plan requirement of 884 homes pa to 2031. 22% figure is based on the annual EoE requirement to 2021, the end date of the Bedfordshire Core Strategy
9. Includes 3,230 homes in North Marston Vale Growth Area
10. Revised EoE Plan has a target of 600 dpa for the ‘rest of the Central Beds’ area plus 3,230 (161 pa) as part of the Growth Area, to 2031. 1% figure is based on the annual EoE requirement to 2026, the end date of the Central Beds (north area) Core Strategy
11. Figure form the previous Mid Beds authority area.
12. Figure taken from Luton and South Central Beds Pre-Submission Draft Core Strategy (November 2010).
13. Based on revised EoE Plan requirement for 1,590 homes pa to 2031.
14. Target taken from West Northants Joint Planning Unit Report, 26 October 2010 (also applies to NorthamptonBC target).
In terms of the Government Household Projections, it can be seen that, along with Luton and South Central Bedfordshire, Milton Keynes is one of only two authorities who are planning for more development than demographic trends and household formation patterns suggest will be needed in their areas by 2026. This indicates that the housing target in Milton Keynes is going some way to alleviating the impact of any demographic changes that may occur in the future, such as an ageing population, and helping to support the growth of the economy.

If the Government Household Projection figures are looked at more closely, it can be seen that there will be similar changes across the sub-region in terms of the increase in the number of home headed by a resident over 65. Across the sub-region between 39% and 61% of new homes will be home to at least one resident over 65 (MK 54%, England 53%, South East 63%). This will put pressure on the need for new homes above that forecast by the Government Projections to support the continued growth of the economy. However, it is clear from the figures that this is not just an issue for Milton Keynes but a general issue for the sub region and the country as a whole.

Conclusions on sub-regional housing issues

Whilst not clarifying the approach of Milton Keynes Council as the best way forward, these figures do suggest that:

a. the recent shortfall in housing provision is not just a Milton Keynes specific issue; and

b. the approach of Milton Keynes in revising its housing figures to reflect a rate of development which is realistic is consistent with the approach taken through the EoE Plan and which is being considered by neighbouring authorities.
2. What factors the Council considered in determining its revised housing target

Continuity in plan making

The need for new land allocations

2.126 After agreeing that the housing target for Milton Keynes should be set at 28,000 homes by 2026, the Council had to consider how it proceeded with land allocations through the revised Core Strategy and/or the Site Allocations Development Plan Document.

2.127 To deliver 28,000 homes by 2026, the Council recognised that there was a need to identify additional land that could accommodate approximately 2,500 homes in or around the urban area. This would be a significantly smaller site(s) than that identified in the original Core Strategy for 7,300 new homes; the South East Strategic Development Area.

Identification of land

2.128 In identifying the location of new allocations the Council is mindful of all of the previous rounds of consultation and appraisal that have been undertaken in evolving the development strategy in the SEP and the original Pre Submission Core Strategy (February 2010). This process established the south east of Milton Keynes as the key area for future housing development.

2.129 The Council is also mindful of the need to put measures in place to provide certainty for residents as to how and where Milton Keynes will grow up to 2026. The Council does not want to be in a position where the momentum gained by previous rounds of consultation and engagement on the Core Strategy and growth study are lost by major delays in revisiting options that have already been considered several times previously.

2.130 In addition to this the Council wants to ensure any new allocation(s) enables Milton Keynes to grow in a coherent and logical manner and provide an opportunity for sustainable development.

2.131 As a result of this, the Council’s decision has been to allocate the Strategic Reserve Areas to the south east of the city as a strategic site in the Core Strategy. The site will deliver up to 2,500 homes, supporting the long term growth of the city. This is has been done on the basis that:

- They already have some planning status, being identified in the Local Plan (2005).
- They fall within an area which has consistently been identified for development in previous rounds of consultation on the SEP and Core Strategy.
- Their development does not preclude the future development of other sites in the area, if this is felt necessary at a future date.
- They have potential to be developed within the timeframe of the Core Strategy.
- They fall within an area where investment in improvements to key pieces of infrastructure has already been made/is planned as part of the Eastern Expansion Area development, and through the tariff agreement.
- Their development would provide continued support for wider policy objectives, in particular north/south, east/west public transport routes.
- Growth in the south east of Milton Keynes is shown to be broadly sustainable through the Sustainability Appraisal.

2.132 This is felt to be a logical and sound response to the need to balance the desire to support the continued growth of the city, but realising that previous growth plans in the south east of the city were effectively undeliverable by 2026 in the current economic climate. This also continues the approach to growth taken in Milton Keynes of identifying large development sites, capable of being developed as sustainable communities.
What are the alternative approaches and why were they not pursued?

