

Response to Inspector's document ID/9

Updated Housing Technical Paper- Submission Document B126

1. Introduction

- 1.1 The Inspector has asked for an update to the Housing Topic Paper (HTP) prepared in February 2011. This statement responds to the request for an update, clarifying the parts of the HTP that remain relevant and updating those areas where new information is available to support the Council's position.

The role of the Housing Topic Paper

- 1.2 The HTP was produced to support and justify the Council's decision to revise its Core Strategy housing target to make it more realistic and deliverable. The Council's view is that the housing target included in the Core Strategy Revised Proposed Submission (October 2010) remains relevant and appropriate, and that activity in the housing market over the last two years continues to support the Council's position.
- 1.3 As such, the background to as to why the Council altered its housing target to deliver 28,000 homes over the plan period (2010-2026) remains as per the HTP of February 2011.
- 1.4 What has been updated is factual information regarding the rate of house building, land availability and market indicators. There has also been progress on the delivery of key sites, which further supports the position put forward by the Council in the HTP. An update has also been provided covering some of the key issues raised by the publication of the National Planning Policy Framework (NPPF). This new information is set out below.

2. Key reports and new data

Five Year Land Supply Report

- 2.1 The Council published a new Five-Year Land Supply Report in December 2011¹ covering the period April 2012 to March 2017. The report shows that across the Borough as a whole, the Council can demonstrate a 5.47 year land supply against the housing target in the Core Strategy Revised Proposed Submission Version. This figure is only slightly below the figure reported in the previous Five-Year Land Supply Report in December 2010 (5.7 years).

Recent completions

- 2.2 Since the HTP was produced the Council has reported on two full years of housing completions; the first two years of the Core Strategy plan period. In

¹ Five Year Land Supply Report 2012-2017 http://www.milton-keynes.gov.uk/planning-policy/documents/Published_5_year_land_supply_paper_2011.pdf

2010/11 there were 1,295 net completions across the Borough. In 2011/12 there were 1,580 net completions.

- 2.3 These figures were broadly in line with the housing trajectory included in the Core Strategy Revised Proposed Submission Version (2,875 completed compared with 2,822 originally forecast). The number of starts recorded has also risen and been maintained since the start of the plan period, helping the Council remain on track to deliver future forecasts. These factors are discussed in more detail later in this paper.

Land supply position

- 2.4 At present there remains land already identified for 24,299 new homes across the Borough. Of these, 15,455 have planning permission of which 3,321 have detailed planning consent. This information is summarised in Table 1 below.

Table 1 - Land Supply position at 1st April 2012

	Dwellings	Area (Ha)
FULL PERMISSIONS	3,321	151.70
OUTLINE PERMISSIONS	12,134	500.46
LOCAL PLAN ALLOCATIONS	8,844	185.85
TOTAL IDENTIFIED LAND	24,299	838.01

Revised Housing Trajectory

- 2.5 During 2011 a revised Housing Trajectory was prepared and published in the 2010/11 Annual Monitoring Report, setting out the latest forecasts for housing completions across the Borough, based on updated intelligence and monitored completions. The trajectory, set out in Figure 1, is broadly similar to that included in the Core Strategy Revised Proposed Submission Version, with a few small adjustments. After collating the end of year monitoring information and reconciling with existing forecasts and seeking developer feedback, a revised trajectory is likely to be ready for the start of the examination.

Figure 1 - Revised Housing Trajectory as published in the AMR 2010/11



2.6 The main alteration is a slow-down in the rate that house building is forecast to increase across the Borough. It can be seen from the trajectory that 1,642 completions were forecast for 2011/12, 62 more than was actually achieved. Ongoing monitoring work, particularly around starts, suggests that the revised forecast of 1,494 for 2012/13 is likely to be a realistic rate of completion, below what was originally forecast in the Core Strategy Revised proposed Submission version. The ongoing achievement of forecasts is discussed later in the paper.

Updated SHLAA report

2.7 The Council is in the process of producing a revised SHLAA, to support work on the Site Allocations process, which will start after the Core Strategy has been to examination. This work may also be helpful for the Core Strategy Examination.

3. Support for the Council’s position

Economic climate

3.1 The case for the Council’s revised housing target was partly based on the need to ensure that the target was realistic and deliverable. One of the key factors that contributed to the revised housing figure was the economic downturn and the impact that this was having on the house building industry, particularly in the short term. This is in line with the recently published NPPF which sets out that relevant market and economic signals should be taken into

account in setting strategies for housing (page 5, para 17 and page 38, para 158).

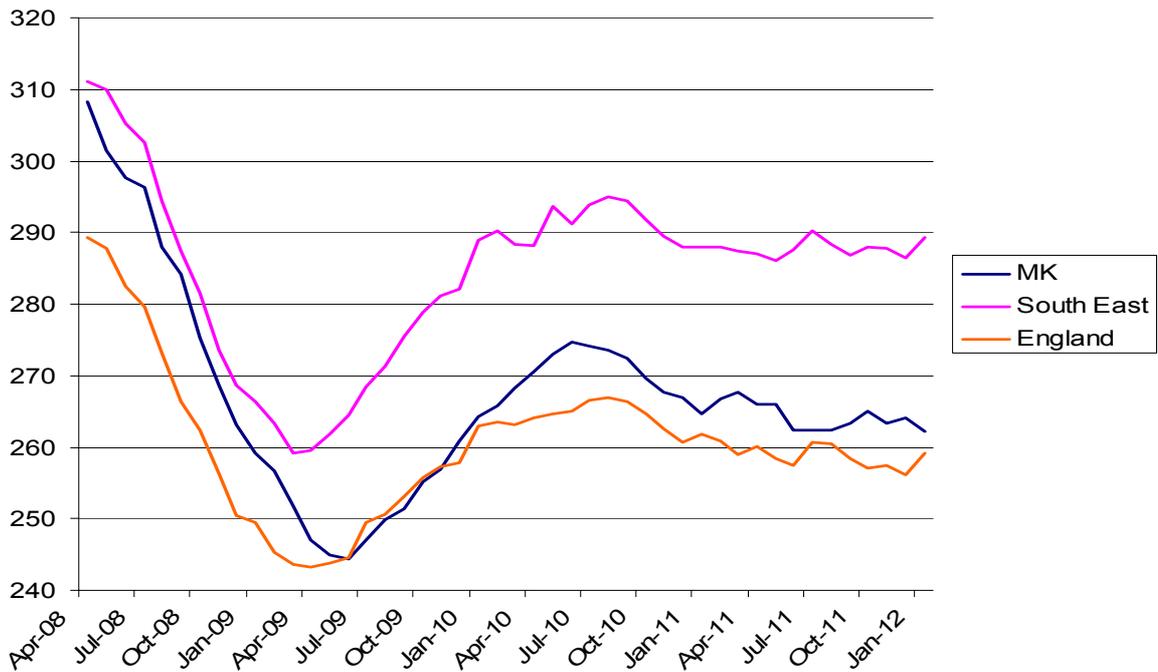
- 3.2 Over the last year, there have been no significant changes that alter the Council's position. The mortgage market is still very constrained, with large deposits needed, particularly for first time buyers. The economic climate in general continues to make it a challenging environment for the house building industry to operate effectively. The investor market has tailed off due to the lack of capital return for investors. These points are all acknowledged in the Government's Housing Strategy for England, Laying the Foundations (November 2011), which sets out a number of measures to try and stimulate both house building and house buying.
- 3.3 All of the factors above continue to mean that significantly increasing house building rates to meet estimated demand for new homes is a challenge. The Council's housing target remains an increase on past average rates of completion and, from the evidence set out above, and the discussion below, the Council continues to believe that the house building target set out in the Revised Proposed Submission Core Strategy is the most appropriate basis for planning the future development of the city.
- 3.4 In terms of the soundness of the plan, the Council is conscious of the need for the plan to be effective. The NPPF sets out that to be effective a plan should be 'deliverable over its period'. The Council view is that the current housing target is deliverable over the plan period. At the current time, the evidence suggests a higher housing target could not be delivered, which would make the plan ineffective and therefore unsound.

Market indicators/economic signals

- 3.5 As set out in para 3.1, the NPPF sets out that relevant market and economic signals are part of a proportionate evidence base in assessing housing targets. The level of activity in the housing market and house prices are considered to be two such market/economic signals, along with land prices and housing affordability, mentioned in paragraph 17 of the NPPF.
- 3.6 The Housing Topic Paper highlighted the significant fall in average monthly housing transactions per month from the peak of around 700 sales per month in 2007 (Land Registry). During 2009 the rate had dropped to an average of 301. During 2010, this decreased further to 286 and in 2011 dropped again to 265.
- 3.7 It could potentially be argued that this reflects the slower rate of house building locally since 2007. However, the Council's view is that if there had been a significant shortfall in local housing supply during this period, an increase in local house prices would have been seen as buyers competed for an insufficient number of homes.
- 3.8 This has not been the case in Milton Keynes with house prices generally continuing to fall (see Figure 2 below).

