

WILTSHIRE COUNCIL - 8 APRIL 2019

WILTSHIRE HOUSING SITE ALLOCATIONS PLAN EXAMINATION NOTE

WINDFALL ALLOWANCE

1. Introduction

- 1.1 This note has been prepared at the request of the Inspector following discussion at the hearing sessions on the above Plan. It provides clarification on the windfall method used by the Council and sets out the implications of the findings of the Inspector in the Alderbury appeal decision (APP/Y3940/W/18/3200041), who considered an earlier method to be more robust.
- 1.2 The Council include a windfall allowance for each of its Housing Market Areas (HMA) in its housing land supply trajectory in accordance with paragraph 48 of the 2012 National Planning Policy Framework (NPPF). It represents delivery anticipated from future permissions on brownfield windfall sites only. Although it is recognised that windfall from greenfield sites has, and continues to deliver housing, it is not included in the Council's allowance.
- 1.3 The current method is different from the windfall allowance that was included in the 2014 Housing Land Supply Statement, which was the housing land supply position assessed by the Wiltshire Core Strategy Inspector. Following the Wiltshire Core Strategy Inspector's Final Report, the Council amended its windfall allowance calculation to a more robust one, as the method to establish a Large site allowance for future windfall capacity was not considered to be reliable.
- 1.4 The allowance used up to and including the 2014 housing land supply position (hereafter 'Method 1') was formed of two components: (i) Small site allowance which comprised an annual trajectory for the remainder of the plan period; and (ii) Large site allowance for the forthcoming 5 years.
- 1.5 Three different methods had originally been devised in the 2014 Housing Land Supply Statement, with the Council at that time electing to use 'Method 1' in its housing land supply. This was the version that was before the Wiltshire Core Strategy Inspector when he issued his Final Report (WCO.11) on 1 December 2014. The Inspector's Report commented on the Council's windfall allowance within its 5-year housing land supply, specifically at paragraph 97, as follows:

"...the Council promulgates three methods of calculating windfall allowances all of which have some credibility and which produce a county wide five year range of housing delivery between 940 and 2713 homes. The Council has elected to take a conservative estimate of likely windfalls yet the evidence is sufficiently compelling to suggest that the likely rate of housing delivery on such sites, both large and small, will be greater."
- 1.8 In the light of the Inspector's conclusions the Council revised its approach in the 2015 Housing Land Supply Statement using a less conservative method. Both approaches are considered in more detail below.

2. Windfall allowance up to and including the 2014 housing land supply position

2.1 The windfall allowance that was included in the 2014 Housing Land Supply Statement was the one assessed by the Wiltshire Core Strategy Inspector in his Final Report, known as **Method 1**. This allowance was calculated as follows:

(i) Small sites (= <5 units)

Step 1: Small sites (5 units or less) on brownfield land that achieved permission in the 2009 - 2012 monitoring period were identified and an average number of permissions per year calculated by HMA.

Step 2: Small site permissions on brownfield land from 2001 to 2008 were analysed during 2012 to ascertain in which year following permission the units on these sites were completed, and from this a delivery rate was calculated.

Step 3: The delivery rate from Step 2 was then applied to the small site permissions in Step 1 to cater for lapsed permissions and non-implementation to produce a small site allowance.

(ii) Large sites (>5 units)

For sites over 5 units the capacity of sites in the 2012 Strategic Housing Land Availability Assessment that were 'assumed deliverable' was calculated and this figure used as a proxy for windfall delivery in the forthcoming 5 years.

Sites that met the definition of 'assumed deliverable' were based on the following criteria:

- not allocated in an adopted or emerging development plan;
- not permitted;
- having a capacity of over 5 dwellings after strategic constraints were applied;
- brownfield land;
- within a defined settlement boundary; and
- in single ownership, or in multiple ownership with a confirmed agreement to develop (this criterion was used as sites without ownership restrictions can typically be delivered more quickly).