2.133 Other alternatives to this approach included:
- Identifying a range of smaller sites to accommodate a total of 2,500 homes
- Identifying an alternative location elsewhere around the city for a strategic allocation of 2,500 homes.
- Identifying alternative land parcels in the former South East SDA to make up a strategic allocation.

2.134 The decision not to pursue these alternative approaches has partly been explained in earlier stages of this paper.

2.135 In terms of identifying a dispersed range of smaller sites across the Borough, issues with the range of suitable sites available, infrastructure development and the difficulties of supporting wider strategy objectives, such as improved public transport provision, make this an unrealistic alternative.

2.136 In terms of alternative locations for a strategic allocation of 2,500 homes, a revised Sustainability Appraisal has been undertaken to look at other sites around the edge of the city in comparison to development in the South East of the city. The outcome of this work was that the South East of Milton Keynes remains the most sustainable location for the growth of the city, primarily due to the lower environmental impact. Whilst the difference in the relatively sustainability of sites is not that significant, this work backs up original conclusions that the area to the south east of Milton Keynes is the most sustainable for future growth.

2.137 The revised Sustainability Appraisal work does highlight the social and environmental benefits that could be achieved by allocating a single site rather than the current dispersed strategic reserve areas. However, this has not been pursued at this stage as it is felt the benefits would not outweigh the importance of continuity in plan making and the timely progress of the production of the Core Strategy. As has already been acknowledged, there are potentially options for realising some of the additional sustainability objectives in the future through the Site Allocations DPD process and future reviews of the Core Strategy.

---

3 Conclusion

Summary of position

3.1 The previous sections summarise the needs and characteristics of the Milton Keynes housing market that the Council has taken into account in setting a revised housing target of 28,000 new homes by 2026, and allocating the existing Strategic Reserve Areas for development.

3.2 The key factors that have influenced and justify the decision to set the housing target at 28,000 and to allocate the Strategic Reserve Areas in the Core Strategy are:

- It is unrealistic to expect housing completions to exceed 2,220 annually on a regular basis, given the particular market and economic conditions in place at the time this was last exceeded.
- It does not appear realistic for the market to deliver the SHMA requirement for 3,366 new homes each year in the short term.
- As a minimum, the Council should be meeting the indigenous growth needs of the local population of 1,300 dwellings per annum, which is achievable.
- Government projections suggest around 1,600 new homes will be needed in Milton Keynes each year to 2031 based on demographic trends and rates of household formation.
- There is already a significant amount of land available for development which, in favourable economic conditions, could allow a significantly faster rate of development than forecast to be achieved.
- However, the available land is not being developed as quickly as it potentially could be.
- There is uncertainty as to how much development the local housing market will be able to sustain in the future, given economic uncertainty.
- Any future housing target should be realistic and not rely on the delivery of consistently high annual completion rates, which are unlikely to be deliverable given the tendency for boom and bust in the housing market.
- There is no need for a short/medium term increase in land supply, given the number of new development sites due to begin development imminently.
- Accurate forecasting shows that the number of homes proposed could be delivered over the plan period, with the support of a limited amount of additional land.
- There is potential flexibility and contingency provided by the Site Allocations DPD process and justifiable windfall allowance.
- Evidence suggests a lack of housing would not necessarily prevent the economy from growing.
- Past economic growth does not appear to have put undue pressure on house prices. However, an unsustainable side effect of growth has been employees choosing to live outside of the Borough and travel in to work, a factor that the Council are aware of.
- Improving the perception of Milton Keynes as a place to live and ensuring the right type of housing are available are as important, if not more so, than increasing the number of homes built each year, in terms of supporting economic growth and dealing with the in commuting problem.
- There is land available for homes and jobs to be provided at a significantly higher rate than forecast, if the market chooses to do so.
- The Council wants to support the continued growth of Milton Keynes up to 2026, and recognises that to ensure this can happen, there is a need to supplement land supply in the medium to long term.
- There is a need to move forward in a way that reflects the certainty provided during previous rounds of consultation and iterations of the Core Strategy. Allocating the Strategic Reserve Areas provides this continuity.
- A future, potentially early, review of the Core Strategy could reconsider the need for additional large strategic allocations once development in the period post 2026 begins to be considered.
- Other authorities in the wider sub-regional housing market have/are making similar changes to those proposed in Milton Keynes.
### A Analysis of completion rates

