

## **DELEGATED**

# **Housing Delivery Test Action Plan (2021)**

## **Report of Executive Director Economy and Skills**

Portfolio Holder: Councillor Roberts, Cabinet Member for Housing

15th July 2021

Officer Contact: Lauren Hargreaves, Planning Officer, Ext.3843

### **Reason for Decision:**

To seek approval for the publication of Oldham Council's Housing Delivery Test Action Plan 2021 update.

### **Executive Summary**

This report provides an update on the Housing Delivery Test (HDT) position in respect of Oldham. It also sets out an updated position to the previously published Housing Delivery Test Action Plan (2019)<sup>1</sup>.

The HDT has been introduced by the Government as a monitoring tool to demonstrate whether local areas are building enough homes to meet their housing need. The HDT measures net additional dwellings provided over the past three years against the homes required over the same period.

The latest HDT results for 2020 were published 19 January 2021<sup>2</sup>. As per the latest measurement, Oldham has delivered 80% of its housing need over the past three years. As per the consequences of the HDT, set out in planning policy, Oldham's HDT result requires a 20% buffer of deliverable housing land in addition to the existing sites identified in the 5-year housing land supply (as published in the SHLAA as at 1 April 2020) to be identified. There is also a need to produce an Action Plan identifying and analysing causes of under-delivery and setting out actions to address them.

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<sup>1</sup> [https://www.oldham.gov.uk/info/200709/documents\\_in\\_the\\_local\\_plan/2135/housing](https://www.oldham.gov.uk/info/200709/documents_in_the_local_plan/2135/housing)

<sup>2</sup> <https://www.gov.uk/government/publications/housing-delivery-test-2020-measurement>

Based on the HDT measurement, the consequences of ‘presumption in favour of sustainable development’ would no longer apply to Oldham as housing delivery has increased since the previous HDT result. However, based on the identified five-year housing land supply and local housing need over the next five years, Oldham is unable to identify a five-year supply of housing. Consequently, the ‘presumption in favour of sustainable development’ will still apply as per paragraph 11(d) of the NPPF.

An Action Plan has been prepared to update the previously published documents, including:

- the root causes for housing under-delivery within Oldham (contained in Part 1);
- how the council intends to improve delivery (contained in Part 2).

Progress on the actions contained within the original action plan (Part 2) is also provided within Part 2.

## **Recommendation**

It is recommended:

- To note the HDT results for 2020; and
- To approve the Housing Delivery Test Action Plan update for 2021, for publication.

## Housing Delivery Test Action Plan (2021)

### 1 Background

- 1.1 The HDT was introduced by the Government following the publication of the Housing White Paper in 2017 and is set out in the revised National Planning Policy Framework (2018). The HDT is an annual measurement of housing delivery compared to the amount of homes needed for an area.
- 1.2 For Oldham, local housing need has recently changed from 692 to 693 homes per year. This is due to the publication of the government's (amended) standard methodology in December 2020 and the subsequent adjustment this has made to local housing need. The HDT uses the three previous years local housing need figures to measure against delivery, as per the methodology explained in section 2.
- 1.2 The stated aim of the HDT is to speed up plan making and housing delivery, especially in areas of high need and/or historic under supply

### 2 HDT Measurement

- 2.1 For Oldham the HDT result is calculated using homes delivered in the previous three years and the homes required for those years, as set out below:

Year	2017/18	2018/19	2019/20
Number of homes required	660	717	633

- 2.2 The methodology for the HDT is based on two components comparing housing need to housing delivery:
  - Housing delivery looks at past performance, as it sums the previous 3 years of net additional dwellings, plus any communal housing;
  - Housing need is the lower of that set out in an up-to-date local plan (adopted within the last 5 years) or **local housing need** (calculated using the ONS standardised objectively assessed housing need methodology adjusted for affordability). Transitional arrangements to calculating local housing need applied up to and including 2017/18.

$$\text{Housing Delivery Test (\%)} = \frac{\text{Total net homes delivered over three year period}}{\text{Total number of homes required over three year period}}$$

- 2.3 The test measurement is a ‘delivery rate’ percentage of the number of homes built against the amount of homes needed for an area (see above). The pass rate for the HDT is now 95%.
- 2.4 There are consequences of failing the HDT that require some form of action (as set out in the NPPF). The consequences of failing the HDT are outlined in the table below. These consequences change depending upon the HDT result for the year and will apply until subsequent HDT results demonstrate that delivery exceeds the required rate in the following year.
- 2.5 Should delivery exceed 95%, no consequences will apply. Where a new housing requirement is adopted, the Housing Delivery Test calculation will be run using these new targets and any consequences for under-delivery will be applied.

