

London Borough of Newham

Response to the Housing Delivery Test and associated Action Plan

1. Introduction

- 1.1 The London Borough of Newham (LBN) recognises the importance of housing delivery, both in helping to tackle the national housing crisis and in ensuring its residents have access to a choice of quality and affordable homes that meet local needs. This is reflected in the Borough's ambitious housing target to deliver 43,000 homes by 2033 and by the Newham Mayor's pledge to start construction on 1,000 new Council homes by 2022.
- 1.2 Recognising this organisation-wide commitment to deliver a quality choice of housing for its residents, this document examines Newham's recent housing delivery in the context of the NPPF's newly introduced Housing Delivery Test, providing a summary of those measures the Borough is taking to boost housing delivery in future years, collated in a housing delivery 'Action Plan'.

What is the Housing Delivery Test?

- 1.3 The Housing Delivery Test (HDT) was launched by the Ministry of Housing, Communities & Local Government (MHCLG) in July 2018 as part of published revisions to the National Planning Policy Framework (NPPF). It is an annual measure of housing delivery for Local Planning Authorities (LPAs), being one of a number of reforms introduced by the Government designed to boost house building across the country.
- 1.4 The HDT measurement is a percentage calculated from the net homes delivered against the number of homes required for a plan-making authority over a rolling three year period.
- 1.5 Results of the Housing Delivery Test are to be published annually by the MHCLG, with the results of the 2018 measurement having been published in February 2019.

Consequences of failing the Housing Delivery Test

- 1.6 In introducing the HDT measurement, the NPPF through paragraphs 11, 73, 75 and 215 outlines associated required 'actions' that Local Authorities must take if housing numbers are not delivered in accordance with the identified housing requirement for their area. These measures are intended to boost provision in future years, and are of varying consequence dependent on the scale of under-delivery.
- 1.7 The consequences of HDT results apply until the publication of any subsequent result. For clarity, a summary of the HDT consequences is outlined overleaf.

If housing delivery falls below 95%

• The publication of an action plan

If housing delivery falls below 85%

 a 20% buffer on an LPA's 5-year land supply

If housing delivery falls below 75%*

 the NPPF's presumption in favour of sustainable development applies

- 1.8 If housing delivery falls below 95%, LPA's are required to produce an 'Action Plan' document. These should be prepared in accordance with national planning guidance and assess the causes of under-delivery, identifying actions to boost housing supply in future years.
- 1.9 Following the publication of the HDT results for 2018, the LBN with a result of 71%, has been identified as requiring a 20% buffer on its future Five Year Land Supply, alongside the production of an action plan to demonstrate how the Borough plans to incentivise increased housing delivery across future years.
- 1.10 This document forms LBN's response to the published Housing Delivery Test result and introduces the Council's associated Action Plan. The Action Plan outlines the steps being taken at organisation level to boost the supply of homes in Newham, ensuring delivery provides for needs arising from population and economic growth cycles, whilst helping to foster sustainable development and mixed and balanced communities.

^{*}once transitional arrangements have ended.

2. Response to the Housing Delivery Test 2018 Measurement

2.1 At various stages of consultation on the revised NPPF, the LBN has outlined concerns surrounding the ability of the HDT to adequately assess whether under delivery has occurred, given the test's over-simplified nature meaning that it is not fit for purpose in all planning contexts. To contextualise discussion of the 2018 measurement results, a summary of these key concerns is provided below.

Timeframe of the measurement

- 2.2 Of fundamental concern is the overly-short timeframe against which delivery is tested. The HDT takes a measurement of delivery which covers the previous three financial years completions statistics. However, the utilisation of such a short time period for delivery measurement is inappropriate in areas such as Newham, where the bulk of housing delivery comes from dense, phased, and often very large and tall mixed-use schemes. Such development typologies are realised as part of a plan-led approach to strategic site delivery and often take many years achieve.
- 2.3 To illustrate this point, looking at previous years' delivery statistics between 2015/16 and 2017/18 large scale strategic sites accounted for approximately 73% of Newham's total delivery figures (excluding the portion of the Borough administered by the London Legacy Development Corporation (LLDC)). A number of these identified schemes also delivered units outside these years, with gaps in delivery extending multiple years in some cases, resulting in a stepped delivery trajectory. For example, of those developments which took place on Strategic Sites between 2015/16 and 2017/18 accounting for 2891 dwellings another 4199 units have already been or are projected to be delivered on these schemes in years either preceding or following the rolling three year period of measurement.
- 2.4 This delivery pattern is often typical of Council-led Regeneration schemes, where acquisition and legal matters can account for extended delays between the realisation of phases in the wider programme. In Newham a substantial portion of the Borough's housing target is expected to be delivered on Regeneration plots in the Canning Town and Custom House area in the medium term phase of its plan period.
- 2.5 More broadly, based on current trajectories Strategic Site allocations in the 2018 Newham Local Plan are expected to comprise roughly 71% of all housing units planned until 2032/33, with around half of these units already either benefiting from planning consent (including outline permissions) or a resolution to grant subject to the completion of relevant legal agreements.
- 2.6 Noting these characteristics of housing delivery on large sites in LBN, it is considered to be counterproductive to use a three year period of measurement where, for example, failure to complete a single 'block' of housing in a financial year could result in the loss of hundreds of units from

completions figures, particularly when these shortfalls will be 'made up' across the wider plan period. This assertion is supported by the Letwin Review which makes clear that whilst very large sites will always deliver higher in absolute numbers, build out is long-term, with the proportion of site build out per year likely to be small.

2.7 In essence, the short window of measurement is irrelevant in the Newham context, and does not provide adequate flexibility in accounting for changes to delivery timescales that often occur in complex, phased developments of this scale archetypal of the bulk of the Borough's housing delivery.

