Leeds
CITY COUNCIL

DEVELOPMENT DEPARTMENT

HOUSING LAND MONITOR 31 March 2010

1.0. 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 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 Regional Spatial Strategies. Most recently, the coalition Conservative-Liberal Democratic government has revoked the Regional Spatial Strategies, ushering in a new era of locally led planning. Regardless of the policy position, this Monitor aims to chart the current position in housing land terms.

1.2. Because of this uncertainty, this edition of the Monitor deviates from past formats and seeks to provide figures with as little policy discussion as possible. Any discussion contained within this report relating to policy is very much subject to change. Therefore the monitor will look at housing land availability as it relates to past performance. It will then look at 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.

1.3. The Monitor does not consider the possible delivery of housing land over future years. Estimates of the land supply for the next 5 years and ahead are reviewed through the technical exercise of the Strategic Housing Land Availability Assessment (SHLAA) and the Housing Trajectory and Five Year Housing Land Supply Statement. The SHLAA was published in February 2010 and is being updated to a base date of 31 March 2010. The SHLAA is a stocktaking exercise which differs in scope from that of this Monitor, including, for example, sites neither allocated nor with planning permission, but excluding most sites of less than 0.4 hectares. The Housing Trajectory and Five Year Housing Land Supply aim to assess deliverability of housing land, based on a set of criteria established through PPS3 and national guidance. Both the trajectory and the Five Year Supply will be updated as part of the December 2010 AMR publication.

1.4. For clarity sake, the monitor will reference RSS time periods, and at points, housing targets. However the July revocation of RSS means that these references are for clarity in this era of change. Furthermore an interim local target of 2200 has recently been approved.

1.5. 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.

Produced on 30 July 2010

1.6. The ongoing recession has dramatically reduced both confidence and investment into the development industry. Financial institutions have reduced lending, affecting both the development industry and those looking to purchase property. The restriction on finance has meant that the development industry has dramatically slowed, and in the past financial year, completions were just over half of what they were the year before.

1.7. This slowing of the development industry has meant that the Council has seen increased pressure to release Greenfield allocation sites in an attempt to increase housing development to the levels identified in the Regional Spatial Strategy. This pressure has been in the form of a number of planning appeals. The Council has lost a number of appeals on which it has subsequently challenged the decision. Moreover some larger appeals are still outstanding, and more recently, two appeals have been adjourned in anticipation of further government guidance regarding the proposed changes. Therefore the outcome of all these appeals remains to be seen.

2.0. HOUSING PERFORMANCE

2.1. Table 1 summarises recent housebuilding performance in the RSS. The table makes comparisons to the RSS targets although it is acknowledged that these targets have been abolished with new housing targets to be set locally.

2.2. 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.

2.3. From 2008-26, RSS expected net increases to average 4300 a year. Since this was an 18 year average, the requirement did 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 2008-9, a creditable net increase of 3828 was achieved. In the period to March 2010, provision was still in surplus against RSS requirement. However the comparison to the RSS housing targets remains only for illustration.

2.4. 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 in the first 5 years has been 233 dwellings. If this continues, it will moderate the gross housebuilding requirement in future years. In the Core Strategy Preferred Approach, an average rate of loss was assessed at 250 units per annum, a rate which has been broadly supported through comments made on the housing strategy.

2.5. 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 sequential approach to 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%.

2.6. In common with the country at large, Leeds now faces a very steep decline in housing production. In 2008, the global economy entered a severe recession, often described as the worst for 50 years in the UK, and the housebuilding industry has been very badly affected. Demand for housing has collapsed 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 90,000 in the year ending March 2009 (CLG Live Table 222).

2.7. In Leeds, starts plummeted in early summer 2008. Since July 2008, the underlying rate of new starts has averaged 80 units a month, – equivalent to an annual completion rate below 1000 units, and compared to a monthly average of 330 in the four preceding years.

2.8. Actual completions over the past year highlight the extent to which the development industry has slowed due to the recession. Dwellings under construction have dropped from 5900 (June 2008) to 2400 (September 2009) to 1500 at the end of March 2010. As a result of this and the low level of recent starts, completions are bound to drop steeply over the next year or two, and it may be much longer before output returns to pre-recession levels. It is thus inevitable that there will be a period of some years in which the housing stock will not increase to or beyond the 2008/09 completion levels.

2.9. 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 over 22,000 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.

