

Windfall Allowance:

Updated Methodology Paper

For the East Hampshire District (outside the South Downs National Park)



October 2023

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1. Introduction

- 1.1 The National Planning Policy Framework (NPPF) glossary defines windfall sites as “*sites not specifically identified in the development plan*”. Paragraph 70 of the NPPF allows local authorities to make an allowance for windfall sites as part of anticipated supply. However, local authorities may only make an allowance for windfall if they have “*compelling evidence that they will provide a reliable source of supply*”. In addition to this, any windfall allowance should be realistic having regard to the strategic housing land availability assessment, historic windfall delivery rates and expected future trends.
- 1.2 The Planning Practice Guidance (PPG) on housing and economic land availability assessment states a windfall allowance may be justified in the five-year housing land supply calculations. It also advises that local planning authorities have the ability to identify broad locations in years 6-15, which could include a windfall allowance based on a geographical area.
- 1.3 There is a strong track record in East Hampshire of windfall sites being delivered. The Local Planning Authority (the Authority) strongly believes that this is an aspect of future housing delivery that should be taken into account in the housing trajectory for the emerging Local Plan period 2021 to 2040, as well as for the purposes of monitoring five-year housing land supply.

2. Background

- 2.1 The purpose of this report is to form part of the evidence base for the emerging Local Plan 2021-2040 and provide a justification for inclusion of a windfall allowance in the Authority's housing trajectory, as well as the Authority's five-year housing land supply. This report re-examines the windfall analysis that supported the current Local Plan: Joint Core Strategy (JCS), which looked at housing contributions between 2000 and 2011 from both large and small windfall sites, as well as housing contributions post 2011 that had not been previously considered.
- 2.2 The JCS Inspector (2014) acknowledged that new housing will not only come forward on allocated sites but also through windfall sites. The Inspector was content that windfalls had been maintained throughout the previous recession (2008-13) but advocated that a cautious approach should be taken given the inherent unpredictability of supply from this source. The windfall allowance used to support the JCS was based on housing completions between 2000 and 2011. It considered completions on sites of nine dwellings or less and applied a 25% discount to account for removal of sites on garden land (based on previous national guidance) and new policies that could affect potential housing delivery. Once these reductions were considered, the windfall allowance for East Hampshire (outside the South Downs National Park - SDNP) was 72.4 dwellings per annum (dpa).
- 2.3 The Authority has chosen to re-examine the methodology used to calculate this figure to reflect changes to the NPPF and PPG, as well more recent completions, and provide updated evidence for a windfall allowance to be included in the Authority's housing figures. An interim version of this paper was published in December 2018 to support the Draft Local Plan, which was consulted on between February and March 2019. However, this annual update utilises more recent data and incorporates any relevant changes to the NPPF and PPG.

3. Methodology

- 3.1 Windfall development comprise sites that have unexpectedly become available over time, and which were not anticipated by the Authority as part of a Local Plan. These sites are granted planning permission in accordance with adopted local and national policies and contribute towards housing figures. Windfall completions and commitments can vary in size and type of

development, including large sites (over 10 dwellings), such as those that may arise from the closure of a large commercial unit, or much smaller projects such as a residential conversion, or a new flat built over the top of a shop.

3.2 The Framework and the Planning Practice Guidance have been used to undertake this windfall report. The report essentially takes a four-step approach in setting out a windfall allowance for East Hampshire (Outside the SDNP):

- A. Records historic windfall completion rates;
- B. Examines the results over the study period;
- C. Analyses historic trends;
- D. Estimates future housing delivery from windfall sites, considering:
 - Whether there is enough evidence for the inclusion of a windfall allowance in the Authority's housing trajectory;
 - whether the annual windfall completion rate is likely to increase or decrease;
 - the impact of future market conditions and possible policy changes;

3.3 The NPPF requires that when calculating windfall allowance, consideration must be given to the Strategic Housing Land Availability Assessment (known as the Land Availability Assessment or LAA by East Hampshire District Council). The Authority's LAA assesses sites capable of delivering five or more dwellings. As such, sites of four or less dwellings would not be included in the LAA and planning permissions of this size are therefore considered windfall. However, it should be noted that historically windfall sites have still occurred within East Hampshire (outside the SDNP) that are between 5-9 dwellings, as well as sites of 10 dwellings or more. For the purposes of this report, windfall sites exclude the following:

