



Mayor and Cabinet

Report title: Housing Delivery Test Action Plan

Date: N/A

Key decision: No

Class: Part 1

Ward(s) affected: All Wards

Contributors: Nick Fenwick, Interim Director of Planning & David Syme, Head of Strategic

Outline and recommendations

The government introduced the Housing Delivery Test (HDT) in 2018 through the National Planning Policy Framework (NPPF). It measures the amount of housing completed against the number of homes that are required for an area, over the preceding three years. The annual target for Lewisham of 1,667 is taken from the London Plan 2021.

Whilst Lewisham has a good track record of housing delivery over many years, like many other Councils, we have seen a significant reduction in housing delivery since the Covid 19 pandemic due to stalled sites, rising construction costs, changes in fire safety regulation etc which are outlined in more detail within this report. This has been affecting our HDT results.

As a consequence of the recent reduction in housing delivery the Council has fallen below the 75% threshold meaning the Council must prepare an action plan, identify a 20% buffer on its 5- year land supply and that the presumption in favour of sustainable development applies. In London, now 51% of all boroughs are subject to the Housing Delivery Penalty measures, and nationally 19% of all authorities are in the same position.

It is recommended that Mayor and Cabinet:

- Note that the council has failed the Housing Delivery Test and has fallen below the 75% threshold meaning the Council must prepare an action plan, identify a 20% buffer on its 5- year land supply and that the presumption in favour of sustainable development applies.
- Note the contents of the Housing Delivery Test Action Plan.

Timeline of engagement and decision-making

Dec 2023 - HDT results published for monitoring years 2019-20 to 2021-22

1. Summary

The government introduced the Housing Delivery Test (HDT) in 2018 through the National Planning Policy Framework (NPPF). It measures the amount of housing completed against the number of homes that are required for an area, over the preceding three years. The annual target for Lewisham of 1,667 is handed down from the London Plan 2021 which forms part of our Development Plan.

Whilst Lewisham has a good track record of housing delivery over many years, like many other councils, we have seen a significant reduction in housing delivery since the Covid 19 pandemic due to stalled sites, rising construction costs, changes in fire safety regulation etc which are outlined in more detail within this report. This has been affecting our housing delivery and in turn has impacted our HDT results. In London, now 51% of all boroughs are subject to the Housing Delivery Penalty measures, and nationally 19% of all authorities are in the same position. Despite of the Housing Delivery Test results, Lewisham continues to demonstrate more than a five-year housing land supply, as required by national planning policy guidance. The Council has granted consent for over 14,000 additional new homes. Based on this evidence, it is not a problem of supply but of delivery.

As a consequence of the recent reduction in housing delivery the Council has fallen below the 75% threshold meaning the Council must prepare an action plan, identify a 20% buffer on its 5- year land supply and that the presumption in favour of sustainable development applies.

Is this report easy to understand? Please give us feedback so we can improve.

Go to <https://lewisham.gov.uk/contact-us/send-us-feedback-on-our-reports>

Presumption in definition

The presumption in favor of development means that local planning authorities should positively seek opportunities to meet the development needs of their area [1](#) [2](#). This presumption applies when development proposals accord with the development plan or when the plan is absent, silent, or the relevant policies are out-of-date [3](#). However, development should not proceed if the adverse impacts significantly and demonstrably outweigh the benefits [1](#). In essence this currently applies to most places in Lewisham, with the exception of designated and protected sites, for example, Metropolitan Open Land, designated open space, special habitats and areas of flood risk.

2. Recommendations

It is recommended that Mayor and Cabinet:

- Note that the council has failed the Housing Delivery Test and has fallen below the 75% threshold meaning the Council must prepare an action plan, identify a 20% buffer on its 5- year land supply and that the presumption in favour of sustainable development applies.
- Note the contents of the Housing Delivery Test Action Plan.

3. Policy Context

The government introduced the Housing Delivery Test (HDT) in 2018 through the National Planning Policy Framework (NPPF). It measures the amount of housing completed against the number of homes that are required for an area, over the preceding three years.

National Planning Policy Framework (NPPF) December 2024

Paragraph 79 states:

To maintain the supply of housing, local planning authorities should monitor progress in building out sites which have permission. Where the Housing Delivery Test indicates that delivery has fallen below the local planning authority's housing requirement over the previous three years, the following policy consequences should apply:

- a) where delivery falls below 95% of the requirement over the previous three years, the authority should prepare an action plan to assess the causes of under-delivery and identify actions to increase delivery in future years.