2.10. The impact of the recession exposes a weakness in the policy context. There was 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 (TABLE UPDATED 2/06/2010)						
	Gross Building			**Housing**		***RSS Annual***
Financial year	**On PDL**	**% PDL**	**Total**	**Loss**	**Net Building**	***Average Net Additions+***
2004-5	2704	92	2924	291	2633	*2260*
2005-6	3555	96	3694	258	3436	*2260*
2006-7	3428	97	3538	211	3327	*2260*
2007-8	3515	92	3833	257	3576	*2260*
2008-9	3787	95	3976	148	3828	*4300*
2009-10	**2341**	**93**	2519	**281**	**2238**	***4300***
RSS period 4/04 – 9/09	**19330**	**94**	**20484**	**1446**	**19038**	***17,640***
* includes clearance only to 4/2009						
Last 4 quarters						
Apr-Jun 2009	1049	95	1110			
Jul-Sep 2009	748	96	781			
Oct – Dec 09	312	86	361			
Jan – Mar 10	232	87	267			
Annual Averages (to 03/2010)						
Last 10 years	2761	90	3068			
Last 5 years	3323	95	3512			

Source : Leeds Development Department records, Regional Spatial Strategy
*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.
+The Coalition government recently revoked the Regional Spatial Strategy, which would end this tier of targets. New targets, to be set locally, will replace these targets.

HOUSING LAND SUPPLY AT 31 MARCH 2010

3.1. This section summarises the outstanding capacity of land allocated or with planning permission for housing at 31 March 2010. 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.

3.2. Capacities are as specified in planning permissions or as otherwise estimated. Capacity estimates take account of the density guidance that was contained in PPS3 before it was updated in June 2010. The previous PPS3 version has also been used to determine previous use; in the few cases where the previous use was mixed, sites have been assigned to the majority use. For more details on how the future developments will be classified in accordance to updated PPS3, please see the Appendix to this document.

3.3. 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.

Table 2: Outstanding Capacity as of 31 March 2010

	OUTSTANDING CAPACITY							
	Planning permission			Development progress		Previous use		TOTAL
	None	Outline	Detailed	Under Const	Not yet Started	Brownfield	Greenfield	
H4 city centre	0	3418	3268	308	6378	6492	194	6686
H4 rest of MUA	0	4978	5972	1209	9741	10663	287	10950
H4 outside MUA	0	17	955	136	836	882	90	972
H4 Total	0	8413	10195	1653	16955	18037	571	18608
H3-1	266	149	3251	376	3290	2858	808	3666
H3-2	1641	51	11	0	1703	11	1692	1703
H3-3	5703	148	52	7	5896	0	5903	5903
All Land	7610	8761	13509	2036	27844	20906	8974	29880

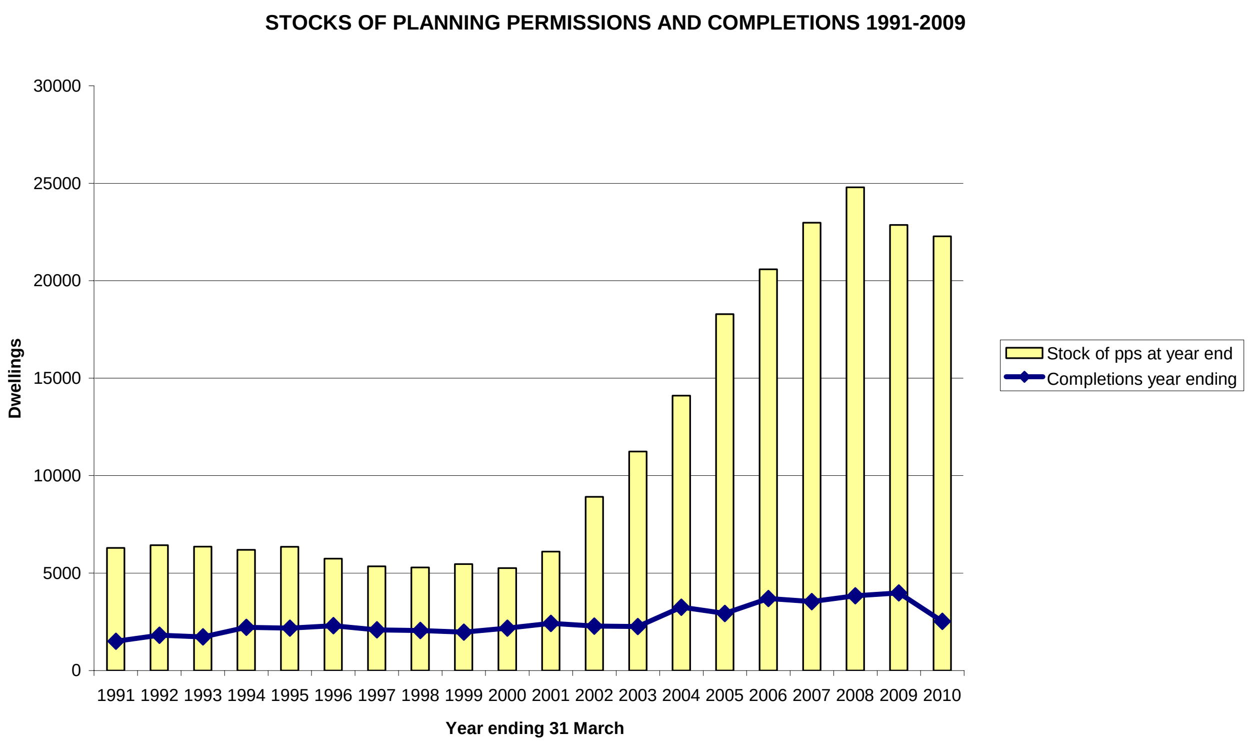
3.4. Table Two demonstrates the important role of UDP policy H4 in generating land supply. 63% of all identified land is currently on H4 sites. A declining proportion of this - now 30% - is in the City Centre. The proportion in the City Centre continues to drop: in the March 2008 monitor, over 45% of permissions were in the City Centre.