- Allocations (including Reserve Allocations) in the Local Plan: Second Review (2006)
- Strategic Allocation at Whitehill & Bordon (JCS, 2014)
- Allocations in the Local Plan: Housing and Employment Allocations (2016)
- Allocations in any Made Neighbourhood Plans
- Sites contained within the Land Availability Assessment (2022) and previous versions
- Sites contained within the Strategic Housing Land Availability Assessment (2014) and previous versions

3.4 It should be noted that revisions to the NPPF no longer refer to windfall sites being on previously developed land or considers exclusions should be made to development in residential gardens. Therefore, the windfall analysis throughout this report will consider all development that was not anticipated by the local planning authority, factoring in exclusions related to previous Land Availability Assessments.

3.5 All figures referred to throughout this report reflect the total net completions as windfall, therefore, all losses/demolitions have been accounted for.

4. Analysis of Past Trends

4.1 Past delivery rates from windfall development have been obtained using the detailed housing completion data provided by Hampshire County Council as part of its annual monitoring conducted on behalf of East Hampshire District Council. This includes information on the location and type of development, as well as the detailed planning application description. Based on housing completions data, this report considers the delivery of windfall sites since 1st April 2011 to 31st March 2023, which is part of the plan period of the currently adopted Joint Core Strategy (JCS). It also considers the completions and subsequent windfalls from 2000 to 2011, which formed the basis of previous windfall analysis. This extensive period has been chosen as it incorporates respective periods of stronger and weaker economic performance.

4.2 Table 1 presents the total number of windfall completions (all sizes) in East Hampshire (excluding the South Downs National Park) from 2011 to 2023, which provides compelling

evidence that windfall development has consistently delivered a significant proportion of the Authority's housing completions.

Table 1: Completions and Windfall Development (2011-2023)

	Completions	Windfall	%
2011/12	264	191	72.3%
2012/13	279	169	60.6%
2013/14	325	102	31.4%
2014/15	485	185	38.1%
2015/16	404	109	54.5%
2016/17	424	143	33.7%
2017/18	791	127	16.1%
2018/19	948	107	11.3%
2019/20	626	78	12.5%
2020/21	360	91	25.6%
2021/22	495	101	20.4%
2022/23	455	77	16.9%
Total	5,856	1,480	25.3%

- 4.3 As demonstrated by Table 1, housing completions have risen considerably since 2011, mainly attributed to the increased housing needs associated with the Joint Core Strategy and its supporting evidence base, compared with the housing requirements established in the South East Plan.
- 4.4 The percentage of dwellings coming forward as windfall in relation to overall completions has decreased since 2011 as more sites were known to the local planning authority and identified in Land Availability Assessments and/or formed part of any Local Plan/Neighbourhood Plan allocations. However, the actual number of windfall completions has remained significantly high, accounting for around a quarter of all housing delivery in East Hampshire (outside the SDNP) during this time.
- 4.5 It is considered beneficial to analyse the delivery of windfall completions in relation to site size to determine if windfall assumptions should differ depending on the size of site. Table 2 shows that since 2000, a larger number of windfall completions (63 dwellings per annum) have occurred on smaller sites, compared with large (56 dpa) and minor (28 dpa) sites. As mentioned previously, the number of overall windfalls has steadily declined since 2011 due to a greater knowledge of potential sites, however, this decline is particularly relevant on larger sites. On average, 46 dwellings per annum were completed on large windfall sites between 2011-2023, compared with 68 dwellings per annum between 2000-2011. Windfall completions on minor sites has remained consistent over the two periods (28 dpa).