Is this report easy to understand? Please give us feedback so we can improve.

Go to <https://lewisham.gov.uk/contact-us/send-us-feedback-on-our-reports>

b) where delivery falls below 85% of the requirement over the previous three years, the authority should include a buffer of 20% to their identified supply of specific deliverable sites as set out in paragraph 77 of this framework, in addition to the requirement for an action plan.

c) where delivery falls below 75% of the requirement over the previous three years, the presumption in favour of sustainable development applies, as set out in footnote 8 of this Framework, in addition to the requirements for an action plan and 20% buffer.

Paragraph 80 states:

The Housing Delivery Test consequences set out above will apply the day following the annual publication of the Housing Delivery Test results, at which point they supersede previously published results. Until new Housing Delivery Test results are published, the previously published result should be used.

London Plan 2021

Policy H1 - Increasing housing supply, sets out the ten-year targets for net housing completions that each local planning authority should plan for. Boroughs must include these targets in their Development Plan Documents.

Lewisham's ten-year target is 16,670 net new homes equating to 1,667 net new homes per year. This annual figure of 1,667 is used as a yearly target for delivery within the HDT.

Corporate Priorities

Quality Housing - A key priority for the Council within the Corporate Strategy 2022 – 2026 is to deliver more social homes for Lewisham residents, working to provide as many people as possible with safe, comfortable accommodation that they can be proud of and happy living in.

The reduction in overall housing delivery has also had a significant impact on the delivery of genuinely affordable housing within the borough.

4. Background

The government introduced the Housing Delivery Test (HDT) in 2018 through the NPPF. It measures the amount of housing completed against the number of homes that are required for an area, over the preceding three years. The Government publishes the results on an annual basis (usually January – February).

Is this report easy to understand? Please give us feedback so we can improve.

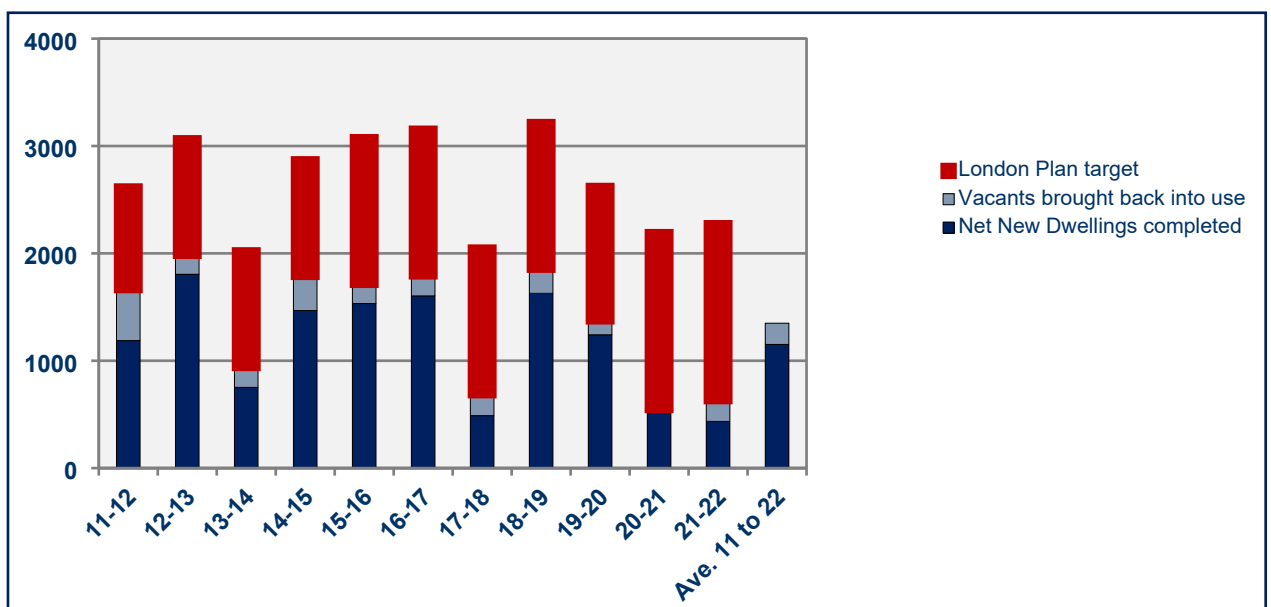
Go to <https://lewisham.gov.uk/contact-us/send-us-feedback-on-our-reports>

Where it indicates that housing delivery in an area is below a specified level, local authorities face consequences and must take action:

- Below 95% - council must prepare an action plan
- Below 85% - council must prepare an action plan and identify a 20% buffer on the 5 year land supply
- Below 75% - Council must do the above and presumption in favour of sustainable development applies.