**Completed/ongoing sites**

<table>
<thead>
<tr>
<th></th>
<th>BROUGHTON</th>
<th>OXLEY PARK</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>COMPLETIONS</strong></td>
<td>115</td>
<td>33</td>
</tr>
<tr>
<td><strong>ACTIVE PARCELS</strong></td>
<td>4</td>
<td>1</td>
</tr>
<tr>
<td><strong>AVE PER SITE</strong></td>
<td>28.75</td>
<td>66</td>
</tr>
</tbody>
</table>

| **AVE PER YEAR**     | 344 (31)  |
| **DENSITY**          | 35.5 dph  |
| **AREA COMPLETED PER YEAR** | 9.4 ha  |
| **SITE AREA**        | 66.37 ha  |
| **% DEVELOPED PER YEAR** | 14.2%  |

<table>
<thead>
<tr>
<th></th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ACTIVE PARCELS</strong></td>
<td>4</td>
<td>15</td>
<td>11</td>
<td>15</td>
<td>18</td>
<td>11</td>
</tr>
<tr>
<td><strong>AVE PER YEAR</strong></td>
<td>28.75</td>
<td>29.3</td>
<td>21.45</td>
<td>17.4</td>
<td>24.4</td>
<td>35.8</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ACTIVE PARCELS</strong></td>
<td>1</td>
<td>2</td>
<td>5</td>
<td>6</td>
<td>5</td>
<td>4</td>
</tr>
<tr>
<td><strong>AVE PER SITE</strong></td>
<td>66</td>
<td>60.5</td>
<td>63.5</td>
<td>32.6</td>
<td>26</td>
<td>36</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ACTIVE PARCELS</strong></td>
<td>1</td>
<td>2</td>
<td>5</td>
<td>6</td>
<td>5</td>
<td>4</td>
</tr>
<tr>
<td><strong>AVE PER YEAR</strong></td>
<td>66</td>
<td>60.5</td>
<td>63.5</td>
<td>32.6</td>
<td>26</td>
<td>36</td>
</tr>
</tbody>
</table>

**Notes:**

31 Average rates based on full years only. Does not include years where completions only occurred in a few months. Applies to all areas.

29 Full parcels only. Infill and individual units excluded. This should be seen as a minimum given some completions recorded in grouped parcels (e.g. a1-a5), meaning number of actual active parcels maybe lower.

28 This should be seen as a maximum. Some completions recorded across grouped parcels e.g. A1-A5.

30 Figures for 2010 are for 6 months only. The average completions per site are based on the continuation of this rate for the following 6 months.
### Analysis of completion rates

#### Monkston

<table>
<thead>
<tr>
<th></th>
<th>Completions</th>
<th>Active Parcels</th>
<th>Ave Per Site</th>
</tr>
</thead>
<tbody>
<tr>
<td>1992-1997</td>
<td>127 completions at 21.6 PA</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1998</td>
<td>114</td>
<td>2</td>
<td>57</td>
</tr>
<tr>
<td>1999</td>
<td>332</td>
<td>7</td>
<td>47.4</td>
</tr>
<tr>
<td>2000</td>
<td>318</td>
<td>11</td>
<td>28.9</td>
</tr>
<tr>
<td>2001</td>
<td>304</td>
<td>9</td>
<td>33.7</td>
</tr>
<tr>
<td>2002</td>
<td>203</td>
<td>8</td>
<td>25.4</td>
</tr>
<tr>
<td>2003</td>
<td>34</td>
<td>4</td>
<td>8.5</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1432</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Ave Per Year** 254.2

**Density** 31.5 dph

**Area Completed Per Year** 8.06 ha

**Site Area** 45.5 ha

**% Developed Per Year** 18%

#### Westcroft

<table>
<thead>
<tr>
<th></th>
<th>Completions</th>
<th>Active Parcels</th>
<th>Ave Per Site</th>
</tr>
</thead>
<tbody>
<tr>
<td>1994</td>
<td>14</td>
<td>1</td>
<td>28</td>
</tr>
<tr>
<td>1995</td>
<td>34</td>
<td>1</td>
<td>34</td>
</tr>
<tr>
<td>1996</td>
<td>43</td>
<td>2</td>
<td>21.5</td>
</tr>
<tr>
<td>1997</td>
<td>72</td>
<td>2</td>
<td>36</td>
</tr>
<tr>
<td>1998</td>
<td>49</td>
<td>3</td>
<td>16.3</td>
</tr>
<tr>
<td>1999</td>
<td>66</td>
<td>3</td>
<td>22</td>
</tr>
<tr>
<td>2000</td>
<td>66</td>
<td>3</td>
<td>22</td>
</tr>
<tr>
<td>2001</td>
<td>48</td>
<td>2</td>
<td>24</td>
</tr>
<tr>
<td>2002</td>
<td>0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2003</td>
<td>21</td>
<td>1</td>
<td>21</td>
</tr>
<tr>
<td>2004</td>
<td>66</td>
<td>5</td>
<td>13.2</td>
</tr>
<tr>
<td>2005</td>
<td>310</td>
<td>10</td>
<td>31</td>
</tr>
<tr>
<td>2006</td>
<td>184</td>
<td>8</td>
<td>23</td>
</tr>
<tr>
<td>2007</td>
<td>30</td>
<td>3</td>
<td>10</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1003</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Ave Per Year** 82.6

