DEVELOPMENT DEPARTMENT

HOUSING LAND MONITOR 30 September 2008

1. PURPOSE OF REPORT

1.1 This is one of a twice yearly series of Monitors that summarise data on housing land need and supply in Leeds. Housing land policy has entered on a period of transition associated with the publication of updated Government guidance in November 2006 (PPS3 Housing), the gradual transition from the old unitary development plan system to the new Local Development Frameworks, and the review of the Regional Spatial Strategy, completed in May 2008 but already under further review. These changes complicate the stock-taking process, but the Monitor aims to chart the current position in housing land terms.

1.2 This edition of the Monitor is in four parts. It begins by summarising the changing policy context. The next section deals with the housing land requirement and performance against actual and emerging targets in recent years. Then the Monitor summarises the current stock of land available in planning terms, that is, land with planning permission or allocated for housing development. Finally, it looks at trends in the flow of planning permissions - the dynamics of land release. An assessment of the short term land supply to 2014 is available in a separate document ("5 year Housing Land Supply 2008-13 & 2009-14") and a longer term trajectory is in the LDF Annual Monitoring Report.

1.3 One of the key aims of the Monitor is to discharge the Council's obligation under policy H2 of the UDP Review to report on housing development and land supply, and to assess the implications of these trends for the housing land release mechanisms in the Plan. The Monitor also documents the brownfield land supply as support for the Council's policy of generally refusing applications to develop greenfield sites, introduced in July 2000 and now incorporated in UDP Review policy H4.

2. The Changing Policy Framework – general overview

2.1 The housing land policy framework remains in a state of transition. In development plan terms, there is now a two tier system, consisting of a Regional Spatial Strategy, which sets strategic goals for the region as a whole, and a series of Local Development Frameworks, which apply and develop these principles at Local Authority level. In Leeds, the LDF will replace the Unitary Development Plan – as its name implies, a single document covering all aspects of planning policy - with a portfolio of numerous more specialised policy documents subject in principle to more frequent alteration and review. It is an important function of both RSS and LDF to implement the new approach to housing land policy introduced in the updated version of PPS3 "Housing" published in November 2006.

2.2 At present, the relevant development plan documents for Leeds are the Yorkshire & Humber Plan – the Review of RSS adopted in May 2008 – and the Leeds UDP Review, adopted in July 2006. In housing land terms, RSS sets the dwelling requirement for Leeds, and also includes policies about housing land distribution, site selection, and other matters. Although so recently adopted, this plan is already under review, the prime purpose of which is to assess new recommendations on future levels of housing provision made by the National Housing & Planning Advisory Unit. The Regional Assembly is to publish proposals in response to these recommendations for consultation in November 2008.

2.3 Although the days of the UDP Review are numbered, it will remain in force for the some years to come. Under the Planning & Compulsory Purchase Act 2004, existing UDP policies are automatically "saved" for at least 3 years from the commencement date of the Act, or the date of adoption of the plan, whichever is the later, but Planning Authorities may also apply to extend this period. The main housing policies of the UDP Review (H1-H4) were all modified in the review and thus remain in operation until July 2009, three years after the date of adoption. However, this deadline will need to be extended further to allow time for successor LDF documents to be prepared.

2.4 Although these arrangements prolong the life of saved policies, there will be a tendency for them to wither on the vine. The Secretary of State points out that "where policies were adopted some time ago, it is likely that material considerations, in particular the emergence of new national and regional policy and also new evidence, will be afforded considerable weight in decisions".

2.5 Chief amongst the new LDF documents required is the Core Strategy, which performs a similar role within the District to RSS within the region – namely to set out the spatial vision and core development principles. The Core Strategy is supplemented by Area Action Plans, which set out development proposals for areas of change; thematic policy documents dealing with specific aspects of policy such as housing or greenspace; and a battery of further documents providing supporting evidence or offering supplementary planning guidance.

2.6 The latest target dates for the adoption of these successor documents are set out in the Local Development Scheme – essentially the local authority's project plan for the LDF. The 2007 edition of the Local Development Scheme – which sets out the Council's project plan for the LDF – has a target date of mid 2011 for the adoption of the Core Strategy. Four Area Action Plans are scheduled for adoption between December 2009 and mid 2010. Thematic policy documents on housing, greenspace, and employment are very provisionally earmarked for possible adoption in 2013. These timings suggest that UDP Review housing policies will also need to be extended beyond July 2009. If not, there could be a policy vacuum for two or three years after that date.

Housing Land policy summary

PPS3 Housing

2.7 The national housing land policy context is provided by PPS3 "Housing", which was substantially revised in November 2006. The principal aim of PPS3 is to increase the supply of housing and make it more affordable by adopting a more responsive approach to land supply at the local level. A step-change in the scale of housing delivery is sought. At the same time, the policy aims to extend home ownership, provide a wide choice of new homes and promote sustainable, mixed communities. A mix of housing in terms of price, type and tenure is sought.

