Warwick District Local Plan 2011-2029

Revised Approach to Urban SHLAA Sites and Windfall Allowance

May 2015

Introduction

1 At the Matter 3 Examination Hearing on Tuesday 12th May, the Council's approach to allowing for Small Urban SHLAA sites and Windfalls within its land supply came under some scrutiny. In particular, the approach was challenged for two reasons;

a) A risk of theoretical double counting in the windfalls allowance due to the reliance on past windfalls completion trends which, by default, also include sites which would now be counted as SHLAA sites

b) A risk of double counting current permissions within the early years of the future supply due to the use of permissions in the future forecasts rather than completions. Although the Council had taken steps to avoid this double counting the approach means there is a risk that a permission could be counted twice: once when it is included as a permission and once when it is recorded as a completion.

2 To address this, the Council has agreed to review the windfalls paper to:

a) include windfalls and small urban SHLAA in a single "windfalls" category of future supply and in doing so to review the past trends and assumptions about future trends to arrive at a more clearly justified windfall allowance that avoids double counting

b) remodel future windfalls and urban SHLAA sites according to forecast completions rather than permissions.

In doing so, it is proposed to undertake further work to underpin the assumptions the Council has made about future trends with regard to the 4 main categories

3 This paper briefly sets out a revised approach and the consequences for the overall supply. As agreed with the Inspector it does not seek to provide a detailed review of the whole of the Council's "Estimating a Windfall Allowance" paper (Doc HO05)

Past Trends

4 Table A below (taken from Appendix 1 of HO05, but updated to show 2013/14 and 2014/15) shows the contribution windfalls have made to the housing supply since 1996/97.

TABLE A: Housing Completions on Windfall Sites 1996 – 2013

Year	Total Dwellings	Dwellings on Windfall Sites		Dwellings on Allocated Sites	
		No	%	No	%
1996/97	490	332	67.8	158	32.2
1997/98	510	357	70.0	153	30.0
1998/99	575	279	48.5	296	51.5
1999/00	962	250	26.0	712	74.0

Year	Total Dwellings	Dwellings on Windfall Sites		Dwellings on Allocated Sites	
		No	%	No	%
2000/01	1000	389	38.9	611	61.1
2001/02	872	262	30.0	610	70.0
2002/03	973	395	40.6	578	59.4
2003/04	733	354	48.3	379	51.7
2004/05	746	620	83.1	126	16.9
2005/06	782	704	90.0	78	10.0
2006/07	523	450	86.0	73	14.0
2007/08	608	448	73.7	160	26.3
2008/09	427	349	81.7	78	18.3
2009/10	188	120	63.8	68	36.2
2010/11	97	70	72.2	27	27.8
2011/12	144	103	71.5	41	28.5
2012/13	262	252	96.2	10	3.8
2013/14	283	228	80.6	55	19.4
2014/15*	514	454	88.3	60	11.7
Total	**10689**	**6416**	**60.0**	**4273**	**40.0**
Ave per annum	**563**	**338**		**225**	

* to 28th February 2015

Notes on table

(i) This table includes all windfall sites (including garden land).

(ii) Only self-contained student accommodation and specialist housing for older people is included.

5 Key points to note from this table are:

- Although the Council prepared its first SHLAA in 2008/09 and has revised this several times since, the table includes the supply from unallocated "SHLAA sites" within the windfalls data.
- During the period from 2005/06 to 2008/09 the Council applied a Housing Moratorium to address oversupply on Windfall delivery relation to the RS requirement.
- During the 5 years from 1999/00 to 2003/04, the allocated sites from the previous local plan were at the height of their delivery. Even during the period, windfalls continued to make up a significant part of the supply and continued at over 250 dpa every year (averaging 330 dpa during that period).
- Since 2012/13 windfalls have averaged 311 dpa, a significant increase in comparison to the three preceding years and have returned to levels that are similar to the early years of the last decade

6 Table B below shows the historic trends of the supply from the four categories of windfalls set out in the Estimating a Windfall Allowance paper since 2002/03. This is taken from Table 1 of the Estimating a Windfall Allowance paper and has been updated to include the data for 2013/14 and 2014/15.

