

For publication

Response to the Housing Delivery Test (EG000)

Meeting: Cabinet

Date: 9 April, 2019

Cabinet portfolio: Economic Growth

Report by: Strategic Planning and Key Sites Manager

For publication

1.0 Purpose of report

- 1.1 To inform members of the results of the government's Housing Delivery Test as they apply to Chesterfield and to set out arrangements that must be put in place in response.

2.0 Recommendations

- 2.1 That Cabinet note the results of the Housing Delivery Test.
- 2.2 That Cabinet authorise the Strategic Planning and Key Sites Manager, in consultation with the Cabinet Member for Economic Growth and Assistant Director - Economic Growth, to prepare and adopt a Housing Delivery Action Plan as required by the National Planning Practice Guidance.

3.0 Background

3.1 The government introduced a new Housing Delivery Test (HDT) through the publication of the revised National Planning Policy Framework (NPPF) in July 2018 (which was retained in the February 2019 amended NPPF). In high level terms the Housing Delivery Test compares the net homes delivered over three years to the homes that should have built over the same period (their housing requirement), with a sliding scale of penalties in place for authorities where housing delivery does not meet the required level:

- Delivery is below 95% - the council must prepare an Action Plan setting out how it will increase housebuilding
- Delivery is below 85% - the council must add an additional 20% to the housing target set out in the council's five year supply of deliverable housing sites
- Delivery is below 25% (rising to 45% in 2019 and 75% in 2020) – the presumption in favour of sustainable development* applies, regardless of whether the council can demonstrate a five year supply of deliverable housing sites.

* In this situation, even the policies of a recently adopted Local Plan that are relevant to determining a planning application can be considered 'out of date', and are therefore given less weight in decision making, weakening the council's control over where new development can be located. ,

3.2 The Housing Delivery Test measurement will be published annually by the Ministry of Housing, Communities and Local Government (MHCLG). Originally expected in November 2018, publication of the test results has been substantially delayed and was instead published on 20th February 2019.

3.3 The Housing Delivery Test period covers the three financial years prior to the 2018/19 financial year; 2015/16, 2016/17 and 2017/18.

4.0 Results of the Housing Delivery Test and Implications

- 4.1 The result for Chesterfield demonstrates delivery at 66% of the required target.

| | Year | | | Total |
|----------------------|-------|-------|-------|-------|
| | 15/16 | 16/17 | 17/18 | |
| Homes required | 224 | 220 | 227 | 671 |
| Homes delivered | 206 | 130 | 110 | 446 |
| Delivery measurement | | | | 66% |

- 4.2 The council is therefore now required to respond in two ways:
- Apply a 20% buffer to the five year housing supply
 - Prepare an Action Plan within 6 months to assess the causes of under-delivery and identify actions to increase delivery in future years

5.0 Applying a 20% Buffer

- 5.1 The council has been applying a 20% buffer to its five year housing supply since the requirement was originally introduced to respond to 'persistent under delivery' in 2012. The HDT simply clarifies what is meant by 'persistent under-delivery'. The council's latest five year housing supply statement (published in July 2018) demonstrated that the council had a five year supply of deliverable housing sites with the required buffer. A new housing supply statement for 2019 will be prepared shortly as has been done annually since introduction of the NPPF in 2012.
- 5.2 As the council's adopted Local Plan is now more than five years old, the housing need for the next five years must be based on the Local Housing Need (LHN) methodology set out in the NPPF. This methodology gives a target of 239

dwellings a year. To establish the housing target, this is multiplied by five and the buffer added after:

5 year housing requirement = (239x5) x 1.2 = 1434 dwellings

6.0 **Preparing the Action Plan**

6.1 The Action Plan is an additional requirement. Guidance on preparing the action plan is set out in the National Planning Practice Guidance. The action plan will 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. The council has six months from publication of the HDT results to prepare and adopt the Action Plan. The Action Plan must therefore be in place on or before the 20th August 2019.

