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London Borough of Croydon Local Housing Needs Assessment

Final Report

Iceni Projects Limited on behalf of
The London Borough of Croydon

December 2023

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ON BEHALF OF THE
LONDON BOROUGH OF
CROYDON

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London Borough of Croydon Local
Housing Needs Assessment
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KEY FINDINGS

- a. Since 2011, the Borough's population has grown by 8% (27,000) to a total of 390,000.
- b. In the year to March 2023, the median house price in Croydon was £430,000. This is lower than those in neighbouring London Boroughs.
- c. The lower-quartile price for purchasing a property was £320,000 and lower-quartile rents were £1,000 per calendar month.
- d. The London Plan target combined with the Croydon Housing Target post-2029 gives **a plan period (2019-2040) need for 33,985 dwellings or 1,618 dpa.**
- e. To allow us to incorporate 2021 Census data this study examines the 2021-2040 period and taking account of delivery pre-2021 results in a **total housing need of 30,141 dwellings or 1,586 dpa for the 2021 to 2040 period.**
- f. There is a need for 1,817 low-cost rental homes per annum. This figure falls to 1,243 per annum when households already in accommodation are excluded as there is no net need.
- g. There is a net need of up to 1,028 intermediate dwellings per annum.
- h. The affordable housing need of both rental and intermediate homes demonstrates a requirement for the borough to maximise the delivery of affordable housing.
- i. The need for affordable rented housing exceeds that for intermediate products. It is therefore recommended that 70% of affordable homes be delivered as low-cost rented with 30% delivered as Intermediate.

- j. The overall recommended mix of housing shown in the table below. This considers a range of factors including our modelled outputs, an understanding of the stock profile and the Housing Register.

	Market	Intermediate	Low-cost rented	
			General needs	Older persons
1-bedroom	10%	25%	15%	50%
2-bedrooms	30%	40%	30%	50%
3-bedrooms	40%	25%	35%	
4+-bedrooms	20%	10%	20%	

Source: Iceni Projects

- k. Analysis of the need for specialist accommodation (2021-2040¹) suggests a need for around 2,300 additional housing units with support, 1,500 additional housing units with care and a need for additional residential and nursing care bedspaces.
- l. Although, current Adult Social Care policy would shift some of the future need for residential care towards that of extra-care.
- m. The Council should support additional Build-to-rent, Co-living and Purpose Built Student Accommodation although they should be mindful of the particular characteristics of each when viability testing and setting policy.
- n. The Borough has enough provision of Children's Care Homes, foster carers and registered supported accommodation for its own requirements but much of this provision is being used by other local authorities to meet the needs of their children and young adults.
- o. There is also a need to increase access to help and develop more specialist provision for children and young adults with more complex care needs.

¹ Although the Plan Period is 2019 to 2040 much of the data analysis is benchmarked to 2021 to align with known data from the Census.

1. EXECUTIVE SUMMARY

- 1.1 To inform the preparation of a new Local Plan and to support the policies within it, the Council appointed Iceni Projects to prepare a Local Housing Need Assessment (LHNA).

Context (Chapter 3)

- 1.2 Since 2011 the Borough's population has grown by 8% (27,000) to a total of 390,000.
- 1.3 The largest age group in the Borough are those 30-44 (23%). From 2011 to 2021 all age groups over 30 increased in proportional size.
- 1.4 The ethnic makeup of Croydon has changed between the 2011 and 2021 census, notably the number of white British and Irish people living in the borough has decreased while the BAME population of all types has increased.
- 1.5 Overall, the BAME population is concentrated in the north west of the Borough around West Croydon, Selhurst and Thornton Heath. This correlates largely with the population that is born outside of the UK.
- 1.6 There is a clear north-south divide in the borough which sees some areas of very high deprivation in the north and less so in the south. This also appears to have impacted the health of the population.
- 1.7 Between 2005 and 2021/22 the Borough had the fourth highest rate of housing delivery in Greater London, with over 30,000 dwelling completions since the start of that period. Much of which has been constructed in those areas with high public transport connectivity. The majority of new dwellings in the borough are in flatted developments.

- 1.8 There are a total of 162,300 dwellings in the Borough, 94% of which are occupied. Flats are the most common type (41%), followed by semi-detached (24%), Terraced (23%) and detached (12%).
- 1.9 In terms of tenure, 55% of households are owner-occupied which is below the national average (62%). Around 26% are privately rented, and 18% are socially rented. Census data also suggests that 0.6% of dwellings are HMOs.
- 1.10 Croydon experiences a higher level of over-occupied properties (17%) compared to neighbouring outer London boroughs (Bromley, Merton and Sutton), although these levels are lower than the London average.
- 1.11 In contrast, the percentage of households under-occupancy is 21%, which is higher than neighbouring boroughs but lower than the London average.

Housing Market (Chapter 4)

- 1.12 The median house price in Croydon in the year to March 2023 was £430,000. The median price paid in Croydon for all property types is lower than those in neighbouring London Boroughs. Generally, the more expensive locations in the Borough are to the South and South West.
- 1.13 Croydon has seen consistently lower property prices than the overall London average and growth has trailed behind neighbouring authorities in the past 5 years.
- 1.14 This has contributed to a lower affordability ratio than its neighbours and the London average, meaning Croydon is relatively more affordable for the people who work there than other Boroughs.
- 1.15 Local Agents report that the sales market in the Borough has underperformed in the last 12 months, with prices dropping between 5% and 20% overall. This is a result of interest rate hikes deterring potential buyers and sellers.

Housing Need (Chapter 5)

- 1.16 The London Plan establishes a housing target of 20,790 dwellings for Croydon over the 10 years to 2028/29 or 2,079 dwellings per annum (dpa).
- 1.17 There is, however, a need to look beyond 2029 to identify a housing target for the plan period to 2040. In line with the London Plan, we have drawn on “local evidence of identified capacity” which is reflected in the Borough Council’s housing target which totals 13,195 post-2029.
- 1.18 When combined with the London Plan target, the Borough’s Housing Capacity /Target results in a total housing need of 33,985 dwellings over the 2019-2040 period or 1,618 dpa.
- 1.19 To incorporate data from the 2021 Census this study is rebased to examine the 2021 to 2040 period. To do this we have removed completions between 2019 and 2021 (3,844 dwellings) from the 2019-2040 target. This results in a need for the 2021–2040 period of 30,141 dwellings or 1,586 dpa.
- 1.20 Iceni has not sought to rely on or incorporate the standard method for calculating local housing need as set by the Government via the PPG. Using this method shows in a local housing need figure of 3,929 homes per annum.
- 1.21 As of mid-2021, the population of Croydon was estimated to be 390,500 if housing is to be delivered in line with the need (1,586 dpa) then the population would be expected to grow by around 49,000 (12.6%) to 2040.

Affordable Housing Need (Chapter 6)

- 1.22 In terms of local entry-level costs, the lower-quartile price for purchasing property is £320,000. Our analysis also suggests that lower quartile rental costs are an average of £1,000 pcm.

- 1.23 There is a need for 1,817 low-cost rental homes per annum, falling to 1,243 per annum when households already in low-cost accommodation are excluded. In terms of intermediate housing, there is a net need of up to 1,028 dwellings per annum.
- 1.24 There is a growing demand for PRS accommodation, which is supported by housing benefit. Continued growth of this demonstrates a potential risk to the Council's finances. It is recommended that the Council seek to maximise the delivery of affordable homes as a more cost-effective way to address long-term affordable housing need.
- 1.25 Ultimately the tenure split that the Council put into policy will reflect both the Council's aspirations and priorities for the Borough as well as consideration of the viability of different products.
- 1.26 There is a need for the council to maximise the delivery of affordable housing however, this will be dependent on viability; the London Plan strategic target is 50% and this would be a reasonable starting point to consider viability.
- 1.27 The need for affordable rented housing exceeds that for intermediate products. It is recommended that 70% of affordable homes be delivered as low-cost rented with 30% as Intermediate.

Table 1.1 Recommended Tenure Split

Tenure	Proportion (%)	Products	Proportion (%)
Low-cost rented	70%	Social Rent	40%
		London Affordable Rent	30%
Intermediate	30%	London Living Rent ²	30%

² These are termed an intermediate product by the GLA (4.6.5 of the London Plan) as its intention is to allow people to save for a deposit.

		Shared Ownership	
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Source: Iceni Projects

- 1.28 The split of the low-cost rent element should be focused on those “genuinely affordable tenures” with 40% of the total delivered as social rent and 30% as London Affordable Rent.
- 1.29 The intermediate element should focus on London Living Rent as the most affordable option to those seeking to buy their first home. However, a percentage of shared ownership could also work at lower levels of equity (10-25%) given local incomes.

Housing Mix (Chapter 7)

- 1.30 According to the 2021 Census, 34% of households in Croydon are families. Of those with dependent children, 22% live in the social rented sector and 32% in private rented housing – there are relatively few owner-occupiers (45% of the total). There are high levels of overcrowding for all household types with dependent children, including 28% of all lone-parents being overcrowded.
- 1.31 The size of homes in the market (owner-occupied) sector are relatively large when compared with data for London – some 69% of homes have 3+ bedrooms. The social and private rented sector have a much smaller profile of homes, although figures are broadly consistent with those seen across London.
- 1.32 The method for determining the future housing mix in Croydon relies on analysing the ages of Household Reference Persons (HRPs) and their projected changes over time. It is essential to understand that the size of the housing occupied by households is influenced by factors such as wealth and age, rather than simply the number of people in a household. The housing market allows households to choose properties based on affordability and preference.

1.33 The occupancy patterns can also be influenced by the supply of different-sized homes. To address the issue of housing choice and affordability, the method applies demographic projections related to HRPs' age groups to the existing housing profiles in Croydon, considering differences between owner-occupied and privately rented sectors. The data suggests that the average size of accommodation increases with age in the owner-occupied sector but decreases in the private rented sector after about age 50, while the differences between Croydon and London are relatively minor.

1.34 The overall modelled mix of property size by tenure type is shown below:

Table 1.2 Modelled size mix of housing by tenure – Croydon

	Market	Intermediate	Low-cost rented	
			General needs	Older persons
1-bedroom	9%	27%	20%	50%
2-bedrooms	29%	38%	34%	50%
3-bedrooms	41%	24%	31%	
4+-bedrooms	21%	11%	15%	

Source: Iceni Projects

1.35 The overall recommended mix of housing considers a range of other factors, including the modelled outputs, an understanding of the stock profile and the Housing Register data as well as taking a broader view of issues such as the flexibility of homes to accommodate changes to households and the turnover of homes. The recommended mix is shown below:

Table 1.3 Recommended Housing Mix

	Market	Intermediate	Low-cost rented	
			General needs	Older persons
1-bedroom	10%	25%	15%	50%
2-bedrooms	30%	40%	30%	50%
3-bedrooms	40%	25%	35%	
4+-bedrooms	20%	10%	20%	

Source: Iceni Projects

Older and Disabled People (Chapter 8)

- 1.36 Croydon has a younger age structure than seen nationally, but a greater proportion of older people in a London context.
- 1.37 Analysis of the need for specialist accommodation (2021-2040) suggests:
- The Borough aged over 65 is expected to increase by 58%, while the population aged Under 65 is expected to increase by 5%;
 - Some 28% of households in Croydon contain someone with a disability;
 - Projected increases in the number of older people with dementia (+ 68%) and mobility problems (+63%);
 - A need for around 2,300 additional housing units with support (e.g. sheltered) – with the majority as affordable housing;
 - A need for around 1,500 additional housing units with care (e.g. extra-care) – with the majority as market housing; and
 - A need for additional residential and nursing care bedspaces although the current Adult Social Care policy would shift some of the need for residential care towards that of extra-care.
- 1.38 The projected change shown in the number of people with disabilities provides clear evidence justifying delivering ‘accessible and adaptable’ homes as defined in Part M4(2) of Building Regulations, subject to viability and site suitability.

- 1.39 The Council's adult social care team is committed to enabling residents to remain in their own homes with in-situ/domiciliary care and the help of Disabled Facilities Grants and Home Improvement Loans.
- 1.40 The analysis reveals a need for between 1,500 and 2,600 dwellings to be for wheelchair-users (meeting technical standard M4(3)). This would suggest that there is a clear need to increase the supply of accessible and adaptable dwellings and wheelchair-user dwellings.
- 1.41 Given the evidence, the Council could consider (as a starting point) requiring all dwellings (in all tenures) to meet the M4(2) standards (or their own space standards) and 5% of homes meeting M4(3) – wheelchair-user dwellings in the market sector (a higher proportion of around a tenth in the affordable sector). This figure reflects the level of need and recognises that not all sites would be able to deliver homes of this type for example due to topography.
- 1.42 Where the authority has nomination rights, M4(3) would be wheelchair-accessible dwellings (constructed for immediate occupation) and in the market sector, they should be wheelchair-user adaptable dwellings (constructed to be adjustable for occupation by a wheelchair-user).

Private Rental Sector (Chapter 9)

- 1.43 As of the 2021 Census the number of households living in Private Rented accommodation in the Borough was almost 40,000 (26%). This is below London levels but above that for England which is also the case for Rents.
- 1.44 The PRS sector makes an important contribution to housing supply and delivery. It also plays a key role in delivering affordable housing through housing benefits.

- 1.45 Our research shows that there is a small but growing Build-to-rent sector in the Borough. This growth is influenced by the inability of households to get on the housing ladder.
- 1.46 Rental costs are generally higher in BtR schemes than for other PRS properties, but this is influenced by the inclusion of bills in many cases, as well as the wider amenity offer that BtR schemes provide.
- 1.47 Demand is strong and further delivery should be encouraged although the Council should consider the short-term viability pressures the BtR sector faces.
- 1.48 We do not regard the provision of social rents on site as applicable as the NPPF envisages unified management of schemes, rather than the involvement of a RP.
- 1.49 There are challenges with London Living Rent levels, in particular in respect of larger properties, as this tenure does not respond to demand from sharers, and therefore LLR (where sought) should be focused on smaller properties.
- 1.50 The size of studio flats in the Borough's Build-to-rent schemes have less headroom than other sized homes in comparison to the London Space Standards and the Council should reinforce the fact that they expect BtR schemes to deliver homes that meet the minimum internal space standards for new dwellings set out in the London Plan (London Plan 2021, table 3.1).
- 1.51 Croydon has a small co-living sector which attracts a significant premium over median monthly PRS rents, reflecting their 'luxury' offer. Research into the sector indicates that it is growing across the country.
- 1.52 Houses in Multiple Occupation (HMOs) house some of the more vulnerable Croydon residents. The Borough has over 800 HMOs that have been issued a mandatory licence with an estimated 3,000 unlicensed HMOs.

- 1.53 Local letting agents consider the demand for HMOs in Croydon as strong, especially among young professionals looking for affordable accommodation.
- 1.54 The supply of HMOs is decreasing as some landlords are selling their properties due to mortgage rate increases. However, it's worth noting that the demand for HMOs is not increasing at the same rate as other forms of rental properties, suggesting a stable yet competitive market.

Other Specific Groups (Chapter 10)

Students

- 1.55 The London South Bank University (LSBU) Campus is the only higher education facility in the Borough. At present there are 600 students on campus but this is expected to grow to 1,200 over the next three years.
- 1.56 The University have expressed a wish to see the delivery of Purpose Built Student Accommodation (PBSA) to help support this growth.
- 1.57 The provision of PBSA can also alleviate pressure on the private rental sector, particularly for larger, lower-cost shared housing like Houses in Multiple Occupation (HMOs).
- 1.58 This can potentially free up these properties for self-contained homes to meet the demand for family-sized housing in Croydon and contribute to housing needs. The Council should therefore support additional PBSA in line with the aspirations of the local higher education institutions.
- 1.59 Such schemes also offer the opportunity to provide affordable student housing on-site or contribute financially to genuinely affordable housing elsewhere in the Borough.

Children's Care Homes

- 1.60 In summary, the Borough has enough provision but needs to improve the quality and specialisms of existing services. None of the homes in the borough are specialist, for example, those coming out of hospital requiring a therapeutic setting with mental health support.
- 1.61 There are around 512 children in care of which 19 are in residential care homes (4%). This is far below the national average (11%). Despite having only 19 children living in residential children's homes there are 76 bedspaces across the borough through independent providers; therefore, there is a surplus which is used by other local authorities.
- 1.62 Of the remaining children in care, Croydon has an unusually high proportion of children in fostering, more than the national average. Over 85% of children in care are living in a family setting which is very positive and should improve outcomes.
- 1.63 These children will most likely choose to remain living in Croydon when they leave care. Croydon has one of the largest Care Leaver populations in London with a large unaccompanied Asylum-Seeking Children (UASC) profile who will have specific needs in the type of housing and care they require. In addition, those children who are placed in Croydon by other boroughs may choose to remain in Croydon, they will have the same needs.
- 1.64 Only 22% of all children in care living in the Borough are Croydon's responsibility with over 1,100 children and a similar number of care leavers who are the responsibility of other local authorities. This is leading to significant waiting lists for services for all children in care and it is also having an impact on access to universal mental health services for non-looked after children.
- 1.65 The population projections linked to the Borough's housing need shows a small fall in those aged under 18 of around 600 between 2021 and 2040. From this perspective, there is likely to be a very limited need for additional placements.

- 1.66 The Croydon joint Housing and Children Social Care protocol will ensure that care-experienced young peoples projected needs are understood and plans made to identify the appropriate housing, home, care resources to meet their needs and aid their transition into adulthood.

BAME

- 1.67 Approximately 61% of the borough's population is from a Black and Minority Ethnic (BAME) group.
- 1.68 The overall tenure split of the Borough sees owner-occupation as the most common type (56%). When split down to ethnic groups it is only White and Asian groups that see over 50% of people living within this tenure. Those identifying as Black or Black British see the lowest proportion of owner-occupation at just 40%.
- 1.69 Black minority groups see the highest proportion of over-occupancy at 26% and lowest levels of under-occupancy at 11% the reverse is true for White groups. Asian minority groups are the only group which sees over and under-occupancy rates of about the same level (21%).
- 1.70 This may partly be a factor of cultural differences surrounding how ethnicities live, where multi-generational living is more common and therefore the number of people living in one dwelling is higher through choice. It may also be a factor of cost with many groups being unable to afford accommodation to meet their need.
- 1.71 A noted feature of the property market in London is the need for larger properties for multi-generational families. Analysis of planning permission data relating to home extensions indicates that there may be a need for larger dwellings to suit multi-generational living.

2. INTRODUCTION

- 2.1 In February 2018, the London Borough of Croydon adopted the Croydon Local Plan 2018. This provides the current basis for determining planning applications within the Borough. The Council has, however, commenced work on a new Local Plan which, when it is adopted, will replace the 2018 Local Plan. The new Local Plan will extend the plan period to 2040.
- 2.2 Paragraph 31 of the NPPF requires the preparation and review of Local Plan policies to be underpinned by relevant and up-to-date evidence. Since the adoption of the 2018 Croydon Local Plan, a number of key national and regional policy changes have been introduced, including revisions to the National Planning Policy Framework 2021 (NPPF), changes to the General Permitted Development Order 2021 (GPDO), changes to the Use Class Order (2021) and the adoption of the new London Plan (2021), which sets out ambitious job creation and housing targets for the Borough.
- 2.3 Up-to-date evidence is also important in informing decision-making on individual planning applications. The Council is therefore revisiting and revising its existing evidence base to ensure it is robust and relevant for today.

Aims and Objectives

- 2.4 To inform the preparation of a new Local Plan and to support the policies within it, the Council has commissioned Iceni Projects (Iceni) supported by Justin Gardner Consulting (JGC) to prepare a Local Housing Need Assessment (LHNA).
- 2.5 This report is intended to provide updated evidence on housing need in the Borough to:
- Inform the context for the Borough's housing requirement;

- Determine the need for affordable housing in the Borough, and for different types and sizes of affordable homes;
- Determine the need for a range of housing types, including specialist forms of housing including for older persons; and
- Inform housing policies in the emerging Local Plan and, as appropriate, other policies or guidance influencing housing provision.

2.6 In London, the context for studies such as this, and the preparation of policies within local plans for housing provision, is informed by the London Plan.

2.7 In particular this is because the Council's Local Plan will need to be in 'general conformity' with the London Plan. The preparation of this report has, however, also had regard to national planning policies as set out within the NPPF (and relevant Ministerial Statements) as well as the associated Planning Practice Guidance (PPG).

Scope and Structure of the Report

2.8 The remainder of the report is structured as follows:

- Section 3 - Context: Understanding Croydon;
- Section 4 - Housing Market Review;
- Section 5 - Housing Need;
- Section 6 - Affordable Housing Need;
- Section 7 - Housing Mix;
- Section 8 - Older and Disabled People;
- Section 9 – PRS; and
- Section 10 - Other Specific Groups

3. CONTEXT: UNDERSTANDING CROYDON

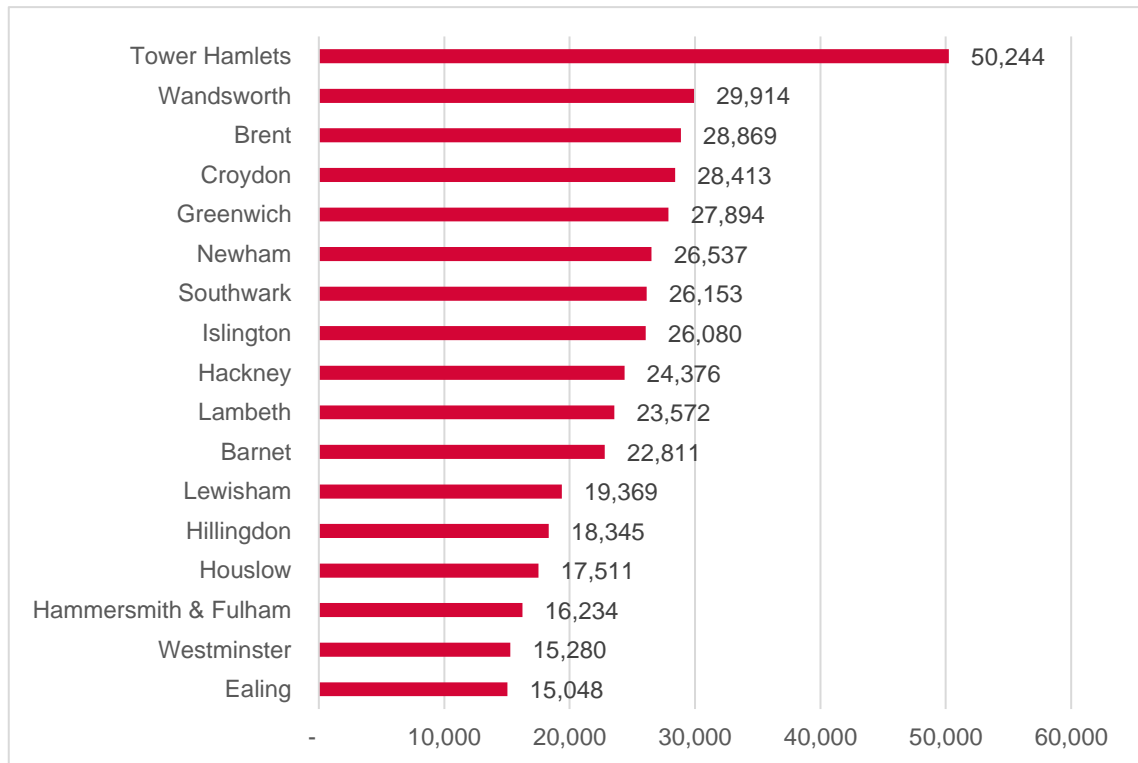
- 3.1 The focus of the LHNA is on understanding housing need. However, there is an important context to considering this, which includes the Borough's existing housing offer, the socio-economic characteristics of its population and its geographical location. These are addressed in this section.