TABLE B: PAST TRENDS HOUSING DELIVERY (NET) BY CATEGORIES OF WINDFALL SITES

Year	Rural Areas	Urban Areas			Total
		Conversions & Changes of Use	Redevelopment/ New Build (<5 Homes)	Redevelopment/ New Build (5+ Homes)	
2002/03	40	52	8	100	200
2003/04	34	75	11	117	237
2004/05	26	133	16	173	348
2005/06	19	104	16	131	270
2006/07	19	67	19	100	205
2007/08	78	101	16	135	330
2008/09	29	29	3	53	114
2009/10	10	12	8	28	58
2010/11	5	15	5	22	47
2011/12	0	57	4	34	95
2012/13	7	33	2	150	192
2013/14	44	38	9	147	238
2014/15	14	109	3	300	426
Total	325	825	120	1490	2760
Annual Average	25	63	9	115	

Notes
Rural sites exclude King Edward VI hospital site at Hatton and student flats at Warwick University as these are untypical of rural windfall sites in the District.
Development on garden land is excluded

7 Key points to note from this table are:

- The column "Redevelopment and New Build (5+ Homes)" includes some sites that would now be captured through the SHLAA process. The other three columns have no overlap with the SHLAA
- It is important to consider the supply from these sources over a longer period of time so that the supply over a full economic cycle is considered and the supply through a period of over supply can be considered in conjunction with the moratorium (PPG, para 3-035)
- The impact of the moratorium and recession in the years from 2008/09 to 2011/12 is notable for all sources of supply, but particularly rural windfalls. The highly unusual circumstances involved with the interaction of a moratorium with a uniquely deep recession means that to form a proper impression of unconstrained demand in a strong market it is essential to look back to 2001/2; otherwise the interaction of these events cannot be taken into account.
- The supply from windfalls in the years leading up to the moratorium shows the potential yield from windfalls
- The years since 2012/13 show a steady increase in the number of windfalls, particularly in relation to rural sites, conversions and redevelopment sites in excess of 5 dwellings
- Taking all sources of supply, the annual average is 212 dpa.

Assumptions Regarding Future Supply

8 Windfalls have consistently provided a reliable source of supply for the District. In the District like Warwick, this is not surprising as in general, previously-developed sites which

become vacant do not stay vacant for long periods of time and it is difficult, therefore, to identify such sites for housing with any certainty as few vacant brownfield sites exist at any one time. Most will come forward as windfalls as and when they become vacant. The base data on which assumptions about future levels of windfall supply covers a full economic cycle, and the data clearly shows that in recent years windfall completions are recovering to the levels seen during the early part of the last decade.

9 As explained in paragraph 5 above, the delivery of Local Plan allocations has had no impact on the rate of windfall development in the past.

10 The Estimating a Windfalls Allowance paper sets out the market and policy factors which could influence future supply. It makes a strong case that the new policy framework (NPPF and emerging Local Plan) will enable an increased supply of rural windfalls to come forward, particularly in light of the restrictive policies contained within the extant Local Plan. The policy framework set out in the emerging Local Plan (particularly policies DS19, H1, H3 and H11) contrast with Policy RAP1 in the extant Local Plan which essentially limits residential development in rural areas to previously developed land in a small number of limited growth villages unless it is affordable or specialist housing or, in limited circumstances, is a conversion. The Estimating a Windfalls Allowance paper also makes a case for increasing the allowance from conversions for a number of reasons, the foremost of which is the office to residential permitted development rights. However, as this temporary PD right has not yet been extended, it is difficult to rely on this as a justification for increasing the allowances from conversions. Finally, the paper assumes that the supply from Redevelopment/New Build will continue in line with the average rates seen in the past. It does recognise that the nature of the sites coming forward in these categories may change, but concludes that overall the supply is likely to be in line with past levels of supply.

11 Following the Examination Hearings, the Council acknowledges that whilst the changing policy context was carefully analysed, there has been no detailed assessment (for instance considering location-specific capacity for the various categories of supply) of the likely scale of the changes that would occur as a result of the policy changes and in this context the specific 40% uplift for rural supply and the 20% uplift for conversions have not been fully justified. The Council intends to undertake some further work in the coming months to address this, but in the meantime, a more cautious approach is considered necessary.

12 Making assumptions regarding the levels of future windfall completions is inevitably subject to some uncertainty. This uncertainty relates to future economic trends, future national planning policy and the supply of potential windfalls sites. The Council takes the view that uncertainty regarding future economic trends has been dealt with in a reasonable way by ensuring past data has included a full economic cycle. With regard to National Planning Policy, the NPPF continues to provide LPAs with the flexibility to reflect windfalls in provision across the whole plan period where this reflects local circumstances. In particular NPPF requires consideration of;

- infill within green belt villages
- rural growth in sustainable locations
- rural exceptions for affordable housing including appropriate cross-subsidy from market housing.

