

July 2022

Windfall Study

An assessment of the case for including
windfall in the five-year housing land
supply (1 April 2022)

Hinckley & Bosworth
Borough Council

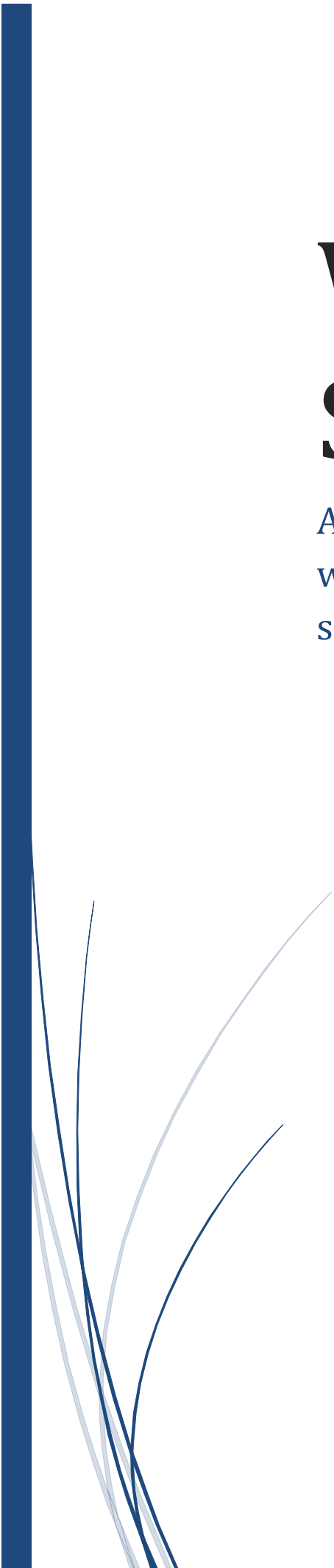


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1. Introduction

1.1. Context

- 1.1.1. This paper has been produced to examine the past trends and potential for future delivery of housing on windfall sites across Hinckley and Bosworth Borough.
- 1.1.2. The study uses net housing completion figures from 1st April 2012 to 31st March 2022. The assessment excludes sites within the Site Allocations and Development Management Policies (SADMP) Development Plan Document (2016) and the Core Strategy (2009).
- 1.1.3. For the purpose of this report windfall sites are sites that deliver less than 10 net units.
- 1.1.4. Large sites have not been included within this study as they are listed separately within the Housing Trajectory.
- 1.1.5. This paper supports a windfall allowance for residential development to be included within the five-year supply of deliverable housing land.

1.2. Planning Policy

- 1.2.1. Windfall is defined in the National Planning Policy Framework (NPPF)(2021)¹, Annex 2: Glossary as:
 - ‘Sites not specifically identified in the development plan.’
- 1.2.2. The NPPF includes policies aimed at ‘Delivering a sufficient supply of homes’ (NPPF, Part 5). Paragraph 68 of the NPPF states that planning policies should identify a supply of specific, deliverable sites for years one to five of the plan period with an appropriate buffer (as set out in paragraph 74).
- 1.2.3. The NPPF and the Planning Practice Guidance (PPG) state that an allowance can be made for windfall sites as part of the anticipated supply if there is compelling evidence that windfall sites will provide a reliable source of supply (NPPF, Paragraph 71).
- 1.2.4. The PPG requires ongoing monitoring of whether the windfall allowance (where justified) is coming forward as expected, or may need to be adjusted (Paragraph 26). The Council will publish information on the actual supply of windfall sites on an annual basis alongside the Residential Land Availability Statement.
- 1.2.5. Although not relevant to the assessment of windfall sites in Hinckley and Bosworth Borough, it is important to make reference to the Strategic Housing and Economic Land Availability Assessment (SHELAA) in this paper. The SHELAA is produced annually to inform the emerging Local Plan Review. It identifies land and assesses the availability, suitability, and achievability

¹ National Planning Policy Framework (2021)

of that land as a potential housing or employment site, which determines whether such sites are deliverable or developable. Sites that are identified as 'developable' in the SHELAA may be allocated through the Local Plan process and do not necessarily represent potential windfall sites, as they may not come forward, other than through the Local Plan. Therefore, although the NPPF states that any allowance for windfall should have regard to the SHELAA, the SHELAA is not a source to which the Council will look to when assessing potential supply of windfall sites in Hinckley and Bosworth Borough.

