



Background Paper: HOUSING WINDFALL PROJECTIONS

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1. Introduction

- 1.1 The purpose of this windfall paper is to provide an up-to-date and robust assessment of the Borough's windfall allowance. It takes into account advice on windfall development contained in the National Planning Policy Framework (NPPF) and Planning Practice Guidance (PPG). This paper provides evidence and justification for the inclusion of a windfall allowance as part of the Council's housing projections. This will support the production of the Fareham Local Plan 2036.
- 1.2 The National Planning Policy Framework (NPPF) defines windfall as:
- “Sites which have not been specifically identified as available in the Local Plan process. They normally comprise previously-developed sites that have unexpectedly become available.”**
- 1.3 NPPF paragraph 48 states that:
- “Local planning authorities may make an allowance for windfall sites in the five-year supply if they have compelling evidence that such sites have consistently become available in the local area and will continue to provide a reliable source of supply. Any allowance should be realistic having regard to the Strategic Housing Land Availability Assessment, historic windfall delivery rates and expected future trends, and should not include residential gardens.”**
- 1.4 The original 2016 paper on Housing Windfall Projections and the resulting projections focus on 'unexpected' development. As such any site that had been specifically identified, whether that be through a planning application/permission or a potentially deliverable SHLAA site, has not been deemed as 'unexpected' and will instead be listed, when appropriate, as a specific potential supply of housing as part of the Council's housing projections.
- 1.5 In accordance with paragraph 48 of the NPPF requirement for an evidence based approach, the anticipated windfall allowance is based on past trends, with the application of reasonable assumptions and appropriate discounts to ensure the resulting figures are appropriate, justified and not overly optimistic.
- 1.6 This windfall analysis supersedes the windfall evidence base used to support the Local Plan Part 2: Development Sites and Policies (2015). This 2017 paper includes minor updates to the previously published 2016 version to take account of the rolling nature of windfall projections and the Council's approach of avoiding the inclusion of small windfall development in years 1-3, and large windfall development in years 1-5.

2. Fareham Borough Local Plan

- 2.1 Fareham Borough Council's currently adopted Local Plan comprises of the following three parts;
- Local Plan Part 1: Core Strategy (August 2011);
 - Local Plan Part 2: Development Sites and Policies (June 2015); and
 - Local Plan Part 3: The Welborne Plan (June 2015)
- 2.2 Local Plan Part 1 sets out the vision, objectives and overall development strategy for the Borough up until 2026, whilst Local Plan Part 2 sets out the approach to managing and delivering development through development management policies. Local Plan Part 3, the Welborne Plan, is a specific plan which sets out how Welborne should be developed over the period until 2036.
- 2.3 The adopted Local Plan has a number of policies which are permissive towards supporting possible windfall development in the Borough.
- 2.4 Policy CS2 Housing Provision
The Core Strategy sets out policies that seek to concentrate development within the defined urban settlement boundary. Policy CS2 states that “...*Priority will be given to the reuse of previously developed land within the existing urban areas*”, an approach which is re-iterated in Policy CS6. This component of Policy CS2 is important, as due to the Borough's relatively low built density, this policy provides opportunities for small infill development to take place.
- 2.5 Policy DSP7: Affordable Housing Exception Sites
Policy DSP7 of the DSP Plan allows for the delivery of 100% affordable housing on sites in the countryside (outside of the defined urban settlement boundary).
- 2.6 There are also further policies (national and local) that more generally support the change of use of premises subject to certain criteria.
- 2.7 Although the Fareham Local Plan 2036 will see the above policies replaced or superseded the draft Fareham Local Plan 2036 will continue to support change of use and urban infill development when appropriate. It can therefore be assumed that appropriate development within the existing urban area will continue to be supported by Local Plan policies.

3. Calculating the Windfall Projections

- 3.1 Past delivery rates from windfall development have been obtained using the detailed housing completion data provided by Hampshire County Council. This includes information on the location and type of development, as well as the detailed planning application description. The housing completion data between 2006/07 and 2015/16 was used as the basis of the calculations and the following stages of data analysis were then undertaken.
- 3.2 Stages of data analysis:
- A. Sites that were formal allocations within a Local Plan were excluded from the analysis;
 - B. Of the remaining sites any back-land garden developments were removed from the analysis (with regard to the NPPF approach to the exclusion of garden land as windfall development);
 - C. Any 'one-off' large scale windfall developments were excluded from the analysis to ensure the resulting analysis was not distorted in a manner that might result in the outputs being overly optimistic;
 - D. The remaining sites delivering five or more dwellings were used to establish a trend based analysis;
 - E. In order to not be overly optimistic, a reduction rate of 20% was then applied to the windfall trend based analysis derived from Step D;
 - F. A separate analysis was undertaken (using steps A and B above) on the delivery from small sites (of less than five dwellings). Again in order to not be overly optimistic, a 20% reduction rate has been applied on the historic delivery rate;
 - G. The outputs from Steps E and F were used to inform a projected supply from windfall development.
- 3.3 The key outputs therefore informing the projected windfall include:
- Trend based analysis from sites delivering five or more dwellings (with 20% reduction) – 'Large Sites';
 - Trend based analysis from sites delivering less than five dwellings (with 20% reduction) – 'Small Sites'.
- 3.4 Caution has been implied in the calculation of the new windfall rate through:
- The provision of 20% reductions on the trend based analysis from housing completion data – identified in points E and F above;
 - The removal of any one-off type developments that might distort the trend based analysis (none noted) – identified in point C above;
 - No allowance for additional windfall from Prior Approval proposals for office to residential conversions has been applied. This is an unpredictable source with limited trend analysis available. In addition the windfall rate calculations already

include office conversions/change of use, so its inclusion could give rise to double counting;

- No allowance for emerging changes in national policy/regulations (such as exception sites for Starter Homes on disused/underused commercial land);
- No allowance from potential delivery linked with Policy DSP7 of the current adopted Local Plan (rural exception sites). This is an unpredictable source;
- No allowance has been made for continued windfall development supply from back-land garden development despite no policy change in how such proposals are considered in the planning application process (e.g. although nationally the definition of ‘previously developed land’ no longer includes residential garden land, there has been no national or local policy change that prohibits appropriate development on residential garden land);
- No allowance has been made for potential release of existing C3 dwellings through the provision of new C2 residential provision.

