

City of London  
Housing Delivery Test Action  
Plan  
August 2020



## Introduction

1. The National Planning Policy Framework (NPPF) requires local planning authorities to maintain a 5-year supply of deliverable housing sites to demonstrate that sufficient housing will come forward through allocated and windfall sites to meet projected need. Within the City of London, assessments of housing supply have been made against housing targets set out in the City of London Local Plan and the Mayor's London Plan. The City Corporation monitors housing delivery on an annual basis through the Local Plan Monitoring Report - Housing.
2. The Government has introduced a Housing Delivery Test as part of its efforts to boost housing delivery. The Test compares the Government's assessment of the local housing requirement with Government data on local housing delivery. It considers performance in housing delivery over the previous 3-year period and applies a percentage score of housing delivery against the housing requirement. A detailed methodology for calculating the Housing Delivery Test is set out in the Housing Delivery Test Rule Book. Further detail and guidance for local planning authorities is set out in the National Planning Policy Framework (NPPF) and National Planning Practice Guidance.
3. Where housing delivery falls below the housing requirement, then the following actions are required to be taken by the local planning authority:
  - the publication of an action plan if housing delivery falls below 95%. This should be published on the local planning authority's website within 6 months of the publication of the Housing Delivery Test;
  - a 20% buffer on a local planning authority's 5-year land requirement if housing delivery falls below 85%. This will be applied with immediate effect from the date of publication of the Test; and
  - a presumption in favour of sustainable development if housing delivery falls below 75%, once transitional arrangements have ended.
4. Transitional provisions have been applied for 3 years, setting a phased increase in the threshold for the application of the presumption in favour of sustainable development:
  - November 2018 test (actual publication February 2019), delivery below 25% of housing required over the previous 3 years;
  - November 2019 test (actual publication February 2020), delivery below 45% of housing required over the previous 3 years;
  - November 2020 test, and in subsequent years, delivery below 75% of housing required over the previous 3 years.
5. These consequences will apply until the Government publishes the next Housing Delivery Test (normally annually in November) or until a new housing requirement is adopted (for example through the adoption of a new Local Plan or a new London Plan). Delivery against the new target will then be considered and the relevant actions applied for any under-delivery.
6. Where delivery is above 95% of the target, no action is required.

## The City of London

7. The City of London is little more than one square mile in area. It is the core of London's office-based employment. Its primary function, as an international financial and professional services centre rather than a residential location, is recognised in the Mayor's London Plan and the

Mayor's Intend to Publish revisions to the London Plan. The City lies within London's Central Activities Zone (CAZ). The Intend to Publish London, Plan Policies SD4 and SD5, indicate that the agglomeration of offices and other CAZ functions should not be compromised by new residential development and, in particular, that residential development is considered inappropriate in the commercial core area of the City of London, reflecting its prominent role in providing capacity for world city business functions. Outside of the core commercial area of the City, office and other core CAZ functions should be given greater weight than residential development.

8. The priority given to office and commercial development in the City of London has been a key part of successive City of London plans, including the Unitary Development Plan in 2002, the Core Strategy in 2011 and the current adopted Local Plan in 2015. The policy emphasis on office development to support the City's international business role has been endorsed by Inspectors appointed to consider each of these plans. The draft City Plan 2036 (which has been agreed by the City Corporation's Court of Common Council for Regulation 19 pre-submission public consultation) continues this policy emphasis on office and commercial development.
9. The approach is also supported nationally. The Government has recognised the City as an office centre of national and international significance, granting the City an exemption from national permitted development rights for the change of use of offices to housing from 2013 until 2019. From May 2019, this exemption has been replaced by an Article 4 Direction permanently removing the national permitted development right.
10. The City of London's role is reflected in the land use change statistics for office, hotel and housing development activity and the associated employment and population statistics. Table 1 summarises the key statistics as at 2018/2019.