**Density** 34.8 dph

**Area Completed Per Year** 2.37 ha

**Site Area** 28.78 ha

**% Developed Per Year** 8.2%
### A. Analysis of completion rates

<table>
<thead>
<tr>
<th>MEDBOURNE</th>
<th>COMPLETIONS</th>
<th>ACTIVE PARCELS</th>
<th>AVE PER SITE</th>
</tr>
</thead>
<tbody>
<tr>
<td>2002</td>
<td>40</td>
<td>1</td>
<td>40</td>
</tr>
<tr>
<td>2003</td>
<td>163</td>
<td>4</td>
<td>40.75</td>
</tr>
<tr>
<td>2004</td>
<td>75</td>
<td>2</td>
<td>37.5</td>
</tr>
<tr>
<td>2005</td>
<td>127</td>
<td>3</td>
<td>42.3</td>
</tr>
<tr>
<td>TOTAL</td>
<td>405</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>AVE PER YEAR</th>
<th>101</th>
</tr>
</thead>
<tbody>
<tr>
<td>DENSITY</td>
<td>45 dph</td>
</tr>
<tr>
<td>AREA COMPLETED PER YEAR</td>
<td>2.25 ha</td>
</tr>
<tr>
<td>SITE AREA</td>
<td>9 ha</td>
</tr>
<tr>
<td>% DEVELOPED PER YEAR</td>
<td>25.0%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>MIDDLETON</th>
<th>COMPLETIONS</th>
<th>ACTIVE PARCELS</th>
<th>AVE PER SITE</th>
</tr>
</thead>
<tbody>
<tr>
<td>1997</td>
<td>67</td>
<td>2</td>
<td>33.5</td>
</tr>
<tr>
<td>1998</td>
<td>93</td>
<td>5</td>
<td>18.6</td>
</tr>
<tr>
<td>1999</td>
<td>79</td>
<td>3</td>
<td>26.3</td>
</tr>
<tr>
<td>2000</td>
<td>74</td>
<td>3</td>
<td>24.6</td>
</tr>
<tr>
<td>2001</td>
<td>157</td>
<td>5</td>
<td>31.4</td>
</tr>
<tr>
<td>2002</td>
<td>173</td>
<td>4</td>
<td>43.25</td>
</tr>
<tr>
<td>2003</td>
<td>61</td>
<td>3</td>
<td>20.3</td>
</tr>
<tr>
<td>2004</td>
<td>37</td>
<td>1</td>
<td>37</td>
</tr>
<tr>
<td>2005</td>
<td>0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2006</td>
<td>0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2007</td>
<td>0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2008</td>
<td>0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2009</td>
<td>46</td>
<td>1</td>
<td>46</td>
</tr>
<tr>
<td>2010</td>
<td>30</td>
<td>1</td>
<td>60</td>
</tr>
<tr>
<td>TOTAL</td>
<td>817</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>AVE PER YEAR</th>
<th>87.4</th>
</tr>
</thead>
<tbody>
<tr>
<td>DENSITY</td>
<td>22 dph</td>
</tr>
<tr>
<td>AREA COMPLETED PER YEAR</td>
<td>3.97 ha</td>
</tr>
<tr>
<td>SITE AREA</td>
<td>37.83 ha</td>
</tr>
<tr>
<td>% DEVELOPED PER YEAR</td>
<td>11.0%</td>
</tr>
</tbody>
</table>
### A. Analysis of completion rates

<table>
<thead>
<tr>
<th>MONKSTON PARK</th>
<th>COMPLETIONS</th>
<th>ACTIVE PARCELS</th>
<th>AVE PER SITE</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2004</td>
<td>50</td>
<td>2</td>
</tr>
<tr>
<td></td>
<td>2005</td>
<td>347</td>
<td>8</td>
</tr>
<tr>
<td></td>
<td>2006</td>
<td>89</td>
<td>5</td>
</tr>
<tr>
<td></td>
<td>2007</td>
<td>33</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>2008</td>
<td>95</td>
<td>1</td>
</tr>
<tr>
<td>TOTAL</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**AVE PER YEAR** 122.8  
**DENSITY** 40 dph  
**AREA COMPLETED PER YEAR** 3.07 ha  
**SITE AREA** 15.32 ha  
**% DEVELOPED PER YEAR** 20.0%

