

London Borough of Tower Hamlets

Housing Delivery Test

Action Plan 2020

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1. Introduction

- 1.1 This Action Plan follows the publication of the Government's Housing Delivery Test (HDT) results, from February 2020¹.
- 1.2 The HDT was brought in by the Government to monitor and assess the delivery of housing within a local authority. The emphasis of the Test is on the role of the Council in enabling the delivery of housing within the borough.
- 1.3 The role of an Action Plan as set out in Planning Practice Guidance is to: "identify the reasons for under-delivery, explore ways to reduce the risk of further under-delivery and set out measures the authority intends to take to improve levels of delivery."
- 1.4 The following actions are required to be undertaken dependent on the HDT test results for that year:
 - Housing delivery meets or exceeds 95%, there are no consequences
 - Housing delivery falls below 95%, then must publish an Action Plan, to set out how under delivery is to be addressed
 - Housing delivery falls below 85%, then they must apply an additional 20% buffer onto the 5-year housing supply (and produce an action plan)
 - Housing delivery falls below 45%* (rising to 75% - Nov 2020), then the presumption in favour of development will apply. In this case, a presumption is applied to the Council's decision making, set out in paragraph 11 of the NPPF (2019). The effect of this presumption on individual applications is subject to determination by the decision maker on a case-by-case basis.

2. Tower Hamlets HDT Results

- 2.1 The MHCLG published the first HDT results in February 2019. The results stated that Tower Hamlets delivered 100% of the housing requirement over a three-year period between 2015/16 and 2017/18.
- 2.2 The HDT results were published on 13 February 2020, for the reporting period 2016/17 until 2018/19. The results indicate a drop in housing delivery, with performance being 75% of the housing requirement.

¹ <https://www.gov.uk/government/publications/housing-delivery-test-2020-measurement>

2.4 In response to the latest HDT results, the Council is required to:

- Update the 5-year housing trajectory with a 20% buffer
- Produce an Action Plan

Tower Hamlets HDT Results

	Housing Target (London Plan)	Homes Delivered	HDT (%) result
2016/17	2,914	4,823	
2017/18	3,473	2,010	
2018/19	3,931	948	
Total	10,318	7,781	75%

3. Tower Hamlets housing requirement

- 3.1 The London Plan (2016)² is the version for which the Housing Delivery Test figures, subject of this Action Plan, were assessed. The London Plan (2016) housing targets for the borough from, the GLA, during the assessed period of 2016/17 to 2018/19 is 3,931 completed homes a year.
- 3.2 This housing target for the assessed period is the highest housing target of all 34 London boroughs. The average London Plan (2016) annual housing target for London boroughs is 1,246.
- 3.3 The Tower Hamlets Strategic Housing Market Assessment (2017)³ identifies an objectively assessed need of 3,097 homes from 2016-31 in the borough. Given that the London Plan housing targets are higher than this figure, Tower Hamlets is a borough which is expected to contribute to the London's overall strategic housing need.
- 3.4 A draft new London Plan has been under preparation. An Intend to Publish version was published in 2019. The new London Plan was adopted on 2 March 2021⁴. Tower Hamlets is one of the few London boroughs to see a reduction in its housing target with the new London Plan. The annual target is 3,473 homes, reduced from 3,931 homes. This will apply to future years of the Housing Delivery Test.

² <https://www.london.gov.uk/what-we-do/planning/london-plan/past-versions-and-alterations-london-plan/london-plan-2016>

³ https://www.towerhamlets.gov.uk/Documents/Planning-and-building-control/Strategic-Planning/Local-Plan/Strategic_Housing_Market_Assessment_2017.pdf

⁴ <https://www.london.gov.uk/what-we-do/planning/london-plan>

Tower Hamlets continues to have the highest housing target in London. However, it is noted that the reduced target remains significantly above the SHMA objectively assessed need of 3,097 homes. Therefore, the borough continues to contribute to London’s overall strategic need, for other boroughs.