6.2 The local planning authority is responsible for producing the action plan, involving relevant stakeholders in the process. It is for the local planning authority to decide which stakeholders to involve, although representatives of those with an impact on the rate of delivery should be included, such as:

- small and large developers;
- land promoters;
- private and public land owners;
- infrastructure providers (such as utility providers, highways, etc);
- upper tier authorities (county councils) in two-tier areas;
- neighbouring authorities with adjoining or cross-boundary sites.

6.3 Due to the delay by the government in publishing the HDT results, the Action Plan will not be in place in time to have any

impact on the next Test, which will cover the 12 month period ending on 31st March 2019.

- 6.4 A technical note on how the housing target in the Test was calculated was published alongside the results of the Test. However this technical note is not detailed enough to allow the council to calculate its target for the next monitoring period. The Derbyshire Planning Policy Officer's Group (DPPOG) (made up of the Planning Policy managers for all of the County, District and Unitary Authorities across Derbyshire) has already undertaken to formally write to the CLG seeking urgent clarification of the methodology.
- 6.5 In the interim, using the target established through the NPPF methodology as an estimate, in the 2018/19 financial year Chesterfield Borough would need to deliver at least **70** net new dwellings to pass the 45% target (which would require and updated Action Plan and continuing to apply the 20% buffer), and would need to have delivered approximately **412** net new dwellings over the 2018/19 financial year in order to pass the test. Based on recent housing completions the expectation is that the council will need to update the Action Plan and continue to apply the 20% buffer in response to the 2019 Test.
- 6.6 On the same basis, in order to pass (more than 95%) the HDT in 2020, the council will need to have delivered a minimum of **280** net new dwellings a year between 2018-2020, and a minimum of **220** net new dwellings a year to avoid the presumption in favour of sustainable development being applied (regardless of the council's five year housing supply position).

| | Required Housing delivery - Estimated Target | |
|--------------------------------------|--|------------------------|
| HDT Result | 2018/19 | 2019/20 |
| Prepare Housing Delivery Action Plan | 412 dwellings | 280 dwellings per year |

| | | |
|--|---------------|------------------------|
| (95%) | | |
| Apply 20% buffer to five year housing supply (85%) | 343 dwellings | 245 dwellings per year |
| Apply presumption in favour of sustainable development (2018/19 - 45%) (2019/20+ - 75%) | 70 dwellings | 220 dwellings per year |

- 6.7 Monitoring of housing completions is usually undertaken from the 1st April each year. It is hoped that an early estimate of completions will be available by the date of this meeting to be reported verbally.
- 6.8 Some progress has already been made on the issues that will need to be covered in an action plan through the ongoing process of preparing the Local Plan, including gathering information relating to development viability, completion rates and projections of future delivery. Consultation on the Local Plan has also already involved the majority of parties outlined above and their responses to the Local Plan will help to inform preparation of the Action Plan. The council is also already undertaking a range of actions to address housing delivery including:
- Preparing an updated Local Plan for adoption late 2019/early 2020
 - A programme of direct investment over five years to deliver around 100 new council dwellings
 - Identifying council owned land for disposal for housing development, including a site for approximately 300 dwellings at Linacre Road
 - Creating a Housing Delivery Manager post to work with partners to overcome barriers to housing delivery (to be filled by June 2019)

- Working with partners to submit a bid to the government's Housing Infrastructure Fund (HIF) to support growth around the Railway Station and former Staveley Works

Development is also now underway on a number of large housing sites across the borough, including Dunston Road, the former Cammac site, Wheeldon Mill, and Cranleigh Road, with planning permission granted or pending for further significant growth at Waterside (177 homes), Mastin Moor (650 homes) and Poolsbrook (120 homes).

These measures will be highlighted as part of the Action Plan. Preparation of the Action Plan will also help to support the council's Local Plan when it is independently examined.

7.0 Communications

- 7.1 Preparing the Action Plan is a requirement of national planning policy. Engagement with developers and landowners will be undertaken through the mechanisms already established for the Local Plan and housing monitoring processes.

8.0 Human Resources/People Management and Financial Implications

- 8.1 Preparation of the Action Plan will be undertaken within existing and/or planned staffing arrangements and within the existing Strategic Planning Team budget.

