

# Annex D



## CITY OF YORK LOCAL PLAN Windfall Allowance Technical Paper June 2016



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## **1 Introduction**

- 1.1 This paper has been prepared to aid discussion as to whether the City of York Council has sufficient reliable evidence to justify the inclusion of a qualified windfall allowance within the calculation of the five-year housing land supply, and over the longer Plan period up to 2032.
- 1.2 The paper provides an explanation of what constitutes a housing windfall and presents details of current government policy and associated guidance on the potential for inclusion within a future housing trajectory. It also includes an analysis of York's historic housing completions during the past ten years and compares them directly to windfall completions, separated into specific categories, over the same period.

## 2 Policy Context

### NPPF Windfall Definition

- 2.1 City of York Council is required through the National Planning Policy Framework (NPPF) to 'identify and update annually a supply of specific deliverable sites sufficient to provide five years worth of housing against its housing requirements'. In addition Paragraph 48 of the National Planning Policy Framework (NPPF) states:

*“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”.*

- 2.2 Further, the revision note to the National Planning Practice Guidance (NPPG) of 6<sup>th</sup> March 2014 provides the following advice:

*“A windfall allowance may be justified in the five-year supply if a local planning authority has compelling evidence as set out in paragraph 48 of the National Planning Policy Framework.”*

- 2.3 Local planning authorities have the ability to identify broad locations for development in years 6-15, which could also include a windfall allowance, based on a geographical area (using the same criteria as set out in paragraph 48 of the National Planning Policy Framework”).

- 2.4 Windfall sites, as defined in the National Planning Policy Framework (NPPF) (March 2012) are: “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.” These unidentified sites are typically not allocated for development or highlighted within the Strategic Housing Land Availability Assessment.

- 2.5 It should be stressed that whilst both the NPPF and NPPG provide the national policy position on windfalls, and their potential inclusion within the future housing supply, there is no definitive guidance provided on the methodology for calculating windfalls.

- 2.6 The suggested level and types of windfall included within any future housing supply trajectory has been based on the approaches taken by

other Local Planning Authorities and circumstances that continue to, affect the housing supply within our own local authority area.

### City of York Windfall Definition

- 2.7 All identified housing sites have been excluded from our analysis; comprising sites allocated within all (un-adopted) draft development documents, sites identified within the aborted Local Plan Publication Draft (September 2014) where completions have been carried out and, similarly any sites emerging through future allocations.
- 2.8 Housing completions resulting from garden infill sites have been excluded from our analysis of windfalls. This conforms to paragraph 48 of the NPPF that states windfalls 'should not include residential gardens'.
- 2.9 An amendment to permitted development rights regarding office to residential conversions was introduced on a temporary basis in May 2013, and subsequently made permanent as of 6<sup>th</sup> April 2016. As such, a decision has been made that the completion of, and future supply from, this type of potential windfall should be taken into account in our future windfall projections.
- 2.10 Completions from un-allocated off-campus privately managed student accommodation are also to be included in our projected figures. Based on the evidence provided by the Universities in York, the anticipated future growth in student numbers in the city is likely to continue throughout the plan period. Applications for this type of accommodation continue to be submitted, thus supporting our decision to include projections of this type of windfall throughout the term of the plan.
- 2.11 The definition of 'previously developed' land provided in the NPPF excludes agricultural land and buildings. Whilst windfall sites 'normally' comprise previously developed sites, the definition of 'windfalls' as referred to earlier in this paper (paragraph 2.1) does not specifically exclude Greenfield sites that unexpectedly become available, such as barn conversions and infill sites. Hence, completions resulting from unallocated Greenfield developments have also been included within our windfall calculations.
- 2.12 Historically these Greenfield sites have generated relatively low numbers of new homes. However, a consistent level of Greenfield developments, mainly from barn conversions and small infill sites,

have provided a constant supply of housing completions over the monitoring period and are, therefore, included within our evidence to support a qualified level of windfall inclusion within the future housing land supply.

### 3 Analysis of Windfalls in the City of York

#### Historic Windfall Delivery and Trends Experienced in York's Housing Market

- 3.1 Analysis of our housing completion figures indicates that, historically, a considerable element of York's housing supply has been provided through un-identified windfall sites.
- 3.2 Table 1, below, shows that of 5,569 net additional homes built in York during the last 10 years (2006-2016), a total of 2,837 units have resulted from completions on windfall sites. This represents more than half of all completions over that period.
- 3.3 In more recent years the proportion of windfall housing supply has fallen to levels below the average of 284 per annum, however, during the 2015/16 monitoring year the highest numbers of windfall completions were experienced. The smallest proportion of windfalls completed (25.1%) were during 2012/13, whilst the greatest proportion (76.72%) was experienced in 2008/09.

**Table 1: Historic Annual Windfall Completions**

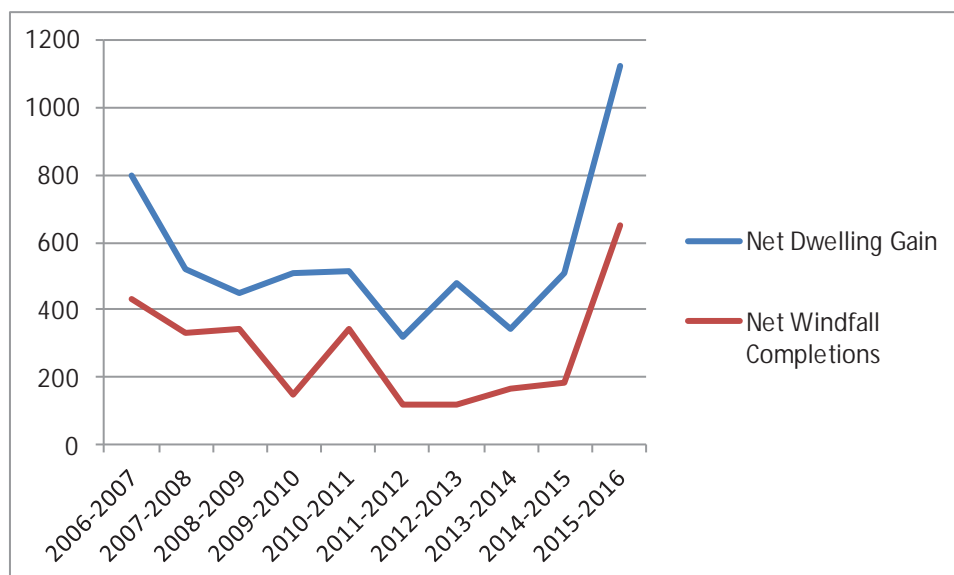
Year	Net Dwelling Gain	Net Windfall Completions	Proportion of Windfalls as a % of Overall Completions
2006-2007	798	435	54.51%
2007-2008	523	330	63.10%
2008-2009	451	346	76.72%
2009-2010	507	147	28.99%
2010-2011	514	344	66.93%
2011-2012	321	117	36.45%
2012-2013	482	121	25.10%
2013-2014	345	164	47.54%
2014-2015	507	183	36.09%
2015-2016	1121	650	57.98%
<b>2006-2016</b>	<b>5569</b>	<b>2837</b>	<b>50.94%</b>

- 3.4 Graph 1 below shows how windfalls have generally mirrored overall trends of housing completions over the last ten years reflecting both periods of growth and recession.
- 3.5 It should be noted, however, that York did not have an adopted plan for this period or an identified housing supply. Similar results are



unlikely to continue in the future if sites are identified early in the planning process resulting in their allocation. This uncertainty element needs to be reflected in any windfall projections.

**Graph 1: Historic Housing Completions Compared to Windfall Completions**



- 3.6 This is especially true in the case of **sites above 0.2 ha**, the threshold used to assess for the allocation of sites. This threshold has been used in both the ‘call for sites’ and Strategic Housing Land Availability Assessments (SHLAAs) that have assisted in identifying suitable draft housing allocations.
- 3.7 Generally other Local Authorities use a threshold of 0.4 ha for site identification within their urban capacity studies. City of York Council has adopted 0.2 ha as its threshold, which recognises that the supply of housing from this type of site has provided a significant contribution to past housing completions. Using a lower threshold will help to capture more significant sites as allocations and reduce the number of unidentified windfall sites coming forward in the future housing supply.
- 3.8 Using the last ten year monitoring period to estimate the future supply of windfall delivery should ensure that neither an overly optimistic or pessimistic projection for windfalls will be applied.
- 3.9 Historic housing windfall rates for the entirety of City of York Council area have been recorded for a number of years and form a subset of the housing completions figures that have appeared within our previous Annual Monitoring Reports. The tables provided below show

evidence of historic windfall completions based on size of site and type, and have been compared against overall housing completion figures for context.

3.10 All past completions that appear in the tables have been based on;

- Development Management housing consents – a record of decisions on planning applications is updated monthly
- Completions returns provided by our Building Control team
- Site visits carried out on a 6 monthly basis to check completions
- Contact with applicants, developers and agents at regular intervals to confirm both completion and predicted completion levels, and
- Monitoring of extant consents, new permissions and inclusion of development given lawful use through certificates of lawful development (previously not included within housing returns).

3.11 Table 2 below provides details of the number of housing windfall completions over the ten year period from April 2006 to March 2016, split by size and type. It should be noted that two of the main contributors to net additions to the housing windfall supply over that period came from conversions (inclusive of changes of use) with 882, and from sites below 0.2 hectares (very small windfall sites) with 641. These totals are significant in as much as they fall outside the threshold used to identify potential housing sites in our emerging Local Plan and will not be identified in future years.

3.12 This analysis of previous windfalls is carried out using the following categories;-

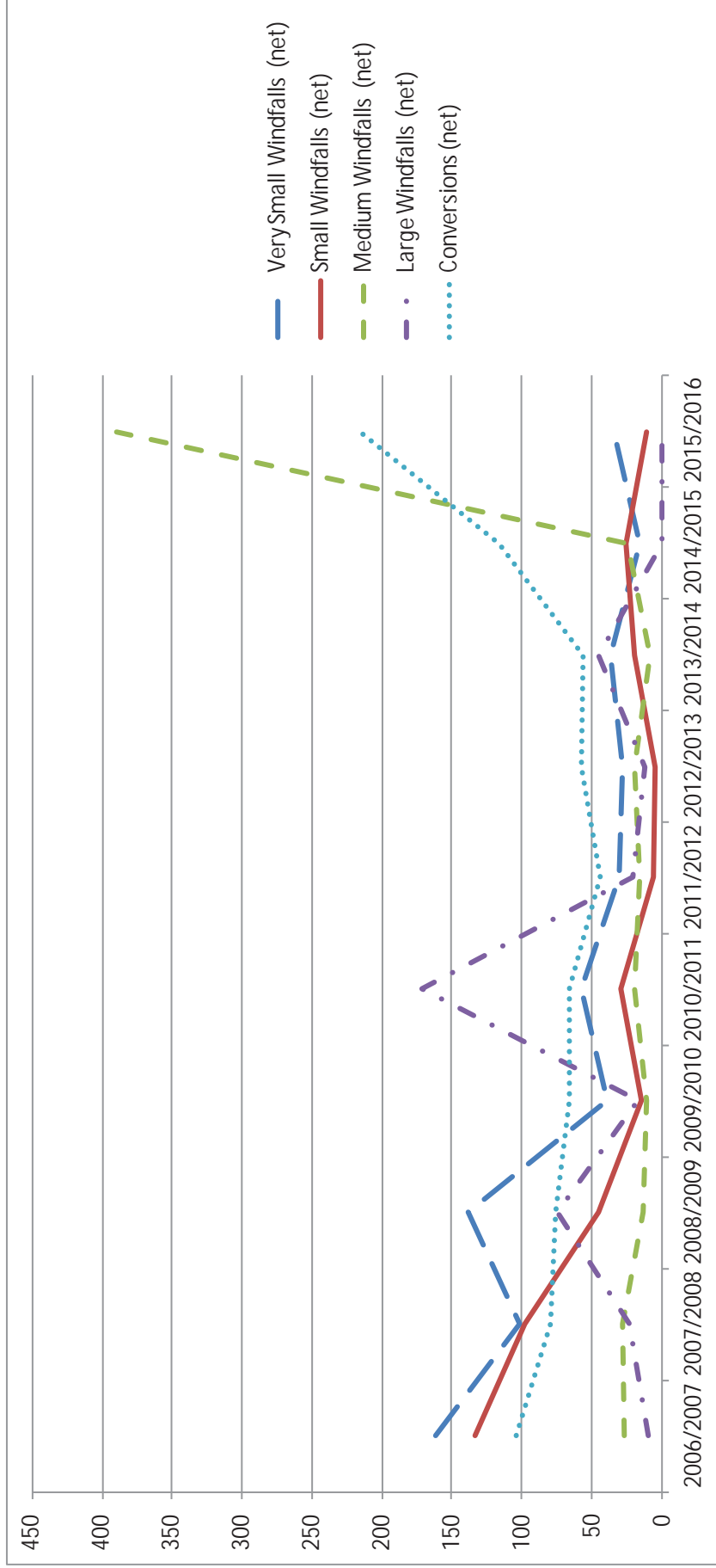
- **Very small windfalls** – on sites less than 0.2 hectares
- **Small windfalls** – on sites between 0.2 and 0.4 hectares
- **Medium windfalls** – on sites between 0.4 and 1.0 hectares
- **Large windfalls** – on sites over 1.0 hectares
- **Windfalls resulting from changes of use to residential properties and conversions to existing residential units**