Use of Local Plan targets in areas with a Spatial Development Strategy (SDS)

- 2.8 MHCLG's Housing Delivery Test rule book provides additional guidance on the method for calculating an LPA's HDT result. The booklet states that where spatial development strategies (SDS) are applicable, the housing requirement from a district or borough plan will continue to be utilised to calculate the number of homes required for the LPA until it is more than five years old. However, this approach can result in the utilisation of a housing target which no longer applies, given that more recently adopted SDS figures will supersede borough (Local Plan) targets.
- 2.9 In the London context, Local Plan housing targets may be superseded through periodical updates to the London Plan or vice versa. These targets are subsequently used to assess the Borough's Five Year Land Supply until a new Local or London Plan housing target is adopted.
- 2.10 The soundness of not using the most up-to-date housing targets for the purposes of HDT is questioned, noting that in the London context these are capacity derived (and apportioned at Housing Market Area level).
- 2.11 In terms of the 2018 measurement, not only are Local Plan targets out of date upon the adoption of the SDS target, but the housing targets used by the MHCLG to test delivery in Newham raise issues of 'double testing' on the portion of the Borough administered by the LLDC, which is assessed as a separate authority for HDT purposes. This point is explored in more detail below (see "The Newham Context"). This issue highlights the difficulties associated with employing a standardised measure to test delivery in complex planning contexts.

Elements of delivery outside Local Planning Authority (LPA) Control

2.12 The LBN takes issue with the HDT placing accountability for under-delivery solely on LPAs, when the onus to boost numbers should be reasonably apportioned to all relevant sectors capable of influencing supply levels. This would provide a comprehensive approach to tackling the issue of

 $https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/752124/\\ Letwin_review_web_version.pdf$

deliverability, acknowledging the impact of market signals and industries whose prioritisation of shareholder returns can lead to restriction of supply in the market.

- 2.13 A lack of accompanying Central Government investment restricts the amount LPAs can meaningfully achieve through their Action Plans, with an overarching approach to delivery involving all relevant sectors providing a more effective framework for countering the root causes of the housing crisis.
- 2.14 In current circumstances, the Five Year Land Supply remains the most proportionate approach to ensuring accountability for the elements of delivery within the Local Authority's control, namely the numbers of permissions granted in an area. Penalisation of LPAs for external factors often beyond their influence is likely to have damaging implications for sustainable placemaking objectives through the undermining of evidence-based development plans.

Newham's Housing Delivery Test Result

2.15 The 2018 HDT measurement result for Newham published by the MHCLG on 19 February 2019 is detailed below.

London Borough of Newham 2018 HDT Measurement²

Number of homes required			Total	Number of homes delivered			Total	Measure	Consequ
2015-16	2016-17	2017-18	number	2015-16	2016-17	2017-18	number	ment	ence
2,500	2,410	1,994	6,904	1,749	2,319	850	4,919	71%	Buffer

2.16 Whilst the London Legacy Development Corporation (LLDC) is a separate plan-making authority, the majority of the area within the LLDC boundary comprises LBN. As such, the HDT results for the LLDC are also provided below.

London Legacy Development Corporation 2018 HDT Measurement

Ī	Number of homes required			Total	Number of homes delivered			Total	Measure	Consequ
	2015-16	2016-17	2017-18	number	2015-16	2016-17	2017-18	number	ment	ence
	1,472	1,472	1,472	4,415	853	448	990	2,291	52%	Buffer

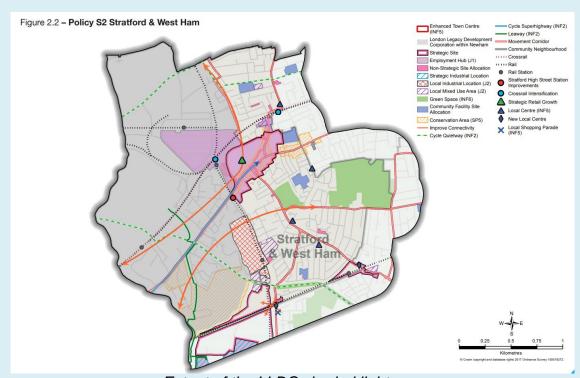
2.17 MHCLG have disaggregated the LLDC area from LBN in the 2018 measurement, with each planning authority individually assessed for the purposes of HDT. However, the LBN contend this approach and figures used by MHCLG are flawed; with reasons provided overleaf.

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² MHCLG: Housing Delivery Test: 2018 measurement

The Newham Context and the HDT

The LLDC is a Mayoral Development Corporation formed in April 2012 to support the physical legacy of the 2012 Olympic and Paralympic Games, being responsible for the long-term planning, development, management and maintenance of the Olympic Park. The LLDC planning function area covers parts of four constituent London Boroughs: Newham, Hackney, Tower Hamlets and Waltham Forest. The overall planning authority area is around 480ha, with approximately 63% of the area falling within the LBN borough boundary.



Extent of the LLDC shaded light grey

For the purposes of the 2018 measurement, the MHCLG has assessed the LLDC separately from its constituent boroughs, utilising the annualised housing target (derived from the London Plan and) adopted as part of the LLDC's Local Plan in July 2015 for the Development Corporation's housing requirement figure. However, LBN consider this approach to be fundamentally flawed in measuring delivery for a number of reasons.

Market Absorption Rates

Firstly, the disaggregation of the LLDC area from Newham's HDT measurement fails to recognise the wider housing market area (HMA) which both planning authorities share and the realities of market absorption rates. Developers are likely to take decisions about phasing and unit release based on the status of the borough-wide HMA, recognising the need not to over-saturate the market with supply reducing potential revenue from sales/rents. This can have a pronounced effect in Newham, where the high density of schemes delivered in the LLDC area can have a significant bearing on the decision to release units elsewhere in the Borough.

The housing targets used by the MHCLG to determine the 'number of homes required' figure for the Borough also raise concerns. LBN has been subject to a number of housing targets in recent years, both including and excluding the LLDC area from the overall capacity derived figure (noting the LLDC capacity is redistributed to individual boroughs as part of the GLA SHLAA exercise). For clarity, these housing targets are provided in chronological order from date of adoption in the table below. The proposed Draft London Plan (consolidated changes version July 2019) target is also included for information purposes, although this figure is not yet formally set.

