

BHCC32 – Matter 3: Further Statement to justify discounts for identified small sites and prior approvals

1. This supplementary paper provides further information and justification for the discounts which have been applied to the Council’s housing supply figures for identified small sites (5 or less dwellings) and Prior Approvals for change of use to residential under Permitted Development (PD) rights. The discounts are:
 - a) 10% non-implementation discount applied to outstanding small site residential permissions not yet started (TP06 Appendix 1, Table A1.3)
 - b) 30% discount for non-implementation of Prior Approvals for change of use to residential under PD rights (TP06 Appendix 1, Table A1.4)

a) Identified small sites

2. As explained in TP06 Paragraph 4.11, identified small sites (i.e those with planning permission at 1 April 2020) are only counted in the first two years of the supply figures. The small site figure for Year 3 is assumed to include a mix of existing small site permissions (not yet started) and windfall sites not yet identified. Years 4-10 are made up entirely from the small site windfall allowance.
3. The 10% non-implementation discount is only applied to small permissions not yet started. Small site permissions already commenced are identified through site visits as part of the annual monitoring process and these are not subject to any discount.
4. To clarify the breakdown of the small sites figure further:
 - Commenced small site permissions are split 50:50 between Year 1 and 2.
 - Small permissions not yet started (including the 10% discount) are split equally across Years 1 to 3.
 - The Year 3 figure adds in windfall to ‘top up’ to 157 dwellings (the annual small site windfall figure).
 - Years 4-10 are based entirely on the small windfall allowance of 157 dwellings/year.
5. Table 1 below shows how the figures in TP06 Table A1.3 have been calculated using the methodology above (this table reflects the figures in the ED15 SHLAA 2020 Update, Section 6.4, Table C).

Table 1: Breakdown of Table A1.3 Small sites figure by year and source

Expected distribution of identified supply	Small Sites Commenced	Small Sites Not Started ¹	Total from identified sites	Small site windfall allowance	Total Small Sites - Identified + Windfall
Completions 2010-2020					1,461
2020/21 (Year 1)	86	80	165	0	165
2021/22 (Year 2)	86	80	165	0	165
2022/23 (Year 3)		80	80	77	157
2023/24 (Year 4)			0	157	157

2024/25 (Year 5)			0	157	157
2025-2030 (Years 6-10)			0	785	785
Total 2010-2030	171	239	410	1,176	3,047

¹ Includes the 10% discount for non-implementation of existing planning permissions.

Note: Figures are rounded.

6. Turning to the 10% discount, a non-implementation discount for Identified small sites not yet started has been applied for many years as part of the Council's housing monitoring. Unfortunately, it has not been possible to identify the original justification for this level of discount being applied, but it is thought likely to have been based on analysis of implementation rates at some point in the past.
7. In the absence of a specific justification for the 10% discount, the Council has instead undertaken analysis of how accurate this approach has been in predicting the future level of small site completions. This has been undertaken by using the methodology described above to compare the predicted level of small site completions in past SHLAAs with the actual small site completion figures that were recorded in the following two years. The analysis covers the period 2014-2020 and is presented in the Table 2 below.

Table 2: Housing delivery from Identified small sites (5 or less dwellings) compared to previous SHLAA projections (incorporating 10% discounts)

Year 1				
Year	Projected delivery in previous SHLAA	Actual delivery recorded	Difference	Source of projected delivery figure
2014/15	106	141	+35	2014 SHLAA
2015/16	144	192	+48	2015 SHLAA
2016/17	114	141	+27	2016 SHLAA
2017/18	136	158	+22	2017 SHLAA
2018/19	138	153	+15	2018 SHLAA
2019/20	135	140	+5	2019 SHLAA
Years 1 & 2 combined				
Years	Projected delivery in previous SHLAA	Actual delivery recorded	Difference	Source of projected delivery figure
2014-2016	212	333	+121	2014 SHLAA
2015-2017	288	333	+45	2015 SHLAA
2016-2018	228	299	+71	2016 SHLAA
2017-2019	272	311	+39	2017 SHLAA
2018-2020	277	293	+16	2018 SHLAA

8. The analysis shows that the actual recorded delivery of small site completions has exceeded the predicted figures in every year throughout the period. It is possible that some smaller schemes for conversion / change of use come forward and complete

within a single monitoring year. As noted in the council’s Matter 3 statement, small site delivery¹ in the city is a significant source of housing supply.

