

PLANNING COMMITTEE

16 NOVEMBER 2022

HOUSING DELIVERY TEST ACTION PLAN UPDATE

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Summary

This report sets out details of the Housing Delivery Test Action Plan that considers measures to help boost the supply of housing in Medway.

1. Budget and policy framework

- 1.1. There are no policy framework decisions arising directly from this report. The Housing Delivery Test Action Plan was approved by Cabinet on 5 July 2022. This is an information item for the Planning Committee.
- 1.2. The costs of preparing the Housing Delivery Test Action Plan are met within the Planning Service budget.

2. Background

- 2.1. The Government has made the delivery of housing a key aim of its administration. Ongoing reform of the planning system has sought to boost the supply of housing. This has included the introduction of the Housing Delivery Test (HDT) that measures the delivery of housing in a local authority area against its defined level of housing need. The test compares the net number of homes delivered over the preceding three years to the housing requirement for the same period. Failure to meet the thresholds set out in the National Planning Policy Framework ([NPPF](#)) result in a series of sanctions being imposed on local planning authorities. The intention is to encourage them to take action to address the causes of low rates of housing delivery.
- 2.2. Medway is committed to providing new homes to meet the needs of our growing and changing communities. The Council works corporately to plan and facilitate sustainable growth, attract investment, and directly deliver new homes. Our ambitions have seen success in boosting confidence in development in Medway. In 2020/21, 1,082 new homes were built in Medway, only slightly lower than the record year of delivery in 2019/20 of 1,130. This significant uplift in housebuilding reflects the Council's commitment to deliver

growth that benefits all our communities. The next set of HDT results are due to be published by the government soon. The Council's monitoring is indicating a similar level of delivery to the last two years and the net number of completions will be included within the Council's Annual Monitoring Report (AMR), going to Cabinet in December.

- 2.3. This is Medway Council's fourth Housing Delivery Test Action Plan (HDTAP). The Council has produced the action plan in response to the Housing Delivery Test (HDT) results published in January 2022 because delivery was below the 95% threshold. The HDT results are published about nine months after the year being monitored and the HDTAP is published six months after the results so it is a retrospective measurement. The published HDT data includes an adjustment for student and other communal accommodation, based on the HDT rule book, whereas the AMR has this data listed separately so there is a slight difference in the reported figures. The government has also adjusted the number of homes required for the past two years to reflect the disruption to delivery caused by the pandemic. They reduced it by one month in 2019/20 and four months in 2020/21 so the number is lower when compared with the Council's published housing need figure calculated using the standard method.

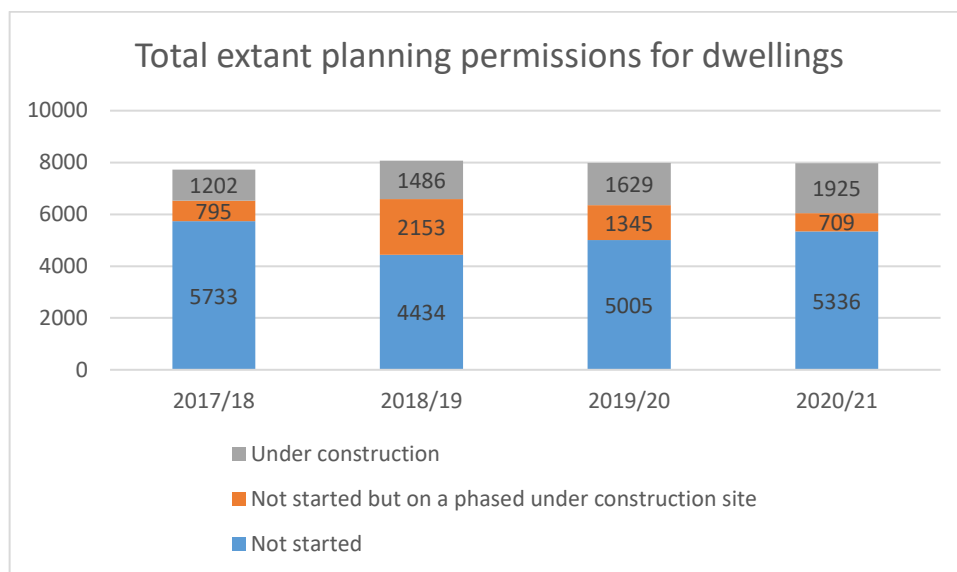
| | 2018-19 | 2019-20 | 2020-21 | Total | Percentage result |
|----------------------------------|---------|---------|---------|-------|-------------------|
| Number of homes required | 1,672 | 1,550 | 1,111 | 4,332 | 67% |
| Number of homes delivered | 647 | 1,181 | 1,067 | 2,895 | |

