South Gloucestershire Council Regulation 19 Local Plan

Small Sites Windfall Topic Paper

February 2025

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1. Purpose of Topic Paper

1.1. This paper has been prepared and released as part of the South Gloucestershire new Local Plan.

1.2. The term 'windfall site' is used for sites which are brought forward through the development management process and are not included as specifically allocated land in the Local Plan. 'Small sites' are sites with 1-9 homes.

1.3. The Council currently includes, as part of its annual housing trajectory update, a windfall allowance for 210 new homes from small sites per annum. It has applied this windfall allowance for the past 11 years (since 2014) which has been published in annual Authority Monitoring Reports (AMR).

1.4. This paper considers housing contributions of small sites windfalls since 2006/07 (the base date of the adopted Core Strategy) up to 2023/24 and assesses the potential for identifying windfall contributions that may come forward over the plan period up to 2041.

1.5. This paper forms part of the evidence bases for the new Local Plan, enabling the Council to review the position and set a new windfall allowance figure to be used for supporting the Council's new housing trajectory and future 5-year housing land supply.

2. Approach to Windfall

2.1. National policy sets out the overall approach to windfall allowances. The National Planning Policy Framework (December 2023)[1] (NPPF) paragraph 72 states the following:

> *"Where an allowance is to be made for windfall sites as part of anticipated supply, there should be compelling evidence that they will provide a reliable source of supply. Any allowance should be realistic having regard to the strategic housing land availability assessment, historic windfall delivery rates and expected future trends. Plans should consider the case for setting out policies to resist inappropriate development of residential gardens, for example where development would cause harm to the local area."*

2.2. The National Planning Policy Guidance (NPPG) for the Housing and economic land availability assessment at paragraph 023 states:

> *"A windfall allowance may be justified in the anticipated supply if a local planning authority has compelling evidence..."*

[1] The 2023 NPPF has been referenced here despite there being no change in the 2024 version. This is because the new Local Plan is being prepared in line with the transitional provisions in the new NPPF, with approach and soundness being assessed against December 2023 version.

2.3. In accordance with the NPPF, the method for determining a future anticipated windfall allowance will be based both on past trends and future projections, applying reasonable judgement to ensure that a justified and appropriate figure is reached which is supported by compelling evidence.

2.4. The Council currently includes, as part of its annual housing trajectory update, a windfall allowance for 210 new homes from small sites per annum. This allowance was set in the existing Core Strategy which was adopted in December 2013. It has applied this windfall allowance for the past 11 years (since 2014) which has been published in annual Authority Monitoring Reports (AMR).

2.5. This paper will now go on to show that monitoring since adoption of Core Strategy has shown small site windfall have delivered at an average of 241 per annum South Gloucestershire.

3. Windfall Methodology

3.1. This topic paper adopts the method required by the NPPF and NPPG guidance and analyses delivery rates of small windfall sites with planning permission over the period 2006/07 to 2023/24. This remainder of the paper comprises:

- Confirmation of all housing completions for each monitoring year with a breakdown of small site windfalls (1-9 dwellings).
- Windfalls categorised into:
  - Rural and urban sites
  - Sites of 1-4 dwellings and sites of 5-9
  - Brownfield and Greenfield
- Analysis of the completions and any historical trends to determine whether the Council is achieving or exceeding the current 210 windfall allowance.
- Analysis of the above data to assess the extent to which it supports the inclusion of an allowance for windfall small sites in the new Local Plan and the level of any such allowance, considering future supply projections, policy changes and market trends.

4. Work to Date: Assumptions and Methods

Monitoring Processes

4.1. Residential land availability survey (RLAS) is undertaken by the Council annually each April and May. This survey monitors sites that are available for housing development through current planning permissions. Surveys are split into large sites (10+ dwellings) and small sites (1-9 dwellings). Every site with an extant planning permission is visited and recorded as either not started, under construction or complete. Currently no small sites are allocated in the Council's adopted Development Plan and thus are all classed as windfalls. The Council reports the number of completed small sites each year as part of its Authority's Monitoring Report, you can view these here.

Small Site Windfall Completions

4.2. Historically over the last 18 years, small site windfalls of less than 10 dwellings have made an important contribution to housing supply across South Gloucestershire as shown in Figure 1 below.