Table 1: HDT Consequences

Delivery Rate (%)	Consequence
Less than 95%	An <b>Action Plan</b> must be prepared by the LPA identifying and analysing causes of under-delivery and setting out actions to address them, including a method for regular monitoring.
Less than 85%	The LPA must identify a <b>20% buffer</b> of additional deliverable sites for housing on top of their existing 5-year housing land supply. The purpose of this is to provide flexibility to counteract the under delivery of housing that is expected to occur in relation to the identified sites in the existing housing land supply. This is in addition to an Action Plan but can form part of the 6-10/ 10 years plus supply moved forward.
Less than 75%	<b>Presumption in favour of sustainable development</b> must be applied. This means that planning permissions should be granted unless: <ul style="list-style-type: none"> <li>• The site is protected by other NPPF policies; or</li> <li>• The adverse impacts of a scheme demonstrably outweigh</li> </ul>

	the benefits of granting planning permission.
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- 2.6 The consequences set out above have become more stringent over past two years. As set out above, the most detrimental consequence for LPAs is the ‘presumption in favour of sustainable development’ applying to individual planning applications. This has several implications, such as the local planning authority having less ability to refuse applications that would otherwise be unacceptable or contrary to local planning policies (usually in terms of land allocations, design, open space, amenity and developer contributions), and developments taking place in areas where developers want it to go, rather than where the Council feels it should go. There are other serious issues associated with failing the HDT, such as losing planning powers to create local planning policy and reputational damage.

### 3 Oldham’s HDT Results

- 3.1 The most recent set of HDT results were published 19 January 2021, using the previous three complete financial years of 2017/18, 2018/19 and 2019/20.
- 3.2 The results for Oldham, in the context of other Greater Manchester authorities are set out in the table below:

Table 2: Greater Manchester HDT Results 2020

GM District	Total number of homes required (2017-2020)*	Total number of homes delivered (2017-2020)	Housing Delivery Test: 2020 measurement	Housing Delivery Test 2020 consequence
Bolton	2,257	1,489	66%	Presumption
Bury	1,676	868	52%	Presumption
Manchester	7,398	9,843	133%	None
Oldham	2,010	1,610	80%	Buffer
Rochdale	1,341	2,282	170%	None
Salford	3,894	8,546	219%	None
Stockport	2,991	2,766	92%	Action Plan
Tameside	1,801	1,607	89%	Action Plan
Trafford	3,603	2,216	61%	Presumption
Wigan	2,681	3,665	137%	None

\*Household projections based on HDT transitional arrangements (2014 ONS projections with an adjustment to take into account affordability).

- 3.3 Currently, Oldham's HDT result requires a 20% buffer of deliverable housing land in addition to the existing sites identified in the 5-year housing land supply (as published in the SHLAA as at 1 April 2020) to be identified. There is also a need to produce an Action Plan identifying and analysing causes of under-delivery and setting out actions to address them.
- 3.4 Oldham's housing delivery increased in 2019/20 with 728 (729 in the HDT calculation – since identified as a small error) homes being delivered. This is significantly higher than the 10-year average of 408 homes per year. Compared to the 2019 HDT result of 65%, this has meant Oldham's 2020 HDT result has increased by 15% to 80% of the required homes being delivered over the past three years. As such, based on the HDT measurement, the consequences of 'presumption in favour of sustainable development' would no longer apply.
- 3.5 However, based on the identified five-year housing land supply and local housing need over the next five years, Oldham is still unable to identify a five-year supply of housing. Consequently, the 'presumption in favour of sustainable development' as set out in NPPF, still applies.
- 3.6 As set out above, this has significant implications for LPAs generally but in particular for Oldham where there is a history of housing under delivery, a lack of a five-year housing land supply and other local housing issues that need to be addressed, meaning the borough is already more susceptible to inappropriate development and planning by appeal, as is currently being witnessed.
- 3.7 As such, in order to address the current HDT consequences and its implications and to meet national planning policy, a Housing Delivery Action Plan must be prepared, which must also consider how the five-year housing land supply can be increased.

#### **4 Oldham's Housing Delivery Action Plan**

- 4.1 As outlined above, authorities whose HDT result is less than 95% have six months from the publication of the results to prepare and publish an Action Plan. We therefore need to have an updated Action Plan in place by 19/07/2021.
- 4.2 The role of the Action Plan as set out in planning guidance is to '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'. Action Plans are intended to be practical documents focused on

effective measures aimed at improving delivery. They should be locally specific and underpinned by appropriate evidence, research and local understanding.

- 4.3 An Action Plan may contain various measures intended to stimulate housing delivery, such as setting up and maintaining a developer forum to discuss and work through housing delivery issues; reviewing local planning policy and monitoring planning conditions; maintaining engagement with developers throughout the planning process and post-application up to delivery; encouraging smaller house builders and custom builders; and building relationships with registered providers and Homes England to support delivery. Linkages with the Housing Strategy Delivery Plan are also important.
- 4.4 Oldham's existing Action Plan was published in August 2019<sup>3</sup> in response to the first 2018 HDT result. As per the HDT Rule Book, Action Plan's should be updated at least annually, however given other work pressures and the impact of Covid-19, it was not possible to update the Action Plan in 2020. Therefore, an updated Action Plan which considers housing delivery over the previous two years has now been prepared.
- 4.5 The updated Action Plan is contained in two parts, as previously. Part one contains an updated root cause analysis, looking at causes and issues relating to housing under-delivery. Part two sets out actions and opportunities to address housing delivery issues and improve housing delivery over the short, medium and long term. A progress update to the actions set out in the 2019 action plan is also provided.