2.2 This method produced a windfall trajectory that formed the windfall allowance for each HMA. The trajectory for the South Wiltshire HMA, as shown in Appendix 1 of the 2014 Housing Land Supply Statement (HLSS01), is set out below in Table 1. The equivalent tables for the East HMA and North & West HMA are shown in **Appendix 1 and 2** of this paper respectively.

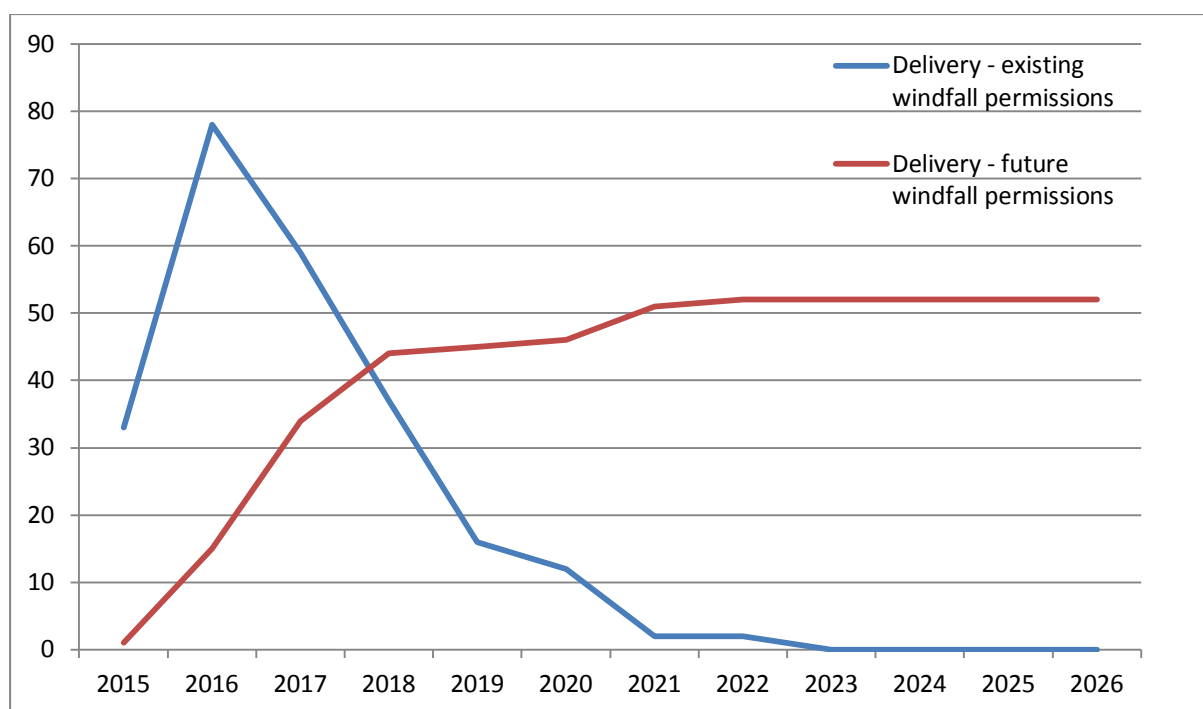
Table 1: Method 1 - South Wiltshire HMA

	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	TOTAL
Small sites	1	15	34	44	45	46	51	52	52	52	52	52	496
Large sites	91												91
TOTAL													587

2.3 The Small site windfall allowance is made up of new permissions on brownfield sites and, as such, delivery builds up over time as more permissions are granted each year. This is explained in more detail in Appendix 5 of the Council's 2017 Housing Land Supply Statement (HLSS05). This can be considered alongside the delivery from existing windfall sites that already have planning permission; and the combined effect is illustrated in Graph 1 below.