**Table 2: Historic Annual Windfall Completions Separated into Size and Type**

Year	Very Small Windfalls (net)	Small Windfalls (net)	Medium Windfalls (net)	Large Windfalls (net)	Conversions (net)	Total (net)
2006/2007	161	133	27	10	104	435
2007/2008	101	98	28	23	80	330
2008/2009	138	45	13	74	76	346
2009/2010	39	14	11	17	66	147
2010/2011	58	29	19	172	66	344
2011/2012	30	6	16	21	44	117
2012/2013	28	5	19	12	58	122
2013/2014	36	19	8	45	56	164
2014/2015	16	26	24	0	116	182
2015/2016	34	11	389	0	216	650
Totals 06-16	641	386	554	374	882	2837

3.13 Both Table 2 and Graph 2 provide a complete picture of the overall levels of windfall completions over the last ten years.

3.14 Graph 2 displays the fluctuations experienced in past windfall supply. It shows that on sites over 0.2 ha significant variations have taken place. Sites below 0.2 ha and completions resulting from changes of use and conversions to existing homes vary less in their extremes and have provided a relatively constant source of new homes over the monitoring period by comparison.



Graph 2: Illustration of Historic Annual Windfall Completions by Size and Type

3.15 Some of the more significant completions making up these variations were carried out within the windfall categories resulted from the following:

- Of the 161 completions on very small sites carried out in 2006/07 these took place on a total of 47 individual sites throughout the City of York Local Authority area.
- The 125 net completions in 2006/07 on the small sites are a result of developments including Moss Street Depot (22), Burton Croft (69 Burton Stone Lane) (22), Land adjacent to Blue Bridge Lane (24) and Kwik-Save (102-104 Hull Road) (20) that accounted for 88 net completions out of this total.
- 91 net completions in 2007/08, again on small sites, were a result of developments including Green Belt Garage (New Lane Huntington) (18), Engineering Works (To the Rear of Dixons Yard, Walmgate) (38) and Magnet Ltd (Avenue Road) (21) that accounted for 77 net completions out of this total.
- During 2010/11 of the 172 completions on large sites, all were a result of the development on the previously developed land to the Rear of the Letter Delivery Office (Birch Park).
- In 2015/16 a total of 389 homes were provided on medium sized sites, these arising from the student accommodation completed at the Old Yorkshire Evening Press Site, 76-86 Walmgate (361 homes) and the retirement homes completed on the former Fox & Hounds, Copmanthorpe (28 homes).
- 2015/16 also experienced significant levels of windfall completions through changes of use. Holgate Villa (50) 3 Pioneer Business Park (19) and Matmer House, Hull Road (14) being the three largest contributors in this category.

3.16 Sites over 0.2 ha are shown to display more significant and varied levels of annual completions and greater ranges within the totals making any future trends more difficult to predict. As explained earlier these types of site are more likely to be identified in future years and, therefore, assessed as potential allocations. If a site, following full assessment, is deemed appropriate for housing

development and subsequently allocated it then falls outside the definition of windfalls.

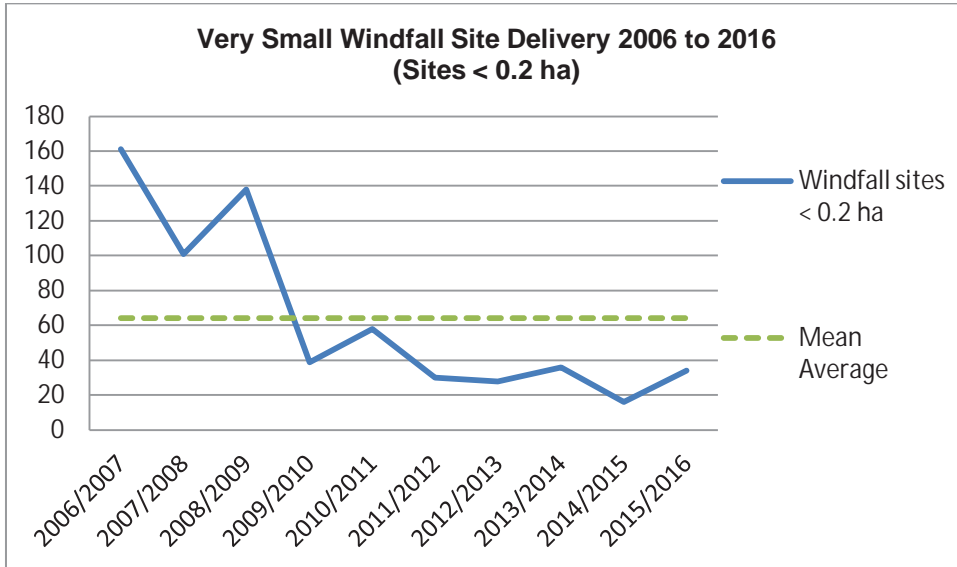
- 3.17 A further breakdown of the windfall completion figures, as displayed in Table 3 below, highlights that almost 54% of all windfall completions during the past 10 years took place either on very small sites below 0.2 ha or through changes of use to residential properties and conversion of existing homes. Neither of this type of site is likely to be picked up in housing land assessments and is, therefore, more appropriate for use in potential future windfall projections.

**Table 3: Breakdown of Windfall Completions by Size and Type**

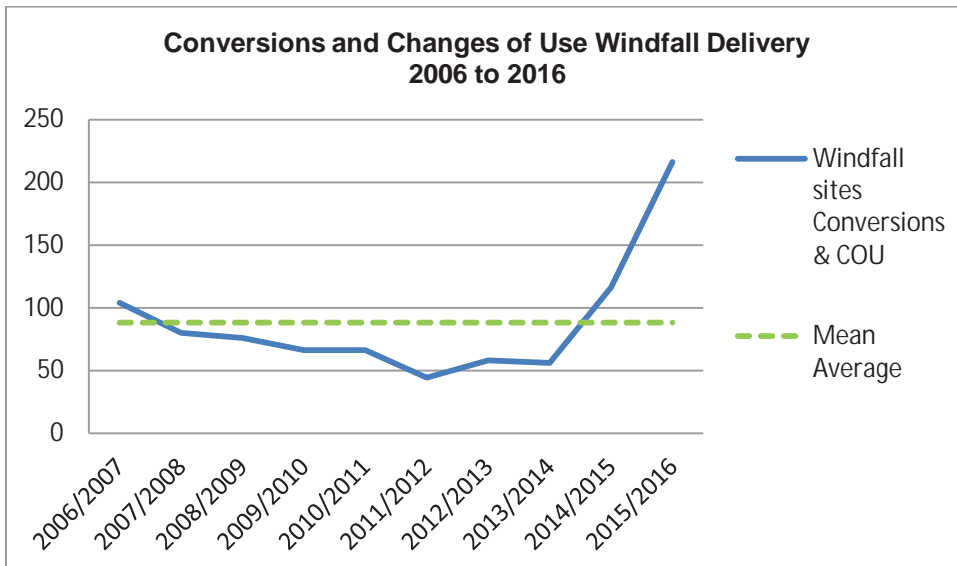
Size/Type of Windfall	Ten Year Total	Ten Year Mean Average	Windfall Types Represented as a Proportion of Total Windfalls (%)
Very Small Windfalls (Less than 0.2 ha)	641	64.1	22.59%
Small Windfalls (0.2 - 0.4 ha)	386	38.6	13.61%
Medium Windfalls (0.4 - 1.0 ha)	554	55.4	19.53%
Large Windfalls (> 1.0 ha)	374	37.4	13.18%
Conversions/COU	882	88.2	31.09%
<b>Totals</b>	<b>2837</b>	<b>283.7</b>	<b>100.00%</b>

- 3.18 Graphs 3 and 4 below show a representation of the last 10 years of windfall sites of less than 0.2 ha and conversions and changes of use. Both graphs display the range between the highest and lowest completion years. Unsurprisingly levels peaked in the early years of the monitoring period and fell in more recent years reflecting more adverse housing market conditions. Whilst housing delivery on sites below 0.2 ha tend to decline over the 10 year period, completions through change of use and conversions looks to have picked up in more recent times, with over 200 new homes.

**Graph 3: Very Small Windfall Site Completions**



**Graph 4: Conversion & Changes of Use Windfall Site Completions**



## 4 Future Windfall Approach in the Local Plan

### Calculating an Appropriate Windfall Allowance

4.1 A number of factors need to be considered before determining a realistic housing windfall allowance. The following issues are discussed within this part of the paper before setting our proposed approach to windfalls. These include;

- An appropriate timescale for historic windfall evidence;
- The threshold and type of windfall to be included;
- Trend analysis and the appropriate trend timescale to be used to ensure market conditions are reflected appropriately;
- When windfalls should appear in the housing trajectory;
- What level of windfalls should be applied to future housing projections;
- Should discount rates be applied to future windfall allowances; and
- What risks are there in including windfalls within a future housing land supply.

### Timescale Used to Provide Historic Windfall Evidence

4.2 The timescale for analysing historic windfall completions has been considered. Following a review of other local authority windfall papers, the use of the last ten years' figures is considered to be most appropriate, particularly as this period includes a wide range of market conditions.

4.3 Longer periods of historic completions records have been used in some authority windfall completions analysis whilst some reference shorter historic records. The advantage of using a 10 year trend ensures that the full cycle of market conditions that have taken place during that time will ensure that neither an overly optimistic or pessimistic projection for windfalls will be applied. A rolling 10 year windfall trend incorporated annually within the housing trajectory will ensure that any upturn or decrease in supply will be taken into account within future windfall allowances. By using a longer historic record this fluctuation could be lost within a larger dataset.