Sites with forecast completion rates

<table>
<thead>
<tr>
<th>WEA AREA 10</th>
<th>COMPLETIONS</th>
<th>ACTIVE PARCELS</th>
<th>AVE PER SITE</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2012/13</td>
<td>224</td>
<td>7</td>
</tr>
<tr>
<td></td>
<td>2013/14</td>
<td>266</td>
<td>9</td>
</tr>
<tr>
<td></td>
<td>2014/15</td>
<td>308</td>
<td>10</td>
</tr>
<tr>
<td></td>
<td>2015/16</td>
<td>319</td>
<td>11</td>
</tr>
<tr>
<td></td>
<td>2016/17</td>
<td>363</td>
<td>12</td>
</tr>
<tr>
<td></td>
<td>2017/18</td>
<td>344</td>
<td>11</td>
</tr>
<tr>
<td></td>
<td>2018/19</td>
<td>264</td>
<td>9</td>
</tr>
<tr>
<td></td>
<td>2019/20</td>
<td>222</td>
<td>7</td>
</tr>
<tr>
<td></td>
<td>2020/21</td>
<td>227</td>
<td>8</td>
</tr>
<tr>
<td></td>
<td>2021/22</td>
<td>259</td>
<td>9</td>
</tr>
<tr>
<td></td>
<td>2022/23</td>
<td>294</td>
<td>10</td>
</tr>
<tr>
<td></td>
<td>2023/24</td>
<td>279</td>
<td>9</td>
</tr>
<tr>
<td></td>
<td>2024/25</td>
<td>320</td>
<td>11</td>
</tr>
<tr>
<td></td>
<td>2025/26</td>
<td>321</td>
<td>11</td>
</tr>
<tr>
<td></td>
<td>2026/27</td>
<td>320</td>
<td>11</td>
</tr>
<tr>
<td>TOTAL</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**AVE PER YEAR** 288.7  
**DENSITY** 46 dph  
**AREA COMPLETED PER YEAR** 6.3 ha  
**SITE AREA** 94 ha  
**% DEVELOPED PER YEAR** 6.7%

---

32 Figure of 30 completions per site per year is based on observed trends from existing sites. If the number of active individual development parcels is lower, the average completion rate for each is likely to be higher.
## A. Analysis of completion rates

### WEA Area 11

<table>
<thead>
<tr>
<th>Year</th>
<th>Completions</th>
<th>Active Parcels</th>
<th>Ave Per Site</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013/14</td>
<td>210</td>
<td>7</td>
<td>30</td>
</tr>
<tr>
<td>2014/15</td>
<td>238</td>
<td>8</td>
<td>30</td>
</tr>
<tr>
<td>2015/16</td>
<td>248</td>
<td>8</td>
<td>30</td>
</tr>
<tr>
<td>2016/17</td>
<td>255</td>
<td>9</td>
<td>30</td>
</tr>
<tr>
<td>2017/18</td>
<td>304</td>
<td>10</td>
<td>30</td>
</tr>
<tr>
<td>2018/19</td>
<td>310</td>
<td>10</td>
<td>30</td>
</tr>
<tr>
<td>2019/20</td>
<td>281</td>
<td>9</td>
<td>30</td>
</tr>
<tr>
<td>2020/21</td>
<td>214</td>
<td>7</td>
<td>30</td>
</tr>
<tr>
<td>2021/22</td>
<td>143</td>
<td>5</td>
<td>30</td>
</tr>
<tr>
<td>2022/23</td>
<td>17</td>
<td>1</td>
<td>30</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>2220</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Ave Per Year

<table>
<thead>
<tr>
<th></th>
<th>222</th>
</tr>
</thead>
<tbody>
<tr>
<td>Density</td>
<td>35 dph</td>
</tr>
<tr>
<td>Area Completed Per Year</td>
<td>6.3 ha</td>
</tr>
<tr>
<td>Site Area</td>
<td>63 ha</td>
</tr>
<tr>
<td>% Developed Per Year</td>
<td>10.0%</td>
</tr>
</tbody>
</table>

### Brooklands (Remainder)

<table>
<thead>
<tr>
<th>Year</th>
<th>Completions</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013/14</td>
<td>90</td>
</tr>
<tr>
<td>2014/15</td>
<td>240</td>
</tr>
<tr>
<td>2015/16</td>
<td>340</td>
</tr>
<tr>
<td>2016/17</td>
<td>317</td>
</tr>
<tr>
<td>2017/18</td>
<td>300</td>
</tr>
<tr>
<td>2018/19</td>
<td>400</td>
</tr>
<tr>
<td>2019/20</td>
<td>300</td>
</tr>
<tr>
<td>2020/21</td>
<td>250</td>
</tr>
<tr>
<td>2021/22</td>
<td>50</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>2287</strong></td>
</tr>
</tbody>
</table>