Croydon Location

- 3.2 Croydon is an outer London Borough, located in the south of the city. It is bounded by the London Boroughs of Bromley to the east, Merton and Sutton to the west and Lambeth to the north. Tandridge and Reigate & Banstead, which lie within the county of Surrey, are to the south.
- 3.3 While Croydon Town Centre is considered the main centre of the Borough, there are also a number of district centres including Crystal Palace, Norbury, South Norwood, Thornton Heath, Addiscombe, Purley, Coulsdon, Selsdon and New Addington.
- 3.4 The population of Croydon has grown by 27,000 between 2011 and 2021 (8%) to a total of 390,000 according to the Census 2021. The Borough is an area which is relatively built-up and available land supply is constrained. These considerations, together with the London Plan, provide an important context for the preparation of this LHNA.

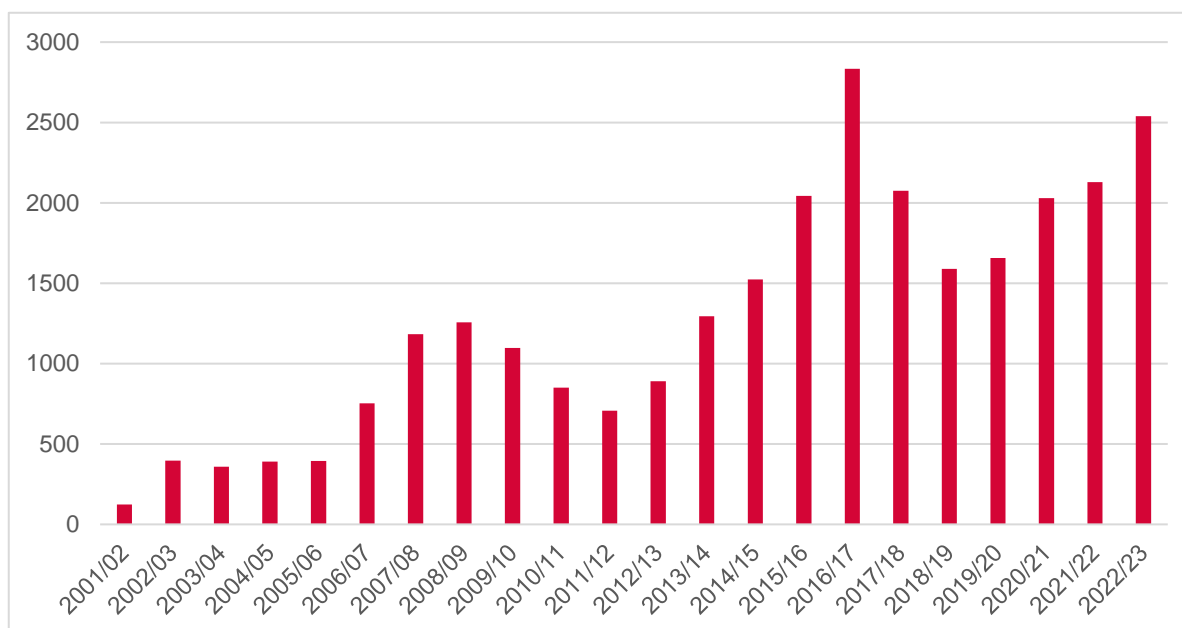
Housing Delivery Performance

- 3.5 Strong housing delivery has allowed Croydon to be the fourth highest-delivering Borough across Greater London, with over 28,000 dwelling completions since 2005.

Table 3.1 Completions by London Borough from 2004/05 to 2022/23

Source: London Development Database

- 3.6 London Boroughs are under significant pressure for housing. The figure below shows historic housing completions within Croydon. The Borough regularly delivers more than 1,270 new dwellings each year. Housing delivery peaked in 2016/17 when 2,835 were delivered. Between 2012/13 to 2022/23 annual average delivery was 1,873 dwellings.

Table 3.2 Croydon Net Annual Housing Completions

Source: London Development Database and LBC

- 3.7 As the Table below shows, Croydon has much stronger housing delivery than neighbouring London boroughs at a 12.6% growth since 2011, higher than Sutton which is the next closest at 6.6%. Interestingly, it appears that while Croydon and Bromley have increased their delivery within the most recent 5 years (2017/18-2021/22), both Merton and Sutton have seen a decline.

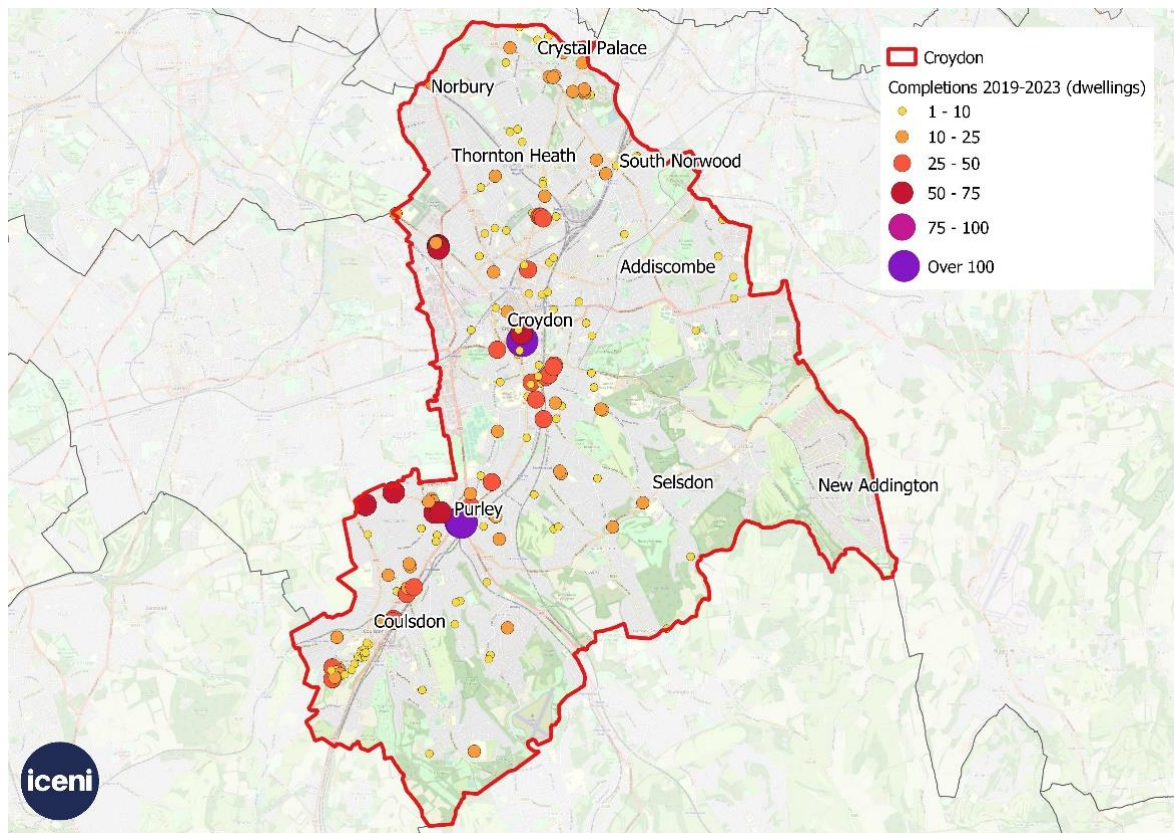
Table 3.3 Net Completions in 10 and 5 years

	Completions 2012/13 to 2021/22*	% Increase	Completions 2017/18 to 2021/22*	% Increase
Croydon	18,777	12.6%	9,482	5.9%
Bromley	5,525	4.1%	2,139	1.5%
Sutton	5,284	6.6%	2,699	3.2%
Merton	5,118	6.3%	2,388	2.8%

Source: London Development Database *We do not have completions in the other boroughs to 2022/23

- 3.8 The map below shows the spatial distribution of the dwellings completed in Croydon from January 2019 to September 2023. What is clear is that many of the new dwellings are constructed surrounding the train line, this likely means that many new-builds will have reasonable access to one of the Borough's train stations. This also reflects the higher densities required by areas with a higher PTAL rating³.

Table 3.4 Dwelling Completions (2019-2023)



Source: Iceni analysis of EPC data

- 3.9 The east of the Borough, in Selsdon and Addington/New Addington, sees a marked lack of new build dwellings. Although the area has access to the Beckenham/Croydon Tram this does not provide direct access to central London

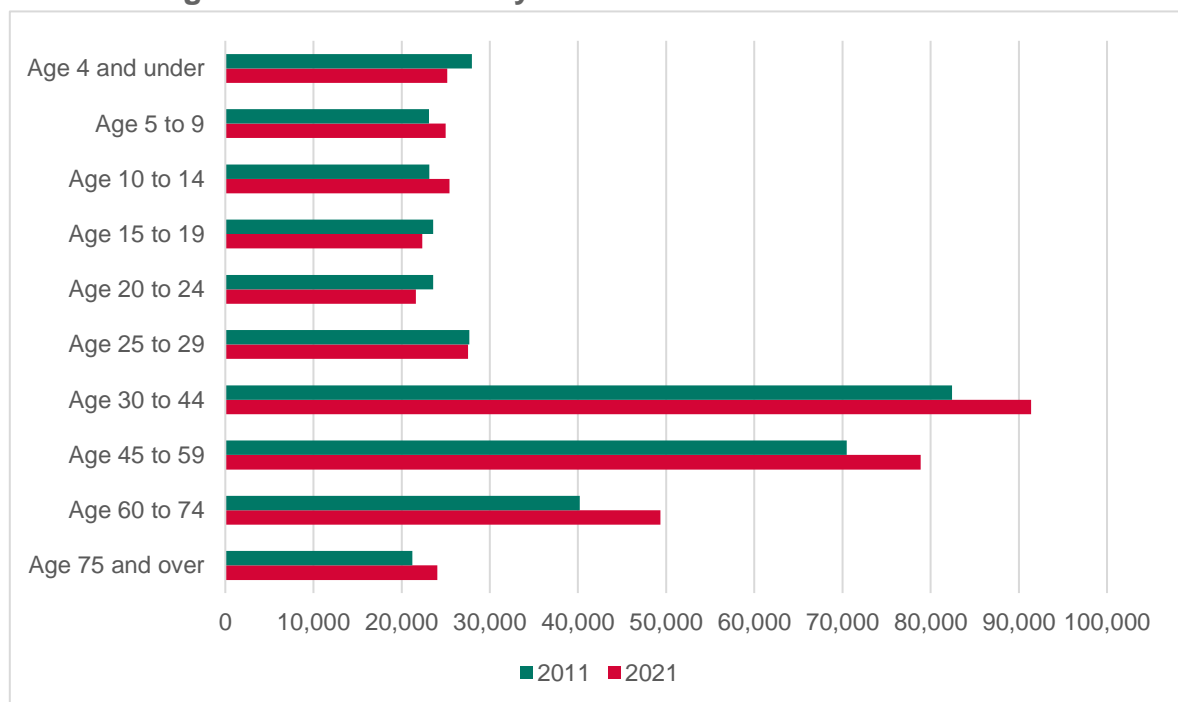
³ PTAL is a measure of the accessibility of any point in London to the public transport network, taking into account walk access time and service availability.

and as such may be less attractive to buyers and is also impacted by Green Belt designation.

Population Profile

- 3.10 The Census show that in the 10 years between 2011 and 2021 grew by 27,000 people (8%)
- 3.11 Those in the 60-75 age bracket have increased significantly from just over 40,000 to almost 50,000, this age group has also seen the largest percentage increase at 23%.
- 3.12 All age groups over 30 saw increases from 2011 to 2021, starkly different than that seen in under 30 groups. In 2021 the largest age group was aged 30-44 at 23% and linked to this is the growth in those aged between 5 and 14, which is the only age group under 30 which did not shrink.

Table 3.5 Age Structure – LB Croydon



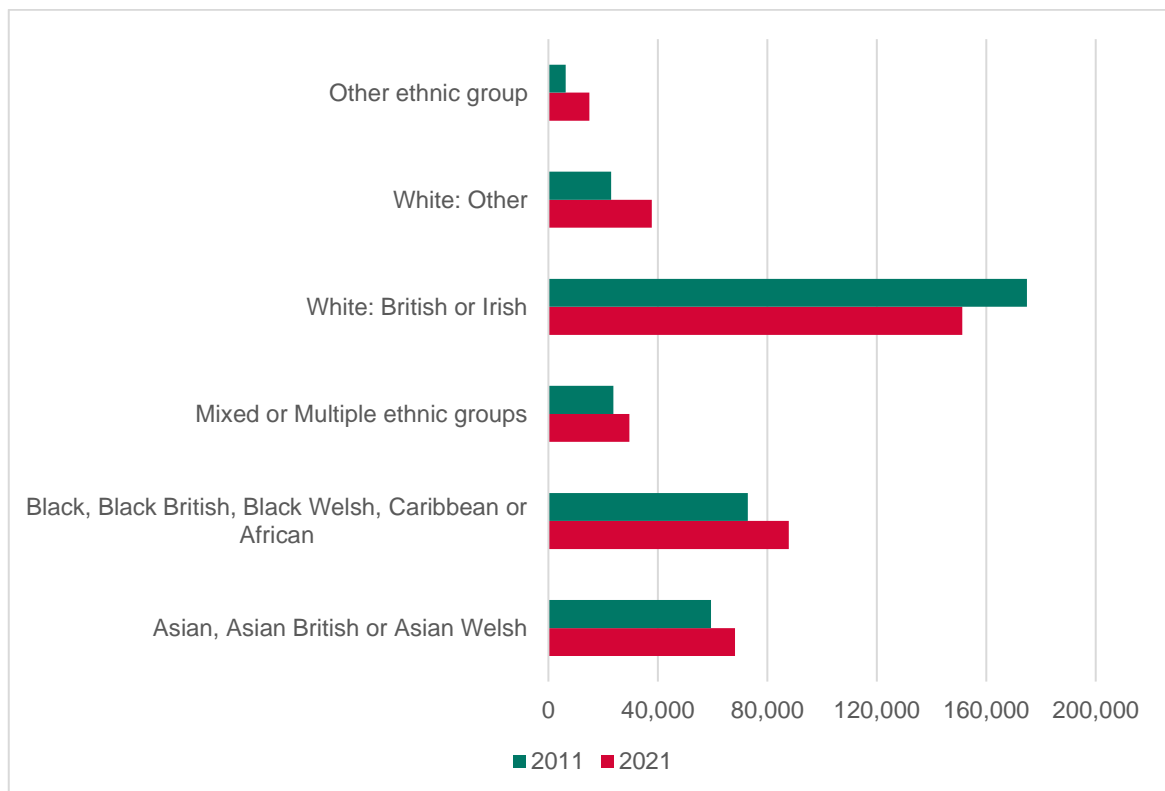
Source: Iceni analysis of Census data 2011 and 2021

BAME

3.13 The figure below considers the change in population by broad ethnic groups. Of the five broad groups most have increased in size, as can be expected given the growing population. However, in contrast to the other groups, the White population has decreased by just over 11,000, this is primarily within the White Irish and British groups which have decreased by 23,000 since 2011, Other White groups (such as Eastern and Other Europeans) have seen an increase of 14,000.

3.14 The number of people who are Black, Black British, Black Welsh, Caribbean or African has increased the most, by just over 15,000 between 2011 and 2021.

Table 3.6 Broad Ethnic Groups

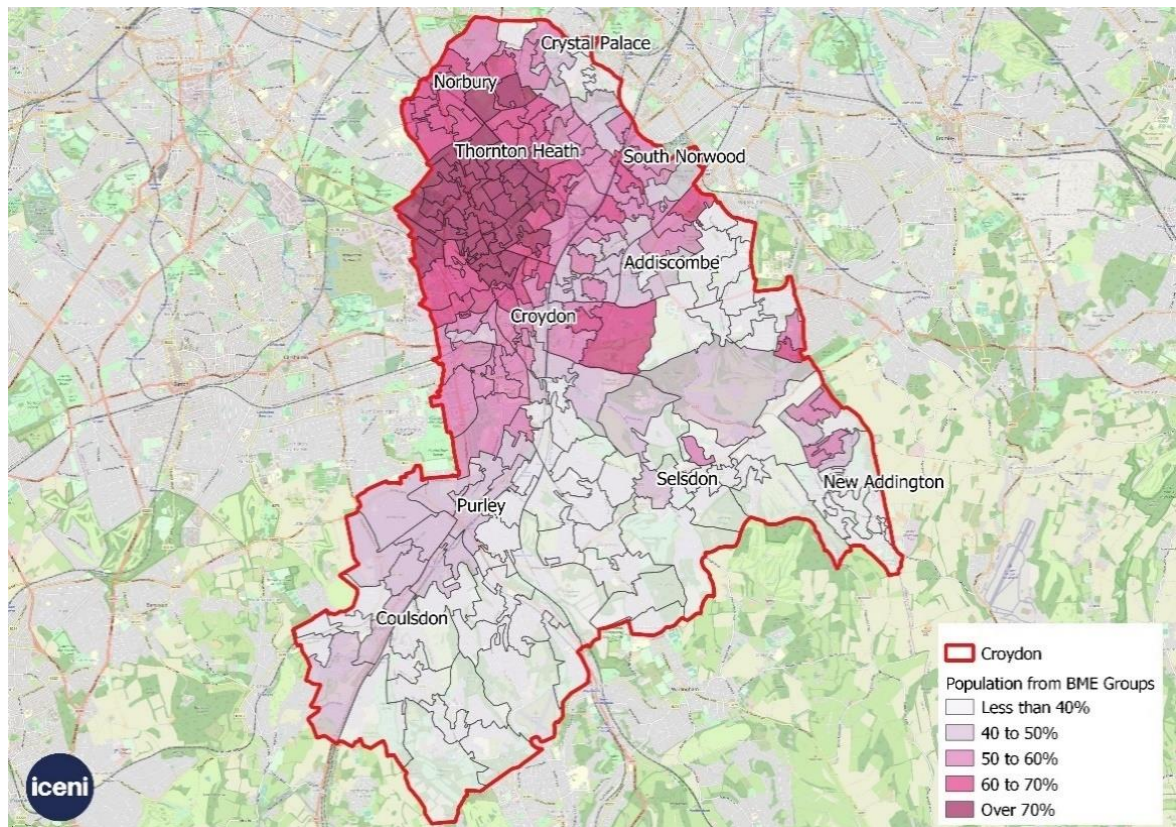


Source: Iceni analysis of Census data 2011 and 2021

3.15 The figure below demonstrates the LSOAs with the higher proportion of population within BAME groups. Overall, the BAME population is concentrated in the north west

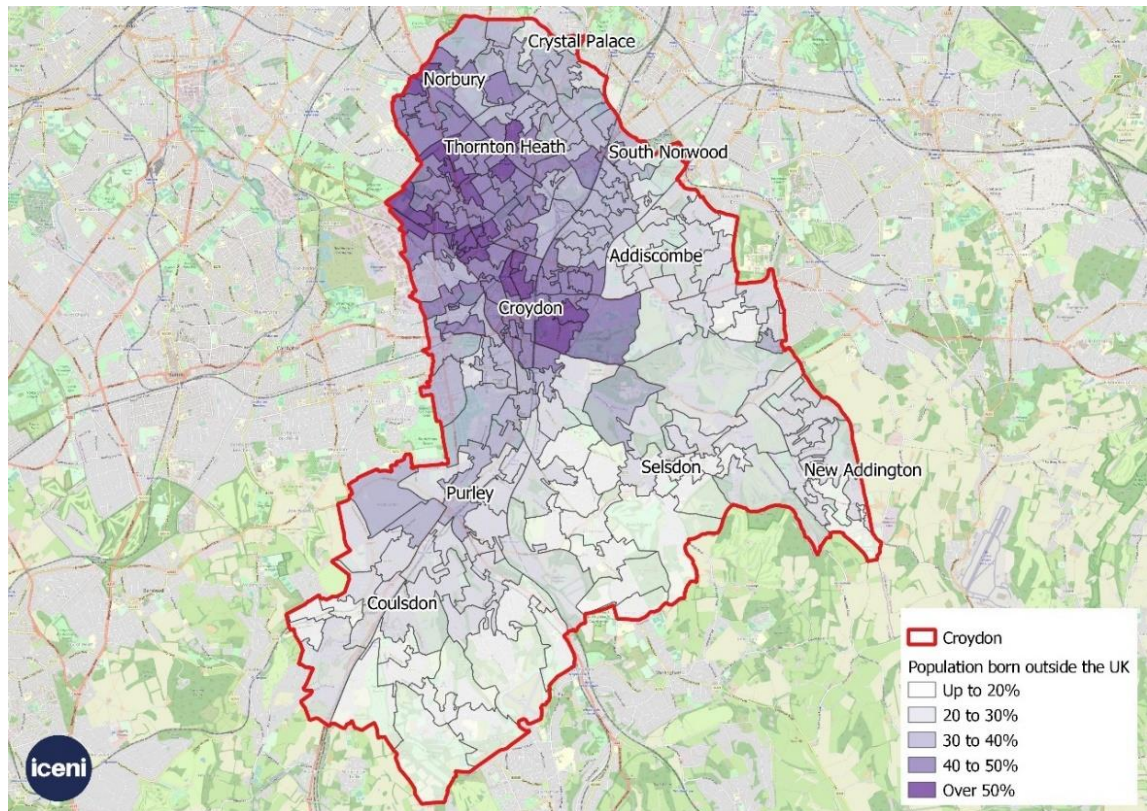
of the Borough around West Croydon, Selhurst and Thornton Heath. The percentage of the BAME population decreases in the southern areas of the district.