### Engagement

- 4.6 Stakeholder engagement is essential to understand issues with delivery as stakeholders, such as developers and registered providers, directly impact the rate of delivery. For the 2019 Action Plan, a developers' forum was held in May 2019 to which representatives from housebuilders, registered providers and planning agents operating within the borough were invited. The forum provided an opportunity to discuss and explore the key reasons for under-delivery of housing and how these may be overcome.
- 4.7 For the 2021 updated Action Plan, given Covid-19 restrictions, a housing delivery developer questionnaire was prepared and sent out to key stakeholders as set out above.
- 4.8 The questionnaire feedback has informed the action plan as appropriate and is summarised within Part 1.

<sup>3</sup> An action plan was required in 2020 however due to competing staff resources this was not prepared.

## **5 Conclusion**

- 5.1 The HDT is intended to stimulate housing delivery, making sure that homes are delivered where they are needed. However, it presents a significant challenge for Local Authorities, particularly those like Oldham where there is a history of under-delivery of housing coupled with a significantly increased housing need.
- 5.2 As mentioned above, the consequences of failing the housing delivery test are mainly penalties for planning and plan-making. Yet these have significant implications for place-making, quality of life and the council's priorities for Oldham to be a good place to live, work and get on more widely. Therefore, action is needed to address the under-delivery of housing and prepare for the implications of the HDT, in the form of an effective Action Plan, which is also required by national planning policy.
- 5.3 In summary, the recommended approach is to approve the updated Action Plan for publication to meet the 19<sup>th</sup> July deadline.

## **6 Options/Alternatives**

- 6.1 Option 1 – To approve the Housing Delivery Action Plan for publication in line with the requirements of the Housing Delivery Test Measurement results January 2021.
- 6.2 Option 2 – To not approve the Housing Delivery Test Action Plan for publication. This would not comply with the requirements of the Housing Delivery Test Rule Book.

## **7 Preferred Option**

- 7.1 Option one is the Preferred Option. The HDT Rule Book requires authorities whose housing delivery is below 95% of their identified housing need to publish an Action Plan. This is also set out in NPPF.

## **8 Consultation**

- 8.1 There are no formal consultation requirements of preparing a Housing Delivery Action Plan, however stakeholder consultation has been carried out to inform the Action Plan.

## **9 Financial Implications**

- 9.1 There are no direct financial implications from approving the Housing Delivery Action Plan for publication.

The number of new homes delivered within Oldham will impact on the overall Council Tax base. Any implications will be reflected in the calculation of the Council Tax Base for future financial years. The Tax Base is prepared and

presented to Cabinet for approval on an annual basis prior to consideration of the Council's Revenue Budget and Medium-Term Financial Strategy.

Jamie Kelly

## **10 Legal Services Comments**

- 10.1 Paragraph 75 of the National Planning Policy Framework requires local planning authorities to monitor progress in building out sites that have planning permission and where the Housing Delivery Test indicates that delivery has fallen below 95% of the local planning authority's housing requirement over the previous three years, the authority should prepare an action plan in line with national planning guidance, to assess the causes of under delivery and identify actions to increase delivery in future years. The Council is therefore required to produce an action plan. (A Evans)

## **11 Cooperative Agenda**

- 11.1 Publication of an updated Housing Delivery Action Plan will promote working together and openness and democracy values.

## **12 Human Resources Comments**

- 12.1 Not applicable

## **13 Risk Assessments**

- 13.1 No comments provided.

## **14 IT Implications**

- 14.1 The Action Plan documents will be published on the council's existing relevant webpage.

## **15 Property Implications**

- 15.1 The Action Plan outlines the proposed delivery of the council's ambitions to improve the housing offer within Oldham and increase residential development within Oldham Town Centres as part of its future regeneration. This fully aligns with the Council's recently approved and published Housing Strategy, which similarly outlined how the council intends to improve delivery, in order to ensure that we provide a diverse Oldham Housing Offer that is attractive and meets the needs of different sections of the population at different stages of their lives. Bryn Cooke – Head of Housing and Property Partnerships.

## **16 Procurement Implications**

- 16.1 Not applicable

## **17 Environmental and Health & Safety Implications**

17.1 Not applicable.

**18 Equality, community cohesion and crime implications**

18.1 Not applicable.

**19 Equality Impact Assessment Completed?**

19.1 Not applicable.

**20 Key Decision**

20.1 Yes

**21 Key Decision Reference**

21.1 HSG-03-21

**22 Background Papers**

22.1 N/a

**23 Appendices**

Housing Delivery Test Action Plan:

- Part One – Housing Delivery Context, Evidence and Root Cause Analysis
- Part Two – Housing Delivery Action Plan

<b>DELETE IF CABINET DECISION</b>	
Signed  Cabinet Member [Cllr Hannah Roberts]	Dated: 19 <sup>th</sup> July 2021
Signed  Deputy Chief Executive	Dated: 16 July 2021