

Committee(s)	Dated:
Planning & Transportation Committee – for information	18032019
Subject: Publication of the Government's Housing Delivery Test Results for the City of London	Public
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Summary

The Government's Housing Delivery Test results issued on 19th February 2019 show that the 110 total housing units delivered in the City in the three years 2015/16-2017/18 is below the Government's requirement of 262 housing units. The City Corporation will produce an Action Plan as required in response, demonstrating that delivery is expected to exceed the Government requirement over the period to 2022.

The City Corporation responded to the Government's previous consultation on the Test stating that its methodology has several flaws leading to a short-term view which does not recognise housing market volatility, longer term housing delivery expectations, the main role of the local authority in planning for new housing rather than delivering it, and the City's Corporation's additional commitment to housing delivery outside the City. The City Corporation will continue to engage with Government over the Test methodology and to provide reassurance that it is committed to planning for new homes within and outside the City that Londoners need.

Recommendation(s)

Members are recommended to:

- Note the Government's publication of its Housing Delivery Test results.
- Note that housing delivery in the City in the past three years has been below Government requirement and that consequently the City Corporation will be required to produce an Action Plan.
- Note that the City Corporation expects that housing delivery in the City will be above the Government requirement for the next few years.
- Note that the City Corporation responded to an earlier consultation on the Test method stating that it is a flawed short-term view, and that the City Corporation will continue to engage with the Government to ensure that the Test is applied appropriately, taking full account of local circumstances including the primary role of the City as a business centre, and the commitment to housing delivery over a longer timeframe and a wider area.

Main Report

Background

1. As an attempt to boost housing delivery, the Government has introduced a national 'Housing Delivery Test' applicable to all local planning authorities to compare the Government's assessment of the local housing requirement with Government data on local housing delivery. The new Test considers housing delivery performance over just the past 3 years, giving each authority a % score of housing delivery against the housing requirement. Local authorities which perform poorly in the Test are subject to additional requirements aimed at boosting local housing delivery with an ultimate sanction of removing local plan powers for very poor performance.
2. The Housing Delivery Test follows a complex national methodology which has been revised several times to suit the Government's housing growth agenda. Factors considered in setting the housing requirement include local plan housing targets and local household growth projections which are often volatile and unreliable at the scale of the City. The Government's housing requirement figure for the City has been calculated recently and has been compared retrospectively with actual recent housing delivery performance in the City.

Housing Delivery Test Results

3. The first set of Government Housing Delivery Test figures published on 19th February 2019 found that 110 housing units had been delivered in the City of London, 42% of the Government's assessment of 262 housing units required for the 3 years 2015/16 to 2017/18. The City of London is one of 108 local authorities, and one of 11 London authorities, identified with a poor housing delivery performance during this period (delivering less than 85% of the requirement).
4. Each local authority identified will have to produce an Action Plan setting out how they intend to improve performance, including re-phasing housing targets in the first 5-year period, bringing forward sites in order to boost short-term performance by 20%. This 20% buffer is not an additional housing target, rather it is housing brought forward from later in the plan period.

Implications

5. The City Corporation will produce its Action Plan which will include references to the number of significant housing sites recently completed or under construction. The local housing delivery performance will be much better during the next 4 years as several large housing schemes have recently been completed or will be completed shortly, including 165 units at Sugar Quay and 245 units at Bart's Square. At present it is anticipated that over 1,000 new housing units will be completed in the City by 2022.

6. The City Corporation considers the Government's new test imperfect for several reasons:
- It takes a short-term view of just the past 3 years which may give volatile results that are not representative of the longer-term performance. This is particularly so when housing delivery performance depends on the timing of a limited number of large housing schemes.
 - It does not take account of performance against longer term London Plan and Local Plan housing targets.
 - It makes local household growth projections an important element of the local housing requirement calculation yet such projections are quite unreliable when applied at the small scale relevant to the City.
 - Its methodology and calculations are complex and difficult to reconcile with the City's own housing completion figures and Local Plan housing targets.
 - It assumes that planning authorities can increase housing delivery whereas local authorities which grant planning permission for housing development still rely on the private sector to deliver most of the housing.
 - It does not take any account of City Corporation plans to deliver more housing outside of the City on its estates as part of its Housing Strategy for 2019-2023.
7. Members may recall that the City Corporation responded to an earlier consultation on the Test methodology stating that it would provide a flawed short-term view, and that the City Corporation will continue to engage with the Government to ensure that the Test is applied appropriately, taking full account of local circumstances and the commitment to housing delivery over a longer timeframe and a wider area.
8. It is worth considering the short-term Government housing requirement in the wider context of longer-term London Plan and Local Plan housing targets. The Government short-term 3-year housing requirement of 262 units equates to an average of 87 units annually. This compares with the adopted London Plan's housing target for the City of 141 units annually and the draft London Plan and draft City Plan's proposed housing targets for the City of 146 units annually. The City Corporation is planning to meet the higher targets in these Plans over the longer timeframe to 2036 and recognises that there will be short term volatility as delivery is dominated by the private sector.
9. The Government's suggested 20% increase in housing targets in the City over the next 5 years as part of a re-phasing of longer term plan targets is expected to be manageable. Although it is not yet clear exactly how this re-phasing will be applied in practice, the expected delivery of over 1,000 housing units in the City by 2022 should be sufficient to exceed plan targets and any 20% buffer the Government intends to apply.

Options

10. The City Corporation is required to respond to this Housing Delivery Test result through the preparation of an Action Plan and can take the opportunity to engage further with Government over the Test methodology, aims and its potential wider implications.

Proposals

11. The City Corporation should respond to this Housing Delivery Test result by demonstrating in an Action Plan how local housing delivery will increase above the Government's local housing requirement in the next few years. It also needs to engage with Government to ensure that the Test is applied appropriately, taking full account of local circumstances including the primary role of the City as a business centre, and the commitment to housing delivery over a longer timeframe and a wider area.

Corporate & Strategic Implications

12. Corporate Plan implications: Providing additional housing within the City is consistent with the Corporate Plan aim of contributing to a flourishing society, complementing the other aims of shaping outstanding environments and supporting a thriving economy.
13. Corporate Plan Outcome 4: 'Communities are cohesive and have the facilities they need' includes the commitment in outcome 4c to 'help provide homes that London and Londoners need'.
14. There are no security, financial or equalities and resourcing implications arising from this report.

Conclusion

15. Although the Housing Delivery Test results show that housing delivery in the City has been below the Government's housing requirement in the past three years, the scale of housing development recently completed or currently under construction suggests that further Government housing requirements will be exceeded in the next few years. The Test result demonstrates the flaws in the Test method which the City has already reported to the Government.

Appendices – Nil

Background Papers - Nil

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