## Threshold and Type of Windfall to be Included

- 4.4 Research reveals that other planning authorities have set varying thresholds when considering what type of windfall site should be included within any allowance in future years. These have broadly been based on either capacity (potential number of homes that have been developed on individual sites, often set at 10 or more dwellings) or simply a size of site threshold.
- 4.5 City of York Council does not view a capacity threshold as providing the most meaningful approach to identifying sites. Site location tends to influence the number of acceptable homes appropriate for each site, and individual site constraints may affect capacity of each site. Over time this could result in similar sites being included within the figures or excluded elsewhere dependant on the location and changing market circumstances. These characteristics are difficult to monitor and can provide unbalanced evidence.
- 4.6 A size threshold, often of around 0.4 ha, has been used by a number of authority areas in analysing past windfall performance. This aligns with their SHLAA thresholds used in identifying potential future allocations.
- 4.7 Preference in York is a size threshold of 0.2 ha throughout the authority area in our analysis of windfalls, and this accords with that set within the 'call for sites' to support the Local Plan. Use of this size threshold should help to capture more sizeable sites for potential housing allocations compared to a greater size threshold, and decrease the number of unidentified windfall sites coming forward in the future housing supply. Therefore, it is reasonable to assume that a qualified allowance for this type of development can be made in the future housing land supply.
- 4.8 Although we have recorded windfalls above the 0.2 ha threshold we do not intend to project forward an allowance for this type of site within the future housing supply for a number of reasons:
- The monitoring period covers a time in which we did not have a formally adopted development plan in place. Therefore, sites of this nature have not previously been identified as allocations. With a comprehensive Local Plan that includes identified site allocations for a full 15 year trajectory and regular SHLAAs planned over the future years we expect to capture these sites as allocations rather than windfall sites.

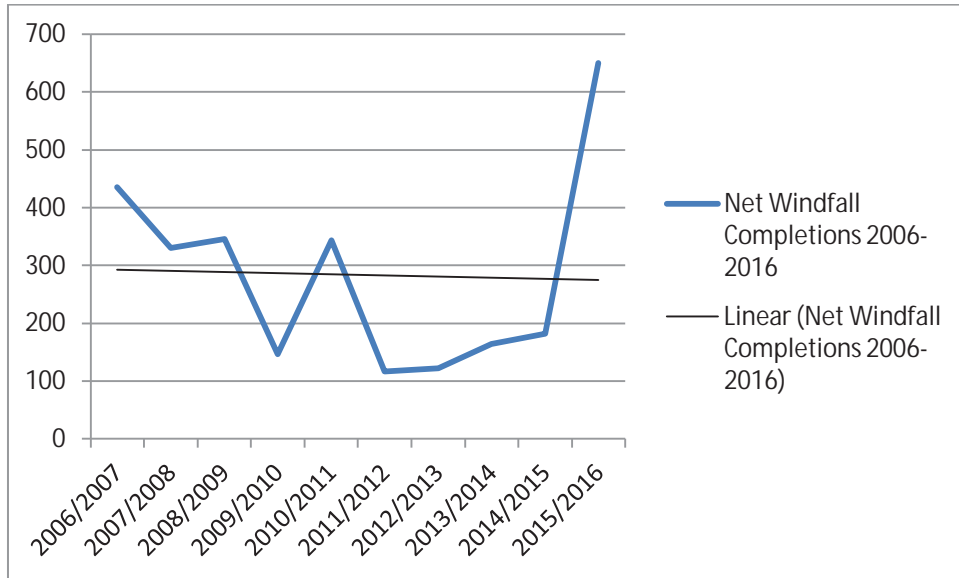
- As can be seen from the graphs showing past delivery of this type of site, evidence reveals that the supply of housing from these sites is less predictable in the delivery of housing and projecting forward these rates could prove to be unreliable.

4.9 Changes of use and conversions of existing residential dwellings have delivered a steady and reliable source of housing in York throughout the monitoring period, even during recessionary times. This supply is likely to continue and may even increase in the short term as a result of the announcement that the temporary measures introduced in 2013 to relax the permitted development right, relating to the conversion of offices to residential use, have now been made permanent. As consented conversions of this type are already included within the unimplemented housing permissions and therefore accounted for within the housing trajectory, no increase in the rate of this type of windfall is proposed. However, future monitoring will take account of any variations and appropriate allowances will be made accordingly throughout the plan period.

### Windfall Trend Analysis

- 4.10 A relatively simple method for estimating a general trend in a set of data is to add a linear trend line to a chart. A trend line is similar to the line used to show results within a chart, but it doesn't connect each data point precisely as a line chart does. A trend line takes account of all the data meaning that minor exceptions or statistical anomalies will not distort the output. In some circumstances the use of a trend line is an aid in forecasting future figures.
- 4.11 When applying a trend line to overall windfall completions carried out between 2006 and 2016 the overall linear trend appears to be relatively static at or around 280 per annum, reflecting closely the mean average over the same period.

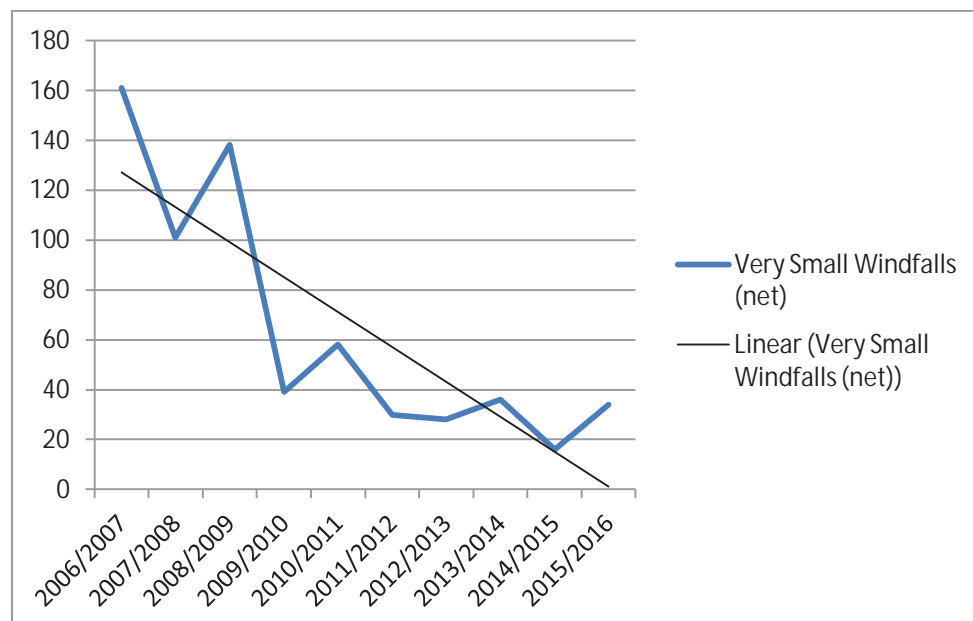
**Graph 5: Net Windfall Completions 2006-2016**



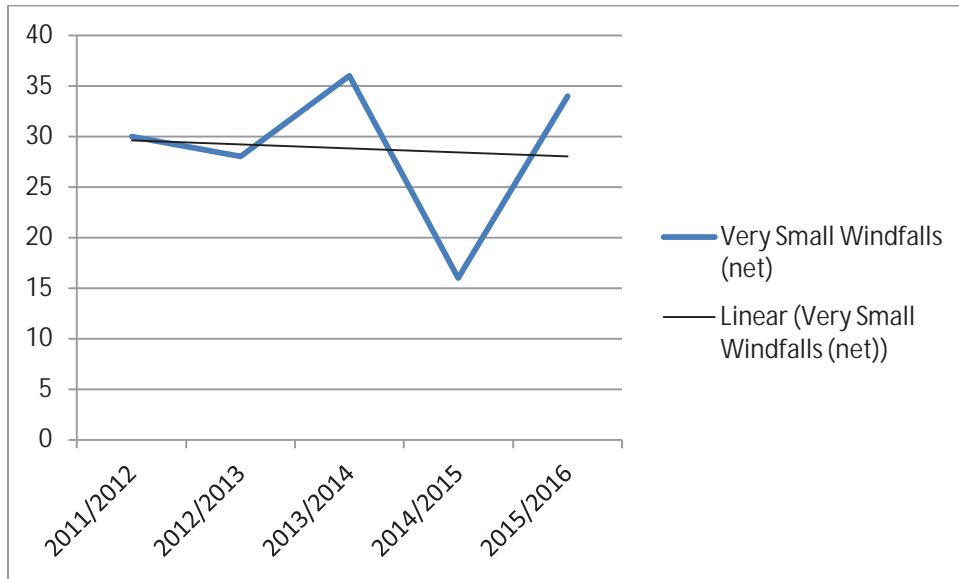
4.12 When we consider trend analysis of specific windfall rates we have included records for both the whole ten year monitoring period together with trends over the shorter term i.e. the last five years. In so doing we hope to pick up on any recovery or continued decline being experienced within the housing market to confirm that appropriate estimations are being applied to projected windfall delivery.

4.13 Further evidence shows that, for the two windfall types we deem appropriate for inclusion within our projected future housing supply, the following characteristics are apparent.

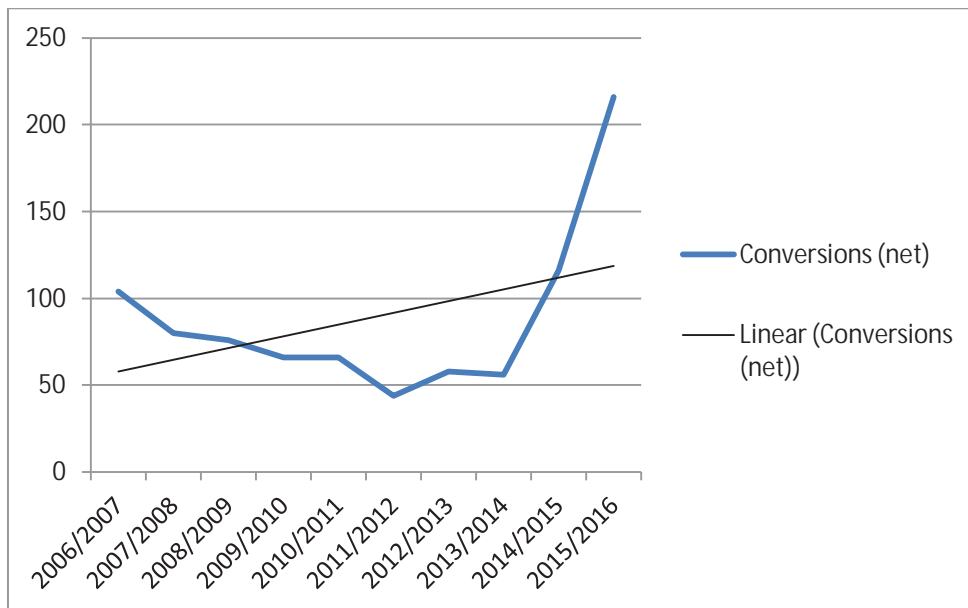
**Graph 6: Net Very Small Windfall Completions 2006-2016 (Sites <0.2ha)**



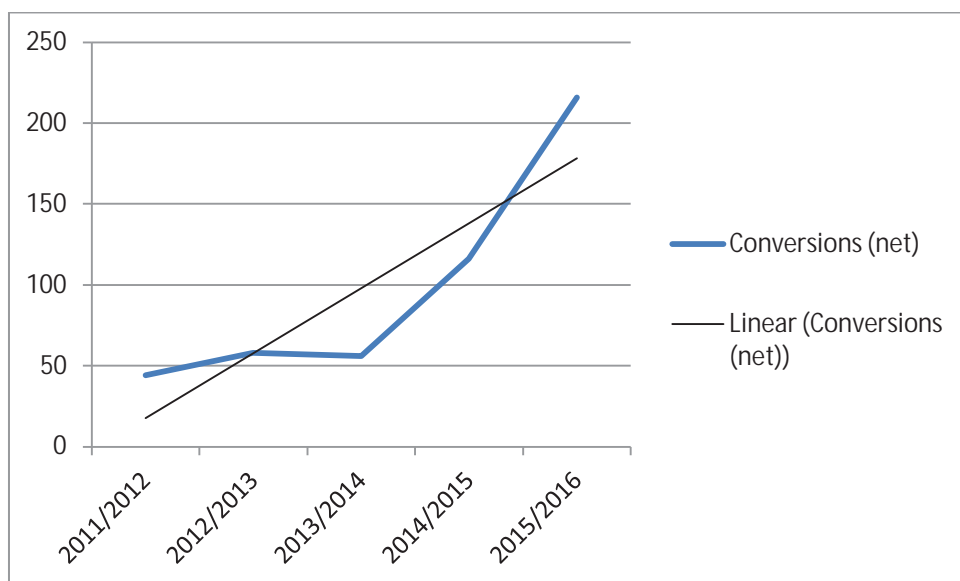
**Graph 7: Net Very Small Windfall Completions 2011-2016 (Sites <0.2ha)**



**Graph 8: Net Conversions and Changes of Use Windfall Completions 2006-2016**



**Graph 9: Net Conversions and Changes of Use Windfall Completions 2011-2016**



4.14 The following tables provide details of the trends associated with the different types of windfall over both the longer ten year and shorter five year historic monitoring periods.