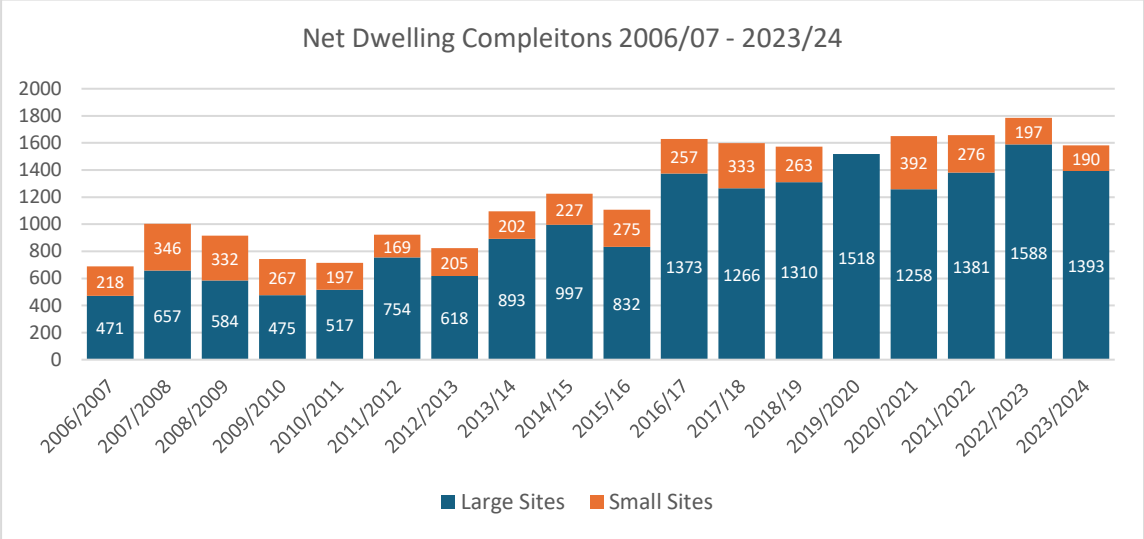


Figure 1 – Net Dwelling Completions 2006/07 – 2023/24

4.3. Windfall small sites have delivered 20% of all completions over this period, with a mean completion rate of 241 dwellings per annum. This average is 15% higher than the 210 annual average.

4.4. However, there has been a decline in completions over the last 2 years to under two hundred dwellings per annum. For the reasons explored below, the Council does not consider that this recent decline in completions is attributable to a lack of stock of small sites that make up supply.

Stock of Small Site Windfalls

4.5. As of January 2025, there were 887 dwellings (net) categorised as small site windfalls with planning permission[2].

4.6. This is comprised of 232 units currently under construction and 655 units yet to commence. Against sites not yet commenced, it is appropriate and reasonable to apply a lapse rate of 10%. This rate is line with authorities across the West of England and generally accepted practice. Applying a 10% lapse rate to the net total yet to commence allows the Council to conclude that 589 units are deliverable.

4.7. The total number of small sites dwellings in the South Gloucestershire supply is therefore 821 units (net), achieved by adding the 232 units currently under construction to those units considered deliverable. This is equivalent to an average

[2] This does not include dwellings on sites for which planning permission has lapsed during the previous monitoring year.

of 274 units per annum over a 3-year period[3]. This is considered sufficient to justify the continuation of a small sites windfall allowance and supports the case for a further increase to the annual allowance.

Development Size

4.8. Of the small site windfalls with planning permission:

- 582 units are on sites of 1 - 4 units.
- 305 units are on sites with 5 - 9 units.

4.9. Figure 2 below shows historic small site windfall completions by development size between 2006/07 and 2023/24. These are broken down into two categories: sites of four or fewer dwellings and those accommodating between 5 and 9 dwellings.

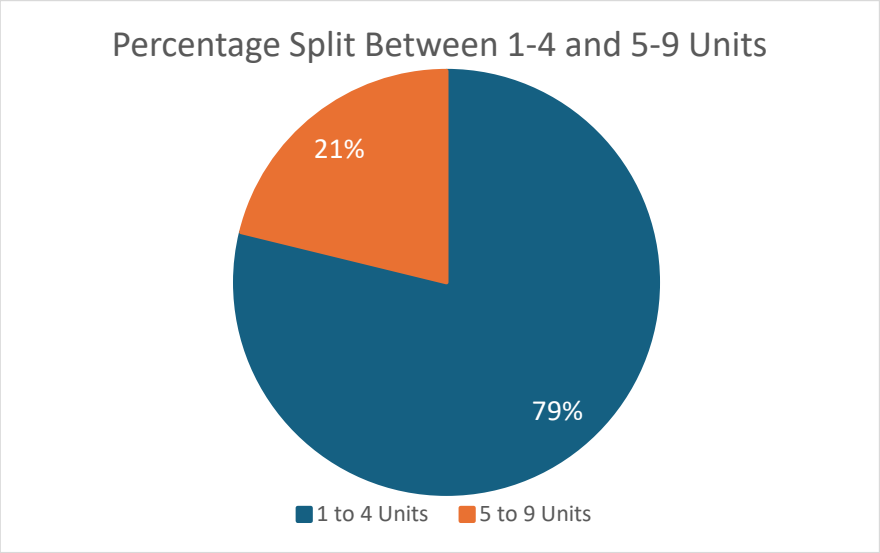


Figure 2 – Percentage split between sites of 1-4 and 5-9

4.10. It is evident from this analysis that the majority of small site windfalls are made up of developments between 1 and 4 units.