Land use	Stock	People	Number
Offices	9.165 million squares metres	Employment	522,000
Hotels	6,150 bedrooms		
Housing	7,500 dwellings	Residents	7,460

Table 1: Key Land Use and People Statistics for the City of London 2017/18

Sources: Employment, BRES Office for National Statistics, Residents GLA 2016 SHLAA based population projections

11. The number of City workers is projected to increase to 600,000 by 2036, with the permanent residential population growing to 9,500 over the same period. Office floorspace stock is projected to increase to 10.5 million square metres, whilst the housing stock will grow to just over 8,500 dwellings.

## City of London Housing Market

12. Housing in the City of London is located primarily in and around the 10 residential areas identified in the City of London Local Plan (figure 1). Most residential units in the City are flats with one or two bedrooms, which is consistent with the findings of housing need in the City of London Strategic Housing Market Assessment (SHMA) 2016. The SHMA assessed the annual average level of housing need in the City over the period 2014-2036 at 126 dwellings per year, which is below the required target in the 2016 London Plan (141 dwellings) and the target in the Intend to Publish revised London Plan (146 dwellings).



Figure 1: City of London Residential Areas

13. The City of London lies within the central London housing market, which has witnessed significant growth in value and demand since 2010. In January 2014, Valuation Office Agency figures showed a typical residential land value in the City of London of just over £100 million per hectare, the highest value of all local authorities in England.
14. Figure 2 shows the increase in average house prices in the City of London, a growth of 67% over the 10 years from 2010 to 2020.

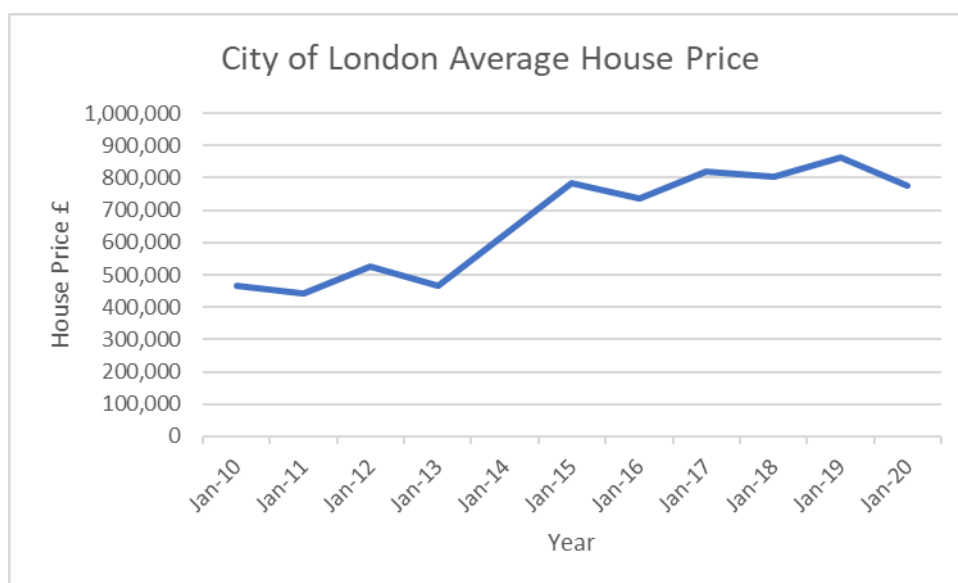


Figure 2 Average house prices in the City of London Jan 2010 – Jan 2020

Source: UK house price index, Land Registry

15. Although average house prices have risen significantly in the City since 2010, the housing market is small in comparison with the wider central London market. The international nature of the City's economy means that the housing market is susceptible to wider international economic influences, including the economic impact of Brexit and the longer term impact of changes in domestic property taxation (particularly increases in stamp duty).
16. Market sentiment is particularly important in the City of London as future housing delivery relies entirely on new windfall sites being brought forward by developers. Any slow down or contraction in demand for new housing in central London therefore has a significant impact on the demand for, and delivery of, new housing in the City of London.

