Leeds
CITY COUNCIL

DEVELOPMENT DEPARTMENT

HOUSING LAND MONITOR 31 March 2009

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 2008 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 – 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, a review of this plan was begun last year, with the prime purpose of responding to new recommendations on future levels of housing provision made by the National Housing & Planning Advisory Unit. The Regional Assembly launched a consultation exercise on this in November 2008, but has since decided to petition the Secretary of State to allow the review to be deferred and incorporated into the Integrated Regional Strategy. The IRS is a new strategy designed to combine and replace the Regional Economic & Spatial Strategies.

2.3 Although the days of the UDP Review are numbered, it will remain in force for 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. The Council has applied to the Secretary of State for an extension, but a formal response has yet to be received.

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 At present, the Core Strategy is scheduled for adoption late in 2011. Four AAPs are in progress, of which the most significant in housing terms are those for East and South East Leeds (Easel), the Aire Valley and the West Leeds Gateway. Current target dates for adoption are early 2011 for the first two, and summer 2010 for the West Leeds Gateway. Thematic policy documents on housing, greenspace, and employment will follow later. These timings indicate that an extension of UDP Review housing policies is essential if a policy vacuum after July 2009 is to be avoided.

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 (above para 1.2), and a formal SHLAA was begun in September 2008. This is expected to be concluded late this year.

RSS Housing Land policy

2.14 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 – although note that para 2.77 says that this is not a policy statement). 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). This is not the same as saying that the targets themselves are variable.

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. This area has considerable overlap with the regional city and principal town that are the focus of the RSS Core Approach in Leeds (although the precise relationship is difficult to establish because the regional city is not clearly defined in RSS).

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 required average net increases of 2260 dwellings a year, or 9040 in total. Actual net output in this period totalled 12972, 43% in excess of the requirement. This was a period of buoyant housebuilding performance in Leeds. A combination of strong demand and abundant land supply raised output to levels not seen in the city since the mid 1970s.

3.3 From 2008-26, RSS expects net increases to average 4300 a year. Since this is an 18 year average, it does not necessarily have to be achieved in the first, or indeed any single year of the period, and RSS policy H1B and Table 12.2 specifically envisage below average performance in the early years. In fact in 2008-9 a creditable net increase of 3835 was achieved. In the first 5 years, provision is still in surplus against RSS targets, to the tune of 3467 units or 26%.

3.4 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 233 dwellings. If this continues, it will moderate the gross housebuilding requirement in future years.

3.5 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%.

3.6 Prospects for maintaining output at recent levels in the immediate future are not good. In the last year, the global economy has entered a severe recession, described by many as the worst for 50 years in the UK. The housebuilding industry has been very badly affected, as is apparent from numerous media and Company reports, mortgage and housebuilding statistics, house and land price data etc. There has been a collapse in demand for housing nationwide. To take just one summary indicator, new starts in England have plummeted from an average of over 170,000 a year in 2004-7, to 104,500 in 2008 (CLG Live Table 222). Locally, new starts have been running at 70-80 a month at best for the nine months since mid 2008 – equivalent to an annual rate of barely 1000 and compared to a monthly average of 330 in the four preceding years.

3.7 Output has not yet begun to show the impact of this rapidly deteriorating position – mainly because the large stock of dwellings under construction is still working through - but it is obvious that the day of reckoning cannot be long postponed. Completions are bound to drop sharply in the next year or two, and it may be much longer before output returns to pre-recession levels. Consequently, there is no doubt whatever that there will be a period of some years in which the housing stock will not increase at the rate to which RSS policy aspires.

3.8 Being rooted in the recession, this outcome is a demand issue rather than a land supply problem. As the next section will show, there is no immediate shortage of housing land – there are currently outstanding permissions for 23000 dwellings – and the slump in output is not capable of being moderated to any significant extent by action to increase or vary the land supply. The remedies are economic, and depend on changes in economic conditions, such as an easing of credit restrictions and a return of confidence.

3.9 The impact of the recession exposes a weakness in the policy context. There is no recognition in RSS policy 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. A specific contingency arrangement to allow the acceptance of a lower level of performance in recessionary periods would have made policy a far more sensitive instrument.