[3] In England, planning permissions typically have a lifespan of three years. This means that once granted, the permission remains valid for three years from the date of approval. During this period, construction or development work must commence to initiate the project lawfully.

Former Land Use

4.11. Historically, most small site windfalls have been developed on brownfield land, making up 63% of overall completions as shown in Figure 3 below.

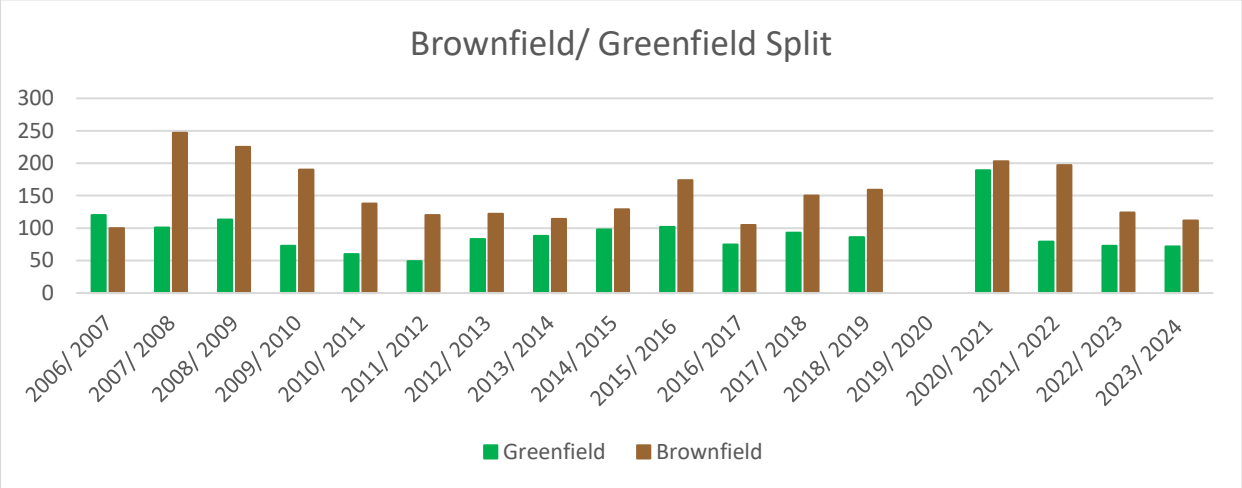


Figure 3 – Brownfield / Greenfield Split

4.12. As stated in section 2, the NPPF at paragraph 72 states that "Plans should consider the case for setting out policies to resist inappropriate development of residential gardens, for example where development would cause harm to the local area."

4.13. Figure 4 below displays the proportion of completions on garden land per annum. This illustrates that garden land has continued to provide small sites since the policy in NPPF paragraph 72 was introduced. This indicates that the policy position of avoiding harm to local areas has been appropriately applied while balancing this with the need to provide sufficient new homes, shown by the continued permissions and developments since introduction of the NPPF criteria. Therefore, it is considered appropriate to continue assuming former garden land will make up part of the future stock of supply.