Table 3.7 Residents in BAME Groups by LSOA, 2021



Source: Iceni analysis of 2021 Census data

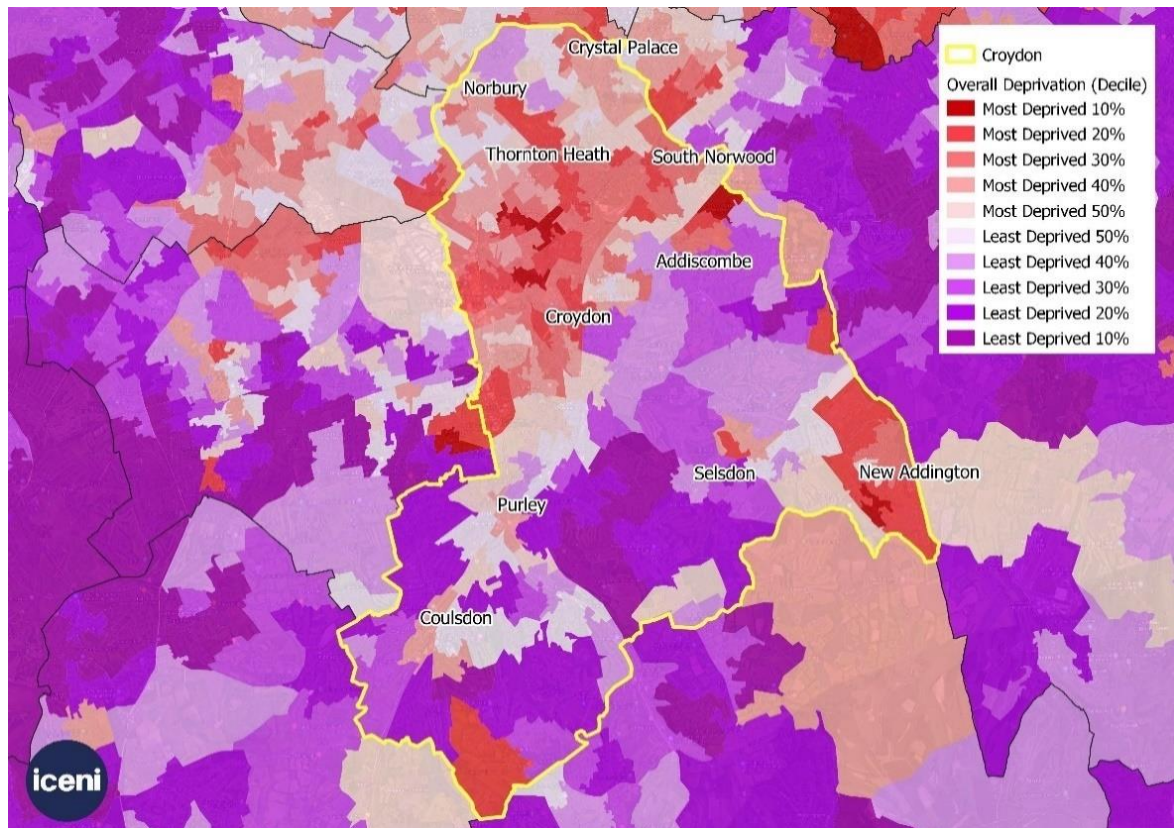
- 3.16 Analysis of those people born outside the UK again shows this population is largely concentrated within the northwestern areas of the Borough. This is likely a factor in the comparatively lower property prices. It is also likely to be a factor of pre-existing familial connections and support networks within Croydon that attract those migrating to London.

Table 3.8 Residents Born Outside the UK

Source: Iceni analysis of 2021 Census data

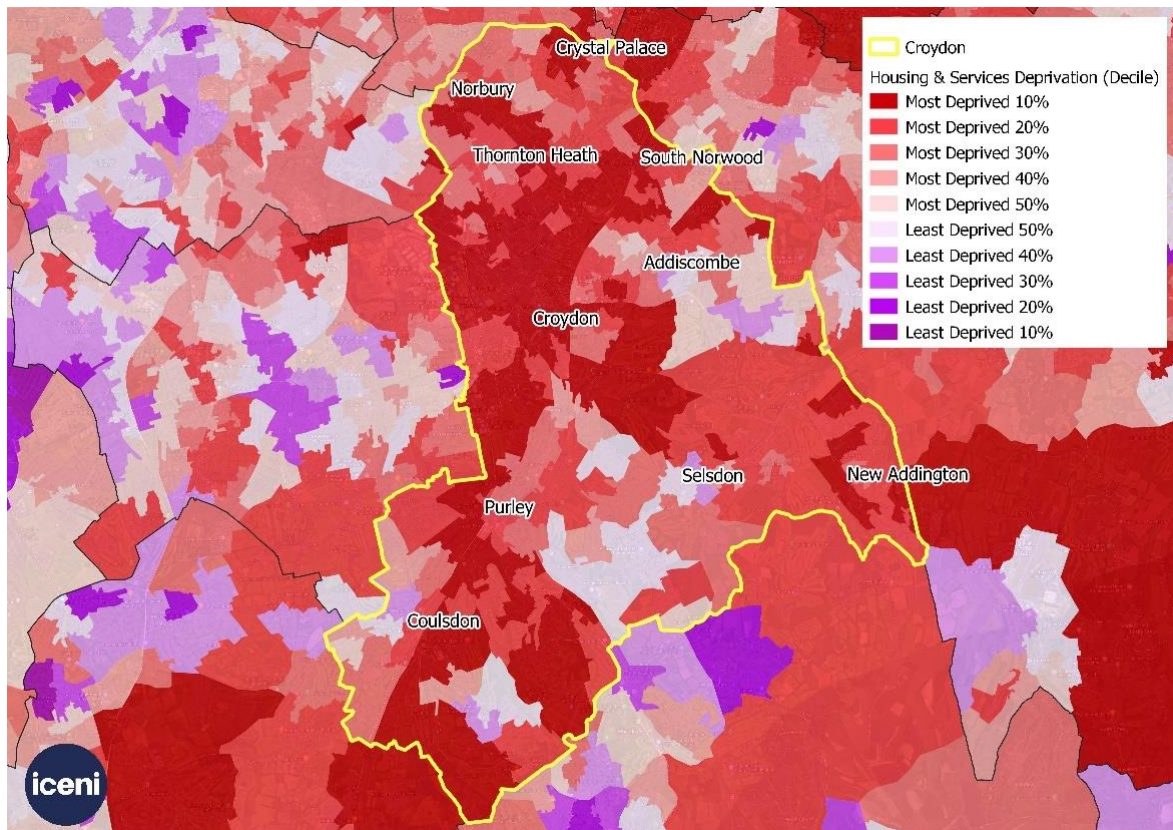
Deprivation

- 3.17 The Index of Multiple Deprivation measures relative deprivation in each lower-layer super output areas (LSOA) in England. Each area is ranked overall as well as across a series of domains and sub-domains. The figure below demonstrates the ranking of each LSOA within the Borough.
- 3.18 The Borough is largely divided between the north, which sees some areas of very high deprivation, and the south, which sees low levels of deprivation.

Table 3.9 Indices of Deprivation, Overall

Source: MHCLG, 2019

- 3.19 Some areas buck this trend with Norbury/Upper Norwood in the north considered less deprived and New Addington in the south considered more deprived.
- 3.20 The Figure below specifically considers the barriers to housing and services domain. This measures the physical and financial accessibility to housing and local services.

Table 3.10 Indices of Deprivation, Housing and Services

Source: ONS

- 3.21 There are only a very few LSOAs across the Borough which fall within the least deprived LSOAs, pointing to significant issues with the cost of housing within Croydon.

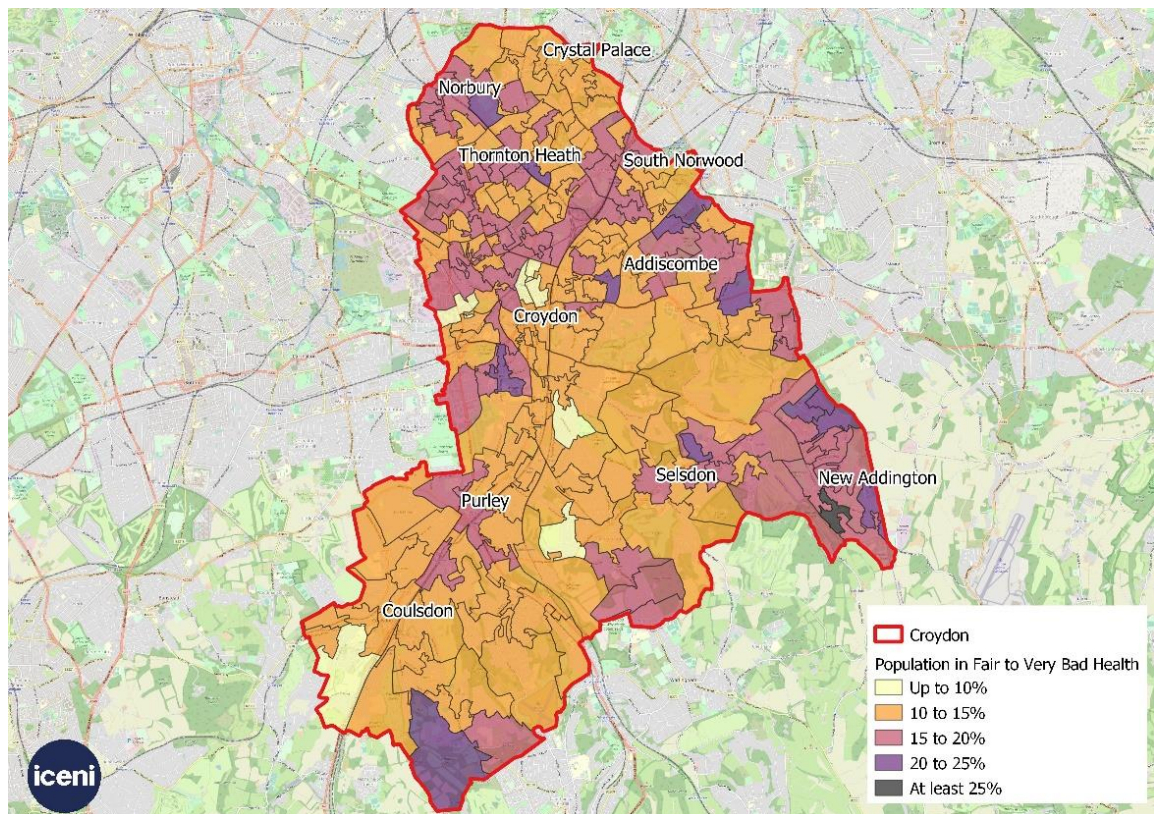
Health

- 3.22 The health of the population can also be indicative of living conditions as well as age. Positively, a large majority of the population (84%) of Croydon are in good or very good health⁴.
- 3.23 When looking at fair to very bad health, it can be seen that the northwest of the Borough around Thornton Heath and West Croydon and the south east surrounding

⁴ This draws on a person's (self) assessment of the general state of their health from very good to very bad. This assessment is not based on a person's health over any specified period of time.

New Addington see particularly high proportions of the population that are in Fair or Very Bad health.

Table 3.11 Health by LSOA



Source: Iceni analysis of Census data 2021

Housing Stock Profile

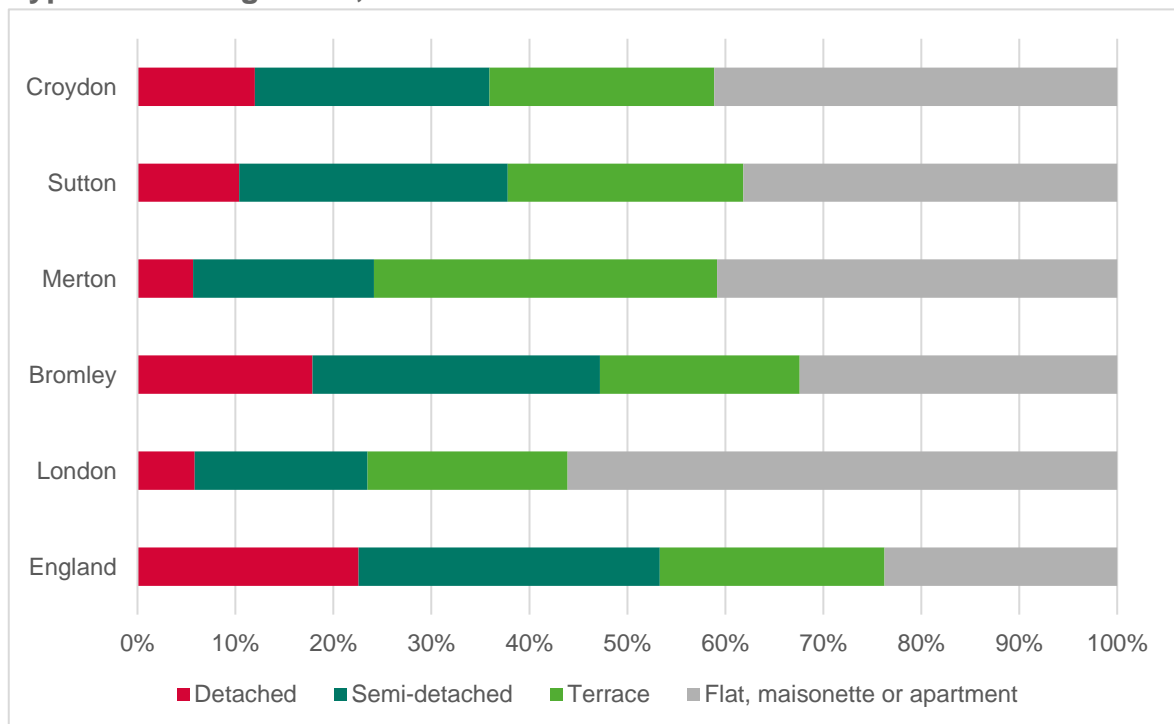
- 3.24 Dwelling stock data from the 2021 Census provides information on the proportion of occupied dwellings at the Borough level and sets out the proportion of occupied dwellings by tenure and accommodation type.
- 3.25 As of 2021 there are a total of 162,300 dwellings in the Borough, 94% (152,900) of which are occupied. However, this is slightly inconsistent with other data sources as DLUHC records 3,682 vacant dwellings as at October 2022 (with 1,606 long-term vacant) which, relative to a stock of c. 162,000, would equate to a vacancy rate of around 2.3%.

- 3.26 It may be that the Census unoccupied stock is influenced in part by issues such as short-term or corporate lets and the census data may also be influenced by the pandemic.

By Type

- 3.27 The largest percentage of dwellings in the Borough are flats (41% - 66,900). This is followed by semi-detached houses at 24%. Terraced houses make up 23% of dwellings with 12% detached dwellings.
- 3.28 Given the urban nature of Croydon, as well as the high level of delivery and density targets in London, the prevalence of flats in the Borough is unsurprising.
- 3.29 Neighbouring Merton also sees a large proportion of flats at 41% of its overall stock, although with a higher proportion of terraces at 35% compared to 23% in Croydon.

Type of Housing Stock, 2021



Source: 2021 Census

- 3.30 Comparison between the proportional split of dwellings between 2011 and 2021 shows that despite an increase in the number, the proportion of Detached and Semi-detached dwellings has decreased since 2011. The number of terraced dwellings has decreased overall.
- 3.31 With around 13,000 additional dwellings the clear majority of the new dwellings in the Borough lie within flatted developments.

Table 3.12 Change in Housing Stock, Croydon (2011-2021)

Property Type	2011		2021	
	Dwellings	% of total	Dwellings	% of total
Detached	18,622	12.5%	19,498	12.0%
Semi-detached	37,337	25.1%	38,983	23.9%
Terraced	38,851	26.1%	37,306	22.9%
Flat	54,014	36.3%	66,934	41.1%

Source: Census 2011 and 2021

Tenure

- 3.32 In terms of tenure, the majority (55% - 83,700) of dwellings in the Borough are owner-occupied. The proportion of private rented dwellings is higher than the proportion of social rented dwellings at 26% to 18%, respectively.
- 3.33 Compared to neighbouring boroughs, Croydon sees lower levels of homeownership, likely reflecting higher levels of deprivation, high housing costs and lower levels of earnings in the Borough.

Table 3.13 Occupied Dwellings by Tenure, 2021

Source: ONS

- 3.34 The 2021 Census data release also indicates that 0.6% of dwellings are HMOs which is a higher percentage than that of Sutton and Bromley but less than Merton. There may be some correlation between HMOs and accessibility to central London.

Table 3.14 HMOs to Non-HMO Dwellings, 2021

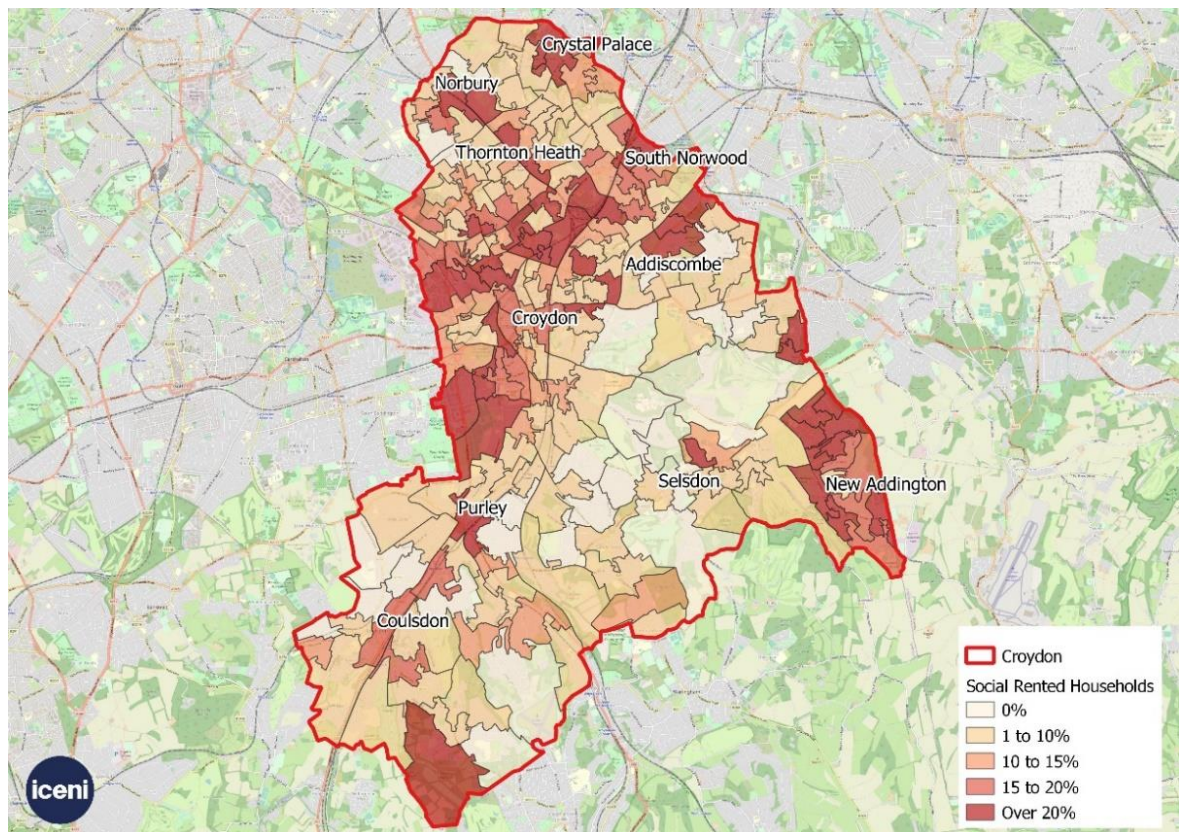
	Croydon	Merton	Sutton	Bromley
Non-HMO	99.4%	98.3%	99.7%	99.7%
HMO	0.6%	1.7%	0.3%	0.3%

Source: ONS

- 3.35 The figure below shows the distribution of households in Social Rented housing within Croydon. As shown, there are large concentrations in the north-west and south-east of the Borough. Areas such as Croham Wood and Sanderstead see no social rented housing at all with 0% of dwellings in this tenure.

- 3.36 The distribution of social housing stock may be in part due to the age of stock, the development of New Addington as a form of ‘Garden Village’ in the wake of the World Wars is one example of this.
- 3.37 The town was developed almost solely for social housing between the 1930s and 1950s, as such it is more likely to have a large proportion of this tenure that is yet to be lost to Right-to-Buy.

Table 3.15 Social Rented Households

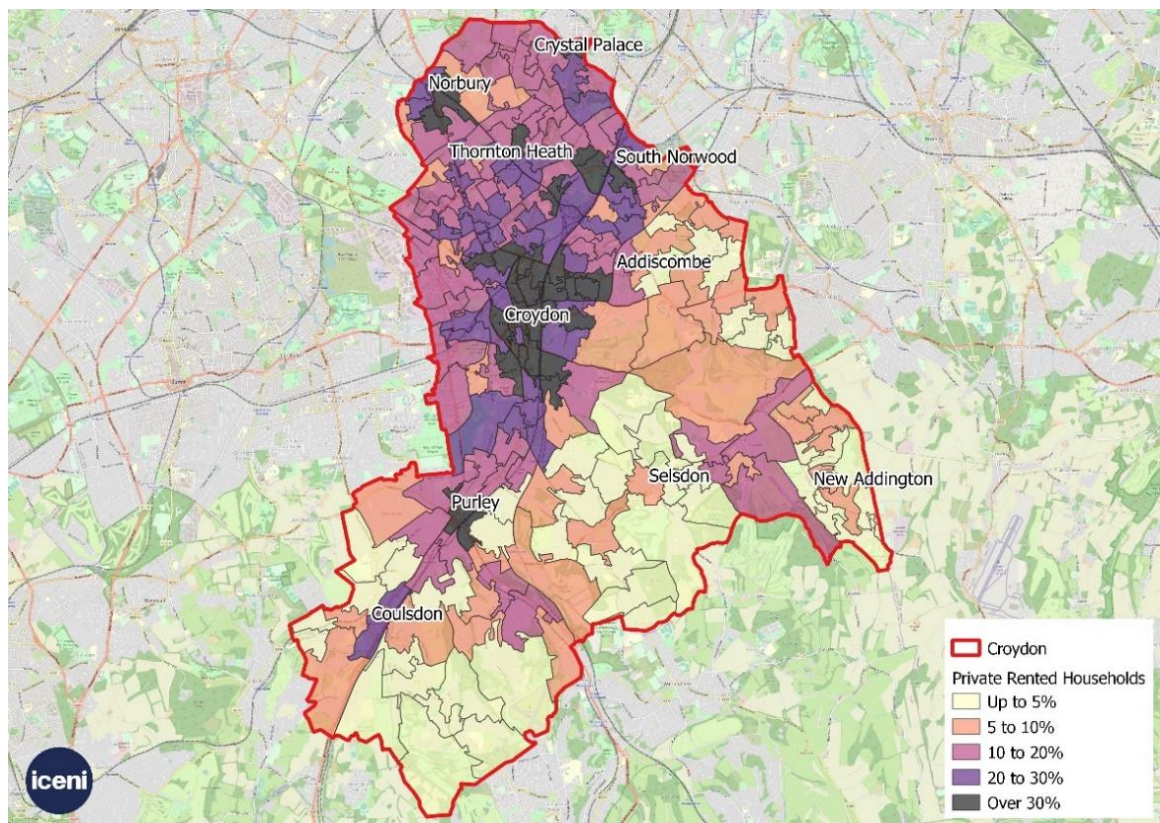


Source: Iceni analysis of 2021 Census data

- 3.38 Private rented housing differs from social rented slightly in its distribution. There are particularly high concentrations in Central Croydon itself. The area is attractive to younger households because of its services and access to Central London as well as relatively lower rental costs. There is also a significant supply of built-to-rent developments in the area.