## City of London Local Plan Housing Requirements

17. The Development Plan for the City of London comprises the Mayor's London Plan and the City of London Local Plan. The adopted London Plan sets minimum annual housing supply targets for each local planning authority in London, including the City of London. Borough Local Plans are then required to plan for the delivery of these minimum targets, aiming to exceed the targets.
18. The City of London Local Plan was adopted on 15 January 2015. Core Strategic Policy CS21: Housing aims to exceed the London Plan's minimum annual housing requirement of 110 additional dwellings over the life of the Local Plan, up to 2026.
19. The London Plan 2016 subsequently increased the overall housing requirement for the City of London to a minimum of 141 dwellings per year. A further change in the housing target for the City is proposed in the Intend to Publish Draft London Plan, increasing the requirement to an average of 146 dwellings per year.
20. The City Corporation is preparing a revision to the Local Plan to cover the period up to 2036. This new plan, City Plan 2036, was agreed by the City Corporation's Court of Common Council in May 2020, for Regulation 19 pre-submission consultation. The City Plan 2036 increases the housing requirement in the City of London to 1,460 net additional dwellings between 2019/20 and 2028/29, with an annual rate of 146 dwellings thereafter. This level of provision is in line with the requirements of the Intend to Publish version of the London Plan.
21. For the purposes of this Housing Delivery Test Action Plan, the City Corporation will monitor housing delivery against the adopted London Plan 2016 and the proposed increased requirement from 2019/20 in the Intend to Publish London Plan, rather than the adopted Local Plan requirement. The London Plan is part of the development plan for the City of London and this approach is consistent with the City Corporation's annual housing monitoring report.

## Housing Delivery and Housing Trajectory in the City of London

22. The City of London relies entirely on windfall development to meet its housing requirements. This is a pragmatic approach which reflects the primacy accorded to commercial office development in the City by Government and in the London Plan. The reliance on windfalls was tested during the public examination of the City of London Local Plan 2015, with the Inspector concluding:

*"I consider that this reliance is entirely appropriate for the City, given its densely developed nature and the pre-eminence of its finance, business and maritime role."*

23. In 2016, as part of the evidence gathering process for the Intend to Publish London Plan, the Mayor carried out a Strategic Housing Land Availability Assessment jointly with the London Boroughs and the City Corporation. This included a London-wide Call for Sites, to identify

suitable housing sites to inform future London Plan housing targets. Approximately 1,300 potential housing sites across London were put forward through this process but no sites were put forward by housing developers within the City of London.

24. The City Corporation did not repeat the Call for Sites to inform the development of City Plan 2036, but it is significant that the City Corporation received no comments or site suggestions from the Home Builders Federation, house building companies, or other house building groups during consultation on the draft Local Plan in 2018/19.
25. The NPPF requires local planning authorities to demonstrate a 5-year supply of deliverable housing sites to demonstrate that sufficient housing will come forward through allocated and windfall sites to meet projected need. The City Corporation publishes an annual Local Plan Monitoring Report – Housing, which sets out a Housing Trajectory and the rolling 5 year housing land supply.
26. Figure 3 shows actual housing delivery in the City of London between 2011/12 and 2018/19 and projected housing delivery over the period 2019/20 to 2025/26. The cumulative plan target is based on planned housing delivery targets in the London Plan of 110 dwellings per year up to 2015/16 and 141 dwellings per year from 2016/17. The Intend to Publish London Plan and City Plan 2036 propose an increase to an annual average of 146 dwellings per year from 2019/20. This increased requirement is not reflected in Figure 3 below, but the additional housing requirement under the Intend to Publish London Plan is considered to be minimal (5 units) on an annual basis and does not substantially impact on the trend identified below. In addition, these targets are above the housing requirement in the 2015 Local Plan, which is the minimum level required to be assessed under the Housing Delivery Test, and so they represent a more challenging housing delivery target for the City of London.