2. Methodology

- 2.1. This report will firstly analyse past windfall completion data to address if there is a justification to include an allowance for windfall (as set out in paragraph 71 of the NPPF) in the Council's development trajectory. An analysis of historic trends and future impacts will then be undertaken to ascertain the level of any allowance.
- 2.2. This paper will be comprised of the following sections:
 - 3. Past trends
 - a) Annual completions
 - b) Sources of windfall
 - c) Windfall sites
 - 4. Distribution of windfall across the five-year supply period
 - 5. Future impacts
 - 6. Main Findings and Recommendations

3. Past Trends

a) Annual Completions

- 3.1. Monitoring records show that since 1st April 2005 windfall has consistently delivered a proportion of Hinckley and Bosworth Borough's housing completions.
- 3.2. Table 1 (overleaf) presents the total number of completions between 1st April 2012 and 31st March 2022. This table shows the breakdown of completions into windfall and allocated small sites per year.
- 3.3. The data in Table 1 provides compelling evidence for the inclusion of a windfall allowance in Hinckley and Bosworth Borough's development trajectory. As shown in Table 1, on average Hinckley and Bosworth Borough small sites windfall accounts for 87 dwellings of the overall completions per year. Between 1st April 2012 and 31st March 2022, 82% of the completed small sites in the borough were on windfall land.

Table 1: Windfall Sites as a proportion of small site completions in Hinckley and Bosworth between 1st April 2012 and 31st March 2022

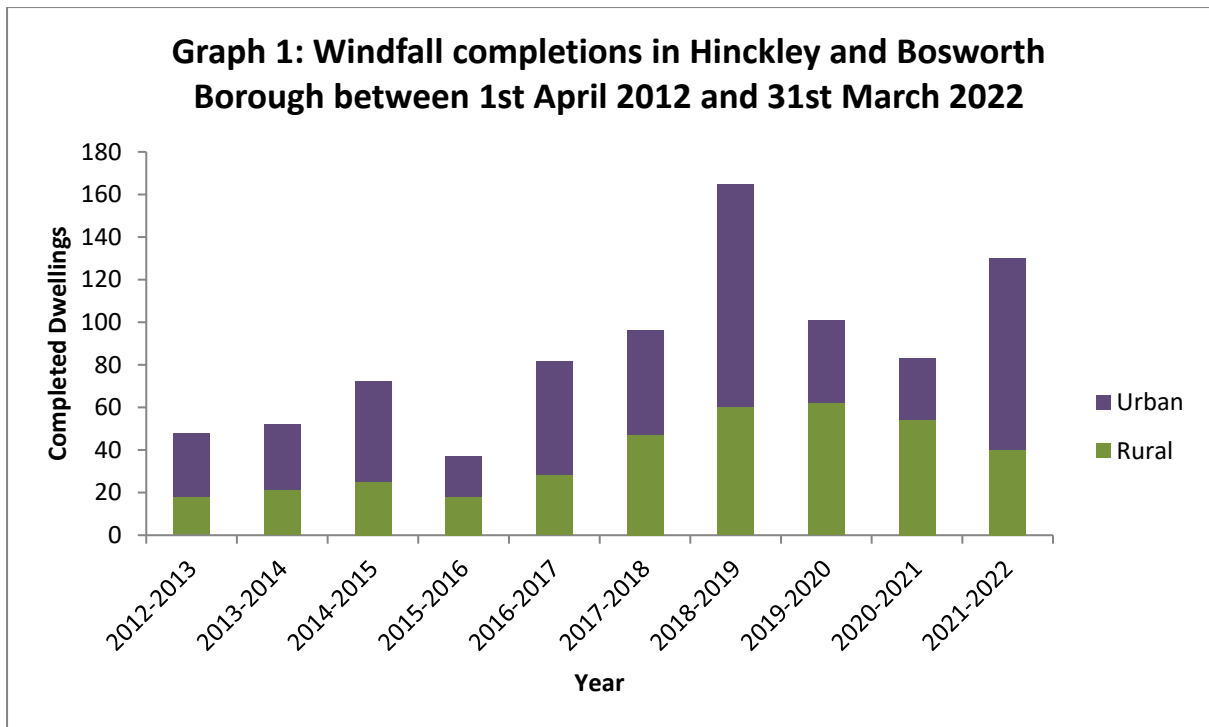
Year (1st April – 31st March)	Total Net Completions	Small Site Completions	Windfall Site Completions	Windfall as a proportion of small site Completions
2012 - 2013	225	64	48	75%
2013 - 2014	480	87	52	60%
2014 - 2015	752	97	72	74%
2015 - 2016	593	61	37	62%
2016 - 2017	569	103	82	80%
2017 - 2018	423	136	96	71%
2018 - 2019	424	169	165	98%
2019 - 2020	285	101	101	100%
2020 - 2021	248	83	83	100%
2021 - 2022	500	130	130	100%
Totals	4,499	1,031	866	
Annual Average (rounded)	450	103	87	82%

