

# Harrogate District Local Plan: Windfall Allowance Paper

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## Harrogate District Local Plan: Windfall Allowance Paper

### 1 Introduction

- 1.1** This paper has been prepared to inform discussion as to whether or not the Council could be justified, in the context of national planning guidance, in including a windfall allowance in the calculation of the five year housing land supply (HLS) and housing supply trajectory for the emerging Local Plan.
- 1.2** The paper also considers, if an allowance can be justified, the most appropriate means of calculating this, the quantity of new dwellings that could be expected to be delivered and any issues that may impact on the calculation of the windfall allowance.

### 2 Background

- 2.1** The National Planning Policy Framework (NPPF) requires the Council to identify and update annually a supply of specific deliverable<sup>(1)</sup> sites to provide five years' worth of housing when assessed against the Borough's housing requirement. In addition, the NPPF indicates (paragraph 48) that an allowance for windfall sites as part of the five year supply may be made where:
- there is compelling evidence that such sites have consistently become available in the local area and;
  - they will continue to provide a reliable source of supply.
- 2.2** Further, it goes on to say that, any allowance should be realistic having regard to the Strategic Housing Land Availability Assessment (SHELAA), historic windfall delivery rates and expected future trends, and should not include residential gardens: that is not to say that developments will not come forward on residential gardens and contribute towards meeting the housing requirement but to accord with the Framework they should be excluded from any calculations.
- 2.3** Whilst the supply of housing should be focused on specific deliverable sites, the Planning Practice Guidance (PPG) states that Local Planning authorities have the ability to identify broad locations in years 6-15 of the plan period, which could include a windfall allowance based on a geographical area (subject to the same caveats as set out in paragraph 48 of the NPPF).
- 2.4** There is no requirement to include a windfall allowance in either the five year HLS or housing supply trajectory. In the context of the NPPF and the emphasis on boosting housing supply, the housing requirement figure for an area is not a ceiling and, therefore, the numbers of new dwellings provided by windfall sites could be treated as additional supply over and above that provided by extant planning permissions and Local Plan housing allocations. Indeed, reliance on windfalls to achieve the housing requirements of the area clearly does not provide the same level of certainty and commitment in achieving the objectively assessed need as would be secured through planned allocated sites. However, where windfalls have historically been a major component of housing supply, and there is evidence available that indicates they will continue to provide a reliable supply source, it would appear logical to make an allowance for them in housing supply calculations.

<sup>1</sup> To be deliverable a site should be available now, in a sustainable location with a realistic prospect the site will be developed within five years and viable

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### 3 Definition of windfall

- 3.1** A windfall site is one that has not been specifically identified as available in the Local Plan process. They normally comprise previously developed sites that have unexpectedly become available<sup>(2)</sup> and could not have been anticipated when the Local Plan was in preparation. Windfall sites can comprise the development of infill sites, conversion of existing buildings to residential use, the net gain in units from the sub-division of existing residential units or the bringing back into use empty or derelict buildings or sites. Occasionally, unused 'greenfield' land is developed for housing and this is also classed as a windfall if not allocated.
- 3.2** The NPPF glossary defines 'previously developed' as excluding agricultural buildings. Whilst, historically, the conversion of such buildings to residential use has made a valuable contribution to new housing in the Borough, a cautious approach has been taken to ensure compliance with national policy. For the purposes of this paper, therefore, they have been excluded from the calculation of an appropriate windfall allowance and will form an additional source of supply.