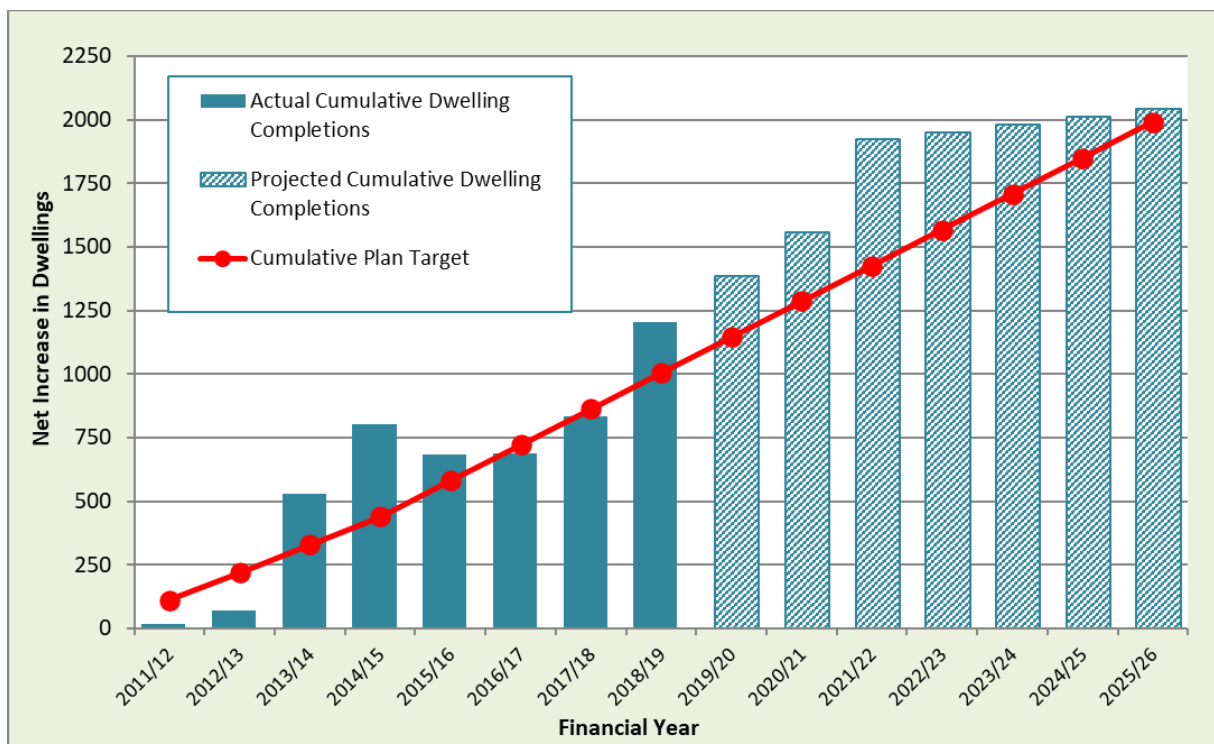


Figure 3: City of London Housing Delivery

Source: City of London Local Plan Monitoring Report – Housing (December 2019)

27. Figure 3 shows that annual housing delivery in the City of London varies from year to year, with housing delivery in some years being below the required London Plan target, whilst in others it

is significantly above the annual average target. Housing delivery in the City follows a pattern of a relatively consistent level of delivery on small housing sites (those with under 10 units) combined with a highly variable level of delivery on a few larger sites, which come forward in response to development opportunities and favourable market conditions. This pattern of delivery is a response to the primacy attached to commercial office development in the City, the reliance on windfall sites and the small geographical size of the City.

28. Although there is a highly variable delivery of housing over the shorter term, when this is averaged over a 5-year period or the longer period of the Local Plan, Figure 3 demonstrates that housing delivery in the City has met and exceeded plan targets. This pattern and evidence of delivery was instrumental in the Inspector’s consideration of the Local Plan 2015 and his conclusion that this approach to housing delivery and the reliance on windfall development was appropriate in the City’s circumstances.