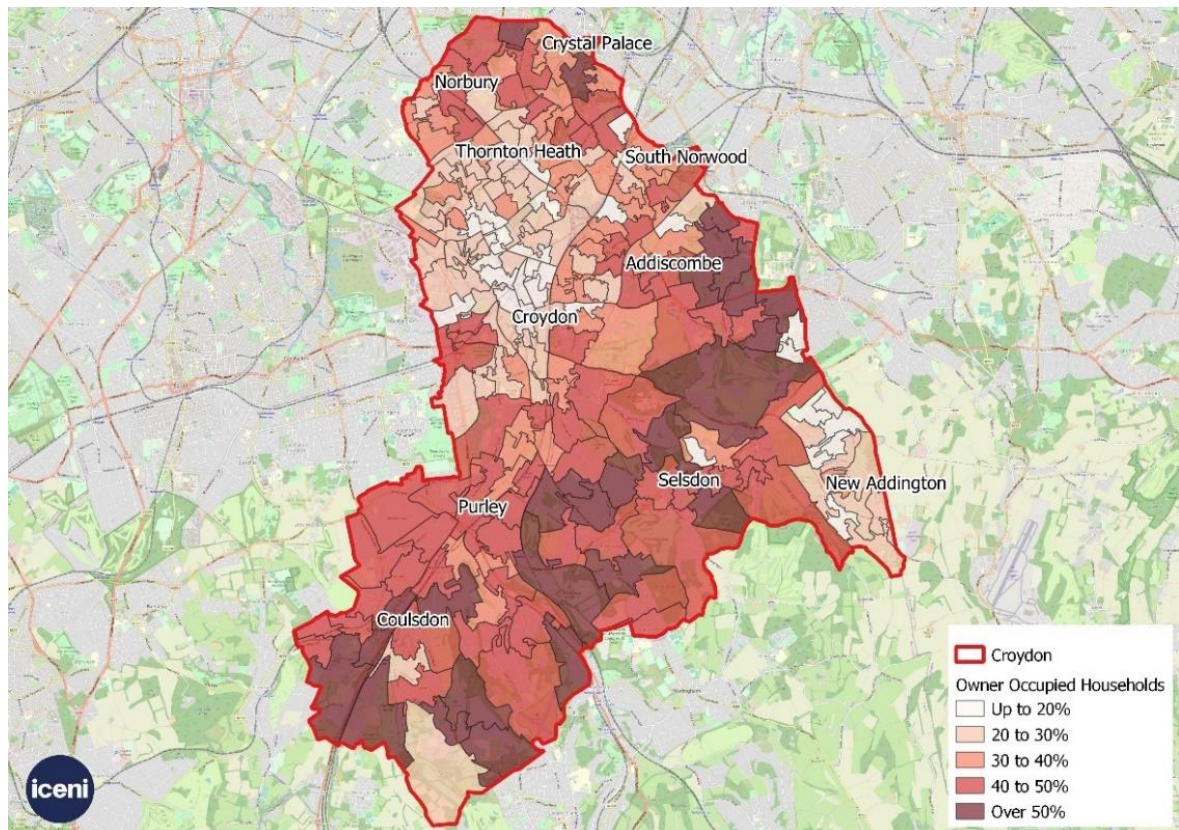
- 3.39 Some areas such as New Addington, which has a high population in social rented housing conversely has a lower proportion in private rented.

Table 3.16 Population in Private Rented Housing



Source: Iceni analysis of 2021 Census data

- 3.40 The figure below demonstrates the population across Croydon in owner-occupied properties. Clusters of owner-occupation are less defined in the Borough, although there are some larger areas of over 50% owner-occupation surrounding Coulsdon, Selsdon and Crystal Palace. Those areas of higher owner-occupation typically lie across the central/ south western area of the Borough.

Table 3.17 Population in Owner-Occupied Properties

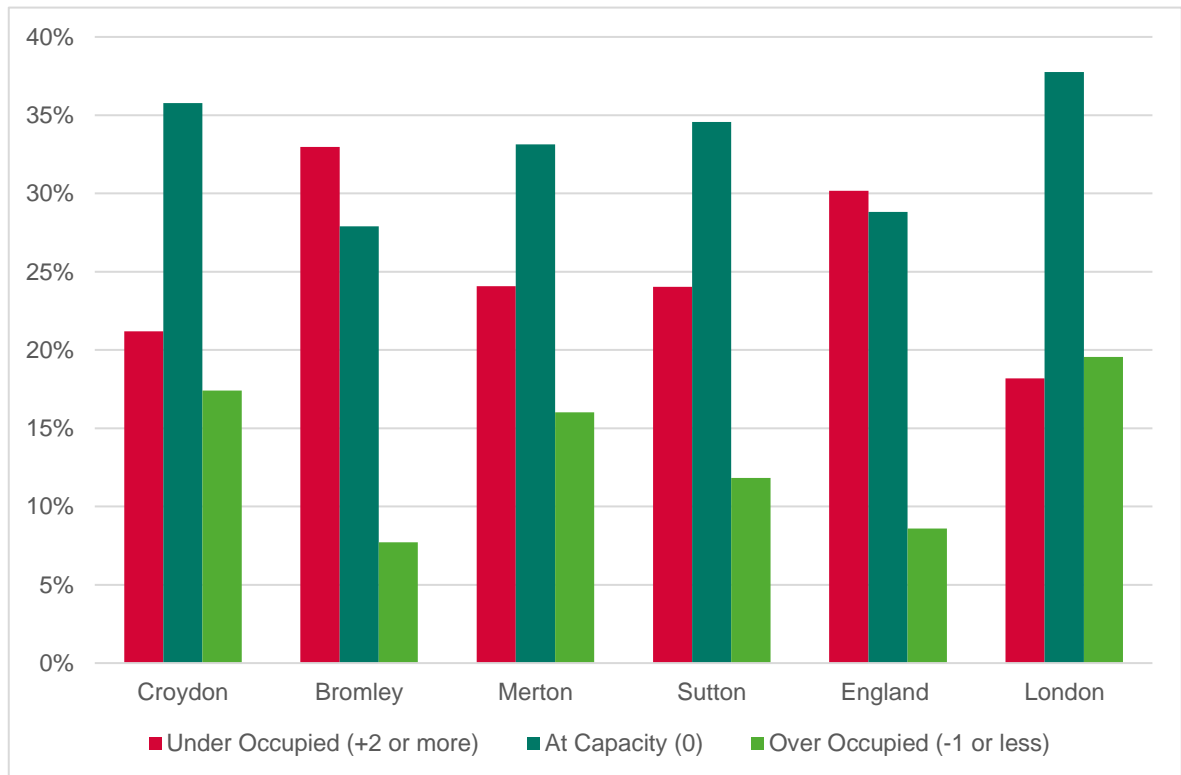
Source: Iceni analysis of 2021 Census data

- 3.41 Over-occupancy (or over-crowding) in households can also be an indicator of deprivation and lesser quality housing stock, however, it can also reflect higher levels of the BAME population who typically live in multi-generational households in greater numbers. We have used occupancy ratings⁵ to examine over- and under-occupation.
- 3.42 The figure below considers the level of overcrowding within households in Croydon and neighbouring boroughs. Croydon sees higher levels of properties that are over-occupied (17%) and at capacity (36%) than neighbouring boroughs, however, this is lower than the London average of 18% and 38% respectively. As such, there is a

⁵ This is calculated by comparing the number of bedrooms the household requires to the number of available bedrooms. The number of bedrooms the household requires is calculated based on the age, relationship and gender of members of the household.

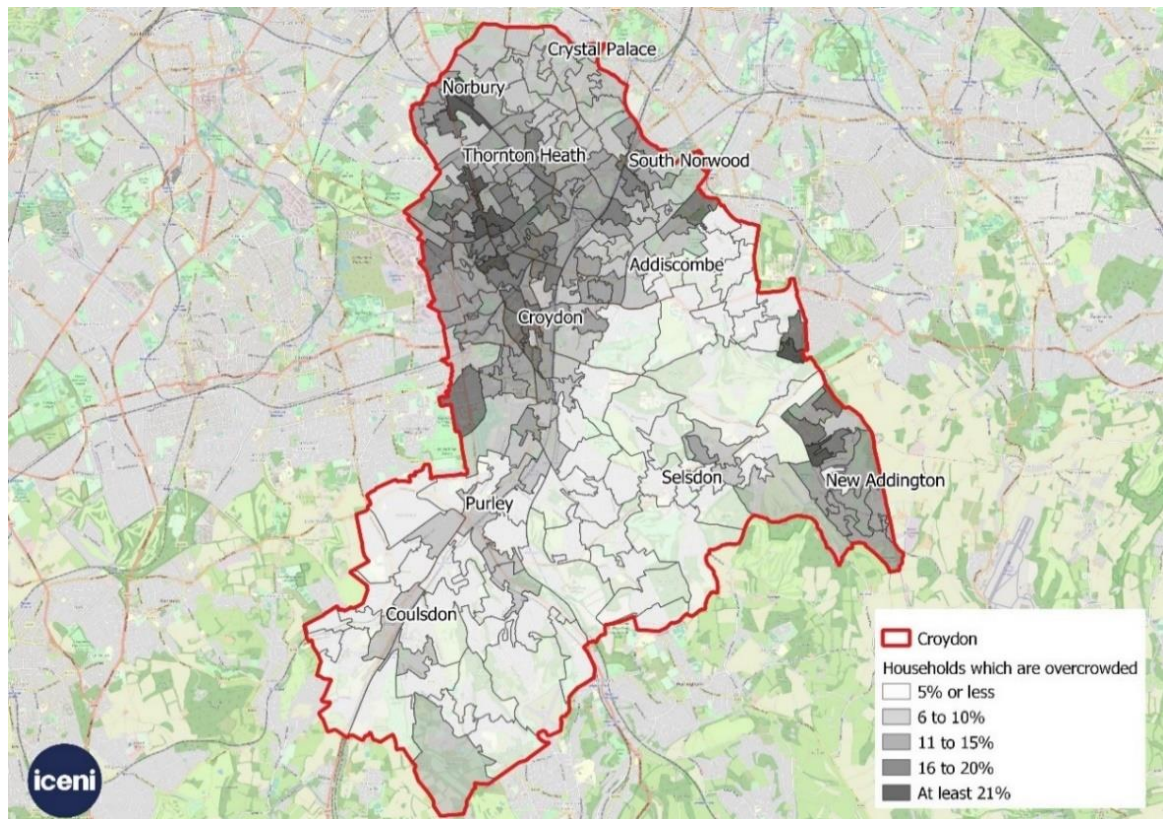
lower percentage of under-occupancy at 21% compared to neighbouring boroughs, also higher than the London average.

Table 3.18 Occupancy ratings



Source: Census 2021

- 3.43 The figure below shows the proportion of Households in each LSOA that are living in an overcrowded property.
- 3.44 There is a clear correlation between the percentage of the BAME population and areas with high levels of overcrowding. There is also an inverse correlation between those areas with lower levels of overcrowding and those areas with higher levels of owner-occupation.

Table 3.19 Overcrowded Households

Source: Iceni analysis of 2021 Census data

Context - Summary

- 3.45 Since 2011 the Borough's population has grown by 8% (27,000) to a total of 390,000.
- 3.46 The largest age group in the Borough are those 30-44 (23%). From 2011 to 2021 all age groups over 30 increased in proportional size.
- 3.47 The ethnic makeup of Croydon has changed between the 2011 and 2021 census, notably the number of white British and Irish people living in the borough has decreased while the BAME population of all types has increased.
- 3.48 Overall, the BAME population is concentrated in the north-west of the Borough around West Croydon, Norbury, Upper Norwood, Crystal Palace, Selhurst and

Thornton Heath. This correlates largely with the population that is born outside of the UK.

- 3.49 There is a clear north-south divide in the borough which sees some areas of very high deprivation in the north and less so in the south. This also appears to have impacted the health of the population.
- 3.50 The Borough had the fourth highest rate of housing delivery in Greater London, with over 28,000 gross dwelling completions since 2005. Much of which has been constructed in those areas with high public transport connectivity. The majority of new dwellings in the borough are in flatted developments.
- 3.51 As of 2021 there are a total of 162,300 dwellings in the Borough, 94% of which are occupied. Flats are the most common type (41%), followed by semi-detached (24%), Terraced (23%) and detached (12%).
- 3.52 In terms of tenure, 55% of households are owner-occupied which is below the national average. Around 26% are privately rented, and 18% are social rented. Census data also suggests that 0.6% of dwellings are HMOs.
- 3.53 Croydon experiences a higher level of over-occupied properties (17%) compared to neighbouring boroughs, although these levels are lower than the London average.
- 3.54 In contrast, the percentage of under-occupied households is 21%, which is higher than neighbouring boroughs but lower than the London average.

4. HOUSING MARKET REVIEW

Introduction

- 4.1 This section of the report considers the overall housing market in Croydon, neighbouring boroughs, London and England. It should be noted that this is a point in time exercise and that the market is extremely volatile at the present moment. This includes the impact of the pandemic and more recently interest rate increases and the cost-of-living crisis.
- 4.2 On a national level house prices continue to fall while rental prices increase. Savills in their September 2023 Housing Market Update⁶ note that house prices have fallen by 5.3% in the year to August 2023, although they are still around 20% up on prices from five years ago.
- 4.3 The report also notes that higher interest rates are impacting buyer confidence although they expect rates to have peaked. Although, Inflation is also impacting affordability as expenditure is stretched and savings are hit. There are also increasing levels of unemployment⁷ (3.7% to 4.3% in the last 12 months).
- 4.4 HMRC data also shows market activity continued to be subdued in July, with the number of completed sales falling by 18% compared to the 2017-19 average. This has been impacted by both fewer mortgage offers and a fall in completions. The Savills report suggest this will continue until mortgage interest rates fall.

⁶ https://www.savills.co.uk/research_articles/229130/351513-0

⁷

<https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/datasets/x10adjustedemploymentunemploymentandeconomicinactivity>

- 4.5 In contrast, annual rental growth across the UK grew 10.5% in the year to July 2023. There was also growth across London as competition for limited and falling stock remains high.

Sales

- 4.6 The median house price in Croydon in the year to March 2023 was £430,000. While this is considerably higher than the median for England (£290,000), it is lower than the other comparators.
- 4.7 There are many influences on the median price, not least the type of homes being sold. We would expect areas with a greater number of flats being sold to have a lower overall median than an area with a high number of detached homes.
- 4.8 As the table below shows, the median prices paid in Croydon are lower across all property types amongst the neighbouring London Boroughs. This would suggest that it is more than just the mix of homes which is influencing overall prices and other considerations such as the quality of place are at play.

Table 4.1 - Price by property type (YE March 2023)

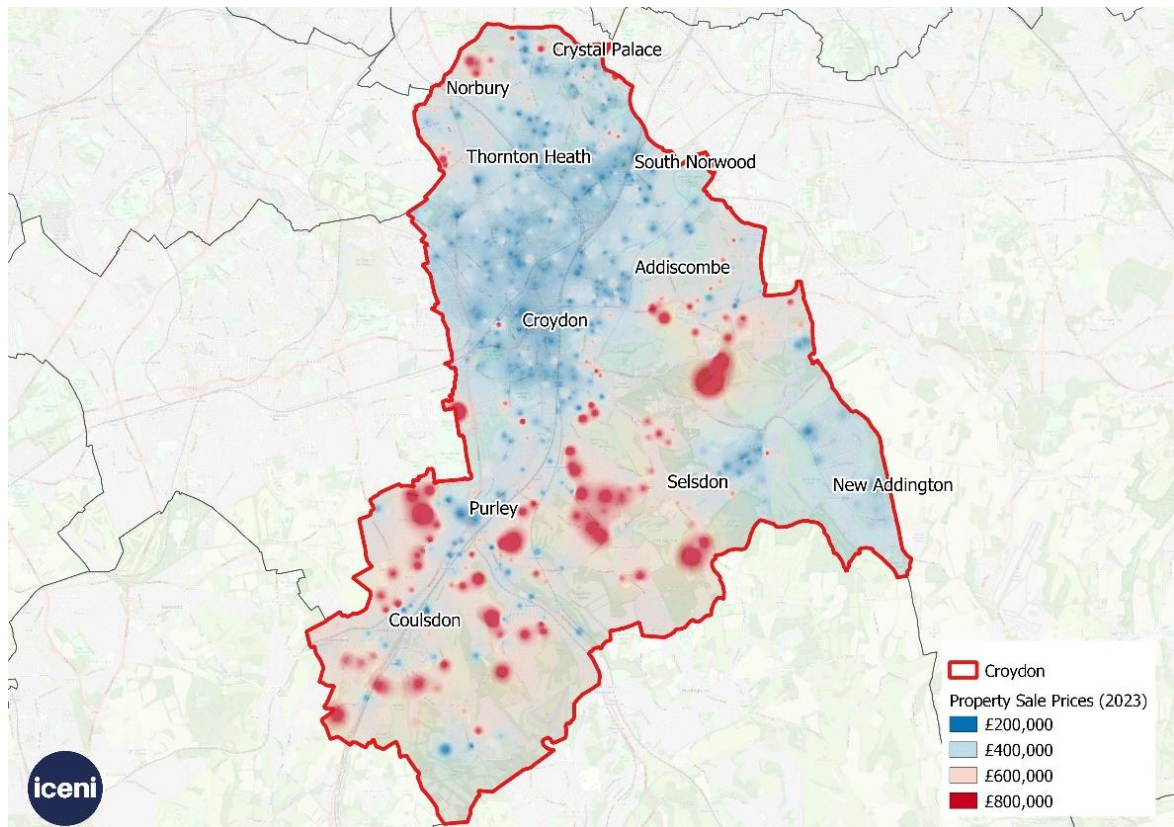
Area	Detached	Semi-detached	Terrace	Flats	Overall
Croydon	£790,000	£550,500	£450,000	£288,800	£430,000
Bromley	£915,000	£640,000	£520,000	£339,000	£525,000
Merton	£2,595,000	£843,500	£657,50e	£397,802	£565,000
Sutton	£917,500	£629,000	£485,000	£292,000	£455,500
London	£950,000	£640,000	£601,750	£437,000	£535,000
England	£440,000	£274,000	£240,000	£232,000	£290,000

Source: ONS, median price paid for administrative geographies

- 4.9 House prices across the Borough vary significantly, as can be seen in the figure below. Higher-priced areas in the Borough lie within the more suburban areas to the

south and south-west of the Borough including Coulsdon, Sanderstead/Selsdon and Shirley.

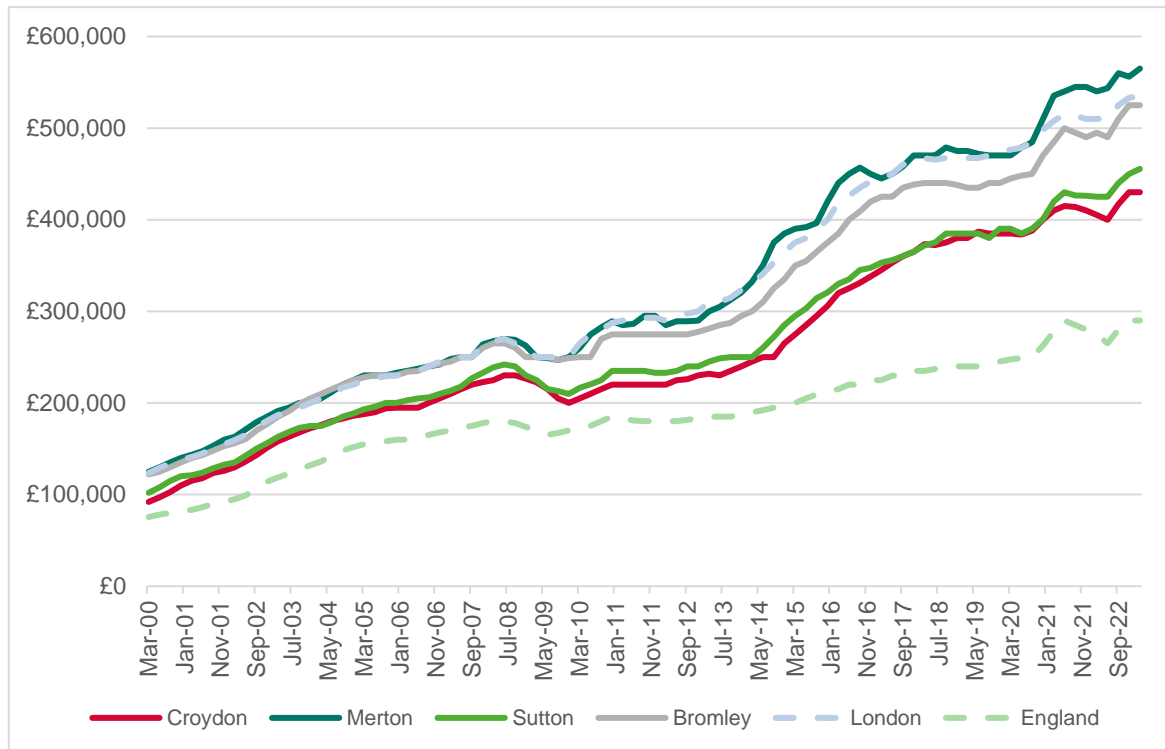
Table 4.2 Sold Property Price Heatmap (2023)



Source: Iceni analysis of EPC data

House Price Change

- 4.10 Croydon has consistently seen lower property prices than the overall London average. Long-term growth has also trailed behind the neighbouring authorities with prices growing by just 15.1% in the past 5 years, 4% points less than the next closest borough Bromley at 19.3%. Merton and Sutton have both seen an increase of over 20% since March 2018.

Table 4.3 House Price Change

Source: ONS, House price statistics

Affordability

- 4.11 The affordability ratio considers average house prices against average earnings for those who work in that area. The higher the affordability ratio the less affordable a place is.
- 4.12 Croydon sees a lower affordability ratio than all its neighbours, as well as the London average, meaning it is more affordable for the people who work there. However, at 10.77 times average earnings it will be difficult for many households to be able to afford to buy a median house without considerable equity.

Table 4.4 Median Affordability Ratio (Workplace-based)



Source: ONS

4.13 Comparison of the workplace-based and residence-based affordability ratios demonstrates a slight discrepancy in the earnings of the people who work in Croydon compared to the people who live there. The slightly higher residence-based ratio compared to the workplace-based ratio in the Borough indicates there is a degree of in-commuting into the Borough for higher-paid jobs while residents leave the Borough for lower-paid jobs.