2.8 In order to achieve these objectives, planning authorities have to identify "broad locations and specific sites that will enable continuous delivery of housing for at least 15 years from the date of adoption" of the relevant policy document, in line with RSS requirements. This is to include a supply of specific sites capable of delivering housing for the first 5 years of this period (para 54) and a similar supply for the next 5 years (para 55). The use of windfall allowances, although clearly not favoured, is not absolutely ruled out (para 59, Annex C). For the final 5 years, broad locations for future development can be indicated if specific sites cannot be identified.

2.9 In order to assist in the identification of a 15 year supply, and to help determine how much additional land might be needed and where it might be found, planning authorities are required to undertake Strategic Housing Land Availability Assessments (SHLAAs). CLG published guidance on how to do these in July 2007. Assessments are intended to be collaborative ventures, a cross between the old Joint Housing Land Availability Studies and the more recent Urban Capacity Studies. It is clear that they are substantial, time-consuming pieces of work.

2.10 Once identified, the 15 year supply has to be set out as a base-line trajectory in an appropriate DPD, which has then to be updated annually in the LDF Annual Monitoring Report. Policy documents are to put in place a framework for land release explaining how the supply will be managed in order to secure the delivery of the required number of dwellings. This framework should specify actions to be taken when output deviates from the planned level by defined amounts.

2.11 Particular importance attaches to the rolling supply for the upcoming 5 years. This has to be considered right away, before LDF policies are in place. Planning Authorities are asked to "assess and demonstrate the extent to which existing plans" already provide such a supply. If there is not a 5 year supply, "they should consider favourably planning applications for housing", subject to qualifications listed in para 69. In March 2007, CLG issued further guidance on how interim 5 year supply assessments should be done.

2.12 It remains the priority to provide housing on previously developed sites. Targets are to be set in development plan documents, monitored in trajectories, and applied in management policies. However, the formal sequential approach to land release in the 2000 edition of PPG3 has been abandoned. The unstated implication appears to be that overall provision should not be subordinated to the pursuit of brownfield targets.

2.13 PPS3 is expected to be implemented via LDF policy documents. As indicated above, these will emerge progressively over the next 3-5 years, so that it will be some time before the new approach will be fully in place. However, a separate report is available on the current 5 year land supply, and a formal SHLAA was begun in September 2008. This is expected to be concluded next year.

RSS Housing Land policy

2.14 Revised RSS ("The Yorkshire & Humber Plan") was adopted in May 2008. For Leeds, policy H1B calls for the delivery of average net annual additions to the housing stock of 2260 units 2004-8 and 4300 units 2008-26. These are estimated (on the basis of average clearance rates 1999-2004) to be equivalent to gross housebuilding rates of 2700 and 4740. The new rates are substantially higher than former policy, which required 1930 dwellings a year gross. The post 2008 figure is a step change in output, equivalent to nearly two and a half times the former rate.

2.15 This very large increase in provision is related not only to projected population and household growth, but to the perceived need to support the economic growth of the city, which is expected to continue to be strong. A large increase in housing stock is regarded as necessary to meet these growing needs and to reduce the need for more and longer distance commuting.

2.16 RSS recognises that it is unlikely to be possible to adjust to these very much higher figures immediately. Policy H1B indicates that delivery of the increase should take account of indicative timing set out in Table 12.2. This table identifies Leeds as one of a number of areas where annual growth is likely to rise from below the 2008-26 average to above it. It is considered that the implication underlying these provisions is that the step change in output is unlikely to be deliverable except as a result of a complete overhaul of housing land policy in the LDF.

2.17 There is also a strong spatial dimension to RSS. The Core Approach indicates that provision should be concentrated in the main cities and principal towns, with local service centres playing a much lesser role (policies YH4-6). In Leeds this means that most provision should be in the main city area of Leeds itself and Wetherby (the only principal town so far defined – although others could be added). In identifying sites, the priority is brownfield sites within cities and towns, then other infill sites within these areas, and finally extensions (YH7). LCR1.E envisages growth being encouraged in the south of Leeds, but managed in the north, with a particular concentration on the Aire Valley, East Leeds and the Bradford-Leeds Corridor. It is expected that in the early part of the plan period, housing provision will focus on existing allocations and already identified urban potential in cities and towns, with further re-modelling of the main urban areas in the middle years, and urban extensions only possibly becoming necessary later (Table 2.2). In the long term, a strategic review of the West Yorkshire Green Belt may also be needed (YH9). A brownfield target of 65% is prescribed for the region as a whole (H2), but District targets are to be set in LDFs. In Districts with regional cities, delivery in excess of the regional average is likely to be achievable (para 12.22).

2.18 Regarding delivery, Policy H2 calls on planning authorities to complete SHLAAs by the end of 2008 (H2A), and to identify 5 and 15 year supplies in accordance with PPS3 (H2B). Delivery is to be managed where it falls outside acceptable ranges to be defined in LDFs, but housing targets should not be treated as ceilings – that is, presumably, if output exceeds target, efforts should not be made to restrain it provided that it remains consistent with the Core Approach (H2B).

2.19 Given the LDF timetable summarised above, it is clear that the new RSS Review requirement will have to be delivered within the framework of UDP Review policy for the next few years until LDF policies start to come into operation.

