1. **EXECUTIVE SUMMARY**

1.1 This report looks at the provision of affordable housing to buy and rent in the town centre (Croydon Metropolitan Centre). It considers the evidence underpinning the provision of affordable housing and as to what the right amount of affordable housing is.

1.2 The report considers the actions that have been taken so far (as part of the preparation of the Core Strategy) to ensure that the right amount and design of affordable housing is provided in town centre developments in the future.

1.3 Finally the report looks at future actions that will be taken to take forward the Core Strategy and supporting documents. It also considers changes in government policy and the implications for future supply of affordable housing in town centre developments.

2. **THE LOCAL DEVELOPMENT FRAMEWORK**

2.1 Under the Planning and Compulsory Purchase Act (2004) the Council has to replace its Unitary Development Plan - the Croydon Plan - with what is called a Local Development Framework, which a collection of various plans and planning documents called Local Development Documents (LDD’s).
2.2 The new planning system of Local Development Frameworks (LDFs) is designed to streamline the local planning process and promote a proactive, positive approach to managing development.

2.3 Each local planning authority is preparing a Local Development Framework (LDF).

2.4 The LDF is a suite of planning policy documents consisting of Development Plan Documents (DPDs) and Supplementary Planning Documents (SPDs) each with their own function, dealing with various planning issues. These documents outline how planning will be managed in the borough and sets out how the local area may change over the next twenty years.

3.0 THE CORE STRATEGY

3.1 The first document to be produced is the Core Strategy which is the main plan within the LDF.

3.2 Every local planning authority is required to produce a core strategy which includes an overall vision, strategic objectives for the borough, a delivery strategy and clear arrangements for managing and monitoring the delivery of the strategy.

3.3 The first stage in the preparation of Croydon’s core strategy was undertaken through the preparation of the Core Strategy Issues & Options – Initial Report ‘Imagine Croydon’ in July 2009. This document was consulted upon between July and September 2009.

3.4 Development of the document has been a continuous process informed through a rigorous programme of consultation and research and the assembly and analysis of evidence.

3.5 A subsequent document ‘Towards a Preferred Core Strategy’ was published in February 2010, incorporating consultation feedback and moving on to provide more detail on the preferred options. However some evidence studies were missing and not all the information could be provided in time for the document and the public consultation.

3.6 To allow for the gathering of additional evidence it was necessary to prepare a series of additional supplementary papers to provide the detail not available when ‘Towards a Preferred Core Strategy’ was published.

3.7 ‘Towards a Preferred Core Strategy’ – supplement was published for a further consultation exercise during September and October 2010.

4.0 THE FUTURE TIMETABLE FOR THE CORE STRATEGY PRODUCTION

4.1 Work is now underway on the pre-submission draft of the Core Strategy. At each stage the emerging document becomes more fixed as the options proposed and policy formulation is subjected to and tested against the robust processes of consultation and evidence based research. It will take into
account the responses to the consultation on *Towards a preferred Core Strategy for Croydon – Supplement*.

4.2 The Core Strategy pre-submission draft will be submitted to the Secretary of State (Planning inspectorate) and subjected to a robust examination in public.

4.3 When the document has been examined the Inspector will publish his report containing one of the following recommendations:
   - adoption of the Core Strategy by the Local Planning Authority (LPA)
   - changes to make it sound
   - or that LPA must withdraw it as unsound (note Inspectorate can ensure that DPDs do not complete the examination process to be found unsound by using exploratory meetings, and/ or suspension - to delay proceedings where major change is necessary - up to 6 months max period).

4.4 The overall delivery programme for Core Strategy is set out below:
   - Cabinet sign off – Autumn 2011
   - Full Council sign off – Autumn 2011
   - Submission to Planning Inspector for examination – December/ January 2011/ 12
   - Examination in Public – First quarter 2012
   - Inspectors Report – Second quarter 2012
   - Formal Adoption – Third 2012
5.0 DELIVERY OF THE CORE STRATEGY OBJECTIVES

5.1 One of the fundamental tenets of the production of a Core Strategy is the need to demonstrate delivery. More fundamentally it is required to identify the infrastructure that is necessary to deliver the Core Strategy and the mechanisms to finance, prioritise and identify the agencies responsible for the delivery of the infrastructure.

5.2 The development of an Infrastructure Delivery Plan (IDP) and accompanying delivery schedule has been an integral part of the Core Strategy development process which has closely followed the development, consultation and approvals processes established for Core Strategy.

5.3 The information contained within our IDP is being used to prepare the Community Infrastructure Levy (CIL) charging schedule and provides a detailed view of the infrastructure needs to be met as required from the Core Strategy. It is necessary to identify the infrastructure gap between what will be provided through currently planned provision and to map the remaining shortfall. Evidence also will need to be gathered regarding the impact of the levy on economic viability using Strategic Housing Land Availability Assessment and through thorough testing of models financial viability and to consider the setting of differential rates by area based on the varying needs of the area.