4. Tower Hamlets trajectory

- 4.1 It is now a requirement of the Housing Delivery Test that the 5-year trajectory be reviewed and a further 20% buffer applied where delivery is reported to fall below 75%. The result of this, is the new London Plan target of 3,473 homes is increased to an equivalent 4,167 homes a year, over a 5-year period, looking forward. This is a total of 20,835 homes from 2020 to 2025.
- 4.2 The Council’s trajectory summary position is as follows:

	20/21	21/22	22/23	23/24	24/25	20-25
Totals	2,761	3,277	5,409	5,621	3,143	20,211
Windfall Total	167	167	167	167	167	835
Five Year Supply + Windfall	2,928	3,444	5,576	5,788	3,310	21,046

5. Root Cause Analysis – Reasons for shortfall

- 5.1 There are a number of reasons that can be identified to assess the housing delivery test shortfall, with the delivery rate of 75% of the target over the past 3 years. These are relatively recent causes, set out below. It is to be noted that these issues are unrelated to the operation of the planning system, and planning decision-making.

Brexit and Overseas Investment

- 5.2 There is evidence that uncertainty about Brexit in the lead up to the Withdrawal Agreement, has impacted on housing delivery, particularly in inner London, given the reduction of buyers and sellers, as well as developer’s hesitance to take on new projects due to uncertainty⁵. The housing growth investment has particularly weakened over 2018 which has increased uncertainty around the housing market as some large developers have started to scale down projects.
- 5.3 The Bank of England’s Agents’ summary of business conditions (2019, Q4) addresses the range of economic, business and industry circumstances,

⁵ <https://www.avisonyoung.co.uk/documents/38901/59345308/Brexit+-+Implications+for+Real+Estate.pdf/db9e85ac-7c0e-453e-bdcf-d0953c3fda40>

following discussions with over 700 business across the UK. The report identifies that the housing market remained subdued, with activity dampened by uncertainty around the October Brexit deadline and General Election. Housing market supply outweighed demand across most of the UK, and that this gap has been increasing.⁶

- 5.4 In addition, housing investment and delivery in the borough relies on overseas investment. This is likely to have had an impact on housing delivery in a borough like Tower Hamlets which, more than most local authorities, relies on and is subject to overseas investors. This is acknowledged in the Tower Hamlets Local Plan (2031) in paragraph 9.18:

'...Tower Hamlets has the second highest percentage of overseas sales in London'

Footnote 23 to paragraph 9.18 references 'Overseas Investors in London's New Build Housing Market (University of York, 2017)

- 5.5 Looking at construction starts and completions across London there has been a noticeable slump from 2016, and an even more pronounced impact in prime development, a significant part of the housing mix in Tower Hamlets, being delivered as mixed tenure schemes which fund affordable housing delivery. From Q3 2016 to Q3 2018, housing starts for this type of development have dropped by approximately 80% and have not significantly recovered since.⁷

Typology of Development in the Borough

- 5.6 The typology of housing development in the borough and their pace of construction is relevant to the shortfall. A significant number of the housing units delivered in LBTH are delivered through large, high density buildings. This can lead to more uneven patterns in the annual delivery figures since it can take longer time to complete all the homes. Those homes are typically only reported and counted when the whole development, or substantial phases are completed. This is rather than on a home-by-home completion basis as is the case in lower density areas.

⁶ <https://www.bankofengland.co.uk/agents-summary/2019/2019-q4>

⁷ https://www.savills.co.uk/research_articles/229130/307988-0

- 5.8 Notwithstanding this it is relevant to note that while the HDT results for the 3 years up to 2018/19 is 10,318 homes delivered, during that same period the Council approved applications for 16,516 homes (including amendment applications). This is an indication of the amount of approvals the Council delivers.

Context as Inner London Borough

- 5.9 Finally, Tower Hamlets is a small borough in geographical terms which incorporates a variety of competing land uses and serves a range of functions, meeting London-wide, national, and international needs besides housing. The borough has an important role in supporting the London-wide, national, and international demand for employment space given that it encompasses Canary Wharf and the City Fringe area which provides significant space for business employment. A borough like Tower Hamlets with good transport networks also includes a variety of visitor attractions which are supported with visitor accommodation. This is reflected in the high levels of construction of hotels and serviced apartments in the borough. All these land uses, and development needs compete with housing in relation to land availability and affect the overall capacity for housing delivery which reduces as sites are built out. These limitations on capacity for housing delivery in the borough are reflected in the lower housing targets of the new London Plan (2021), based on the SHLAA.