UDP/LDF policy

2.20 The UDP Review was adopted in July 2006. Its housing land policies were devised to be in conformity with the previous version of RSS , which required 1930 dwellings a year and were intended to cover the period 2003-16. However, RSS policy feeds directly into the UDP Review by virtue of policy H1, which obliges the plan to make provision for the annual average requirement identified in RSS. In principle, therefore, it is also now UDP policy to provide for 4300 dwellings a year post 2008, though whether this would apply down to 2026 is less clear.

2.21 In locational terms, the UDP Review aims to concentrate development on brownfield sites, chiefly in the Main and Smaller Urban areas. These areas consist of the main urban core of Leeds, including Morley, Rothwell, Pudsey, Horsforth and Aireborough as well as Leeds proper, together with the freestanding towns of Otley and Wetherby. These are broadly consistent with the Leeds urban area – interpreted as greater Leeds – and the Principal towns, which are the focus of the RSS Core Approach.

2.22 Around two thirds of the UDP land requirement is expected to be met from unallocated or windfall sites brought forward under policy H4. This policy permits residential development on unallocated sites within the Main and Smaller Urban areas or in otherwise demonstrably sustainable locations provided that the development is acceptable in sequential terms, is clearly within the capacity of existing or proposed infrastructure and complies with all other relevant UDP policies. Generally only brownfield sites are expected to be acceptable under this policy.

2.23 The remainder of provision is in the form of allocations grouped into three phases. The first phase consists mainly of brownfield sites available for development at any time and expected to be developed over the plan period. Two other phases consisting of greenfield sites are held in reserve for development as and when land supply from other sources becomes deficient. Although notionally assigned to 2008-12 and 2012-16 respectively, the timing of these phases in fact depends largely on how long requirements can be met from sites brought forward under policy H4.

2.24 The release of these later phases is to be determined mainly by reference to indicators of shortage. Chief of these will be if the average completion rate in the latest two years drops below 90% of the H1 requirement and if the supply of land – defined as unused allocations from the last phase plus outstanding permissions for dwellings on sites for 5 or more dwellings – amounts to less than a 2 years' supply at the required rate. However, the decision to release a phase will be taken after considering relevant land need and supply issues in the round, including changes in the policy context.

2.25 Under UDP Review policy, there is nothing to prevent housebuilding running well ahead of requirement, if developers are successful in finding viable sites. However, if output exceeds requirement by 40% or more over three years, and the stock of planning permissions exceeds a 6 year supply at the required rate, measures to restrain output will be considered. These would include an immediate windfall embargo and a review of the plan.

2.26 Although pre-dating PPS3, it is noteworthy that these mechanisms are compatible with the types of measure later proposed in PPS3 for managing land release, particularly paras 63-65.

3. HOUSING PERFORMANCE

3.1 Table 1 summarises recent housebuilding performance in the RSS period and in other periods of interest. The table gives gross and net data, but because of data limitations, net figures are only compiled by financial year and are not currently available before 2002. Gross data are available for all time intervals.

3.2 During 2004-8, RSS requires net increases of 2260 dwellings a year, or 9040 in total. Actual net output in this period has totalled 12972, 43% in excess of the requirement. This has been a period of buoyant housebuilding performance in Leeds. A combination of strong demand and abundant land supply has raised output to levels not seen in the city since the mid 1970s.

3.3 Growth of the housing stock has also been assisted by less than anticipated levels of dwelling loss. RSS assumed that 440 dwellings a year would need replacing, but the annual average rate of loss so far has been 254 dwellings. If this continues, it will moderate the gross housebuilding requirement in future years.

3.4 Linked with this buoyant output has been a very high proportion of brownfield development, which dates back to the introduction of the sequential test in the March 2000 edition of PPG3 and the Council's general embargo on greenfield development introduced in July of that year and still in force. Over 80% of development has been brownfield in every quarter since March 2002, and more recently the proportion has generally exceeded 90%. The slight drop in the brownfield proportion over the last year or so reflects production on the large Sharp Lane site, which is greenfield.

3.5 From April 2008, the formal RSS net requirement rises to the figure of 4300 dwellings a year which is to be achieved on average over the period 2008-26. This dramatic change of gear immediately casts recent performance in a new light. Were the average performance of 2004-8 to continue, it would be 25% short of target, instead of 43% above as it had been before. However, it needs to be remembered that RSS does not expect an immediate adjustment to the higher output figure (above para 2.16), so that in the early years after 2008 output below the long term average is not necessarily a cause for concern. Moreover, the surplus built up over 2004-8 represents a “credit” which helps further to cushion the transition to the higher figure.

3.6 Prospects for maintaining output at recent levels in the immediate future are not good. This is not the place to enter into a lengthy discussion about the troubles of the housebuilding industry – it can simply be taken as read that the credit crisis has had a catastrophic effect on demand for housing, which seems certain to lead to drastic drops in construction throughout the country over the next year or two. It is too early to attempt to quantify the possible local impact, but trends in starts offer some guide. Over the last 5 years, gross housing starts in Leeds have averaged about 950 dwellings a quarter. In the quarter ending September 2008, only 266 new starts were recorded. If sustained, such a figure would eventually lead to cuts in output of at least two thirds.