Table 2: Breakdown of Windfall Development by Site Size (2000-2023)

	Large	Minor	Small	Total Windfall
2022/23	0	33	44	136
2021/22	34	8	50	92
2020/21	35	10	46	91
2019/20	19	29	30	78
2018/19	13	26	68	107
2017/18	21	23	83	127
2016/17	27	27	89	143
2015/16	123	49	48	220
2014/15	75	50	60	185

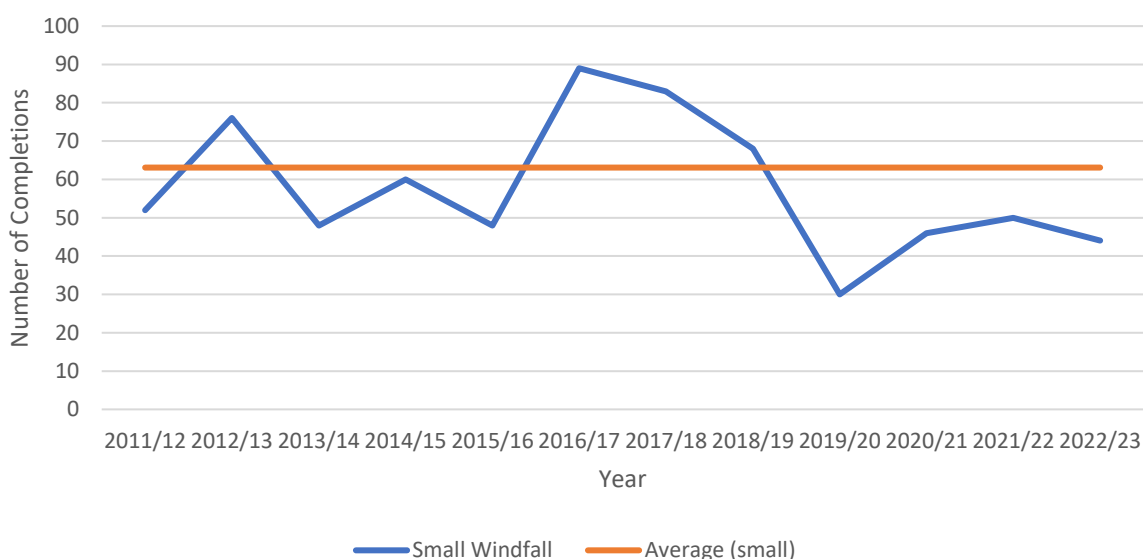
	Large	Minor	Small	Total Windfall
2013/14	38	16	48	102
2012/13	65	28	76	169
2011/12	99	40	52	191
Total 2011-23	506	339	694	1539
Average	37.3 (30.2%)	28.3 (22.9%)	57.8 (46.9%)	123.3
2000-2011	751	310	752	1813
Average	68.3 (41.4%)	28.2 (17.1%)	68.4 (41.5%)	164.8
2000-2023	1198	649	1446	3293
Average	52.1 (36.4%)	28.2 (19.7%)	62.9 (43.9%)	143.2

- 4.6 As a result of the above analysis and with a view toward predicting future windfall rates in the East Hampshire (outside the SDNP), it is considered a different approach should be taken to small sites (four dwellings or under) compared to minor and large sites (five dwellings or more).

Small Site Windfall

- 4.7 Table 2 shows there has been historic delivery of windfall on a variety of site thresholds and it is clear that small sites (4 dwellings or less) are the most significant in terms of delivery across the three thresholds. On average 42.6% of windfall has been provided on small sites between 2000 and 2023. This is on average 62.9 dwellings per annum which are being brought forward on sites of four dwellings or less. Since the beginning of the JCS plan period (2011) there has been on average 57.8 dwellings per annum on small sites, which is equivalent to 43.9% of all windfall.
- 4.8 Figure 1 shows that although the number of windfall completions on small sites fluctuates, there is no evidence to suggest that the sources are diminishing. Historically, East Hampshire (outside the SDNP) has experienced significant and consistent windfall gains from small sites and this has continued during the JCS plan period (2011 to date). Delivery from this source is expected to continue as national planning policy guidance seeks to boost housing supply. At a local level, policies in the adopted and emerging Local Plans promote the best use of land, especially in existing settlements, so small site windfall is expected to continue into the future.