b) Sources of Windfall

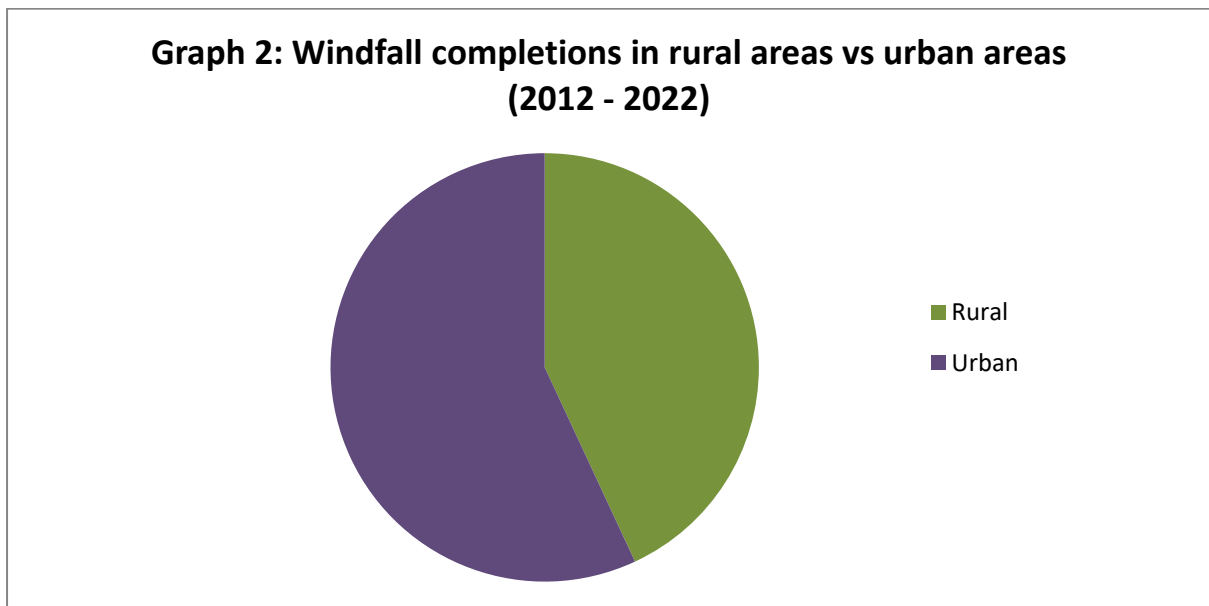
- 3.4. Table 2 provides a breakdown of the proportion of historic windfall units that were delivered within the urban and rural areas within Hinckley and Bosworth Borough. Graph 1 shows the breakdown of the urban and rural split per year.
- 3.5. Urban windfall sites are defined as any site within Hinckley, Burbage, Earl Shilton and Barwell. Any site in any other settlement within the borough is defined as a rural site.

Table 2: Windfall delivered in the urban and rural areas in Hinckley and Bosworth Borough between 1st April 2012 and 31st March 2022

Year (1st April -31st March)	Urban	Rural
2012 - 2013	30	18
2013 - 2014	31	21
2014 - 2015	47	25
2015 - 2016	19	18
2016 - 2017	54	28
2017 - 2018	49	47
2018 - 2019	105	60
2019 - 2020	39	62
2020 - 2021	29	54
2021 - 2022	90	40
Total Windfall	493	373
Percentage	57%	43%



3.6. Even though a large majority of the Borough is rural, it is expected that there would be more permissions granted in the urban area. However, Graphs 1 and 2 shows that the completed windfall sites are split with only a partial tilt towards the urban area.

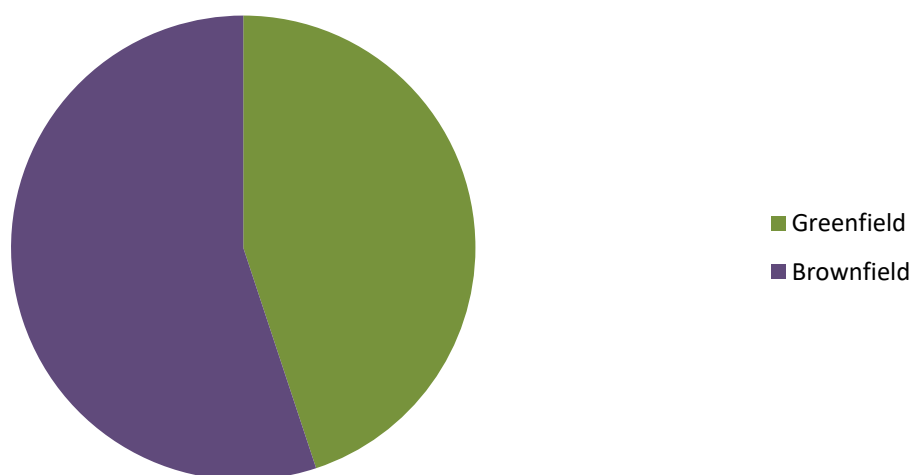


3.7. When analysing Graphs 1 and 2, it is clear that windfall sites come forward in both the urban and rural areas. The data presented above shows that windfall has consistently been delivered over the past decade with a marked increase in delivery since 1st April 2016. There was a drop in completions in 2020 and 2021 due to the COVID-19 pandemic and BREXIT which both brought issues for the development industry. As of April 2022, completions are on the rise again.