The use of housing targets for homes required

Newham's Housing Targets since 2012

Newmann's mousting hargets since 2012									
Document	Local Plan (LP) / Spatial Development Strategy (SDS)	Includes the LLDC?	Date of Adoption / Publication	Annualised Housing Target					
LBN Local Plan: Core Strategy	LP	Yes	26 th January 2012	2500					
Further Alterations to the London Plan (FALP)	SDS	Yes	10 th March 2015	3076					
Further Alterations to the London Plan (FALP)	SDS	No	10 th March 2015	1994					
Newham Local Plan 2018	LP	No	10 th December 2018	2752 (18/19-22/23) 3956 (23/24-27/28) 1892 (28/29-32/33)					
Draft London Plan (consolidated changes version July 2019)	SDS (draft)	Yes	N/A – awaiting Inspector report	5335					
Draft London Plan (consolidated changes version July 2019)	SDS (draft)	No	N/A – awaiting Inspector report	3850					

With regards to Development Corporations and host Boroughs, the HDT technical note published alongside the 2018 result states that where a Borough's housing requirement is based on the London Plan, this will not include the homes to be delivered in the Development Corporation; however when the requirement is based on their own plan it will include these homes (as no redistribution of capacity to the LLDC is provided). For LPAs where boundaries overlap with the LLDC, for the periods that the authority's delivery is based on the London Plan, the net number of homes delivered in the LLDC area are removed from the net addition dwellings statistics based on the data provided to the department by the Greater London Authority (GLA).

Analysis of the 2018 HDT measurement shows that MHCLG in calculating the 'total homes required' for the Borough have used the housing target from the Newham Local Plan: Core Strategy (which included the LLDC portion) until it's five year

anniversary (in January 2017). The target for the remainder of the year was then superseded with the SDS FALP target which excludes the portion of the Borough administered by the LLDC. For 2016/17 therefore the number of homes required (2,410) reflects an apportionment of Core Strategy (CS) and FALP targets based on the percentage of the year that they were applicable. The final measurement year uses the FALP target only (approx. 10 months of the year CS vs. 2 months FALP).

The change in housing target midway through the 3 year period has significant implications in terms of the HDT consequences, noting delivery figures cannot be assessed against 'like for like' housing targets relevant to the same spatial area across the rolling period. This is most concerning in the second monitoring year, in which a hybrid combination of targets for different area boundaries has been used.

Moreover, the first year of the test assumes a delivery requirement that 'double tests' need/delivery across the LBN area by utilising a requirement for Newham (2,500 units) which includes the LLDC through its own HDT, at the same time as having a separate target for the LLDC. This means that the portion of the Borough administered by the LLDC is assessed twice in the first year and part of the second.

Inconsistencies in delivery figures

Housing completions figures – which inform HDT delivery numbers – are updated by the London Boroughs as part of a starts and completions exercise undertaken at the close of each financial year. The level of data supplied to the GLA through this exercise is insufficient to allow disaggregation of completions data on a month by month basis to account for the change in target midway through 2016/17. The accuracy of the second year measurement data utilised by the MHCLG is therefore brought into question, noting that it does not allow for accurate apportionment of delivery figures between the LLDC and LBN within the measurement year. It is unclear how a true figure for LLDC net additions in the FALP measured portion of the year has been removed, given that it is not known in which month completions occurred.

Further to criticisms of the methodology itself, the figures utilised for the net homes delivered annually are sourced from the GLA using data gathered from the London Development Database (LDD). However, in using this data the MHCLG fail to acknowledge historic inaccuracies present in LDD records, notably it erroneously records the location of LBN / LLDC permissions and omits some consents granted by the pre-existing London Thames Gateway Development Corporation. These issues of data inaccuracy are primarily as a result of the LLDC being formed following the creation of LDD software, meaning completions figures from local level Annual Monitoring Report (AMR) data and housing trajectory monitoring in Newham are a more accurate picture of delivery and should be used for calculating the measurement.

Calculating a minimum housing need figure

Noting the limitations with statistical availability, the methodology of the HDT is considered to be more suited to assessing delivery on a combined HMA basis, noting that the annual local housing needs figure against which delivery may be

assessed can only be calculated at Borough level. The HDT technical note published alongside the 2018 the HDT result states that the LLDC's requirement figure is not assessed against the "lower of" the housing requirement or household growth plus unmet need figure in the same manner as other Boroughs, noting there is no separately published annual average household growth projection for the area.

Notwithstanding the more logical method of assessing the LLDC and Newham as a combined authority allowing for the calculation of a minimum needs figure, LBN question why this approach has not been applied to other host Boroughs, noting the ONS data will be informed through the area of the authorities administered by the LLDC. LBN contend that the minimum needs figure for Newham would be significantly reduced were the LLDC area excluded from this statistic, meaning the 'lower of' part of the HDT calculation, fundamental to the methodology of calculating the number of homes required, cannot be applied as part of the MHCLG's approach to calculating the results. Assessing delivery on a Borough basis aligned with national statistics helps to overcome these issues whilst accounting for the influence of the shared HMA.

Alternative Scenario Testing

- 2.18 Recognising the above, it is clear that the HDT is not readily adaptable to the LBN context, with the current calculation lacking sufficient consistency and accuracy to reliably measure the Borough's historic delivery levels.
- 2.19 In response to the highlighted flaws in the methodology, LBN has carried out alternative scenario testing in an attempt to address the problems identified with the published HDT measurement. The testing is undertaken under the broad framework outlined within the Housing Delivery Test measurement rule book; however, any deviation from the methodology for example, to fully omit or include LLDC requirement / delivery figures from the calculation is discussed within the accompanying analysis.
- 2.20 For clarity the following analysis is separated into an examination of historic delivery and future years' housing projections, reflecting a more consistent approach to the unique circumstances of the wider HMA. The scenario tests utilise accurate local level AMR and housing trajectory level data, to avoid any regional inaccuracies associated with LDD data.

Previous Years' Delivery

2.21 Scenario 1 looks at delivery in Newham excluding the portion of the Borough administered by the LLDC, broadly aligned with the approach taken by the MHCLG in assessing both LPAs separately. However, this measurement reflects the Newham context more accurately than the MHCLG calculation, utilising consistent housing requirement figures across the rolling three year period of measurement which exclude LLDC capacity from the Core Strategy housing target.

- 2.22 This apportionment of the target is determined through analysis of housing capacity figures from the 2009 GLA SHLAA exercise, noting these projections would have primarily informed the combined housing target derived in the Core Strategy. Approximately 85% of those 2009 SHLAA units identified in Stratford and West Ham Community Neighbourhood were located in the LLDC area. Taking the Housing Delivery breakdown as provided in Policy H1 of the now superseded Core Strategy, Stratford and West Ham comprised roughly 48% of Newham's planned housing delivery across the plan period. A reduction of 41% (or 85% of 48%) has therefore been applied to the annualised housing target of 2500, providing a figure of 1475 homes per year to account for the exclusion of the LLDC area from the measurement.
- 2.23 Whilst this remains a relatively crude method of calculating an annualised housing target excluding the LLDC administration area, the approach avoids the double counting associated with using the combined Core Strategy target in the first two years of HDT monitoring (until 25th January 2017).
- 2.24 Acknowledging the flaws of subtracting SHLAA capacity numbers directly from the Borough's 15 year target noting the study only extended part way through the Core Strategy plan period SHLAA assumptions are forward projected to the final phase of the Borough's plan period, providing a more representative estimate of future delivery in the Stratford and West Ham area. Analysis of the Housing Trajectory from this period also appears to support this approach, recognising this figure may even represent a conservative projection of the historic assumptions surrounding LLDC anticipated housing delivery compared to the wider community neighbourhood area.

