

# Appendix 5

## SURREY HEATH WINDFALL ALLOWANCE JUSTIFICATION

### Introduction

The NPPF allows LPAs to make allowance for windfall sites if they have compelling evidence that such sites have consistently come forward in the area and will continue to provide a reliable source of supply. Annex A of Appendix 1 sets out a methodology for identifying Surrey Heath's windfall supply. This appendix applies the methodology to calculate a windfall allowance for the purposes of this SLAA and the calculation of the 5 year supply figures.

The NPPF defines windfalls as "Sites which have not been specifically identified as available in the plan process". The Borough has identified three types of windfall sites:

- General sites
- Small sites in the pipeline
- Prior notification sites

Each of these types of windfalls are examined below:

### General sites

#### Historic Windfall Delivery Rates

The number of windfall completions in the period 2000 to 2017 by local area is shown in Table 2 below

Table 2: Windfall completions by local area, 2000-2017

Period	Bagshot	Bisley	Camberley	Chobham	Deepcut	Frimley	Frimley Green	Lightwater	Mytchett	West End	Windlesham	Total
2000-2008 Total	3	6	20	6	0	6	5	4	1	2	0	53
2000-2008 Annualised Average	0.38	0.75	2.5	0.75	0	0.75	0.63	0.5	0.13	0.25	0	6.63
2008-2017 Total	11	6	74	6	2	9	5	4	12	2	8	139
2008-2017 Annualised Average	1.22	0.67	8.22	0.67	0.22	1.00	0.56	0.44	1.33	0.22	0.89	15.44
<b>2000-2017 Overall Annualised<sup>1</sup></b>	0.8	0.7	5.5	0.7	0.1	0.9	0.6	0.5	0.8	0.2	0.5	<b>11.3</b>

<sup>1</sup> Rounded to nearest one decimal point for settlement areas only

It is clear from the above that windfalls have historically made a small but consistent contribution towards the Surrey Heath Housing Land supply. There is no reason to believe this would not continue, especially in light of policy contained in the NPPF, in particular the presumption in favour of sustainable development. It is thus considered that a small windfall allowance should therefore be included in the SLAA.

#### Expected Future Trend by Area

Based on the annualised averages derived in Table 2, a windfall allowance has been calculated for each of the 5 year periods covered by this SLAA.

For years 0-5, a total windfall allowance will be included as shown in Table 3:

*Table 3: Years 0-5 annualised windfall allowance (2017-2022)*

Period	Year	Windfall Allowance
0-5	2017-2018	0
0-5	2018-2019	11
0-5	2019-2020	11
0-5	2020-2021	11
0-5	2021-2022	12
<b>Total 0-5</b>	<b>2017-2022</b>	<b>45</b>

From years 6-15, the PPG allows the inclusion of a windfall allowance based on geographical area. The figures used to compose this allowance are derived from the annualised averages for each settlement area identified in Table 2 and will be included as shown below (numbers are rounded to nearest whole number):

*Table 4: Years 6-15 annualised windfall allowance by local area*

Period	Year	Total Allowance in Period											
		Bagshot	Bisley	Gamberley	Chobham	Deepcut	Frimley	Frimley Green	Lighthwater	Mychett	West End	Windlesham	Total
6-10	2022-2027	4	4	28	4	1	4	3	2	2	1	2	55
11-15	2027-2032	4	4	28	4	1	4	3	2	2	1	2	55
<b>Total 6-15</b>	<b>2022-2032</b>	<b>8</b>	<b>8</b>	<b>56</b>	<b>8</b>	<b>2</b>	<b>8</b>	<b>6</b>	<b>4</b>	<b>4</b>	<b>2</b>	<b>4</b>	<b>110</b>

Based on the annualised average derived from past completion rates of windfalls, 155<sup>2</sup> units could be expected to be delivered from unidentified general windfall development over a 15 year period.

It is considered that the above figures represent an extremely conservative estimate of future windfall completions. This is due to the following:

- As stipulated by the NPPF, residential garden redevelopment has been excluded from the calculations. In reality however such sites have historically made a significant contribution to the Borough's housing figures and there is no indication of this trend slowing down.