Table 3: Windfall delivered on greenfield and brownfield sites in Hinckley and Bosworth Borough between 1st April 2012 and 31st March 2022

Year (1 st April -31 st March)	Greenfield	Brownfield
2012 - 2013	28	20
2013 - 2014	19	33
2014 - 2015	23	49
2015 - 2016	24	13
2016 - 2017	34	48
2017 - 2018	55	41
2018 - 2019	68	97
2019 - 2020	34	67
2020 - 2021	41	42
2021 - 2022	63	67
Total Windfall	389	477
Percentage	45%	55%

Graph 3: Windfall Completions: Brownfield sites vs Greenfield Sites (1st April 2012- 31st March 2022)



3.8. Table 3 and Graph 3 shows the windfall completions from 1st April 2012 – 31st March 2022 and the Greenfield and Brownfield split of the sites. There have been slightly more Brownfield completions over the 10-year period however the data shows that both sources have been consistently delivered since 1st April 2012.

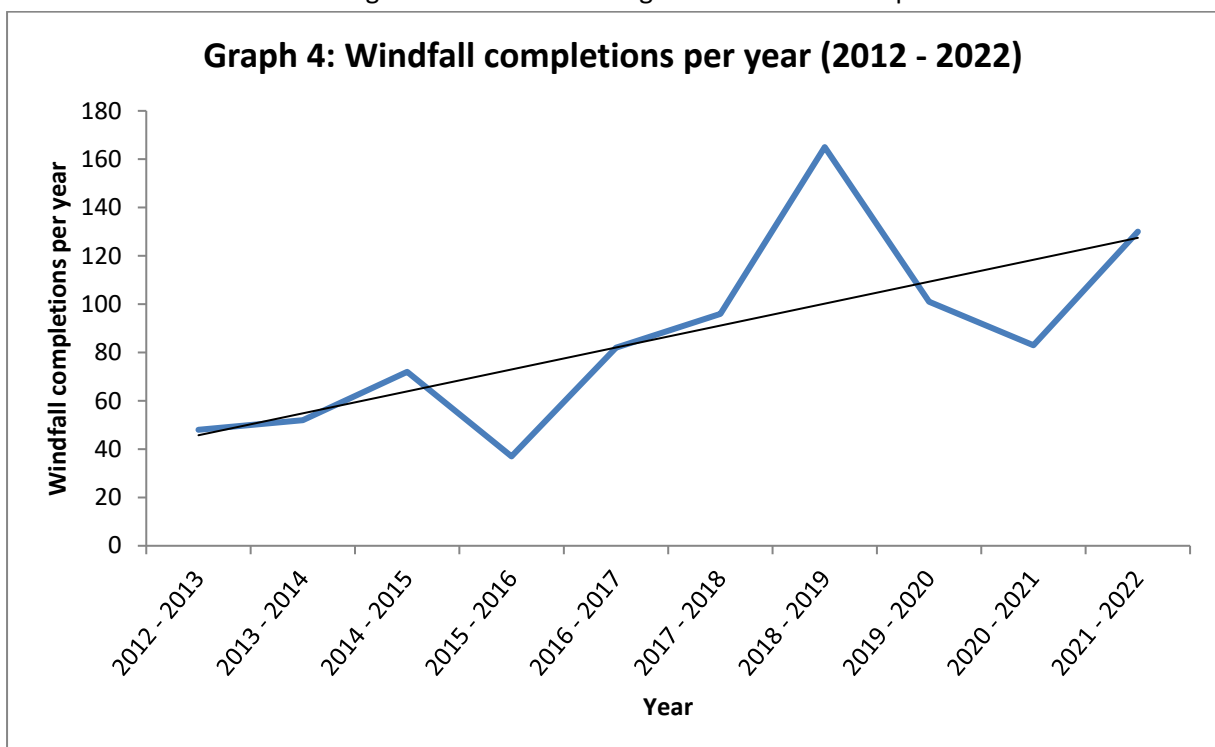
c) Windfall Sites

3.9. The windfall completions have been used for this study. Therefore, the average completions per year can be projected forward into the Council's development trajectory and more specifically the five-year housing land supply. However, as years one to three still have extant permissions that are individually listed on the Housing Trajectory the windfall figure will not be included in years one, two or three to avoid any issue or doubt over the double counting of sites.