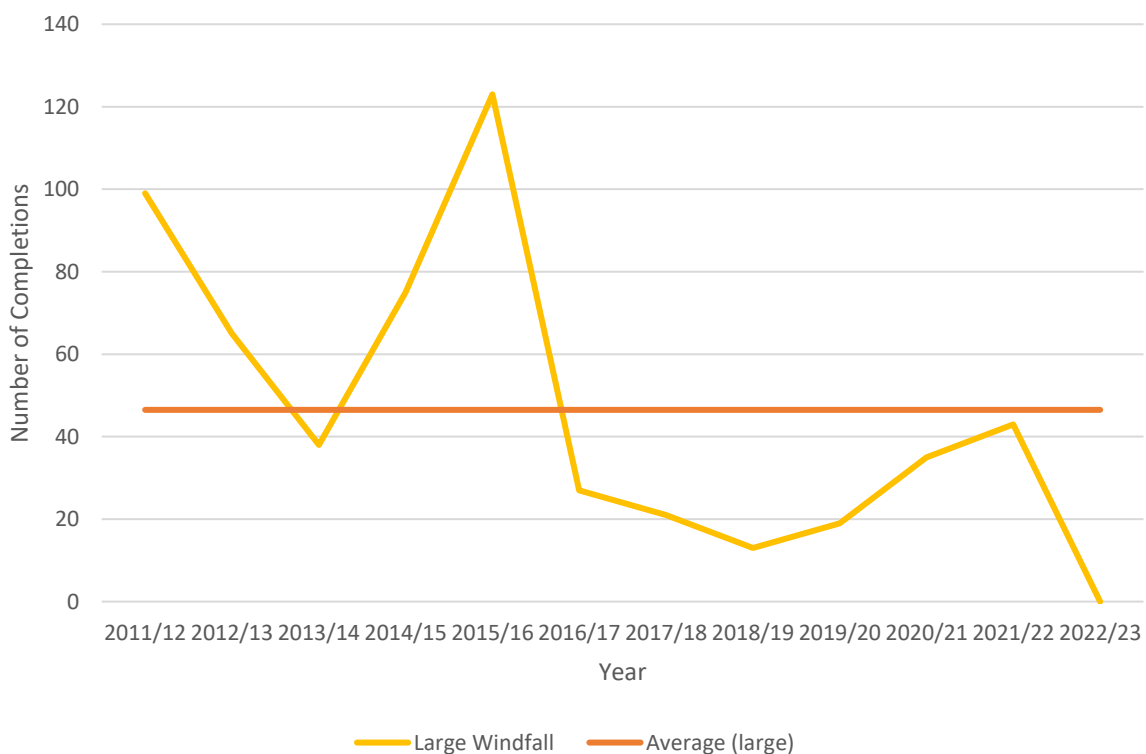
Figure 1: Windfall Completions on Small Sites (2011-2023)



Large and Minor Site Windfall

- 4.9 There are no restrictions stipulated in the NPPF on the size of site which can be classed as windfall. The defining characteristic of a windfall site is that it is a site which has not been allocated or identified through the Local Plan process. It should be noted that the LAA does not have the scope to be able to identify all potential sites of five dwellings or more, for the whole plan period. Therefore, it is acknowledged there will be unknown sites that will provide a further potential source to future windfalls and housing supply. Furthermore, the PPG¹ stipulates that a windfall allowance can be included in association with the identity of developable sites and broad locations in years 6-15 of the plan period.
- 4.10 The comprehensive monitoring of housing data provided by Hampshire County Council identifies sites which were allocated through Local Plans and/or Neighbourhood Plans, as well as those which arise outside the local plan process. Furthermore, all housing data analysed throughout this report has sought to remove sites contained within previous versions of the Land Availability Assessment. This makes it possible to investigate the extent to which large and minor windfall sites (of five or more dwellings as opposed to small sites of four or fewer dwellings dealt with in the small site allowance above) have contributed to land supply in the past.
- 4.11 The data in Table 2 shows that, excluding sites identified as either an allocation or in previous versions of the LAA, there were a total of 1,949 net completions on large and minor windfall sites in East Hampshire (outside the SDNP) since 2000, which is equivalent to 85 dwellings per annum. More recently, there were a total of 888 net completions on large and minor windfall sites between 2011 and 2023, equivalent to 74 dwellings per annum.
- 4.12 Figure 2 shows that the number of windfall completions on large sites has declined since 2011, however, supply from this source has still occurred until this year (2022/23). In a similar manner to small sites, Figure 3 shows that the number of windfall completions on minor sites fluctuates with no evidence to suggest that the sources are diminishing.