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
2008-9	3794	95	3983	148	3835
RSS period	**16996**	**95**	**17972**	**1165**	**16807**
Last 4 quarters					
Apr-Jun 2008	856	95	902		
Jul-Sep 2008	1119	95	1181		
Oct-Dec 2008	1299	98	1329		
Jan-Mar 2009	520	91	571		
Annual Averages (to 3/2009)					
Last 10 years	2680	88	3034		
Last 5 years	3399	95	3594		

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 31 March 2009

4.1 This section summarises the outstanding capacity of land allocated or with planning permission for housing at 31 March 2009. 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	3483	3880	1047	6316	7169	194	7363
H4 rest of MUA	0	3952	6345	1831	8466	9988	309	10297
H4 outside MUA	0	59	1153	251	952	1133	79	1212
H4 Total	0	7494	11378	3129	15734	18290	582	18872
H3-1	238	1219	2701	489	3678	3224	934	4158
H3-2	1739	0	11	0	1750	39	1711	1750
H3-3	5876	2	52	7	5923	0	5930	5930
All Land	7853	8715	14142	3625	27085	21553	9157	30710

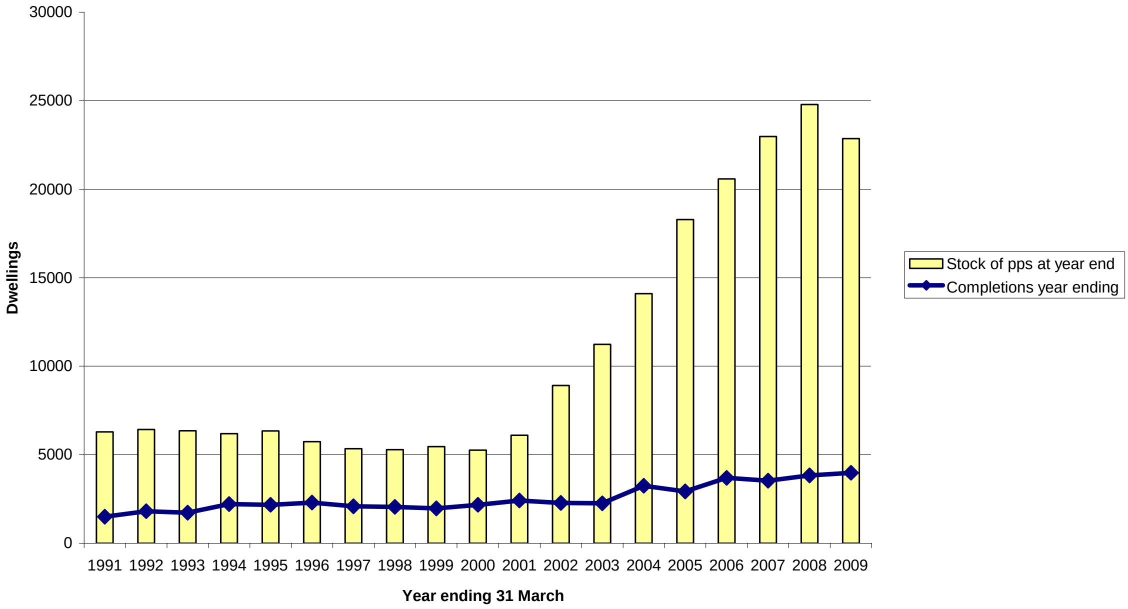
4.4 The table demonstrates the success of UDP policy H4 in generating land supply. 61% of all identified land is currently on H4 sites. A declining proportion of this - now 39% - is in the City Centre.

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 22850 dwellings, equivalent to around 5 years' supply at the post 2008 RSS rate. Permissions made up 74% 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 increased every year for seven years, reaching a peak of 24800 dwellings in March 2008, before falling back in the subsequent year to 22850. 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 around 6:1 in 2008. Twice as many permissions are now needed to support the building rate as used to be the case.

STOCKS OF PLANNING PERMISSIONS AND COMPLETIONS 1991-2009



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 in the 1990s.

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 in the last year is another sign of the housing market difficulties referred to above. It is a consequence of a declining rate of new applications and permissions, an increase in the numbers lapsing, and continued implementation of existing permissions. If developers believe that the market for new housing is weak, they have reduced incentive to submit new applications, press for decisions on undetermined applications, or renew existing permissions that are about to lapse. Further decline in the stock of permissions is likely as the recession takes its course.

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 most of these initiatives is still being finalised, but the table below gives an approximate idea of 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 6560 dwellings over the 2 years April 2007- March 2009 (2260 + 4300) – or 3280 a year. In this period, actual net increase was 7411, or 3706 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 March 2009, the eligible gross land supply amounted to 23095 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 4.87 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, this test is failed on both counts - output in the last 3 years has been only 13% above requirement, while as has just been seen, the eligible supply would last just under 5 years.

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 October 2008 – March 2009, 1530 dwellings on 44 sites received planning permission for the first time. This was an improvement on the previous half-year’s figure, but still well below the totals typically achieved in the last decade. Moreover, it was underpinned by a substantial public sector contribution – amounting to 57% of the total – on sites in the Beeston Hill & Holbeck PFI area and in social housing programmes. Only 662 dwellings were first given permission on private sites. Nearly half of these were on two large H4 sites at Cemetery Road, Pudsey and Manston Lane, Cross Gates, both former industrial sites (the latter part of the old Vickers tank factory). Another significant permission was on the H3-1A.35 allocation at the former Eastmoor School, Adel.