Table 4: Windfall Sites as a proportion of total completions in Hinckley and Bosworth Borough between 1st April 2012 and 31st March 2022

Year (1 st April – 31 st March)	Total Completions	Windfall Site Completions	Windfall as a proportion of Total Completions
2012 - 2013	225	48	21%
2013 - 2014	480	52	11%
2014 - 2015	752	72	10%
2015 - 2016	593	37	6%
2016 - 2017	569	82	14%
2017 - 2018	423	96	23%
2018 - 2019	424	165	39%
2019 - 2020	285	101	35%
2020 - 2021	248	83	33%
2021 - 2022	500	130	26%
Totals	4,499	866	
Annual Average (rounded)	450	87	19%

3.10. In terms of annual housing completion figures, Table 4 shows that windfall site completions account for an average of 19% of the Borough’s total annual completions.



3.11. Graph 4 shows that although the number of windfall completions on small sites does fluctuate, the windfall completions have an increasing trend over the last ten years.

3.12. As shown in Table 4, on average 87 dwellings a year have been provided on small windfall sites of 9 dwellings or less over the last decade. If the average indicated by past trends was applied to the last two years of the five-year housing land supply this would equate to 174 dwellings being included within the five-year housing land supply and a further 87 dwellings

being projected each year thereafter for the remainder of the Plan period (or the 6-10 year period).

- 3.13. The trend line of Graph 4 shows the increase in windfall site completions between 2012 and 2022. The annual average of windfall delivery is 87 dwellings. There was an anomalous figure in 2015 – 2016, which was due to the fact that the Site Allocations and Development Management DPD (2016) included the residual housing requirement as of September 2015. These figures included sites, which had already gained planning permission and therefore could not be counted as windfall sites. Within 2020 and 2021 there was a decrease in completions from previous years due to the COVID-19 pandemic causing construction sites to close and BREXIT increasing the price of materials. However, within the last year completions have started to rise again with this year seeing the second highest windfall figure being recorded in the last ten years. Since 2012 the amount of windfall sites completed per year has generally increased and has a positive correlation.
- 3.14. Over the last five years more windfall dwellings have been delivered than ever before. The five-year average is 115 dwellings per annum. This figure is significantly higher than the 10-year average of 87 dwellings per annum (33% higher). Even with construction sites closing for part of last year (2020/21) the figure was still the fifth highest windfall completions recorded.
- 3.15. It is on this basis, having regard to the data, that this paper concludes that not only is a windfall allowance appropriate for small sites of 9 dwellings and under, but that it would be misleading to not include provision for additional windfall within the housing trajectory. It is considered that the windfall figure derived from past trends is realistic and conservative as it represents an economic cycle including a period of economic downturn. Without a windfall allowance, the five-year land supply figure would not be wholly representative of the Council's small site housing delivery.
- 3.16. In terms of the justification for only projecting small site permissions into years 1 to 3 of the trajectory this is provided within the Residential Land Availability Statement.

4. Distribution of windfall across the five-year supply

- 4.1. Small site planning permissions will expire. As this study is based on the completions per year and not the permissions granted a non-implementation rate does not need to be applied to the windfall supply.
- 4.2. Due to the windfall supply being based on yearly completions the study will be reviewed every year so that the most up to date figure is presented. This means that the trend can be monitored to guarantee the windfall allowance is still justified and the supply can be adjusted accordingly.
- 4.3. Small site commitments for years one, two and three of the five-year land supply will still be listed separately as the permissions are extant. The Council's housing trajectory discounts

sites or pushes their delivery back where contact with the developer indicates that a permission may not come forward or there is a known practical barrier to delivery. The permissions projected into years one, two and three therefore are dealt with on a case by case basis. A planning permission expiry rate is also applied to planning permissions within the residential land availability statement.

- 4.4. The trend line of the Graph 4 shows an increase of windfall sites from 2012 until 2022. Table 5 shows the percentage increase/decrease of sites compared to the previous year.

Table 5: Percentage Increase of Windfall Sites in Hinckley and Bosworth between 1st April 2012 and 31st March 2022

Year (1st April – 31st March)	Windfall Completions	Percentage increase from previous year
2012 - 2013	48	
2013 - 2014	52	8%
2014 - 2015	72	38%
2015 - 2016	37	- 49%
2016 - 2017	82	122%
2017 - 2018	96	17%
2018 - 2019	165	71%
2019 - 2020	101	-39%
2020 - 2021	83	-18%
2021 - 2022	130	47%
Average Percentage		22%