3.5. 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 22270 dwellings, equivalent to over 5 years' supply at the post 2008 RSS rate. Permissions made up 75% of the entire supply and were largely on H4 sites.

3.6. 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. They then embarked on an unbroken seven year period of vigorous expansion, reaching a peak of 24800 dwellings in March 2008. There has subsequently been a correction of around 10%, but the stock remains at a historically high level. These trends are illustrated in the chart below. Moreover the stock actually increased in the past six months, after exhibiting two years of decline.

3.7. 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 and currently rests at 10:1 in 2010. However the severe decline in 2009/10 completions will account for much of this increase and it is anticipated that as housing completions level out, this ratio will decline to some extent.

Figure One:



3.8. 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 combined to raise the dwelling yield of land. In very broad terms, an average hectare of land yielded twice as many dwellings during the boom period as it did in the 1990s.

3.9. Attention should also be drawn to the high proportion of brownfield sites in the land supply. 69% of all land is brownfield, but more importantly, 94% of the phase 1 supply (i.e. H4 and H3-1 sites) is in this category. However the recent spate of planning appeals for allocated Greenfield sites may cause a shift both in the number of Greenfield permissions as part of total supply as well as units delivered. Moreover the recent changes to PPS3 which identify residential garden developments as Greenfield land, along with a removal of lower density figures, will all work to shift brownfield figures downwards.

3.10. In the last land monitor we looked at declining permissions, noting 1200 units had lapsed in the six months April – October 2009. However this has dropped significantly since October 2009, whereby 11 sites, totalling 283 units expired. Of these expired sites, five were detailed permissions, with the rest as outline.

3.11. Whilst expirations have dropped dramatically, there has been a spate of activity for planning extensions. Seven sites totalling 511 units applied for an extension in the past six months. Three of these sites are in the City Centre, and the interest in extending the application may suggest that there is still a market for these units.

Emerging Supply

3.12. Additional housing sites are also emerging in new LDF documents and initiatives. Over the past six months Leeds City Council has made the decision to stop work on three of its four Area Action Plans, with an intent to focus work on the Core Strategy. As such, only the Aire Valley Leeds is progressing as an AAP. Aire Valley Leeds AAP is at the Preferred Options Stage. West Leeds Gateway has since transformed into a Supplementary Planning Document, and is being consulted on in Summer 2010.

3.13. Whilst the majority of the past AAPs will not be progressing forward, the emerging supply within the documents still remains relevant. Both Aire Valley Leeds and East and South East Leeds (EASEL) are the focus for large scale housing regeneration initiatives. Therefore while sites might not be allocated as part of the AAP it is anticipated that some will come forward through the planning application process whilst others will be advanced through the Site Allocations DPD. Therefore we can still look at the capacities that the past AAPs were expected to bring forward. These 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 3.3 above.

Emerging Supply	
Aire Valley AAP	6700
Easel	6960
West Leeds	1000
Total	**14660**

Performance against UDP housing land supply indicators

3.14. 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.