3.9 The trend in Milton Keynes is broadly comparable to those seen across England and in the South East since 2009. It is interesting to note that the fall in house prices in MK was more significant than that seen across the South East as a whole. There could be a number of reasons for this, but what it could indicate that there is less pressure on housing demand in MK than across the wider South East.

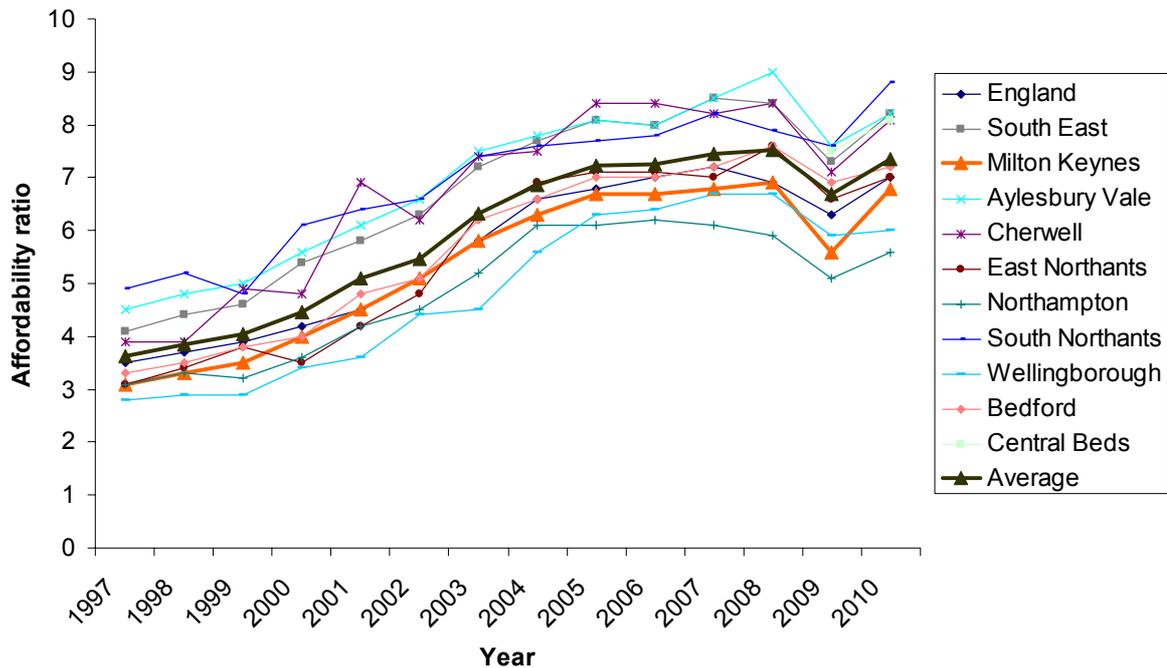
Figure 2 - House Price Changes- April 2008- Jan 2012



3.10 DCLG published the latest information on house price affordability in June 2011 based on data from Land Registry. This covered the period until 2010. The NPPF highlights the affordability of housing as a market signal to be considered in setting housing strategies, the assumption being that if the ratio is increasing, more homes are needed locally to help constrain house prices and make them affordable for the local community.

3.11 The figures for Milton Keynes, and other local areas, highlight the decreasing affordability of homes since 1997. This is a trend that is seen across the whole of the England and the South East as a whole. Figure 3 below, however, shows that Milton Keynes continues to be one of the most affordable places to live in the local area. It also shows that affordability in Milton Keynes is better than the average affordability across the area and that, in general, affordability in Milton Keynes has remained fairly stable since 2005, aside from the dip in 2009 as a result of the recession.

Figure 3 - Median housing affordability ratio (Milton Keynes and surrounding areas)²



3.12 Figure 3 highlights the general worsening in housing affordability over the 13 year period, indicating a need for additional homes to limit house price growth. However, the ratios across the local area, and England as a whole, highlight the problem faced when seeking to increase house building; homes are relatively unaffordable and with a constrained lending market, it is very difficult for house builders to justify building more homes if less people can access the finance to buy them. This suggests that without significant intervention in the lending market to support house buyers, it will be very difficult to drive up house building levels. The graph also highlights that housing affordability in Milton Keynes has not decreased at a greater or lesser rate than any of the other local areas, suggesting Milton Keynes, as with the majority of other areas, has been affected by general economic circumstances and trends, rather than any local policy deficiencies.

Government Household Projections

3.13 The Government published revised Household Projections in November 2010. The HTP quoted the figures from the March 2009 publication. The revised figures suggest that Milton Keynes will see an increase of 39,000 households from 2008 to 2033; and average of 1,560 new households per year. This is a slight decrease (40 homes per year) on the Projections published in 2009.

3.14 The Council’s annual housing target therefore remains in excess of the Government’s own projections of housing growth in Milton Keynes. The Government’s forecasts for Milton Keynes are based on the preceding five

² Based on the affordability of the median priced home in each area (from Land Registry) by the median wage, as established through the Annual Survey of Hours and Earnings. Source MK Observatory

years rate of local population growth (a period where there was an average of 1,791 housing completions per year in Milton Keynes), and national indicators of fertility etc... Whilst the figure does not take into account any future economic or policy impacts, it does give an indication of the likely household need if recent rates of population growth are to be maintained.

- 3.15 A recent ONS Population Bulletin³ helpfully uses Milton Keynes as an example (see page 6). It highlights the accuracy of past forecasting and uses the phrase:

“If the present/future local planning policy is similar to the policies in place in the last 10 years for this local authority, then these projections are likely to give a good indication of the future population in the short term”.

- 3.16 Given that the current housing target is similar to past rates of delivery, it is likely that the ONS forecasts are an accurate representation of the likely demand for new homes over the next few years.

Changes in neighbouring areas

- 3.17 Since the HTP was prepared in February 2011, neighbouring authorities have started to consider their housing targets and development strategies. Below is a summary of their situations and any supporting evidence.

Aylesbury Vale District Council

- 3.18 AVDC published a consultation paper⁴ on their Vale of Aylesbury Plan in December 2011. This paper was supported by a Housing and Economic Growth Report⁵. Within the consultation potential housing targets were set out ranging from 4,500 to 13,500 additional homes (above existing commitments) over the period from 2011 to 2031. These are based on achieving various different scenarios.
- 3.19 Each of these figures is below the level of growth planned for the district in the South East Plan (SEP). The SEP required an average of 1,345 homes per year over a 20 year period⁶. The highest figure in the AVDC consultation, which equates to 976 homes per annum, is based on the housing needed to support delivery of an economic growth rate equivalent to that seen over the period from 2000-2008, a period of relative economic boom compared to the current and forecast economic situation. This research and position put

³ ONS Population Bulletin, March 2012 http://www.ons.gov.uk/ons/dcp171778_259219.pdf

⁴ <http://www.aylesburyvaledc.gov.uk/planning-building/planning-policy/what-is-the-vale-of-aylesbury-plan-/consultation-vale-aylesbury-plan-december-2011/>

⁵ <http://www.aylesburyvaledc.gov.uk/planning-building/planning-policy/what-is-the-vale-of-aylesbury-plan-/aylesbury-vale-housing-economic-growth-assessment/>

⁶ 1,075 excluding an allowance for the SW SDA, which was planned to support the growth of MK.

forward by Aylesbury Vale further puts in to question the deliverability, and need for, the level of growth proposed in the SEP.

Central Bedfordshire

3.20 Central Bedfordshire published a Development Strategy Issues and Options Paper⁷ in early 2012. This paper set out a range of options for a new housing target to 2031. This document will replace the Core Strategy for North Bedfordshire and fill the gap left by the withdrawal of the joint Luton and South Bedfordshire Core Strategy.

3.21 The housing targets range from 13,000 to 40,000 new homes over the 20 year plan period. The upper of these figures is lower than the figure of 46,390 set out in the East of England Plan Review (although this figure did include an element of growth that would have been accommodated in Luton). The options are based on some background work (which is not available to download). Again, as with Aylesbury Vale, this work suggests that there is no realistic chance of the level of development envisaged in the regional plan being planned for or delivered in the future.