3.7 It should be emphasised that this impending slump in output is industry wide and demand driven – it is not related to a shortage of land, and nor is it capable to any significant extent of being resolved by action to increase or vary the land supply. It is not a planning issue, but an economic issue, for which the prime remedies are an easing of credit restrictions and a return of confidence. These realities underline the need to accept that output cannot hope to match the post 2008 RSS requirement in the immediate future. It is unfortunate that there is no recognition in RSS of the possibility of such conditions arising, or of contingency plans to deal with them – it is just assumed that over the long run, periods of depressed output will be balanced by periods of boom.

TABLE 1 NET AND GROSS HOUSEBUILDING IN LEEDS					
	Gross Building			Housing	
Financial year	On PDL	% PDL	Total	Loss	Net Building
2004-5	2704	92	2924	291	2633
2005-6	3555	96	3694	258	3436
2006-7	3428	97	3538	211	3327
2007-8	3515	92	3833	257	3576
RSS period	**13202**	**94**	**13989**	**1017**	**12972**
Last 4 quarters					
Oct-Dec 2007	1004	92	1097		
Jan-Mar 2008	468	90	522		
Apr-Jun 2008	856	95	902		
Jul-Sep 2008	1119	95	1181		
Annual Averages (to 10/2008)					
Last 10 years	2564	87	2946		
Last 5 years	3375	94	3587		

Gross housebuilding includes new build completions plus the net gain from the conversion of existing dwellings and other formerly non-residential buildings to residential use.
PDL is previously developed land (brownfield).
Housing loss includes dwellings demolished or converted to non residential use.

Source : Leeds Development Department records

4. HOUSING LAND SUPPLY AT 30 SEPTEMBER 2008

4.1 This section summarises the outstanding capacity of land allocated or with planning permission for housing at 30 September 2008. Such land is commonly described as being available in planning terms. This capacity is summarised by UDP Review plan policy head in the table below. A full list of sites is given in Appendix 1. The table and schedule cover all outstanding allocations and permissions on sites for 5 or more new or converted dwellings. Outstanding dwellings include those under construction.

4.2 Capacities are as specified in planning permissions or as otherwise estimated. Capacity estimates take account of the density guidance contained in PPS3. Previous use is determined by reference to the guidance in Annex B of PPS3; in the few cases where the previous use was mixed, sites have been assigned to the majority use.

4.3 The table and schedule show outstanding capacity by planning status, development progress and previous use. H4 sites are split into those in the city centre, in the rest of the Main & Smaller urban areas (MUA) or elsewhere.

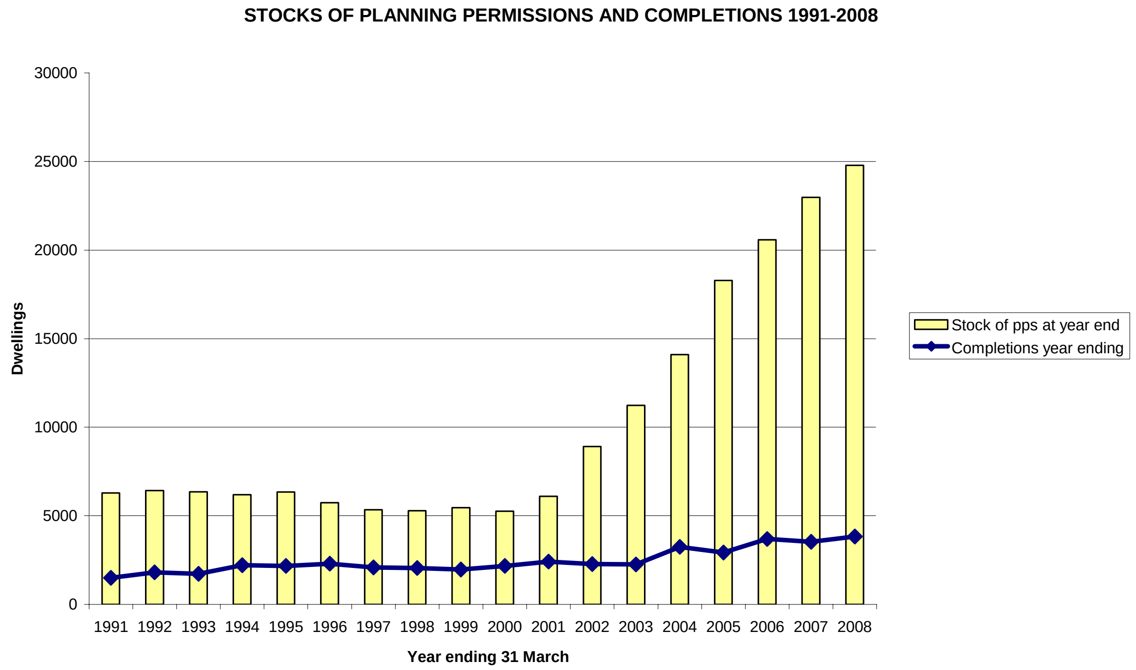
	OUTSTANDING CAPACITY							
	Planning permission			**Development progress**		**Previous use**		**TOTAL**
	None	**Outline**	**Detailed**	**Under Const**	**Not yet Started**	**Brownfield**	**Greenfield**	
H4 city centre	0	3419	4761	1569	6611	7986	194	8180
H4 rest of MUA	0	3181	6557	2358	7380	9420	318	9738
H4 outside MUA	0	59	1267	260	1066	1244	82	1326
H4 Total	0	6659	12585	4187	15057	18650	594	19244
H3-1	336	1219	2879	605	3829	3426	1008	4434
H3-2	1711	0	12	1	1722	12	1711	1723
H3-3	5876	2	52	7	5923	0	5930	5930
All Land	7923	7880	15528	4800	26531	22088	9243	31331

4.4 The table demonstrates the success of UDP policy H4 in generating land supply. 61% of all identified land is currently on H4 sites . 43% of this capacity is in the City Centre.