Alternative HDT Result Scenario 1: Utilising AMR / Trajectory Data and excluding LLDC over 3 years

	<u> </u>									
	Total Homes Required									
	Housing Requirement	Minimum Housing Need Figure	Additional Dwellings	Student Accomodation*	Other Communal Accomodation*	Total	Housing Delivery Test			
2015/16	1475	2516	906	0	1	907	Result			
2016/17	1567	2446	1972	0	11	1983				
2017/18	1994	2649	1093	0	-4	1089				
Total	5036**					3979	79%			

^{*} Adjustments are applied to student and other communal accommodation figures in the scenario test using nationally set ratios

- 2.25 As outlined above, this approach to calculating the LPA's delivery in isolation is restrictive in its failure to allow for the calculation of an accurate 'lower of' comparative figure against which to determine the 'total homes required'. However, despite these limitations the result shows a marked improvement in LBN's Housing Delivery Test result, expected to be improved upon were a comparable population/needs figure able to be produced.
- 2.26 Noting the aforementioned issues associated with calculating HDT for Newham as an LPA in isolation, Scenario 2 measures delivery across the

^{**} HDT measurement utilises the lower of either the latest adopted housing requirement or the minimum annual local housing need figure

Borough-wide HMA, inclusive of the portion of the Borough administered by the LLDC.

Alternative HDT Result Scenario 2: Utilising AMR / Trajectory Data and including LLDC over 3 years

	Total Home	es Required	Total Net Homes Delivered				
	Housing Requirement	Minimum Housing Need Figure	Additional Dwellings	Student Accomodation*	Other Communal Accomodation*	Total	Housing Delivery Test
2015/16	2500	2516	1431	324	1	1756	Result
2016/17	2603	2446	2808	0	11	2819	
2017/18	3076	2649	1656	0	-4	1652	
Total	7595**					6227	82%

^{*} Adjustments are applied to student and other communal accommodation figures in the scenario test using nationally set ratios

- 2.27 The results of Scenario 2 show a significantly improved housing delivery test result when compared with the MHCLG 2018 measurement (71%), reflective of the increased accuracy of the data sources utilised. This method contextualises and allows for a more accurate reflection of delivery across the shared HMA.
- 2.28 An alternative third scenario is considered below, measuring delivery levels across five years as opposed to the three year rolling period required by HDT. This test attempts to address those issues caused by the short timeframe of the HDT measurement.

Alternative HDT Result Scenario 3: Utilising AMR / Trajectory Data and including LLDC over 5 years

	Total Home	es Required					
	Housing Requirement	Minimum Housing Need Figure	Additional Dwellings	Student Accomodation*	Other Communal Accomodation*	Total	Housing
2013/14	2500	2618	2082	0	0	2082	Delivery Test
2014/15	2500	2569	1983	380	-28	2335	Result
2015/16	2500	2516	1431	324	1	1756	
2016/17	2603	2446	2808	0	11	2819	
2017/18	3076	2649	1656	0	-4	1652	
Total	12595**					10644	85%

^{*} Adjustments are applied to student and other communal accommodation figures in the scenario test using nationally set ratios

2.29 As can be seen from the above Scenario 3 results, including these additional years in the measurement demonstrates another marked improvement in the Borough's HDT result, reflective of large-scale strategic development delivering over longer timescales. This result also meets the 85% threshold which would remove the requirement for the authority to place a 20% buffer on the Five Year Land Supply.

^{**} HDT measurement utilises the lower of either the latest adopted housing requirement or the minimum annual local housing need figure

^{**} HDT measurement utilises the lower of either the latest adopted housing requirement or the minimum annual local housing need figure

- 2.30 The above scenario decidedly demonstrates the impacts of analysing delivery over the long-term whilst acknowledging the unique circumstances of the Borough's shared HMA. A five year period of measurement is better positioned to capture the phased nature of the large and tall schemes which comprise the bulk of housing delivery in the Borough. Including LLDC completions also ensures that dense unit release in the area does not unduly influence the LBN's completion figures in any given year. The significance of this more appropriate testing method is also apparent, noting the result negates the need for a 20% buffer to be applied to the authority's Five Year Land Supply.
- 2.31 Moreover, if student and other communal accommodation were counted on a 1:1 basis, as per the housing requirement targets set for the Borough in the assessment years, LBN has calculated its HDT result as being 88% if measured over the previous three years (requiring only an action plan), and 93% if measured over 5 years. Whilst it is accepted the HDT methodology applies ratios to these types of accommodation, LBN question the validity of this method noting the housing targets against which delivery is assessed treat this accommodation on a 1:1 equivalent basis. In this circumstance it would be proportionate to allow transitional arrangements in instances where previous housing targets assessed this accommodation on a like for like basis, ensuring authorities are not unduly penalised for historically providing for specialist housing needs against their housing target.