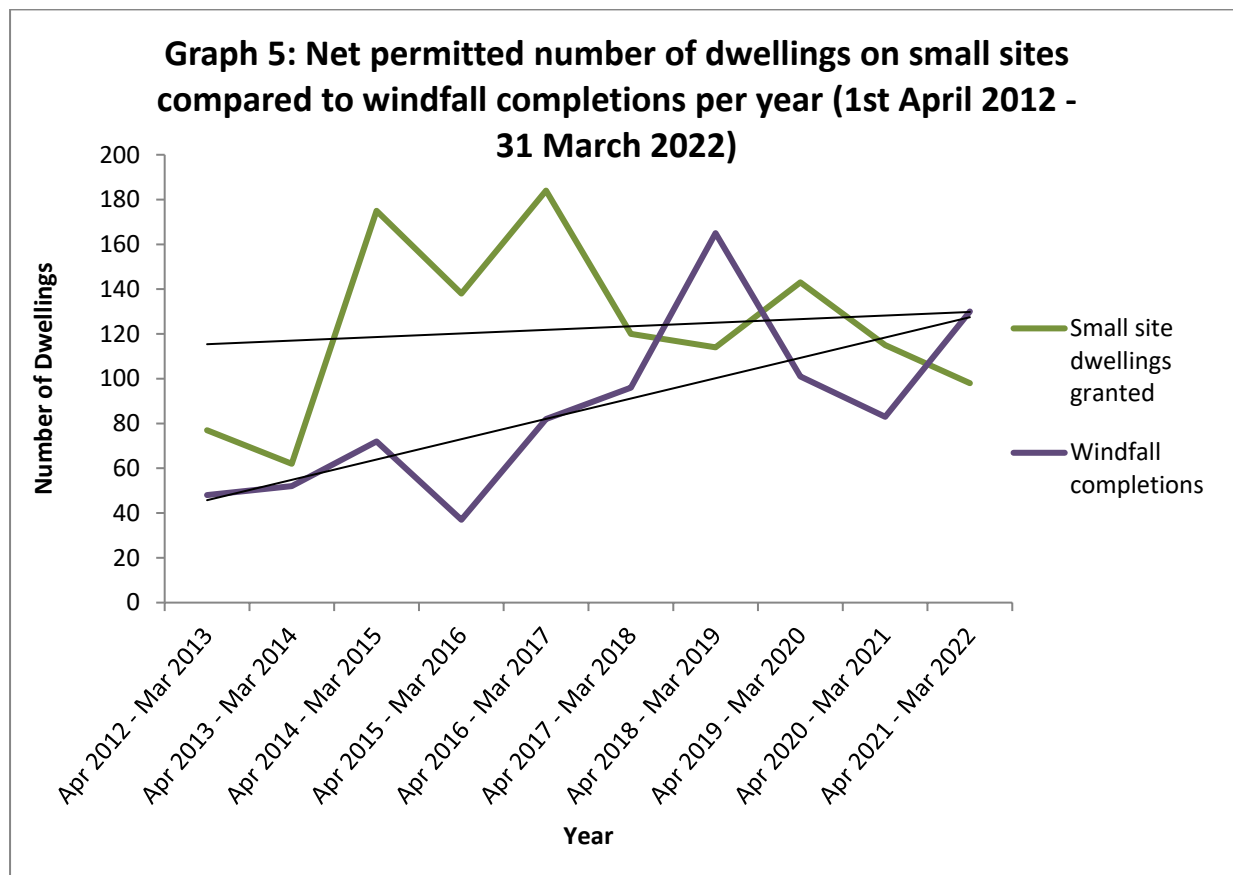
- 4.5. Table 5 shows that windfall sites have predominately increased annually with the average percentage increase being 22%. Since 2017, the windfall completion figure has been above the average of 87 dwellings per year with the exception of 2020/2021 which was the height of the covid-19 pandemic lockdowns. The housing market is ever changing and therefore it is considered that the most recent years show a true picture of the current market. It is considered that a percentage increase could be added to the provision of windfall that is projected into the trajectory.

- 4.6. However, even though this study is based on windfall completions the permissions granted per year also need to be taken into account. Table 6 (overleaf) shows the number of small site dwellings granted per year and the total windfall completions per year. It should be noted that these figures do not directly correlate as dwellings granted in one year are not necessarily built in the same year.