### Housing Delivery Test 2019 measurement: Results for the City of London

Number of Homes Required			Total	Number of Homes Delivered			Total	HDT 2019 Measure
2016/17	2017/18	2018/19		2016/17	2017/18	2018/19		
94	71	110	275	7	26	55	88	32%

Table 2: City of London Housing Delivery Test 2019 measurement

29. Table 2 sets out the Housing Delivery Test results for the 2019 measurement period, covering the years 2016/17 to 2018/19. This includes:

- Number of homes required: This has been calculated by Government, based on the results of household projections (2012-based for 2016/17, 2014-based for 2017/18 and 2015 Local Plan requirements for 2018/19).
- Number of homes delivered: This is derived from London Development Database data, as reported in MHCLG Net Additional Dwelling Statistics.
- Housing Delivery Test 2019 Measure: Shows that the City of London met 32% of the Government requirement.

30. The NPPF requires that, with a measurement of 32%, the City Corporation should:

- publish an action plan setting out how the City Corporation will improve housing delivery performance; and
- apply a 20% buffer to the 5-year land requirement for the City of London; and
- apply a presumption in favour of sustainable development.

### Housing Delivery Test Result Correction

31. The City Corporation does not accept that the results of the 2019 Housing Delivery Test correctly reflect housing delivery in the City of London over the period from 2016/17 to 2018/19.
32. The Government’s assessment of housing need in the 3 years prior to the 2019 Housing Delivery Test results was a total of 275 additional homes, an annual average of 92 homes per year. The London Plan housing target for the City of London for this period was 141 dwellings per year.

The scale of annual housing need in the City is such that a single large development could easily meet or exceed the annual requirement. Housing delivery in the City of London is therefore very sensitive to the progress of a small number of housing developments and, equally, the accurate recording of these housing developments as they are completed.

33. The number of homes delivered on an annual basis in the City of London, as recorded in the Housing Delivery Test, is taken from MHCLG Net Additional Dwelling Statistics which, in turn, are derived from data supplied to MHCLG from the Mayor’s London Development Database (LDD). Housing completion data for the City of London in the LDD are supplied on a regular basis by the City Corporation and City Corporation published housing monitoring data and LDD data should therefore be consistent on an annual basis.
34. City Corporation housing completion data for the 3 year period covered by the 2019 Housing Delivery Test suggests that actual housing delivery over the 3 year period met 92% of the Government estimated level of need. Table 3 compares HDT delivery figures with City Corporation figures for the 2016/17 – 2018/19 period:

	2016/17	2017/18	2018/19	Total	% of housing need
HDT	7	26	55	88	32
City of London	7	26	220	253	92

Table 3: Comparison of recorded housing completions – Housing Delivery Test and City Corporation

35. The difference between City Corporation and HDT data is the result of the completion of 165 flats at Sugar Quay in 2018/19 not being accounted for in the London Development Database or the MHCLG Net Additional Dwellings Statistics. This was due to a miscoding by the City Corporation of the completion date of the Sugar Quay scheme at the time of submission to the London Development Database. This error did not become apparent until the publication of the Housing Delivery Test 2019 data.
36. The City Corporation has been in discussion with MHCLG to seek to correct this error and ensure that the Housing Delivery Test result accurately reflects new housing delivery in the City. MHCLG responded:

*“Your email states that your authority has identified that some numbers had been incorrectly reported on the Housing Flows Reconciliation return for your authority, as such your return does not correctly represent delivery and that you wish to amend the figures.*

*The Housing Delivery Test rulebook is, however, clear that the Net Additional Dwelling Statistics are used as the baseline delivery figure. These are designated as National Statistics, and to have and maintain this status the statistics need to have, and implement, a clear revisions policy. The revisions policy for the Net Additional Dwelling Statistics states that local authorities may not revise the data they supply for these statistics after the original deadline for submission, as this is an annual series with a relatively long data collection period.*

*This means we are unable to revise your 2019 HDT result.”*

37. The City Corporation maintains that, since the intention of the Housing Delivery Test is to measure the extent to which housing targets are being met, it is necessary to amend the City of London figures for 2018/19 to reflect the completion of Sugar Quay. Consequently, the correct



measure of performance against the estimated level of housing need for the City of London is 92%, requiring the production of an action plan, but not invoking a requirement for a 20% buffer on the 5 year land supply, or the presumption in favour of sustainable development. Despite the discrepancy over actual housing delivery figures, the City Corporation has still produced this Action Plan to accord with the National Planning Policy Framework requirement.