Future Years' Delivery

- 2.32 In continuing to support ambitious housing targets and plan for sustainable growth, the LBN has recently concluded an extensive Local Plan Review process, adopting the Newham Local Plan on 10th December 2018. The updated Local Plan includes a new housing target to deliver 43,000 homes by 2033, delivered through a variable target set out in 5 year tranches. The new target is anticipated to address housing needs for the Borough along with any historic shortfalls in delivery.
- 2.33 To place a blanket 20% buffer on the Council's future Five Year Land Supply as a consequence of the HDT means a significant amount of additional sites would need to be immediately identified in the five years, a counterproductive step when previous years' shortfalls have already been accounted for in the updated Local Plan target. Further to this, higher buffer thresholds place no guarantee that consented schemes can be delivered any faster, particularly on complex large scale sites or demolition proposals tied to estate regeneration.
- 2.34 To illustrate this, the fourth and fifth scenario tests undertaken by the LBN look at anticipated delivery in future years, to again illustrate the advantages of looking at delivery on a longer term basis. These scenario tests provide an estimate of future housing delivery test results in the next 5 financial years, based on anticipated delivery timescales outlined in the Borough's housing trajectory (a full breakdown of these sites can be found on the Newham Local Plan development and review webpage). The projected delivery figures

- comprise mainly consented schemes, with a discount applied to those sites identified for delivery without an extant planning consent.
- 2.35 The housing requirement figure used from 2018/19 onwards is taken from the Newham 2018 Local Plan which provides a 15 year housing target for Newham from 2018/19 to 2032/33, excluding the portion of the Borough administered by the LLDC.
- 2.36 It is noted that the Draft London Plan (DLP) provides an updated housing target for Newham. Whilst acknowledging this figure may form the Borough's new housing target, the LBN has chosen not to model this scenario noting that the target has not been formally set and may be subject to change as a result of the London Plan's final publication. LBN's objections to the proffered draft housing target in the DLP have been outlined at various stages of consultation on the plan.
- 2.37 Newham's recently adopted housing target has been informed through a range of evidence based data sources, taking into account extant consents and known development activity, as well as anticipated infrastructure and market factors, including absorption rates. The most recently published median affordability ratio (2018) is used to calculate the Borough's annualised local housing need figure from 2019/20 onwards, with the 2017 ratio used for financial year 2018/19.
- 2.38 Whilst the issue of supply levels across the housing market area remains a key influencer of delivery, the LBN also recognise the importance of utilising the most up-to-date housing target for the HDT measurement, ensuring the authority maintains an ambitious strategy for housing delivery and noting this figure carries greater legal weight.
- 2.39 Scenario tests both excluding and including the LLDC area are respectively provided in Scenarios 4 and 5 overleaf, noting both scenarios utilise the recently adopted LBN only housing requirement figure from 2018/19 onwards. Utilising this target from 2018/19 onwards in Scenario 5 would not raise issues of crossover with previous years delivery figures in the same manner as the MHCLG measurement, noting the new plan period commences at the start of financial year 2018/19.
- 2.40 The results of this fourth and fifth scenario test are provided overleaf.

Alternative HDT Result Scenario 4: Utilising AMR / Trajectory Data Future HDT Predictions Excluding the LLDC Area

	Total Homes Required*			Total Net Hon	nes Delivered	Housing Delivery Test Result	
	Housing Requirement	Capped Local Housing Need Figure	Rolling 3 Year Total	Annual Figure**	Rolling Three Year Total	%	Outcome
2015/16	1475	2516	NA	907	NA	NA	NA
2016/17	1567	2446	NA	1983	NA	NA	NA
2017/18	1994	2649	NA	1089	NA	NA	NA
2018/19	2752	3853	5036	1962	3979	79%	20% & Action Plan
2019/20	2752	3853	6313	2586	5034	80%	20% & Action Plan
2020/21	2752	3805	7498	2667	5637	75%	20% & Action Plan
2021/22	2752	3696	8256	3369	7215	87%	Action Plan
2022/23	2752	3608	8256	3862	8622	104%	Pass

^{*} HDT measurement utilises the lower of either the latest adopted housing requirement or the minimum annual local housing need figure

Alternative HDT Result Scenario 5: Utilising AMR / Trajectory Data Future HDT Predictions Including the LLDC Area up to 2017/18

	Total Homes Required*			Total Net Hon	nes Delivered	Housing Delivery Test Result	
	Housing Requirement	Capped Local Housing Need Figure	Rolling 3 Year Total	Annual Figure**	Rolling Three Year Total	%	Outcome
2015/16	2500	2516	NA	1756	NA	NA	NA
2016/17	2603	2446	NA	2819	NA	NA	NA
2017/18	3076	2649	NA	1652	NA	NA	NA
2018/19	2752	3853	7595	1962	6227	82%	20% & Action Plan
2019/20	2752	3853	7847	2586	6433	82%	20% & Action Plan
2020/21	2752	3805	8153	2667	6200	76%	20% & Action Plan
2021/22	2752	3696	8256	3369	7215	87%	Action Plan
2022/23	2752	3608	8256	3862	8622	104%	Pass

^{*} HDT measurement utilises the lower of either the latest adopted housing requirement or the minimum annual local housing need figure

- 2.41 Scenarios 4 and 5 show that Newham is projected to pass HDT in 2022/23, aided by the expected delivery of major strategic schemes including Brunel Street Works, Royal Wharf, Deanston Wharf and the Boleyn Ground redevelopment. In years beyond 2022/23 Newham's pipeline remains substantial, reflective of the Borough's pro-development credentials, which saw the grant of the largest single residential consent of last year at Stephenson Street in Canning Town North.³ As stated previously, around half of the homes projected to be delivered on Strategic Sites across the Local Plan period also benefit from planning permission or a resolution to grant by the Council's Development Committee.
- 2.42 By using extended timeframes of measurement to analyse historic delivery and future projections, Scenarios 3, 4 and 5 help to demonstrate how

^{**} Adjustments are applied to student and other communal accommodation figures in the scenario test using nationally set ratios

^{**} Adjustments are applied to student and other communal accommodation figures in the scenario test using nationally set ratios

³ https://pa.newham.gov.uk/online-applications/applicationDetails.do?keyVal=OQTRCSJYIAE00&activeTab=summary

Newham meets its housing targets when delivery is examined over the long term. Whilst the testing undertaken does not negate the requirement under HDT to prepare an Action Plan, the unique circumstances of the Borough are made apparent through the alternative scenarios provided.

- 2.43 The ambitious housing targets put forward in Newham's 2018 Local Plan recently found sound by the Planning Inspector in its report on the Plan (dated 26 November 2018) have already been placed at risk by the HDT. This is as a result of the unrealistic requirement for the LPA to source an additional year's worth of sites (20% buffer) against its new housing target, which has been updated to both address and account for any historic under-delivery. Newham's Housing Monitoring Bulletin AMR published on the Council's website provides further detail in relation to the Five Year Land Supply.
- 2.44 Placing the Borough's housing policies out of date places wider aims of the vision outlined in the Local Plan at risk, increasing pressure on other protected land/sites and compromising the ability to address local needs in the pursuit of increased housing densities. LBN maintain that the HDT is contrary to the fundamental underlying objectives of the NPPF, namely that the planning system should be "genuinely plan-led", with succinct and up-to-date plans providing a positive vision for the future of each area.
- 2.45 In short, the LBN fundamentally disagrees with the over-simplified approach taken to boost housing supply. However, as a pro-development Authority the LBN has already taken a number of proactive steps to maintain a healthy delivery of housing, aligned with needs, in the coming years. These measures are summarised in the Borough's 'Action Plan', providing a clear demonstration of the Authority's willingness to deliver homes for its residents.