All of these confirm the importance of windfall in the Government's approach to boosting housing.

13 Therefore, the main source of ongoing uncertainty relates to the future supply of potential windfall sites in the District. Paragraph 12 above (combined with the Estimating a Windfalls Allowance paper – section 5) seeks to address uncertainty relating to the future supply of potential windfall sites in the District. However, to provide further evidence to support this, the Council has undertaken an analysis of permissions granted in 2013/14 and 2014/15 which for the first time provides evidence of supply in the post-NPPF era. As this data is based on permissions rather than completions, it is not used directly to inform future supply trends, but does provide a useful sensitivity analysis. This analysis shows the following:

- **Permissions in 2013/14**
  - During 2013/14, 557 dwellings were granted permission on windfall sites
  - 64 were in rural areas
  - 64 were conversions or redevelopment on urban sites providing less than 5 dwellings
  - 429 were conversions or redevelopment on urban sites providing 5 dwellings or more of which 267 were on sites in the range 5 to 49 dwellings
- **Permissions in 2014/15:**
  - During 2014/15, 337 dwellings were granted planning permission on windfalls sites.
  - 107 were in rural areas. 65 of these were on a single site in Radford Semele, but excluding this site, 42 rural windfall permissions were granted
  - 54 were conversions or redevelopment on urban sites providing less than 5 dwellings
  - 176 were conversion or redevelopment on urban sites providing 5 dwellings or more of which 119 were on sites in the range 5 to 49 dwellings
- At 28th February 2015, there were 215 dwellings that had been started on windfall sites but had not yet been completed. This indicates that the Council's assumptions about windfall completions in 2015/16 (175 dwellings – see Table C below) are cautious

14 The Council is of the view that the above analysis provides a degree of confidence regarding the Council's assumptions about the potential for past levels of supply to continue in to the future. This is further demonstrated by Appendix 1 which shows that (if we assume external factors in the supply of windfall sites are constant) to achieve a 90% confidence level, the total number of windfalls would be in the range 160 to 264dpa. In recognition of this range, the Council is proposing to apply percentage deduction across the board to ensure that the future allowance is at the cautious end of the range (see para 15 below).

Revised Assumptions Regarding Future Windfalls Allowance

15 Based on paragraphs 10, 11, 12, 13 and 14 above, the Council proposes the following adjustments to the past supply rates:

- **Rural**: Propose a 10% increase in the allowance for rural sites to reflect confidence that the more relaxed policy context, combined with more relaxed PD rights for agricultural buildings. This will provide opportunities for increased completions in rural areas. This uplift is justified by the increase in rural windfall completions in 2013/14 and 2014/15 (see Table B which shows an average 29 per annum) and by paragraph 13 above which

shows that a continued high level of rural windfalls in the pipeline. However, the level of uplift is limited to 10% reflecting the fact that the Council has not yet undertaken locational sampling to justify a higher level of uplift. It should be made clear that the Council sees this source of supply from windfalls to be entirely distinct from the rural allocations which in the main involve bespoke Green Belt releases and would not therefore come forward unless specifically allocated. Where rural allocated sites are outside the Green Belt, they are large allocations of over 50 dwellings (with two exceptions in Barford) which again form a source of supply that is distinct from rural windfalls.

- **Conversions and Changes of Use**: No change. This reflects the analysis undertaken in the Estimating a Windfall Allowance paper as well as drawing on sensitivity analysis of data from permissions since 2013, which shows that this source of supply remains an important element. The 20% uplift previously suggested is no longer proposed. This reflects the lack of clarity about the future for office to residential prior approvals and the lack of specific, locational evidence to inform the Council's assumptions set out in The Estimating a Windfalls Allowance paper.
- **Redevelopment/New Build Less than 5 Dwellings**: No Change. This reflects the analysis undertaken in the Estimating a Windfall Allowance paper as well as drawing on sensitivity analysis of data from permissions since 2013, which shows that this source of supply remains an important and buoyant element of supply even though the draft allocations (backed in many cases by planning permissions) have been in place for many months (and have therefore operated like adopted local plan allocations).
- **Redevelopment/New Build 5 or more Dwellings**: No Changes.
- **Deduction for Uncertainty**
  - **Former "Small Urban SHLAA sites"**: 5% deduction. It is proposed that these are not identified separately in the supply, however as they have been specifically put forward for development, there is a higher degree of confidence in their delivery.
  - **All other windfalls**: 20% deduction for all windfalls that have not been identified in the SHLAA.