West Northamptonshire

3.22 The West Northamptonshire Pre-Submission Core Strategy⁸ was published for consultation in February 2011. Work on the document was halted in light of the announcement of revocation of the regional housing targets. A report was taken to the Joint Committee in March 2012 recommending the work now restarts and changes to the Pre-Submission document be considered. These will be reported to the Joint Committee in July.

3.23 The Pre Submission Core Strategy planned for 50,153 homes, 81% of the 62,125 required by their RSS, on the grounds that the housing target needed to be deliverable and that RSS targets are unattainable (para 5.21, page 29).

Performance across the region

3.24 It has been suggested that the failure to achieve higher rates of house building in Milton Keynes and meet the targets set out in the SEP is down to the approach taken by the Council in planning the strategy for growth. The Council's view has always been, and continues to be, that sufficient land supply is in place to see a substantial rise in house building to achieve higher rates of delivery; it is wider economic circumstances that are not enabling this to happen.

3.25 A review of completions across the South East of England clearly shows that Milton Keynes is not alone in its performance against the SEP targets. Each of the two graphs overleaf, drawn from information on completions published

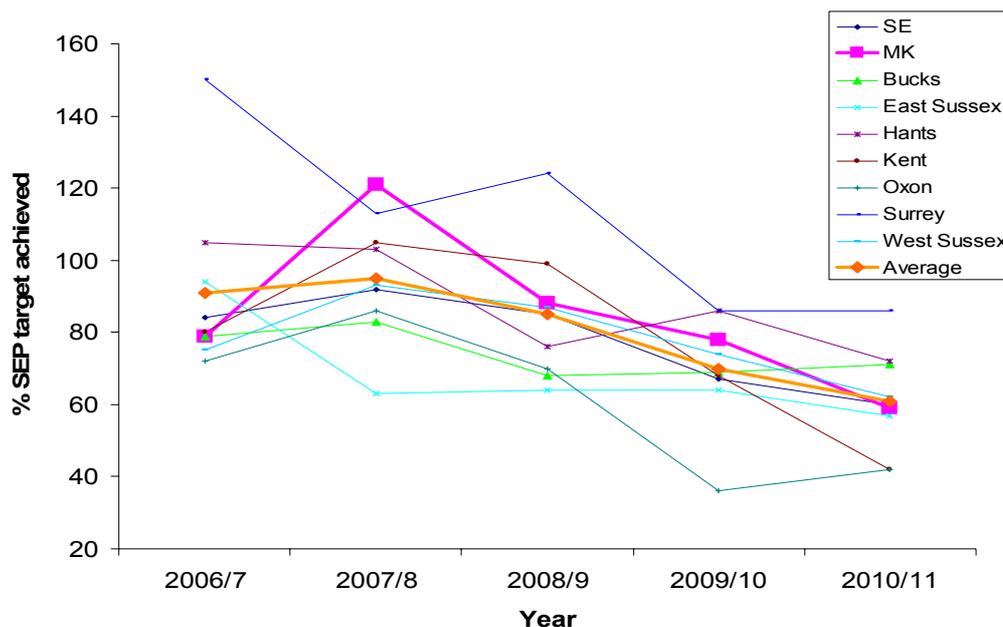
⁷ http://www.centralbedfordshire.gov.uk/Images/120214%20Development%20Strategy%20Leafilet%20v0.2%20Final_tcm6-28258.pdf

⁸ <http://www.westnorthamptonshirejpu.org/gf2.ti/f/278178/6794117.1/pdf/-/WNPSJCS.pdf>

in CLG live table 253⁹, February 2012, show that housing completions across the South East have been affected in a remarkably consistent manner over the last six years. The performance of Milton Keynes against the SEP targets can be seen to broadly relate to the average performance of both other unitary and non-unitary authorities.

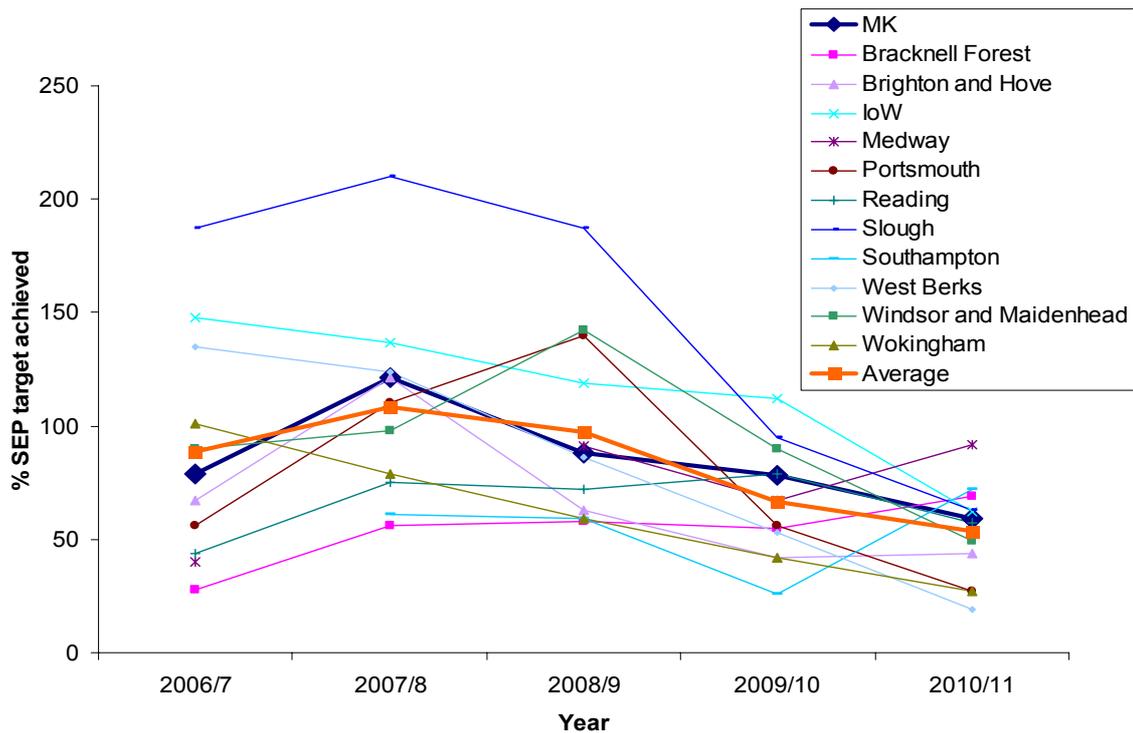
- 3.26 This analysis suggests that there are wider influences affecting the housing market in general across the whole of the south east of England. The performance of Milton Keynes is typical of that seen across the whole of the South East. Unless every other authority in the South East has a land supply issue (we have not analysed this), this cannot be a coincidence, and backs up the Council's position that it is economic circumstances that are affecting housing delivery and not land supply or local policy.
- 3.27 Looking forward, it would be remiss to simply assume that an increase in land supply would ensure more homes will be built in any given area. The evidence suggests that even during the boom of 2007/8, only 92% of the SEP target was achieved across the South East region. At this time, as was set out in the February 2011 HTP, there were favourable economic conditions for both house buyers and house builders, and demand for flatted development from investors boosted supply (as was the case in MK), which is not present now nor is it likely to be in the near future.
- 3.28 It is therefore prudent for the Council to be planning for a housing target which considers market indicators, realistic, achievable and provides certainty for local communities. Given what the evidence shows about completions across the region, it would not be appropriate to set a target at the level expected through the SEP.

Figure 4 - Performance of non-unitary authorities vs SEP target



⁹ <http://www.communities.gov.uk/documents/housing/xls/2090150.xls>

Figure 5 - Performance of unitary authorities vs SEP targets



3.29 The February 2011 HTP also referred to the Implementation, Monitoring and Review section of the SEP. Page 285 of the SEP sets out that annual monitoring will monitor the assumptions underpinning the RSS and assess their robustness and continued relevance. It states that this monitoring could lead to a review of the plan.

3.30 This regional monitoring has clearly not happened, but if it did, it would have included a more detailed review of the information presented above. On the basis that the Regional Assembly saw one of the assumptions underpinning the plan as '*almost unlimited housing demand*' (Panel Report, page 87, para 7.22), and given that this is clearly no longer the case due to economic conditions, the Council's view is that the SEP target is no longer fit for purpose, is out of date and should not be seen as a robust basis for planning the future growth of Milton Keynes, or any other area in the South East.