3. Causes of Under-delivery

3.1 Notwithstanding LBN's justified explanation of its view that the current measure for determining the extent to which under-delivery has occurred is flawed, consideration has been given to why housing delivery has not been higher in Newham in recent years.

Market Absorption and other Potential Constraints

- 3.2 The pipeline of consents in LBN in March 2016 (the end of the first HDT financial test year) comprised 20,540 homes, 53% of which were within the LLDC area. By March 2018 this figure had risen to 24,971, of which 44% were within the LLDC area. It is clear that completions only comprise a fraction of the total number of homes that have been granted planning permission a problem which is seen in the wider London context and is not unique to Newham.
- 3.3 Both the Letwin Review of independent build out and the GLA's Capital Gains⁴ evidence base document make clear why there is a significant gap between permissions and completions at national and regional levels and problems identified by both documents are applicable in LBN. These include: the realities of market absorption rates for large scale sites; high infrastructure and remediation costs (in the context of significant population growth where ex-industrial land is relied upon to meet need); complex land ownerships; viability constraints; and safeguarded land i.e. wharves, river crossings etc.
- 3.4 In LBN, the majority of homes are planned to come from large scale complex strategic sites. These are often blighted with multiple land ownerships, require significant infrastructure investment, involve remediation processes due to an ex-industrial nature, and contain safeguarded land. Inevitably these factors have implications for both the length of time it takes to gain a permission and any subsequent build out.
- 3.5 A substantial portion of the Borough's anticipated housing delivery and capacity derived housing target comprises land within the Council's Estate Regeneration Programme (see Local Plan policy S4 Canning Town and Custom House). The complexity and scale of this programme means that delivery expectations can and have been exceeded on strategic sites identified, due, for example, to: timeframes that are tied to site assemblage; mandatory ballots for schemes where any demolition of social homes is planned; demolition; and, addressing the needs of existing tenants through the application of decant policy. Moreover, these sites involve extensive preplanning work, including engagement with relevant stakeholders to ensure projects are comprehensive, viable and secure the best outcomes for the area and residents.
- 3.6 Delivery of each component of the Council's Estate Regeneration Programme is contingent on the commencement / completion of other scheme

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⁴ Capital Gains (p6) https://www.london.gov.uk/sites/default/files/gla_capital_gains_report_.pdf

- components. Delays to elements of development phases invariably impact upon wider delivery programme timescales.
- 3.7 Recognising the aforementioned complexities associated with estate regeneration, renewed focus on the Council's own housing building activity is discussed in Action Point 2.
- 3.8 Finally, build out on sites that are not within the Council's control is often subject to complex changeable individual circumstances that can have drastic impacts on the delivery of housing. The reasons for delivery failure have been wide ranging, including for example: the business model of the landowner / developer; developer access to finance; and intended mechanisms for build out (e.g. developer themselves, joint venture, forward sale of permissioned sites etc.).

Building Large and Tall

- 3.9 As discussed in paragraph 2.2, in LBN the majority of homes are delivered from developments comprising large, tall blocks that take time to deliver and can be difficult to forecast in terms of completion dates. At times these sites result in a 'stepped' delivery, which can demonstrate sharp variations year on year. It is for this reason that the Council's recently adopted Local Plan 2018, introduces a stepped trajectory that varies in each 5 year tranche of the 15 year plan.
- Newham is uniquely placed in east London with the majority of its housing delivery focussed upon large strategic sites located along its western and southern boundaries, namely in Beckton, the Royal Docks, Canning Town and Custom House. West Ham and Stratford. Unlike areas that rely on small sites for delivery, given the size of developments in LBN one or two permissions failing to complete⁵ in any given year could result in many hundreds of units falling into the next; thus lower than anticipated completions is not always an indication of a slowing or stalled supply, but rather a phased delivery that is responsive to the circumstances of the scheme. By way of example, 'The Pumping Station' (ref. 10/00369/FUL) was projected to deliver 161 units in 2017/18 in the Borough's Housing Monitoring Bulletin 2016/17 (Excerpt). However, the scheme completed in May 2018, two months following the close of the starts and completions recording for that financial year. Similarly, Royal Wharf (ref. 11/00856/OUT), a permission of 3392 units comprising a large number of tall buildings over 26 plots was anticipated to deliver 450 units in 2016/17 with the same number the following year (Housing AMR 2016 Excerpt), but marginally missed the reporting period for the close of the 16/17 financial year due to units not being habitable – i.e. meeting the definition of 'delivered'. This has resulted in a shorter than anticipated delivery period for the wider Royal Wharf site (now 2017 – 2021) with later financial years 'catching up' to make up for previous under delivery. The next two financial years are expected to deliver in excess of a 1000

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⁵ Meaning that units are ready for habitation with hoardings / scaffolding removed and landscaping complete.

- residential units each. This is a clear example of why measuring delivery over a three year period is inappropriate.
- 3.11 Whilst these developments were not delivered in exact alignment with land supply projections, marginal delay in delivery was not indicative of substantive issues with the schemes; rather, an unforeseen lag that is not uncommon where large-scale towers are involved. The same can be said of other schemes, including projects within the LLDC area such as Telford Tower ('Stratford Central', 181 units) and the Manhattan Loft Gardens (248 units); both of which completed in 18/19 having been anticipated to deliver in the previous financial year.
- 3.12 Whilst LBN regularly interrogate permitted sites (at the very least on an annual basis prior to the publication of each Five Year Land Supply), it is reliant upon best available information at the time; usually gained from the developer or landowner. Despite the LPA's best endeavours through continued engagement, housing delivery, in the cases of the examples given, were outside of the LPA's influence. Cumulatively, a handful of permissions like these in any given year have negative impacts upon delivery results.