**Table 4: Combined Brownfield & Greenfield Windfall Completion Trends**

Combined Brownfield and Greenfield Windfall Sites		
Type of Windfall	10 Year Trend	5 Year Trend
Very Small Sites (<0.2 ha)	↓	↔
Small Sites (0.2 to 0.4 ha)	↓	↑
Medium Sites (0.4 to 1.0 ha)	↑	↑
Large Sites (>1.0 ha)	↓	↓
Conversions and Changes of Use	↑	↑
All Brownfield/Greenfield Windfalls	↔	↑

**Key**

Decrease	↓
No Significant Change	↔
Increase	↑

4.15 The following tables (5 and 6) provide a breakdown of the preceding table's trends according to their type, either Greenfield or brownfield.

**Table 5: Brownfield Windfall Completion Trends**

Brownfield Windfall Sites		
Type of Windfall	10 Year Trend	5 Year Trend
Very Small Sites (<0.2 ha)	↓	↔
Small Sites (0.2 to 0.4 ha)	↓	↑
Medium Sites (0.4 to 1.0 ha)	↑	↑
Large Sites (>1.0 ha)	↓	↓
Conversions and Changes of Use	↑	↑
All Brownfield Windfalls	↔	↑

**Table 6: Greenfield Windfall Completion Trends**

Greenfield Windfall Sites		
Type of Windfall	10 Year Trend	5 Year Trend
Very Small Sites (<0.2 ha)	↓	↔
Small Sites (0.2 to 0.4 ha)	↓	↔
Medium Sites (0.4 to 1.0 ha)	↔	↔
Large Sites (>1.0 ha)	N/A	N/A
Conversions and Changes of Use	↓	↑
All Greenfield Windfalls	↓	↔

4.16 This trend monitoring shows that the majority of categories have experienced either a levelling out or show an upward trend in housing delivery. This provides the confidence needed to project forward at least a mean average of past performance within the future housing trajectory. The exception to this trend (large sites) will not in any case form part of our evidence to inform future windfall projections.

4.17 For a complete record of windfall trends separated into Greenfield and Brownfield sites and the full range of categories analysed over the last five and ten year periods see Annex 2 of this document.

## When should Windfalls appear in the Housing Trajectory?

4.18 Paragraph 48 of the National Planning Policy Framework now advises that a Planning Authority may include a windfall allowance within the first five years of its housing trajectory provided that evidence supports their inclusion (see paragraphs 2.1 and 2.2 within this paper for full reference) and this can be extended to years 6-15 where an allowance can be made based on broad geographical areas. The following paragraphs describe our intended approach.

## Windfall Allowance in Years 1-5 of the Housing Trajectory

4.19 Our unimplemented housing consents records reveal that from a total of over 4,000 homes with consent there were 1,196 net additional homes with extant consent at 1<sup>st</sup> April 2016 on sites regarded as windfalls (see Table 7). Of this total 1,016 had gained consent on sites of less than 0.2 ha or could result from changes of use or conversions to existing dwellings. Further scrutiny of the data shows that within this number 526 net homes have approval as a result of the relaxation of permitted development rights in terms of office to residential conversions (ORCs), whilst a further 58 are student cluster units that have gained approval on previously unidentified sites. All this evidence indicates that a continued return of homes built on windfall sites should be maintained within the short term.

**Table 7: Potential Windfall Sites with Extant Consent at 1<sup>st</sup> April 2016**

Size/Type of Windfall	BF Sites	GF Sites	Total BF + GF	Windfall Types Represented as a Proportion of Total Windfalls (%)
Very Small Windfalls (Less than 0.2 ha)	84	30	114	9.53%
Small Windfalls (0.2 - 0.4 ha)	14	10	24	2.01%
Medium Windfalls (0.4 - 1.0 ha)	92	0	92	7.69%
Large Windfalls (> 1.0 ha)	60	4	64	5.35%
Conversions/COU	859	43	902	75.42%
<b>Totals</b>	<b>1109</b>	<b>87</b>	<b>1196</b>	<b>100.00%</b>

4.20 We do not consider it to be appropriate to include a windfall allowance within the first three years of the housing trajectory. This will provide an appropriate time scale for any applications on sites which would ultimately result in windfall completions to go through the development process. This timescale also allows for completions of windfalls with extant consent to be built out at reasonable build rates and, therefore, avoid double counting. Double counting of SHLAA sites and extant windfall consents within the allowance needs be avoided otherwise an

over estimation of supply from this source may be deemed unsupported during inspection of the plan at a later date.

- 4.21 Phasing in a windfall allowance will provide more certainty in the early part of the trajectory and will avoid double counting. The estimation of housing supply will, therefore, be based on known consented development and anticipated delivery schedules provided by applicants/developers rather than relying on unidentified windfall sites providing homes in the early part of the plan.
- 4.22 Consideration has also been given to an approach whereby windfalls were only to be accounted for beyond the first 5 years of the trajectory. Whilst this method would avoid any potential double counting and only rely on extant consents and identified draft allocations for completions in the 5 year housing supply, it would represent a very cautious view of windfall projections. Trend analysis shows that an increase in windfall completions within the categories to be projected forward has been evidenced in more recent years. As the relaxed permitted development rights have recently been made permanent, and the consent analysis shows that this type of development continues to come forward, it is highly likely that windfalls will continue to contribute significant levels of new housing in future years.

### **Windfall Allowance in Years 6-15 of the Housing Trajectory**

- 4.23 The revision note to the NPPG of 6<sup>th</sup> March 2014 states;
- “Local planning authorities have the ability to identify broad locations in years 6-15, which could include a windfall allowance based on a geographical area (using the same criteria as set out in paragraph 48 of the National Planning Policy Framework)”*
- 4.24 In terms of geographical area we have included all land contained within the City of York local authority boundary. This aligns with the assessment of housing market sub areas undertaken as part of our previous Strategic Housing Market Assessment (SHMA) together with our emerging SHMA (2016).
- 4.25 As with years 4 and 5, a windfall allowance based on historic mean average completions of sites <0.2 ha together with conversions of existing dwellings and homes resulting from changes of use is to be used from year 6 of the housing trajectory. This total is deemed justified and appropriate, though will continue to be monitored annually to reflect any market fluctuations and to ensure that a realistic



projection of future housing windfall supply is maintained throughout the Plan period.

### The Level of Windfalls to be included in Future Housing Projections

- 4.26 In taking a proportionate approach to identifying land for development in the emerging Local Plan only sites above 0.2ha have been identified as draft allocations. To ensure that we properly understand the potential for development on very small sites below this allocation threshold an assessment of the trends in the historic rate of windfall delivery along with changes of use and conversions has been carried out. It should be noted that this covers a period of time in which York had no adopted development plan in place and therefore continued high levels of windfall supply are unlikely to be maintained over the plan period, especially in the case of larger windfall sites above 0.2 ha (the threshold used for the allocation of sites). This is important to note because the NPPF requires not just compelling evidence of historic windfall rates but also evidence of expected future trends in order to justify using a windfall allowance within housing supply.
- 4.27 During the last 10 years of total net windfalls the largest proportion comes from conversions and from very small windfalls (sites below 0.2ha). These totals are significant in as much as they fall outside the threshold used to identify potential housing sites in the Local Plan and therefore will not otherwise be identified in future years. By including a qualified allowance for this type of windfall within the housing supply this would ensure that an appropriate estimate of future windfall supply is included within the housing trajectory. The figure for windfalls proposed to be projected forward is 152 dwellings per annum which is effectively a mean average for these two categories of windfalls calculated over a 10 year period. (see Table 8, below, for details)

**Table 8: Projection of Windfall Sites <0.2 ha and Change of Use and Conversions**

Mean Average	
Average windfall completions on sites <0.2 ha	64
Average windfall completions on COU & Convs	88
<b>Mean Average Projected Annual Windfall Rate</b>	<b>152</b>

## Applying Discount Rates to the Future Windfall Allowance

- 4.28 A discount rate can be applied to both the delivery of identified consented sites and housing allocations to allow for uncertainty within the market. This discount rate is usually around 10% based on evidence of past housing delivery of consented sites and comparison with other local authority non-delivery rates. Alternatively, an additional allowance in housing supply can be made.
- 4.29 A discount rate for the future supply of housing from windfall sites (i.e. as yet unidentified windfalls without the benefit of consent) has been considered especially in the case of small sites below 0.2 ha. This acknowledges that the capacity of unidentified sites to accommodate future windfall development is finite within a constrained urban area.
- 4.30 An increase in the delivery of homes resulting from changes of use from offices is currently being experienced largely a result of relaxed permitted development rights. Whilst this source of supply is finite and may reduce over time it is too early to predict such an outcome bearing in mind that we are only now experiencing completions resulting from this legislative change.
- 4.31 However, as a result of our analysis of more recent trends (see Section 3) indicating increasing levels of changes of use of existing properties and maintained levels of housing resulting from sites below 0.2 hectares, the discounting of projected windfalls for these reasons is not deemed appropriate at this time.
- 4.32 Should planning policy change in future years this approach may be reconsidered and potentially a discount rate applied at that time.

## Risks Involved in Including a Windfall Projection

- 4.33 Recognition is made of the fact that there are no circumstances in which the inclusion of any category of windfall carries no risk at all. However, at the same time by not including a windfall allowance this also carries implied risks, especially in light of NPPF direction and associated guidance that this may result in significant underestimates of future housing land supply.
- 4.34 Annex 1 of this paper carries out an appraisal of risks associated with the inclusion of various elements that fall within each windfall category. Whilst this approach can result in a subjective analysis we have

endeavoured to evaluate all potential risks involved in any windfall inclusion.

- 4.35 The tables highlight that the lowest risk options for inclusion within a windfall projection are associated with sites of less than 0.2 ha (both brownfield and Greenfield) together with conversions and changes of use.

## 5 Conclusions

5.1 A number of factors have been considered in determining a realistic housing windfall allowance. The following sets out our intended approach:

- Timescale for historic windfall evidence  
Use of selected completions from the last 10 years ensures that the full cycle of market conditions that have taken place during that time are taken into account. See paras 4.2 and 4.3.
- Threshold and type of windfall to be included  
Very small sites (below 0.2ha) and change of use/conversions will be monitored as the basis for our projections. See paras 4.4 to 4.9.
- When to introduce windfalls into the housing trajectory  
To avoid double counting and allow time for sites to continue through the development process, windfalls will be included from year 4. See paras 4.18 to 4.25.
- What level of windfalls should be included in the housing trajectory  
A figure of 152 dwellings per annum provides an appropriate level reflecting past development trends. See paras 4.26 and 4.27.
- Discounts  
We do not intend to apply a discount to windfall projections. See para 4.28 to 4.32.

## Annex 1

### Risk Analysis

The following tables provide a risk analysis for all potential windfall categories and each type has been designated a level of risk associated with their inclusion within a future windfall projection.

Whilst there are no circumstances in which the inclusion of any category of windfall carries no risk at all, there has also be a recognition that by not including a windfall allowance this also carries with it implied risks, especially in light of NPPF direction and associated guidance that may seriously underestimate the future housing land supply.