## Housing Delivery Test Action Plan

38. The National Planning Practice Guidance indicates that the Housing Delivery Test Action Plan should identify the reasons for under-delivery, explore ways to reduce the risk of further under-delivery and set out measures the authority intends to take to improve levels of delivery.
39. The City Corporation’s assessment of housing delivery indicates that delivery was at 92% of the MHCLG assessed level of need. This level of provision is only marginally below the Government target, the shortfall being equivalent to 8 residential units over a 3 year period. The City Corporation does not consider that this is a significant shortfall and housing delivery over the 5 year period 2019/20 to 2023/24 will exceed London Plan and Local Plan requirements.
40. Table 4 sets out projected housing delivery for the 5 year period, compared to London Plan annualised housing requirements. The London Plan requirement is expected to increase from 141 dwellings per year in 2019/20 to 146 dwellings per year from 2020/21, following the formal publication of the London Plan.

Year	Projected Net additional housing	London Plan Annualised Target
2019/20	296 <sup>(1)</sup>	141
2020/21	365	146
2021/22	378	146
2022/23	74 <sup>(2)</sup>	146
2023/24	74 <sup>(2)</sup>	146
<b>TOTAL</b>	<b>1,187</b>	<b>725</b>

Table 4: City of London Projected Housing Delivery

1) Includes 165 units at Sugar Quay omitted from 2018/19

2) London Plan small site estimate for the City of London

Source: City of London Housing Trajectory

41. The four-year period 2019/20 to 2023/24 is projected to see a significant delivery of housing, with over 1,000 dwellings projected to be completed, against a London Plan target of 735 dwellings. Projected completions on large sites are set out in Table 5:

Site	Projected Completion Date	Units
Sugar Quay	2019/20	165
Barts Close (phase 1&2)	2019/20	131
150 Bishopsgate	2020/21	160
Barts Close (Phase 3)	2020/21	100
15 Minories	2020/21	87
35 Vine Street	2021/22	619 student flats, equates to 248 units
Golden Lane	2021/22	99

Table 5: Projected large site completions

42. This projected level of new housing provision will be significantly above the Local Plan and London Plan housing targets for the City of London and above the projected increase in households set in the Government projections. No further specific action is considered necessary to ensure that the City of London can meet its Housing Delivery Test obligations for the period up to 2023/24.

### Housing Delivery Test Action Plan Conclusions

43. This action plan meets the requirements under the NPPF for the City Corporation to set out how housing delivery will be improved going forward to ensure that delivery meets assessed housing requirements. It has demonstrated:
  - MHCLG statistics for housing completions in the Housing Delivery Test 2019 Measurement period did not reflect actual housing completions within the City of London over the 2016/17 to 2018/19 period. If all new housing completions are included in the City of London calculation, the City of London's performance increases from 32% of estimated housing need to 92% of estimated housing need.
  - The projected delivery of new housing over a 5-year period from 2019/20 onwards will exceed the annual average requirement in the London Plan by 462 dwellings. This equates to 8.1 years supply.
  - No further actions are required at this stage to ensure that the City of London can meet adopted Local Plan housing requirements.
44. The City Corporation will continue to implement its Local Plan policies and report annually on new housing delivery through the Housing Monitoring Report, including reporting on the City of London Housing Trajectory.
45. This Action Plan will be reviewed on publication of the 2020 Housing Delivery Test, expected in November 2020.
46. The longer-term delivery of housing in the City in the period 2026-2036 will be addressed in the City's new Local Plan, which is scheduled to be published for pre-submission consultation in late 2020 or early 2021.