Recent developer activity

3.31 We are continuing to see sites built out at a slower rate than we have seen in the past. Examples of this include Oxley Park; 75 completions in 2011/12, after a peak of 317 in 2007 and Nampak; 31 completions in 2011/12, after a peak of 116 in 2007. Whilst some of this difference could be accounted for by the type of dwelling being constructed (i.e. a block of flats will boost completions when completed) or the number of land parcels being developed, the general trend is for the majority of sites to be built out at a slower rate than has been the case in the past or that they potentially could be.

- 3.32 Management Statements produced by housebuilders, as referenced in the February 2011 HTP, continue to provide an insight into their future plans for house building. All highlight the impact of the uncertain economic climate and the impact on the industry. Statements such as the short term focus being on increasing price rather than volume, looking to optimise sales values and only increasing outlets if there is market demand are common place, indicating increased volume could be achieved if the wider market constraints were not prevalent.
- 3.33 The Council's view continues to be that more land is not needed to increase completion rates, and that if/when the market improves, the current development strategy has the ability to support the increase in the build rate originally forecast in the Core Strategy Revised Proposed Submission Version.

Progress on major sites

- 3.34 The February 2011 HTP highlighted the importance of major sites in delivering homes in Milton Keynes. In 2009/10 Broughton Gate accounted for 27% of all housing completions in Milton Keynes. In the two monitoring years since the publication of the HTP, Broughton Gate has contributed 29% (371 homes) and 26% (404)¹⁰ of total housing completions across the Borough, meaning the area continues to be key to achieving high rates of housing delivery.
- 3.35 The Council continues to recognise the importance of major sites in delivering housing growth and, as such, is taking measures to support their delivery, particularly given that development on Broughton Gate is slowing down as it starts to become fully built out.
- 3.36 The Council, as a major land owner in the Western Expansion Area, has taken steps to ensure the site comes forward in an effective manner by agreeing a collaborative agreement with Gallagher to develop the site¹¹.
- 3.37 The Council has also supported the reserved matters applications for the delivery of key infrastructure in the WEA, including primary infrastructure¹² and landscaping¹³. There was also support for an increase in the size of the foodstore on the site¹⁴, recognising the importance of the increased value of

¹⁰ 2010/11 and 2011/12 figure includes completions from Brooklands, adjacent to Broughton Gate, which has started to be built out as Broughton Gate nears completions.

¹¹ <http://cmis.milton-keynes.gov.uk/CmisWebPublic/Binary.ashx?Document=33650>

¹² Primary infrastructure-

http://www.miltonkeynespartnership.info/development_control/apps_detail.php?Key=1007&pname=08/01289/MKPCR_%20Area%2010

¹³ Landscaping-

http://www.miltonkeynespartnership.info/development_control/apps_detail.php?Key=1063&pname=11/02186/MKPCR_Western%20Expansion%20Area

¹⁴ Retail-

http://www.miltonkeynespartnership.info/development_control/apps_detail.php?Key=1057&pname=11/01685/MKPCO_Western%20Expansion%20Area

the store will bring to supporting the servicing and delivery of development on the site.

3.38 In addition to this Gallagher have started to take steps to begin development on site. Archaeological work has been undertaken and site preparation works have begun on the first phases. Gallagher have also applied to the 'Get Britain Building Fund' for support to build 300 of the homes on the site. The outcome of this bid will not be known until later in the year. It is understood that Gallagher are confident that the first phase of house building on the WEA will begin by during 2012/13.

3.39 With regards to the Strategic Land Allocation proposed in the Core Strategy, the Council has instigated the preparation of a Development Framework for the site, which should facilitate a timely start on site, once the allocation is confirmed and a planning application submitted/determined. Prompt delivery of this site will be important to supplement land supply to the east of the city which will diminish once Broughton Gate becomes complete over the next few years.

Delivery of housing targets

3.40 We are now two years into the period covered by the Core Strategy (2010-2026). This allows the Council to look back at whether its original forecasts appear to be accurate and whether the forecasts of future delivery made two years ago still appear to be accurate.

3.41 As was set out in the first section, net completions over the last two years have been 1,295 (2010/11) and 1,580 (2011/12). In total this is 102% of the number of homes that were originally forecast to be completed by this time when the Core Strategy was prepared. This is felt to show the robustness of the Council's housing forecasts.

3.42 The Council set out a commitment to remain within a 20% of the forecast rate of housing completions in para 5.13 of the Core Strategy Revised Proposed Submission Version. This performance is clearly in line with this criteria.

3.43 Looking forward, the forecasts for the upcoming years were largely reliant on the major sites allocated for development in the Local Plan (2005) and remaining new town grid squares commencing development. As set out above, delivery of the forecasts for the WEA are broadly on target, and progress has also been made towards the delivery of other major housing sites since the February 2011 HTP was prepared:

Oakgrove

3.44 Has now been granted outline consent for around 1,100 homes and the first phase (214 homes community space, and retail space) has been granted reserved matters consent.

Wolverton West End

3.45 Consent has been granted for around 400 homes development has begun on site at a good rate, with two developers on site.

Brooklands

3.46 The site is now virtually fully serviced (an application for the final phase of infrastructure is now under consideration) and a full years development has taken place with 114 completions and 74 under construction (as at 1st April 2012)

Central Milton Keynes

3.47 The HCA have sold parcel B4.4 for around 400 high density homes.

3.48 A review of the Development Framework for CMK has begun with the aim of increasing the deliverability of development and review housing numbers.

3.49 Uncertainty about long term demand for high density development remains, but the deal for area B4.4 suggests there is still a market for such development, potentially within more mixed use developments.

3.50 A re-plan of the stalled site in Campbell Park is being considered to allow development to progress. The developer, Taylor Wimpey has also applied to the Get Britain Building Fund for support.

Windfall development

3.51 Over the last monitoring year there were a total of 438 windfall completions across the Borough. 360 of these were in the urban area, the remaining 78 in the rural “rest of the Borough”, which is well above the average of 232 for the last 15 years. In 2010/11 there were just 112 windfall completions, 42 of which were in the rural rest of the Borough.

Windfall in the rural “rest of the Borough”

3.52 The recent monitoring figures continue to show the importance of windfall development in the rural “rest of the Borough”, where on average windfall development has made up nearly half of completions over the last 15 years. Windfall continues to be delivered from small scale infill sites, conversions and the development of small vacant sites.

3.53 The NPPF (page 13, para 48) sets out that ‘*Local Authorities may make an allowance for windfall development in the five-year supply if they have compelling evidence that such sites have consistently become available in the local area and will continue to provide a reliable source of supply*’.

3.54 This is a change in the position set out in Planning Policy Statement 3: Housing, where the emphasis was on not including a windfall allowance in the

first ten years worth of land supply. As such, an allowance was not made in the last Five-Year Land Supply Report for windfall development. However, in light of the publication of the NPPF, the Council considers that it does have a robust case for including a windfall allowance in its rural five-year land supply figure.

- 3.55 A full review of the windfall analysis included in the February 2011 HTP is included as an Appendix to this note. The conclusion of the report is that the Council can justify an allowance of 40 homes from windfall development per year in the rural area. Over the five year land supply period, this equates to an additional 200 homes in the rural area in addition to those identified in the five-year land supply report. Over the plan period, such an allowance would equate to 560 of the 1,540 homes which need to be delivered in the next 14 years to meet the planned target¹⁵.
- 3.56 In line with the NPPF, this allowance has had regard to the SHLAA and the emerging update in so far as it only allows for small sites (fewer than 10 units) that would not be picked up by the SHLAA or through a site allocations process, thus avoiding double counting. It is based on observed trends in windfall delivery across the rural area and an analysis of whether these trends are likely to continue in the future. It also avoids any allowance for back garden development, which has been seen across the rural area, but normally on a larger scale than 10 dwellings.

Windfall in the urban area

- 3.57 Across the urban area, the increase in windfall development over the last year has been driven by the change of use of employment land. This includes the conversion of office buildings into residential and the development of land allocated in the Local Plan and shown on the Proposals Map for employment use. This type of development is likely to become more prevalent over the next few years given the age and nature of many of the office buildings in Milton Keynes.
- 3.58 The development of employment land for other purposes is something that will need to be considered through the site allocations process that the Council is planning to start on completion of the Core Strategy examination. The process will consider the reallocation of certain employment sites that have been identified as potentially no longer being required for employment purposes due to certain constraints. The SHLAA has already begun the process of identifying and assessing such sites.
- 3.59 In the past where high completion rates have been achieved in Milton Keynes, windfall development has been a significant contributor to overall completion levels. Although limited in comparison to the level of residential land needed to meet the Council's housing target, these two supplies of sites will form an

¹⁵ Windfall figure based on 40 homes per year over the remaining 14 years of the plan period. The housing target takes into account home delivered from 2010-2012 (220 homes in total).

additional source of housing land to that already identified (as set out in paragraph 2.4 of this report).