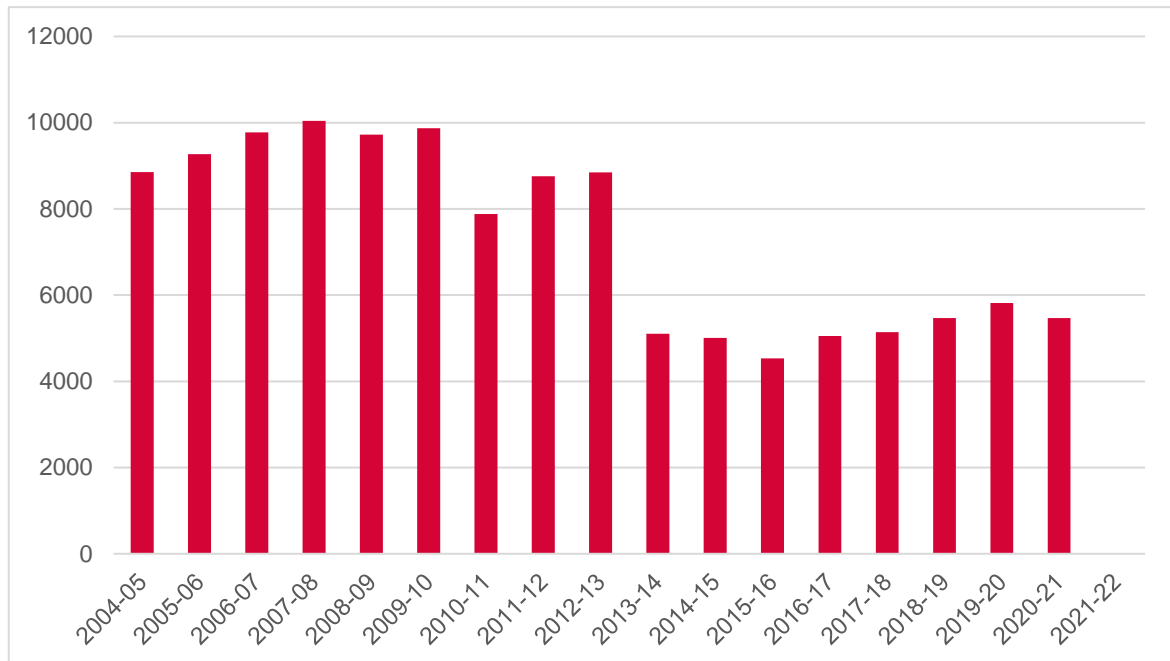
Table 4.5 Workplace vs Residence based Median House Price to Income Ratio

	Workplace Based	Residence Based	Difference
Croydon	10.77	10.88	0.11
Merton	16.91	14.94	-1.97
Sutton	12.46	12.44	-0.02
Bromley	13.96	11.76	-2.20
London	12.54	13.33	0.79
England	8.28	8.28	0.00

Source: ONS

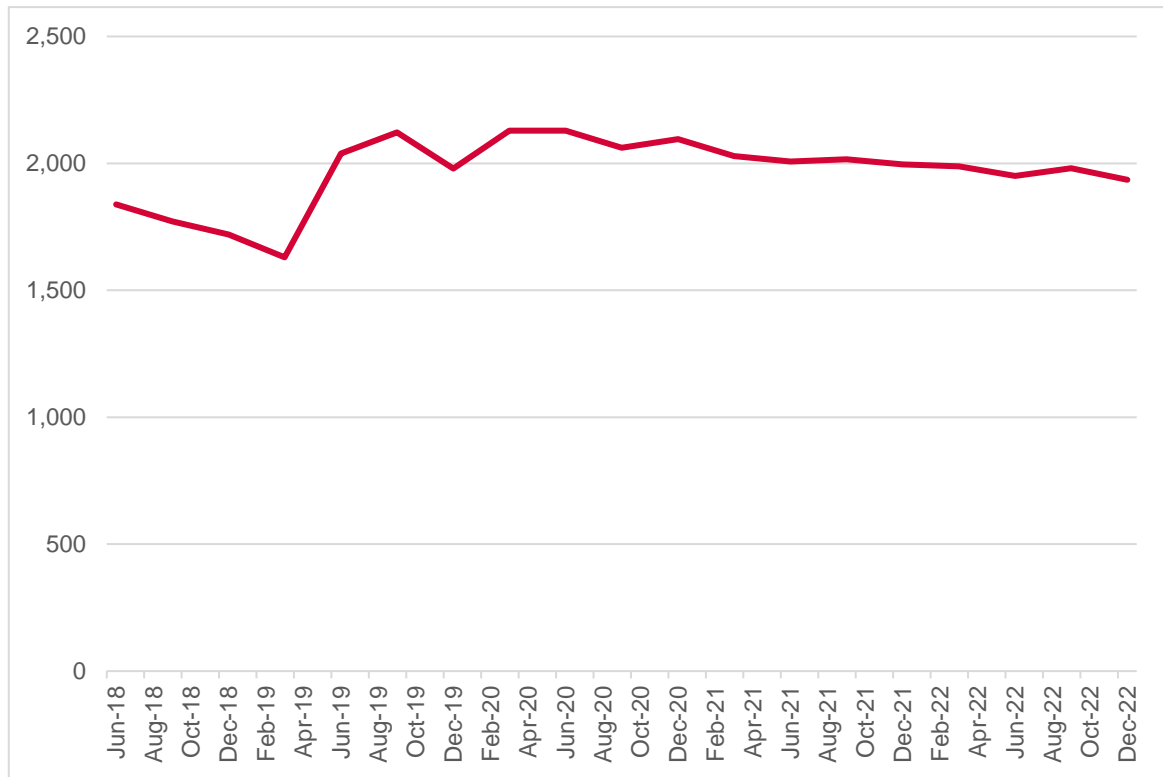
Housing Register

- 4.14 The number of households on the Council's Housing Register indicates the supply/demand pressures and scale of local need for rented affordable homes.
- 4.15 In Croydon there were 5,470 households on the Council's Housing Register in 2020-21, although the numbers on the Register have decreased notably since 2012-13. The Government's Local Authority Housing Statistics does not report data for Croydon for the year 2021/22.

Table 4.6 Households on the Housing Waiting List

Source: Local Authority Housing Statistics

- 4.16 The number of households in temporary accommodation in the Borough has increased since 2018, although this appears to have remained largely static since 2020. This is despite pandemic activity including the national government's "everyone in" programme.

Table 4.7 - Households in Temporary Accommodation

Source: DLUHC and MHCLG, Tables on homelessness

Estate and Lettings Agent Consultation

4.17 Iceni have sought to engage with estate and lettings agents working within the Borough to gain a greater understanding of current market activity and key drivers for property in the Borough. A list of agents engaged with is below:

- Bairstow Eve
- Martin and Co
- Haart
- Stirling Ackroyd

4.18 Overall the agents agree that the sales market in the Borough has underperformed in last 12 months. Interest rate hikes have put many off moving home with many choosing not to buy and others choosing not to sell until prices increase and

mortgages become more affordable. One agent reported seeing some vendors being forced to sell as their fixed mortgage term ended and higher interest rates were not affordable for them.

- 4.19 Prices have dropped overall, although as properties are still selling it is imperative that they are priced correctly. Agents reported having to do some management of expectations with vendors when valuing their property with some expecting prices to be as high as they were during Covid. This differed somewhat across the Borough, with vendors in East Croydon, where prices are typically lower, considered more realistic in what to expect than vendors in more southern locations that typically conduct a higher price. Overall, prices of houses are down by between 5% and 10%, Flats have taken a much larger hit and are now down by 10% to 20%.
- 4.20 Agents generally considered flats to be less popular than houses with one agent considering the high service charges for new build flatted developments to put buyers off. Typically most buyers look for outside space and parking within properties which many flats can lack.
- 4.21 Most buyers looking in the Borough were from Croydon itself and looking to stay within the area. One agent described an element of moving through and up the market, upsizing from a property in East Croydon to one in Purley for example. Families are the most common type of buyer across the Borough, although cheaper locations in the north of the Borough such as Thornton Heath typically see a lot of first-time buyers also. Investor interest was considered to have seen a large decline, particularly since the increase in taxes paid from profits of buy-to-let investors.
- 4.22 In terms of the type of property, agents described 1- and 3-bed properties to be the most popular, 1-bed properties are particularly in the first-time buyer market. The market for 2-bedroom properties was considered to be much slower than the others with one agent putting this down to a decrease in buy-to-let investor interest, which typically takes a large portion of this market.

- 4.23 Agents specified a particular need for more affordable types of property ownership such as help-to-buy and shared ownership as these play a key role in supporting the higher end of sale chains.

Housing Market - Summary

- 4.24 The median house price in Croydon in the year to March 2023 was £430,000. The median prices paid in Croydon for all property types is lower than those in neighbouring London Boroughs. Generally the more expensive locations in the Borough are to the south and south-west.
- 4.25 Croydon has seen consistently lower property prices than the overall London average and growth has trailed behind neighbouring authorities in the past 5 years.
- 4.26 This has contributed to a lower affordability ratio than its neighbours and the London average, meaning Croydon is relatively more affordable for the people who work there than other Boroughs.
- 4.27 The sales market in the Borough has underperformed in the last 12 months, with prices dropping between 5% and 20% overall. This is a result of interest rate hikes deterring potential buyers and sellers.

5. HOUSING NEED

- 5.1 This section considers overall housing need in the Borough in the context of the London Plan and drawing on the Council Housing Target post-2029. It also considers demographic trends, in particular looking at past trends in population growth and future projections.

London Plan & Housing Need

- 5.2 The policy context in London is different from other parts of the UK. In the context of London, housing targets for each London Borough are set out in the spatial development strategy for London: the London Plan.
- 5.3 The London Plan is part of the statutory development plan for all London Boroughs, meaning Local Plans must be in 'general conformity' with the London Plan⁸.
- 5.4 The London Plan was published on 2nd March 2021 and establishes a housing target of 20,790 dwellings for Croydon over the 10-years 2019/20 to 2028/29 or 2,079 dwellings per annum⁹.
- 5.5 Paragraph 4.1.1 and 4.1.2 of the London Plan 2021 sets out that London is considered as a single housing market area (HMA) and that the assessment of housing need was informed by the 2017 London Strategic Housing Market Assessment (SHMA), which identified a need for 66,000 additional homes per year over the plan period.

⁸ The general conformity requirement is established in Section 24 (1)(b) of the Planning and Compulsory Purchase Act 2004.

⁹ London Plan 2021, Policy H1 – Increasing Housing Supply and table 4.1.

5.6 The 2017 London SHMA used a 'net stock approach' to estimate housing requirements, the methodology was comprised of three main elements which broadly determined the overall scale and mix of requirements identified:

- **Projected changes in the number and mix of households in the area.** Household growth was estimated using household projections, which were derived by applying household formation rates to projected population growth, with the GLA's central population and household projections used as the basis for the main analysis of housing requirements. The net stock model used in the London SHMA projects requirements for different tenures and sizes of homes by applying the mix of tenures and sizes occupied by each household type to the projected future number of households of that type (taken from the GLA central household projection).
- **The affordability of different types of housing when compared to household incomes** (and savings, in the case of home ownership). Affordability is a critically important factor in determining the tenure mix of housing requirements. The SHMA applies a series of affordability tests to households to identify households who can afford or are in need of a range of tenures including low-cost rent, intermediate, private rent and home ownership.
- **Any adjustments that needed to be made to clear backlogs of housing need or to respond to market signals.** Backlog housing need comprises households who are in unsuitable accommodation, and whose needs imply a different mix of provision from that suggested by household growth alone. London has had sizable backlogs of housing need resulting from housing shortages throughout most of its recorded history due to identified housing requirements not being met. The SHMA assumes that the backlog is cleared at an annualised rate between 2016 and the end of the London Plan's current planning period in 2041.

5.7 However, housing targets in the London Plan are not informed by the 2017 SHMA alone. The London Plan (paragraph 4.1.7) states the 10-year housing targets for London Boroughs are based on the 2017 London Strategic Housing Land Availability Assessment (SHLAA).

5.8 The SHLAA includes an assessment of large housing sites (0.25 hectares and above) undertaken in partnership with boroughs, which provides the most

comprehensive study available of the capital's capacity for housing delivery based on a consistent pan-London methodology. The SHLAA also includes an assessment of small site (below 0.25 hectares) capacity using a combination of trend data for certain types of development and an estimate of potential for intensification in existing residential areas.

- 5.9 Table 4.1 of the London Plan 2021 identifies a total housing target of 522,870 net additional dwellings over the 10-years to 2028/29, or 52,287 net additional dwellings per annum. This represents a significant shortfall of 13,713 dwellings per annum against the need for 66,000 new dwellings per annum identified in the London SHMA.
- 5.10 In the event a local authority requires a housing target beyond the 10 years to 2028/29, paragraph 4.1.11 in the London Plan sets out that boroughs should draw on the 2017 SHLAA findings (which cover the plan period to 2041) and any local evidence of identified capacity. The boroughs should take into account any additional capacity that could be delivered as a result of committed transport infrastructure improvements, and roll forward the housing capacity assumptions applied in the London Plan for small sites. This is relevant to Croydon as its Local Plan runs to 2040.
- 5.11 To inform consideration of the housing target over the plan period to 2040 we have drawn on the Council's housing target for the period beyond 2028/29 which is 1,227 dwellings per annum. This target is derived from the following:
- Small sites capacity = 641 dwellings x 10.75 years = 6,891 dwellings
 - Large sites capacity from Phases 4 and 5 of the London Plan SHLAA capacity (2029-41) = 5,538 dwellings + 758 dwellings = 6,296 dwellings
- 5.12 When combined with the London Plan Target gives a total plan period need (2019-2040) for 33,985 dwellings or 1,618 dwellings per annum.
- 5.13 From this we have removed the 2019-21 net housing delivery of 3,844 dwellings which leaves a need for the 2021- 40 period of 30,141 dwellings which equates to 1,586 dwellings per annum. By rebasing to 2021 this also allows the data to be

rebased to include 2021 Census data. This report considers demographic trends and housing needs over this 2021-2040 period, using the framework set out by the London SHMA for consistency.

- 5.14 The standard method calculations, following the approach set out in the NPPF/PPG show a local housing need figure of 3,929 homes per annum. Iceni considers that effect of applying two uplifts (i.e. affordability uplift and urban centres uplift) to strong demographic growth (which itself is partly driven by very strong housing delivery) is unrealistic and the standard method is ultimately not a reasonable or locally applicable assessment for the Borough.

Demographic Baseline

- 5.15 This section next considers demographic evidence to provide further consideration of the scale of housing need in the Borough. The analysis below sets out a range of data about the population of Croydon – including population change and the age structure. The data takes a mid-2021 base, which is data derived by ONS using the 2021 Census and then rolled forward to mid-year based on estimates of births, deaths and migration.

Population and population change

- 5.16 As of mid-2021, the population of Croydon was estimated to be 390,500, this is a growth of around 25,700 people over the previous decade¹⁰. This equates to a growth of around 7% since 2011 which is in line with the rate of growth than across London (7%) and nationally (6%).

¹⁰ Note this differs from the Census counts which show a slightly higher rate of growth.

Table 5.1 - Population Change (2011 - 2021)

	Population (2011)	Population (2021)	Change	% Change
Croydon	364,815	390,506	25,691	7.0%
London	8,204,407	8,796,628	592,221	7.2%
England	53,107,169	56,536,419	3,429,250	6.5%

Source: ONS, Mid-Year Population Estimates

- 5.17 The table below considers the population growth rate in the 20 years from 2001 to 2021. The analysis shows over this period that the population of Croydon has consistently grown at a slower rate to that seen across London, but above that of England. Growth does look to have slowed down slightly in the 2011-21 period compared with 2001-11, but the change is not as notable as the reduction in growth seen across London as a whole.

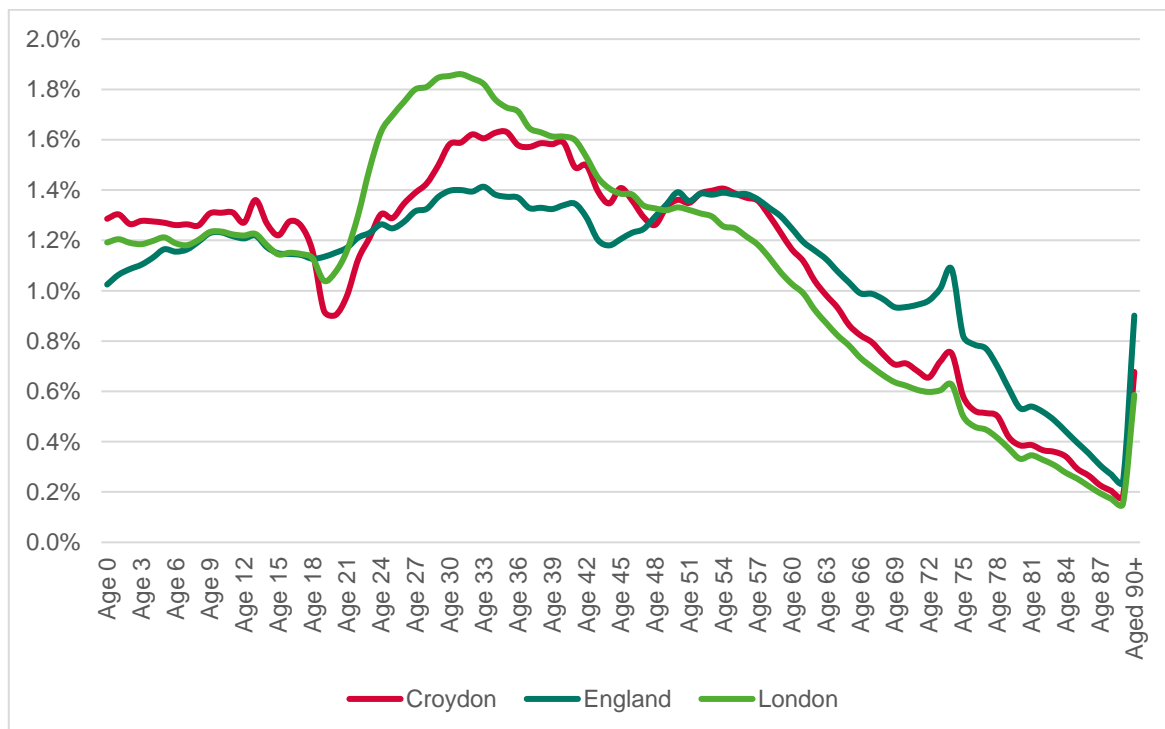
Table 5.2 - Population Annual Growth Rate (2001 - 2021)

	Growth Rate (2001 – 2011)	Growth Rate (2011 – 2021)	Growth Rate (2001 – 2021)
Croydon	0.9%	0.7%	0.8%
London	1.2%	0.7%	1.0%
England	0.7%	0.6%	0.7%

Source: ONS, MYE

Age Structure

- 5.18 The figure below shows the age structure by single year of age (compared with London and national position). From this it is clear Croydon has a smaller proportion of the population in younger working age groups (16-50), with more people in the under 16 age bands and those over 50.

Table 5.3 - Population Profile (2021)

Source: ONS, MYE

- 5.19 The analysis below summarises the above information (including total population numbers for Croydon) by assigning the population to three broad age groups (which can generally be described as a) children, b) working age and c) pensionable age). This analysis confirms that, compared with other areas, Croydon has smaller proportion of the population in the working age group than London, with 65.8% of the population in the 16 – 64 age band (compared to 68.8% in London).
- 5.20 The proportion of older people (those aged 65+) at 13.7% of the overall population in Croydon, is around 2% points above London but around 5% points below England.

Table 5.4 - Population Profile (2021) – Summary Age Bands

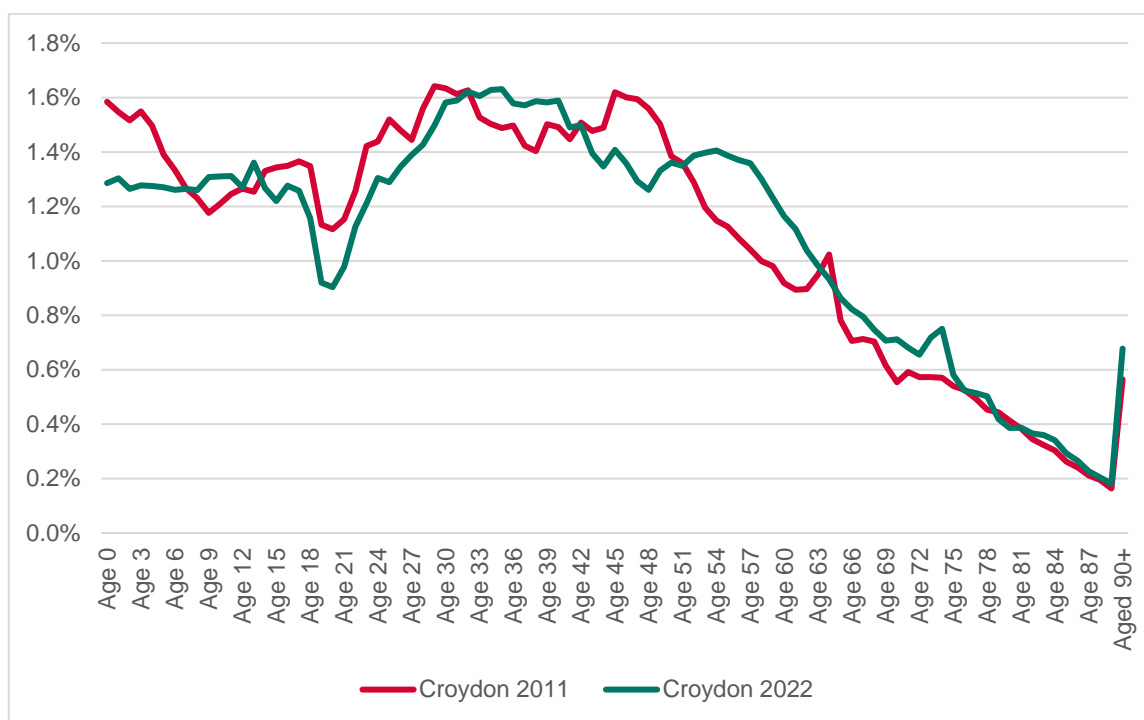
	Croydon		London	England
	Population	% of population	% of population	% of population
Under 16	80,089	20.5%	19.2%	18.5%
16 – 64	257,001	65.8%	68.8%	63.0%
65 +	53,416	13.7%	11.9%	18.5%
All Ages	390,506	100.0%	100.0%	100.0%

Source: ONS

- 5.21 Finally, the school aged population the Borough (20.5%) has a slightly higher proportion than London (19.2%) and England (18.5%)

Age Structure Changes

- 5.22 The figure below shows how the age structure of the population has changed in the 10 years from 2011 to 2021. Whilst there are some differences seen for certain age groups, it is the case that the overall structure has not changed markedly over time. Growth has been focused particularly amongst those in their 30s and older working age groups.

Table 5.5 – Population Age Structure in 2011 and 2021

Source: ONS, MYE

- 5.23 This information is summarised into three broad age bands to ease comparison. The table below shows an increase across all broad age groups, the most significant being of people aged 16-64, increasing by 16,150 people (6.7%) over the 2011-21 decade. Although, in percentage terms the largest increase is in those of a retirement age (19.6%). This will mostly be driven by people aging in place rather than retirees moving to the Borough.

Table 5.6 - Change in Population by Broad Age Group (2011 - 2021) – Croydon

	2011	2021	Change	% Change
Under 16	79,308	80,089	781	1.0%
16 - 64	240,851	257,001	16,150	6.7%
65+	44,656	53,416	8,760	19.6%
Total	364,815	390,506	25,691	7.0%

Source: ONS, Census

Components of Population Change

- 5.24 The table below consider the drivers of population change 2001 to 2021 – this is data published prior to any corrections due to the 2021 Census and shows ONS monitoring of population estimates – it should be noted that ONS had estimated the population of Croydon to be 385,800 before increasing this by around 5,000 following publication of Census data.
- 5.25 The main components of change are natural change (births minus deaths) and net migration (internal/domestic and international). There is also an Unattributable Population Change (UPC) which is a correction made by ONS upon publication of Census data if the population has been under- or over-estimated (this is only calculated for the 2001-11 period). There are also ‘other changes’, which are generally small and often related to armed forces personnel or boarding school pupils.
- 5.26 The data shows natural change to be strongly positive throughout the period (influenced by the population age profile) although dropping slightly over the past five years or so.
- 5.27 Generally, net internal migration is negative – pointing to more people moving from Croydon to other parts of the country rather than moving into the Borough. International migration is strongly positive with an average of over 1,700 people (net) moving to the Borough on average over the past decade.
- 5.28 The analysis also shows (for the 2001-11) period a notable level of UPC, totalling around 10,000 people over the 10 years. The UPC is positive and suggests when the 2011 Census was published ONS had previously under-estimated population change – there will also be a positive UPC when ONS publishes new MYE which take account of the Census.