6. Looking forward

COVID -19 - expected future impact

- 6.1 The COVID-19 pandemic has been a dramatic event affecting the world economy. This event has occurred in addition to other economic and political factors that affect the performance of the economy and the ability of housebuilders to have confidence to invest in the delivery of housing developments.
- 6.2 The next reporting will cover a period up to and including March 2020. In this respect there is unlikely to be a significant impact on the housing number outcomes. However, the results to be published will be affected by the nationwide lockdown and economic impact of the pandemic.
- 6.3 The Council has been on an emergency footing throughout the pandemic to support residents and businesses. The Council is also assessing the measures necessary to support strategic objectives including housebuilding. This includes its role as the local planning authority, as a key housebuilder, and as a source of financial support. However, the impact of COVID - 19 will have a huge effect on housing starts and completions.
- 6.4 This is a dramatic example of the relationship between housebuilding and the national economy, and the need for steps at a national level, both in terms of financial support and effective policy response, to enable housing delivery to be successful.

7. Key Actions and Responses

Tower Hamlets Strategic Plan 2020 - 23

- 7.1 The Council's Strategic Plan⁸ is the central corporate document setting out the Council's Performance Management and Accountability Framework and is the main strategic business planning document of the Council. It is reviewed annually and was most recently updated in July 2020, incorporating the findings from the accompanying 'Impact of Covid-19 in Tower Hamlets' report.
- 7.2 The Strategic Plan has 3 overall priorities - 1) Equal Access to Opportunities; 2) A borough residents love and are proud to live in; 3) A dynamic, outcomes-based Council.
- 7.3 The delivery of good quality affordable housing is an important plank of the Council's objective to see a borough that residents love and are proud to

⁸ https://www.towerhamlets.gov.uk/lgnl/community_and_living/community_plan/strategic_plan.aspx

live in. The challenges of this for Tower Hamlets are significant, reflecting the unique circumstances of the borough:

- 7.4 “While Tower Hamlets delivers amongst the largest numbers of housing and affordable housing for local authorities each year, we continue to have stretching housing delivery targets from the GLA and have three designated Opportunity Areas designated to accommodate projected population growth of about 25% by 2031”.
- 7.5 “This level of growth within our borough’s 2,157 hectare footprint present significant challenges to ensure the correct social, economic and physical infrastructure is in place to accommodate this growth, that residents have a vital say and role in regeneration and that opportunities that arise from growth are accessible for our residents” (p24).
- 7.6 The significance of this objective, and the need to rise to this challenge, is reflected in this core strategic document with the following strategy. This is the structure that informs this Action Plan, and reflects the Council’s priority of taking key steps, alongside the fundamental role of private housebuilders and the health of the local and national economy.
- 7.7 Actions the Council will take:
- **Work with housing associations** to improve supply of affordable housing
 - Identify sites for **new Council homes** and commence delivery
 - **Implement the Local Plan** and produce robust development strategies and policy guidance which underpin the council’s recovery ambitions
 - Deliver **a borough programme for regeneration** which enhances the council’s approach to recovery
 - Deliver the council’s programme of estate renewal and initiatives to **improve housing conditions**
 - Negotiate and **deliver strategic infrastructure**

Local Plan (2031)

- 7.8 The “Local Plan 2031- Managing growth and sharing the benefits” was adopted by the Council in January 2020⁹. The Plan sets out a vision, a strategy and detailed development management policies for delivering the growth needed in Tower Hamlets but balanced with the needs of successful place making and social cohesion.