2.4 The equivalents for the East HMA and North & West HMA are shown in Appendix 1 and 2 respectively.

Graph 1: Overall windfall delivery – South Wiltshire HMA



3. Windfall allowance from 2015 housing land supply position to present

- 3.1 In the light of the findings of the Wiltshire Core Strategy Inspector, the Council carried out analysis of whether the Method 1 approach was reliable. The allowance for 'small windfall sites' had used planning permissions from April 2009 to March 2012, thus reflecting permissions over a relatively short period and during a period of economic recession.
- 3.2 For 'large windfall sites' the Council assessed the capacity of 'assumed deliverable' SHLAA sites and compared it against actual delivery. This found that during the Wiltshire Core Strategy period to 2015 (2006-2015; 2015 being to date at the time of analysis), SHLAA sites¹ had contributed only **7.2%** of all windfall completions (401 of 5581). This indicated that an approach of using SHLAA sites was under-estimating the potential future supply when compared to actual data. As such it was considered using the SHLAA as a proxy for potential future delivery was unlikely to be a reliable method of predicting future delivery.
- 3.3 The Council therefore revised its windfall allowance to one that used a method based on historic delivery rather than SHLAA sites. This revised allowance is based on the original alternative method known as 'Method 3' in the 2014 Housing Land Supply Statement and has been renamed 'Method A' in subsequent Housing Land Supply Statements. It uses the number of permissions across the period from 2009 to the latest year (currently 2017) to produce an annualised average to which a delivery rate is applied. This is considered to be a more realistic assessment of future delivery as it represents the lower number of permissions granted during the economic recession period as well as the gradual improvement in permissions during years of recovery up to the present. It therefore better reflects up to date evidence.
- 3.4 This method produced a windfall trajectory for each HMA. The trajectory for the South Wiltshire HMA in the 2017 housing land supply position is shown below in Table 2 (figures for Small and Large windfall delivery have been shown separately for ease of comparison). The equivalent tables for the East HMA and North & West HMA are shown in **Appendix 1 and 2** respectively.

Table 2: Method 3 (now Method A) - South Wiltshire HMA

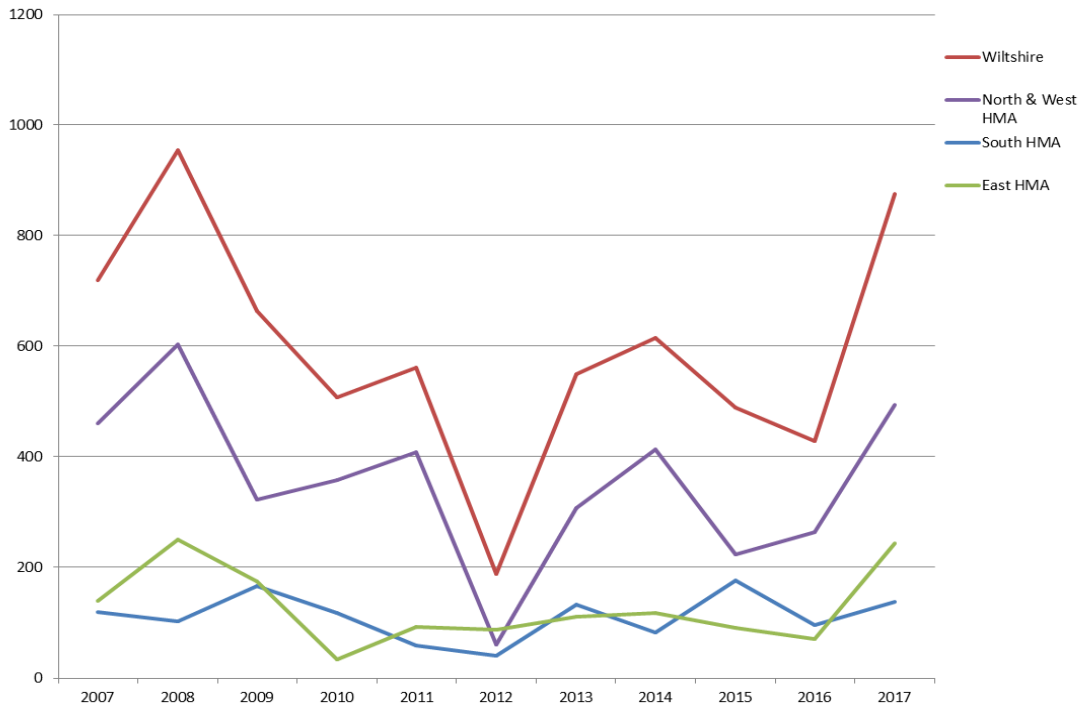
	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	TOTAL
Small sites	7	24	35	40	42	43	47	47	47	332
Large sites	8	29	43	49	53	53	58	59	59	411
TOTAL	15	53	78	89	95	96	105	106	106	743