Assigning risk to the elements making up a potential windfall allowance can be seen as a subjective exercise. In adopting a system that classifies potential windfall types into seven levels of risk we have endeavoured to designate each one appropriately and have only considered low and moderate risk categories for potential inclusion within a windfall allowance.

Type of Windfall	Component	Potential net Annual Completion Rate	Risk Analysis	Risk Level
Unallocated Brownfield Land	Very Small Site (<0.2 ha)	60.5	Historically this type of site has provided a significant level of housing completions within the York Authority Area. Whilst there has been a downward trend associated with this type of site providing housing over the last 10 years due to adverse market conditions, a return to a more stable position has been evidenced over the last 5 years as the market has corrected itself (see the trend analysis section). This type/size of site will not be picked up in any future capacity study (SHLAA, 'call for site') as it falls below the minimum site size capacity. Should a downward trend be experienced in future years, this will be reflected in future windfall projections and will need to take account of any trend analysis associated with developments within this category of windfall.	+
	Small Site (0.2 to 0.4 ha)	34.0	Sites ranging from 0.2 to 1.0 ha should be picked up in our housing capacity studies as they fall above the minimum size thresholds we currently apply for site assessment. It should be stressed that historically sites of this nature are unlikely to have been allocated over the last ten year monitoring period (a time over which York did not have an adopted development plan) and, therefore, the total completions resulting on them reflect this and are undoubtedly inflated as a consequence.	
	Medium Site (0.4 to 1.0 ha)	47.4	Over the previous 10 years the trend is moderately upward in the number of houses resulting from these sizes of site. However, more recently there has been an upturn in housing completions that reflects the possible return of more favourable market conditions.	
	Large Site (>1.0 ha)	37.4	Whilst it could be argued that this type of site may not necessarily be picked up in a SHLAA, or similar urban capacity study, and that market conditions tends to bring about the availability of this type of site at irregular intervals and the possibility of Government incentives that may take place over time, the random nature in which this type of site is made available is very hard to predict. For this reason we do not consider it wise to include a future windfall allowance for this type of site. A steady downward trend in both the long and shorter term of housing completions from this type of site has been experienced, with no new homes provided during the last two years.	
	Changes of Use & conversions	82.6	An increased supply of housing has been provided from this source over the last ten year monitoring period. Upward trends in the supply of homes from conversions and changes of use have taken place over the last ten years, and have shown significant increases in more recent years as Government incentives, through the relaxation of permitted development rights, have aided in an increased supply of new homes and are likely to increase anticipated supply further, especially over the shorter term. It is most unlikely that this type of development will be identified through a housing capacity study. Therefore, we consider that the inclusion of a justified projection of this type of housing windfall should be made as they have consistently become available in York and are likely to continue to provide a reliable source of housing supply. Whilst evidence reveals that upward trends in the supply of homes from this source could justify a higher projection for future years the use of a mean average based on the last ten years is deemed appropriate as it provides more certainty and justification for the inclusion windfalls within the housing trajectory. Should upward trends continue, this will be reflected in a projection of a higher average for future years within windfall figures	+

Type of Windfall	Component	Potential net Annual Completion Rate	Risk Analysis	
Unallocated Greenfield Land	Very Small Site (<0.2 ha)	3.6	Historically this type of site has provided a relatively low level of housing completions within the York Authority Area, although in only one year (2013/14) were no housing completions experienced from this source. A downward trend associated with this type of site providing housing has been experienced over the last ten years which is likely to be due to the adverse market conditions experienced during the same period of time. However, an increased trend in housing supply from this source has been experienced over the last five years as the market shows signs of improvement. As with unallocated Brownfield sites of the same size, this type of site will not be identified in any future capacity study (SHLAA, 'call for site') as it falls below the minimum site size threshold. There is the possibility of future plan policies protecting small urban Greenfield sites from development which adds to the risk potential for inclusion of this type of site in windfalls. Previously Greenfield sites were excluded from any future windfall projections, however, since the issue of NPPF (March 2012) which defines windfall sites 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'. Greenfield sites have not specifically been excluded from potential future projections.	+
	Small Site (0.2 to 0.4 ha)	4.6	Similar to brownfield sites ranging from 0.2 to 1.0 ha these sites should be picked up in our housing capacity studies as they fall above the minimum size thresholds we currently apply for site assessment. It should be stressed that historically sites of this type are unlikely to have been allocated over the last ten year monitoring period (a time over which York did not have an adopted development plan) and, therefore, the total completions resulting on them reflect this and are undoubtedly inflated as a consequence. Sequentially brownfield sites are prioritised for development over Greenfield sites – the future projection of delivery from Greenfield sites of this size is deemed too risky and not recommended.	
	Medium Site (0.4 to 1.0 ha)	8.0	A downward trend in the supply of homes from these types of sites has been experienced over the last 10 years, whilst evidence shows that this trend has leveled out over the shorter term (last 5 years).	
	Large Site (>1.0 ha)	0.0	Sites of this type have not provided any homes over the last ten years and other than being identified through the allocations process are unlikely to come forward in future years. Sequentially brownfield sites are prioritised for development over Greenfield sites – the future projection of delivery from Greenfield sites of this size is deemed too risky and not recommended.	+
	Changes of Use & conversions	5.6	Over the last ten years, every year has provided housing completions from this source – the majority of which are agricultural building/barn conversions. As York is a combined urban/rural authority area this type of development is likely to continue if not increase as a result of the relaxation of permitted development rights currently being experienced and likely to continue as latest announcement that the relaxed permitted development rights have become permanent. a downward trend associated with this type of windfall type is evidenced over the last 10 monitoring years. However, a slight upward trend has been experienced over the shorter last 5 year period.	+
	Garden Infill Developments	59.7	NPPF (March 2012) specifically excludes garden infill developments from windfall allowances with paragraph 48 stating windfalls 'should not include residential gardens'	+

Symbol	Risk Level if Included Within Windfall
	No Risk – this position holds no significant risk for inclusion
	Very Low Risk – an extremely low risk is associated with the inclusion of this windfall type - our position should easily be defended if challenged
+	Low Risk – a low risk is associated with the inclusion of this windfall type. However, our position should be defensible if challenged
	Low to Medium Risk – the inclusion of this potential windfall holds a low/medium risk with a defensible reason for inclusion
+	Medium Risk – A balanced risk is associated with the inclusion of this type of windfall. It is probable that the inclusion is sound, however, there is no guarantee that under inspection this would be the case.
	High Risk – The inclusion of this windfall type carries a great risk and difficult to defend if under scrutiny
+	Very High Risk- significant risk is associated with the inclusion of this windfall type and extremely difficult to defend

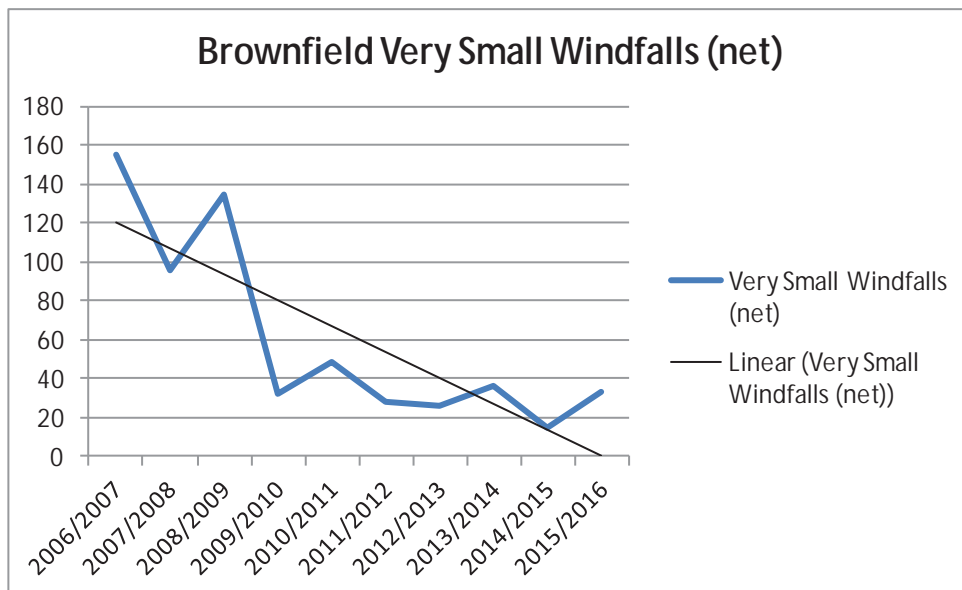


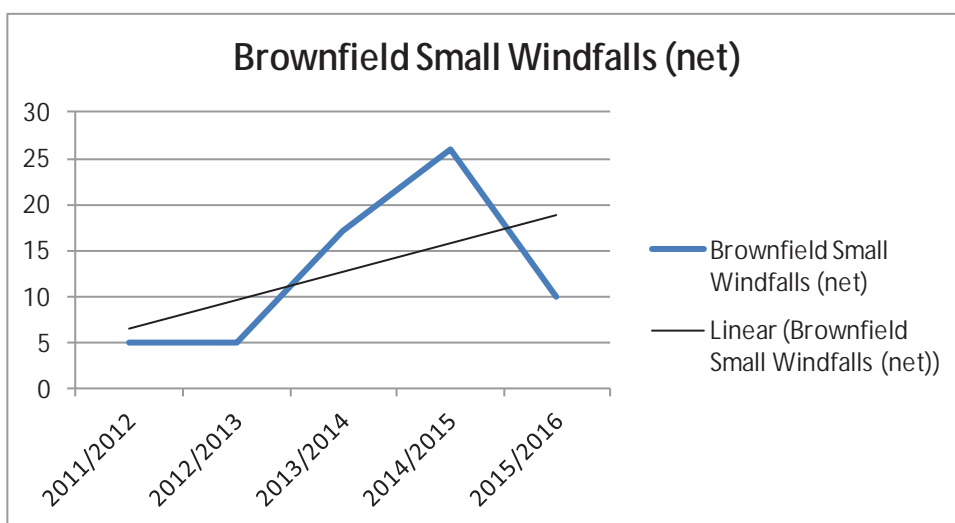
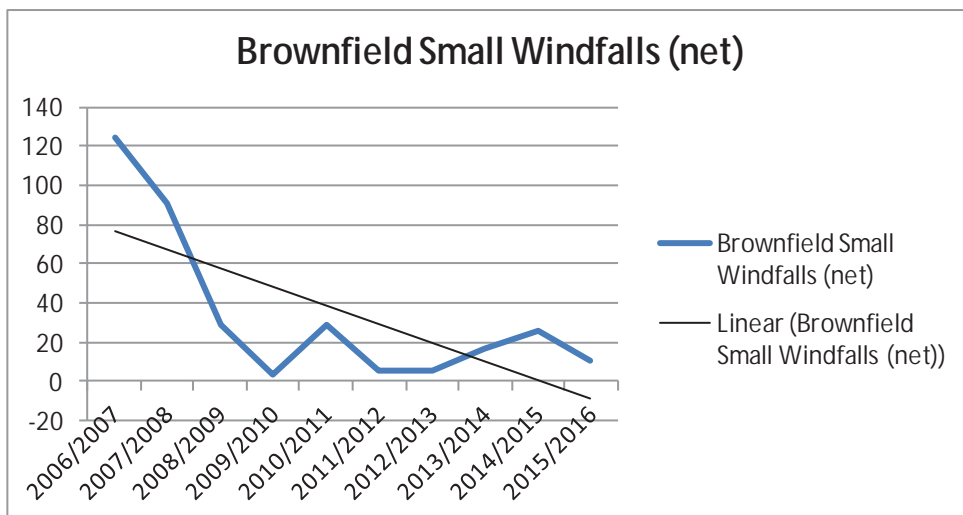
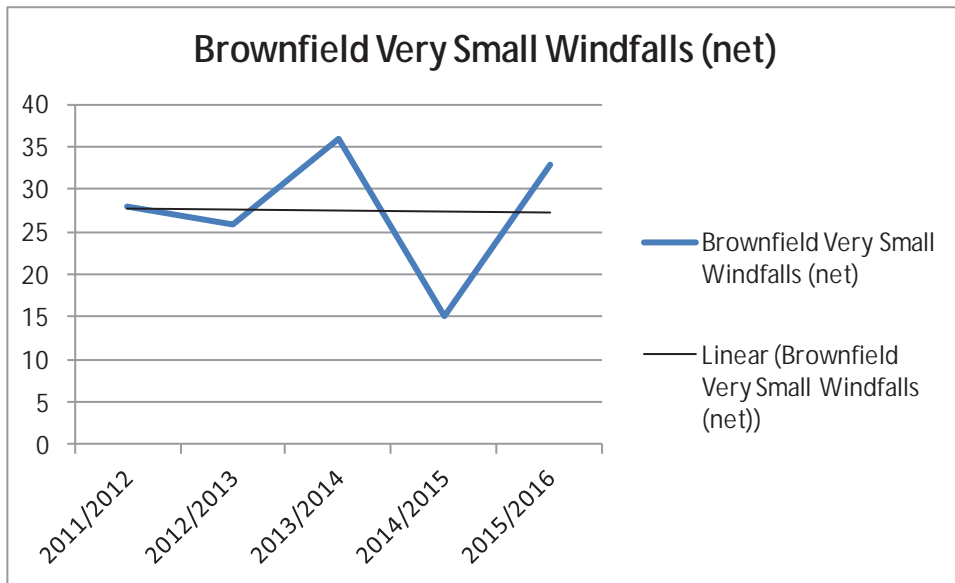
## Annex 2