6.0 THE ANNUAL MONITORING REPORT

6.1 It is a requirement of the Planning and Compulsory Purchase Act 2004 to produce an Annual Monitoring Report each year covering the previous financial year.

6.2 The AMR has to be submitted to the Secretary of State for Communities and Local Government by the 31st December following the end of the financial year being monitored.

6.3 An AMR is required by The Town and Country Planning (Local Development) (England) Regulations 2004 to monitor progress during implementation of the project timetable for preparing the LDF and the reasons for any failure to implement it.

6.4 It is also required by the same regulations to monitor the policies of the current development plan (in the case of Croydon the saved policies of the Replacement Unitary Development Plan) and if they are not being implemented it must give the reasons why they are not being implemented and if it is intended to replace them with a new policy in the LDF.

6.5 The AMR must also include a housing trajectory detailing performance against London Plan targets for new homes in the borough and the predicted future supply of new homes in the borough.
7.0 HOUSING RELATED KEY FINDINGS OF THE 2009/10 ANNUAL MONITORING REPORT

7.1 667 of the conventional new build homes were affordable representing 49% of all new conventional homes (the target is 50%). The number of newly built affordable homes increased by 60% in 2009/10 compared to 2008/9. Currently the Council has a programme of new build properties for rent to increase the supply of social rented homes. The Council is also working with the Homes and Communities Agency on a programme for devolved delivery to ensure that the affordable homes that are built in the borough best meet the borough’s needs. The Core Strategy will also provide a policy framework through which increasing the supply of affordable housing could be facilitated.

7.2 Compared to 2008/9 a greater proportion of homes have been built in Croydon Metropolitan Centre (21% in 2009/10 compared to just 6% in 2008/9). A majority (74%) of the new homes in the borough in 2009/10 were in Croydon Metropolitan Centre and the places surrounding it (Addiscombe, Broad Green, South Croydon and Waddon).

7.3 667 of the conventional new build homes were affordable representing 49% of all new conventional homes (the target is 50%). The number of newly built affordable homes increased by 60% in 2009/10 compared to 2008/9. Currently the Council has a programme of new build properties for rent to increase the supply of social rented homes. The Council is also working with the Homes and Communities Agency on a programme for devolved delivery to ensure that the affordable homes that are built in the borough best meet the borough’s needs. The Core Strategy will also provide a policy framework through which increasing the supply of affordable housing could be facilitated.

7.4 The overall net number of new homes completed in 2009/10 exceeded the target by over 400 homes although around 200 fewer homes were completed compared to the previous year.

7.5 The borough also still has a five-year housing supply as required by government guidance. There is a surplus of 509 homes over and above the target for the five year period. This supply is based upon the current London Plan housing target for Croydon. When the new draft replacement London Plan is adopted it will contain a higher target for Croydon. Against this new target the borough is currently projected to have a shortfall of 2,560 homes by March 2016. The work on the Core Strategy is addressing this issue.

7.6 The new Core Strategy and subsequent Site Allocations Development Plan Document (DPD) will therefore need to allocate land in the borough to maintain the five-year housing supply beyond 2016. A Strategic Housing Land Availability Assessment has identified sites that could contribute to meeting the borough’s future housing needs and these will be taken forward through the Site Allocations DPD. The projected number of new homes identified by the Strategic Housing Land Availability Assessment is shown in Figure 3. The Opportunity Area Planning Framework for Croydon Metropolitan Centre will also have a role in ensuring future housing need is addressed.
7.7 The size of new homes provided in Croydon in 2009/10 continued to be dominated by smaller one and two-bedroom units which together represented 86% of the total new homes in the borough (down from 89% in 2008/9). This further increases the need to provide more larger homes identified in the draft Local Housing Market Assessment produced in June 2009 which identified a need for the majority of new homes to be larger units as of 2007 and since then supply has continued to favour smaller units. Through the new Core Strategy, Site Allocations DPD and Development Management DPD policies and site allocations will make provision for further larger homes to be provided in the borough.

8.0 PROVISION OF AFFORDABLE HOUSING TO BUY AND RENT IN THE TOWN CENTRE

Evidence on provision of affordable housing:

8.1 In order to determine what the right amount of affordable housing to rent and buy in the borough is a Local Housing Market Assessment was commissioned and the findings published in March 2010. The Local Housing Market Assessment looks at the borough wide need for affordable housing and market homes. It does not look at the need within the specific areas of the borough as the need for homes is considered as something that can only be dealt with at a borough level.

8.2 An Affordable Housing Viability Assessment published in February 2010 considered the viability of affordable housing within developments across the borough including a number of development sites in Croydon Metropolitan Centre.