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https://www.towerhamlets.gov.uk/lgnl/planning_and_building_control/planning_policy_guidance/Local_plan/local_plan.aspx

- 7.9 Supporting this managed approach there is a clear strategy for the focus of housing growth, reflecting areas of significant population growth, and areas that can support a range of building types and densities. These 3 areas are: City Fringe; Lower Lea Valley; and Isle of Dogs and South Poplar.
- 7.10 Detailed development policies and dedicated supplementary documents (such QMUL SPD and Central Area SPD) ensure areas outside these core growth areas also optimise the contribution they make to the Council's housing objectives.
- 7.11 A key part of the Local Plan 2031 is the Site Allocations. Each allocation introduces clarity around Key land use and infrastructure requirements for the site, and a broader more detailed analysis of the Design Principles. This provides a structured approach to delivery of strategic sites, offering more certainty for residents and applicants, and providing a basis for the optimisation of housing delivery.
- 7.12 There are 21 allocations across the borough, and up to 2031 with a minimum of 10,000 homes to be delivered across the City Fringe; 31,000 homes across the Isle of Dogs and South Poplar; and 5,700 homes across the Lower Lea Valley.

Figure 18: Sub-areas and site allocations



Tower Hamlets Plan 2031 Managing Growth and Sharing Benefits

KEY

-  London Borough of Tower Hamlets boundary
-  Site allocation
-  City Fringe Sub Area - Opportunity Area
-  Central Sub Area
-  Lower Lea Valley Sub Area - Opportunity Area
-  Isle of Dogs & South Poplar Sub Area - Opportunity Area
-  Open space
-  Water space

Emerging policy guidance

- 7.13 In building on the adopted Local Plan and providing greater clarity for development, several supplementary policy documents are being produced to ensure effective implementation and delivery.
- 7.14 A key characteristic of the borough, and one its assets, is the range and diversity of the patterns of development. This reflects the historic development of the borough and the range of land uses and communities across Tower Hamlets.
- 7.15 A challenge in this context is offering a reasonable level of clarity and strategic approach, to support the significant delivery of housing, employment, and infrastructure.
- 7.16 Current documents under preparation to support these objectives¹⁰:

East of Borough (Leaside) Area Action Plan will provide a structured detailed planning framework for this key area of regeneration in the borough, which form part of the Lower Lea Valley. The document will support the regeneration of key former industrial sites, and work to provide a clear sense of legibility and physical and social connection between communities, in an area which includes significant highway infrastructure and challenges around public realm.
Adoption: 2022

South Poplar Masterplan SPD will provide a comprehensive strategy for this important area of transition between the high-density development of Canary Wharf and the lower lying residential communities of Poplar. This is a strategically significant location, including the large DLR depot to the north, and the Billingsgate Market to the south. Key objectives are providing a response to the opportunity for optimising housing delivery on these sites and addressing the significant impact of the separation from the A12 highway and the impact this has on placemaking and social cohesion. There are key stakeholders including the local resident community of Poplar, and several main landowners.
Adoption: Summer 2021

Central Area SPD will set out a toolkit alongside area character appraisals for the optimisation of small and medium sites in the borough, outside the main opportunity zones. This SPD recognises the challenges around small and medium development schemes, which are in well-established lower density neighbourhoods in the borough, found particularly across the Centre of Tower Hamlets. This SPD also recognises the opportunity for

¹⁰

https://www.towerhamlets.gov.uk/lgnl/planning_and_building_control/planning_policy_guidance/supplementary_guidance/supplementary_guidance.aspx

successful developments of a smaller scale to make a key contribution to housing targets.

Adoption: Summer 2021

Queen Mary University SPD will support the expansion and improvement of this important educational campus in the borough.

Adoption: Summer 2021

Tall Buildings SPD will provide an analysis and framework of the pattern of development in the borough, which will serve as the basis of how and where tall buildings may come forward in Tower Hamlets. This will consider a range of potential impacts and opportunities. Tower Hamlets currently has some highest density development in Europe. While this offers key opportunities in respect of contributing to housing demand, key challenges are supporting successful placemaking and vibrant neighbourhoods.