9. It is acknowledged that further analysis of the small site figures would be desirable and this will be pursued by the Council moving forward. However, the analysis undertaken demonstrates that based on recent trends, the Table A1.3 figures for future delivery from small sites are both realistic and achievable.

b) Prior Approvals

10. Permitted development rights (subject to Prior Approval) for change of use from office to residential was initially introduced nationally in 2013 and has since been expanded to cover change to residential from a range of other uses (most of which have now been amalgamated into the new Use Class E).
11. The Council first identified Prior Approvals as a separate category within the housing supply figures in the 2015 SHLAA. At that time there was a lack of any previous trend data on which to base implementation rates for Prior Approvals granted. It was assumed that 70% of the outstanding Prior Approvals would be implemented within the first 5 years (i.e allowing for a 30% non-implementation rate), but it was stated that the implementation rate would be kept under review. The approach of applying a 30% discount has since been applied in all subsequent SHLAAs.
12. As explained in TP06 Paragraph 4.14, the housing supply from Prior Approvals in TP06 Table A1.4 is 300 units, which has been calculated by applying a 30% non-implementation discount to the figure of 429 residential units subject to Prior Approval on 1 April 2020. Further disaggregation provided in the ED15 SHLAA 2020 Update (Section 6.5, table D) shows that the discounted figure of 300 units comprises 288 units on sites of 6+ dwellings and 13 units on sites of 5 or less dwellings (Note: figures are rounded).
13. In the time available to prepare this paper, it has not been possible to undertake a detailed site by site analysis of PD implementation rates to verify the 30% discount figure. However, the Council has undertaken analysis of annual completions figures for Prior Approvals over the seven years since 2013/14 based on information available from published AMR reports. This is presented in Table 3 below.

Table 3: Residential units delivered through permitted development (Prior Approvals) 2013-2020

Year	Residential units delivered through PD		
	Sites of 10+ units	Sites <10 units	Total
2013/14		3	3
2014/15	65	46	111
2015/16	100	65	165

¹ 33% of all housing delivery for 2015–2020.

2016/17	22	42	64
2017/18	53	32	85
2018/19	77	30	107
2019/20	10	19	29
Total 2014-2020	327	237	564
Ave delivery per year	54.5	39.5	94

14. The analysis shows that total residential units delivered through PD have averaged 94 units/year, which has formed a substantial proportion of total residential completions. The AMR figures include a breakdown between large sites (10+ dwellings) and small sites (under 10 dwellings). The breakdown shows an average of 54.5 units/year have been delivered on sites of 10+ dwellings and 39.5 dwellings/year on sites of under 10 dwellings. (Note: the AMR figures do not provide a split between sites of 6+ units and <6 units as used to define Large and Small sites in the SHLAA).
15. It can also be seen that residential completions from Prior Approvals has varied significantly from year to year, but there has been no clear upward or downward trend in the figures over the period.
16. When projecting the AMR delivery rates forward, it would be necessary to consider the possibility of double counting with the small sites windfall allowance. However, even if smaller Prior Approvals (<10 units) are excluded, the AMR figures for sites of 10+ units alone average 54.5 units/year. If projected forward, this would suggest a figure of 545 units over the remaining period 2020-2030, which would be well above the Table A1.4 figure of 300 units. On this basis, the Council considers that the Table A1.4 figure of 300 dwellings from Prior Approvals is realistically deliverable and likely to be achievable over the remainder of the Plan period to 2030. Further, given the expanded permitted development rights for Class E uses introduced recently, the council is confident that it has not over-estimated supply from this source.

Summary

17. The Council accepts that the analysis provided in this paper does not in itself provide a full explanation of the non-implementation discounts that have been applied to identified small sites and Prior Approvals in TP06 Tables A1.3 and A1.4. However, the analysis of past delivery rates that has been undertaken here provides strong evidence that the projected housing figures in these tables are not unrealistic and are likely to be achievable over the remaining plan period.
18. The Council accepts that a detailed analysis of the non-implementation discounts being applied should be undertaken ahead of the publication of the next updated SHLAA for 2022, and that rates should continue to be kept under review through detailed monitoring. However, based on the evidence in this paper, we consider that the TP06 housing figures for identified small sites and Prior Approvals are sufficiently reliable for the purpose of projecting forward future CPP2 housing supply.