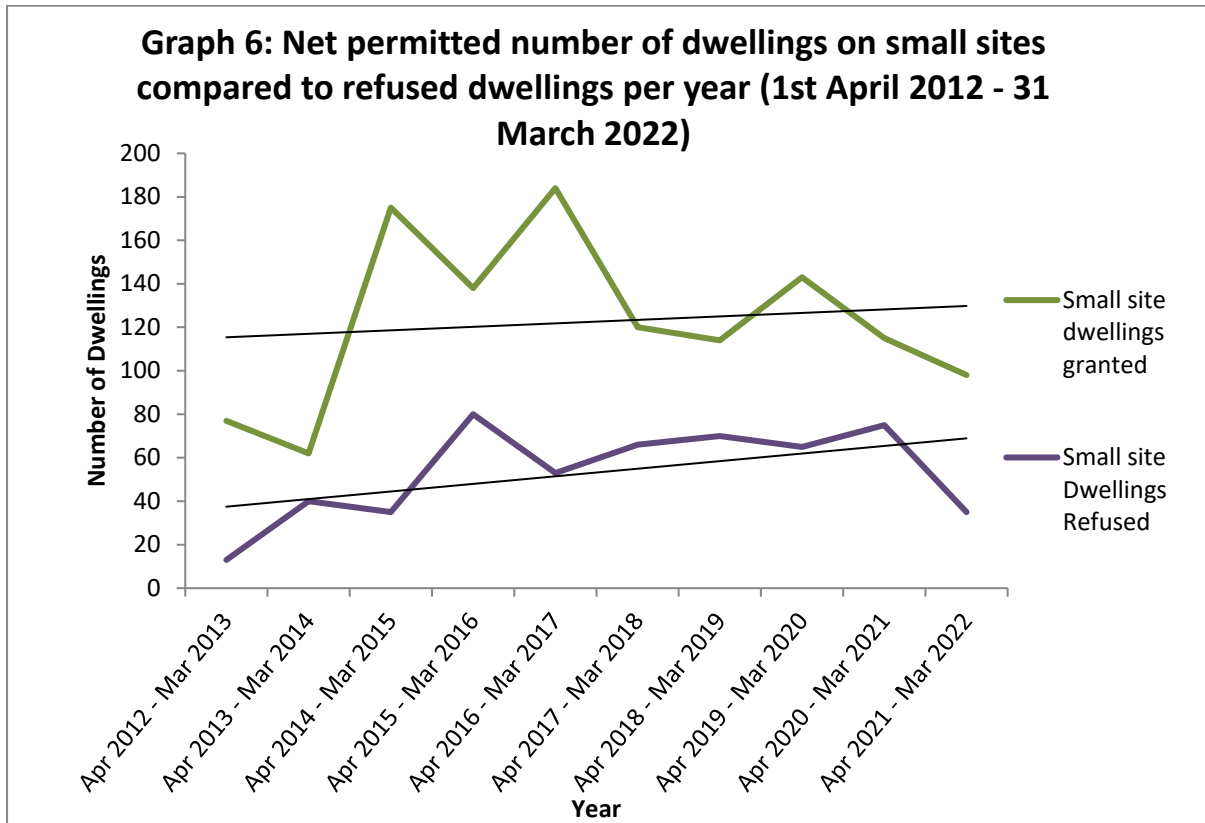
Table 6: Net number of small dwellings permitted and refused compared to windfall completions per annum (1st April 2012 – 31 March 2022)

Year (1 st April – 31 st March)	Small site dwellings granted	Small site dwellings refused	Windfall completions
2012 - 2013	77	13	48
2013 - 2014	62	40	52
2014 - 2015	175	35	72
2015 - 2016	138	80	37
2016 - 2017	184	53	82
2017 - 2018	120	66	96
2018 - 2019	114	70	165
2019 - 2020	143	65	101
2020 - 2021	115	75	83
2021 - 2022	98	35	130

4.7. Graph 5 also shows the data presented in Table 6. The data shows that there has been a decrease in sites permitted since 2016 - 2017 however this figure has fluctuated and remained over 100 dwellings (excluding 2020/21) in the last 5 years. Even though completions that could come forward in the future that are not based on just two years of permissions the downward trend in the last 5 years cannot be ignored. However, overall there is not a downward trend for permissions, this trend line is still a slightly upward trend.



4.8. As this data has been collected over a ten-year period it is considered that the average completions per year has had peaks and troughs as has the permissions granted per year. There is fluctuation of the number of dwellings granted per annum and also the completions however, both the permissions granted and windfall completions have a positive gradient trend line.



4.9. Graph 6 shows that there is a variation in the dwellings permitted and refused throughout the years but the yearly figures do complement each other. Over the ten-year period the number of dwellings refused per annum firstly increases then levels out between 2016 and 2021. The number of dwellings refused has decreased in the last year. In 2015/16 there was a significant peak in permissions due to the Site Allocations and Development Management Policies DPD being adopted which gave the Council more up to date policies on which to assess applications. Although the number of permitted dwellings has decreased in the last year in terms of the proportion of overall determined dwellings that were approved it is a similar ratio in 2019/20 and other years.

4.10. Taking the comparison of the permissions granted, the windfall completions and the dwellings refused into account, it is considered that a percentage increase should not be added to the average windfall completion figure per year that is to be projected into year 4 and onwards of the housing trajectory. Therefore, the projected annual windfall completion figure is **87 dwellings**.

4.11. The data has been analysed over a ten-year period and past economic trends and changes of policy have been analysed through this. As no percentage increase has been added to the

average figure it is considered that this figure takes into account any future impacts (discussed in more detail in the next section).