Adoption: 2022

Reuse, Recycling and Waste SPD will serve as guidance to meet the Council's objectives in respect of Clean and Green streets, ambitious recycling targets and improved public realm. The SPD will build on the Local Plan policy of seeing wide use of modern waste technologies and will also focus on the experience of residents in respect of waste management and the important connection this has to successful outcomes.

Adoption: Summer 2021

High Density Living SPD provides a broad toolkit for creating successful communities within high density living. This includes a range of considerations: urban design, play, amenity, adaptability, and living environment. These matters are addressed across a number of building typologies. An award-winning guidance document informed by a detailed interview and ethnographic study of how a number of existing example high density developments in Tower Hamlets are used by residents.

Adopted: December 2020

New Homes Programme - Council as a housebuilder

- 7.17 The Council's role as a housebuilder is significant and is delivered through a New Homes Programme seeing new affordable homes for residents across the borough.
- 7.18 The Council's housebuilding programme¹¹ is committed to 2,000 new Council homes in delivery by as soon as 2022. This includes strategic sites and infill schemes that make efficient use of the Council's land, while balancing the need for successful placemaking and open space.

¹¹ <https://talk.towerhamlets.gov.uk/newcouncilhomes>

- 7.19 A snapshot of future projects, and a reflection of the work underway with the programme: 349 new homes are currently in the pipeline, through 6no. Council-own developments under construction, 9no. developments that have received planning permission and 8no developments in the design and development stage. This work continues, including through the challenges of the pandemic.

Delivery of Affordable Homes

- 7.20 Tower Hamlets is consistently one of the largest deliverers of affordable housing in London. In 2019/20 Tower Hamlets delivered 1,562 affordable homes in the year. This level of delivery for the year was the highest in London, by a large amount (Greenwich and Ealing following with 962, and 596 affordable homes respectively). This reflects the strategy of the borough, prioritising the urgent need for housing for residents.
- 7.21 This is supported by the Council's Local Plan, working with a full range and diversity of delivery partners, including Housebuilders, Housing associations and the Greater London Authority (GLA). This is supported by the Council's own direct investment in the New Homes Programme.

Engagement with Applicants - Landowners, Developers, and Architects

- 7.22 The Council offers developers and landowners in the borough a pre-application service to work collaboratively on future schemes from early stages to identify and resolve issues and deliver high quality developments.
- 7.23 The pre-application service provides a level of engagement suited to the scale of development, including up to major and strategic level schemes. The borough received over 240 submissions for pre-application engagement over the year 2019/20. This includes 22no. submissions for the largest strategic developments of over 150 dwellings each, and a total of 74 submissions for major developments over the year.
- 7.24 For major and more complex proposals, the Council also seeks to agree a programme of engagement structured within a Planning Performance Agreement (PPA) to agree a bespoke service and provide a project management framework.
- 7.25 A regular Developers Forum is organised by the Council on a 6 months basis to be attended by key developers (and or their agents) in the borough to discuss issues with Planning and Development in the borough. During the Covid-19 pandemic, the frequency of Developers Forums has increased to respond to the emerging issues and where appropriate, take action to address these as and when necessary.

- 7.26 In addition to the forum, the Council holds regular meetings with active developers in the borough to discuss issues arising from specific sites and schemes.

Innovation and Investment in IT systems

- 7.27 The Council has been focused on an effort to keep pace with technology and efficiency opportunities in the planning industry. The Council had moved to a predominantly paperless operation before 2020. This is something that has been key during the global pandemic and lockdown.
- 7.28 The Council also continues to explore software that supports the placemaking and design professionals, to improve the quality and efficiency of assessment of development proposals. This includes software such as VuCity. Also, investment in the Council's online public consultation portals, to support engagement from stakeholders.

8. Monitoring Arrangements

- 8.1 The Council already carries out extensive monitoring and the Action Plan process will be incorporated alongside it. Specifically, a Working Group will be formed in January 2021 to review and incorporate information and data being collected by teams within the planning, housing, and corporate services across the Council, such as:
- Corporate Housing monitoring (to meet Strategic Plan objectives)
 - Annual Monitoring Report
 - HDT Results
 - Council monitoring/questionnaires residents