3.15. 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.

3.16. 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.

3.17. The UDP tests are to be evaluated against the figures in policy H1, which meant the new RSS figures until it was revoked in July 2010. For the purposes of this monitor we will continue the test using the RSS figures, for demonstration only.

3.18. Dealing with under supply first, stage one of the test involves comparing requirement and actual output in the last 2 years. RSS policy implied an average net increase of 8600 dwellings over the 2 years April 2008- March 2010 (4300/annum). In this period, actual net increase was 6065, or 3033 p.a. Performance was below requirement and therefore this part of the test failed.

3.19. However the UDP test is clearly a two stage test. Due to the failure of part one, one must now look at the second leg of the test. 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 22274 dwellings. This supply exceeds the RSS rate for five years. The second part of the test thus passes and therefore land releases are not yet required.

3.20. There is no need to look at over supply, given that the past two years have undersupplied at the RSS rate.

4.0. HOUSING LAND RELEASE

4.1. 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.

4.2. In the 6 months October 2009 – March 2010, 2070 dwellings on 21 sites received planning permission for the first time. This figure is above that of a year ago, when 1530 units on 44 sites received planning permission for the first time. Also different from the past year is that the majority of applicants were private sector, which might signal a shift of improving housing market activity. Of the 21 sites, five deliver in excess of 100 units, and together these five sites account for 80% of the new units. Four of the sites flank the City Centre, with the final site being a Council led initiative.

H4 Windfall Sites

4.3. 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.

4.4. 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 84% of new permissions, and 95% since mid 2005.

4.5. Annual windfall totals since 1991 are shown in Table 3 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.

4.6. The table shows that over the extended period since 1991, windfall permissions have averaged 2470 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 3729 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 the year total was the lowest since the PPG3 watershed in 2000.

4.7. 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 yearly average has now dropped to 1400/year (2000 – 2010), which signals the shifting market away from the City Centre housing.

4.8. 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. The stock of outstanding windfall permissions continues to fall: it from 9200 dwellings in September 2007 to 7360 in September 2009. However City Centre permissions increased slightly (to 7433) in the past six months, due mainly to granting of outstanding permissions submitted prior to the credit crunch in 2008.

4.9. 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 limited activity until the current stock 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. As already noted, there are several City Centre schemes of which the applicant has applied for extensions to their planning permissions rather than letting the permission lapse.

4.10. 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 rose to 2500 a year before slightly falling to rest at 2300 (as of end of March 2010).

4.11. 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 69% were under 0.4 hectares. Small numbers of larger sites, however, account for the bulk of capacity. 72% of sites permitted since mid-2000 have formerly been in industrial or commercial use.

4.12. 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.

4.13. 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 frequently commanded a higher value than most other uses and there has therefore always been an incentive to convert land to housing. PPG3 appeared to give 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.

4.14. 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.

4.15. 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.

4.16. That said, historically the windfall leakage rate in Leeds has been very low. Near final leakage rates can only be given for permissions granted up to about 3 years ago in 2007. These show that for windfall sites outside the City Centre first approved in the period 1991-2007, the leakage rate is on average 10%. This means that 90% of sites have either been completed (the vast majority) or remain available for development. In the City Centre, the leakage rate between 1994 – 2004 was about 9%, but this figure has subsequently grown and rests at about 18% up to 2006/07.

4.17. The increased leakage rate has long been forecasted. The reduction in the standard life of planning permissions, which was cut from five years to three in September 2005, is one factor. Another contributing factor is that those marginal permissions which were granted in the recent boom years will be let to expire. However we continue to see activity relating to extending applications, which may mean that the leakage rate is sustained at or around the current level for the coming years.

4.18. 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?

4.19. 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.

4.20. Whilst surveys such as the SHLAA may identify some sites that would otherwise have come forward as traditional windfall, smaller sites and those sites which are currently in operation but may provide housing in the future will continue to be missed through the SHLAA and it's update. Moreover, past windfall has mainly been urban brownfield land whilst most of the previously unknown sites in the Leeds SHLAA are in Greenfield, non-urban locations. Therefore the use of a windfall allowances acknowledges that windfall will always play a role in bringing forward housing sites.

4.21. The use of historic data to identify the possible extent that windfall will play in the future has been used in calculating future windfall allowances for the emerging Core Strategy and the five year supply. However this approach appears to be strongly discouraged through PPS3, which expects future housing capacity to be identified on specific sites wherever possible, unless as defined in certain circumstances.