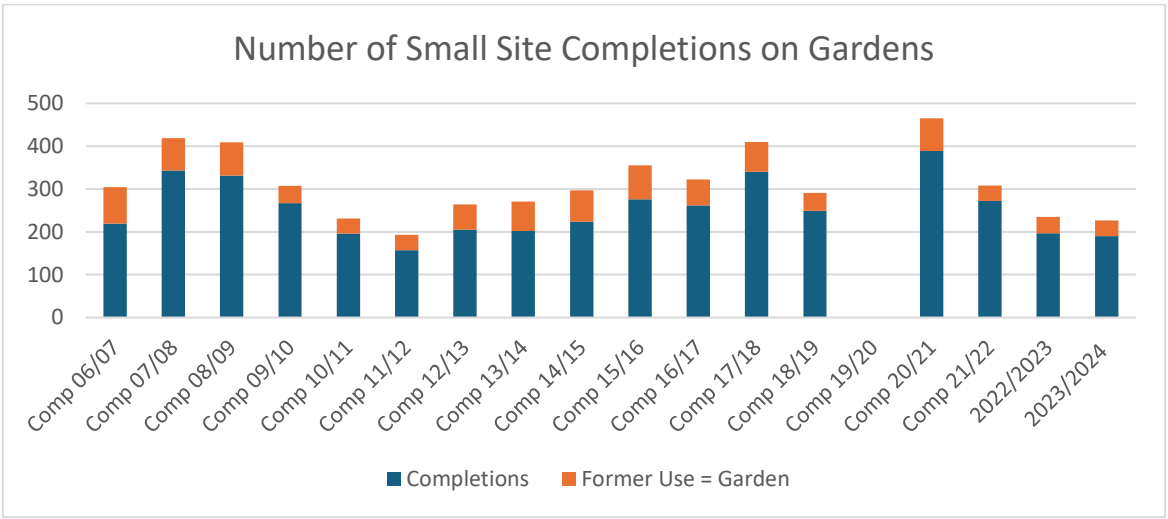


Figure 4 - Number of Small Site Completions on Gardens

Rural and urban Split

4.14. South Gloucestershire Council has annually monitored housing delivery in line with policy CS5 – Housing Distribution from the existing Core Strategy. This policy sets out the urban and rural areas across the district.

4.15. Rural areas comprise the open countryside, the coastal/estuary areas, and settlements outside the settlement boundaries of the north and east fringe of the urban area of South Gloucestershire, excluding land within the settlement boundaries of Thornbury, Yate and Chipping Sodbury and the Severnside employment area.

4.16. Urban areas comprise the north and east fringe of the urban area of South Gloucestershire and within the settlement boundaries of Thornbury, Yate, Chipping Sodbury and the Severnside employment area.

4.17. Figure 5 below displays the breakdown of small sites between urban and rural locations. Urban areas consist of the north and east fringe of the urban area of South Gloucestershire, Yate, Chipping Sodbury and Thornbury.

4.18. Analysis of the data shows he general trend of rural and urban split has been quite consistent since 2006 with an average of 63% of completions being built in urban locations. This shows that the policy framework is being adhered to.

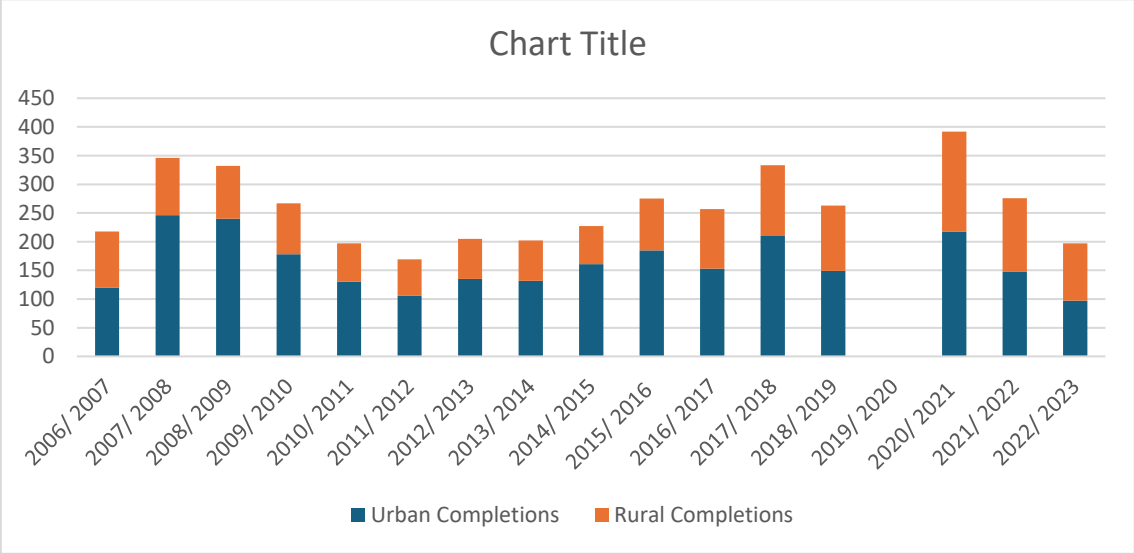


Figure 5 – Urban / Rural Split of Small Site Windfall Completions

5. Summary of findings

5.1. Since 2013/2014 South Gloucestershire Council has applied a total of 210 small site windfall units per annum for housing trajectory and 5-year housing land supply purposes. This has been supported at planning appeals.