### 4 Relationship with SHELAA

- 4.1** When seeking to estimate how much of the housing supply will come specifically from windfall sites, it is important to avoid 'double-counting' the contribution that is likely to come from sites that can reasonably be identified through the plan-making process. As such, it is necessary to take account of the current criteria by which potential development sites will be identified and allocated.
- 4.2** National planning policy has increased the emphasis on identifying specific sites, whether or not they are actually allocated, through documents such as Strategic Housing and Employment Land Availability Assessments (SHELAA). As the SHELAA informs the preparation of the Local Plan, sites identified in it are, therefore, considered to have been identified as part of the Local Plan process and cannot be counted as windfall sites: this includes sites which have been withdrawn from the SHELAA assessment process or which have been declared unavailable or unsuitable.
- 4.3** It is usual practice for SHELAAs to exclude any sites below a certain size threshold so that it can focus on more strategic major sites. Sites below this size threshold can, therefore, be counted as windfalls. In the SHELAA the size threshold was originally 10 or more units in towns and 5 or more units in villages: in the latest SHELAA this has been amended to sites of 5 or more units. As a result, future windfall projections are likely to be more robust if they take account of the fact that sites larger than 5 or more dwellings, which may previously have come forward as windfalls, are now more likely to be specifically identified through the plan-making process.
- 4.4** However, it should be recognised that the SHELAA does not have the scope to be able to identify all potential sites of 5 dwellings or more, for the whole of the plan period. Therefore, 'unknown sites' above this threshold are also a further potential source of future windfalls.

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- 4.5** An amendment to the SHELAA threshold would have implications for the assessment of a windfall allowance.

### 5 Approach of other Local Planning Authorities

- 5.1** The way in which the windfall allowance has been dealt with by Local Planning Authorities (LPAs) adjoining the Borough has been researched along with several LPAs where the inclusion of a windfall allowance in housing supply trajectories was referred to recent Inspector's Reports of Core Strategy/Local Plans (see Appendix 1).
- 5.2** Overall, there is no consistent approach adopted. A number of LPAs have included a windfall allowance in the calculation of their housing land supply both in the five year HLS and for years 6-15 of the plan period on the basis of guidance in the PPG. This is normally based on the historic average delivery rate and for small sites only, large sites being considered too unpredictable to forecast and to ensure no duplication with sites identified in SHLAAs.
- 5.3** Inspectors have supported the inclusion of windfall allowance in the housing supply trajectory, where the NPPF and PPG have been clearly adhered to and the evidence underpinning the allowance has been demonstrated either through the SHELAA or publication of a separate technical/topic paper on housing supply.

### 6 Historic approach to windfalls

- 6.1** The [Core Strategy](#)<sup>(3)</sup> housing trajectory included an estimate, based on past trends, for the amount of housing to be provided by the development of small brownfield windfall sites (52 dwellings per annum (dpa)) and conversions (182 dpa). Historically, a windfall allowance has also been included for years 4 and 5 of the five year HLS statement based on implementation rates over a three year period for brownfield sites (50 dpa) and the conversion/sub-division of buildings (133 dpa). The most recently published five year HLS has not included a windfall allowance pending a review of the windfall allowance.

### 7 Calculating a windfall allowance

- 7.1** In calculating a realistic windfall allowance it is important to:
- analyse past trends
  - avoid double counting with the SHELAA (as described in Section 4.0 above)
  - allow for changing market conditions and trends

#### Analysis of past trends

- 7.2** An analysis of net housing completions on windfall sites over an 11 year period (1st April 2004 and 31st March 2015) has been undertaken. This period provides a robust evidence base, covering periods of economic growth and decline. The data

3 For more information please visit <http://www.harrogate.gov.uk/plan/Documents/Planning%20Policy/core-strategy/core-strategy-full-version.pdf>

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for each monitoring year has been disaggregated to show the number of windfall completions made on large and small sites<sup>(4)</sup>, by brownfield and greenfield sites and by geographical area.

- 7.3** Analysis has been undertaken on completions as this reflects actual delivery and does not necessitate any further discounting e.g. implementation rate. Of those windfall completions analysed, 71% were completed within three years of permission being granted.
- 7.4** To be consistent with the NPPF, the monitoring data have been reassessed to exclude completions involving the development of garden land.
- 7.5** Figure 7.1 shows the total net completions made on windfall sites for the eleven year period from 1st April 2004 to 31st March 2015. Over this period, 2338 new dwellings were built on windfall sites across the Borough: an average of 213 dpa. This accounts for some 67% of all houses built during this period. 84% of windfall completions involved brownfield sites at an average of 178 dpa, and the remaining 16% were developed on greenfield land (34 dpa).
- 7.6** For the purposes of comparison, if the 439 new homes provided through the conversion of agricultural buildings over this period were taken into account, the annual windfall average would increase to 252 dpa, with the contribution made by windfall sites to all completions rising to 79%. Completions involving the development of residential gardens provided a further 400 dwellings.