### Ave Per Year

<table>
<thead>
<tr>
<th></th>
<th>254.1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Density</td>
<td>35 dph</td>
</tr>
<tr>
<td>Area Completed Per Year</td>
<td>7.26 ha</td>
</tr>
<tr>
<td>Site Area</td>
<td>65.34 ha</td>
</tr>
<tr>
<td>% Developed Per Year</td>
<td>11.1%</td>
</tr>
</tbody>
</table>
B Windfall Analysis

Introduction

B.1 Windfall development is defined in Planning Policy Statement 3 as:

“Those (sites) which have not been specifically identified as available in the Local Plan process. They comprise previously-developed sites that have unexpectedly become available. These could include, for example, large sites resulting from, for example, a factory closure or small sites such as a residential conversion or a new flat over a shop”.

B.2 This report has been prepared to assess the contribution of windfall development to the housing growth of Milton Keynes. It takes a historic look at windfall completions and uses the findings of this work to assess the potential contribution that windfall development could be expected to occur in Milton Keynes in the future.

B.3 All figures have been drawn directly from the Council’s Housing Monitoring Database. The database contains records of all housing completions on windfall housing sites between April 1997 and March 2009, a period of 13 years.

What does the monitoring information show us?

B.4 Housing monitoring shows that over the period between 1997 and 2009 there were 20,378 housing completions in Milton Keynes, an average of 1,567 per annum. 1,706 (8.3%) were in the rural area and 18,672 (91.7%) were in the designated urban area.

B.5 From Table B.1 it can be seen that there were 2,936 windfall homes built between 1997 and 2009. This is an average of 226 per year across the whole Borough.

B.6 2,120 (72%) of these were within the designated urban area of Milton Keynes. 813 (28%) were in rural settlements outside the urban area.

B.7 This means that over the last 13 years on average there have been 163.5 homes per annum in the urban area and 62.5 homes per annum in the rural area completed on previously unidentified sites.

B.8 Windfall development accounted for 14.4% of all completions in the Borough between 1997 and 2009. In terms of rural development, windfall accounts for 47.7% of all housing completions. In the urban area windfall development accounts for 11.4% of all completions.

B.9 This information is summarised in Table B.1 below.

<table>
<thead>
<tr>
<th>Table B.1 Summary of housing completions information 1997-2009</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Urban</strong></td>
</tr>
<tr>
<td>Completions</td>
</tr>
<tr>
<td>18,672</td>
</tr>
<tr>
<td>1,706</td>
</tr>
<tr>
<td>20,378</td>
</tr>
</tbody>
</table>
**Completions by settlement**

**B.10** This section looks more closely at the location of the windfall developments, considering where the ‘hot spots’ for windfall sites are.

**B.11** In the urban area, a significant number of the windfall developments have been found in the older parts of the city with 36% (755) of urban windfall homes being developed in Bletchley and 22% (463) in Wolverton. Together these two settlements account for 58% of the windfall completions over the period between 1997 and 2009 suggesting a correlation between the age of an area and the prevalence of windfall development.

**B.12** There were still 877 windfall completions within city estates, showing that despite being newer, opportunities for their redevelopment still exist.

**B.13** In the rural area, Newport Pagnell (309 completions / 38% of total rural completions) was the hot spot for windfall development. Olney (185 / 23%) also had a significant amount of windfall development over the 1997-2009 period.

**B.14** 37% of rural windfall completions were spread across the smaller rural settlements. In total there were windfall completions in 24 small settlements, showing the wide availability of windfall opportunities.

**B.15** This information is summarised in Table B.2 below.

<table>
<thead>
<tr>
<th>Rural Area</th>
<th>Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>Newport Pagnell</td>
<td>309</td>
</tr>
<tr>
<td>Olney</td>
<td>185</td>
</tr>
<tr>
<td>Woburn Sands</td>
<td>18</td>
</tr>
<tr>
<td>Other settlements</td>
<td>298</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Urban Area</th>
<th>Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>City Estates</td>
<td>877</td>
</tr>
<tr>
<td>Bletchley</td>
<td>755</td>
</tr>
<tr>
<td>Wolverton</td>
<td>463</td>
</tr>
<tr>
<td>Stony Stratford</td>
<td>28</td>
</tr>
</tbody>
</table>

**Table B.2 Windfall Completions by Settlement (1997-2009)**
Completions by size of site

**B.16** Across the Borough, windfall development sites have ranged in size from 1 dwelling to 162. However, the vast majority of sites (83%) are for under 5 dwellings. This extends to 92% including sites up to 9 dwellings in capacity\(^{33}\). It total sites of under 10 units have accounted for 37% of all windfall completions.