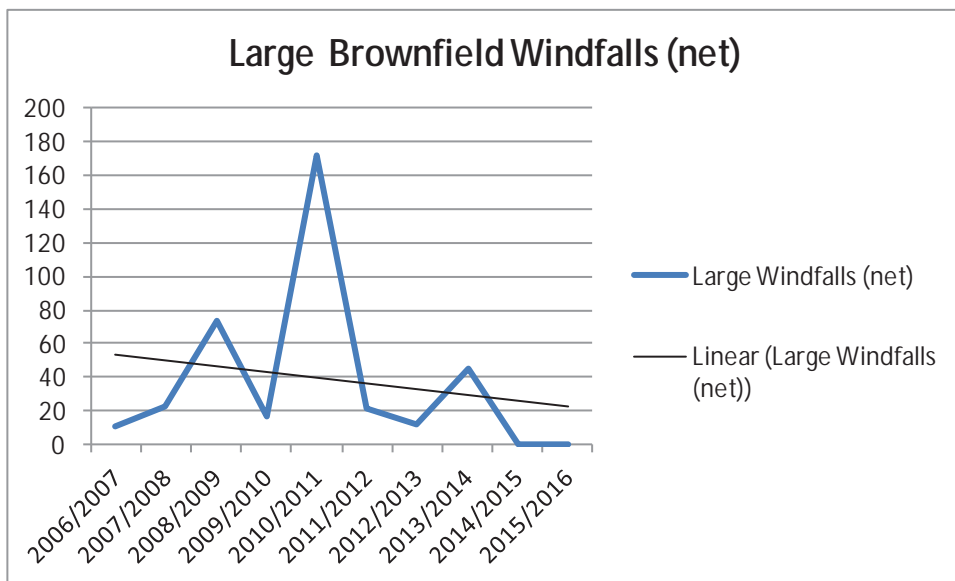
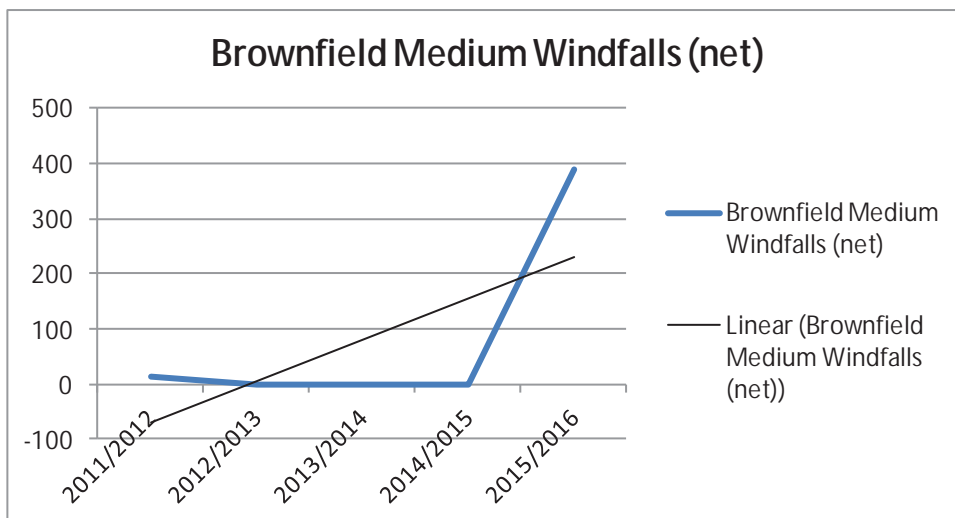
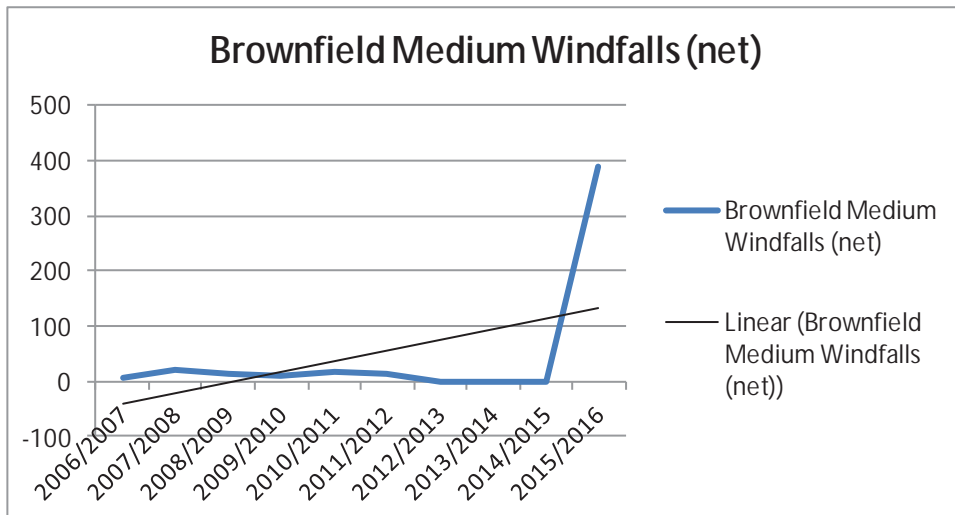
### Full Windfall Trend Analysis

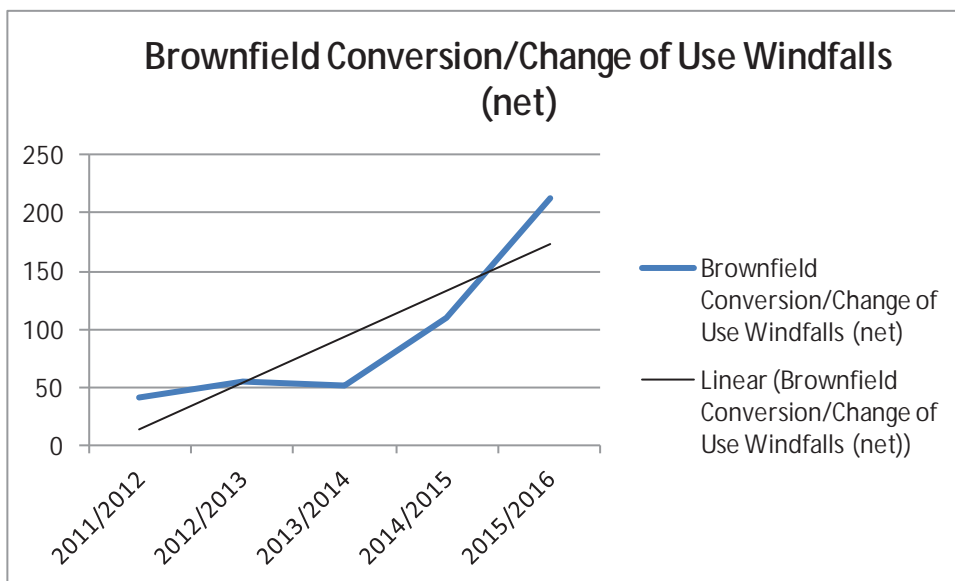
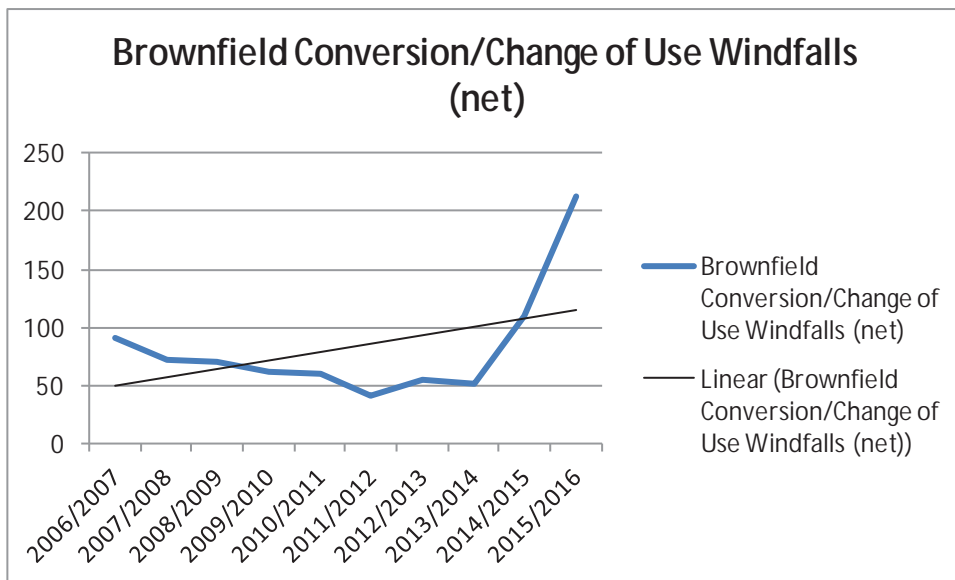
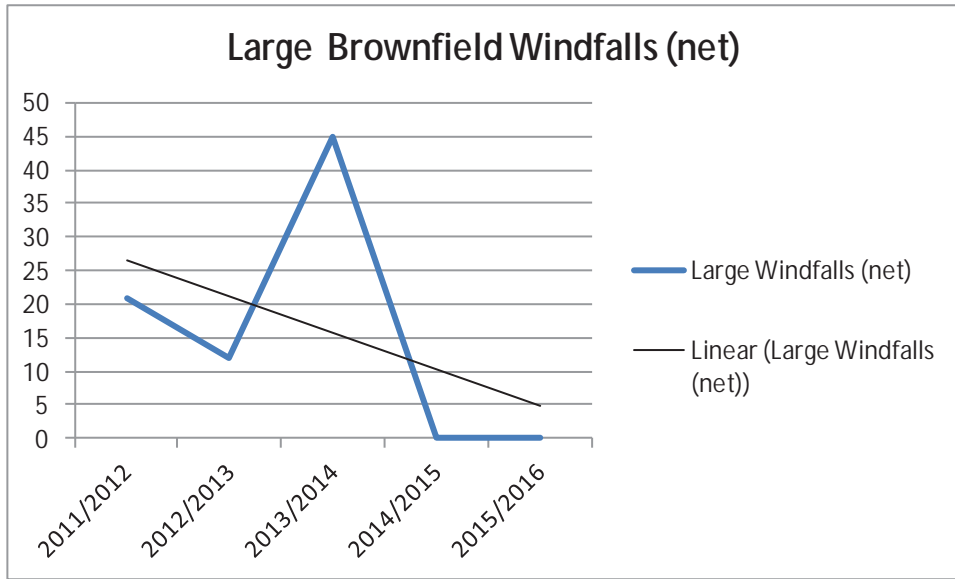
#### Brownfield Land Windfalls (2006-2016)