¹ Prior to SHLAAs being introduced, Urban Capacity Study sites were used

4. Comparison of the two windfall allowance methods

- 4.1 The two methods differ in scope. Method 1 provides a trajectory for Small sites for the whole of the plan period, but only provides a Large site allowance for the forthcoming 5-year period. The most recent assessment using this method covers the remainder of the plan period from 2014. Method 3 (now Method A) provides a trajectory for both Small and Large sites for the entire plan period and covers the period from 2017. Method 3 therefore better reflects the plan making period.
- 4.2 An assessment of the windfall allowance for years 1-5 was recently carried out in a Section 78 appeal at Land at Firs Road, Alderbury in the South Wiltshire HMA as part of the Council's 5-year housing land supply assessment which was in dispute.
- 4.3 Method 1 (shown in Table 1) was advanced by the appellants and shows delivery of 230 units in the immediate 5-year period. The Method 3 (shown in Table 2) used by the Council shows 330 units in the immediate 5-year period.
- 4.4 In his considerations of the 5-year windfall allowance, the Alderbury Inspector concluded that there was greater merit in using the Method 1, advanced by the appellant, which was based on the methodology assessed by the Core Strategy Inspector.
- 4.5 However, the Council has undertaken further analysis of that method (Method 1), which reveals that it significantly under-estimates windfall delivery. This is particularly relevant when assessing windfall from a plan making perspective as it fails to consider delivery beyond the immediate 5-year period on large windfall sites. There is no evidence to suggest that windfalls are declining or, for large sites, reducing to a point of non-delivery as Method 1 implies.
- 4.6 In the 2017 Housing Land Supply Statement (HLSS05) Appendix 5 provides detail on how the windfall allowance is calculated. Within Appendix 5:
 - Table A2 shows the average number of new brownfield windfall permissions by HMA.
 - Table A3 shows the delivery rate which shows which year following permission that a new brownfield site delivers housing.
 - Table A4 shows how the annual average number of windfall permissions are converted to brownfield windfall completions.
- 4.7 This calculation results in the year-by-year trajectory set out above in Table 1 for the Method 1 allowance, and Table 2 for the Method 3 allowance.
- 4.8 Chart 2, as set out in TOP/03C (page 15), shows actual brownfield windfall delivery in the Wiltshire Core Strategy period as follows:

Chart 2: Windfall completions



- 4.9 Although delivery has fluctuated from year to year, Chart 2 shows that since 2009 delivery has totalled on average approximately **100 units** per annum in the South Wiltshire HMA.
- 4.10 Delivery from Method 1 shown in Table 1 indicates that the point where windfall delivery from new permissions reaches a peak and levels out is after 8 years (2021/22 in this instance). At this point all existing permissions have been delivered or expired, and thus delivery from the windfall allowance forms the only source of windfall supply. Method 1 estimates windfall delivery at this point to be **52 units** per annum in the South Wiltshire HMA. This is significantly less than the approximate annual delivery of **100 units** per annum shown in Chart 2.
- 4.11 Delivery from Method 3 shown in Table 3 indicates that the point where windfall delivery from new permissions reaches a peak and levels out is also after 8 years (i.e. 2024/25 in this instance). At this point all existing permissions have been delivered or expired, and thus delivery from the windfall allowance forms the only source of windfall supply. Method 3 estimates windfall delivery at this point to be **106 units** per annum in the South Wiltshire HMA. This closely aligns with the approximate annual delivery of **100 units** per annum shown in Chart 2. This clearly shows that Method 1 is likely to significantly under-estimate the brownfield windfall potential in the later years of the plan period (i.e. from 2022/23).
- 4.12 The method of windfall allowance preferred by the Alderbury Inspector does not make any allowance for 'large sites' beyond 5-years being assessed. For plan making it is reasonable to consider windfall as a source of delivery to the end of the plan period.