9.0 Legal

- 9.1 It is a requirement of national planning policy that the action plan be prepared. It will be prepared in accordance with guidance set out in the National Planning Practice Guidance (NPPG).

10.0 **Information assurance and data protection**

- 10.1 The Strategic Planning Team already maintains a database of relevant contacts for Strategic Planning purposes that is held in accordance with GDPR requirements. This will be used for the purposes of identifying and involving relevant stakeholders.

11.0 **Consultation and community engagement**

- 11.1 The guidance on preparing the action plan recommends involving stakeholders in the process. Relevant representations have already been made on this issue through the process of consultation on the submission version of the Local Plan (which ended on 22nd February 2019). Any further consultation with stakeholders is expected to be targeted involvement through individual meetings or workshops rather than a more general consultation process with the community.

12.0 **Equality, diversity and human rights**

- 12.1 A process of Equalities Impact Assessment has already been undertaken on the council's proposed housing targets through the assessment of the Submission version of the Local Plan. The Action Plan would be intended to support the delivery of these targets. A preliminary EIA assessment has been undertaken.

12.2 **Risk management**

| Description of the Risk | Impact | Likelihood | Mitigating Action | Impact | Likelihood |
|-----------------------------------|--------|------------|--|--------|------------|
| Failing the 2018/19 HDT below 45% | High | Low | Monitoring to date indicates this level has already been met | Low | None |

| | | | | | |
|---|------|------|--|-----|------|
| threshold (resulting in application of 'presumption in favour of sustainable development') | | | | | |
| Failing the 2018/19 HDT below the 95% threshold (requirement for an Action Plan) | Med | High | No further mitigating action possible at this stage | Med | High |
| Failing the 2019/20 HDT below 75% threshold (resulting in application of 'presumption in favour of sustainable development') | High | Med | Adopt and implement measures in the Housing Action Plan Appoint Housing Delivery Manager Adopt new Local Plan Work with landowners and developers to bring forward development sites and opportunities for funding | Med | Med |
| Failing the 2019/20 HDT below the 95% threshold (requirement for an Action Plan) | Med | Med | As above | Med | Low |

13.0 **Alternative options and reasons for rejection**

- 13.1 The application of a 20% buffer to the council's five year housing requirement and preparation of an action plan are a requirement of national policy and guidance. No alternatives have therefore been considered.

14.0 Recommendations

- 14.1 That Cabinet note the results of the Housing Delivery Test.
- 14.2 That Cabinet authorise the Strategic Planning Manager, in consultation with the Cabinet Member for Economic Growth and Assistant Director of Economic Growth, to prepare and adopt a Housing Delivery Action Plan as required by the National Planning Practice Guidance.

15.0 Reasons for recommendations

- 15.1 In order to comply with the requirements of national planning policy and guidance.

| Glossary of Terms | |
|--------------------------|---|
| HDT | Housing Delivery Test |
| NPPF | National Planning Policy Framework |
| NPPG | National Planning Practice Guidance |
| MHCLG | Ministry of Housing, Communities and Local Government |
| HRA | Housing Revenue Account |
| Five year housing supply | Requirement in the NPPF that Local Planning Authorities demonstrate annually a sufficient supply of deliverable housing sites for five years, measured against housing need (OAN) |
| OAN | Objectively Assessed Housing Need |
| LHN | Local Housing Needs methodology. The method used to calculate the number of new dwellings that must be built in the borough every year to meet the OAN |

Decision information

| | |
|---|---|
| Key decision number | Non-key 126 |
| Wards affected | All |
| Links to Council Plan priorities | <p>to make Chesterfield a thriving borough</p> <ul style="list-style-type: none">• To make sure that local people benefit from growth in Chesterfield Borough• To continue delivering regeneration projects that will make Chesterfield Borough a better place <p>to improve the quality of life for local people</p> <ul style="list-style-type: none">• To increase the supply and quality of housing in Chesterfield Borough to meet current and future needs |

Document information

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