8.3 Within Croydon Metropolitan Centre itself the ability to contribute to the borough’s need for homes has been considered by a Housing Typologies Study which was prepared in August 2010. This looked at specific sites within Croydon Metropolitan Centre and applied a series of development typologies to each site to ascertain the overall capacity of Croydon Metropolitan Centre to accommodate new development.

8.4 The Council commissioned the architects Maccreanor Lavington to undertake the Housing Typologies study who were able to utilise their considerable expertise in developing high density residential developments in urban locations such as Croydon Metropolitan Centre to assess the potential of the sites and property types within Croydon Metropolitan Centre to accommodate and deliver the growth in residential homes as set out in the core strategy. The project team also included GVA Grimley, an organisation who specialise in evaluation of financial viability of development and property to assess the viability of different development types in Croydon Metropolitan Centre. The work undertaken highlighted that there may be a risk in providing too much affordable rent housing for families in the centre at the outset as it will impact on developer confidence in Croydon Metropolitan Centre. The reasoning being that once a residential community has started to establish the critical mass will more easily attract developers to invest in an increasing range of housing provision across tenure types and sizes.
Actions taken so far:

8.5 Work on the Core Strategy has used the information provided by each of the above three studies to prepare a draft affordable homes planning policy. The most recent draft of the Core Strategy, called *Towards a preferred Core Strategy for Croydon – Supplement* contained a draft planning policy on housing which incorporated the provision of affordable homes. It took into account the evidence about need, viability and supply of land in proposing a policy that is deliverable in terms of viability and land availability and also contributes towards meeting the need for affordable homes in the borough.

8.6 *Towards a preferred Core Strategy for Croydon – Supplement* also contained a draft policy on the standards that all new homes should meet regardless of tenure. In particular it proposed that all new homes should meet the standards set out in the Mayor of London’s draft Housing Design Guide as well as meeting Code for Sustainable Homes Level 4 and the Lifetime Homes standard. These three standards combined would ensure a high standard for all developments in the borough if implemented.

8.7 Responses on *Towards a preferred Core Strategy for Croydon – Supplement* covered four principal aspects of affordable homes provision in Croydon Metropolitan Centre. These were:

(i) Wanting the policy approach to be flexible enough to take into account site-specific considerations and development viability. In the consultation development viability and other considerations were mentioned in a supporting paragraph but not in the proposed policy wording itself. The Mayor of London also highlighted in his response that affordable housing (along with public transport) were the Mayor’s highest priorities for s.106 requirements.

(ii) Wanting a reference to off-site provision of affordable housing in the Core Strategy.

(iii) Comments about limiting requirements for affordable homes to developments of ten or more units.

(iv) Concern about repeating the mistakes of 1960’s housing development specifically referring to high-rise housing.

8.8 These responses are currently being considered as part of the preparation of the Pre-submission Draft of the Core Strategy.

Future actions:

Changes to the funding of affordable homes and changes to tenancy agreements proposed by the Coalition Government will also be taken into account in preparing the Pre-submission Draft Core Strategy. These changes include government grant only being available for intermediate rent (80% of market rent) and shared equity (part buy, part rent) affordable homes. Grant will not be available for social rented homes. The draft planning policy on affordable housing will be amended to take into account these changes as they affect the viability of some affordable housing in the borough (particularly social rented homes).
8.9 The Pre-submission Draft will also consider the policy approach for Croydon Metropolitan Centre to ensure that it gives a strong emphasis to delivering key strategic schemes and set out the approach to affordable housing.

8.10 This will include consideration of a more flexible approach to how affordable housing is provided to ensure workable solutions that can be delivered including:

(v) a greater emphasis to shared ownership than elsewhere;
(vi) accepting the limitations of developing affordable housing for families in the centre;
(vii) where appropriate looking to meet the need for affordable rent through seeking commuted sum payments to deliver affordable housing for families in more suitable locations; and
(viii) recognising issues such as housing management and service charges as key considerations in the provision of affordable housing in high density developments.

8.11 More work is being done with registered providers to identify households for whom town centre living is likely to be suitable and to address the question of who will live in affordable homes in the centre. A broader approach is also being taken to consider what kinds of housing might work and be promoted, for example pocket living and flat shares.

8.12 The Spatial Planning service is working closely with Housing Development and Growth Partnerships service and the Regeneration and Infrastructure division within Planning, Regeneration and Conservation and the Strategy and Communication service within Adult Services and Housing to develop effective delivery mechanisms for affordable housing in Croydon Metropolitan Centre and an effective planning policy for affordable homes. These will help to deliver a good standard of affordable homes both within Croydon Metropolitan Centre and beyond that contribute to meeting the borough’s need for affordable homes.

Appendices
None

CONTACT OFFICER: Dominick Mennie, Deputy Team Leader (Research and Monitoring)

BACKGROUND DOCUMENTS:
Croydon Housing Typologies

Annual Monitoring Report 2009/10
http://www.croydon.gov.uk/contents/departments/planningandregeneration/pdf/912686/amr0910final