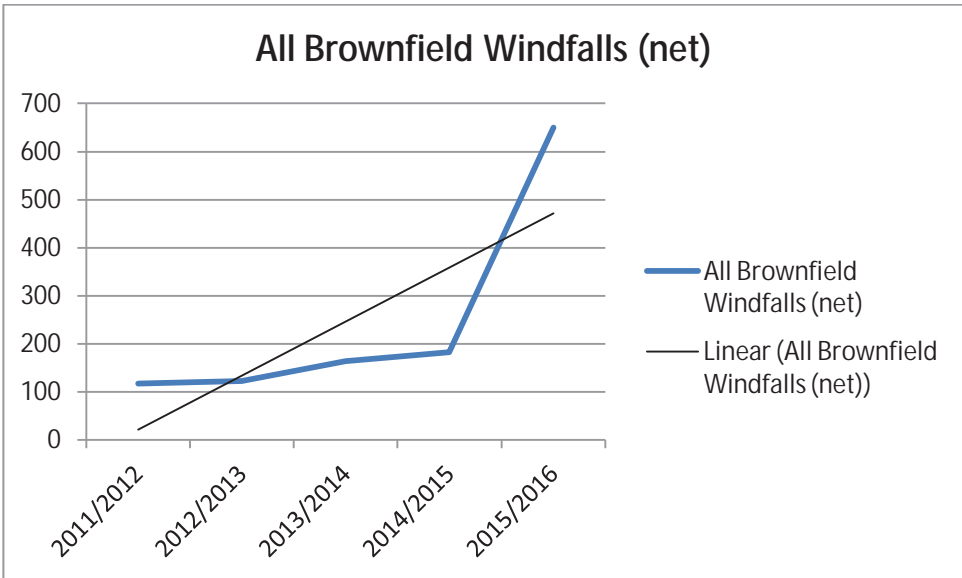
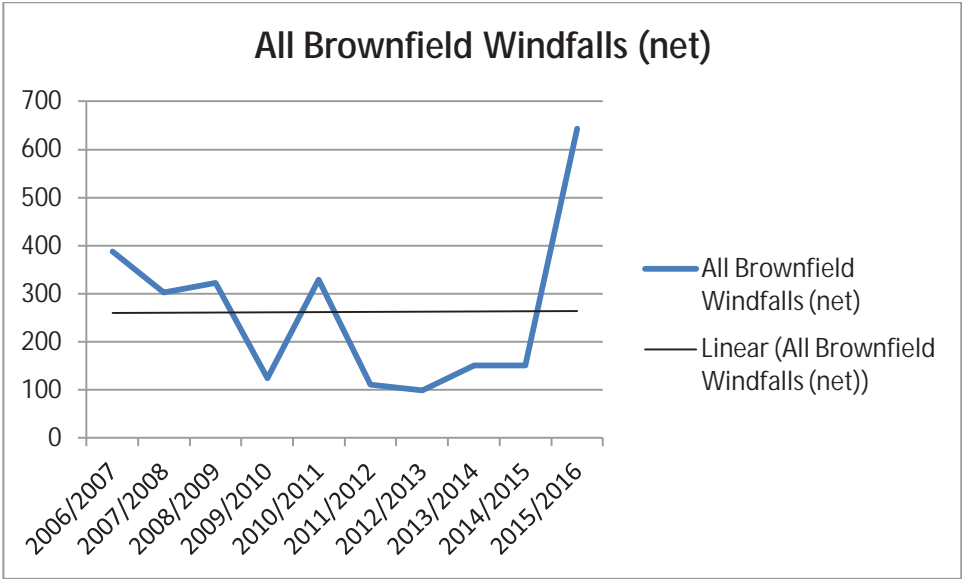
Year	Very Small Windfalls (net)	Small Windfalls (net)	Medium Windfalls (net)	Large Windfalls (net)	Conversions (net)	Total (net)
2006/2007	155	125	7	10	91	388
2007/2008	96	91	21	23	72	303
2008/2009	135	29	13	74	71	322
2009/2010	32	3	10	17	62	124
2010/2011	49	29	19	172	60	329
2011/2012	28	5	15	21	41	110
2012/2013	26	5	0	12	55	98
2013/2014	36	17	0	45	52	150
2014/2015	15	26	0	0	110	151
2015/2016	33	10	389	0	212	644
<b>Totals</b>	<b>605</b>	<b>340</b>	<b>474</b>	<b>374</b>	<b>826</b>	<b>2619</b>





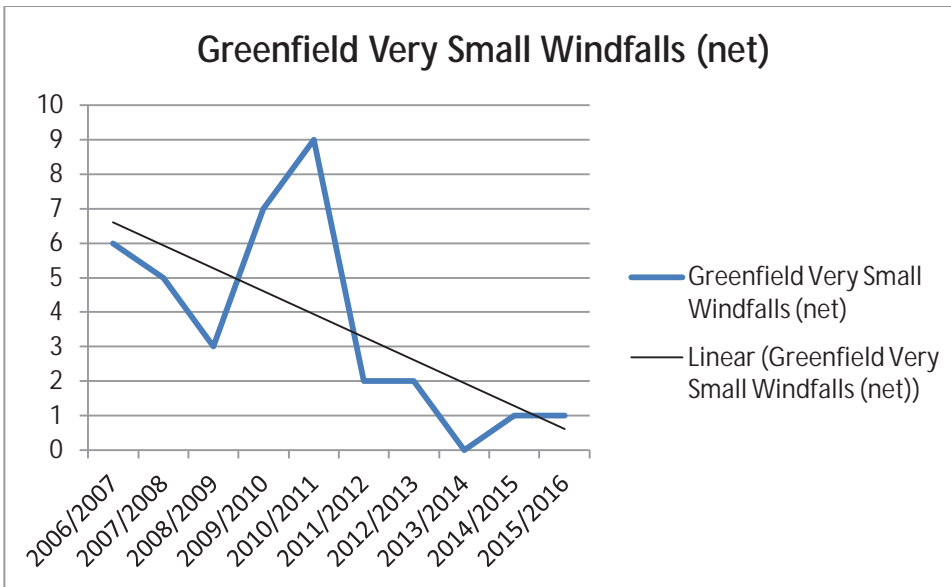


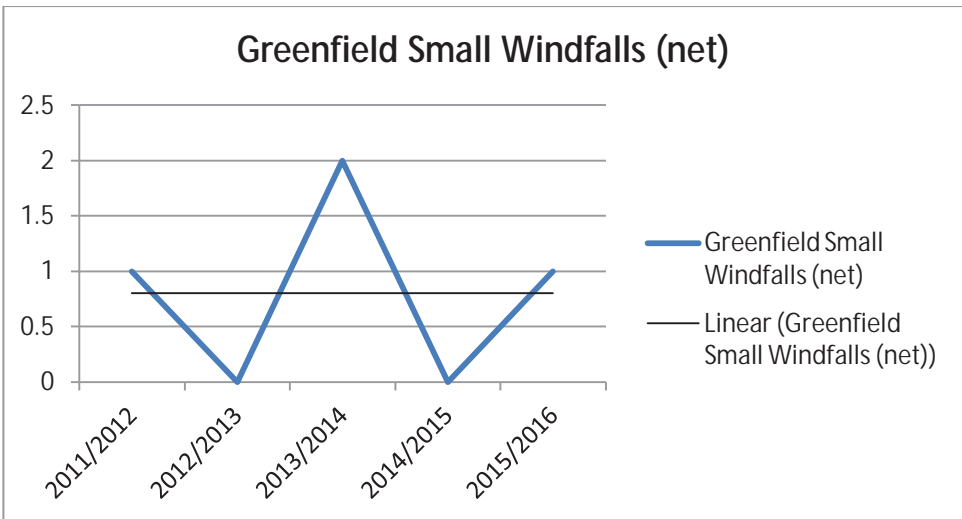
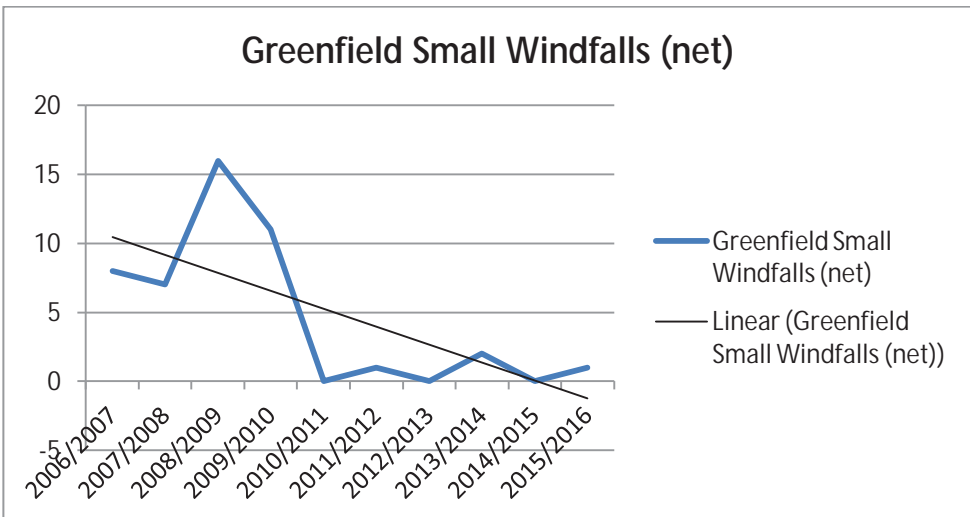
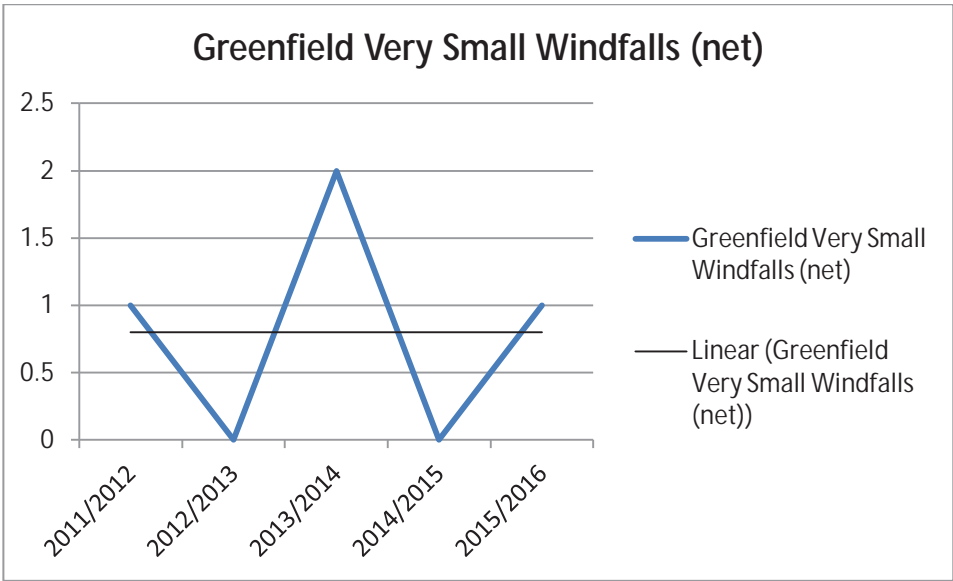