MHCLG published HDT measurement result for Medway Council, January 2022

- 2.4. The latest HDT measurement showed that rates of housebuilding delivered in Medway in the preceding three years were 67% of the defined housing requirement, calculated using the method in the [Housing Delivery Test Rule Book](#). This result was an increase from 55% in the previous year. This means that all measures associated with the HDT will be imposed. Medway Council is required to create an action plan, apply a 20% buffer to the five year housing land supply and apply a presumption in favour of sustainable development when determining planning applications. This will apply until the next annual HDT measurement.
- 2.5. The NPPF requires local planning authorities (LPAs) to apply a presumption in favour of sustainable development to decision making if the development plan policies are out of date unless there are other material considerations to outweigh this. It also requires LPAs to apply this if their housing delivery falls below 75% so the presumption applies to Medway in both respects. The Head of Planning has provided training to Members on the implications of the Presumption in Favour of Sustainable Development in relation to planning decisions.
- 2.6. Although rates of housebuilding are below the level of identified housing need, there was a dramatic increase in 2019/20 and 2020/21 in the net number of

homes delivered compared with delivery in previous years. It went from 647 in 2018/19 to 1,130 in 2019/20 and stayed near that level in 2020/21 at 1,082. These are the highest levels of housebuilding in Medway since its inception in 1998. The gap between rates of housebuilding and the defined housing need requirement highlights the challenging targets set by government, using the standard method to calculate housing need for local authorities. There has been progress on key regeneration sites but also growth in smaller urban sites and in suburban and rural locations. The Council has taken action to permit more schemes including larger schemes on greenfield sites, outside of the Local Plan, where it can be demonstrated that development is sustainable. This is now having a positive effect on the number of new homes being built but needs to be sustained to increase the rates of delivery and pass the HDT in coming years. Monitoring information held by the Planning Service shows an increase in rates of housebuilding in recent years, as well as a significant pipeline of sites with planning permission. This signals a change in the progression of sites in Medway and the Council is confident that the increased level of delivery will be sustained in 2021/22.

- 2.7. The following graphic shows the number of dwellings under construction and not started up to 2020/21. There are some sites that fall into both categories, for example, when the site is phased and not all phases are under construction.



Status of Residential 'Pipeline' Sites

- 2.8. On average, the number of new homes being permitted has increased in the last five years totalling 5,957* dwellings compared with 4,261 in the preceding four years. However, there have not been enough permissions granted to meet the current high level of local housing need and the Council is without a five year housing land supply, as required by the NPPF.

*Includes provisional data for 2021/22.

2.9. The HDT report also considers how Medway will perform in future HDTs based on the housing trajectory published in the Council’s AMR 2020/21. The projected results indicate that Medway will pass the HDT in 2025. This is two years later than projected in last year’s action plan. Although Medway achieved its highest delivery in 2019/20, the trajectory was reviewed, in line with monitoring processes, and this has meant projected delivery has been pushed back. This was mainly due to the Covid-19 pandemic which made it difficult to assess future delivery, both for the Council and developers.

| 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
|---|--|----------------------------|----------------------------|----------------------------|---------------------|---------------------|
| 55% | 67% | 84% | 87% | 86% | 98% | 108% |
| Action plan and 20% buffer and presumption in favour of sustainable development | Action plan, 20% buffer and presumption in favour of sustainable development | Action plan and 20% buffer | Action plan and 20% buffer | Action plan and 20% buffer | No imposed measures | No imposed measures |

Scope of Action Plan

2.10. The HDT Action Plan is set out at Appendix 1. The content:

- Considers Medway’s development context and reviews historic performance on housing delivery.
- Explains measures the Council has already adopted to monitor and encourage housing delivery.
- Reviews actions supporting delivery from the last plan and their impact
- Has gathered evidence on strategic sites with planning permission to understand the build out rate and the barriers that are preventing these homes being built (and at a quicker rate).
- Proposes measures to contribute to increasing the amount and speed of delivery of new housing.
- Sets out measures to continue monitoring housing delivery and understanding factors influencing delivery rates.
- Includes a timetable to review the plan.