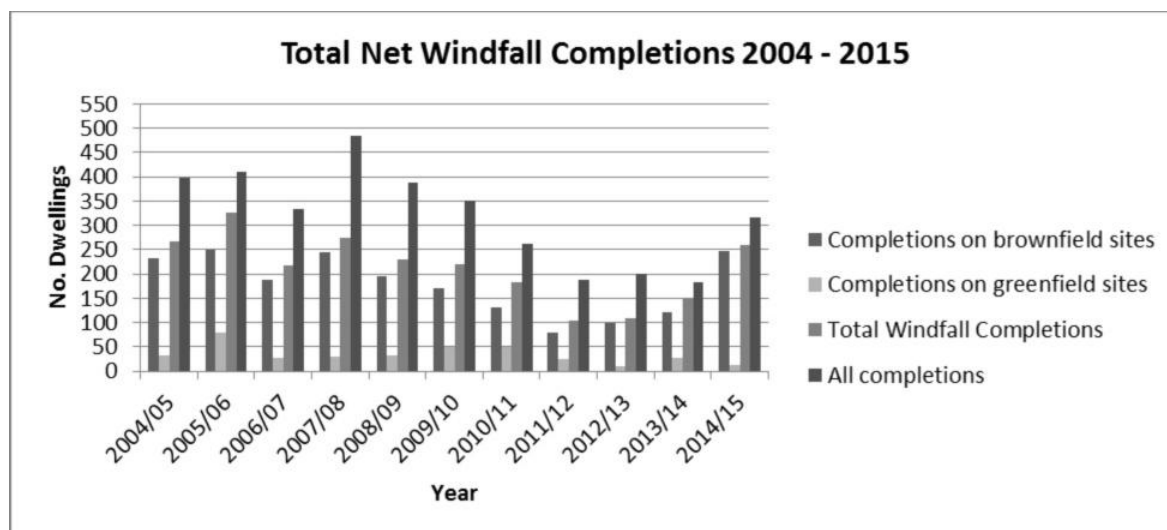


Figure 7.1 Total net windfall completions 2004 - 2015

- 7.7** Year on year the number of completions on windfall sites has varied. From a peak in 2005/06 of 327 completions, the total number of completions gradually slowed until 2011/12 when there were only 105 completions. Since then, the number of windfall completions has increased year on year, with brownfield windfalls comprising the majority (90%) of all windfall completions.

4 For the purpose of this paper, and to be consistent with the SHELAA, sites of 4 or less dwellings have been classed as small sites and sites of 5 or more large sites.

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### Large and small windfall delivery

7.8 Figure 7.2 illustrates net historic windfall delivery by the number of new homes delivered on large and small windfall sites.