Table 5.7 - Components of population change, mid-2001 to mid-2021 – Croydon

	Natural change	Net internal migration	Net inter-national migration	Other changes	Other (unattributable)	Total change
2001/2	1,610	-3,707	1,687	-24	737	303
2002/3	1,759	-3,573	1,543	-13	788	504
2003/4	1,990	-3,992	2,415	26	776	1,215
2004/5	2,252	-3,993	2,843	-11	827	1,918
2005/6	2,095	-2,899	1,253	12	936	1,397
2006/7	2,714	-2,240	2,145	-27	988	3,580
2007/8	3,047	-1,712	2,875	-2	1,071	5,279
2008/9	2,767	-2,144	1,672	-1	1,161	3,455
2009/10	2,931	-1,036	2,002	-34	1,325	5,188
2010/11	3,337	141	1,993	11	1,382	6,864
2011/12	3,337	-754	1,769	22	0	4,374
2012/13	3,346	-624	1,707	10	0	4,439
2013/14	3,443	-2,362	2,355	9	0	3,445
2014/15	3,164	-2,605	2,445	-7	0	2,997
2015/16	3,480	-2,802	2,547	6	0	3,231
2016/17	3,326	-3,414	1,623	1	0	1,536
2017/18	3,018	-4,366	1,854	3	0	509
2018/19	2,846	-2,781	1,286	13	0	1,364
2019/20	2,336	-1,449	909	57	0	1,853
2020/21	2,300	-5,867	840	-4	0	-2,731

Source: ONS

Developing Trajectory Projection

- 5.29 As noted above, in the 2021-40 period, Croydon Council is planning to provide 30,141 dwellings at an average of 1,586 dpa. The analysis below looks at how the population might change if providing this level of homes. This projection is then used to help inform other analyses within this report (including the mix of housing and the need for specialist accommodation for older people).

- 5.30 A scenario has been developed which flexes migration to and from the Borough such that there is sufficient population for 1,586 additional homes each year. The modelling links to the most up-to-date (2018-based) population and household projections and also rebases population and households to the levels shown in the 2021 Census.
- 5.31 Within the modelling, migration assumptions have been changed so that across the Borough the increase in households matches the housing need (including a standard 3% vacancy allowance). Adjustments are made to both in- and out-migration (e.g. if in-migration is increased by 1% then out-migration is reduced by 1%).
- 5.32 In developing this projection, a population increase of around 49,200 people is shown, with population growth being focussed on the older person population (those aged 65 and over) – this age group is projected to see a 58% increase (30,800 additional people). There is also projected to be a notable increase in the number of people of ‘working-age’ (16-64) and a modest decline in the number of children. The overall projected change is equivalent to around 2,600 people per annum, which is the same as seen in past trends for the 2011-21 period.

Table 5.8 - Projected population change 2021 to 2040 by broad age bands – Croydon (linked to the delivery of 1,586 dwellings per annum)

	2021	2040	Change in population	% change from 2023
Under 16	80,089	79,052	-1,037	-1.3%
16-64	257,001	276,444	19,443	7.6%
65 and over	53,416	84,237	30,821	57.7%
Total	390,506	439,733	49,227	12.6%

Source: Demographic Projections

Housing Need - Summary

- 5.33 The London Plan establishes a housing target of 20,790 dwellings for Croydon over the 10 years to 2028/29 or 2,079 dwellings per annum.
- 5.34 There is, however, a need to look beyond 2029 to identify a housing target for the plan period to 2040. In line with the London Plan we have drawn on “local evidence of identified capacity” from the Council’s housing trajectory. When combined with the London Plan target this identified capacity results in a total housing need of 30,141 dwellings over the 2021-2040 period and average of 1,586 dpa.
- 5.35 Iceni has not sought to rely on or incorporate the standard method for calculating local housing need as set by the Government via the PPG. Using this method shows a local housing need figure of 3,929 homes per annum.
- 5.36 As of mid-2021, the population of Croydon was estimated to be 390,500. If housing is to be delivered in line with the need (1,586 dpa) then the population would be expected to grow by around 49,000 (12.6%) by 2040.

6. AFFORDABLE HOUSING NEED

Introduction

- 6.1 This section provides an assessment of the need for affordable housing in Croydon. The analysis specifically considers general needs housing, with further analysis of specialist housing (e.g., for older people) being discussed later in the report.
- 6.2 The analysis follows the PPG (Sections 2a-018 to 2a-024) and provides two main outputs, linked to Annex 2 of the NPPF – this is firstly an assessment of the need from households unable to buy OR rent housing and, secondly, from households able to rent but not buy. For convenience these analyses are labelled in line with the London Plan as a need for ‘low-cost rented housing and ‘intermediate housing although in reality, it is possible for an intermediate product to fit into the rented category (as long as the price is sufficiently low) or for a rented product (such as London Living Rent) to be considered as intermediate product as set out below.
- 6.3 The different types of affordable housing products considered in this report in relation to the assessment of need are shown below:

Affordable Housing Products

Low-Cost Rented Homes:

London Affordable Rent and **Social Rent**: these tenures are for households on low incomes where the rent levels are based on the formulas in the Social Housing Regulator’s Rent Standard Guidance. The rent levels for Social Rent homes use a capped formula and London Affordable Rent homes are capped at benchmark levels published by the GLA. Rents for both are **significantly** less than 80% of market rents, which is the maximum for Affordable Rent permitted in the NPPF.

Intermediate Housing:

London Living Rent (“LLR”): an intermediate affordable rent product designed for middle-income households to help them transition from renting to shared ownership. The Mayor introduced LLR as an intermediate affordable housing product with low rents that vary by ward across London.

London Shared Ownership: an intermediate affordable ownership product which allows London households who would struggle to buy on the open market to purchase a share in a new home and pay a low rent on the remaining, unsold, share.

First Homes: a form of discounted market sale housing where homes are sold at a minimum 30% discount to the market value, to an eligible first-time buyer, with provisions for the discount to be passed on as the property is resold. At the time of writing, the first sale must be priced at no more than £420,000 in London.

Methodology Overview

6.4 The method for studying the need for affordable housing has been enshrined in Government practice guidance for many years, with an established approach to look at the number of households who are unable to afford market housing (to either rent or buy). It is considered that this group will mainly be a target for rented affordable homes (low-cost rented homes) and therefore the analysis looks at the need for ‘affordable housing for rent’ as set out in Annex 2 of the NPPF. The methodology for looking at the need for low-cost rented housing considers the following:

- **Current affordable housing need:** an estimate of the number of households who have a need now, at the point of the assessment – this figure is then annualised to meet the current need over a period of time;

- **Projected newly forming households in need:** using demographic projections to establish gross household formation, and then applying an affordability test to estimate numbers of such households unable to afford market housing;
- **Existing households falling into need:** based on studying past trends in the types of households who have accessed low-cost rented housing; and
- **Supply of affordable housing:** an estimate of the likely number of lettings that will become available from the existing low-cost rented housing stock.

6.5 The first three bullet points above are added together to identify a gross need, from which the supply of relets of existing properties is subtracted to identify a net annual need for additional affordable housing. For this assessment, this analysis is used to identify the overall (net) need for low-cost rented housing.

6.6 This approach has traditionally been used to consider the needs of households who have not been able to afford market housing (either to buy or to rent). As the income necessary to afford to rent homes without financial support is typically lower than that needed to buy, the ability of households to afford private rents has influenced whether or not they are in need of affordable housing.

6.7 The NPPF and associated guidance has expanded the definition of those in affordable housing need to include households who might be able to rent without financial support but who aspire to own a home and require support to do so. The PPG includes households that “cannot afford their own homes, either to rent, or to own, where that is their aspiration” as having an affordable housing need.

6.8 This widened definition has been introduced by National Government to support increased access to home ownership, given evidence of declining home ownership and growth in private renting over the last 20 years or so. The PPG does not, however, provide specific guidance on how the needs of such households should be assessed and so this study adopts a broadly consistent methodology to that

identified in the PPG and consider a current need; a newly arising need on an annual basis; existing households falling into need; and an annual estimate of supply.

- 6.9 The analysis of affordable housing need is therefore structured to consider the need for low-cost rented housing, and separately the need for intermediate housing. The overall need is expressed as an annual figure, which can then be compared with likely future delivery (as required by 2a-024).
- 6.10 Whilst the need for low-cost rented housing and intermediate housing are analysed separately, there are a number of pieces of information that are common to both assessments. In particular, this includes an understanding of local housing costs, incomes and affordability. The sections below therefore look at these factors.

Local Prices and Rents

- 6.11 An important part of the affordable needs model is to establish the entry-level costs of housing to buy and rent. The affordable housing needs assessment compares prices and rents with the incomes of households to establish what proportion of households can meet their needs in the market, and what proportion require support and are thus defined as having an 'affordable housing need'. For the purposes of establishing affordable housing need, the analysis focuses on overall housing costs (for all dwelling types and sizes).
- 6.12 The analysis below considers the entry-level costs of housing to both buy and rent across the Borough. The approach has been to analyse Land Registry and ONS data to establish lower quartile prices and rents. Using a lower quartile figure is consistent with the PPG and reflects the entry-level point into the market recognising that the very cheapest properties may be of sub-standard quality.
- 6.13 Data from the Land Registry for the year to March 2023 shows estimated lower quartile property prices by dwelling type. The data shows that entry-level costs to

buy are estimated to start from about £240,000 for a second-hand flat and rise to over £600,000 for a detached home.

- 6.14 Looking at the lower quartile price across all dwelling types, the analysis shows a lower quartile price of around £320,000. The figures are all based on cost of existing homes in the market although newbuild prices are considered later in this section when looking at potential costs of intermediate properties.

Table 6.1 - Estimated lower quartile cost of housing to buy by type (existing dwellings) – year to March 2023 – Croydon

	Lower quartile price
Flat/maisonette	£240,000
Terraced	£400,000
Semi-detached	£465,000
Detached	£645,000
All dwellings	£318,500

Source: ONS Small area house prices

- 6.15 It is also useful to provide estimates of property prices by the number of bedrooms in a home. Analysis for this draws together Land Registry data with an internet search of prices of homes for sale (using sites such as Rightmove). The analysis suggests a lower quartile price of about £215,000 for a 1-bedroom home, rising to £565,000 for homes with 4-bedrooms.

Table 6.2 - Estimated lower quartile cost of housing to buy by size (existing dwellings) – year to March 2023 – Croydon

	Lower quartile price
1-bedroom	£215,000
2-bedrooms	£285,000
3-bedrooms	£425,000
4-bedrooms	£565,000
All Dwellings	£318,500

Source: Land Registry and Internet Price Search

- 6.16 A similar analysis has been carried out for private rents using ONS data – this covers a 12-month period to March 2023. For the rental data, information about dwelling sizes is provided (rather than types); the analysis shows an average lower quartile cost (across all dwelling sizes) of £1,000 per month.

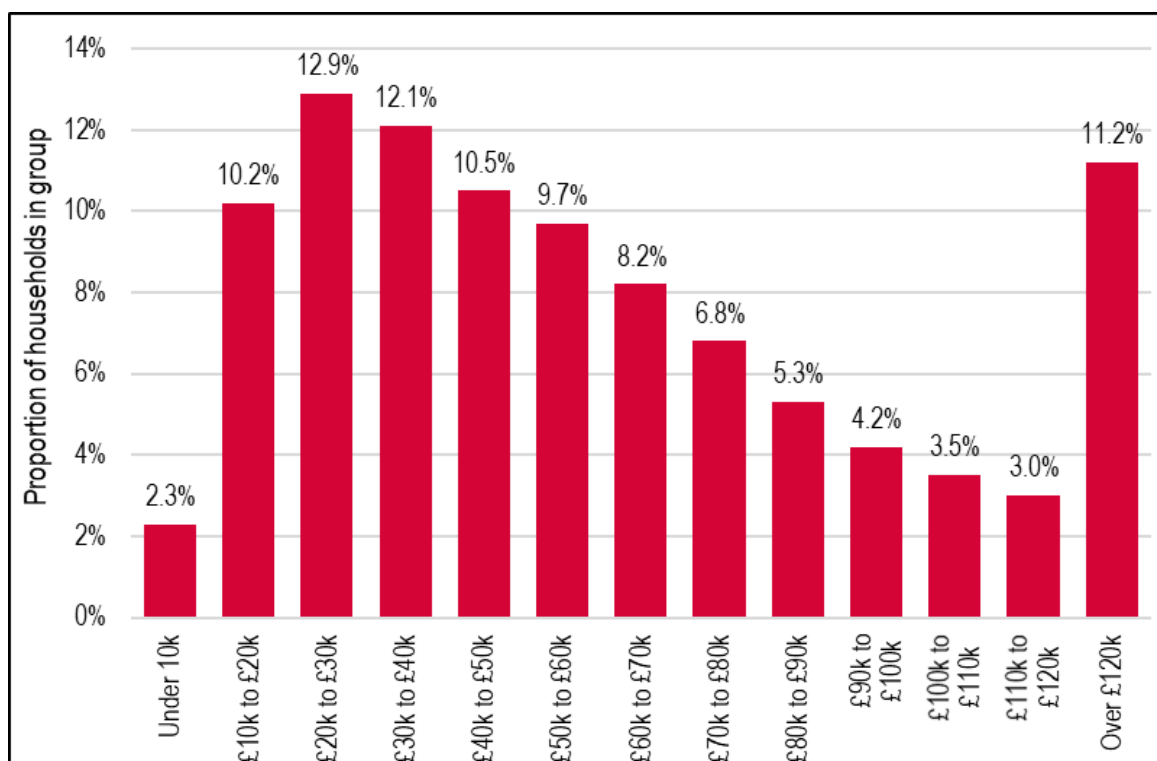
Table 6.3 - Lower Quartile Market Rents, year to March 2023 – Croydon

	Lower Quartile rent, pcm
Room only	£550
Studio	£775
1-bedroom	£915
2-bedrooms	£1,168
3-bedrooms	£1,350
4-bedrooms	£1,800
All properties	£1,000

Source: ONS

Household Incomes

- 6.17 Following on from the assessment of local prices and rents it is important to understand local income levels as these (along with the price/rent data) will determine levels of affordability (i.e., the ability of a household to afford to buy or rent housing in the market without the need for some sort of subsidy). Data about total household income has been based on ONS modelled income estimates, with additional data from the English Housing Survey (EHS) being used to provide information about the distribution of incomes.
- 6.18 Drawing this data together an income distribution for the whole Borough has been constructed for 2022. The figure below shows that around a quarter of households have incomes below £30,000 with a further quarter in the range of £30,000 to £50,000. Overall, the average (mean) income is estimated to be around £62,700, with a median income of £52,100; the lower quartile income of all households is estimated to be £29,700.

Table 6.4 : Distribution of household income (2022) – Croydon

Source: Modelled based on ONS Income Estimates for small areas and the English Housing Survey

Affordability Thresholds

- 6.19 To assess affordability two different measures are used; firstly to consider what income levels are likely to be needed to access private rented housing (this establishes those households in need of low-cost rented housing) and secondly to consider what income level is needed to access owner-occupation (this, along with the first test helps to identify households in the ‘gap’ between renting and buying).
- 6.20 This analysis therefore brings together the data on household incomes with the estimated incomes required to access private sector housing. Additionally, different affordability tests are applied to different parts of the analysis depending on the group being studied (e.g. recognising that newly forming households are likely on average to have lower incomes than existing households).

- 6.21 The analysis of affordability links back to income estimates although it does need to be recognised that access to deposits will also be an issue for many households when looking at accessing housing (particularly for owner-occupation, but also rented accommodation).
- 6.22 The analysis does not specifically factor in deposits due to good local information not typically being available; however, the English Housing Survey (2021-22) did collect data on savings (nationally) and this showed that 22% of owners, 48% of households in the private rented sector and 74% of social tenants did not have any savings. Access to deposits are therefore a potential further barrier to accessing housing for some groups.
- 6.23 A household is considered able to afford market rented housing in cases where the rent payable would constitute no more than a particular percentage of gross income. The choice of an appropriate threshold is an important aspect of the analysis – the PPG does not provide any guidance on this issue. CLG SHMA guidance prepared in 2007 suggested that 25% of income is a reasonable starting point, it also noted that a different figure could be used. Analysis of current letting practices suggests that letting agents typically work on a multiple of 40%. Government policy (through Housing Benefit payment thresholds) would also suggest a figure of 40%+ (depending on household characteristics).
- 6.24 At £1,000 per calendar month, lower quartile rent levels in Croydon are above average in comparison to those seen nationally (a lower quartile rent of £625 for England in the year to March 2023). This would suggest that a proportion of income to be spent on housing could be higher than the bottom end of the range (the range starting from 25%). On balance, it is considered that a threshold of 30% is reasonable in a local context¹¹, to afford a £1,000 pcm rent would imply a gross

¹¹ The London SHMA 2017 assumed that households could afford private rent if the LQ private rent does not exceed 25% of gross household income for households with incomes of less than £40,000 per annum, or 30% for households with incomes of more than £40,000 per annum

household income of about £40,000 (and in net terms the rent would likely be around 38% of income).

- 6.25 In reality, many households may well spend a higher proportion of their income on housing and therefore would have less money for other living costs – for this assessment these households would essentially be assumed as ideally having some form of subsidised rent so as to ensure a sufficient level of residual income.
- 6.26 Generally, the income required to access owner-occupied housing is higher than that required to rent – although outgoings may be lower - and so the analysis of the need for low-cost rented housing is based on the ability to afford to access private rented housing. However, local house prices (and affordability) are important when looking at the need for intermediate housing.
- 6.27 For this assessment, the income thresholds for owner-occupation assume a household has a 10% deposit and can secure a mortgage for four and a half times their salary. These assumptions are considered to be broadly in line with typical lending practices although it is recognised that there will be differences on a case-by-case basis.
- 6.28 The table below shows the estimated incomes required to both buy and rent (privately). This shows a notable ‘gap’ across the Borough. The information in the table below is taken forward into further analysis in this section to look at affordable needs for different types of homes.

Table 6.5 Estimated Household Income Required to Buy and Privately Rent

	To buy	To rent (privately)	Income gap
Croydon	£64,000	£40,000	£24,000

Source: Based on Housing Market Cost Analysis

Need for Low-Cost Rented Housing

- 6.29 The sections below work through the various stages of analysis to estimate the need for low-cost rented housing in the Borough. Final figures are provided as an annual need (including an allowance to deal with current need). As per 2a-024 of the PPG, this figure can then be compared with likely delivery of affordable housing.

Current Need

- 6.30 In line with PPG paragraph 2a-020, the current need for affordable housing has been based on considering the likely number of households with one or more housing problems. The Table below sets out the categories in the PPG and the sources of data being used to establish numbers.
- 6.31 The PPG also includes a category where households cannot afford to own despite it being their aspiration – this category is considered separately in this report (under the title of the need for intermediate housing). Definitions for overcrowded and concealed households can be found by following the links provided.

Table 6.6 Main sources for assessing the current need for rented affordable housing

	Source	Notes
Homeless households (and those in temporary accommodation)	MHCLG Statutory Homelessness data	Household in temporary accommodation at end of quarter.
Households in overcrowded housing ¹²	2021 Census Table RM099	Analysis undertaken by tenure
Concealed households ¹³	2021 Census Table RM009	Number of concealed families
Existing affordable housing tenants in need	Modelled data linking to past survey analysis	Excludes overcrowded households
Households from other tenures in need	Modelled data linking to past survey analysis	

Source: PPG [2a-020]

- 6.32 The table below shows an estimated need from around 25,900 households, with overcrowding the main issue (over three-fifths of households identified).

Table 6.7 Estimated housing need by category of household

	Households	% of households
Concealed household	3,491	13.5%
Homeless household	1,904	7.3%
Households in overcrowded housing	15,868	61.2%
Existing affordable housing tenants in need	595	2.3%
Households from other tenures in need	4,078	15.7%
TOTAL	25,936	100.0%

Source: Derived from a range of sources

- 6.33 The table above shows around 3,500 concealed households in the Borough and the table below provides some more detail about these (age and family type). This shows around half are aged 25-49 with the main family types being couples with no

¹² <https://www.nomisweb.co.uk/query/construct/summary.asp?mode=construct&version=0&dataset=2199>

¹³ <https://www.nomisweb.co.uk/query/construct/summary.asp?mode=construct&version=0&dataset=2109>

children – around 40% of all concealed households do, however, contain dependent children.

Table 6.8 Family type and age of family reference person – concealed households

Concealed family type	24 and under	25-49	50-64	65+	Total
Lone parent: Dependent children	171	619	83	39	912
Lone parent: All children non-dependent	0	40	182	184	406
Couple: No children	138	735	157	481	1,511
Couple: Dependent children	17	345	59	73	494
Couple: All children non-dependent	0	10	73	85	168
TOTAL	326	1,749	554	862	3,491

Source: 2021 Census

- 6.34 In taking this estimate (the 25,936) forward, the data modelling next estimates the need by tenure and considers affordability. The affordability in different groups is based on estimates of how incomes are likely to vary, for owner-occupiers there is a further assumption about potential equity levels. For homeless and concealed households it is assumed incomes will be low and households unlikely to be able to afford to rent in the market without some level of subsidy (Housing Benefit or Universal Credit with a housing allowance).
- 6.35 The table below shows over half of those households identified above are unlikely to be able to afford market housing to buy OR rent and therefore there is a current need from 14,640 households.

Table 6.9 Estimated housing need and affordability by tenure

	Number in need	% unable to afford	Current need after affordability
Owner-occupied	4,432	4.3%	191
Affordable housing	5,736	80.3%	4,607
Private rented	10,373	42.9%	4,446
No housing (homeless/concealed)	5,395	100.0%	5,395
TOTAL	25,936	56.4%	14,640

Source: Derived from a range of sources

- 6.36 Finally, from these estimates, households living in affordable housing are excluded (as these households would release a dwelling on moving and so no net need for affordable housing will arise). The total current need is therefore estimated to be 10,032. For analysis, it is assumed that the local authority would seek to meet this need over a period of time. Given that this report typically looks at needs in the period from 2021 to 2040, the need is annualised by dividing by 19 (to give an annual need for 528 dwellings across all areas). This does not mean that some households would be expected to wait 19 years for housing as the need is likely to be dynamic, with households leaving the current need as they are housed but with other households developing a need over time.

Newly-Forming Households

- 6.37 The number of newly forming households has been estimated through demographic modelling with an affordability test also being applied. This has been undertaken by considering the changes in households in specific 5-year age bands relative to numbers in the age band below, 5 years previously, to provide an estimate of gross household formation.
- 6.38 The number of newly-forming households is limited to households forming who are aged under 45 – this is consistent with CLG guidance (from 2007) which notes after age 45 that headship (household formation) rates ‘plateau’. There may be a small number of household formations beyond age 45 (e.g., due to relationship

breakdown) although the number is expected to be fairly small when compared with formation of younger households.