3.60 Given the level of potential windfall supply from small sites in the urban area in relation to overall targets, it is not felt necessary to include a windfall allowance for the urban area in the land supply figures. However, for comparison if a small site allowance were made, it would contribute around 200 homes over the five-year land supply period.

4. Housing related changes to the NPPF

Requirement for a 5/20% buffer on five-year land supply

- 4.1 The NPPF set out a requirement for Local Authorities to provide a 5% 'buffer' of land supply, bought forward from later in the plan period to ensure choice and competition in the market for land.
- 4.2 An analysis of the implications for the draft NPPF (as it was at the time) requirement for a 20% land supply 'buffer' was undertaken as part of the Five-Year Land Supply Report- 2012-17. The findings, based on housing forecasts as at May 2011, are summarised below.

Table 2 - Supply against NPPF 20% allowance requirement

Year	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
Completions	1295	1642	1494	1893	2169	1969	2263	2025	1789	1863
Deliverable supply (@ start of year)			9788	10319	10215	9623	9595	9402	9104	8415
5 year requirement (@ start of year)			8951	9065	9032	8867	8769	8486	8281	8187
Additional supply			9.4%	13.8%	13%	8.5%	9.4%	10.8%	11.1%	2.8%

- 4.3 The analysis shows that the current assessed land supply position in Milton Keynes consistently provides around a 10% 'buffer' of deliverable sites for the next seven years, which more than addresses the NPPF requirement for a 5% buffer.
- 4.4 There is likely to be an argument that Milton Keynes should be planning for a 20% buffer based on underperformance against housing targets. The Council does not accept this position, as Milton Keynes has been delivering a consistently high level of housing completions over a sustained period. The

Council would also question whether it would ever be practical to demonstrate compliance with such a target within the current economic constraints.

- 4.5 The purpose of the 'buffer' appears to be to provide choice and competition in the market for land. In Milton Keynes there are already a significant number of sites and land that is available for development (for c.25,000 home in total), which provides this choice and competition. These sites would be coming forward for development more quickly in a good or improving economic climate.
- 4.6 Some of this land is on sites that are forecast to start development later in the plan period. These forecasts are not as a result of planning or physical constraints but simply due to market realities; there is no additional realisable demand for the properties that would be built on the land, therefore the sites are not coming forward for development.
- 4.7 It would therefore be illogical to assume that the identification of even more land would address the requirement for a 20% buffer. The Council's view is that more development sites will simply result in broadly the same level of forecast delivery on an annual basis, just potentially spread over more sites, which will have negative implications for infrastructure delivery and provide uncertainty for communities affected by development. This position is supported by the market indicators, highlighted earlier, that the NPPF says Local Authorities should have regard to as part of their evidence base (para 158).

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Appendix A - Windfall Analysis, April 2012

1. Introduction

- 1.1 Windfall development is defined in Annex 2 of the National Planning Policy Framework (NPPF) as:

“Sites which have not been specifically identified as available in the Local Plan process. They normally comprise previously developed sites that have unexpectedly become available”.

- 1.2 The now deleted Planning Policy Statement 3: Housing, gave examples of potential sources of windfall sites including closed factories or small sites such as a residential conversion or a new flat over a shop.
- 1.3 This report has been prepared to assess the contribution of windfall development to the housing growth of Milton Keynes. It takes a historic look at windfall completions, using the findings of this work to identify trends in provision and assess the contribution windfall development could be expected to make in Milton Keynes in the future.
- 1.4 The report covers a period from 1997 until the end of the most recent monitoring period, 31st March 2012.

2. What does the monitoring information show us?

- 2.1 Housing monitoring shows that over the period between 1997 and 2012 there were 22,782 (net) housing completions in Milton Keynes, an average of 1,644 per annum. 1,944 (8.5%) were in the rural area and 21,043 (91.5%)¹ were in the designated urban area.
- 2.2 There were 3,484 windfall homes built between 1997 and 2012. This is an average of 232 per year across the whole Borough. 2,554 (73%) of these were within the designated urban area of Milton Keynes. 930 (27%) were in rural settlements outside of the urban area.
- 2.3 This means that on average over the last 15 years there have been 170 homes per annum in the urban area and 62 homes per annum in the rural area completed on previously unidentified sites.
- 2.4 Windfall development accounted for 15.3% of all completions in the Borough between 1997 and 2012. In terms of rural development, windfall accounts for 47.8% of all housing completions. In the urban, area windfall development accounts for 12.1% of all completions. This information is summarised in Table 1 below.

¹ These are gross figures and are therefore slightly higher than total net completions as they don't include losses, of which there were 205 of the period, mainly in the urban area.

Table 1 - summary of housing completions information (1997-2012)

	Completions	Windfall completions	Annual average windfall	% windfall of total completions
Urban	21,043	2,554	170	12.1%
Rural	1,944	930	62	47.8%
Overall	22,987 ²	3,484	232	14.4%

3. Completions by settlement

- 3.1 This section looks more closely at the location of the windfall developments, considering where the 'hot spots' for windfall sites are.
- 3.2 In the urban area, a significant number of the windfall developments have been found in the older parts of the city with 33% (834) of urban windfall homes being developed in Bletchley and 18% (470) in Wolverton. Together these two settlements account for 51% of the urban windfall completions over the period between 1997 and 2012. This suggests a correlation between the age of an area and the prevalence of windfall development.
- 3.3 There were still 1,197 (c.80 per year on average) windfall completions within city estates, showing that despite being newer, opportunities for their (re)development still exist.
- 3.4 In the rural area, Newport Pagnell (396 completions / 43% of total rural completions) was the hot spot for windfall development. Olney (195 / 21%) also had a significant amount of windfall development over the 1997-2009 period.
- 3.5 34% of rural windfall completions were spread across the smaller rural settlements. In total there were windfall completions in 26 of the 28 rural settlements, showing the wide availability of windfall opportunities. This information is summarised in Table 2 overleaf.

² Gross figure of completions.

Table 2 - windfall completions by settlement (1997-2012)

Rural area	
Newport Pagnell	396
Olney	195
Woburn Sands	19
Other settlements	320
Urban area	
City Estates	1,197
Bletchley	834
Wolverton	470
Stony Stratford	53

4. Completions by size of site

4.1 Across the Borough, windfall development sites range in size from one dwelling to 300. However, the vast majority of sites (84%) are for fewer than five dwellings. This extends to 92% including sites of fewer than 10 dwellings in capacity³. In total, windfall development on sites of fewer than 10 dwellings account for 32% of all windfall completions, an average of 82 dwellings per year over the last 15 years.

Rural area

Table 3 - Completions in the rural area by size of site (1997-2012)

	COMPLETED			UNDER CONSTRUCTION	
	Units	Sites	% of completions	Units	SITES
under 5	409	292	44%	22	19
5 to 9	157	24	17%	0	0
10 to 14	49	4	5%	0	0
15 to 30	100	6	11%	0	0
31 to 50	49	1	5%	0	0
51 to 100	57	1	6%	0	0
100 +	109	1	12%	0	0
	930	329	100.0%	22	19

4.2 In the rural area it can be seen that 61% of rural windfall completions are part of developments of fewer than 10 units. This equates to an average of 38 homes per year over the last 15 years.

4.3 When considered against overall completion rates in the rural area over the same period (1,944), it can be seen that 29% of all completions in the rural area are windfall completions from sites of fewer than 10 units.

³ 10 dwellings is the likely minimum threshold for new land allocations in the Site Allocations DPD. It also the point at which s106 start to be required.

- 4.4 There are very few large windfall sites in the rural area. The two sites of more than 50 dwellings were both former employment sites (Beclawatt in Newport Pagnell and Wellingborough Road in Olney). Other sites of this nature have more recently been identified through the Local Plan process, such as Nampak in Woburn Sands, and have therefore been bought forward as identified sites.
- 4.5 More recently (during 2011/12), 49 specialist dwellings for the elderly were completed in Newport Pagnell, as an extension to an existing scheme. This type of development has become more prevalent across the whole of Milton Keynes as the population ages.