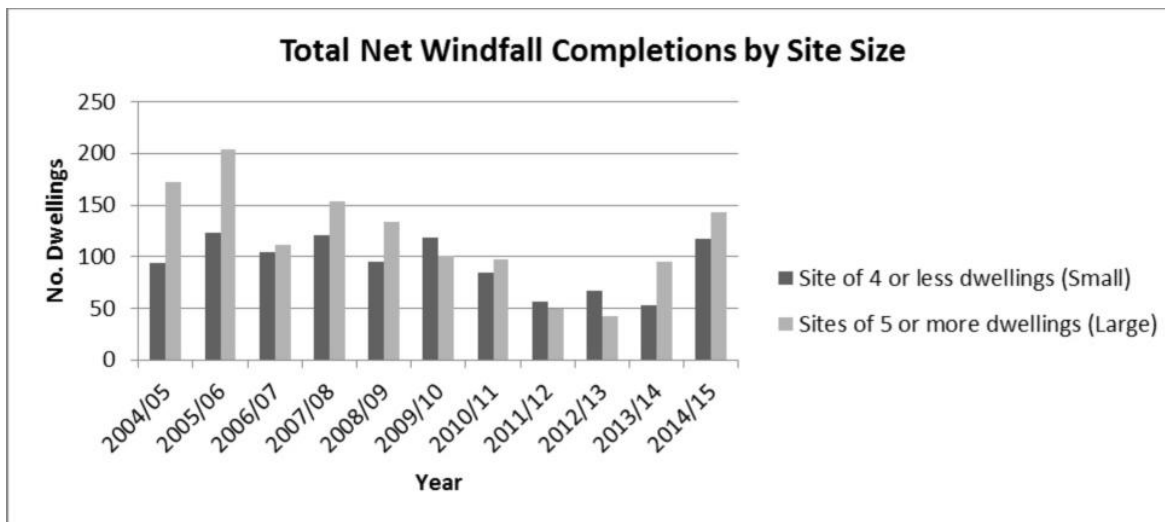


Figure 7.2 Total net windfall completions by site size

7.9 Over the past eleven years, large sites have delivered over half of all windfall completions: 56% compared to 44% respectively. There were only three years when the number of completions on small sites exceeded those on large sites (2009/10, 2011/12 and 2012/13). The average delivery rate on large sites has been 118 dpa and 94 dpa on small sites.

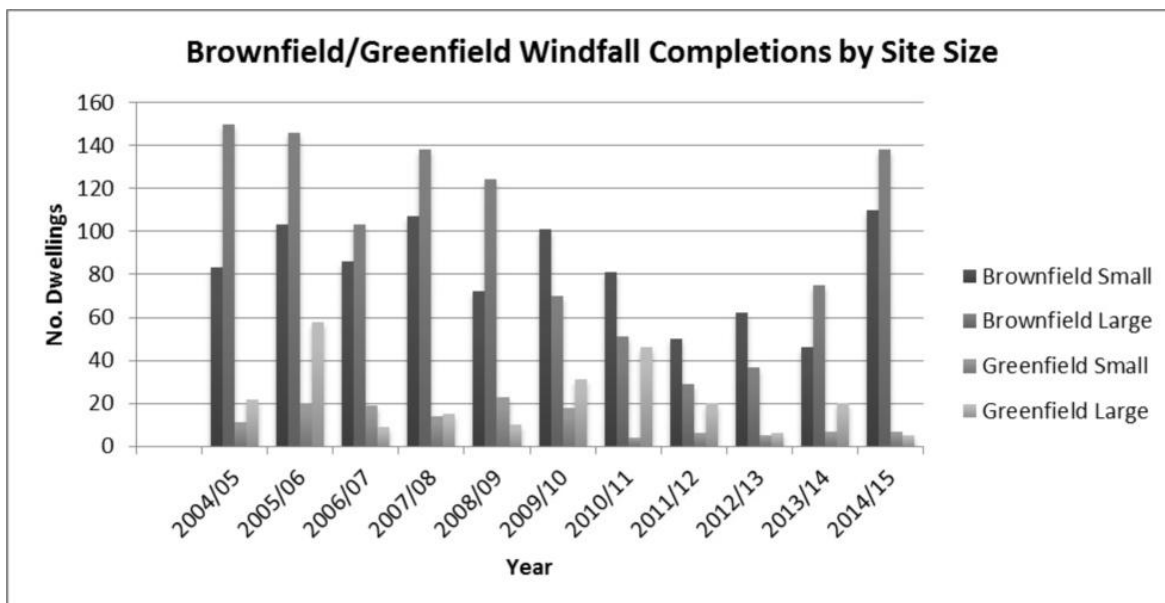


Figure 7.3 Brownfield greenfield windfall completions by site size

7.10 Figure 7.3 shows delivery from brownfield and greenfield sites by site size. Both small and large brownfield sites have consistently delivered at a higher rate than greenfield sites, with small brownfield sites delivering an average of 82 dpa compared to only 12 dpa for small greenfield sites.



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**Delivery by type of windfall**

**7.11** Table 7.1 shows the previous use of land that delivered windfall sites. It shows that the supply of windfall sites has been drawn from a wide range of sources and has not been dependant on a narrow form of development.