- 6.39 In assessing the ability of newly forming households to afford market housing, data has been drawn from the analysis of English Housing Survey data at a national level. This establishes that the average income of newly forming households is around 84% of the figure for all households.
- 6.40 The analysis has therefore adjusted the overall household income data to reflect the lower average income for newly forming households. The adjustments have been made by changing the distribution of income by bands such that average income level is 84% of the all-household average. In doing this it is possible to calculate the proportion of households unable to afford market housing. For the purposes of the need for low-cost rented housing, this will relate to households unable to afford to buy OR rent in the market.
- 6.41 The assessment suggests overall – taking account of local incomes and private rented sector units - that approaching half of newly forming households will be unable to afford market housing (to rent privately) and this equates a total of 1,452 newly forming households will have a need per annum on average across the Borough.

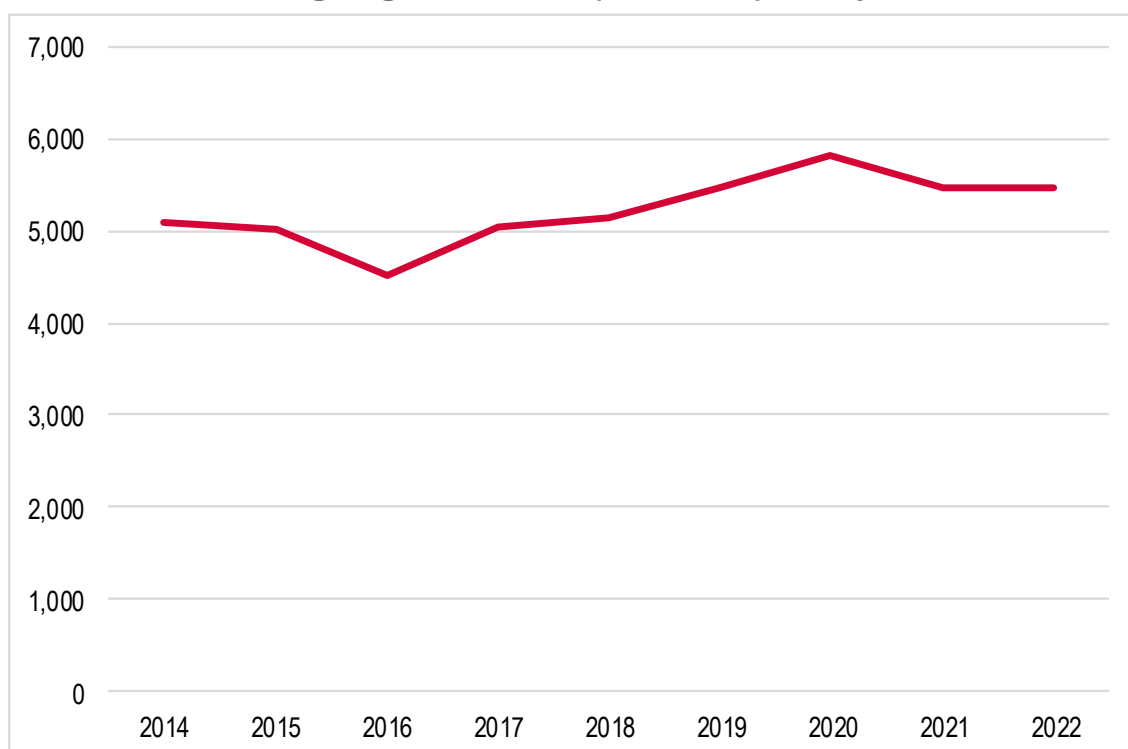
Table 6.10 Estimated Need for Low-Cost Rented Housing from Newly Forming Households (per annum)

	Number of new households	% unable to afford	Annual newly forming households unable to afford to rent
Croydon	3,191	45.5%	1,452

Source: Projection Modelling/Affordability Analysis

Existing Households Falling into Affordable Housing Need

- 6.42 The second element of newly arising need is existing households falling into need. To assess this, information about past lettings in low-cost rented has been used. The assessment looked at households who have been housed in general needs housing over the past three years – this group will represent the flow of households onto the Housing Register over this period. From this, newly forming households (e.g. those currently living with family) have been discounted as they are captured as part of the newly-forming households. Additionally, households who have transferred from another low-cost rented property are excluded as they do not generate a net additional need for a home.
- 6.43 This method for assessing existing households falling into need is consistent with the 2007 SHMA guide which says on page 46 that ‘Partnerships should estimate the number of existing households falling into need each year by looking at recent trends. This should include households who have entered the housing register and been housed within the year as well as households housed outside of the register (such as priority homeless household applicants)’.
- 6.44 In addition, analysis has considered trends in the Housing Register, recognising an increase in numbers would point to a higher level of need than is indicated from past lettings (and vice versa). Over the period since 2014, the number of households on the Register has been variable, but with no clear trend. Therefore no further adjustments have been made from estimates based on past lettings.

Table 6.11 :Housing Register Trends (2014-2022) – Croydon

Source: DLUHC Live Table 600

- 6.45 Following the analysis suggests a need arising from 330 existing households each year across the Borough.

Supply of Low-Cost Rented Housing Through Relets

- 6.46 The future supply of affordable housing through relets is the flow of affordable housing arising from the existing stock that is available to meet future need. This focusses on the annual supply of London Affordable Rent and social rent relets.
- 6.47 The Practice Guidance suggests that the estimate of likely future relets from the social rented stock should be based on past trend data which can be taken as a prediction for the future.
- 6.48 No available data for the last two years and previous data is available. However, triangulating data from the Council, CoRe and Local Authority Housing Statistics has been used to establish past patterns of social housing turnover. The analysis suggests a supply of 493 dwellings per annum based on past trends.

- 6.49 The PPG model also includes the bringing back of vacant homes into use and the pipeline of affordable housing as part of the supply calculation. These have, however, not been included within the modelling in this report. Firstly, there is no evidence of any substantial stock of vacant homes (over and above a level that might be expected to allow movement in the stock). Secondly, with the pipeline supply, it is not considered appropriate to include this as to net off new housing would be to fail to show the full extent of the need, although in monitoring it will be important to net off these dwellings as they are completed.

Net Need for Low-Cost Rented Housing

- 6.50 The table below shows the overall calculation of affordable housing need. The analysis shows that there is a need for 1,817 dwellings per annum across the area. The net need is calculated as follows:

Net Need = Current Need (allowance for) + Need from Newly-Forming Households + Existing Households falling into Need – Supply of Affordable Housing

Table 6.12 Estimated Need for Low-Cost Rented Housing (per annum)

	Current need	Newly forming households	Existing households falling into need	Total Gross Need	Relet Supply	Net Need
Croydon	528	1,452	330	2,310	493	1,817

Source: Derived from a range of sources as described

The Relationship Between Affordable Need and Overall Housing Numbers

6.51 The PPG encourages local authorities to consider increasing planned housing numbers where this can help to meet the identified affordable need. Specifically, the wording of the PPG [2a-024] states:

‘The total affordable housing need can then be considered in the context of its likely delivery as a proportion of mixed market and affordable housing developments, given the probable percentage of affordable housing to be delivered by market housing-led developments. **An increase in the total housing figures included in the strategic plan may need to be considered where it could help deliver the required number of affordable homes**’

6.52 However, the relationship between affordable housing need and overall housing need is complex. This was recognised in the Planning Advisory Service (PAS) Technical Advice Note of July 2015. PAS conclude that there is no arithmetical way of combining the OAN (calculated through demographic projections) and the affordable need. There are a number of reasons why the two cannot be ‘arithmetically’ linked.

6.53 Firstly, the modelling contains a category in the projection of ‘existing households falling into need’; these households already have accommodation and hence if they were to move to alternative accommodation, they would release a dwelling for use by another household – there is no net need to provide additional homes. The modelling also contains ‘newly forming households’; these households are a direct output from the demographic modelling and are therefore already included in the overall housing need figures.

6.54 This just leaves the ‘current need’; much of this group will be similar to the existing households already described (in that they are already living in accommodation) although it is possible that a number will be households without housing (mainly concealed households) – these households are not included in the demographic modelling and so are arguably an additional need, although uplifts for market

signals/affordability (as included in the Government's Standard Method) would be expected to deal with such households.

- 6.55 The analysis estimates an annual need for 1,817 rented affordable homes, which is notionally in excess of a housing need figure of 1,586 homes per annum as previously calculated. However, as noted, caution should be exercised in trying to make a direct link between affordable need and overall need, with the key point being that many of those households picked up as having a need will already be living in housing and so providing an affordable option does not lead to an overall net increase in the need for housing (as they would vacate a home to be used by someone else).
- 6.56 It is possible to investigate this in some more detail by re-running the model and excluding those already living in accommodation. This is shown in the table below which identifies that meeting these needs would lead to an affordable need for 1,243 homes per annum across the Borough – notionally 78% of the calculated housing need. This figure is theoretical and should not be seen to be minimising the need (which is clearly acute). It does, however, serve to show that there is a substantial difference in the figures when looking at overall housing shortages.
- 6.57 The analysis is arguably even more complex than this – it can be observed that the main group of households in need are newly forming households. These households are already included within demographic projections and so demonstrating a need for this group again should not be seen as over and above any need derived through the normal process of looking at need. Indeed, only the 284 per annum (current need) is in addition to demographic projections.

Table 6.13 Estimated Need for Affordable Housing (Low-Cost Rented) excluding households already in accommodation – Croydon

	Including existing households	Excluding existing households
Current need	528	284
Newly forming households	1,452	1,452
Existing households falling into need	330	0
Total Gross Need	2,310	1,736
Re-let Supply	493	493
Net Need	1,817	1,243

Source: Derived from a range of sources

- 6.58 Additionally, it should be noted that the need estimate is on a per annum basis and should not be multiplied by the plan period to get a total need. Essentially, the estimates are for the number of households who would be expected to have a need in any given year (i.e. needing to spend more than 30% of income on housing). In reality, some (possibly many) households would see their circumstances change over time such that they would 'fall out of need' and this is not accounted for in the analysis. One example would be a newly forming household with an income level that means they spend more than 30% of income on housing, as the household's income rises they would potentially pass the affordability test and therefore not have an affordable need. Additionally, there is the likelihood when looking over the longer-term that a newly-forming household will become an existing household in need and would be counted twice if trying to multiply the figures out for a whole plan period.
- 6.59 The discussion above has already noted that the need for affordable housing does not generally lead to a need to increase overall provision (with the exception of potentially providing housing for concealed households although this should be picked up as part of an affordability uplift).
- 6.60 It is, however, worth briefly thinking about how affordable need works in practice and the housing available to those unable to access market housing without

Housing Benefit. In particular, the role played by the Private Rented Sector (PRS) in providing housing for households who require financial support to meet their housing needs should be recognised.

- 6.61 Whilst the private rented sector (“PRS”) does not fall within the types of affordable housing set out in the NPPF – this tenure is considered later in the report - (other than affordable private rent which is a specific tenure separate from the main ‘full market’ PRS), it has evidently been playing a role in meeting the needs of households who require financial support in meeting their housing need.
- 6.62 The government recognises this, and indeed legislated through the 2011 Localism Act to allow Councils to discharge their “homelessness duty” through providing an offer of a suitable property in the PRS.
- 6.63 It is also worth reflecting on the NPPF (Annex 2) definition of affordable housing. This says: ‘Affordable housing: housing for sale or rent, for those whose needs are not met by the market’ [emphasis added]. Where a household is able to access suitable housing in the private rented sector (with or without Housing Benefit) it is the case that these needs are being met by the market (as within the NPPF definition). As such, the role played by the private rented sector should be recognised – it is evidently part of the functioning housing market.
- 6.64 That said, the cost of housing benefit and housing homeless households still falls to the Council and this is particularly relevant to local authorities such as Croydon who have issued Section 114 notices.¹⁴
- 6.65 Additional affordable accommodation therefore offers a more cost-effective solution than relying on the private rental sector to meet affordable housing need. As such the delivery of affordable housing should be maximised including a consideration of

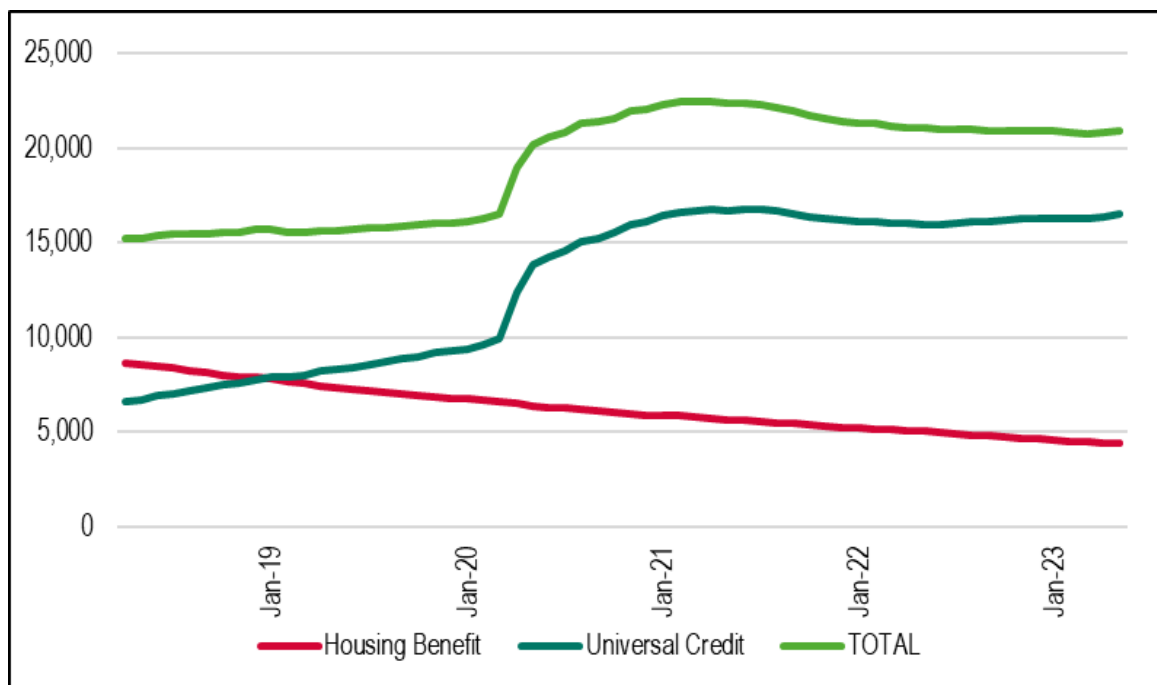
¹⁴ <https://www.instituteforgovernment.org.uk/explainer/local-authority-section-114-notices> - This is a report from the council’s finance officer that they believe that the authority is about to incur expenditure that is unlawful according to the Local Government Finance Act 1988. Expenditure can be unlawful for various reasons but the primary reason why most authorities issue a section 114 notice is because they expect their expenditure to exceed their income for a particular financial year – which is not permitted under the 1988 Act. In layman’s terms this is a notice of effective bankruptcy for local authorities

direct delivery if required. The Council is currently considering this as part of its housing strategy.

6.66 The scale of potential efficiencies is highlighted by Data from the Department of Work and Pensions (DWP) showing the number of Housing Benefit supported private rented homes. As of May 2023, it is estimated that there were around 21,000 benefit claimants in the private rented sector in Croydon.

6.67 The figure below shows the trend in the number of claimants in the Borough. This shows there has been a notable increase since March 2020, which is likely to be related to the Covid-19 pandemic. However, even the more historical data shows a substantial number of households claiming benefit support for their housing in the private sector (typically in excess of 15,000).

Table 6.14 - Number of Housing Benefit claimants in the private rented sector – Croydon



Source: Department of Work and Pensions

6.68 The potential cost implications of housing benefit claimants are likely to be exacerbated with rental growth above LHA rate. This could result in more people

being unable to afford their PRS accommodation and approaching the Council as homeless. With no further supply, the Council would need to find alternative and more costly accommodation to discharge its homelessness duty.

- 6.69 The analysis above identifies a notable and growing need for affordable housing, and it is clear that the provision of new affordable housing is an important and pressing issue across the Borough.
- 6.70 It does, however, need to be stressed that this report does not provide an affordable housing target; the amount of affordable housing delivered will be limited to the amount that can viably be provided.
- 6.71 As noted previously, the evidence does, however, suggest that affordable housing delivery should be maximised where opportunities arise.

Split Between Different Low-Cost Rented Products

- 6.72 The analysis above has studied the overall need for low-cost rented housing with a focus on households who cannot afford to rent in the market. These households will therefore have a need for some form of rented housing at a cost below typical market rates.
- 6.73 In Croydon, there are two main types of rented affordable accommodation likely to be delivered in the future (social rents and London affordable rents) with the analysis below considering what a reasonable split might be between these three tenures.
- 6.74 The table below shows current rent levels in the Borough for a range of products along with relevant local housing allowance (LHA) rates (based on Outer London South which includes Central Croydon).
- 6.75 Data about average social rents has been taken from the Regulator of Social Housing (RSH) with data for London Affordable rents from the GLA. These figures

are compared with lower quartile market rents (from ONS data). This analysis shows that social rents are lower than London affordable rents which in turn are priced well below the lower quartile market position. The LHA rates for all sizes of home are generally slightly below lower quartile market rents which does suggest some households may struggle to claim sufficient benefits to cover their rent.

Table 6.15 Comparison of rent levels for different products – Croydon

	Social rent	London affordable rent	Lower quartile (LQ) market rent	LHA (Outer South London)
1-bedroom	£442	£729	£915	£873
2-bedrooms	£513	£772	£1,168	£1,097
3-bedrooms	£590	£815	£1,350	£1,371
4-bedrooms	£667	£858	£1,800	£1,730

Source: RSH, ONS and VOA

- 6.76 To some extent it is easier to consider the data above in terms of the percentage one housing cost is of another and this is shown in the table below. Focussing on 2-bedroom homes (this is the main stock size held by Affordable Housing Providers) the analysis shows social rents are significantly cheaper than market rents and that London affordable rents represent 66% of a current lower quartile rent.

Table 6.16 Difference between rent levels for different products – Croydon

	Social rent as % of London affordable rent	Social rent as % of LQ market rent	London affordable rent as % of LQ market rent
1-bedroom	61%	48%	80%
2-bedrooms	66%	44%	66%
3-bedrooms	72%	44%	60%
4-bedrooms	78%	37%	48%

Source: RSH, ONS and VOA

- 6.77 For the affordability test, a standardised average rent for each product has been used based on the proportion of stock in each size category. The table below

suggests that around 43% of households who cannot afford to rent privately could afford a London Affordable Rent. A total of 57% of households would need a Social Rent or some degree of benefit support to be able to afford their housing (regardless of the tenure), this includes 31% of households would need benefit support to afford housing even at social rent levels.

Table 6.17 Estimated need for low-cost rented housing (% of households able to afford)

	% of households able to afford
Afford London Affordable Rent	43%
Afford Social Rent	26%
Need benefit support	31%
All unable to afford market	100%

Source: Affordability analysis

- 6.78 The finding that 43% of households can afford a London Affordable Rent does not automatically lead to a policy conclusion on the split between the different types of housing. For example, many households who will need to access rented accommodation will be benefit-dependent and as such could technically afford a London Affordable rent – hence a higher proportion of these products might be appropriate – the analysis does identify a notable proportion of households as being likely to need benefit support. On the flip side, providing more social rents might enable households to return to work more easily, as a lower income would potentially be needed to afford the lower social rent rather than other low-cost rental options.
- 6.79 There will be a series of other considerations both at a strategic level and for specific schemes. For example, there may be funding streams that are only available for a particular type of housing, and this may exist independently to any local assessment of need.

- 6.80 Additionally, there will be the consideration of the balance between the cost of housing and the amount that can be viably provided, for example, it is likely that London Affordable Rents are more viable, and therefore a greater number of units could be provided.
- 6.81 Finally, in considering a split between different tenures of low-cost rented housing it needs to be considered that having different tenures on the same site (at least at initial occupation) may be difficult – e.g. if tenants are paying a different rent for essentially the same size/type of property and services.

Establishing a Need for Intermediate Housing

- 6.82 The Planning Practice Guidance confirms a widening definition of those to be considered as in affordable need; now including ‘households which can afford to rent in the private rental market, but cannot afford to buy despite a preference for owning their own home’. However, at the time of writing, there is no guidance about how the number of such households should be measured.
- 6.83 The methodology used in this report therefore draws on the current methodology, and includes an assessment of current needs, and projected need (newly forming and existing households). The key difference is that in looking at affordability an estimate of the number of households in the ‘gap’ between buying and renting is used. There is also the issue of establishing an estimate of the supply of intermediate homes – this is considered separately below.
- 6.84 The analysis has been developed in the context of First Homes with the Government proposing that 25% of all affordable housing secured through developer contributions should be within this tenure. A definition of First Homes (from the relevant PPG (70-001)) can be found later in this section.

Gross Need for Intermediate Housing

- 6.85 The first part of the analysis seeks to understand what the gap between renting and buying actually means in the Borough – in particular establishing the typical incomes that might be required. The information about incomes required to both buy and rent in different locations has already been provided earlier in this section and so the discussion below is a broad example.
- 6.86 Using the income distributions developed (as set out earlier in this section) along with data about price and rents, it has been estimated that of all households living in the private rented sector, around 32% already have sufficient income to buy a lower quartile home, with 25% falling in the rent/buy ‘gap’. The final 43% are estimated to have an income below which they cannot afford to rent privately (i.e., would need to spend more than the calculated threshold of their income on housing costs) although in reality it should be noted that many households will spend a higher proportion of their income on housing.
- 6.87 These figures have been based on an assumption that incomes in the private rented sector are around 88% of the equivalent figure for all households (a proportion derived from the English Housing Survey) and are used as it is clear that intermediate products are likely to be targeted at households living in or who might be expected to access this sector (e.g. newly forming households).

Table 6.18 Estimated proportion of households living in the Private Rented Sector able to buy and/or rent market housing

	Can afford to buy OR rent	Can afford to rent but not buy	Cannot afford to buy OR rent
TOTAL	32%	25%	43%

Source: Derived from Housing Market Cost Analysis and Affordability Testing

- 6.88 The finding that a proportion of households in the private rented sector are likely to have an income that would allow them to buy a home is also noteworthy and suggests for some households, barriers to accessing owner-occupation are less about income/the cost of housing and more about other factors (which could for example include the lack of a deposit or difficulties obtaining a mortgage (for example due to a poor credit rating or insecure employment)). However, some households will choose to privately rent, for example as it is a more flexible option that may be more suitable for a particular household's life stage (e.g. if moving locations with employment).
- 6.89 To study the current need, an estimate of the number of households living in the Private Rented Sector (PRS) has been established, with the same (rent/buy gap) affordability test (as described above), then applied. The start point is the number of households living in private rented accommodation; as of the 2021 Census, some 36,500 households were living in the sector across the Borough.
- 6.90 Data from the English Housing Survey (EHS) suggests that 60% of all PRS households expect to become an owner at some point (21,900 households if applied to Croydon) and of these, some 40% (8,800 households) would expect this to happen in the next 2-years. These figures are taken as the number of households potentially with a current need for intermediate housing before any affordability testing.
- 6.91 As noted above, on the basis of income it is estimated that around 25% of the private rented sector sit in the gap between renting and buying. Applying this proportion to the above figures would suggest a current need for around 2,175 intermediate units (114 per annum if annualised over 19-years).
- 6.92 In projecting forward, the analysis can consider newly forming households and also the remaining existing households who expect to become owners further into the future. Applying the same affordability test (albeit on a very slightly different income assumption for newly forming households) suggests an annual need from these two

groups of around 967 dwellings (795 from newly forming households and 172 from existing households in the private rented sector).