Figure 2: Windfall Completions on Large Sites (2011-2023)



¹ PPG Paragraph: 023 Reference ID: 3-023-20190722

Figure 3: Windfall Completions on Minor Sites (2011-2023)



- 4.13 Although there is some uncertainty on the level of future housing provision expected from large windfall sites, some delivery is still likely based on past trends though this is expected to be very small especially when looking at large sites with permission as of 31st March 2023 there is currently only 23 net dwellings identified as windfall. This is further enhanced by the maintained provision of housing on minor sites. As a result, windfall allowances associated with larger sites, should apply to provision of five homes or more.
- 4.14 In line with the PPG² and based on the above analysis, East Hampshire District Council is content that both the NPPF permits a large site windfall allowance (five or more dwellings) to be included in the housing trajectory and that there is compelling evidence that such development has made an important contribution to land supply in the District in the past.

5. Future Impacts

National Policy

- 5.1 Over the period of time during which this windfall allowance has been assessed there have been significant changes to national policy. The introduction of the NPPF in 2012 (updated in July 2018, February 2019 and July 2021) has allowed increased flexibility provided by policies that have encouraged windfall through a variety of sources. In particular, there is a more lenient stance regarding change of use from commercial to residential through the introduction of Prior Approval. Although most of East Hampshire district was exempt from these forms of Prior Approval, this changed from May 2019, with only exemplary commercial sites outlined under an Article 4 Direction being exempt. The removal of the blanket exemption to these forms of Prior Approval could potentially increase the likelihood of windfall development in the future.
- 5.2 Prior Approval also applies for the conversion of agricultural buildings to residential. These changes, alongside changes to Permitted Development Rights has encouraged more landowners to pursue residential development, with the result of increasing the number of windfall completions. At the national level there have been more recent changes made to national planning policy, regulations and guidance, notably in the form of the revised National

² PPG Paragraph: 023 Reference ID: 3-023-20190722

Planning Policy Framework, which have sought to boost housing supply. The Change of use classes was also amended in September 2020, which introduced 'Class E' in order to allow a building to be used flexibly by having a number of uses taking place concurrently or by allowing different uses to take place at different times of the day. As of August 2021, these commercial buildings associated with 'Class E' can be granted permission for residential use via a fast-track prior approval process. These changes are likely to increase windfall development.

Market Conditions

- 5.3 The time period over which past windfall trends have been assessed includes a significant period of economic depression, which is shown clearly in the analysis of past trends. Although average numbers of windfall reduced slightly from 2011 to 2023 compared with 2000 to 2011, this was not the case for small windfall sites. Table 2 (as well as Figures 1-3) shows large windfalls have reduced over the two-time periods, but small (and minor) site windfall has remained consistent.
- 5.4 Therefore, in order to remain conservative, only the reduced windfall delivery figures associated with 2011 to 2023 will be used when calculating a windfall allowance.
- 5.5 There was a period of almost three months during the Covid-19 pandemic when inactivity in construction during the initial March/April 2020 'lock-down' which would have resulted in less completions and infrastructure provision than originally intended. However, as mentioned previously, all windfall data assessed has included previous economic depression associated with the 2008-2013 period.

Discounting Planning Permissions in the First Phase of the Plan Period

- 5.6 For the purposes of the windfall allowance (as part of both the five-year housing land supply calculation and Local Plan trajectory), the windfall allowance will not be included in the first three years of the housing supply. This is because it is assumed that all windfall sites likely to be completed in the first three years will have already been through the planning application process and would therefore result in double counting.