2.11. Of particular note in the Action Plan is the Council’s pro-active and coordinated work in attracting investment and bringing forward sustainable growth in Medway. This includes maximising regeneration and economic growth, direct delivery of homes through the Medway Development Company (MDC) and via its Housing team, progressing the evidence base of the Local Plan and engaging with developers and landowners, and the placemaking initiatives.

2.12. In many areas, the Council has been proactive in taking steps that help promote housing delivery. There is much to be applauded and continued but some areas have been identified where there is scope for

improvement where the Council can take action to address under delivery of housing. These are included in section 3 of the Action Plan. Some actions will see immediate results. Others will take longer to show impact but are essential for medium to long term delivery.

Key conclusions from the analysis:

- 2.13 There has been an increase in the number of planning permissions for dwellings in recent years, but this is currently not at a high enough level to deliver the level of local housing need identified in the government methodology. The defined local housing need has increased significantly, and the Council has taken action to permit more schemes including larger schemes on greenfield sites, outside of the Local Plan, where it can be demonstrated that development is sustainable. This is now having a positive effect on the number of new homes being built. This needs to be sustained to increase the rates of delivery and pass the HDT in coming years.
- 2.14 A key action is publication of a new Local Plan as it will provide the spatial strategy to meet the local housing need. Progress has been delayed, but a comprehensive evidence base has been collated and there has been ongoing work on site assessment and the development strategy. The preparation of the plan will address the significant uplift in housing needs and consider the range and mix of housing needs to ensure that there is a balanced housing offer to meet the communities needs. Detailed work has been carried out on site assessment to demonstrate that development can be delivered, is viable and can come forward in a timely way to provide for a five-year housing land supply (5YHLS). This has included identifying key constraints and means of mitigation where appropriate, such as through the provision of infrastructure.
- 2.15 The analysis shows that communication with stakeholders through ongoing engagement activities is an important part of Medway's influence over the delivery of housing.
- 2.16 There is a breadth of work happening across the Council that will have a positive impact on the delivery of housing including within the Planning service. The delivery of projects such as the Housing Infrastructure Fund will ensure the Council can continue to meet its regeneration aspirations and housing delivery whilst supporting the development sector to continue delivering in Medway.

3. Options

- 3.1. This report is submitted for information and updates the committee on the Housing Delivery Test Action Plan.

4. Advice and analysis

- 4.1. This report is for information and the Housing Delivery Test Action Plan was approved by Cabinet on 5 July 2022. The action plan to be published is presented in Appendix 1.

5. Risk management

- 5.1. The HDT Action Plan has considered a wide range of factors that can influence rates of housebuilding in Medway. There are several external risks, over which the Council has limited control, such as inflation and the availability of mortgage products. However, the Action Plan has focused on those areas where the Council is able to exercise more influence locally, including the work of the Planning Service and corporate actions to attract investment and boost confidence in Medway.

| Risk | Description | Action to avoid or mitigate risk | Risk rating |
|--|--|---|-------------|
| Council fails to publish 2022 HDT Action Plan | Failure to meet government requirements | Preparation and publication of HDT Action Plan | E3 |
| Delay in publication of Local Plan | Implications for housing land supply | Careful programme management to progress publication of draft plan. | C2 |
| Housebuilding does not meet levels set by Government | Presumption in favour of sustainable development applies | Production of Local Plan and granting consents for proposals for sustainable development in advance of plan | A2 |

6. Consultation

- 6.1. There is no requirement to consult on the HDT Action Plan. The Council regularly engages with the development sector and has included information gathered in preparing the HDT Action Plan. This has included seeking updates from developers on planned housing delivery rates. The Council will publicise the HDT Action Plan in meetings with developers, and welcome comments.

7. Climate change implications

- 7.1. The HDT Action Plan reports on the measurement of the HDT and sets out actions to promote housing growth. This does not directly address climate change matters. However, there are specific considerations on climate change in the wider work in preparing the Local Plan and in the determination of planning applications in the context of the Presumption in Favour of Sustainable Development.

8. Financial implications

- 8.1. The production of the HDT Action Plan has been met using staff resources within the Planning Service.

9. Legal implications

- 9.1. The Housing Delivery Test Action Plan meets the requirements of the National Planning Policy Framework 2019.

10. Recommendation

- 10.1. This report is submitted for information to update the Committee on the Housing Delivery Test Action Plan.

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Appendices

Appendix 1: Medway Housing Delivery Test Action Plan, July 2022.