- 4.13 Method 1 can be adjusted to relate to the rest of the plan period and allow for a like-for-like comparison to Method 3 to be made. To do this, sites in the SHLAA that meet the criteria set out in paragraph 2.2(ii) but are in multiple ownership or details that are unknown have been identified. As there is only a limited time remaining in the plan period from Years 6 to 9 and these sites are in multiple ownership or sites are ownership details are unknown, only half of the identified capacity has been included. The adjusted 'Method 1' trajectory for the South Wiltshire HMA is as shown below together with the SHLAA sites identified (as explained in paragraph 2.1 above, Large sites in this method are defined as more than 5 units):

Table 3: Method 1 (adjusted) - South Wiltshire HMA

	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	TOTAL
Small sites	1	15	34	44	45	46	51	52	52	340
Large sites	91					28				119
TOTAL	230					229				459

SHLAA reference	Site	Capacity
S1032	The Depot, Salisbury	19
S1035	Telephone Exchange	8
S225	Land at Brown Street Car Park, Salisbury	8
S226	Land at Salt Lane Car Park, Salisbury	7
S232	Land at the Old Swimming Pool, Salisbury	8
3026	Downton Motor Co, The Headlands	7

- 4.14 The estimated adjustment of 28 units from Large windfall sites in Years 6-9 of the plan would slightly increase overall delivery (by on average 7 units per annum) to **59 units** per annum. However, this is still significantly less than the average annual delivery of **100 units** per annum shown in Chart 2.
- 4.15 This shows that even with an adjustment for Large sites, Method 1 under-estimates delivery from brownfield windfall from Year 6 onwards. There is no evidence to suggest that large site windfall delivery is declining. To illustrate this, new planning permissions since 1 April 2014 have been identified in **Appendix 3** for the South Wiltshire HMA. This shows that in total permissions for 567 homes have come forward on 'Large windfall sites' in the South Wiltshire HMA in 4 years. It is also of note, that these sites are different to the original SHLAA sites identified as a proxy for 'large sites' in Method 1 thus reinforcing the point that SHLAA sites are not a reliable proxy to understand future supply.

5. Alternative 'adjusted' method

- 5.1 As has been demonstrated from further analysis, Method 1 significantly underestimates the windfall allowance and Method 3 is more robust. However, Method 3 would benefit from updating to take into consideration more recent implementation rates than those used in Table A3 of the 2017 HLSS; which are more realistic as they reflect recent economic conditions (i.e. 2008 to 2014 rather than 2001 to 2008). Like the delivery rate used originally in Method 3, the majority of delivery occurs within 8 years of permission; with 68% of permissions delivering within 5 years, and 72% within 8 years.
- 5.2 The resultant delivery rate is shown in Table 5 below, which is in the same format as that in Appendix A3 of HLSS05.

Table 4: Standard delivery rate 2008-2014

Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8
8.3%	21.2%	19.3%	15.2%	3.6%	2.8%	0.9%	0.3%

- 5.6 The resultant windfall trajectory from 2017 to 2026 for the South Wiltshire HMA using this approach is shown in Table 5 below. It shows a windfall allowance of **267** units for the forthcoming 5 years, and **616** units in all remaining years of the plan period.
- 5.7 As with the Council's current approach in estimating a windfall allowance it takes no account of greenfield windfall delivery. The windfall allowances for the East HMA and North & West HMA using this 'adjusted' method are set out in Tables 4 in **Appendix 1 and 2** respectively.