4.5 Another significant feature of the table is the large proportion of the supply on sites with outstanding planning permission – these are sites at the end of the development pipeline, generally those most ripe for development. These had capacity for 23400 dwellings, equivalent to around 5 years' supply at the post 2008 RSS rate. Permissions made up 75% of the entire supply and were largely on H4 sites.

4.6 The dominance of planning permissions in the land supply is a relatively recent development. For a decade until March 2001, stocks of permissions hovered within the range 5300-6300 dwellings. Since then, they have increased continually until the last reporting date, which saw a decline of about 1400 dwellings. Even so, the stock remains at an historic high. These trends are illustrated in the chart below.

4.7 The chart also includes completion figures, and shows that although these have also increased since 2001, the rate of increase has not kept pace with the growth in permissions. The stock of permissions has grown around fourfold since 2001, whereas completions have not quite doubled. It is particularly striking that the ratio of permissions to completions has expanded from 3:1 or less in the 1990s to over 6:1 in 2008. Twice as many permissions now support the building rate as used to be the case.



4.8 Among the factors behind this startling growth in permissions, two can be singled out. The overriding cause is the priority given to brownfield development by the version of PPG3 published in March 2000. This established a virtual presumption in favour of housing development on many brownfield sites and freed up the process of housing land release. In large urban areas like Leeds, with substantial reserves of brownfield land, it has released landowners and developers from dependence on the planning authority to allocate land and given them the dominant role in site selection. At the same time, the drive to increase densities (also initiated by PPG3) coupled with the demand and vogue for flat development have combined to raise the dwelling yield of land. In very broad terms, an average hectare of land yields twice as many dwellings now as it did a decade ago.

4.9 Attention should also be drawn to the high proportion of brownfield sites in the land supply. 70% of all land is brownfield, but more importantly, 93% of the phase 1 supply (i.e. H4 and H3-1 sites) is in this category. This suggests that 90% or more of construction is likely to be on brownfield land for the foreseeable future.

4.10 The decline in the stock of permissions this last half year is another sign of the emerging housebuilding crisis already referred to above in connexion with construction statistics. It indicates that permissions are being exhausted faster than they are being replaced. This is because while completions of existing permissions are at present still holding up, new permissions are declining, and there are signs of an increase in the lapse rate of existing permissions. In the last quarter, the trend figure for new permissions was at its lowest since 2001. In the last six months, permissions for over 500 dwellings lapsed. A declining rate of approvals and rising lapse rate are both consistent with a loss of confidence in development prospects.

Emerging supply

4.11 Additional housing sites are also emerging in new LDF documents and initiatives. These consist of the Area Action Plans for East and South East Leeds (Easel), the Aire Valley and the West Leeds Gateway, and the Private Finance Initiative for Little London & BeestonHill/Holbeck. The AAPs are all at Preferred Options stage, while the PFI scheme is out to tender. The housing content of all these schemes has yet to be finalised, but the table below summarises the current position. Capacities are based on figures given in the latest relevant documents, and refer to **new sites** not already counted in the summary table at para 4.3 above.

Emerging Supply	
Easel AAP	6960
Aire Valley AAP	6700
West Leeds AAP	1000
Little London/Beeston PFI	1175
Total	**15835**

4.12 If all these proposals came to fruition, they would increase the housing land supply by nearly 16000 dwellings, or around 50% of the supply already identified in planning terms. Delivery of this capacity is planned to be spread out over much of the remainder of the RSS period.

Performance against UDP housing land supply indicators

4.13 As already seen (above paras 2.24-25), the UDP Review includes management policies intended to guide the release of housing land. One of the functions of these Monitors is to report on the performance of these polices.

4.14 The UDP Review defines criteria indicative of both under and over supply. Potential under supply is indicated if completions in the last two years have been less than 90% of the required rate and the land supply - defined as unused allocations from the current phase plus outstanding planning permissions - is equivalent to less than a two years' supply at this same rate. In these circumstances, consideration would be given to the release of the next phase of allocations (currently phase 2). Potential oversupply occurs if completions in the last three years have been 40% above requirement and the stock of planning permissions exceeds a six year supply. In this event, an embargo on further H4 permissions and a review of the plan would be considered.

4.15 It is made clear in the UDP that in neither case are these measures to be treated as determinative criteria which automatically trigger the specified action. A judgement is to be made in the light of any other relevant factors including other information in these Monitors.