3.5 The results from this detailed analysis supersede any previous windfall delivery studies undertaken for the Council.

Large site projected windfall delivery (5 or more units)

3.6 The Borough has experienced a significant delivery from large sites since 2006, as set out in Table 1. The figures in table 1 exclude any allocated sites and known back-land garden developments.

Table 1: Previous Large Site Windfall Delivery

	2006 /07	2007 /08	2008 /09	2009 /10	2010 /11	2011 /12	2012 /13	2013 /14	2014 /15	2015 /16	Total	Total (09/10 – 15/16)
Large site delivery	358	285	205	79	96	54	8	24	50	144	1303	455

3.9 It can be seen from the above table that the delivery rates from large windfall sites was greater in the period 2006/07 to 2008/09. The notable drop after this period is likely to reflect the wider economic issues in 2008 and 2009. Indications are that this is recovering (as can be seen from the rising delivery rate from large scale windfall in more recent years). However, in order to ensure the data used to inform the windfall projections is cautious and reliable the large windfall completion rate from 2006/07 to 2008/09 will be excluded when informing the trend based assessment. This brings the total completions from large windfall over the seven years from 2009/10 to 2015/16 to 455 dwellings, an average of 65 dwellings per annum.

3.10 Applying a 20% reduction to this figure (thereby introducing further caution) takes this figure to 52 dwellings per annum.

3.11 Delivery from large (5+) windfall development expected at an average of 52 dwellings per annum

Small site projected windfall delivery (1 – 4 units)

- 3.12 The Borough has experienced significant and consistent windfall gains from small sites since 2006. Strong delivery from this source is expected to continue as policies continue to support appropriate infill development in the urban area. In essence, all delivery from small sites is windfall, as the Strategic Housing Land Availability Assessment (SHLAA) threshold is 5 or more units.
- 3.13 Table 2 shows the past trend delivery from small windfall sites when excluding back-land garden developments.

Table 2: Previous Small Site Windfall Delivery

	2006 /07	2007 /08	2008 /09	2009 /10	2010 /11	2011 /12	2012 /13	2013 /14	2014 /15	2015 /16	Total
Small site delivery	59	86	48	53	60	27	21	30	39	38	461

- 3.14 As Table 2 shows, over the ten years from 2006/07 to 2015/16 an annual average of 46 dwellings per annum was delivered from small site windfall development. A 20% reduction has then been applied to this average, in order to ensure that the projection is cautious and reliable for future supply purposes. With the reduction, this gives a projected delivery of 37 dwellings per annum from small sites.
- 3.16 It is recognised that the ten years of analysis has seen some changes in delivery rates. In particular this includes a drop in delivery in 2011/12 and 2012/13. However, this drop is likely to reflect wider changes in the economy during 2008/09 and a lag effect from the drop in value and confidence in the market at this point. A rise in delivery from small sites started again in 2013/14 which reflects the recovering economy.
- 3.17 Delivery from small sites (1-4 dwellings) windfall development expected at an average of 37 dwellings per annum

4. Impacts from Policy Changes

- 4.1 At the national level there have been changes made to national planning policy, regulations and guidance which have sought to boost housing supply. These have included the ability to change some commercial premises to residential through Prior Approval and there are emerging changes relating to Starter Homes. There have been no significant changes in national approach which restrict the ability to bring forward housing schemes.
- 4.2 As the trend based analysis in this paper has cautiously not made additional allowances for additional sources of potential supply such as Starter Homes on redundant and underused commercial land or other more recent measures to increase housing supply, it is considered the projections derived can be more reliable and less vulnerable to further future changes at the national level.
- 4.3 At the local level the policies in the adopted Local Plan support making best use of land in the urban area and this approach is not expected to change as part of the Fareham Local Plan 2036. Policies do not actively restrict back-land garden development (subject to more general design and amenity policies).
- 4.4 In conclusion it is considered that the approach taken in this paper is not vulnerable to any future impacts from proposed policy changes and it has instead employed a cautious and thereby reliable basis to the projections made.

5. Windfall Projections

- 5.1 Table 3 draws upon the analysis set out in the previous sections of this paper to formulate a windfall projection. As discussed in previous sections, discounts have been applied where they are justified, to ensure the projections are reliable, not overly optimistic and avoiding double counting.

Table 3: Windfall Projections

Plan Year	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35	2035/36	Totals
Large Sites	0	0	0	0	0	52	52	52	52	52	52	52	52	52	52	52	52	52	52	728
Small sites	0	0	0	37	37	37	37	37	37	37	37	37	37	37	37	37	37	37	37	592
Total Windfall	0	0	0	37	37	89	89	89	89	89	89	89	89	89	89	89	89	89	89	1320

- 5.2 For the purpose of this 2017 paper the windfall delivery from new homes has been projected to commence from 2020/21 (for small sites) and 2022/23 (for large sites). Prior to these dates, many of the likely housing completions will already be known through planning permissions, and as such are not therefore windfall/unexpected.
- 5.3 This level of projected windfall delivery will be monitored over the course of the Local Plan period alongside overall housing delivery.