**Rural area**

<table>
<thead>
<tr>
<th>Size of site (homes)</th>
<th>Completed</th>
<th>Under construction</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Units</td>
<td>Sites</td>
</tr>
<tr>
<td>Under 5</td>
<td>370</td>
<td>262</td>
</tr>
<tr>
<td>5 to 9</td>
<td>157</td>
<td>24</td>
</tr>
<tr>
<td>10 to 14</td>
<td>49</td>
<td>4</td>
</tr>
<tr>
<td>15 to 30</td>
<td>71</td>
<td>4</td>
</tr>
<tr>
<td>31 to 50</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>51 to 100</td>
<td>57</td>
<td>1</td>
</tr>
<tr>
<td>100+</td>
<td>109</td>
<td>1</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>813</strong></td>
<td><strong>296</strong></td>
</tr>
</tbody>
</table>

**B.17** In the rural area it can be seen that 64.8% of rural windfall completions are part of developments of under 10 units. This equates to an average of 40.5 homes per year over the last 13 years.

**B.18** When considered against overall completion rates in the rural area over the same period (1,706), it can be seen that 31% of all completions in the rural area are windfall completions from sites of under 10 units.

**B.19** There are very few large windfall sites in the rural area. The two sites of over 50 dwellings were both former employment sites (Beclawatt in Newport Pagnell and Wellingborough Road in Olney). Other sites of this nature have more recently been identified through the Local Plan process, such as Nampak in Woburn Sands, and have therefore been bought forward as identified sites.

---

\(^{33}\) 9 dwellings is the likely threshold for new allocations in the Site Allocations DPD. It also the point at which s106 start to be required.
B. Windfall Analysis

Urban area

<table>
<thead>
<tr>
<th>Size of site (homes)</th>
<th>Completed</th>
<th>Under construction</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Units</td>
<td>Sites</td>
</tr>
<tr>
<td>Under 5</td>
<td>374</td>
<td>234</td>
</tr>
<tr>
<td>5 to 9</td>
<td>190</td>
<td>29</td>
</tr>
<tr>
<td>10 to 14</td>
<td>94</td>
<td>8</td>
</tr>
<tr>
<td>15 to 30</td>
<td>397</td>
<td>17</td>
</tr>
<tr>
<td>31 to 50</td>
<td>251</td>
<td>7</td>
</tr>
<tr>
<td>51 to 100</td>
<td>305</td>
<td>4</td>
</tr>
<tr>
<td>100+</td>
<td>512</td>
<td>4</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>2123</strong></td>
<td><strong>303</strong></td>
</tr>
</tbody>
</table>

B.20 The profile of urban windfall sites is distinctly different to that of the rural area. Despite a significant number of homes still being delivered from windfall sites of under 10 dwellings (26.5% of total windfall completions), there are also a greater number of larger sites.

B.21 The 564 dwellings which come from sites under 10 dwellings contributed just 3% of total urban completions over the last 13 years (18,672). This is significantly different to the contribution made in the rural area from small sites (31%).

B.22 Of the larger sites (31+ dwellings), 11 of the 15 sites are in either Bletchley or Wolverton, reflecting the contribution made by sites in the older parts of the city.

B.23 The sites predominantly involve the redevelopment of former industrial buildings, schools sites and residential blocks, but also include developments which make more efficient use of land within existing developments, such as at the hospital. These opportunities do not necessarily exist in rural settlements.

B.24 Overall, windfall completions make a 11.4% contribution to all completions in the urban area, which is much less significant than in the rural area.

Timing of completions

B.25 The nature of windfall development means that sites can come forward at any time. The following section charts how annual windfall completion rates have changed over the last 13 years.
It can be seen from Figure 12 that urban windfall completions have become more prevalent since 2003, with completions rates in 6 of the 7 years being above the 1997-2009 average. This would suggest there is a trend towards increasing rates of windfall development in the urban area.
B.27 When looking at sites for fewer than 10 units, there appears to be a more consistent level of completions. Apart from a drop in the early 2000’s there has consistently been between 30-60 completions on small windfall sites over the last 13 years. The trend line suggests that over the last 13 years there has been a trend towards increasing completions from small sites in the urban area.

![Figure 14 Rural Windfall Completions (1997-2009)]

B.28 The trend in rural completions is less clear than in the urban area. Figure 14 (and the average) is distorted by three years where the level of completions was increased by one large development.