<sup>2</sup> Excluding year one – this figure is therefore calculated as 11.3 x 14 years (rounded to the nearest whole number for each settlement area in years 6-15)

- The constraints imposed on development by the Thames Basin Heaths SPA has resulted in a significant decrease in overall housing completions over the period monitored, which is likely to be mirrored in the number of windfall sites which have come forward.
- From 2000-2008 only sites of fewer than 5 units have been included in the calculations when in fact it is likely that some larger windfall (i.e. previously unidentified) sites are likely to have been developed during this period.

### **Small sites**

These are sites of less than 5 units which are identified in the development pipeline. This includes sites either with planning permission or under construction.

At the SLAA base date there were 130 units on small sites. These consisted of 50 units under construction and 80 units not implemented.

### **Prior Notifications**

Alongside the general windfall allowance, a small allowance will be included for dwellings likely to arise from office to residential conversions carried out under the General Permitted Development Order (GPDO). This allowance is informed by the number and pattern of such prior notifications approved up to June 2017 and takes account of the 2016 amendment<sup>3</sup> to the GPDO which has made permanent the existing temporary right to change a building used as an office into residential use.

Office to residential conversions under the GPDO are less likely to be identified through a SLAA study except where they are included as a site already benefitting from approval that is either unimplemented or under construction. As these Prior Notification (PN) sites do not require planning permission and can be approved as permitted development, they are unlikely to have been allocated or identified for housing. Therefore, it is considered that PN sites previously approved for 0-9 units will be accounted for in the allowance. However, in conformity with the general windfall allowance's historic analysis, sites approved in excess of 9 units will not be accounted for.

Due to the relatively recent introduction of such conversions through the GPDO, (30<sup>th</sup> May 2013), it is not feasible to use completions of the PN approvals as a basis for generating a windfall allowance. Therefore, approved PN applications will instead be used to calculate this allowance.

*Table 5: Windfall Office to Residential Prior Notification approvals, 2013-2017*

Period Accounted for (months)	No. of Units Approved through PNs (<10)	Annualised Average for PN Approvals
36 months (1 <sup>st</sup> June 2013 to 31 <sup>st</sup> May 2017)	89	22 <sup>4</sup>

The Council has approved office to residential PNs for 527<sup>5</sup> new units (which is the equivalent of 11 per month, or 132 per year). It has been calculated that 438 of the units were on sites of 10 units or

<sup>3</sup> The Town and Country Planning (General Permitted Development) (England) (Amendment) Order 2016

<sup>4</sup> Figures rounded down to nearest whole number of dwellings

<sup>5</sup> At sites that benefit from more than one prior approval, only the most recently approved PN application is accounted for in monitoring figures. Therefore, this figure excludes 'alternative approvals'

more. The remaining 89 units provide an average of between 1 and 2 units per month, or 22<sup>4</sup> per year. The rate of PN approvals has not slowed down since its introduction and it therefore seems reasonable to expect this to continue in the short term (0-5 years). However, it is noted that this particular element of housing supply is finite, and consequently, the length of the period that this allowance will be applied will need to be subject to limitations. Therefore, the PN allowance will not be applied for the 6-15 year period. Furthermore, as with the general windfall allowance above, no allowance will be included in year 1.

The PN allowance will be modified in future years to take account of PN completion rates. It is considered that this will be possible once the introduction of office to residential conversions through the GPDO has been in place for 5 years, in 2018. This will enable consideration of completions over the 5 year period from 2013-2018, including a 2 year period of post commencement activity, based on the statutory default time limit of 3 years for commencement of the approval. If the number units granted prior approval for office to residential conversions decreases over a sustained period in future years, the period that the allowance is applied for will also be reduced.

*Table 6: Phase 1 annualised PN allowance (2017-2022)*

Period	Year	Prior Notification Allowance
0-5	2017-2018	0
0-5	2018-2019	22
0-5	2019-2020	22
0-5	2020-2021	22
0-5	2021-2022	22

### **Summary**

Surrey Heath currently obtains a windfall housing supply from 3 sources.

Over the next fifteen years these sources are expected to provide 377 units to the housing supply broken down as follows:

- General windfalls (155 units)
- Small sites in the development pipeline (130 units)
- Prior notifications (88 units).