Applying Discounts to Windfalls from Large and Minor Sites

- 5.7 As noted throughout the report, the Authority does consider that windfalls sites of five dwellings or higher will regularly come forward based on historic delivery. Although large windfall sites have reduced over time, there was still an average of 46 dwellings per annum between 2011 and 2023. When combined with completions on minor windfall sites, this average is enhanced to 75 dwellings per annum on sites of five dwellings or more. However, due to the uncertainty associated with future housing provision on large windfall sites, a more cautionary approach should be taken when compared with more traditional small site windfall allowance.
- 5.8 As identified in the East Hampshire's Five-Year Housing Land Supply Position Statement (2023), East Hampshire District Council is currently unable to demonstrate five-years' worth of supply of deliverable housing. As a result, it is likely that potential large and minor site windfall will come forward in the first five years of the plan period (in this case, the residual plan period 2023-2028), however, for robustness, no large-site windfall is included within this period.
- 5.9 Despite the above, EHDC and the emerging Local Plan should have identified those sites which will contribute to housing delivery in the initial five-year period. For that reason, EHDC is not proposing to include a large (and minor) site windfall allowance for this first five years of the residual plan period (2023-2028). Indeed, in order to maintain a robust yet conservative approach to anticipated housing provision, EHDC does not propose to include a large (and minor) site windfall allowance for the second five-year period (2028-2033). Rather, it is only proposed to include an allowance for the final seven years of the plan period (2033-2040).
- 5.10 As mentioned previously, there is a degree of uncertainty associated with estimating future supply from unidentified large and minor sites at the latter stages of the plan period. Therefore, an additional cautionary approach has been taken to estimate the contribution of homes from large and minor windfall sites to the housing requirement. Instead of allowing for seven years

of development at the average past reduced net completion rate (2011 to 2023) of 77 dwellings per annum, it is proposed to discount this by 10% (admittedly an arbitrary figure) to reflect future uncertainties and unknowns.

- 5.11 Therefore, for the purposes of the emerging East Hampshire Local Plan, the figure of 539 homes has been discounted by 10% to **485 homes (69 dpa)**.

Amendments to Settlement Policy Boundaries

- 5.12 As part of the emerging Local Plan (2021-2040), a full review will be made of Settlement Policy Boundaries (SPBs) in East Hampshire (outside the SDNP). The main aims for reviewing SPBs is to ensure that settlement boundaries are logical and easy to identify on the ground, and to identify what parts of the settlement should and should not be included in the settlement boundary. As a result of these amendments there will be the release of smaller development sites, which will give greater opportunities for windfall development.
- 5.13 Updated settlement hierarchy work (2018) has also led to a proposed new settlement boundary for Lower Froyle, which was previously considered countryside. The inclusion of a new settlement boundary within this location is likely to further increase the opportunities for windfall development. However, to maintain a conservative approach, the Authority do not intend to increase the windfall allowance as a result of these amendments.

Wealden Heaths Phase II Special Protection Area

- 5.14 The Wealden Heaths Phase II is made up of four separate Sites of Special Scientific Interest (SSSIs) and qualified as a Special Protection Area (SPA) for its breeding bird species. In 1998 the area was classified as a Natura 2000 site. It is protected from adverse impact under the EC Habitats Directive which is interpreted into British law by the Conservation of Habitats and Species Regulations.
- 5.15 As part of plan making and to meet the requirements of the Habitats Regulations, policies within the JCS recommended that any new housing located within 400m of the SPA were required to carry-out project-specific Habitats Regulations Assessment as part of the planning application process. It was also concluded that approximately 33 windfall dwellings (cumulatively and on schemes of 5 or less dwellings) could be expected to come forward during the plan period and would be unlikely to have an impact on the SPA.
- 5.16 However, monitoring of the early years of the JCS plan period demonstrated that a significant number of windfall schemes for dwellings had been granted planning permission within the 400m buffer zone. Therefore, in 2015 with the support from Natural England, East Hampshire District Council commissioned work to reassess the windfall allowance within 400m of the Wealden Heaths Phase II SPA using an updated methodology. The results of this work demonstrated that the windfall allowance could be increased to 43 dwellings.
- 5.17 The capacity for additional dwellings within 400m of the Wealden Heaths Phase II Special Protection Area has been used up considerably faster than anticipated at the time the JCS was prepared. Therefore, in July 2018 the East Hampshire District Council and the South Downs National Park Authority adopted Supplementary Planning Guidance (SPG) to set out the approach the two authorities will take to help meet the needs of residential uses where the need cannot be met outside the 400m buffer zone (specifically Gypsy, Traveller and Travelling Showpeople accommodation and rural affordable housing exception sites). Planning applications for other forms of residential development that result in a net increase in residential dwellings within 400m of the Wealden Heaths Phase II SPA in East Hampshire District (including the area within South Downs National Park) will be refused, unless meeting relevant material planning considerations and supported by a Habitats Regulations Assessment and, where necessary, an Appropriate Assessment that demonstrates that the development would not result in harm to the SPA, and that has been agreed by the Competent Authority (East Hampshire District Council or the SDNPA) in consultation with Natural England. If applications

are permitted through this process, the net increase in dwellings would not count towards the total windfall allowance.

