

## **Cabinet**

**11 June 2024**

### **Medway Housing Delivery Test Action Plan**

Portfolio Holder: Councillor Simon Curry, Portfolio Holder for Climate Change and Strategic Regeneration

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#### **Summary**

The Council is required to publish a Housing Delivery Test Action Plan (HDTAP) by June 2024. The report outlines the purpose of this document, rates of housing delivery in Medway, and advises on implications for the authority. Approval is sought to publish the action plan, to meet government requirements.

#### **1. Recommendations**

1.1. The Cabinet is recommended to approve the publication of the Medway Housing Delivery Test Action Plan 2023, as set out at Appendix 1 to the report.

#### **2. Suggested reasons for decision(s)**

2.1. The Housing Delivery Test is a measure of the number of homes delivered within a three-year period compared with the defined local housing need. Anything below 95% means a Council has to produce an action plan within six months of the test's publication. The 2022 Housing Delivery Test was published in December 2023, so the Council is required to publish the action plan in June 2024.

#### **3. Budget and policy framework**

3.1. The government requires councils to prepare a Housing Delivery Test action plan where rates of housebuilding fall beneath defined targets. This decision is within the Council's policy framework. The report has been prepared using existing resources in the Planning Service.

#### **4. Background**

4.1. 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 included the Housing Delivery Test (HDT),

introduced in 2018, 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. The intention is to encourage local planning authorities to take action to address the causes of under delivery of housing.

- 4.2. [The 2022 HDT measurement](#) was published in December 2023, and it gave Medway a result of 79% delivery against its defined level of housing need, based on the government's standard method formula, covering the period from April 2019 to March 2022. The following table shows Medway's data taken from the published measurement.

	2019-20	2020-21	2021-22	Total	Percentage result
<b>Number of homes required</b>	1,550	1,110	1,586	4,246	<b>79%</b>
<b>Number of homes delivered</b>	1,181	1,067	1,124	3,372	

- 4.3. A series of sanctions apply when the test results show that housing delivery fell below the housing requirement in the three years being measured, and the sanctions imposed will depend on the level of shortfall. The sanctions apply in all years of the HDT measurement.
- Below 95% - an action plan to be published within six months of the test results.
  - Below 85% - 20% buffer added to the 5-year housing land supply and an action plan
  - Below 75% - a presumption in favour of sustainable development, a 20% buffer and an action plan.
- 4.4. As the result is below 85%, an HDTAP must be prepared and a 20% buffer is applied to the five-year housing land supply. In the first HDT, Medway scored just 47% but delivery rates have grown considerably since that point. The result for the 2021 measurement was 67% which meant that the presumption in favour of sustainable development applied but this latest result is higher so that sanction has fallen away for the time being, in respect of the HDT result only.
- 4.5. There has been a record increase in the number of homes being delivered in Medway in recent years and this has been sustained over a number of years. However, it is anticipated that delivery rates since April 2022 will have been impacted by wider trends in the development industry, such as the response to the 'mini-budget' in September 2022. There is likely to be a number of reasons for the increase up to March 2022, but it is significant that this coincides with the delivery of a number of sites outside the current local plan boundaries as well as continuing delivery on a number of brownfield sites. The reasons for under delivery will also be multifaceted and although many factors are external to the Council's control, there are some things the Council can do

locally to support the delivery of new homes. The HDTAP explores the reasons for under delivery, the actions it is taking to support delivery and suggests actions to boost delivery.

- 4.6. The table below sets out the predicted delivery rates in coming years. The predicted results are lower when compared with the predictions in the last HDTAP but this is mostly to do with the pipeline of sites available for delivery as presented in the latest Authority Monitoring Report (AMR), as this information is used to update the predictions. Previously, sites identified in the Strategic Land Availability Assessment published in December 2019 formed part of the phasing of housing delivery but did not form part of phasing last year because of work on the call for sites, Land Availability Assessment and Regulation 18 consultation. Once there is more certainty around the preferred spatial growth options for the new local plan, the predictions can be updated again. The 2023 measurement is likely to be published by this summer and we can be certain that the result will be below 75%. It will be based on housing delivery for the preceding three years including the 958 units delivered in 2022-23, so it has been possible to accurately calculate the result using the [Housing Delivery Test rule book](#).

2022	2023	2024	2025	2026
79%	72%	74%	79%	83%
Action plan and 20% buffer	Action plan, 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

- 4.7. The action plan:
- 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 from the last plan and their impact.
  - Has gathered evidence on strategic sites with planning permission to understand the build out rate and barriers that are preventing these homes being built at a quicker rate.
  - Proposes measures to contribute to increasing the amount and speed of delivery of new housing.
  - Sets out measure to continue monitoring housing delivery and understanding the factors influencing delivery rates.
  - Includes a timetable to review the action plan.
- 4.8. The HDTAP is similar to previous versions. The adoption of a new Medway Local Plan is seen as the main measure the Council can take to boost the supply of housing, with new allocations to deliver the area’s sustainable growth. The impact of Planning Committee in addressing the need to provide for sustainable development in approving appropriate proposals in advance of the local plan is also highlighted. It also sets out areas where the Council

could carry out additional work to influence housing delivery. This includes further opportunities for working with partners to address some of the external factors on housebuilding and to review current practices and procedures to improve efficiencies.

