



THE HOUSING DELIVERY TEST



ARE YOU READY?

NOVEMBER 2018

With the first set of results of the Housing Delivery Test due for publication later this month, we look at the approach outlined in the NPPF, the implications for data collection and what happens when the Test is not passed.

The Housing Delivery Test as a concept was introduced through the revised NPPF 2018. It balances the completions of dwellings in the previous three monitoring years (1st April-31st March) against the housing requirement from the previous three years.

Boosting Housing Land Supply

Significantly boosting the supply of housing remains a key objective of the government. There should be no doubt that the revised National Planning Policy Framework (2018) reinforces this objective¹.

Between April 2016 and March 2017 housing completions in England rose to 217,350: a 43% increase on completions between the same period in 2012/13. However, this represents only a step on the journey towards the government's stated goal of ultimately delivering around 300,000 homes per annum by the middle of the next decade. The use of overall figures also hides significant differences between different geographical areas in England as well as annual fluctuation in performance.

The Housing Delivery Test – How Does It Affect You?

The function of the Housing Delivery Test extends beyond its role in comparing supply against housing need. Results will specifically indicate where the government feels the progress of delivery against housing need has been insufficient.

The Test is based on completions over a three year period. The table we have created below illustrates which housing figures are used for the purposes of the test.

- **Blue text** reflects the housing requirement data to be used by authorities who have a housing requirement in a Local Plan adopted less than five years old.
- **Red text** reflects the housing requirement data to be used by authorities who have a housing requirement in a Local Plan that is more than five years old.

Where the 'minimum annual local housing need figure' is stipulated, this is to be calculated using the standard method.

The Housing Delivery Test – A Test of Monitoring Procedures

The Housing Delivery Test is simple in its design: comparing past performance in housing delivery against the previous estimates of housing need over the same period. We feel that the **importance of robust development monitoring** is heightened by the introduction of the test.

Planning Practice Guidance² currently requires local authorities to publish, at least annually, information that shows the progress on plan preparation and the implementation of existing policies. Where accurate data on completions has not been available there is a risk supply could remain unreported until the current or future monitoring year. In these cases, there will already be a negative effect in the first Housing Delivery Test results and a need to think carefully about reporting future completions data.

It will be important for all authorities to review their existing Monitoring Frameworks and internal monitoring procedures to ensure the Framework is fit for the purposes of ensuring housing delivery data is accurate and up to date. It will also be key for outputs of monitoring to feed into robust reporting procedures. The preparation and implementation of Monitoring Frameworks should not be prepared as an afterthought; ensuring that relevant and realistic indicators can be reported as a Local Plan is prepared can provide valuable information before and during the Local Plan Examination.

¹ Paragraph 59 of the NPPF 2018

² Paragraph: 054 Reference ID: 61-054-20180913

HOUSING REQUIREMENT DATA FOR CALCULATING THE HOUSING DELIVERY TEST

		2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
YEAR OF TEST	2018 test	The lower of 2012 Household projections or adopted housing requirement 2012 Household projections	The lower of 2012 Household projections or adopted housing requirement 2012 Household projections	The lower of 2014 Household projections or adopted housing requirement 2014 Household projections			
	2019 test		The lower of 2012 Household projections or adopted housing requirement 2012 Household projections	The lower of 2014 Household projections or adopted housing requirement 2014 Household projections	The lower of the latest adopted housing requirement or minimum annual local housing need figure Minimum annual local housing need figure		
	2020 test			The lower of 2014 Household projections or adopted housing requirement 2014 Household projections	The lower of the latest adopted housing requirement or minimum annual local housing need figure Minimum annual local housing need figure	The lower of the latest adopted housing requirement or minimum annual local housing need figure Minimum annual local housing need figure	
	2021 test				The lower of the latest adopted housing requirement or minimum annual local housing need figure Minimum annual local housing need figure	The lower of the latest adopted housing requirement or minimum annual local housing need figure Minimum annual local housing need figure	The lower of the latest adopted housing requirement or minimum annual local housing need figure Minimum annual local housing need figure
	2022 test						

Outcomes of applying the Test

- Where supply against the number of homes required falls below **95%**, **preparation of an Action Plan** is required;
- Failure to achieve at least **85%** of the number of homes required will represent a significant under-delivery of housing and a **20% buffer should be included within the supply identified to meet future five-year requirements.**

Furthermore, where the Test indicates that delivery of housing is substantially below the housing requirement for an area, the 'presumption in favour of sustainable development' is engaged. This follows a staggered approach for the transitional years but applies where the results of the test indicates:

- In November 2018: delivery below 25% of homes required in the previous three years;
- In November 2019: delivery below 45% of homes required in the previous three years;
- From November 2020 onwards: delivery below 75% of homes required in the previous three years.

The presumption in favour of sustainable development also applies where applications are in conflict with a made Neighbourhood Plan, with the results of the Test being one of four criteria³ used to consider whether the benefits of a proposed scheme outweigh policies in the Neighbourhood Plan. It is therefore important for areas with made Neighbourhood Plans that Forums can rely on the data collected by the local authority and used in the monitoring reports.