The presumption of sustainable development means that proposed developments should be granted planning permission unless their adverse impacts 'significant and demonstrably' outweigh their benefits. It effectively means that it will be much more difficult for the Council to defend applications at appeal stage and the weight of delivering housing may over-ride Local Policies.

Lewisham has had a good record of housing delivery over many years, with over 12,669 net homes completed between 2011/12 and 2021/22. However, we have seen a significant reduction in housing delivery since the Covid 19 pandemic due to construction on major sites stopping or being significantly delayed. This has been affecting our HDT results. Chart 1 outlines completions from 2011/12 to 2021/22.



The HDT is calculated using completion data submitted by Local authorities in the autumn from the preceding year running annually from April to March. The Government usually publishes the HDT results annually in January/February of the following calendar year. For the year 21/22 the HDT result, due to be published in January /February 2023 was delayed taking account of ongoing

Is this report easy to understand? Please give us feedback so we can improve.

Go to <https://lewisham.gov.uk/contact-us/send-us-feedback-on-our-reports>

consultation on changes to the planning system which could have affected the HDT. The substantial changes relating to HDT were not taken forward in subsequent revisions of the NPPF and as such the HDT results were finally published by the Government in December 2023. As outlined in the NPPF the consequences of the HDT results take immediate effect on the date of publication.

Table 2 outlines the HDT results over the last 5 years. They show that with a result of 51% Lewisham is subject to all three imposed penalties and importantly that the presumption in favour of sustainable development now applies.

Housing target			Total target	Housing delivered			Total delivery	HDT measurement	Action
2019-20	2020-21	2021-22		2019-20	2020-21	2021-22			
1526*	1110*	1667	4303	1283	523	386	2192	51%	Presumption

Table 1: Lewisham's HDT result

* London Plan target 1,667 with discount applied for COVID.

Date Published	Measured housing delivery over 3-year period	HDT Result	Action
February 2019	2015-16 to 2017-18	95%	None
February 2020	2016-17 to 2018-19	101%	None
January 2021	2017-18 to 2019-20	88%	Action Plan
January 2022	2018-19 to 2020-21	87%	Action Plan
December 2023	2019-20 to 2021-22	51%	Action Plan, 20% buffer and presumption in favour of sustainable development

Is this report easy to understand? Please give us feedback so we can improve.

Go to <https://lewisham.gov.uk/contact-us/send-us-feedback-on-our-reports>

Table 2: Lewisham HDT results since 2019 publication

Lewisham is not alone. 32% of local authorities across England failed their HDT to some degree. The South East saw the greatest proportion (48%) of local authorities fail the HDT to some degree, with 32% facing presumption in favour of sustainable development.

In London 51% of local authorities failed the HDT to some degree, with approximately 36% in the presumption of sustainable development:

- **16 achieved more than 95%** and no consequences apply.
- **3 failed to achieve 95%** and require Action Plans – Bexley, Ealing and Richmond upon Thames.
- **2 failed to achieve 85%** and require an Action Plan and a 20% buffer - Hackney and Newham.
- **12 failed to achieve 75%** and require an Action Plan, a 20% buffer and are under the presumption – Barking and Dagenham, Bromley, Camden, Enfield, Greenwich, Havering, Kensington and Chelsea, Lewisham, Merton, Old Oak and Park Royal Development Corporation, Redbridge and Southwark.

Delivery of housing is expected to improve with several large sites under construction or nearing completion (such as Lewisham Gateway, Silver Road, Heathside and Lethbridge). There is also a good pipeline of development sites identified through the housing trajectory in the submitted new Local Plan. However, due to the way the HDT is calculated using preceding years of delivery, Lewisham is likely to be subject to all three penalties until at least the 2026 HDT result.