- 4.9. The action plan notes the specific challenges and issues experienced in the housing market, reflecting wider economic and social conditions in the country in the last few years and ongoing. There has been considerable change both within the Council and to external factors. This means that some new circumstances and challenges have come to the fore, and others have been dealt with or receded. The impact of recent economic problems including but not limited to high inflation and the increase in the cost of borrowing, has meant there has been uncertainty in the development industry. The monitoring of delivery in 2023-24 is currently underway and the housing delivery figure will be published later in the year. This will give us a clearer view of how these factors have impacted the delivery of housing within Medway. The new Medway Local Plan will set out a development strategy to meet growth needs over the coming years. The strategy will provide for a range of sites to increase housing choice across Medway. In advance of the new Local Plan, the Council will continue to consider opportunities to deliver sustainable development to boost the housing land supply.
- 4.10. In preparing the action plan, a couple of areas have been identified that might be of concern relating to the delivery of housing in Medway. Developers, particularly small and medium sized employers (SMEs), are having problems in securing an agreement with registered providers to take on affordable housing provided as part of a section 106 agreement which has delayed starts on some sites. There have also been fewer major developments granted planning permission in recent months, possibly because there are holding objections from statutory consultees on issues such as highways capacity. The Council has been working proactively to try to resolve these issues including making some changes to specific section 106s and working with relevant stakeholders. The action plan will explore these issues and any impact on delivery they are having and identify actions and monitoring around these issues if necessary.
- 4.11. When the HDT was first introduced, there was a degree of frustration amongst local planning authorities that the Housing Delivery Test, and associated requirements for a five-year housing land supply, penalise councils for matters outside their control. It also seems unclear how applying a 20% buffer to the need figure of an authority that is already unable to meet its identified housing needs will in itself boost the delivery of housing. Councils plan for housing land but have only a limited role in the delivery of housing. The action plan briefly considers wider societal impacts on housebuilding but those impacts cannot be effectively addressed through the action plan.
- 4.12. The HDTAP is going to the same Cabinet meeting as the Local Plan Regulation 18 consultation proposal. It is also possible that the government will announce the 2023 measurement results just ahead of the report going to Cabinet. As explained previously, we can be certain of the result in advance of its publication.

## 5. Options

- 5.1. The Council has considered a broad range of criteria and potential actions in drawing up the content of the action plan. There are limited options to consider in relation to the publication of the Housing Delivery Test Action Plan. Government requires publication within six months of the release of the last HDT measurement so it will need publishing by mid-June 2024.

## 6. Advice and analysis

- 6.1. It is advised that the Council publish the HDTAP to meet the government requirements and to confirm the measures being taken by the Council to support housebuilding in Medway.
- 6.2. The new Medway Local Plan is highlighted in the HDTAP as a critical means of boosting housebuilding in Medway. The publication of the draft Local Plan will be informed by a comprehensive Sustainability Appraisal. A Diversity Impact Assessment will also be carried out on the plan.

## 7. Risk management

- 7.1. The HDTAP has considered a wide range of factors that can influence rates of housebuilding in Medway. There are a number of external risks, over which the Council has limited control, such as the increased cost of borrowing. However, the action plan will focus on areas where the Council is able to exercise 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 Housing Delivery Test Action Plan 2023	Failure to meet government requirements	Preparation of the Housing Delivery Test Action Plan	CIII
Housebuilding does not meet levels set by Government	Presumption in favour of sustainable development applies, so 'tilted balance' given to development proposals, which may result in further speculative development proposals and loss of appeals.	Production of Local Plan supported by comprehensive evidence base and granting consents for proposals that represent sustainable development in advance of plan.	All

Likelihood	Impact:
A Very likely B Likely C Unlikely D Rare	I Catastrophic II Major III Moderate IV Minor

## 8. Consultation

- 8.1. There is no formal requirement for consultation. However, the Planning Service regularly engages with relevant stakeholders and this feeds into the analysis of the action plan.

## 9. Climate change implications

- 9.1. The Housing Delivery Test Action Plan reports on the measurement of the Housing Delivery Test 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 new Medway Local Plan and in the determination of planning applications in the context of the Presumption in Favour of Sustainable Development.

## 10. Financial implications

- 10.1. The costs of preparing the Housing Delivery Test Action Plan have been met using staff resources within the Planning Services' approved budget.

## 11. Legal implications

- 11.1 The Housing Delivery Test Action Plan meets the requirements of the National Planning Policy Framework 2023.

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## Appendices

Medway Housing Delivery Test Action Plan June 2024

## Background papers

None