Urban area

Table 4 - Completions in the urban area by size of site (1997-2012)

	COMPLETED			UNDER CONSTRUCTION	
	Units	Sites	% of completions	Units	SITES
under 5	452	280	17.7%	34	24
5 to 9	237	36	9.3%	4 ⁴	1
10 to 14	94	8	3.7%	0	0
15 to 30	397	17	15.5%	0	0
31 to 50	292	8	11.4%	0	0
51 to 100	305	4	11.9%	0	0
100 +	777	7	30.4%	168	2
	2554	355	100.0%	206	27

- 4.6 The profile of urban windfall sites is distinctly different to that of the rural area. Despite a significant number of homes still being delivered from windfall sites of fewer than 10 dwellings (19.2% of total windfall completions; an average of 44 units per year), there are also a greater number of larger sites.
- 4.7 The 689 dwellings that come from sites of fewer than 10 dwellings contributed just 3% of total urban completions over the last 15 years. This is significantly different to the contribution made in the rural area from small sites (31%).
- 4.8 Of the larger sites (31+ dwellings), 12 of the 19 sites are in either Bletchley or Wolverton, reflecting the contribution made by sites in the older parts of the city. The sites predominantly involve the redevelopment of former industrial buildings, old school sites and residential blocks, but also include developments which make more efficient use of land within existing developments, such as at the hospital.
- 4.9 Increasingly over the last couple of years, the development of land allocated for other purposes, particularly employment, has also boosted land supply. Two schemes at Shenley Wood (Extracare facility) and Walton are on land allocated for employment use in the Local Plan, but which has not been

⁴ Only homes under construction. Individual sites may have already had homes completed or yet to start development.

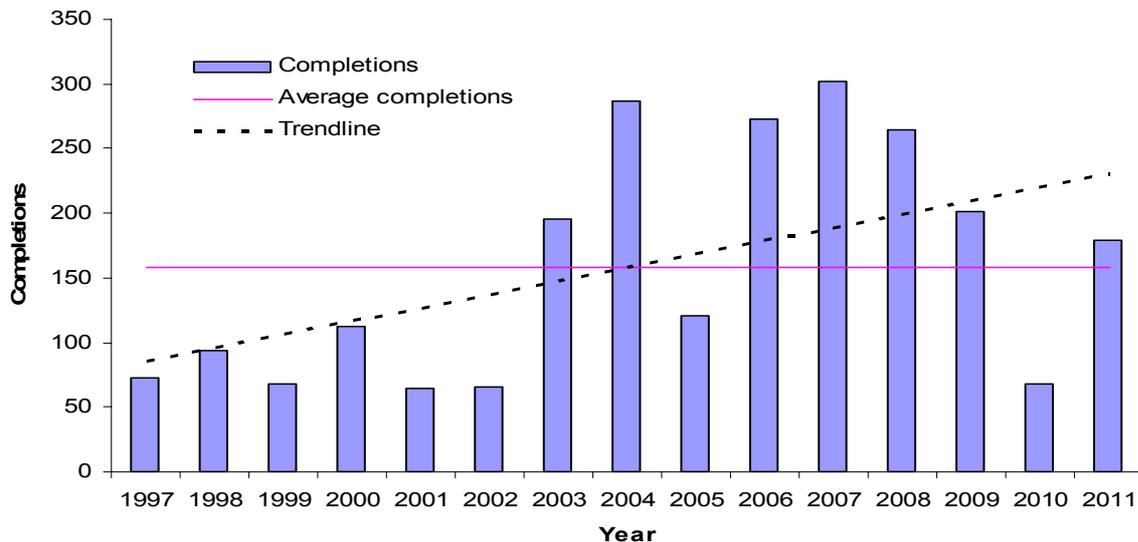
developed since the designation of Milton Keynes. This type of development could become more prevalent in the future as pressure to develop un-used greenfield sites within the city increases.

4.10 Overall, windfall completions make a 12% contribution to all completions in the urban area, which is much less significant than in the rural area, but a figure which has increased in recent years.

5. Timing of completions

5.1 The nature of windfall development means that sites can come forward at any time. The following section charts how annual windfall completion rates have changed over the last 15 years. These figures relate to January-December each year, rather than the monitoring year (April-March) as referred to earlier.

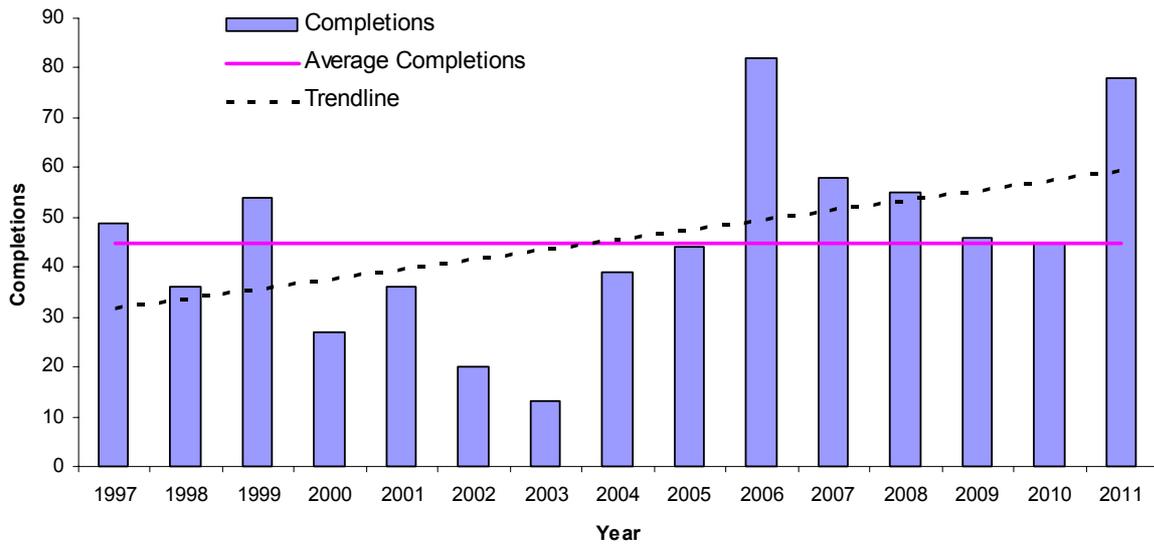
Figure 1 – Total Urban windfall completions



5.2 It can be seen from Figure 1 that urban windfall completions have generally become more prevalent over the last 15 years (dashed trendline), particularly since 2003, with completions rates in six of the last nine years being well above the overall 1997-2012 average. This would suggest there is a trend towards increasing rates of windfall development in the urban area.

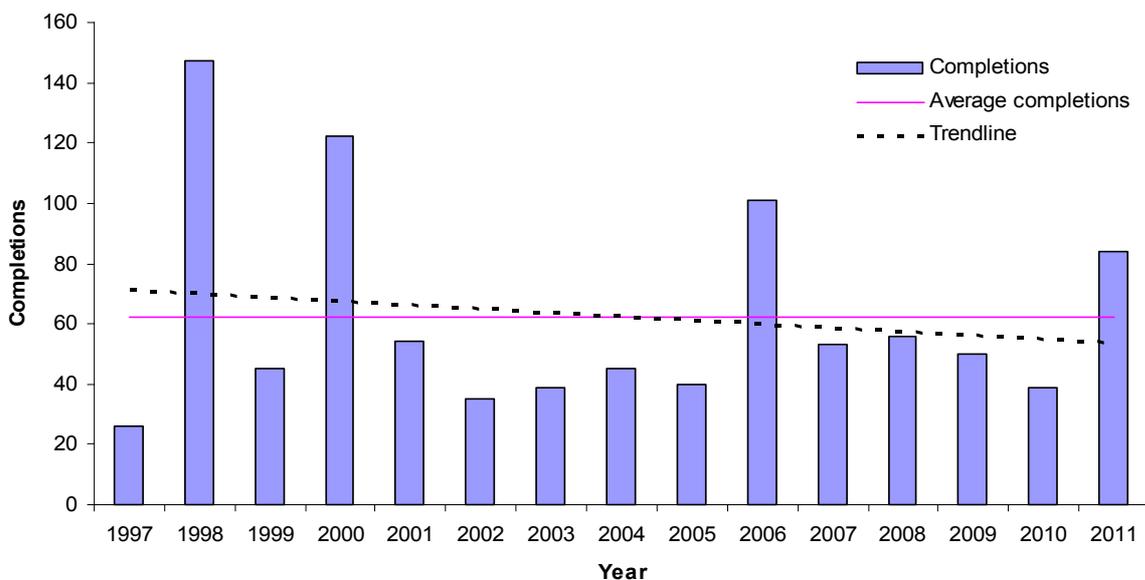
5.3 Over the last two years, windfall completions have remained strong, despite a downturn in general economic conditions. It is not shown in the graph, but there have already been 207 windfall completions recorded across the urban area in the first three months of 2012, driven by two large developments.