5. Reasons for under-delivery

Lewisham has had a good track record of housing delivery over many years and whilst there have been fluctuations from one year to the next, the average number of net new dwellings completed per year between 2011/12 and 2019/20 exceeded Lewisham's annual target. Since 2020/21 however we have seen a significant drop in the number of net new homes completed each year.

There is no single factor accounting for the significant drop, instead a number of issues have contributed to this trend. The next section considered the factors impacting our HDT results and those factors contributing to a drop in new homes being delivered.

Increased Housing Targets

Is this report easy to understand? Please give us feedback so we can improve.

Go to <https://lewisham.gov.uk/contact-us/send-us-feedback-on-our-reports>

Lewisham's annual housing target was increased from 1,385 new net homes to 1,667 through the publication of the London Plan 2021. This represents an increase of over 20%. This increase makes achieving delivery each year more challenging.

Covid 19

The two national lockdowns experienced in Spring / early Summer 2020 and Winter 2021 had a significant impact on housing delivery across England with construction activity on development sites paused or slowed and new phases of construction delayed. The HDT targets were revised downwards to some degree to take into consideration a slowdown in activity for monitoring years 2019/20 and 2020/21. However, London was particularly affected during this period with the reduction in housing delivery much more pronounced than the average across England. The impact of Covid on Lewisham's construction activity mirrored that of London with development activity taking significantly longer to recover than the national average.

Impacts on the construction industry

Leading up to and following both Brexit and the Covid 19 pandemic, skills shortages, the flow of goods and materials between the UK and the EU and extra administrative burdens added significant costs to the UK construction industry. Construction costs have reached an all time high and are predicted to rise further. A Knight Frank Report in 2023 stated that construction costs in England had risen by 24% since 2020 and were predicted to rise a further 15% in the following 3 years. This has been felt even more acutely in London where construction costs are higher than the national average. The rising costs of construction has had a fundamental impact on the viability of development within Lewisham.

Large, complex, multi-phased sites.

Lewisham has tended to be reliant on large, complex multi-phased sites to deliver the bulk of its new housing. Strategic sites such as Cannon Wharf, Marine Warf, Lewisham Renaissance and others have been key to Lewisham meeting its housing targets in the past. The borough is still reliant on strategic sites of this nature for much of its supply. Sites such as Deptford Landings, Deptford Foundry, Lewisham Gateway and others are delivering many new homes in the borough and sites such as Surrey Canal Triangle, Convoys Wharf, Lee Gate Shopping Centre, Lewisham Shopping Centre etc are key strategic sites capable of delivering substantial number of new homes.

Is this report easy to understand? Please give us feedback so we can improve.

Go to <https://lewisham.gov.uk/contact-us/send-us-feedback-on-our-reports>

These sites are inherently complex in their nature and can take considerable time before homes start to be constructed on site. They are also “lumpy” in their delivery meaning that significant number of homes may not be being delivered consistently each year. They also tend to be more constrained when re-acting to adverse market conditions or external events such as inflationary pressures, increasing build costs, Covid 19 etc.

The Council has sought to diversify the nature of development coming forward in the borough by promoting the development of small sites, adopting its small sites SPD, supporting registered social housing providers, and developing an ambitious Council building programme. Whilst we are confident that these initiatives will help to some degree in the future it is likely to take time to make significant impacts.

Reliance on the private sector

Much of the developable land in Lewisham is not owned by the Council. Like all Local Authorities the Council is reliant on the private sector to deliver the majority of new homes within the borough to achieve its housing targets.

At present Lewisham has over 7,500 homes with detailed planning permissions or resolution to grant permission that are yet to be built. A further 6,500 homes have outline planning consent. There is also a good pipeline of development sites identified through the housing trajectory in the submitted draft Local Plan.

The Council takes a proactive approach to working with private developers and maintains an ongoing dialogue to encourage the timely delivery of approved applications. The planning service provides pro-active support through the discharging of conditions, monitoring of S106 agreements, financial viability reviews etc to ensure delivery in a timely manner.

However, whilst many sites within the borough do start to deliver homes in a timely manner after an application has been granted others do not. This is where Lewisham and other council’s across England need private developers to step up and deliver and/or new powers need to be introduced by the Government to penalise private developers who fail to deliver in a timely manner to an agreed development programme.