Table 5: Alternative 'adjusted' method - South Wiltshire HMA

	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	TOTAL
Small sites	5	16	27	35	37	38	39	39	39	275
Large sites	5	20	33	43	46	47	48	49	49	341
TOTAL	10	36	60	78	83	85	87	88	88	616

6. Conclusion

- 6.1 The evidence that was before the Alderbury Inspector was limited to an assessment of windfall delivery from the forthcoming 5-years from Method 1 and Method 3. The evidence regarding delivery across the remaining plan period, the Method 1 (adjusted) approach, the revised delivery rate and the Alternative 'adjusted' method, and evidence of recent windfall permissions in the South Wiltshire HMA were not presented to that Inspector.
- 6.2 It is the Council's position that the new evidence presented in this paper represents more up-to-date evidence and it is requested that the Inspector utilises this for the purpose of assessing the Wiltshire Housing Site Allocations Plan. It attempts to identify an adjusted figure for Method 1 (**459 units**) for the whole of the remaining plan period to provide a like-for-like comparison against the Method 3 (**743 units**).
- 6.3 The Council consider Method 1 to be considerably too conservative, and the alternative adjusted Method 1 to also under-estimate the likely delivery from windfall. It considers the Alternative adjusted method (**616 units**) which uses more recent evidence on delivery rates to be a more up-to-date and realistic reflection of brownfield windfall potential for the remaining years of the plan. In addition the use of more recent delivery rates better reflects the economic conditions that drive housing delivery.

APPENDIX 1: Equivalent tables for East Wiltshire HMA

Table A1.1: Method 1 - East Wiltshire HMA

	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	TOTAL
Small sites	1	8	18	23	24	25	27	27	27	27	27	27	261
Large sites	53												53
TOTAL													314