Figure 2 - Urban Completions; sites of fewer than 10 units



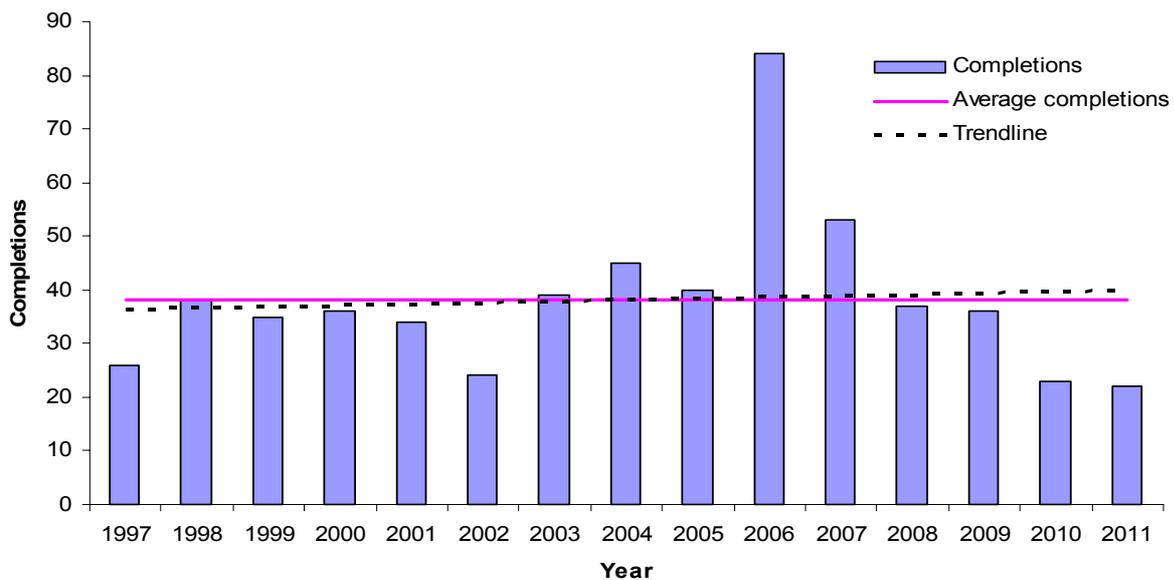
5.4 When looking at sites for fewer than 10 units across the urban area, there appears to be a more consistent level of completions. Apart from a drop in the early 2000s there has constantly been between 30-60 completions on small windfall sites over the last 15 years. The trendline suggests that over the last 15 years there has been a trend towards increasing completions from small sites in the urban area. The last year showed the second highest level of small scale windfall completions over the last 15 years.

Figure 3 –Total Rural Windfall Completions



- 5.5 The overall trend in rural completions is less clear than in the urban area. Figure 3 (and the average) is distorted by four years where the level of completions was increased by a large development.
- 5.6 From Figure 4 below, it can be seen that when windfall sites of fewer than 10 units are considered on their own there is a more consistent pattern of development, with only one year significantly deviating (above) the average of 38 windfall completions. This would suggest that the supply of these small sites has been relatively consistent over the last 15 years at between 30 and 50 dwellings. The trend line also suggests that over the last 15 years there has been a slight trend towards increasing completions from small sites in the rural area. Over the last two years, the level of small completions has dropped off, which could be down to the economic downturn, but which is in contrast to the number of small developments seen in the urban area.
- 5.7 However, during 2012 there are already 24 homes either completed or under construction on sites for fewer than 10 units after just three months of the year, suggesting around 40 completions are again realistically achievable.

Figure 4 - Rural Completions; sites of fewer than 10 units



6. Hot-spot trends

- 6.1 Analysis of the windfall hotspots shows that overall it is difficult to comment on the trends in past completion rates. There appears to be little trend in the level of completions from one year to the next in main hot spots (Bletchley in the urban area and Newport Pagnell in the rural area). This is mainly due to the ad hoc completion of a few large sites over the last 15 years.
- 6.2 However, when looking at completions from small sites (fewer than 10 units) there does appear to be some trends emerging. The figures below,

particularly for Bletchley, show a trend towards increasing completions from small sites, as is the case generally across Milton Keynes.

Figure 5 – Completions; sites of fewer than 10 units in Bletchley

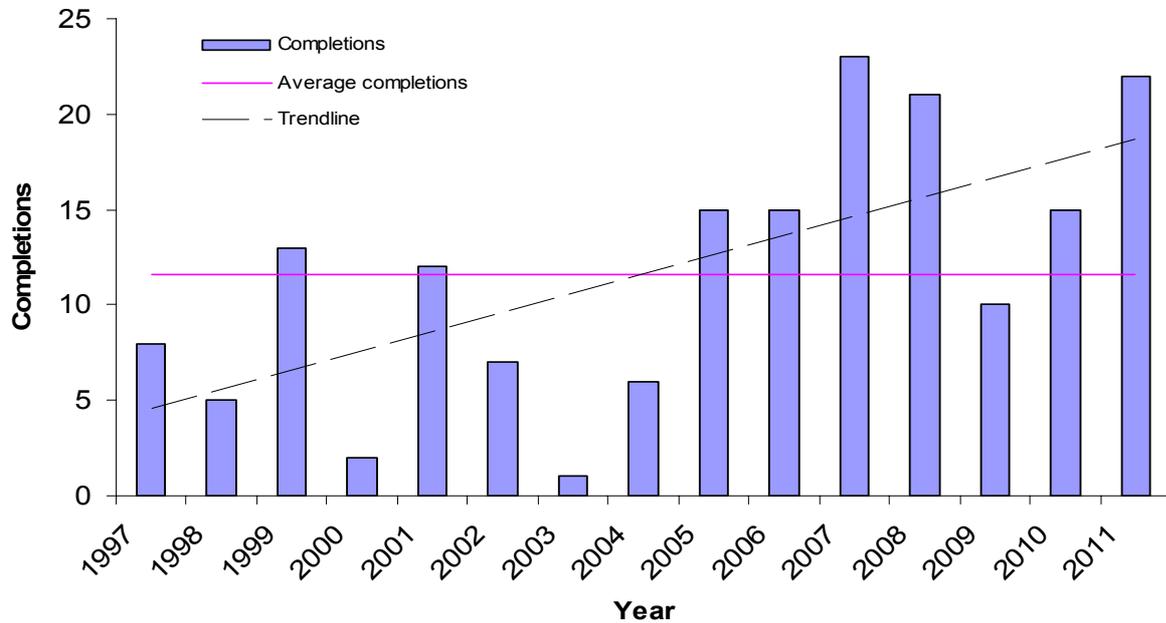
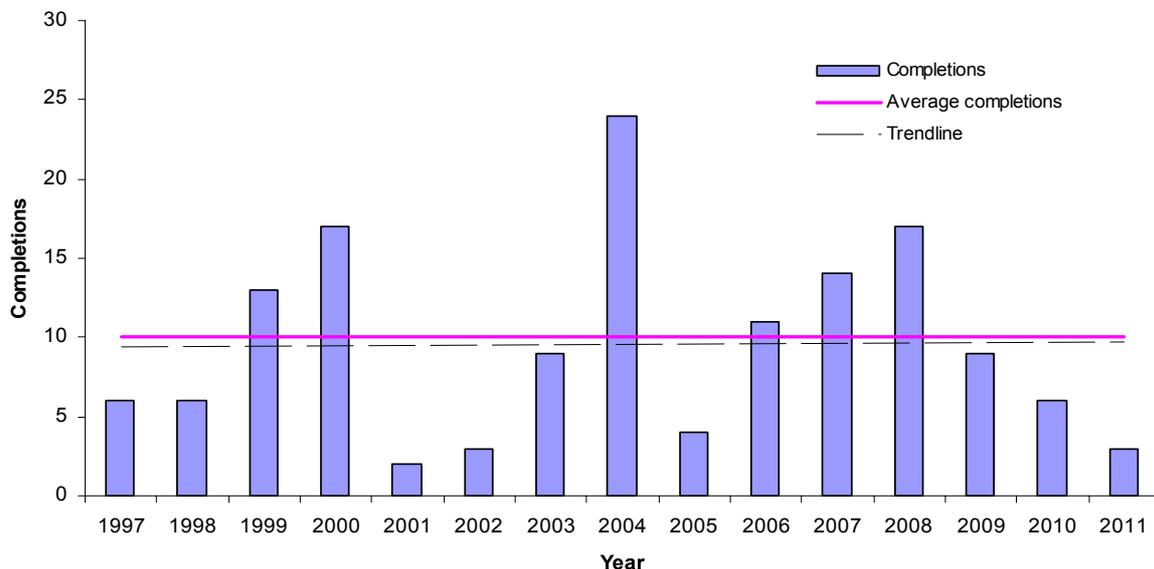