Complex S106 negotiations

Despite the best efforts of the planning service negotiating S106 agreements on large, complex and multi-phased schemes can be time consuming. This is

Is this report easy to understand? Please give us feedback so we can improve.

Go to <https://lewisham.gov.uk/contact-us/send-us-feedback-on-our-reports>

particularly challenging in the current financial climate when all parties, including third parties such as TFL, HUDU etc are all trying to secure the best financial package possible to deliver supporting infrastructure and services.

The Council has seen a growing trend of the length of time between a resolution to grant permission made by committee and the signing of a S106 agreement increasing significantly whilst negotiations take place. Some major schemes in Lewisham have been in complex negotiations for several years.

In order to avoid this situation, expedite planning approvals and speed up delivery the Council has amended resolution to grant decision notices to add a timed deadline for the negotiation and completion of the S106. If a S106 has not been signed within the specified timeframe the scheme may have to go back to committee or could be refused.

Changes to the fire regulations

In response to the Grenfell Tower fire in 2017 the Government announced new fire regulations to be implemented which included requiring a second staircase in all new tall buildings over 18 meters tall. Whilst the principals are strongly supported the lack of forthcoming guidance and clarity during the following years caused much uncertainty within the development industry. A fairly short transitional arrangement and complications around financing and insurance mean that some existing permissions cannot realistically be implemented. As such many schemes require(d) new planning applications incorporating the changes to the regulations. Incorporating the changes can have a significant impact on the massing and bulk of buildings as well affecting the viability of the schemes.

Lewisham has seen a large number of schemes delayed as a consequence. Many schemes at advanced pre-application stage had to be fundamentally reviewed. Approved schemes had to seek further pre-application advice to amend designs and in some cases re-negotiate viability.

We have also seen developers use this period to re-apply for alternative residential types such as Purpose Built Student Accommodation (PBSA) and Co-living products which are more viable at this time. This again has required further pre-application advice and delayed start on sites.

6. Housing delivery Test Action Plan

The Action Plan has been prepared in line with national guidance. Planning Practice Guidance: Housing Supply and Delivery (July 2019) suggests that

Is this report easy to understand? Please give us feedback so we can improve.

Go to <https://lewisham.gov.uk/contact-us/send-us-feedback-on-our-reports>

action plans should include an analysis of under-delivery and a range of actions that can help to boost delivery in the future.

PAS Guidance: HDT Preparing Effective Action Plans (June 2020) states that action plans should focus on effective measures to improve housing delivery within an area, be concise, easy to read and maintained as a live document. Furthermore, they should be used as a promotional tool, to raise awareness of the local authorities' actions to deliver housing in the borough and positively reinforce the strategy for growth set out in the Local Plan. The guidance promotes the use of existing sources of data and engaging with stakeholders in an appropriate manner, to identify the underlying causes of under-delivery. Action plans should identify tangible, implementable actions to boost delivery and establish how the key actions will be implemented (who is responsible for what and by when) and how it will be monitored over time.

Lewisham Council has prepared a HDT Action Plan in the past and this latest plan follows a similar format.

The HDT Action plan comprises of 8 Key Action points:

- **Key Action 1:** To assess the deliverability of sites against anticipated timescales through a range of monitoring practices
- **Key Action 2:** To enable swift determination of planning applications through an efficient, pro-active service and effective engagement with applicants.
- **Key Action 3:** To seek to maximise the amount of housing in applicable developments and in particular strive for higher amounts of genuinely affordable housing.
- **Key Action 4:** To maintain momentum in delivering housing especially on large, phased sites and affordable housing schemes on public land.
- **Key Action 5:** To investigate opportunities to bring forward new housing development on other public land and on small sites
- **Key Action 6:** To ensure the site allocations in the Draft Local Plan maximise opportunities for housing delivery.
- **Key Action 7:** To ensure the efficient operation of S106 and CIL so that infrastructure can be delivered in a timely manner alongside housing growth.
- **Key Action 8:** To enhance partnership working to ensure the coordinated provision of housing.

7. Financial implications

The administrative side of the action plan will be managed within existing

Is this report easy to understand? Please give us feedback so we can improve.

Go to <https://lewisham.gov.uk/contact-us/send-us-feedback-on-our-reports>

resources. There are no further direct financial implications arising from this report.

8. Legal implications

The Equality Act 2010 (the Act) introduced a new public sector equality duty (the equality duty or the duty). It covers the following nine protected characteristics: age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation.