While the government's staggered approach to introducing the repercussions of the Test allows some time for improved performance, it does complicate the initial application of the test and adds an element of unpredictability in terms of whether individual authorities will be adversely affected.

The Housing Delivery Test Rule Book⁴ has been published alongside revisions to policy and guidance to clarify how the test will apply during the transitional period and for different types of plan areas, such as joint plan areas and development corporations.

³ Paragraph 14 of the NPPF 2018 lists the four criteria. They are that the neighbourhood plan became part of the development plan two years or less before the date on which the decision is made; the neighbourhood plan contains policies and allocations to meet its identified need; the local planning authority has at least a three year supply of deliverable housing sites (against its five year housing supply requirement, including the appropriate buffer as set out in paragraph 73); and the local planning authority's housing delivery was at least 45% of that required over the previous three years (assessed against the HDT from November 2018 onwards).

Action Plan

If the Test requires a Local Planning Authority to produce an Action Plan, this needs producing within six months of the publication of Test results. The Action Plan should reflect on the challenges that exist and identify ways to prevent under-delivery happening again in the future. An Action Plan will be required for each year of under-delivery and will need to be produced in collaboration with key stakeholders.

Planning practice guidance sets out the potential actions that local planning authorities might take to boost housing delivery include:

- Revisiting the SHLAA / HELAA, including a new Call for Sites
- Working with developers to increase site capacity or subdivide sites and understand delivery rates and viability
- Offer additional pre-application discussions
- Consider the use of Planning Performance Agreements
- Utilisation of public land and Compulsory Purchase Orders
- Revisit policies restricting the use of public land, including the impact of any existing Article 4 directions.
- Use brownfield land registers to grant permission in principle
- Encourage development of small sites and higher densities.

It is at the discretion of the Local Planning Authority as to whether they want to consult on the document but will need to bear in mind the time implications of this.

A Worked Example

We have developed a worked example in this paper which looks at two hypothetical Local Planning Authorities. One has an adopted housing requirement figure that is older than five years (Local Authority 1), the other has an up-to-date housing requirement (Local Authority 2). The following tables set out what the results of the Housing Delivery Test would be for 2018 and for 2019.

⁴ https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/728523/HDT_Measurement_Rule_Book.pdf

LOCAL AUTHORITY 1

Local Authority 1 has a housing requirement in an adopted local plan which is older than 5 years.

Household projections must be used as the requirement to start with, but from 2018/19 onwards, the standard method applies for the calculations to obtain the minimum annual local housing need figure.

YEAR	REQUIREMENT	COMPLETIONS
2015/16 (a)	301 (2012 household projections)	201
2016/17 (b)	340 (2012 household projections)	340
2017/18 (c)	382 (2014 household projections)	370
2018/19 (d)	432 (Minimum annual local housing need figure, based on standard method)	97
Total for 2018 (a+b+c)	1,023	911
Total for 2019 (b+c+d)	1,154	807
Test result for 2018	89%	
Implications	Action Plan required	
Test result for 2019	70%	
Implications	20% buffer applied, Action Plan required	

LOCAL AUTHORITY 2

Local Authority 2 has a housing requirement of 430 in an adopted local plan which is less than 5 years old.

Therefore, the authority can choose the lower of the adopted housing need figure or the relevant household projections to start with, with minimum annual local housing need figure replacing household projections for the 2018/19 requirement onwards.

YEAR	REQUIREMENT	COMPLETIONS
2015/16 (a)	410 (2012 household projections)	318
2016/17 (b)	416 (2012 household projections)	512
2017/18 (c)	422 (2014 household projections)	568
2018/19 (d)	430 (adopted local plan housing requirement figure)	360
Total for 2018 (a+b+c)	1,248	1,398
Total for 2019 (b+c+d)	1,268	1,440
Test result for 2018	112%	
Implications	Pass	
Test result for 2019	113%	
Implications	Pass	

How can we help?

Troy Planning + Design has substantial expertise in all areas relevant to the assessment of housing land supply and housing delivery. Numerous members of the team have a background in development monitoring and have worked within and for local authorities to establish sound and robust data, as well as considering land supply matters and preparing housing delivery strategies.

We are therefore well placed to provide support at all stages of preparing the Monitoring Framework for Local Plans, assembling Authority Monitoring Reports, assessing and calculating Housing Land Supply as well as facilitating the stakeholder engagement essential in informing evidence. We regularly act as Expert Witness at Planning Inquiries and contribute to Local Plan Examinations in respect of five-years housing land supply matters.

We can also support authorities in the preparation of Action Plans, including the liaison between stakeholders as well as suggesting ideas for increasing delivery. Public and private sector clients can also benefit from our support as part of identifying, promoting and securing the allocation of land for development where demonstrating the contribution of the site towards housing delivery adds significant weight to the benefits of development.

Please contact us to find out how we can help.

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