4. Action Plan

4.1 Notwithstanding the reservations the Council retains regarding the HDT methodology, the LBN as a pro-development authority remains committed to boosting housing supply to address local needs. In recent years the authority has taken a number of proactive steps to facilitate increased delivery across the Borough's plan period, with many of these measures being pursued since the close of the 2017/18 financial year when monitoring for this year's HDT measurement ceased. These measures are summarised on the following pages in a series of 'Action Points', constituting the Borough's Action Plan to increase housing delivery in future years.

Action Point 1: Facilitating sustainable growth through new / updated Local Plan policies

- Continue to implement recently (December 2018) adopted Local Plan
 policies to facilitate sustainable growth objectives, including the Plan's
 ambitious target of delivering 43,000 homes between 2018 and 2033
 through the realisation of a number of large scale strategic sites.
- Supporting the provision of a mix and balance of housing types and sizes, ensuring delivery is targeted towards local needs and not at the expense of sustainable, plan-led growth.
- Sufficient infrastructure to support housing identified, planned for and monitored, through annual updates to the 'live' Infrastructure Delivery Plan (IDP).
- 4.2 As previously stated, Newham has recently adopted its Local Plan. The Local Plan includes updated policy, new site allocations and a revised stepped housing target for the Borough, aimed at securing housing delivery aligned with job creation and infrastructure provision across the plan period.
- 4.3 The key benefit of a newly adopted Plan is the introduction of a clear, up to date, robust policy framework. This serves as a pro-active response to emerging development opportunities, signalling to the development industry which type of development will be acceptable in defined locations. Up to date planning policies provide clarity of the Council's objectives in respect of issues such as land use and design quality as well as financial and on-site contributions, enabling viable investment that facilitates the delivery of new homes and accompanying infrastructure over the next 15 years.
- 4.4 The overarching 43,000 home target is capacity-derived, demonstrating the Authority's ability to significantly exceed the extant London Plan housing target by around 19%. The target is an ambitious yet achievable figure, based on previous delivery patterns which saw increased densities on sites than originally projected. Its adoption reflects the proactive steps the authority is

- taking to secure housing delivery and manage any previous shortfall in provision.
- 4.5 The main way in which increased delivery will be achieved is through large scale strategic site allocations which plan for the delivery of a mix of uses including housing. The updated Local Plan (2018) identifies an additional 9 strategic sites (over 138 ha) and extends the boundaries of 5 existing sites to better realise opportunities and optimise development potential in those locations. In addition, 7 non-strategic housing allocation sites and 28 community facility sites which allow for housing delivery as part of a mixed use offer have also been identified.
- 4.6 The Infrastructure Delivery Plan will continue to work in tandem with the Local Plan, identifying infrastructure needs and helping to streamline the assessment of the acceptability of uses in principle. The yearly review of the IDP will also ensure the broader approach to infrastructure sufficiency is upto-date and aligned with need.

Action Point 2: Implementing the proactive steps taken at administration level to boost housing delivery

- Utilise secured grant funding to begin construction of 1,000 genuinely affordable homes for Newham residents on Council-owned sites by 2022 in accordance with Mayoral pledges.
- Support the development and delivery of these 1,000 homes through the established Housing and Regeneration Delivery Team, appointing necessary expertise in the short term to help facilitate delivery of the Affordable Homes for Newham Programme.⁶
- Accelerate the Council's house building programme using funding from the Council's Housing Revenue Account (HRA), supplementing this through a combination of prudential borrowing, capital receipts, grants and Section 106 contributions.^{6&7}
- Continue to support the Authority's wider Estate Regeneration Programme at Canning Town, Custom House and Carpenters to deliver large, longerterm, mixed tenure projects.
- 4.7 Following the May 2018 election, the Newham Mayor has placed housing delivery at the heart of administrative priorities. To support the delivery of affordable housing for residents, last year Newham secured a grant of £107 million through the Mayor of London's Building Council Homes for Londoners

⁷ Cabinet Report '<u>HRA Business Plan</u>' Dated: 04/12/2018 and Cabinet Report '<u>Housing Delivery</u> Statement' Dated 15/11/18

⁶ Cabinet Report 'Establishing the Affordable Homes for Newham Programme and securing GLA funding' Dated: 05/02/19

- programme, the highest grant of any London Council. Since that allocation of grant, a further £515 million has been allocated by the Mayor of Newham to facilitate house building across the Borough.
- The administration target to begin construction on 1,000 affordable homes on 4.8 Council owned sites before 2022 (with at least 100 homes delivered in the first year of the Mayor's term) - forming part of the wider 'Affordable Homes for Newham Programme' – is currently on track, with work having started on 235 homes in 2018/19 alone (227 London Affordable rent and 8 Shared Ownership properties).
- 4.9 The Local Authority owned house building company, Red Door Ventures (RDV), is the primary mechanism for achieving the Mayoral house building target, ensuring that 50% of the homes the company builds are genuinely affordable to meet the needs of Newham residents.8
- 4.10 Earlier this year the authority was given authorisation by Cabinet to release funds for a package of eight RDV sites - known as the Didsbury Package - to be developed, with separate funding for an additional two sites expected to be requested as a separate funding package later in 2019.9
- Cabinet approval was also gained in July 2019 to facilitate the continued 4.11 development of the Affordable Homes Programme, including the start on site of 1,427 homes by 2022 (of which 1,056 would be at social rent levels), alongside approving pre-construction activities, transfer of sites to RDV and appropriation of land to housing purposes on additional identified sites. 10
- 4.12 The business plan for the authority's Housing Revenue Account (HRA) was approved by Cabinet in December 2018, with the HRA part-funding a number of the 1000 affordable homes due to start on site before 2022. The HRA allocation of the Authority's Housing Delivery Plan will be funded partly through GLA grant, alongside HRA reserves and new borrowing.⁷ The HRA remains one of the Authority's routes to affordable homes delivery, alongside RDV, Registered Providers and general funding.⁶
- 4.13 Together RDV, regeneration, small, medium and major scale sites and acquisitions are set to form a single housing delivery function for the Authority, helping to streamline the process of delivering affordable housing for those 49% of households in the Borough living in poverty, building long term capacity within the Council to directly deliver housing sites for its residents in future years.6
- 4.14 In the longer term, the Authority's Regeneration Programme (planned and delivered through a dedicated Regeneration team) is also set to deliver high numbers of new dwellings across the Authority's plan period, including contributions to the Mayoral 1000 affordable homes target.