Graph A1.2: Delivery from existing Small site permissions – East Wiltshire HMA

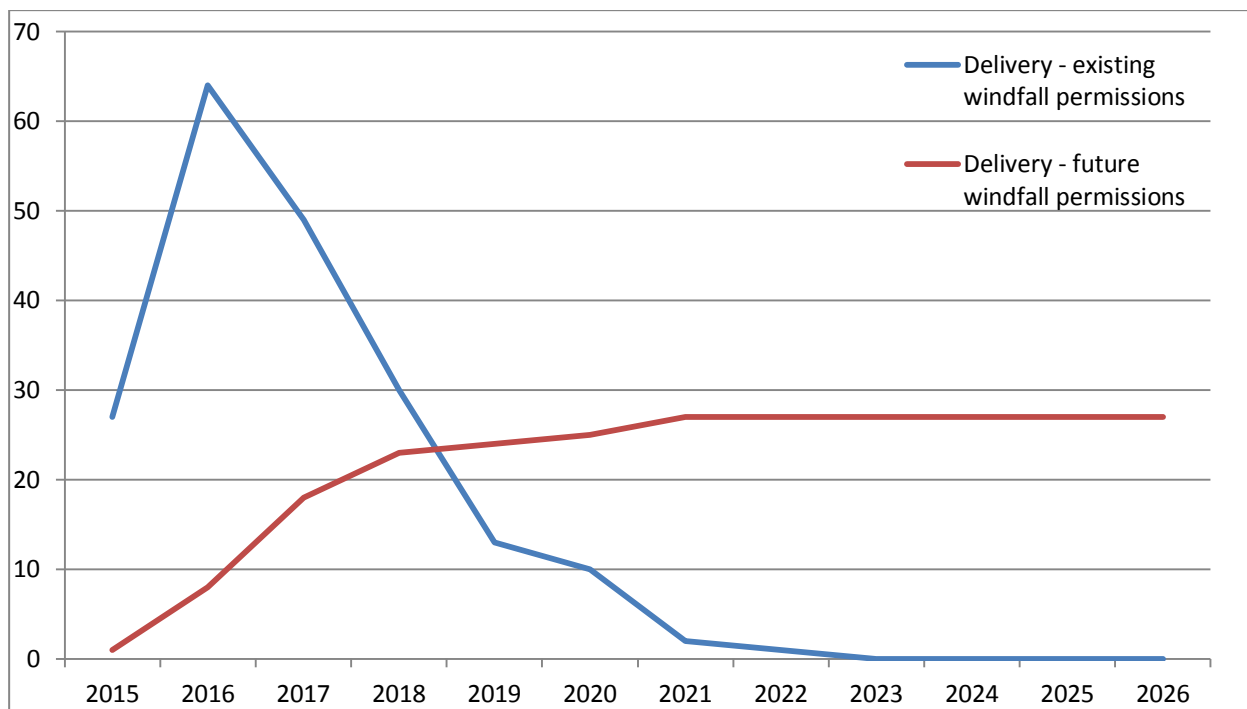


Table A1.2: Method 3 (now Method A) – East Wiltshire HMA

	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	TOTAL
Small sites	5	18	26	30	32	33	36	36	36	251
Large sites	12	41	60	69	73	74	80	81	81	572
TOTAL	17	59	86	99	105	107	116	117	117	823

Table A1.3: Alternative method – East Wiltshire HMA

	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	TOTAL
Small sites	3	12	20	26	28	29	29	30	30	207
Large sites	8	28	46	61	64	66	67	67	67	475
TOTAL	11	40	66	87	92	95	97	97	97	682

APPENDIX 2: Equivalent tables for North & West Wiltshire HMA

Table A2.1: Method 1 – North & West Wiltshire HMA

	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	TOTAL
Small sites	4	39	89	114	117	121	135	135	135	135	135	135	1294
Large sites	220												220
TOTAL													1514

Chart A2.2: Delivery from existing Small site permissions - North & West Wiltshire HMA