Figure 6 – Completions; sites of fewer than 10 units in Newport Pagnell



7. Ongoing windfall development

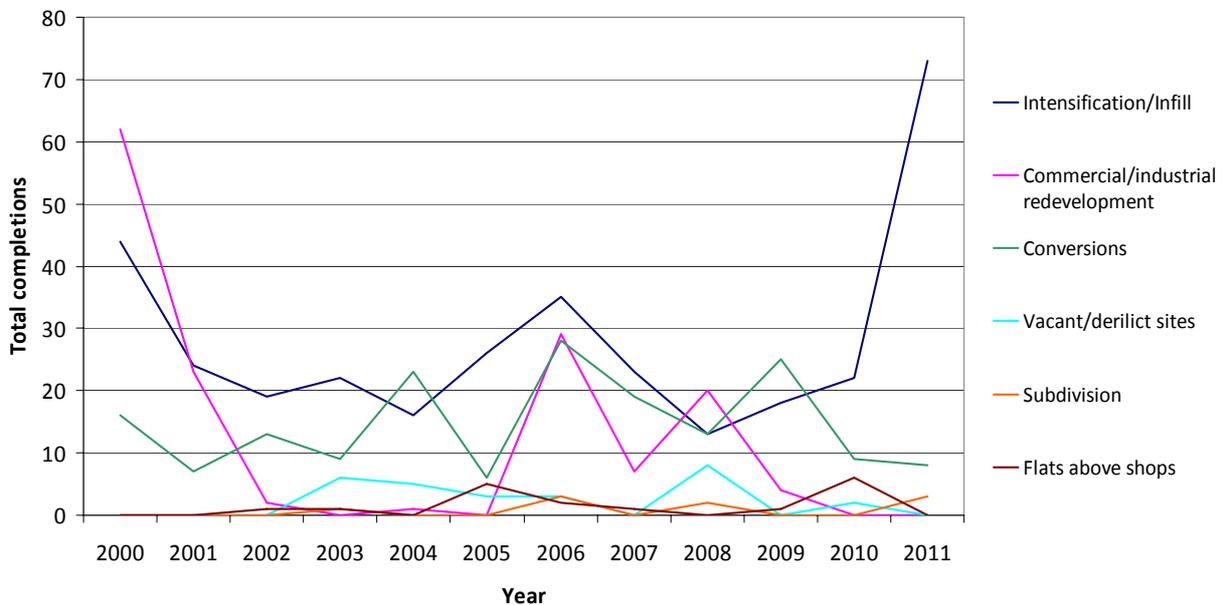
7.1 There are currently 228 windfall dwellings, under construction across the Borough (22 in the rural area, 206 in the urban area) on a total of 46 sites. These sites also contain a significant number of homes that are yet to begin development. The level of ongoing development verifies that windfall development opportunities continue to be available across the Borough.

7.2 In addition to sites under construction there are also a further 496 homes permitted for development on windfall sites that are yet to begin development

8. Type of site being developed

8.1 Figure 7 below sets out the nature of windfall development in the rural area since 2000. The main observation from the graph is that there are no specific year on year trends in any source of land supply. This is likely to be due to the fact that by its very nature, the source of windfall development is unpredictable and difficult to identify. The sites appear to come forward in response to opportunities that emerge year on year, rather than following any set pattern.

Figure 7 - Nature of windfall sites in the rural area



8.2 It can be seen from the graph that intensification/infill and conversions consistently appear to be the greatest source of windfall development. These sources of supply have consistently provided windfall completions over the last 11 years in the range of 30-50 homes per year.

8.3 The sources on intensification/infill range from single additional homes between existing properties to the development of a large number of properties on individual sites. The conversions vary from the reuse of agricultural buildings to the development of former commercial premises such as post offices or fire stations.

8.4 Other sources of supply have also emerged over the last 11 years, but these are not as significant, or as constant as infill or conversions. The most significant contribution is made by commercial/industrial redevelopment, although this has not been consistent over the period assessed.

9. Trends and observations for future windfall development

9.1 The key trends are:

- Proportionately, windfall development made more of a contribution to rural housing growth than urban housing growth between 1997 and 2012.
- Windfall development in the rural area (nearly 48%) is a significant contribution to the overall supply of housing in the area.
- The completion of homes on small (fewer than 10 units) sites has been fairly consistent over the last 15 years in both the rural and urban areas, with a trend towards increasing completions on such sites.
- In the rural area, the majority (61%) of windfall development is on small sites.
- Windfall development on small sites has contributed 29% of all rural completions over the last 15 years.
- In the urban area, there is a greater variety in the size of windfall sites.
- There has been a recent increase in the number of windfall completions from within the urban area.
- Hotspots for windfall development are the older parts of the urban area (Bletchley and Wolverton) and the two largest rural towns (Newport Pagnell and Olney).

10. Conclusions

10.1 This section concludes whether it is justified and necessary to include a windfall allowance in Milton Keynes Council's land supply position.

10.2 The NPPF sets out that an allowance for windfall can be made by Local Authorities if:

- They have compelling evidence that such sites have consistently become available
- Such sites will continue to be a reliable source of supply

10.3 Any allowance should be realistic and have regard to:

- The Strategic Housing Land Availability Assessment (SHLAA)
- Historic windfall delivery rates
- Expected future trends
- Should not include residential gardens

10.4 This part of the statement looks at the degree to which these requirements can be satisfied and the Council can justify a windfall allowance for the future.

Have sites consistently become available?

10.5 Yes - over the last 15 years it can be seen that windfall development has consistently provided a significant number of homes across the Borough. At

47% of all completions, windfall development has been integral to delivery of new homes in the rural “rest of the Borough”.

- 10.6 The rate of development from small sites of fewer than 10 dwellings has been particularly consistent across both the rural and urban areas. This figure does not include any significant number of residential garden developments, which have tended to be for 10 dwellings or more where they have occurred.

Will such sites continue to be a reliable source of supply?

- 10.7 From an analysis of all windfall completions it can be seen that a significant number homes come from the ad hoc redevelopment of relatively large sites, particularly in the urban area. Although this is likely to continue in the future, particularly given the NPPF position of supporting the change of use from B class uses to residential and the challenge presented to landowners by the economic climate, this supply is not as reliable or consistent as that seen from small sites. Such sites will also potentially be picked up in the future through the SHLAA and work on site allocations, so are less likely to come forward as windfall development.
- 10.8 However, small sites of fewer than 10 dwellings have shown a consistency in delivery, and continue to do so through ongoing monitoring (an annual average of around 40 homes in each of the urban and rural areas). The source of this type of supply is mainly through intensification of existing built up areas, and the conversion of old/disused buildings. There is no sign that opportunities from this source of development are likely to stop in the future.
- 10.9 Windfall development in the rural “rest of the Borough” has been seen in 26 of the 28 rural settlements, showing a spread of opportunities. There has also been a continual supply of new homes coming from small sites in the main hotspots of Newport Pagnell and Olney, the largest rural settlements, where it is expected that opportunities will continue to emerge as the towns evolve and develop.
- 10.10 In the urban area, the supply of small sites also shows no sign of slowing down. In the main windfall hotspot area, Bletchley, the trend has been for a rapidly increasing supply of homes from sites of fewer than 10 dwellings, indicating that supply could rise in the future.
- 10.11 It is therefore felt that small sites for fewer than 10 units will continue to be a reliable source in the future. Such sites are not picked up in the SHLAA due to their size (the SHLAA looks at sites for 10 dwellings or more) and they are unlikely to be considered for allocation through the Site Allocations document.
- 10.12 However, although there is likely to be development of larger windfall sites in the future, such supply is not as reliable, and cannot be as easily quantified.

Can a windfall allowance be justified?

- 10.13 It is suggested that the Council can justify a windfall allowance of around 40 homes per year from small sites in both the urban and rural areas (80 homes in total).
- 10.14 The 40 units per year in the rural “rest of the Borough” is a significant proportion of planned growth and should therefore be taken into account in land supply figures.
- 10.15 The 40 units per year in the urban area is less significant given that it potentially forms less than 2.5% of overall land supply. It is therefore not felt to be a significant consideration in future land supply calculations for the urban area, unlike in the rural “rest of the Borough”.