4.16 The UDP tests are to be evaluated against the figures in policy H1, which now means the new RSS figures which came into operation in May this year. Dealing with under supply first, stage one of the test involves comparing requirement and actual output in the last 2 years. RSS policy implies an average net increase of 5540 dwellings over the 2 years October 2006-September 2008 (2260*1.5 + 4300*0.5) – or 2770 a year. In this period, actual net increase (partly estimated due to non-availability of clearance data for the last 6 months) was about 7460, or 3730 p.a. Performance has exceeded requirement, so this part of the under supply test is failed.

4.17 Because of this, it is not strictly necessary to apply the second leg of the test, but for the record this is nevertheless done. The part two test involves establishing how long the eligible supply would last, and can only be done in gross terms. At the end of September 2008, the eligible gross land supply amounted to 23678 dwellings. Even if the gross requirement is taken to be for 4740 dwellings a year (the RSS assumption based on less recent clearance trends), this supply is sufficient for 5 years. The second part of the test is thus also failed, and under supply criteria are not satisfied.

4.18 Turning briefly to over supply, the performance part of the test is passed, since output in the last 3 years has been about 41% above requirement. However, the supply part is failed, since as has just been seen, the eligible supply would not last more than 6 years. Consequently, the over supply test as a whole is also failed.

4.19 Thus neither of the essential quantitative tests which are at the core of housing land management policy point to a need for intervention in housing land release, and the formulation of the tests is such that they are unlikely to do so for some years to come. However, it is not the intent of UDP policy that decisions about land release be driven mechanically by the quantitative data – wider policy considerations also play a part. The need to step up output to meet post 2008 requirements and the results of 5 year land supply assessments and the forthcoming SHLAA may soon necessitate a re-evaluation of the position.

5. HOUSING LAND RELEASE

5.1 This section of the Monitor looks at the **dynamics** of housing land release as shown by trends in the flows of dwellings newly given planning permission. It highlights any new permissions on H3 proposal sites since the last report, and then looks at trends in the aggregate flow of H4 sites coming forward, distinguishing between sites in the City Centre, in the rest of the main urban area, and outside the urban area.

5.2 In the 6 months April-September 2008, just under 1000 dwellings on 32 sites received planning permission for the first time. This was the lowest half-yearly total since 1999, and as already seen (above para 4.10) was insufficient to keep pace with completions and lapsed permissions. The total would have been even more meagre had it not been for four permissions given on Little London PFI sites, which made up half the additions. Most of the remainder consisted of H4 permissions on small sites, the main exception being the restoration and redevelopment proposed for the Listed St Mary’s Church in Richmond Hill. There were no permissions on H3 sites.

5.3 The decline in new permissions is probably another symptom of the housebuilding crisis that is also affecting starts (above para 3.6) – it possibly reflects reduced pressure from applicants to obtain permissions, when there is little prospect of early implementation in many cases. New applications were also sharply down in the half year, a further sign of the adverse conditions now affecting the housing land market. The likelihood is that planning application activity will become increasingly depressed in the short term at least.

H4 Windfall sites

5.4 There are two main routes by which land is brought forward for housing development. Either it is identified (allocated) for that purpose in Development Plans prepared by the local planning authority, or it is presented through the development control process by landowners and developers without previously having been designated in development plans. Land found via the second of these routes is known as windfall. These routes are of equal legitimacy as land release channels, and despite its name, there is nothing fortuitous about windfall – it is a regular, mainstream source of supply.

5.5 This is particularly so in large urban areas, where the scope for land use change – effectively the source of windfall – is greatest. In Leeds, windfall has been monitored continuously since the 1980s, and for much of this time has been more important than the development plan route as a source of land. Between mid 1991 and mid 2000, before the landmark revision of PPG3, windfall sites already accounted for 56% of new permissions. The brownfield priority introduced in 2000 greatly increased that dominance. Since mid 2000, windfall has generated 82% of new permissions, and well over 90% in the last three years.

5.6 Annual windfall totals since 1991 are shown in Table 2 for sites in the City Centre, in the rest of the main urban area, and outside the urban area (areas as defined in the UDP Review). The figures given are for permissions that were live at the reporting date or had been implemented. Permissions that had lapsed unimplemented by September 2008 are excluded. Dwellings are assigned to the year in which permission was first given on each site. Averages are given for the whole period, and for before and after the mid 2000 watershed.

5.7 The table shows that over the extended period since 1991, windfall permissions have averaged 2579 units a year. The figures before and after mid 2000 are markedly different. Before that date windfall averaged 1107 a year, but after, it almost quadrupled to 4184 a year. This is not far short of the RSS dwelling requirement post 2008 (up to 4740 dwellings p.a.). However, the very latest figures for the last quarter suggest that volumes could well drop sharply in the coming year.

5.8 Examination of the figures by area shows that a large part of the post 2000 rise was accounted for by sites in the **City Centre**. From virtually a standing start, permissions have risen to an average of over 1700 a year. This boom in interest in City Centre housing development is part of a national trend which has affected most provincial cities.