16 A consequence of the change of approach is that there is no need to reduce supply from Windfalls between 2015 and 2019 as had previously been proposed in paragraph 6.3 of the Estimating a Windfalls Allowance paper (HO05) as potential double counting with the SHLAA has now been addressed.

17 Table C below shows how these adjustments have been applied to the past levels of supply

TABLE C: APPORTIONEMENT OF ADJUSTED WINDFALL ALLOWANCES AND DISTRIBUTION ACROSS PHASES

	Rural Sites	**Urban Sites**			**Total**
		Conversions & Changes of Use	**Redevelopment & New Build (<5 Homes)**	**Redevelopment & New Build (5+ Homes)**	
Annual Average (From Table B)	25	63	9	115	212
Adjustment	+10%	None	None	None	

	Rural Sites	Urban Sites				Total
		Conversions & Changes of Use	Redevelopment & New Build (<5 Homes)	Redevelopment & New Build (5+ Homes)		
Adjusted Annual Average	28	63	9	115		
Potential Supply (2015 to 2029)	392	882	126	316 (SHLAA sites)	1294 (other windfalls)	
Reduction to account for uncertainty	-20%	-20%	-20%	-5%	-20%	
Reduced Potential Supply 2015-2029	314	706	101	300	1035	
Annual allowance	**22**	**50**	**8**	**95**		**175**
Phase 1 2015-2020	110	250	40	475		875
Phase 2 2020-2025	110	250	40	475		875
Phase 3 2025-2029	88	200	32	380		700
All Phases	**308**	**700**	**112**	**1330**		**2450**

Based on this Table 3.8 from the Council's Matter 3 Statement can be updated as follows:

Table 3.8

Summary of housing supply	
Source of Supply	**No. of Dwellings**
Completions at 28/2/15	1,265
Planning Permissions at 31/3/2015	5,295
~~Small SHLAA Sites~~	0
Allowance for Windfalls	2,450
Consolidated employment land/canalside regeneration	200
Allocated sites	3,675
Total Supply	**12,885**

Remodel future completions – Windfalls Trajectory

18 Paragraph 2 above explains that the windfalls allowance needs to be remodelled to show annual completions rather than permissions. Appendix 2 shows how this provides the basis for an annual delivery of 175 completions for each year of the Plan period at the same time as ensuring there is no double counting with current planning permissions.

What do we need to do?

19 This revised approach to windfalls reduces the supply from windfalls from 2650 in the matter 3 statement (Small SHLAA sites and Allowance for Windfalls combined) to 2450, a reduction of 200 dwellings. Overall, as shown in the revised Table 3.8 above, this reduces the total supply in the Plan to 12,885. Against a requirement of 12,960 over the Plan period, this gives a shortfall of 75 dwellings

20 The Council is of the view that this can be addressed in one of three ways as follows:

- **Option 1 - Plan Review**: The Council has indicated it intends to undertake a review of the Plan in 2017 to 2019 in line with the 21st November 2014 EPB Report (LP20). The Council considers it has demonstrated that it has a 5 year supply of deliverable sites and a further supply of developable sites for years 6 to 10 of the Plan. In this context the small shortfall will not become apparent until after 2025, by which time the Plan will have been reviewed and there will be potential to bring forward sites to address the shortfall, in combination with the spatial strategy agreed at sub-regional level.
- **Option 2 – Broad Locations of Growth**: In line with paragraph 47 of the NPPF, the Council could consider a broad location of growth to bring forward sites in the latter years of the Plan. This would require the broad location to be outside the Green Belt as an approach based on the Green Belt is likely to require a Plan review anyway. Whilst this option can be considered, it should be noted that there is limited capacity within the District outside the Green Belt. This option is therefore be likely to involve a review of the Plan's spatial strategy and will result in a substantial delay to the Plan as it will require an assessment of and consultation on new options, a sustainability appraisal and substantial political input.
- **Option 3a – Additional Sites Allocations (small addition)**: It may be possible to identify opportunities to allocate a limited amount of additional supply without substantive revisions to the Development Strategy. If the required amount of additional supply was relatively small, this option could be given more in depth consideration.
- **Option 3b** - **Additional Sites Allocations (large addition):** A requirement to allocate sites for a high level of additional supply would probably require a review of the spatial strategy (for instance consideration of Green Belt sites or a different approach to villages outside the Green Belt). This option is therefore be likely to result in a substantial delay to the Plan as it would require an assessment of and consultation on new options, a sustainability appraisal and substantial political input.