- 5.18 Future windfall development within the 400m buffer of the Wealden Heaths Phase II SPA are likely to continue to be restricted in the future. From 2011 to 2023, there were a total of 27 net windfall completions within the 400m buffer of the SPA, equivalent to 2.3 dwellings per annum.
- 5.19 As windfall development will continue to be restricted in the future within 400m of the Wealden Heaths Phase II SPA, it has been concluded that the windfall allowance should be reduced by 2 dwellings. This reduction is reflective of past trends and maintains the Authority's conservative approach to windfall development.

Low Density Neighbourhoods

- 5.20 The Authority's Neighbourhood Character Study (2018) has shown that many residential areas across the district have been developed at low densities. This has been influential in establishing their residential character and ensuring their integration with their often-rural setting. However, these residential areas are under pressure from the creeping effects of unsympathetic urbanisation, which has encouraged minor alterations of a more urban style to homes in these areas (for example, in the treatment of boundaries and front gardens/parking areas).
- 5.21 Some neighbourhoods have been protected from the effects of more intensive development through saved policies H9 and H10 of the East Hampshire District Local Plan: Second Review (2006). Policies H9 and H10 apply to particular areas in East Hampshire, but the Neighbourhood Character Study has shown that other residential streets and neighbourhoods share similar characteristics. The threats to these characteristics are likely to be common across the district
- 5.22 The Authority's evidence suggests that it will be especially important to maintain and enhance the contribution that low-density housing and mature green infrastructure (trees, hedges, woodland areas) makes to suburban and edge-of-settlement street scenes. Nevertheless, in accordance with national planning policy, this should not prevent appropriate innovation in the design of new buildings and structures that respect the character of a neighbourhood. As a result, the Pre-Submission Local Plan (Reg.19) contains a policy entitled 'Residential Design in Low-Density Neighbourhoods', with the intention to clarify how homeowners and small-scale developers can negotiate this balance, to achieve visually attractive developments.
- 5.23 Windfall development is likely to be more restrictive in areas that are covered by the emerging policy. However, Policies H9 and H10 are currently more preventive to new development in the areas that they apply and although more areas are likely to be affected by the emerging policy stance, it is unlikely to have a major effect on additional windfall figures. These areas are already low in density and new additional dwellings currently would already be a minimum. Therefore, although the new emerging policy could restrict windfall development in some areas, due to the minimal difference it will have on current numbers, no amendments will be made to the windfall allowance.

Changes to the last Windfall projection associated with the JCS

- 5.24 The Authority's last windfall projection supported the JCS and demonstrated a windfall allowance of 72.4 dwellings per annum. This figure not only included small sites but also minor sites capable of delivering between five and nine dwellings. Previous guidance referred to windfall development only being on previously developed land (therefore, excluding garden land), plus changes to planning guidance were made to remove indicative minimum densities. As a result of this, past windfall allowances applied a 25% discount. However, as past trends show, windfall development has consistently formed part of East Hampshire's (outside the SDNP) housing land supply and is expected to do so in the future.
- 5.25 Following revisions to the NPPF and PPG, windfall sites are no longer considered solely on previously developed land. Instead of only applying windfall assumptions to sites of nine

dwelling or less, the evidence throughout this report also supports a windfall allowance on larger sites. A small site windfall allowance of **56 dpa** compared with 72.4 dpa represents a realistic approach based on more up-to-date data. As mentioned previously, a larger windfall allowance (five dwellings or more) will also apply, however, this is only relevant from year eleven onwards.