4.22. 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.

TABLE Five 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	494	30	524	46	165	211	628	195	823
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	2532		2532	1054	228	1282	681	28	709	4267	256	4523
2002-3	1506		1506	1760	120	1880	157	19	176	3423	139	3562
2003-4	1272		1272	2732	17	2749	448	20	468	4452	37	4489
2004-5	1871		1871	1905	8	1913	901	6	907	4677	14	4691
2005-6	1286	194	1480	1800	64	1864	264	12	276	3350	270	3620
2006-7	2253		2253	2183	13	2196	135		135	4571	13	4854
2007-8	1447		1447	3823		3823	112	18	130	5382	18	5400
2008-9	92		92	2133	74	2207	47	9	56	2272	83	2355
2009-10*	708		708	778		778	18	25	43	1504	25	1529
Grand Total	15822	194	16016	24134	1337	25471	4045	789	4834	44001	2320	46321
Annual averages												
1991-2009	844	10	854	1287	71	1358	216	42	258	2347	124	2470
1991-2000	228	0	228	597	87	684	130	65	195	956	151	1107
2000-2009	1412	20	1432	1924	57	1981	295	21	316	3631	98	3729

* first 3 months

Produced on 30 July 2010

5.0. Five Year Supply/Housing Trajectory Windfall Rates

5.1. As noted above, one area of recent policy debate has been whether windfall can be included in the Council's forward looking land supply, as outlined in it's Housing Trajectory and Five Year Supply. Paragraph 59 of PPS3 states that windfall should not be included in the first ten years of land supply unless robust evidence of genuine local circumstances prevent specific sites from being identified. Where these circumstances exist, an allowance can be made which should regard the Strategic Housing land Availability Assessment, historic windfall delivery rates and expected future trends.

5.2. The Council has analysed windfall rates and has come to the conclusion that a windfall allowance is justified within the Authority's housing trajectory and five year supply. The Council justify inclusion of windfall for the following reasons:

- The site thresholds for both the SHLAA and the Land Availability Database used in developing the five year supply do not provide a comprehensive assessment of supply (based on site size threshold)
- The SHLAA partnership acknowledged a need for windfall allowance based on site assessment
- The inability to identify both small and large sites which are currently in use in some form, but could come forward as housing in the long term
- The need to plan for all aspects of housing delivery to ensure that the appropriate amount of land is released to meet the overall housing requirement in the district whilst meeting other overarching principles such as sustainability, etc.

5.3. The Council's forward looking supply identifies all sites within the land availability database, but only apportions delivery rates to those sites analysed by the SHLAA partnership. Therefore the Council adopted an allowance of 500 units per annum to account for all other sites which will contribute to the housing supply. It is important to look at the past year's performance to determine whether the allowance has provided robust coverage of housing completions.

5.4. To do this, the Council must review the past completion rates, and identify whether a site has a SHLAA reference. Any site which does not have a SHLAA reference (usually due to either it coming forward unexpectedly or due to the size of the site*) is therefore considered windfall *in terms of the housing trajectory and five year supply*. This is because only sites which have been assessed by the SHLAA partnership have had a completions attributed to any one delivery year.

Table Four: 2009/2010 Completions

Classification of Site	Completions	Five Year Supply category
New Build, less than 5 units	130 (gross)	Windfall
Conversions, less than 5 units	58 (net)*	Windfall
Land Availability sites only (no SHLAA equivalent)	740 (gross)	Windfall*
Land Availability and SHLAA sites	1590 (gross)	Identified Sites
Total	**2518 (Gross)**	
Total Windfall	**928 units (gross)**	

*Conversions cannot be measured as gross, therefore only a net figure can be applied.

5.5. The above table identifies that 928 units were not attributed a delivery rate in the 2010 Housing trajectory/five year supply. As such the units are considered to be windfall units. This is close to double the windfall allowance of 500 units per annum. The table highlights that the SHLAA exercise, whilst helpful in identifying future housing sites, still does not offer a comprehensive assessment of housing supply and delivery. As such, windfall will continue to play a role in future housing trajectories.

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 lyla.peter@leeds.gov.uk.

APPENDIX 1
IDENTIFIED SITES AT 31 March 2010

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.

Changes to PPS3 in June 2010 mean that sites which may have been previously classified as brownfield will now be considered Greenfield. Changes to site classification only occur as of 9 June 2010 and as such, any decision made before that date will use the old classification system.