B.29 From Figure 15 below, it can be seen that when windfall sites of fewer than 10 units are considered on their own there is a more consistent pattern of development, with only one year significantly deviating (above) the average of 40 windfall completions. This would suggest that the supply of these small sites has been relatively consistent over the last 13 years at between 30 and 50 dwellings. The trend line also suggests that over the last 13 years there has been a trend towards increasing completions from small sites in the rural area. This upward trend remains if the 2006 completion level of 82, which appears to be an anomaly, is replaced with the average figure of 43.
Hot-spot trends

B.30 Analysis of the windfall hotspots shows that overall it is difficult to comment on the trends in past completion rates. There appears to be little trend in the level of completions from one year to the next in main hot spots (Bletchley in the urban area and Newport Pagnell in the rural area). This is mainly due to the ad hoc completion of a few large sites over the last 13 years.

B.31 However, when looking at completions from small sites (under 10 units) there does appear to be some trends emerging. Both Figures 16 and 17 below show a trend towards increasing completions from small sites, as is the case generally across Milton Keynes.
B. Windfall Analysis

Figure 16 Completions - sites under 10 units in Bletchley

Figure 17 Completions - sites under 10 units in Newport Pagnell
Types of site redeveloped

B.32 Windfall development comes from a range of different sites across Milton Keynes, with a distinction in the type of site developed in the rural and urban areas.

B.33 In the rural area, in terms of the most number of completions, intensification and infill developments have consistently yielded the highest number of new homes, at around 20-30 per year. Conversions have also yielded a consistently high number of completions since 2000.

B.34 The other major contributor is industrial/commercial redevelopments. Although not as consistent as completions from other sources, redevelopment of these sites tends to yield a high number of completions at one time due to the size of the sites. Figure 18 suggests that this type of redevelopment seems to have increased since 2005. This may be a response to a strong housing market around 2005, but equally could be due to an increase in unsuitable premises becoming available for redevelopment.

Figure 18 Type of windfall site developed- Rural area (2000-2009)

B.35 In the urban area there appears to be a significant recent increase in the redevelopment of commercial land. Completions from intensification and infill developments have consistently been the most steady source of windfall completion over the 13 year period, with numerous one home developments being particularly prevalent.

B.36 There are regular peaks in the lines representing redevelopment of commercial, residential and other land showing the impact of larger, one off redevelopments. These appear to have become more noticeable recently. The peak in the redevelopment of ‘other’ sites is particularly distinct. This peak is a response to school reorganisation around this time, leading to former school sites being made available for development. This type of situation cannot necessarily be forecast and when it occurs it has the potential to have a significant impact on windfall completions.

34 Other redevelopments includes school sites and other community facilities.
Ongoing windfall development

B.37 There are currently 61 sites, containing 187 dwellings, under construction across the Borough (86 in the rural area, 99 in the urban area). The level of ongoing development verifies that windfall development opportunities continue to be available across the Borough.

Trends and observations for future windfall development

B.38 The key trends are:

- Proportionately, windfall development made more of a contribution to rural housing growth than urban housing growth between 1997 and 2009.
- The contribution of windfall development in the rural area (47%) is a significant contribution to the overall supply of housing.
- The completion of homes on small (under 10 units) sites has been fairly consistent over the last 13 years in both the rural and urban areas, with a trend towards increasing completions.
- In the rural area, the majority (65%) of windfall development is on small sites.
- In the urban area, there is a greater spread in the size of windfall sites.
- There has been a recent increase in the number of windfall completions from within the urban area.
- Hotspots for windfall development are the older parts of the urban area (Bletchley and Wolverton) and the two largest rural towns (Newport Pagnell and Olney). These areas appear to have similar trends to Milton Keynes overall.
- There are peaks in urban windfall completions over time in response to large sites unexpectedly becoming available.

B.39 Observations for consideration:

- The significance of windfall completions on the supply of rural housing land should not be discounted. The fact that 65% of completions are on small (under 10 units) sites will make these sites difficult to identify.
B. Windfall Analysis

- Even if the rate of windfall completions in the rural area were to slow, they would still make a significant contribution to overall completion rates.
- There appear to be ad hoc opportunities for large scale brownfield redevelopment. It may be possible to identify these opportunities by investigating the previous sources of these sites (e.g. school closures), particularly in the older parts of the city.
- Further analysis of small windfall sites, particularly in hotspot areas, would support future windfall forecasts.
- There have been windfall developments in some of the cities older city estates. Consideration should be given as to the possibility of supply of windfall increasing from these estates as they continue to evolve.