6. Windfall Projections

- 6.1 Based on the preceding analysis, the windfall projections for the East Hampshire (outside the SDNP) are **56 dwellings** per year from small site delivery and **67 dwellings** per year from large site delivery. As stated in Section 5, to further ensure a cautious approach when calculating windfall projections, windfall delivery for small sites has been projected to commence from year four onwards. This is because it is assumed that prior to these dates, many of the likely housing completions will already be known through planning permissions, and as such are not therefore windfall/unexpected. As larger site delivery takes longer and to avoid double counting sites which should be identified by a land availability assessment, large windfall contributions are included from year eleven onwards.
- 6.2 Table 3 draws upon the analysis set out in the previous sections of this report to formulate a windfall projection for the plan period of the emerging East Hampshire District Local Plan 2040.

Table 3: Windfall projections

Plan Year	Small Sites	Large Sites	Total
2023/24	0	0	0
2024/25	0	0	0
2025/26	0	0	0
2026/27	56	0	56
2027/28	56	0	56
2028/29	56	0	56
2029/30	56	0	56
2030/31	56	0	56
2031/32	56	0	56
2032/33	56	67	123
2033/34	56	67	123
2034/35	56	67	123
2035/36	56	67	123
2036/37	56	67	123
2037/38	56	67	123
2038/39	56	67	123
2039/40	56	67	123
Total Plan Period	784	536	1,320

- 6.3 This level of projected windfall delivery will be monitored regularly by East Hampshire District Council to ensure the overall housing delivery projections are kept up to date.

7. Conclusion

- 7.1 The evidence shown in this report demonstrates that based on historic windfall rates, windfall sites have consistently come available within East Hampshire (outside the SDNP) even during

a time of economic recession. Failure to include an allowance for this consistent stream of supply within the housing land supply for the Authority would result in an under-estimate in the capacity of East Hampshire (outside the SDNP).

- 7.2 It is also considered that in the light of both national and local planning policy, windfall sites will continue to be permitted and delivered in the future. Figures show that on average, windfalls have an annual average completion rate of 132 dwellings per annum from 2000 to 2023, with a slightly lower average of 123 dpa in the latter part of this period (2011-2023). However, in order to remain robust, no allowance has been made for windfalls of more than five dwellings until year 11 onwards. Past trends indicate such windfalls are a regular feature in East Hampshire (outside the SDNP), with changes in a fast-moving market meaning that sites in existing use that had not been anticipated to have particular development potential come forward for development quite quickly. Nevertheless, it is considered that the process of identifying sites within the LAA is more thorough than was often the case in the past, and it is not therefore proposed to rely on larger windfalls for housing over the initial ten-year period.
- 7.3 Figures show that on average, small site windfalls have an annual average completion rate of 63 dwellings per annum from 2000 to 2023, with a slightly lower average of 58 dpa in the latter part of this period (2011-2023). Therefore, a conservative windfall allowance of **58 dwellings** per annum (only based on more recent small site windfalls) is considered both realistic and achievable. In order to reflect the restrictive nature of windfall development being allowed within the Wealden Heaths Phase II SPA, the windfall allowance has been further reduced by 2 dwellings per annum. This results in a windfall allowance of **56 dwellings** per annum in East Hampshire (outside the SDNP). Given that it is likely that there will be some windfall developments that will provide over five dwellings, a windfall allowance of **67 dwellings** per annum, which includes a cautionary 10% discount, is considered both realistic and conservative.
- 7.4 The Authority has also chosen not to include a windfall allowance for development within the first three years of the five-year land supply since many of the sites that come forward within this period would have been captured within the Authority's trajectory as commitments. However, a full small site windfall allowance of **56 dwellings** per annum will be made from year four onwards. Additionally, a large site windfall allowance of **67 dwellings** per annum will be made from year eleven onwards. As of 1st April 2023, this amounts to a total of **1,320 dwellings** (784 on small sites, 536 on large sites) remaining across the residual emerging plan period (2023-2040). A total of **112 dwellings** will also be used in future five-year housing land supply calculations.
- 7.5 In terms of monitoring, the level of windfall delivery will be monitored over the course of the Local Plan period alongside overall housing delivery using the above methodology. This will inform the Council if the windfall allowance of 56 dwellings per annum on small sites and 67 dwellings on large sites is considered accurate.