5.9 City Centre windfall proposals have been getting larger as time goes by, with the early emphasis on small scale conversions (typically of space above shops or offices) replaced by massive new build schemes, often involving several hundred flats, sometimes with a mixture of uses. There has also been a shift in the location of development, away from the central area core to the periphery, especially in the south and to the east. Indeed, interest in these areas has started to migrate beyond the city centre boundary into adjoining inner city areas.

5.10 The rapid growth of the city centre housing stock in recent years has already generated much media and industry anxiety about the dangers of oversupply, and falls in property prices now combined with shortages of housing finance have added to these concerns. Anecdotal reports of developers re-appraising housing schemes are widespread and there are actual cases of schemes being mothballed, most notably the Lumiere scheme on Wellington Street. This soft information is supported by planning application statistics. The stock of outstanding windfall permissions fell sharply from 9200 dwellings at the end of March to 8180 six months later, with 460 of this due to expiry of existing permissions. As noted in recent Monitors, the volume of new applications has also dropped significantly. Still, at the end of September there remained 2200 dwellings in applications awaiting determination.

5.11 Significant growth in windfall permissions has also occurred **outside the City Centre**. In this area, windfall has been a constant feature of the land market, with permissions averaging nearly 900 a year even before 2000. Since then, the average has risen to 2500 a year, while the long run average for 1991-2008 currently stands at over 1600 units.

5.12 Windfall sites have a number of distinct characteristics. They are overwhelmingly brownfield – 95% of capacity since 1991 and even more recently. The great majority of sites are small or very small. Since 2000, for example, of the 100 windfall sites that have come forward on average each year, nearly half are less than 0.2 hectares in area, and another quarter less than 0.4h. Small numbers of larger sites, however, account for the bulk of capacity. 76% of sites permitted since 2000 have formerly been in industrial or commercial use, with former residential sites being the next largest category. In the main urban areas development densities have risen sharply since 2000, from 300 per hectare in the 1990s to nearer 400 in the City Centre, and from 44 to about 76 in the rest of the main urban area. Only outside these zones have densities remained fairly static at around 30 per hectare. These rises are related to big increases in the proportion of flats in developments. On most sites, flats are currently the dominant housing form.

5.13 The table shows that windfall began increasing in the late 1990s, but the introduction of the brownfield priority in PPG3 in 2000, together with the local embargo on greenfield development, clearly gave this trend a powerful stimulus. Initially these policy measures were supported by a sizeable increase in land values – Valuation Office Agency data indicate that the typical cost of small sites in Leeds with planning permission for flats more than trebled between 2002 and 2004 . After a period of stability, this has now abated. Typical values of all types of housing land fell back sharply between January 2007 and mid 2008, with the cost of land for flats dropping from £4 million per hectare to £2.8 million.

5.14 Important as the initial rise in values must have been, changes in psychological attitudes or expectations were possibly just as significant. Land for residential use has always commanded a higher value than most other uses and there has therefore always been an incentive to convert land to housing. PPG3 seems to have given landowners and developers the confidence to seek to realise this premium, on sites that would not formerly have been considered commercially viable for housing or acceptable to the planning authority for that purpose.

5.15 A particular consequence of this change in attitudes has been a growing readiness among landowners and developers to generate sites by cutting short existing active uses, rather than waiting for them to expire naturally. Typically, this involves the closure of low value or low intensity businesses, or the relocation of an existing concern. Such interventions have greatly speeded up the process of land use change.

5.16 Windfall schemes are not all certain to proceed to development. Many of the permissions granted in recent years should probably be seen as development propositions, which the applicant hopes to sell to a third party willing to actually risk investing money to implement the project. Some of these propositions are probably economically marginal, and their abundance enables prospective developers to pick and choose the most attractive schemes. This factor – together with actual or perceived limitations on the size of the Leeds housing market – helps explain why the rate of actual development has not increased by nearly as much as the stock of permissions. In effect, potential developments are being stockpiled until such time as a developer decides the development risk is worth taking or a more attractive proposition comes along instead.

5.17 That said, historically the windfall leakage rate in Leeds has been very low. Leakage rates cannot be calculated for recent approvals, since the time limits on these have yet to be reached. Near final leakage rates can only be given for permissions granted up to about 5 years ago in 2003. These show that for windfall sites outside the City

Centre first approved in the period 1991-2003, the leakage rate is currently under 5%. In other words, 95% of windfall sites given in this period have either been completed (the vast majority) or remain available for development. In the City Centre, the leakage rate is a little higher, at nearly 9% for sites first approved 1994-2003.

5.18 It may well be that the leakage rate will rise in years to come, as permissions granted in recent boom years approach their expiry dates. The reduction in the standard life of planning permissions, which was cut from five years to three in September 2005, could well encourage a rise in leakage. The situation will need to be carefully monitored.

5.19 The way in which windfall sites are generated – essentially by substituting housing for some other prior or existing use – makes it very difficult to identify future windfall very far in advance. Sites ripe for conversion to housing use tend to become visually or documentarily identifiable only when the former use is near the point of termination. Until this stage is reached, there is rarely anything to single out sites as candidates for re-development. Five years ago, who could have predicted the widespread closure of petrol filling stations and public houses, for example – let alone the specific operations which would cease trading?