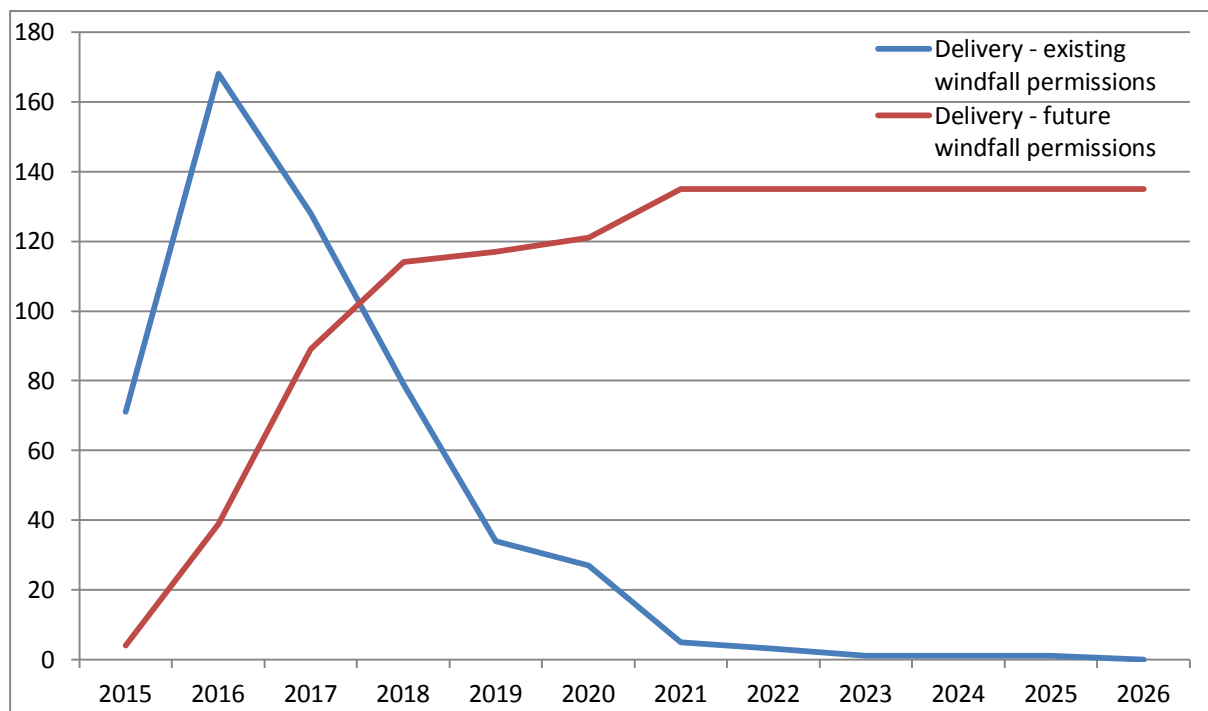


Table A2.2: Method 3 (now Method A) - North & West Wiltshire HMA

	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	TOTAL
Small sites	14	51	74	85	91	92	101	102	102	712
Large sites	30	107	157	180	191	194	212	213	213	1497
TOTAL	44	158	231	265	282	286	313	315	315	2209

Table A2.3: Alternative method – North & West Wiltshire HMA

	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	TOTAL
Small sites	10	35	57	75	79	83	84	84	84	591
Large sites	20	72	120	158	167	173	175	176	176	1237
TOTAL	30	107	177	233	246	256	259	260	260	1828

APPENDIX 3: South Wiltshire HMA – brownfield windfall permissions on Large sites since 1 April 2014

Site reference	Site address	Capacity	Approval year
S14.8119	194 Castle Street, Salisbury	8	2015
S14.1417	Shrewton Steam Laundries Ltd, High Street, Shrewton	9	2015
S13.7020	5 Wyndham Road, Salisbury	7	2015
S14.6221	Bulbridge Farm, Burcombe Lane, Wilton	9	2015
S14.9204	15-17 Middleton Road, Salisbury	12	2015
S17.0047	Land at Hillbrush Company Ltd, Woodlands Road, Mere	59	2015
S15.10374	Land adjacent 15 Butterfield Drive, Amesbury	10	2016
S15.1891	Our Lady of Heaven Church, Philip Road, Durrington	7	2016
S14.10042	Wiltshire & Dorset Bus Co Ltd, 8 Endless Street, Salisbury	47	2016
S15.6962	Land adjacent Hideaway Garage, London Road, Amesbury	12	2016
S15.0665	1 Fish Row, Salisbury	7	2016
S15.11698	Skylark Motor Services Ltd, The Ridge, Woodfalls	7	2017
S15.12156	A E P Steel Fabrications Ltd, Southampton Road, Petersfinger, Salisbury, Wiltshire	8	2017
S16.0550	23-25 Milford Street, Salisbury	10	2017
S16.5521	Former Souchez Nurseries, 86 Britford Lane, Harnham, Salisbury, Wiltshire	9	2017
S17.6209	Dolphin House 2 New Street, Salisbury	16	2018
S16.7192	E V Naish Ltd, Crow Lane, Wilton, Salisbury, Wiltshire	62	2018
S16.9919	Old Ship Hotel, Castle Street, Mere	10	2018
S16.11728	New Barn Farm, Squalls Estate Salisbury, Tisbury, Wiltshire	6	2018
S17.3957	UK House Complex including 79 and 89 Endless Street, Castle Street, Salisbury, Wiltshire	91	2018
S17.5198	First and Second Floors 38 High Street, Salisbury, Wiltshire	6	2018
S17.1897	2-8 Catherine Street, Salisbury, Wiltshire	7	2018
S17.11148	Harnham Telephone Repeater Station, Shaftesbury Drove, Salisbury	6	2018

Site reference	Site address	Capacity	Approval year
S17.3795	Scotts House, Salisbury Road, Downton, Wiltshire	17	2018
S17.0085	Land at Hillbrush Company Ltd, Woodlands Road, Mere	74	2018
S16.10838	Land Adjoining the Old Manor Hospital, Wilton Road, Salisbury, Wiltshire	51	2018