5.3 The low level of new permissions is another symptom of the housebuilding depression discussed earlier and there is further evidence of the stagnant market in the figures for new applications. These appear to have plumbed new depths in the last 6 months, having dropped to below 600 dwellings in the first quarter of 2009 – compared to 3500-4000 a quarter throughout 2004-6 in the peak of the boom years. This suggests that new permissions are likely to remain at low levels for the foreseeable future.

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 83% of new permissions, and 95% since mid 2005.

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 2578 units a year. The figures before and after mid 2000 are markedly different. Before that date windfall averaged 1106 a year, but after, it nearly quadrupled to 4091 a year. This alone is not far short of the RSS dwelling requirement post 2008 (up to 4740 dwellings p.a.). However, there was quite a sharp drop in the 9 months since last June as a result of the housing market slump, and it looks as if the mid year total will be the lowest since the PPG3 watershed in 2000.

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 rose to an average of nearly 1600 a year in the period 2000-9. This boom in interest in City Centre housing development was part of a national trend which affected most provincial cities, but seems now to be on the wane.

5.9 The rapid growth of the city centre housing stock in recent years had already been generating much media and industry anxiety about the dangers of oversupply, and the house price crash and credit crisis have only 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. In the last 9 months, only 64 dwellings were granted planning permission on new city centre sites, in contrast to figures in the thousands in most years since 1999. The stock of outstanding windfall permissions fell sharply again, from 9200 dwellings a year ago, to 8180 last September and now 7360. The volume of new applications has also dropped significantly. Although there were still 1950 dwellings in applications awaiting determination at the end of March, half of these were longstanding applications that have been awaiting decision for getting on for 3 years or more.

5.10 However, despite the current doldrums, there is no reason to write off the city centre housing market for good. While it is fairly certain that there will be very little new activity until the current overhang of recently or soon to be completed properties has cleared the market and the economy has picked up, the market could easily bounce back after a suitable interval of time. Such a view was perhaps held by the developer of the site for 46 flats at the corner of Crown Point Road and Hunslet Road, the sole city centre site to start in about the last year.

5.11 Significant growth in windfall permissions has also occurred **outside the City Centre**. In this area, windfall has always been an important 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, and in contrast to the position in the city centre, there is no clear sign of any marked reduction in the capacity of sites coming forward in the last year.

5.12 Windfall sites have a number of distinct characteristics. They are overwhelmingly brownfield – 95% of capacity since 1991 and even more recently. They are very numerous – since mid 2000, 100 new windfall sites a year have been given permission on average – but also very small. In the same period, nearly half the sites were less than 0.2 hectares in area, and 72% were under 0.4 hectares. Small numbers of larger sites, however, account for the bulk of capacity. 72% of sites permitted since 2000 have formerly been in industrial or commercial use, with former residential sites being the next largest category (17%). 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 72 in the rest of the main urban area. Outside these zones densities have been much lower and have increased less (to 33 per hectare after mid 2000). 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. This was part of a massive nationwide inflation in land values in this period. In Leeds, prices remained at these inflated levels until the end of 2007, when again in line with national trends, a period of sharp decline or correction set in, which saw prices drop by 35% by January 2009. Inevitably, this decline will have made it less attractive to sell land for housing, although this should not be exaggerated, since prices remain at relatively elevated levels, and are still among the highest in the region, alongside York and Harrogate.

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 guaranteed 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 2004. These show that for windfall sites outside the City Centre first approved in the period 1991-2004, 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 over 9% for sites first approved 1994-2004.

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 in 2007, 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 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 PPS3 appears strongly to discourage a statistical approach of this kind. 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. This is likely to be the last of these reports to be written by the present author.

TABLE 2 H4 WINDFALL DWELLING PERMISSIONS 1991-2009

	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	165	211	623	195	818
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	2531		2531	945	228	1173	681	28	709	4157	256	4413
2002-3	1436		1436	1762	120	1882	157	19	176	3355	139	3494
2003-4	1272		1272	2804	17	2821	473	38	511	4549	55	4604
2004-5	2043		2043	1959	8	1967	919	6	925	4921	14	4935
2005-6	1397	194	1591	1899	64	1963	277	12	289	3573	270	3843
2006-7	2753		2753	2494	13	2507	167		167	5414	13	5427
2007-8	1447		1447	3823		3823	112	18	130	5382	18	5400
2008-9*	64		64	1895	74	1969	33	9	42	1992	83	2075
Grand Total	15798	194	15992	23542	1337	24879	4101	782	4883	43441	2313	45754
Annual averages												
1991-2009	890	11	901	1326	75	1402	231	44	275	2447	130	2578
1991-2000	228	0	228	597	87	683	130	65	195	955	151	1106
2000-2009	1571	22	1593	2077	64	2140	335	23	357	3982	109	4091

* first 9 months

Produced on 11 May 2009

APPENDIX 1
IDENTIFIED SITES AT 31 March 2009

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.