5.2. Over the last 18 years, the average for small site windfall completions per annum is 241, 15% higher than the 210 annual average.

5.3. The majority of small site windfalls, 79% are made up of sites between 1 and 4 dwellings.

5.4. The split between urban and rural locations is 63% urban and 37% rural.

5.5. Brownfield sites make up 63% of the overall small site completions in South Gloucestershire.

5.6. The current and proposed policy framework continues to support small sites windfalls being delivered and to justify this being further increased.

5.7. The Council is therefore confident that in setting a new small sites windfall allowance for the new Local Plan period (2026 to 2041), this should not be less than 210 pa and that there are strong grounds to consider if this figure should be further increased.

6. Avoiding Duplication and Double Counting in New Local Plan

6.1. The new Local Plan seeks to allocate sites with five units or more for the first time. Historically only sites of ten dwellings or more have been allocated through the Local Plan.

6.2. There are three sites (allocation reference) that form part of the Regulation 19 allocations that fall within the 5-9 category that have a combined total of twenty units. This could be recognised as a duplicate with the windfall allowance of 230 per annum in the first 3 years. However, the Council would consider that when allowing for the deduction of 20 units from the total available supply of small site windfalls (and including continuing to apply the 10% lapsed rate), this still ensures sufficient overall supply is available to achieve an annual delivery of 230 small sites per annum.

7. Opportunities from Other Areas of the New Local Plan

7.1. The new Local Plan will be looking to make the best use of land, optimise density, and secure an uplift in densities on appropriate locations and sites. The sites and locations are focused on locations within suitable walking distance of designated town centres, and public transport hubs (train station and major bus interchanges). In South Gloucestershire, these locations are all within urban areas and the three market towns.

7.2. As explained, small windfalls since 2006 have averaged 241 homes a year, of which 63% were within the urban area and market towns. The new Local Plan policy LP1: Making Effective Use of Land in Urban and Town Hubs will further help to support this element of our supply. This provides additional justification that the small sites windfall allowance can be sustainability increased.

8. Market Trends

8.1. It is also considered that market trends and the cyclical nature of the property market have also been a factor in completions recorded in recent years. In January 2020, at the beginning of the pandemic, the rate of annual house price inflation for detached properties was at +1.7% with buyers less willing to pay a premium. By January 2021 this had jumped to +9.2% fuelled by the national lock down and stamp duty cuts.[4] Moreover, interest rates also went up in this period to combat inflation making mortgages and loans more expensive. These factors inevitably had an impact on small scale developers and the housing market in general.

8.2. As of February 2025, interest rates have dropped to 4.5% with further cuts anticipated to happen over the coming months, with the return of more normal housing market conditions. Therefore, while fluctuations to the housing market are reflected in data across the lifespan of the time series data presented and will be expected to continue to occur over the new Local Plan period, Given the availably of small site stock, it is considered that the proposal to increase the small sites windfall allowance can accommodate such annual movements as may naturally occur.

9. Potential Approaches

9.1. As part of considering amending the small sites windfall allowance alternative options have been considered.

9.2. **Option 1** – Retain the current adopted figure of 210 small sites per annum. This approach has worked well throughout the previous plan period but does not reflect the up-to-date evidence of stock or completions, coming in below the average. This option would contribute 3,150 over the 15-year plan period.

9.3. **Option 2** – Utilise the latest evidenced current average figure of 241 per annum. This option would provide the highest number of small sites forecast in the Housing Trajectory. However, it would mean we would see more frequent dips below the projected figure due to the cyclical nature of the housing market and the impact that existential events have on the delivery of small sites. This option would contribute 3,660 over the 15-year plan period.

9.4. **Option 3** - Somewhere in between. A figure of 230 per annum would increase the small site projections by twenty per annum giving a sustainable uplift over the plan

[4] Figures taken from Lloyds Bank What can we expect from the UK housing market in 2025? - Lloyds Banking Group plc

period, while providing more resilience to the impact of the cyclical nature of the housing market. This option would contribute 3,450 over the 15-year plan period.

10. Small sites in the new Local Plan: Conclusions and Recommendations

10.1. The analysis in this paper demonstrates a compelling case for the inclusion of a windfall allowance in South Gloucestershire's housing land supply. Small site windfall sites have historically made a consistent contribution to the overall housing delivery, and it is fair to assume they will continue to do so.

10.2. Taking the above findings into account, the Council intends to progress with Option 3. Taking an evidence-based but realistic approach that allows for fluctuations in the delivery of homes on small sites. Accordingly, a small site windfall allowance figure of 230 new homes per year will be presented in the new Local Plan and considered a source of supply up to 2041.