⁸ Cabinet Report 'Red Door Ventures – Review and Request for Funding' Dated 15/10/18 ⁹ Cabinet Report 'Red Door Ventures – Updated Request for Funding' Dated 05/03/19

¹⁰ Cabinet Report 'Affordable Homes Programme (2019-2022)' Dated 02/07/2019

- 4.15 Recent Cabinet approval has been obtained for the award of contracts on the regeneration of Custom House Local Centre, which is set to deliver in the region of 850/900 homes; 50% of which will comprise genuinely affordable housing. The first stage of this programme is required to start on site no later than March 2022. Subsequent to this Cabinet approval has been granted to progress nine designated Regeneration sites in the Canning Town and Custom House programme, with approval to commence Canning Town East (area 1b, 11, 2a and 2b) comprising 1,450/1,600 new homes, 50% of which will comprise genuinely affordable housing with first phase stating on site no later than March 2022. The remaining areas are split into short term (up to 2027) and long term (2025-2032) development projects. Capacity testing undertaken across Regeneration areas 4, 5, 18 & 6 (north) expects these sites to deliver in the region of 2,000 new homes. 12
- 4.16 The objective to build communities, including provision of a housing offer for residents that delivers more genuinely affordable homes in well-designed neighbourhoods, forms a key administrative priority as set out in the Borough's Corporate Plan. The prioritisation of delivering Council-led affordable housing represents a key driver of housing delivery in future years, ensuring supply is aligned with local needs, particularly the availability of affordable homes for the Borough's residents.

Action Point 3: Maintain a constructive dialogue with relevant stakeholders to engender a co-ordinated approach to delivery

- Continuing the practice of listening to and engaging with developers, land owners, land promoters, residents and Duty to Co-operate partners through the wider plan-making and monitoring process.
- Working with Developers to understand and interrogate the Five Year Land Supply, identifying where sites are stalled and understanding any barriers to delivery which can be addressed by the Local Planning Authority.
- Providing an efficient and high quality Development Management procedure that offers certainty to applicants at the earliest stage of the planning process, facilitated through comprehensive Pre-Application feedback and Project Planning Performance Agreements (PPPAs).
- Promoting the use of PPPAs for large-scale, complex schemes, helping to streamline decision making for strategically significant development proposals.

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¹¹ Cabinet Report '<u>Custom House Centre Regeneration – Award of contracts for consultant services</u> (design and viability)' Dated: 21/01/2019

¹² Cabinet Report 'Canning Town and Custom House Programme – Delivery Approach' Dated: 7th May 2019

¹³ Cabinet Report 'Adopting a corporate plan for Newham Council' Dated: 05/03/2019

- Continuing to provide services including Development Members Control Forum and the independent Design Review Panel to identify any questions or concerns surrounding major development schemes, helping to smooth their transition through the decision making process.
- Ensuring all planning applications are determined in a timely and efficient manner, working with Applicants to resolve issues which arise through assessment and decision making where these can be overcome within the scope of the application submitted.
- 4.17 As previously stated, the issue of deliverability cannot be viewed as an isolated issue for Local Authorities to resolve. The economic environment has a significant bearing on delivery rates, with changes in market stability and economic certainty being highly influential in the timing of housing delivery. There are also various relevant industries, stakeholders and sectors that play important roles in enabling housing delivery across development sites. The continued engagement of key groups through planning policy document formulation and monitoring is critical in ensuring policies and site allocations can continue to be realised for the duration of the plan period.
- 4.18 An example of LBN's coordinated approach to delivery was demonstrated though its recently conducted Local Plan Review, whereby relevant stakeholders were consulted on issues and policy options being considered at the outset of the review process. Feedback concerning existing policies through Local Plan monitoring were duly considered and summarised as part of the Borough's Options Appraisal, published in November 2017. The Local Plan consultation and the Independent Examination process provided further avenues for key stakeholders to express views on any anticipated barriers to delivery of strategic sites, other site allocations and broader housing policy matters.
- 4.19 Further to this, LBN regularly engages with developers through its monitoring of approved permissions, with discussions informing the Authority's Five Year Land Supply. These discussions provide helpful avenues for engagement about why sites may have stalled, providing the LPA with an improved understanding of those factors which may be able to be addressed through Local Plan review or future development proposals.
- 4.20 Separate to ongoing Developer engagement, Newham has been clear in its response to the HDT that it does not consider its delivery of housing is impeded by the Borough's substantial pipeline of approved consents; something which is maintained through efficiencies in the Authority's Development Management procedure. Nevertheless, it is recognised that maintaining a high standard of customer service in its Development Management function and the timely processing of applications is required to continue the smooth transition of housing schemes through the planning process prior to their construction and anticipated eventual delivery.

- 4.21 Fundamental to this is the maintenance of constructive relationships with applicants through the application cycle, providing certainty with regard to determination timeframes and engaging at the earliest opportunity on issues arising through assessment of proposals. Pre-application discussions and planning performance agreements remain key to this objective and maintaining the success and efficiency of the overall Development Management function.
- 4.22 LBN offer a number of types of pre-application discussions, tailored to the needs of the Applicant and scale of the proposal. Use of the pre-application service helps to maintain an effective dialogue with applicants, speed up the assessment of proposals and reduce the number of applications withdrawn, refused or made invalid upon submission. Use of planning performance agreements for larger, more complex applications can also help to streamline the progress of applications through the development management process, helping to agree a realistic timetable for the realisation of key scheme 'milestones' and facilitate efficient joint working between the Applicant and the Planning Authority.
- 4.23 In addition to these services, the continued function of bodies such as Development Control Members Forum and Design Review Panel can help to accelerate the determination of complex major scale development through the application process, allowing applicants the opportunity to engage with elected members and appointed design consultants prior to the progression of applications to development committee.
- 4.24 Continued engagement with key stakeholders will be fundamental to ensure barriers to delivery are addressed at the earliest stages of the planning process, helping to streamline the long term realisation of Local Plan site allocations.

Monitoring Action Points

- 4.25 Monitoring of the measures employed by the Council to stimulate housing delivery will continue to be assessed through the Local Authority Monitoring Report Housing Bulletin. This document will look at the issue of delivery figures in the wider plan context, analysing reasons for delivery figures across the financial years that are monitored.
- 4.26 Should the Local Authority be identified as requiring an Action Plan as a result of future HDT measurements, reviews of the Council's Action Plan document will be undertaken to ascertain whether additional steps can be taken to help facilitate delivery in future years.