	Residential Subdivision		Conversion <sup>(1)</sup>		Commercial Conversion <sup>(2)</sup>		Redevelopment <sup>(3)</sup>		Greenfield	
	Small	Large	Small	Large	Small	Large	Small	Large	Small	Large
<b>2004/05</b>	31	12	10	0	30	61	12	77	11	22
<b>2005/06</b>	38	0	7	5	44	21	14	120	20	58
<b>2006/07</b>	39	5	1	19	32	40	14	39	19	9
<b>2007/08</b>	49	9	6	7	32	39	20	83	14	15
<b>2008/09</b>	40	14	6	3	20	34	6	73	23	10
<b>2009/10</b>	41	6	5	15	35	6	20	43	18	31
<b>2010/11</b>	32	3	4	0	30	5	15	43	4	46
<b>2011/12</b>	20	5	5	0	15	11	10	13	6	20
<b>2012/13</b>	20	12	8	0	31	18	3	7	5	6
<b>2013/14</b>	9	0	4	1	25	16	8	58	7	20
<b>2014/15</b>	22	10	9	28	63	32	16	68	7	5
<b>Total</b>	<b>341</b>	<b>76</b>	<b>65</b>	<b>78</b>	<b>357</b>	<b>283</b>	<b>138</b>	<b>624</b>	<b>134</b>	<b>242</b>

**Table 7.1 Windfall completions by site size and previous use**

1. Includes the conversion of non-residential buildings such as chapels, meeting rooms
2. Includes the conversion of buildings in a commercial use such as offices, retail
3. Includes new build on sites previously in commercial/employment use

**7.12** Development schemes involving conversions and changes of use have, over the period analysed, consistently come forward and might reasonably be expected to continue. Indeed analysis of extant permissions (as at 1st April 2015) indicates that there were 241 dwellings on small windfall sites (87% on brownfield sites) of which 46% were under construction.

**7.13** The historic windfall delivery for the conversion of commercial buildings and redevelopment sites could conceivably increase due to the changes to permitted development rights introduced since May 2013. Since the introduction of these changes, 99 dwellings have come forward via Prior Approval: 96 through the change of B1(a) office use (although only 43 were provided on small sites) and 3 through the change from retail/A2. However, it is not proposed, at this time, to make an adjustment to the windfall allowance to reflect this potential source for two reasons: firstly, it is unclear whether these proposals would have in any case come forward

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through a normal planning application and, secondly as these changes have only been in operation for a short period of time, it is considered that there is not currently sufficient evidence to demonstrate a sustained impact on delivery rates.

- 7.14** It should also be noted that the Government's proposals, contained in the Housing and Planning Bill, for LPAs to establish a register of brownfield land may impact on the future supply of windfall redevelopment sites, as inclusion in the Register would mean a site was no longer 'unidentified'. Although the explanatory notes to the Bill suggest that one of the criteria for a site to be included in the Register would be a site size threshold of 5 or more dwellings, it also indicates that criteria may be established that would enable LPAs to enter sites of 4 or less dwellings. The final agreed criteria for a site to be included on the Register and any impacts on the windfall allowance should be kept under review.
- 7.15** The recently published consultation on changes to the NPPF also makes reference to changing national policy to support development of small sites (less than 10 units) within or immediately adjacent to existing settlement boundaries. It is unclear from the consultation document what, if any, impact this may have on the inclusion of a windfall allowance in the HLS or how it is calculated and, again, is something that should be kept under review.

### Delivery by area

- 7.16** It is important to consider the distribution of windfall sites in the Borough in order to consider whether changes in settlement strategy policy could lead to changes in the supply.
- 7.17** Figure 7.4 shows the number of windfalls that have been delivered in Harrogate, Knaresborough, Ripon and the rest of the Borough. The three towns delivered 1420 dwellings on windfall sites over the eleven year period, equivalent to 61% of the total windfalls in the Borough. 46% of the windfall dwellings in the three towns were on small sites.
- 7.18** Reflecting the Borough wide trend, 48% of windfalls involved the conversion of a building, with the conversion of commercial buildings in Harrogate being a particularly key delivery source. In the early years of the period covered, a significant proportion of the dwellings delivered were on commercial redevelopment sites. However, there have been relatively few completions on such sites since 2011/12.