5. Future Impacts

- 5.1. This section provides a brief analysis of other factors influencing the windfall calculations made in this paper.
- 5.2. The time period over which past windfall trends have been assessed includes a significant economic downturn. This is shown in the analysis of past trends. Windfall completions are shown to have increased steadily since 2012/13. It can be concluded that the yearly averages calculated within this windfall paper are conservative estimations and are representative of an economic cycle; therefore, no adjustments are necessary to allow for differing market conditions. Especially with the current strength of the market.
- 5.3. There have been significant changes in planning policy over the period for which windfall allowance has been assessed. Flexibility provided by policies in the NPPF has encouraged windfall through a variety of sources. In particular, policies regarding the re-use of redundant buildings. The NPPF (2021) still provides flexibility through its policies. Alongside this, permitted development right changes (from 2013) regarding prior approval change of uses encourage changes of use from a variety of uses to residential. In July 2021, more permitted development right changes of uses were introduced meaning that units falling under Commercial, Business and Service (Class E) can now also change into dwellinghouses with prior approval. It is considered that these changes over the years have led to the annual increase in windfall completions.
- 5.4. There is also the rural versus urban development fact. This was mainly addressed in section 3. As Hinckley and Bosworth Borough has a lot of rural areas alongside the main urban area to the south it is considered that this factor would not affect the annual windfall completions.
- 5.5. Within 2020 and 2021 the nation was in several lockdown periods due to the COVID-19 pandemic. Construction sites could remain open if they follow social distancing guidelines. As of the 19th July 2021 the restrictions across England had been lifted and life returned to 'normal'. That is not to say that COVID-19 has vanished but it is being lived with. It was predicted that the housing market would crash at some point however as of June 2022 the market still remains at a record high. It should be noted that since the start of the pandemic in March 2020 the housing market is now approximately 30% higher than the pre-2008 crisis peak due to measures introduced by the government during the pandemic i.e. stamp duty holiday. However, the pandemic is one of the contributing factors considered when determining whether a percentage increase should be applied to the windfall figure projected into the trajectory.
- 5.6. In addition, the United Kingdom officially left the European Union on the 31st January 2020. It seems that one of the major impacts of this on the building sector is the cost of the

importation of materials and following this the availability of materials. Even though this began in 2020 it is still a very present issue and therefore this needs to be factored into whether a percentage increase should be applied as well.

6. Main Findings and Recommendations

- 6.1. This paper has presented a compelling case for the inclusion of a windfall allowance for sites of nine dwellings or less within Hinckley and Bosworth Borough's development trajectory. This section summarises the key findings and recommendations of this paper.

Case for windfall allowance

- 6.2. A thorough analysis of completion data for the last ten years has shown that windfall makes a consistent contribution towards total completions and small site completions in Hinckley and Bosworth Borough; on average approximately 22% of the total completions were small windfall sites and approximately 82% of small site completions were windfall. The evidence presented in this report provides a strong case for the inclusion of windfall within the Council's development trajectory and more specifically the five-year housing land supply.
- 6.3. On 7th May 2021, the Sketchley Lane appeal decision (APP/K2420/W/20/3260227) confirmed that the windfall figure was realistic '*having regard to historic windfall rates and expected future trends*' (paragraph 32).

Sources of windfall

- 6.4. A brief analysis was undertaken to understand any trends regarding where in the borough the windfall sites were permitted. This analysis showed that windfall developments were evenly distributed between the urban and rural area. Overall, it was concluded that windfall development has been consistently delivered across the borough over the past decade.

Windfall Sites and the Trajectory

- 6.5. There are permissions within the last three years that have not been implemented yet but have not expired. These permissions will be individually projected into the first three years of the five-year land supply trajectory. These permissions have their own lapse rate. More detail is given on this within the Residential Land Availability Statement.
- 6.6. Planning permissions will expire. As this study is based on the completions per year and not the permissions granted a planning permission expiry rate does not need to be applied.
- 6.7. Over the last ten years there has been a positive trend in the annual windfall completions. The full scale of the impact upon the housing market and the economy caused by the COVID-19 pandemic and lockdowns and BREXIT remains to be seen; to date the market has not crashed as it was predicted to. Due to this, it is considered that a percentage increase should not be added to the average annual windfall completions figure that is to be projected into year 4 and onwards of the housing trajectory. Therefore, the projected annual windfall completion figure is **87 dwellings per year**.

- 6.8. The data has been analysed over a ten-year period and past economic trends and changes of policy have been factored in. As no percentage increase has been added to the average figure it is considered that this figure takes into account any future impacts.

7. Conclusion

- 7.1. The above analysis demonstrates a compelling case for the inclusion of a windfall allowance in Hinckley and Bosworth Borough's housing land supply. Windfall sites have historically made a consistent contribution to the overall housing delivery in the area and are likely to continue to do so.
- 7.2. This consistent supply from small windfall sites is clearly apparent. Not including an allowance within the housing land supply for windfall would under-estimate the delivery of housing in the area.