5.20 The difficulty of identifying future windfall sites in advance is not just a matter of theory – it has been demonstrated conclusively in Leeds from experience with the 2002 Urban Capacity Study. Monitoring results reported in these Monitors over the years (most recently in September 2007) show for example that even in areas subject to field survey in the original Study, windfall capacity has come forward at about the same rate on sites **not** identified in the original survey as on sites that were. A classic example of this is the Kirkstall Forge site, given permission for 1300 dwellings last year, but in active industrial use when surveyed and therefore not identified as a potential housing site. There is no reason to suppose that such problems are not common to all areas, certainly extensive urban areas like Leeds.

5.21 The difficulty of identifying future specific instances of a variable is common to many forecasting problems, and is often resolved by relying on aggregate data instead. Typically trend data are extrapolated in some way. The great advantage of such techniques is not necessarily that they yield more accurate – or less inaccurate – results than a survey approach, but that they obtain these with substantially less effort. The run of windfall data available in Leeds might be thought well adapted to such treatment, but a statistical approach of this kind has been all but outlawed by PPS3. Except in certain ill-defined circumstances, PPS3 expects future housing capacity to be identified on specific sites wherever possible.

5.22 It is not clear why PPS3 adopts this approach. It may be related to a belief that a list of actual sites must necessarily carry more authority than a projected trend, although neither local evidence nor general theory would suggest this to be the case. Possibly it stems from a fear that authorities would submit irresponsible projections based on flimsy evidence, in order to minimise the need for allocating housing land. This is a legitimate anxiety, but one that could be prevented by rigorous scrutiny of the use made of supporting evidence.

Disclaimer

In a document of this nature containing very large amounts of numerical data, the risk of inadvertent error is greater than with reports which are primarily of a textual nature. Every effort is made to avoid slips, but it would be appreciated if readers identifying any apparent anomalies would draw them to the attention of the Council by contacting john.townsend@leeds.gov.uk.

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TABLE 2 H4 WINDFALL DWELLING PERMISSIONS 1991-2008

	City Centre			Rest of urban area			Outside urban area			All locations		
Midyears	**Brown**	**Green**	**All**	**Brown**	**Green**	**All**	**Brown**	**Green**	**All**	**Brown**	**Green**	**All**
1991-2				1048	170	1218	37	99	136	1085	269	1354
1992-3				447	62	509	69	43	112	516	105	621
1993-4				518	31	549	195	40	235	713	71	784
1994-5	7		7	472	104	576	35	109	144	514	213	727
1995-6	21		21	327	5	332	145	43	188	493	48	541
1996-7	54		54	651	163	814	99	27	126	804	190	994
1997-8	88		88	489	30	519	46	171	217	623	201	824
1998-9	572		572	499	184	683	196	56	252	1267	240	1507
1999-2000	1310		1310	920	31	951	351		351	2581	31	2612
2000-1	803		803	590	33	623	109	70	179	1502	103	1605
2001-2	2542		2542	945	228	1173	684	28	712	4171	256	4427
2002-3	1442		1442	1736	120	1856	157	19	176	3335	139	3474
2003-4	1387		1387	2818	17	2835	483	38	521	4688	55	4743
2004-5	2118		2118	1959	8	1967	919	6	925	4996	14	5010
2005-6	1489	194	1683	1932	64	1996	271	18	289	3692	276	3968
2006-7	2753		2753	2409	13	2422	163		163	5325	13	5338
2007-8	1447		1447	3765		3765	116	18	134	5328	18	5346
2008-9*				535	53	588	23		23	558	53	611
Grand Total	16033	194	16227	22060	1316	23376	4098	785	4883	42191	2295	44486
Annual averages												
1991-2008	929	11	941	1279	76	1355	238	46	283	2446	133	2579
1991-2000	228	0	228	597	87	683	130	65	196	955	152	1107
2000-2008	1695	24	1718	2023	65	2088	355	24	378	4072	112	4184

* first 3 months

APPENDIX 1
IDENTIFIED SITES AT 30 September 2008

This schedule lists sites for 5 or more dwellings that have been identified for housing in planning terms – that is to say, sites that either had outstanding planning permission at the operative date or are proposed for housing in the UDP Review. All but four of these sites were already allocated in the adopted UDP.

The sites are grouped by Review plan policy:

H4	Unallocated sites with permission in the City Centre
H4	Unallocated sites with permission in the rest of the Main & Smaller Urban areas
H4	Unallocated sites with permission outside the Main & Smaller Urban areas
H3-1	Phase 1 allocations
H3-2	Phase 2 allocations
H3-3	Phase 3 allocations

Under each policy head, the schedule shows the capacity outstanding on each site in total, and broken down by planning status, development progress and former land use.

Capacities are as specified in planning permissions or as otherwise estimated. Estimates take account of the density guidance in PPG3.

The brownfield/greenfield identifications are made according to the definition contained in Annex B to PPS3 - Housing (November 2006), and are based on available information about former land uses and the Department's best interpretation of the definitional guidance. Sites with a mixed former land use are assigned to the category covering the majority of the site. The Department reserves the right to revise individual site classifications in the light of new or more detailed information about former land use or revised interpretation of the definitional guidance.