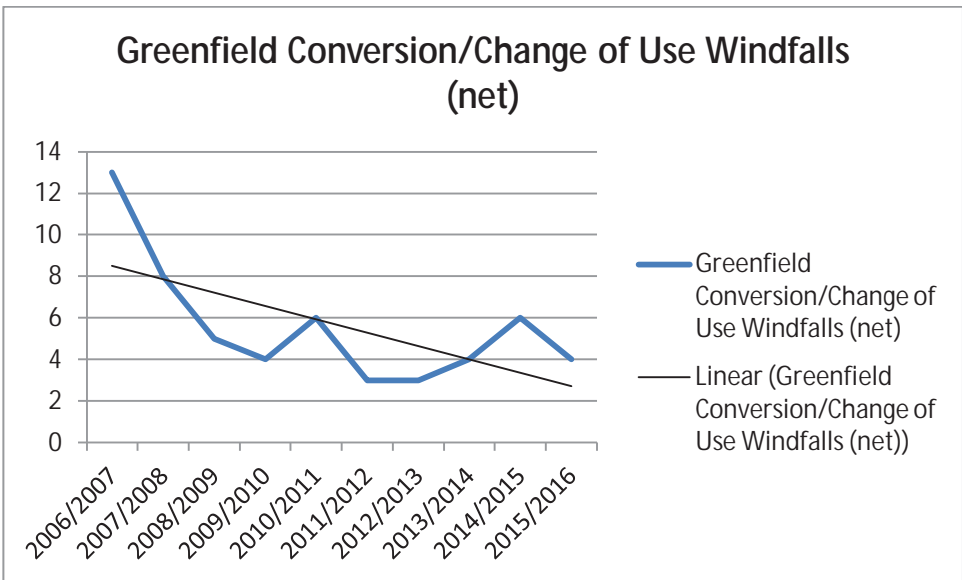
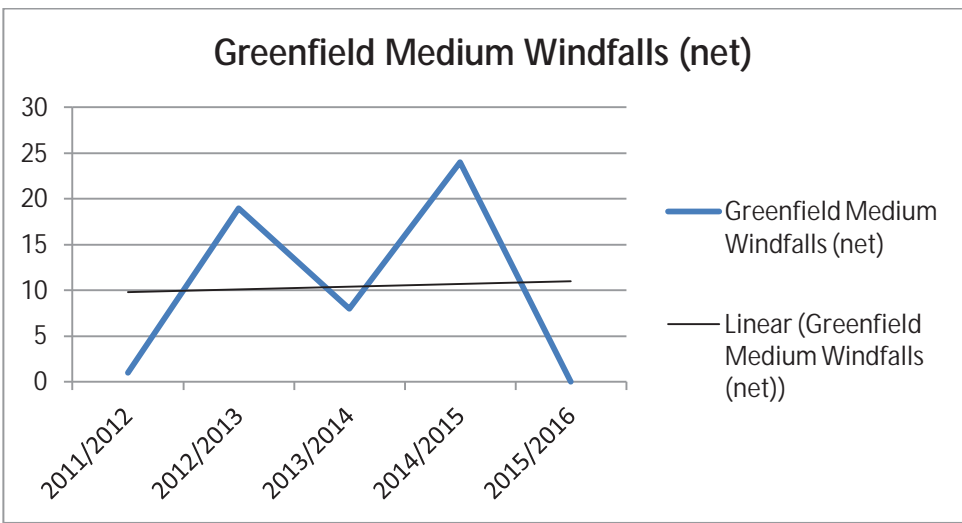
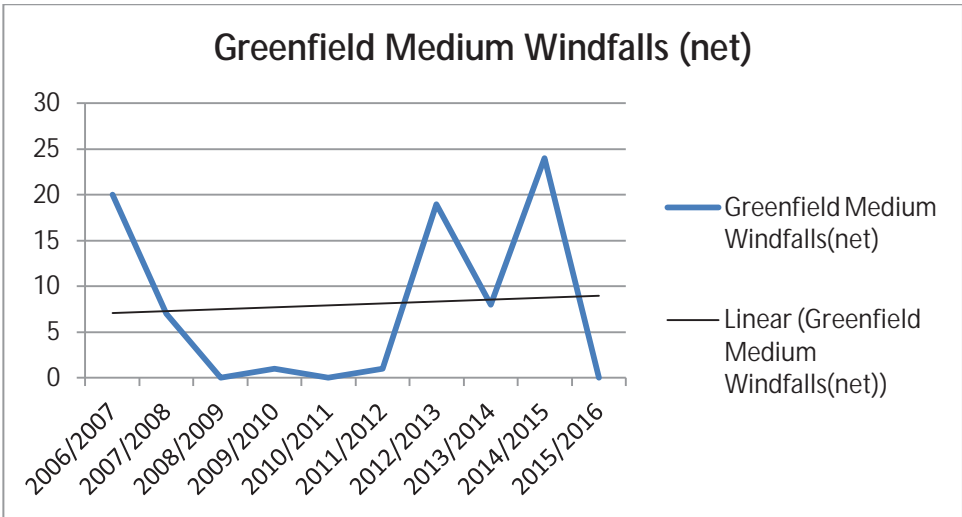


## Greenfield Land Windfalls (2006-2016)

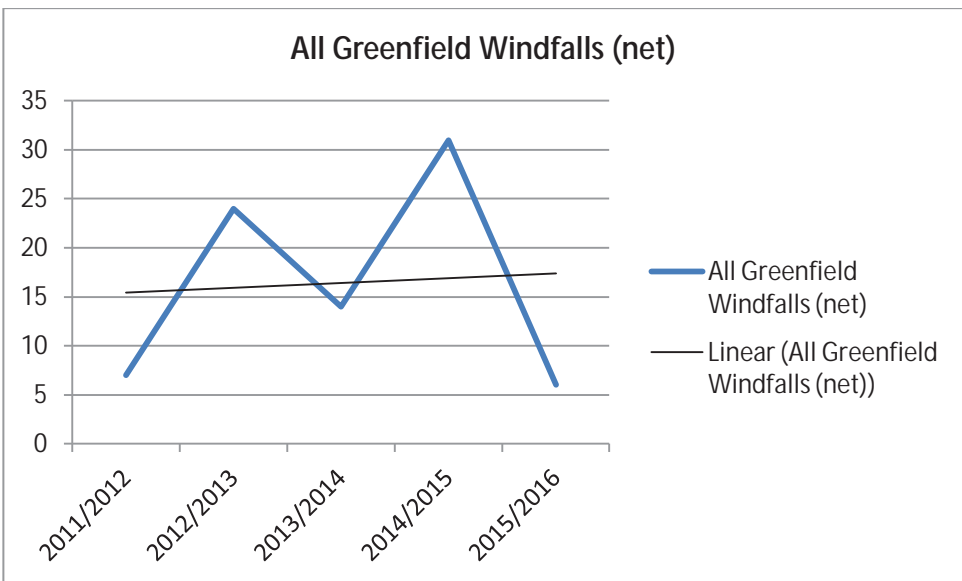
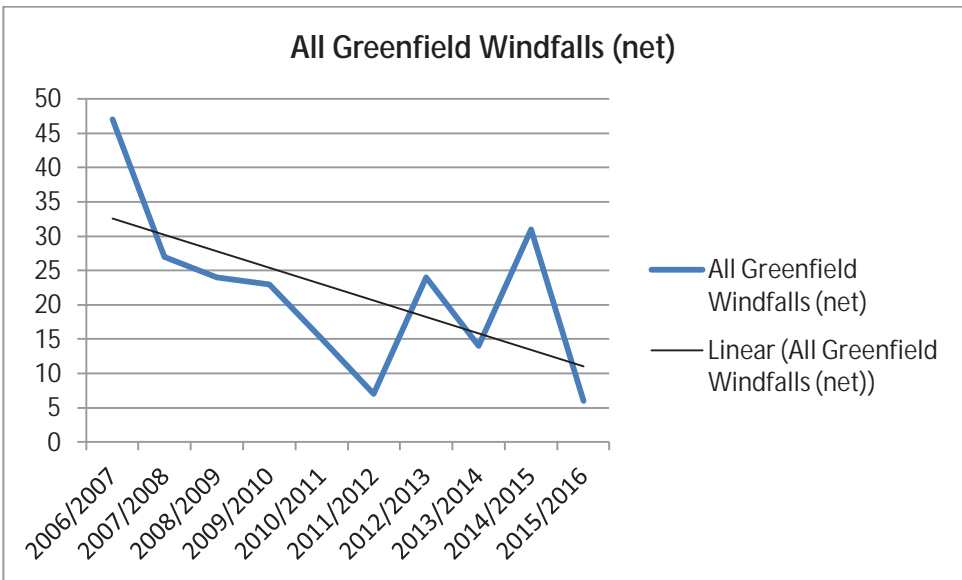
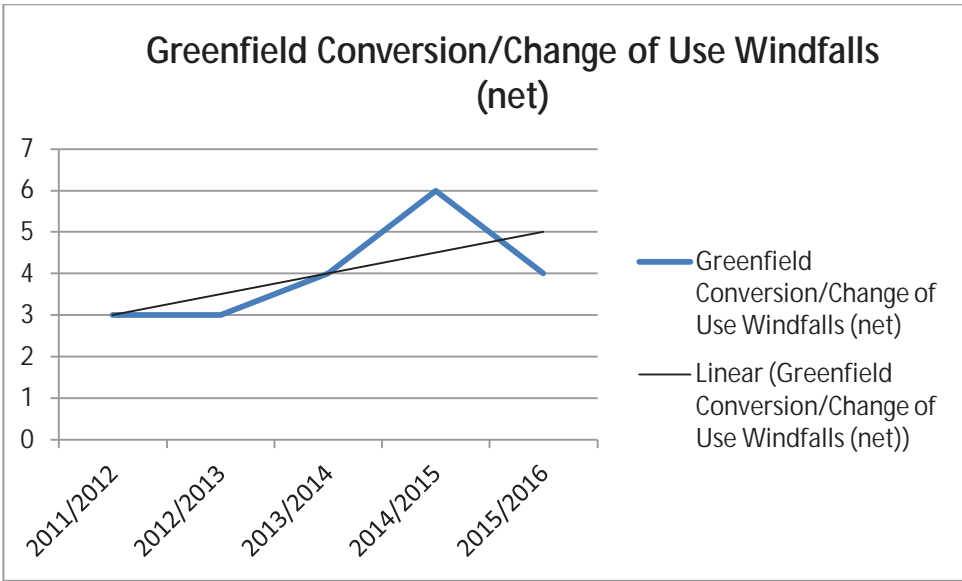
Year	Very Small Windfalls (net)	Small Windfalls (net)	Medium Windfalls (net)	Large Windfalls (net)	Conversions/Change of Use (net)	Total (net)
2006/2007	6	8	20	0	13	47
2007/2008	5	7	7	0	8	27
2008/2009	3	16	0	0	5	24
2009/2010	7	11	1	0	4	23
2010/2011	9	0	0	0	6	15
2011/2012	2	1	1	0	3	7
2012/2013	1	0	19	0	3	23
2013/2014	0	2	8	0	4	14
2014/2015	2	0	24	0	6	32
2015/2016	1	1	0	0	4	6
<b>Totals</b>	<b>36</b>	<b>46</b>	<b>80</b>	<b>0</b>	<b>56</b>	<b>218</b>











## Combined Brownfield and Greenfield Windfalls (2006-2016)

Year	Very Small Windfalls (net)	Small Windfalls (net)	Medium Windfalls (net)	Large Windfalls (net)	Conversions (net)	Total (net)
2006/2007	161	133	27	10	104	435
2007/2008	101	98	28	23	80	330
2008/2009	138	45	13	74	76	346
2009/2010	39	14	11	17	66	147
2010/2011	58	29	19	172	66	344
2011/2012	30	6	16	21	44	117
2012/2013	28	5	19	12	58	122
2013/2014	36	19	8	45	56	164
2014/2015	16	26	24	0	116	182
2015/2016	34	11	389	0	216	650
<b>Totals</b>	<b>641</b>	<b>386</b>	<b>554</b>	<b>374</b>	<b>882</b>	<b>2837</b>

