

APPENDIX 3

Plymouth Lapse Rate Methodology

PLYMOUTH LAPSE RATE METHODOLOGY



BACKGROUND

At the HBF planning conference (September 2015) DCLG provided a presentation that advocated: *“For a year’s permissions for housing around 10-20% do not materialise into a start; the permission ‘drops out’”*.

This is a useful guide for circumstances where local authority does not monitor their own historic lapse rates or hold sufficient information.

However lapse rates can vary by location, so in Plymouth we have carried out our own research to ensure that we are applying a lapse rate appropriate to the local housing market.

We have been monitoring lapse rates for over a decade and have used them in publications and reviews of our SHLAA.

METHODOLOGY FOR CURRENT LAPSE RATE (2017)

We have used our Housing Survey to filter out all applications that were due to expire within the relevant year. For example, 1st April 2002 to 31st March 2003. This shows us the **Total Number of Dwellings due to expire that year**.

From this list, we filtered on the status of the application within that relevant year (status L - which means the application Lapsed) so we could see all the **applications that had Lapsed within that relevant year**.

Equation Used To Calculate Lapsed Rate for Each Year:

Number of Dwellings due to Lapse that Year (Lapsed Dwellings)
DIVIDED by
Total Number of dwellings due to expire that year (All Dwellings due to expire).

We have included all types of permissions within our results (Outline, Reserved Matters and Full consents).

The table on the following page shows our results of lapsed rates from 2002 to 2016.

ANNUAL LAPSED STATISTICS 2002-16

| Year of Expiry | Number of Lapsed Dwellings | Total Number of Dwellings Due To Expire | % Lapsed |
|--|----------------------------|---|----------|
| 2002/03 | 26 | 243 | 11% |
| 2003/04 | 132 | 367 | 36% |
| 2004/05 | 22 | 279 | 8% |
| 2005/06 | 32 | 283 | 11% |
| 2006/07 | 1 | 99 | 1% |
| 2007/08 | 3 | 504 | 1% |
| 2008/09 | 121 | 803 | 15% |
| 2009/10 | 681 | 2037 | 33% |
| 2010/11 | 458 | 2037 | 22% |
| 2011/12 | 338 | 1066 | 32% |
| 2012/13 | 292 | 951 | 31% |
| 2013/14 | 194 | 943 | 21% |
| 2014/15 | 38 | 2116 | 2% |
| 2015/16 | 25 | 1068 | 2% |
| Average divided by 9 years (excluding years 2009/10 – 2013/14) = 10 % | | | |

The table above shows a particularly high lapse rate during the recessionary years and therefore did not seem appropriate to be including these within our results. As we still have 9 years of data it still shows an average over an appropriate period of time.

We have also removed student accommodation from our lapsed rate information. As we have had a number of applications for student accommodation that have lapsed over the last decade, it did not give a true reflection of the trends within the wider residential market. Therefore we have excluded student accommodation from our lapsed rates.

CONCLUSION

On the basis of the figures in the table and in excluding the recessionary years, we feel that 10% Lapse Rate is a reasonable assumption to apply in the current market, for all types of consent (excluding student accommodation).