21 Para 12 of NPPF says "it is highly desirable that a local planning authority should have an up to date local plan". The Council is therefore of the view that whichever option is proposed, it should lead to an adopted Local Plan as quickly as possible. There is an urgent need for this for the following reasons:

- to release Green Belt sites to deliver the Council's spatial strategy and to provide an early boost to the supply of housing and employment land.
- to put in place an up to date policy framework to protect the District's sensitive environmental assets (such as high quality landscapes and rich heritage).
- to support the Council's work on delivering high quality infrastructure to support growth in the District.

Year	Rural	Conversions & Changes of Use	Redevelopment/ New Build (<5 dwellings)	Redevelopment/ New Build (5+dwellings)	Total
2002/03	40	52	8	100	200
2003/04	34	75	11	117	237
2004/05	26	133	16	173	348
2005/06	19	104	16	131	270
2006/07	19	67	19	100	205
2007/08	78	101	16	135	330
2008/09	29	29	3	53	114
2009/10	10	12	8	28	58
2010/11	5	15	5	22	47
2011/12	0	57	4	34	95
2012/13	7	33	2	150	192
2013/14	44	38	9	147	238
2014/15	14	109	3	300	426
Total	325	825	120	1490	2760
Annual Ave	25	63	9	115	212
Standard Deviation	20.94	38.77	5.88	75.04	114.64
90% confidence level					
Confidence Interval:	±9.55	±17.69	±2.68	±34.23	±52.3
Range for the true population mean:	15.45 to 34.55	45.31 to 80.69	6.32 to 11.68	80.77 to 149.23	159.7 to 264.3

Windfalls Trajectory

Planning Permission date	No. of permissions	Date of Completion																		
		11/12	12/13	13/14	14/15	15/16	16/17	17/18	18/19	19/20	20/21	21/22	22/23	23/24	24/25	25/26	26/27	27/28	28/29	
2013/14*		0	0	0	0	52	0	0	0	0	0	0	0	0	0	0	0	0	0	52
2014/15*		0	0	0	0	70	52	0	0	0	0	0	0	0	0	0	0	0	0	122
2015/16	175	0	0	0	0	53	70	52	0	0	0	0	0	0	0	0	0	0	0	175
2016/17	175	0	0	0	0	0	53	70	52	0	0	0	0	0	0	0	0	0	0	175
2017/18	175	0	0	0	0	0	0	53	70	52	0	0	0	0	0	0	0	0	0	175
2018/19	175	0	0	0	0	0	0	0	53	70	52	0	0	0	0	0	0	0	0	175
2019/20	175	0	0	0	0	0	0	0	0	53	70	52	0	0	0	0	0	0	0	175
2020/21	175	0	0	0	0	0	0	0	0	0	53	70	52	0	0	0	0	0	0	175
2021/22	175	0	0	0	0	0	0	0	0	0	0	53	70	52	0	0	0	0	0	175
2022/23	175	0	0	0	0	0	0	0	0	0	0	0	53	70	52	0	0	0	0	175
2023/24	175	0	0	0	0	0	0	0	0	0	0	0	0	53	70	52	0	0	0	175
2024/25	175	0	0	0	0	0	0	0	0	0	0	0	0	0	53	70	52	0	0	175
2025/26	175	0	0	0	0	0	0	0	0	0	0	0	0	0	0	53	70	52	0	175
2026/27	175	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	53	70	52	175
2027/28	175	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	53	70	123
2028/29	175	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	53	53
	2450					175	175	175	175	175	175	175	175	175	175	175	175	175	175	2450
* Data for 13/14 and 14/15 will be based on assumed distribution of delivery from actual permissions actual permissions																				

Based on following delivery ratio	
Year 1	30% of permissions delivered in year 1
Year 2	40% of permissions delivered in year 2
Year 3	30% of permissions delivered in year 3