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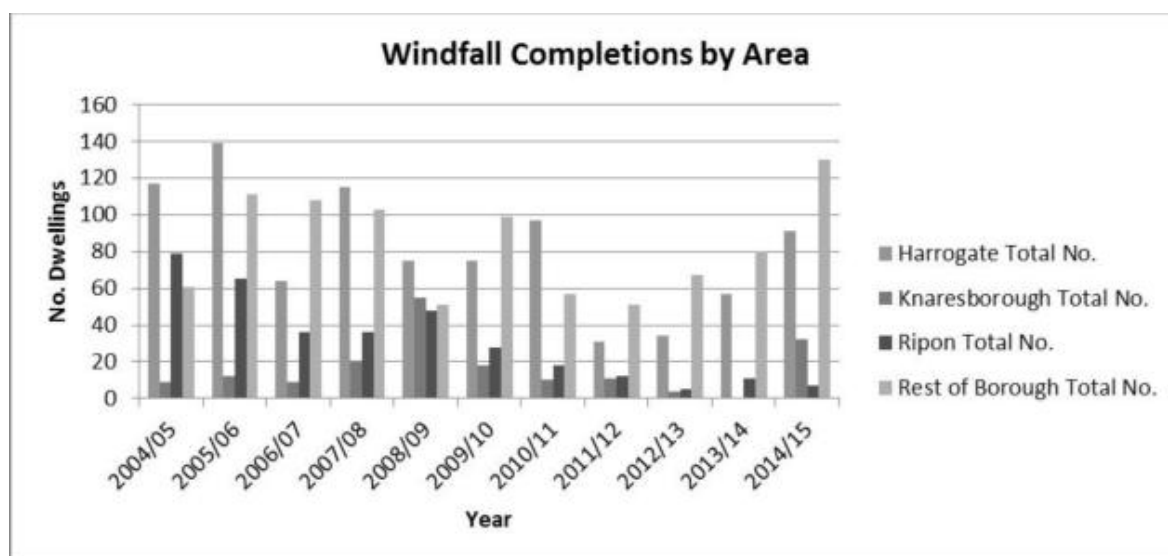


Figure 7.4 Windfall completions by area

## 8 Proposed windfall allowance

- 8.1** There is strong evidence that windfall sites have consistently come forward across the Borough in a variety of economic and planning environments. To avoid duplication with the SHELAA any windfall allowance should be based on historic delivery rates for small sites only (both conversions and new build), which have been a constant source of supply. Assuming the spatial strategy of the new Local Plan remains largely unchanged, supported by the Government's on-going proposals to boost housing supply; it is considered reasonable to assume a continuing supply from small sites.
- 8.2** An appropriate figure to take forward as a windfall allowance is considered to be 97 dpa. This represents a windfall allowance based on the whole Borough and for small sites only. To allow for any potential anomalies in the data to be removed, this average excludes the two years with the highest windfall completions and the two years with the lowest windfall completions.

<b>Total completions on small sites</b> (over 11 years between 2004/05 and 2014/15)	1035
<b>Total completions from 2 years with highest and 2 years with lowest completions</b>	353
<b>Residual total (1035-353)</b>	682
<b>Residual total/7</b>	97

Table 8.1 Calculation of windfall allowance

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**8.3** An allowance of 97 dpa would produce a total windfall allowance over the 17 year period to 2035 of 1649 dwellings. This does not include an allowance for windfall sites in the first three years on the basis that any windfall allowance for the early part of the first five year period of the Plan will already be in the system<sup>(5)</sup>. This ensures no double counting.

**8.4** As noted in the paper the proposed windfall allowance may be affected by the:

- final Local Plan spatial strategy adopted
- impact, if any, from the changes to permitted development rights
- final criteria for inclusion of sites in the 'brownfield register'
- proposed changes to the NPPF regarding the treatment of small sites

and it should, therefore, be kept under review.

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5 This is consistent with PAS guidance in both the 'Good Plan Making Guide' and the 'Ten key principles for owning your housing number - finding your objectively assessed need'.