In summary, section 149 of the Equality Act 2010 states among other things that the Council must, in the exercise of its function, have due regard to the need to:

(a) eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Act;

(b) advance equality of opportunity between people who share a protected characteristic and those who do not;

(c) foster good relations between people who share a protected characteristic and persons who do not share it.

The protected characteristics may not be directly relevant but may be indirectly relevant as part of personal circumstances.

The duty continues to be a have “due regard” duty, and the weight to be attached to it is a matter for the decision maker, bearing in mind the issues of relevance and proportionality. The duty does not require the decision maker to achieve any particular outcome as long as the decision maker has considered the relevant aspects of the PSED.

The Equality and Human Rights Commission has recently issued Technical Guidance on the Public Sector Equality Duty and statutory guidance entitled “Equality Act 2010 Services, Public Functions & Associations Statutory Code of Practice”. The Council must have regard to the statutory code in so far as it relates to the duty and attention is drawn to Chapter 11 which deals particularly with the equality duty. The Technical Guidance also covers what public authorities should do to meet the duty. This includes steps that are legally required, as well as recommended actions. The guidance does not have statutory force but nonetheless regard should be had to it, as failure to do so without compelling reason would be of evidential value. The statutory code and the technical guidance can be found at:

Is this report easy to understand? Please give us feedback so we can improve.

Go to <https://lewisham.gov.uk/contact-us/send-us-feedback-on-our-reports>

<https://www.equalityhumanrights.com/en/publication-download/technicalguidancepublic-sector-equality-duty-england>

The Equality and Human Rights Commission (EHRC) has previously issued five guides for public authorities in England giving advice on the equality duty:

1. The essential guide to the public sector equality duty
2. Meeting the equality duty in policy and decision-making
3. Engagement and the equality duty
4. Equality objectives and the equality duty
5. Equality information and the equality duty

The essential guide provides an overview of the equality duty requirements including the general equality duty, the specific duties and who they apply to. It covers what public authorities should do to meet the duty including steps that are legally required, as well as recommended actions. The other four documents provide more detailed guidance on key areas and advice on good practice. Further information and resources are available at:
<https://www.equalityhumanrights.com/en/advice-andguidance/publicsector-equality-duty-guidance>

9. Equalities implications

The council's Comprehensive Equality Scheme for 2016-20 provides an overarching framework and focus for the council's work on equalities and helps ensure compliance with the Equality Act 2010.

An equalities analysis was undertaken as part of the preparation of the council's existing CIL charging schedule. In accordance with the Equality Act 2010, the analysis considers the potential impacts of the charging schedule on those groups identified within the Act as having protected characteristics.

There are no major concerns regarding equalities. The council should be mindful however to ensure that the income from CIL is allocated and spent in a fair and equal manner across various types of infrastructure and areas within the borough.

Ultimately, CIL is a mechanism intended to raise money to fund infrastructure that will contribute to sustainable development in the borough. In this sense, the neighbourhood CIL strategy proposed should have an overall positive impact on the various equalities groups.

Is this report easy to understand? Please give us feedback so we can improve.

Go to <https://lewisham.gov.uk/contact-us/send-us-feedback-on-our-reports>

10. Climate change and environmental implications

There are no direct climate change and environmental implications arising from this report.

11. Crime and disorder implications

There are no crime and disorder implications arising from this report.

12. Health and wellbeing implications

There are no Health and Wellbeing implications arising from this report.

13. Background papers

Lewisham's previous AMRs and HDT action Pan [Lewisham Council - Authority monitoring report](#)

14. Report author(s) and contact

David Syme, Head of Strategic Planning David.Syme@Lewisham.gov.uk

15. Comments for and on behalf of the Executive Director for Corporate Resources

Shola Ojo Principal Accountant, Corporate Resources.
Shola.Ojo@lewisham.gov.uk

16. Comments for and on behalf of the Director of Law, Governance and Elections

Ruby Anugwom, Senior Planning Lawyer (Locum)
Ruby.Anugwom@lewisham.gov.uk

17. Appendices

Appendix 1 – 2021 / 2022 Housing Delivery Test Action Plan

Is this report easy to understand? Please give us feedback so we can improve.

Go to <https://lewisham.gov.uk/contact-us/send-us-feedback-on-our-reports>