- 6.93 Bringing together the above analysis suggests that there is a need for around 1,081 intermediate homes (priced for households able to afford to rent but not buy) per annum across the Borough. This is before any assessment of the potential supply of housing is considered.

Table 6.19 Estimated Gross Need for Intermediate Housing (per annum)

	Current need	Newly forming households	Existing households falling into need	Total Gross Need
Croydon	114	795	172	1,081

Source: Derived from a range of sources

Potential Supply of Housing to Meet the Intermediate Housing Need and Net Need

- 6.94 As with the need for low-cost rented housing, it is also necessary to consider if there is any supply of intermediate products from the existing stock of housing. As with assessing the need for intermediate housing, it is the case that at present the PPG does not include any suggestions about how the supply of housing to meet these needs should be calculated.
- 6.95 One source is likely to be resales of low-cost home ownership products with data from the Regulator of Social Housing showing a total stock in 2023 of 2,581 homes. If these homes were to turnover at the same rate seen for the social housing stock then they would be expected to generate around 53 resales each year. These properties would be available for these households and can be included as the potential supply.
- 6.96 In addition, it should be noted that the analysis looks at households unable to afford a lower quartile property price. By definition, a quarter of all homes sold will be priced at or below a lower quartile level. According to the Land Registry, in Croydon, there

were a total of 3,683 resales (i.e., excluding newly-built homes) in the last year (year to March 2023) and therefore around 921 would be priced below the lower quartile. This is 921 homes that would potentially be affordable to the target group for intermediate housing.

- 6.97 It is then possible to provide a best estimate of the supply of lower quartile homes that are bought by the target group of households (assumed to be first-time buyers). Whilst dated, a report by Bramley and Wilcox in 2010 (Evaluating requirements for market and affordable housing) noted that around 40% of first-time buyers with a mortgage buy at or below the lower quartile¹⁵. Other recent data suggests that first-time buyers account for around half of home purchase loans¹⁶ with a total of around 65% of all homes being bought with a loan (35% as cash buyers¹⁷).
- 6.98 Bringing this together would point to 32.5% of homes being bought by first-time buyers and around 13% of all homes being a lower quartile home bought by a first-time buyer (32.5% × 40%) – this would point to around half of all lower quartile sales as being to first-time buyers (as half of 25% is 12.5%). Therefore, for the purposes of estimating a ‘need’ half of all lower quartile sales are included in the supply.
- 6.99 We can therefore now provide three supply estimates which can be considered in the context of the estimated need. These are:
- Only count the supply from intermediate resales (53 per annum);
 - Include the supply from intermediate housing and half of the resale of lower quartile homes (513 per annum (460+53)); and

¹⁵ https://thinkhouse.org.uk/site/assets/files/1614/2010_20nhpau_202.pdf

¹⁶ <https://www.mortgagesolutions.co.uk/news/2022/01/24/first-time-buyer-numbers-rose-to-nearly-410000-in-2021/#:~:text=First%2Dtime%20buyers%20accounted%20for,39%20per%20cent%20in%202009>

¹⁷ <https://www.ft.com/content/e0ad2830-094f-4e61-acaa-d77457e2edbb>

- Include the supply from intermediate housing and all resales of lower quartile homes (974 per annum (921+53)).

6.100 The table below shows the estimated net need from applying these three supply scenarios. Only including the resales of intermediate housing shows a need for 1,028 dwellings per annum and this reduces to 568 if 50% of lower quartile sales are included.

Table 6.20 Estimated Net Need for Intermediate Housing (per annum)

	Intermediate resales only	Intermediate resales plus 50% of LQ sales	Intermediate resales plus 100% of LQ sales
Total gross need	1,081	1,081	1,081
LCHO supply	53	513	974
Net need	1,028	568	107

Source: Derived from a range of sources

Implication of the Analysis

- 6.101 Given the analysis above, it would be reasonable to conclude that there is a need to provide housing under the definition of intermediate housing – although there is clearly a large range depending on the assumptions made about potential supply.
- 6.102 Regardless, it does seem that many households in Croydon are being excluded from the owner-occupied sector (although they can afford private rented housing). This can be seen by analysis of tenure change, which saw the number of households living in private rented accommodation increasing by 9,000 from 2011 to 2021. Over the same period, the number of owners with a mortgage decreased by 3,700 households. That said, some households will choose to privately rent, for example as it is a more flexible option that may be more suitable for a particular household's life stage (e.g. if moving locations with employment).
- 6.103 On this basis, and as previously noted, it seems likely in Croydon that access to owner-occupation is being restricted by access to capital (e.g. for deposits, stamp

duty, legal costs) as well as potentially some mortgage restrictions (e.g. where employment is temporary) rather than just being due to the cost of housing to buy (although this will be a factor).

- 6.104 The NPPF (as updated in July 2021) gives a clear direction that 10% of all new housing (on larger sites) should be for intermediate housing (in other words, if 20% of homes were to be affordable then half would be intermediate housing) and it is now the case that policy compliant planning applications would be expected to deliver a minimum of 25% affordable housing as First Homes (as a proportion of the total affordable housing), with Councils being able to specify the requirement for any remaining affordable housing (subject to at least 10% of all housing being for intermediate housing).
- 6.105 Firstly regarding the 10%, it is not clear that this is the best solution in the Borough. The NPPF does provide some examples of where the 10% might not be required (paragraph 65), most notably that the 10% would be expected unless this would 'significantly prejudice the ability to meet the identified affordable housing needs of specific groups'. In Croydon, the clear need for additional rented housing would arguably mean that providing for intermediate housing would 'prejudice the ability' to meet the needs of the 'specific group' requiring rented accommodation.
- 6.106 Regarding the 25% of affordable housing as First Homes, it is not clear whether there is any scope to challenge the 'minimum of 25%', nor what role other tenures of intermediate housing (such as LLR or London shared ownership) might play. It is possible that the provision of First Homes could squeeze out other forms of LCHO such as shared ownership, although it is likely that there will still be a role for this type of housing given typically lower deposit requirements.
- 6.107 Whilst there are clearly many households in the gap between renting and buying, households in some cases will be able to afford homes below lower quartile housing costs. That said, it is important to recognise that some households will have insufficient savings to be able to afford to buy a home on the open market (particularly in terms of the ability to afford a deposit) and low-cost home ownership

homes – and shared ownership homes in particular – will therefore continue to play a role in supporting some households.

- 6.108 The evidence points to a clear and acute need for rented affordable housing for lower-income households, and it is important that a supply of rented affordable housing is maintained to meet the needs of this group including those to which the authorities have a statutory housing duty. Such housing is notably cheaper than that available in the open market and can be accessed by many more households (some of whom may be supported by benefit payments).
- 6.109 There may also be a role for intermediate housing on any 100% affordable housing schemes that may come forward (as well as through Section 106). Including a mix of both rented and intermediate homes to buy would make such schemes more viable, as well as enabling a range of tenures and therefore potential client groups to access housing.
- 6.110 In addition, it should also be noted that the finding of a ‘need’ for intermediate housing does not have any impact on the overall need for housing. It seems clear that this group of households is simply a case of seeking to move households from one tenure to another (in this case from private renting to owner-occupation); there is therefore no net change in the total number of households or the number of homes required.

How Much Should Intermediate Homes Cost?

- 6.111 The analysis and discussion above suggest there are a number of households likely to fall under the PPG definition of needing affordable home ownership (including First Homes) – i.e., in the gap between renting and buying – but that the potential supply of low-cost housing to buy makes it difficult to fully quantify this need.
- 6.112 The analysis below focusses on the cost of discounted market sale (which would include First Homes) to make them genuinely affordable before moving on to

consider shared ownership (in this case suggestions are made about the equity shares likely to be affordable and whether these shares are likely to be offered). The analysis finishes by looking at London Living Rents.

- 6.113 The reason for the analysis to follow is that it will be important for the Council to ensure that any affordable home ownership is sold at a price that is genuinely affordable for the intended target group – for example, there is no point in discounting a new market home by 30% if the price remains above that for which a reasonable home can already be bought in the open market.

Discounted Market Sales Housing (including First Homes)

- 6.114 In May 2021, MHCLG published a new Planning Practice Guidance (PPG) regarding First Homes. The key parts of this guidance are set out below:

First Homes are a specific kind of discounted market sale housing and should be considered to meet the definition of ‘affordable housing’ for planning purposes. Specifically, First Homes are discounted market sale units which:

- a) must be discounted by a minimum of 30% against the market value;*
- b) are sold to a person or persons meeting the First Homes eligibility criteria (see below);*
- c) on their first sale, will have a restriction registered on the title at HM Land Registry to ensure this discount (as a percentage of current market value) and certain other restrictions are passed on at each subsequent title transfer; and,*
- d) after the discount has been applied, the first sale must be at a price no higher than £250,000 (or £420,000 in Greater London).*

First Homes are the government’s preferred discounted market tenure and should account for at least 25% of all affordable housing units delivered by developers through planning obligations.

- 6.115 In terms of eligibility criteria, a purchaser should be a first-time buyer with a combined annual household income not exceeding £80,000 (or £90,000 in Greater London) and a mortgage needs to fund a minimum of 50% of the discounted purchase price.

- 6.116 Local authorities can set their own eligibility criteria, which could for example involve lower income caps, a local connection test, or criteria based on employment status.
- 6.117 Regarding discounts, a First Home must be sold at least 30% below the open market value. However, local authorities do have the discretion to require a higher minimum discount of either 40% or 50% (if they can demonstrate a need for this).
- 6.118 As noted above, the problem with having a percentage discount is that it is possible in some locations or types of property that such a discount still means that the discounted housing is more expensive than that typically available in the open market. This is often the case as new build housing itself attracts a premium.
- 6.119 The preferred approach in this report is to set out a series of purchase costs for different sizes of accommodation which ensure these products are affordable for the intended group. These purchase costs are based on current lower quartile rental prices and also consideration of the income required to access the private rented sector and then estimating what property price this level of income might support (assuming a 10% deposit and a 4.5 times mortgage multiple). Below is an example of a calculation based on a 2-bedroom home:
- Previous analysis has shown that the lower quartile rent for a 2-bedroom home in Croydon is £1,168 per month;
 - On the basis of a household spending no more than 30% of their income on housing, a household would need an income of around £3,893 per month to afford ($£1,168/0.3$) or £46,720 per annum; and
 - With an income of £46,720, it is estimated that a household could afford to buy a home for around £233,600. This is based on assuming a 10% deposit (mortgage for 90% of value) and a 4.5 times mortgage multiple – calculated as $£46,720 \times 4.5 / 0.9$.
- 6.120 Therefore, £233,600 is a suggested purchase price to make 2-bedroom First Homes/discounted home ownership affordable for households in the rent/buy gap

in Croydon. This figure is essentially the equivalent price that is affordable to a household who can just afford to rent privately. In reality, there will be a range of incomes in the rent/buy gap and so some households could afford a higher price; however, setting all homes at a higher price would mean that some households will still be unable to afford.

- 6.121 On this basis, it is considered reasonable to look at the cost of First Homes as a range, from the equivalent private rent figure up to a midpoint of the cost of open market purchase and the relevant private rented figure (for a 2-bedroom home this is £285,000, giving a midpoint of £259,300).
- 6.122 The use of a midpoint would mean that only around half of households in the rent/buy gap could afford it, and therefore any housing provided at such a cost would need to also be supplemented by an equivalent number at a lower cost (which might include other tenures such as shared ownership).
- 6.123 To estimate what levels of discount these prices might equate to it is necessary to estimate the likely cost of a home prior to any discount; calculating the Open Market Value (OMV). This is not straightforward as housing costs will vary depending on location and the type of scheme, however, it is the case that homes will be newbuilds and are likely to attract a newbuild premium.
- 6.124 The table below shows the lower quartile cost of existing and new homes by type from Land Registry data; to boost the sample of new homes data from the last 5-years has been used – data is only provided for flats/maisonettes as this comprises the majority of sales in the Borough. The analysis clearly identifies that newbuild homes are more expensive than existing homes in the stock although the overall average ‘premium’ varies by year.
- 6.125 Overall the data points to a newbuild premium of around 40% and this figure has been used in calculations of OMV and against which a discount can be judged.

Table 6.21 Lower quartile cost of housing to buy (existing and newly-built flats) – past 5-years (data to March 2023) – Croydon

	Existing dwellings	Newly-built dwellings	New-build premium
2019	£225,000	£305,000	36%
2020	£225,000	£315,000	40%
2021	£235,000	£325,000	38%
2022	£235,000	£340,000	45%
2023	£240,000	£350,000	46%

Source: Land Registry

- 6.126 The table below therefore sets out a suggested purchase price for affordable home ownership/First Homes. The tables also show an estimated OMV and the level of discount likely to be required to achieve affordability. As noted, the OMV is based on taking the estimated lower quartile price by size and adding 40%. It should be noted that the discounts are based on the OMV as estimated, in reality the OMV might be quite different for specific schemes and therefore the percentage discount would not be applicable.
- 6.127 On the basis of the specific assumptions used, the analysis points to a discount of in excess of 30% for all sizes of accommodation to deliver genuinely affordable homes. Given there is a cap of £420,000 on the purchase price (and looking at the estimated pricing below), it may be difficult for 4+-bedroom homes to be provided as First Homes (and in some cases 3-bedroom homes).

Table 6.22 Affordable home ownership prices – data for the year to March 2023 – Croydon

	Affordable Price	Estimated newbuild OMV	Discount required
1-bedroom	£183,000- £199,000	£301,000	34%-39%
2-bedrooms	£233,600- £259,300	£399,000	35%-41%
3-bedrooms	£270,000- £347,500	£595,000	42%-55%
4+-bedrooms	£360,000- £462,500	£791,000	42%-54%

Source: Derived from a range of sources

Key Points about First Homes

6.128 The paragraphs below seek to answer a series of questions in relation to First Homes. This should help the Council in deciding the appropriate approach, although ultimately there will be choices and decision to be made by the Council that this report can only comment on. Whilst the analysis above has focussed on pricing, the discussion below also draws on this information to consider whether there are any specific local criteria that could be applied.

Is there a justification for a discount of greater than 30%, if so, what should it be?

6.129 Arguably there is a case to seek a discount in excess of 30% - a higher discount will certainly make homes cheaper and therefore potentially open up additional households as being able to afford. In addition, the analysis does suggest that larger homes could potentially need a higher discount to make them affordable.

6.130 However, providing a higher discount may well have an impact on viability, meaning the Council will not be able to provide as many homes in other tenures (such as rented affordable housing which is likely to be needed by those with more acute

needs and fewer choices in the housing market). The Council could therefore investigate higher discounts, but it is not recommended to seek figures higher than 30% unless this can be proven to not impact on overall affordable delivery.

Is the maximum price of £420K after discount an appropriate maximum sales value?

- 6.131 In Croydon the answer to this is certainly, yes. Croydon is a high price area in a national context and there is really no scope for this price cap to be lowered (it cannot be increased). As can be seen from previous analysis, a 30% price discount on a 3-bedroom home would still lead to an estimated purchase price of around £416,500 (a figure close to the cap).

Is the national threshold of £90,000 for household income appropriate?

- 6.132 Given the conclusions regarding the price cap, and the fact that there is likely to be a link between prices and incomes (in terms of guidance) it seems reasonable that the upper end threshold is maintained. However, the analysis in this report assumes a household could secure a 4.5 times mortgage multiple (and a 10% deposit). Applying these figures to a £420,000 home would actually lead to an income of £84,000, however, it is likely that many households with a higher income are currently unable to afford to buy a home and therefore the higher figure is reasonable. Additionally, it is unclear what size of multiple lenders might offer against a First Home.

What is the level of need for such products?

- 6.133 In some ways, this is a difficult question to answer. The analysis is clear that there are likely to be a number of households whose incomes sit in the range of being able to afford to privately rent, but not being able to buy a home. It can be concluded that as long as First Homes are made available for an affordable price, it is likely there will be a strong demand (although some households in the rent/buy gap may not choose a discounted product given that the discount is held in perpetuity).

Alternatively, First Homes may see demand from those who can technically afford housing in the existing market – this would not be meeting a need but would arguably provide some demand for this type of home.

- 6.134 Regardless of the need/demand, it is not recommended that the Council seek to reduce the amount of low-cost rented homes by prioritising First Homes. The evidence does not support the Council in seeking more than 25% of affordable housing as First Homes – arguably supporting any at all could reduce the Council’s ability to meet the most acute needs.

Should the Council set local eligibility criteria?

- 6.135 First Homes are designed to help people to get on the housing ladder in their local area, and in particular to ensure that key workers providing essential services are able to buy homes in the areas where they work. The Council can therefore prioritise key workers for First Homes, and are encouraged to do so, especially if they have an identified local need for certain professions.
- 6.136 To ensure First Homes are available to local residents and workers a local connection eligibility criteria could be used. This could be in line with any criteria within local allocations policy and for example could require potential purchasers to demonstrate that they:
- Live in Croydon (for a period of time (possibly 2-years));
 - Work over 16 hours a week in Croydon, or
 - Have a close relative (parent, adult son or daughter or adult sibling) who has lived in Croydon for a period of time.
- 6.137 Additional preference could be given to essential workers. Annex 2 of the NPPF also includes the needs of essential local workers ‘Affordable housing: housing for sale or rent, for those whose needs are not met by the market (including housing that provided a subsidised route to home ownership and/or is for essential local workers’

[emphasis added]. Essential local workers are defined as ‘Public sector employees who provide frontline services in areas including health, education and community safety – such as NHS staff, teachers, police, firefighters and military personnel, social care and childcare workers’.

Shared Ownership

- 6.138 Whilst the Government has a clear focus on First Homes, they also see a continued role for Shared Ownership, launching a ‘New Model for Shared Ownership’ in early 2021 (following a 2020 consultation) – this includes a number of proposals, with the main one for the purposes of this assessment being the reduction of the minimum initial share from 25% to 10%. A key advantage of shared ownership over other tenures is that a lower deposit is likely to be required than for full or discounted purchase. Additionally, the rental part of the cost will be subsidised by a Registered Provider and therefore keeps monthly outgoings down.
- 6.139 For the analysis in this report it is considered that for shared ownership to be affordable, total outgoings should not exceed that needed to rent privately.
- 6.140 Because shared ownership is based on buying part of a property, it is the case that the sale will need to be at open market value. Where there is a large gap between the typical incomes required to buy or rent, it may be the case that lower equity shares are needed for homes to be affordable (at the level of renting privately). The analysis below therefore seeks to estimate the typical equity share that might be affordable for different sizes of property with any share lower than 10% likely to be unavailable. The key assumptions used in the analysis are:
- OMV at LQ price plus 40% (reflecting likelihood that newbuild homes will have a premium attached and that they may well be priced above a LQ level) – it should be noted that this is an assumption for modelling purposes and consideration will need to be given to the OMV of any specific product;
 - 10% deposit on the equity share;
 - Rent at 2.75% pa on unsold equity;

- Repayment mortgage over 25-years at 4%; and
- It is also assumed that shared ownership would be priced for households sitting towards the bottom end of the rent/buy gap and so the calculations assume that total outgoings should be no higher than the equivalent private rent (lower quartile) cost for that size of property.

6.141 In addition, it should be noted the analysis does not include a service charge which is likely to apply in many cases (almost certainly in flatted development) and this will need to be considered in any specific schemes when considering affordability.

6.142 The table below shows that to make shared ownership affordable, equity shares of not more than 30% could work for 1- and 2-bedroom homes but will be difficult to make 'work' for larger sizes. The Council could consider additional rented homes of these sizes where it is difficult to make homes genuinely affordable.

6.143 As with conclusions on First Homes, it should also be noted that the analysis below is predicated on a particular set of assumptions (notably about likely OMV). In reality, costs do vary across the area and will vary from site to site. Therefore, this analysis should be seen as indicative with specific schemes being tested individually to determine if the product being offered is genuinely (or reasonably) affordable.

Table 6.23 Estimated Affordable Equity Share by Size – Croydon

	1- bedroom	2- bedrooms	3- bedrooms	4- bedrooms
OMV	£301,000	£399,000	£595,000	£791,000
Share	30%	26%	-1%	-1%
Equity Bought	£91,500	£102,900	-£5,400	-£5,100
Mortgage Needed	£82,400	£92,600	-£4,800	-£4,600
Monthly Cost of Mortgage	£435	£489	-£25	-£24
Retained Equity	£209,500	£296,100	£600,400	£796,100
Monthly Rent on Retained Equity	£480	£678	£1,376	£1,824
Service Charge per month	£0	£0	£0	£0
Total Cost per month	£915	£1,168	£1,350	£1,800

Source: Data based on Housing Market Cost Analysis

- 6.144 In policy terms, whilst the analysis has provided an indication of the equity shares possibly required by size, the key figure is actually the total cost per month (and how this compares with the costs to access private rented housing). For example, whilst the table suggests a 30% equity share for a 1-bedroom home, this is based on a specific set of assumptions. Were a scheme to come forward with a 30% share, but a total cost in excess of £915 per month, then it would be clear that a lower share is likely to be required to make the home genuinely affordable. Hence the actual share can only be calculated on a scheme-by-scheme basis. Any policy position should seek to ensure that outgoings are no more than can reasonably be achieved in the private rented sector, rather than seeking a specific equity share.

London Living Rents

- 6.145 A further affordable option is London Living Rents; which is designed to ease the transition from renting to buying the same home. Initially (typically five years) the newly built home will be provided at a rent below market rates (approximately 20% below the market rate). The expectation is that the discount provided in that first five

years is saved in order to put towards a deposit on the purchase of the same property. This can be advantageous for some households as it allows for a smaller 'step' to be taken on to the home ownership ladder.

- 6.146 At the end of the five years, depending on the scheme, the property is either sold as a shared ownership product or to be purchased outright as a full market property. If the occupant is not able to do either of these then the property is vacated.
- 6.147 To access this tenure it effectively requires the same income threshold for the initial phase as a market rental property although the cost of accommodation will be lower. The lower than market rent will allow the household to save for a deposit for the eventual shared ownership or market property. In considering the affordability of rent-to-buy schemes there is a direct read across to the income required to access affordable home ownership (including shared ownership), it should therefore be treated as part of the affordable home ownership (intermediate) products suggested by the NPPF and London Plan.
- 6.148 London Living Rent (LLR) are typically available at a rent level that can be considered to be quite affordable in the context of market prices to both buy and rent. The table below shows London Living rents as set by the GLA and how these compare with lower quartile market rents.

Table 6.24 Comparison of London Living Rent levels and market rents – Croydon

	London Living Rent	Lower quartile (LQ) market rent	LLR as % of LQ market rent
1-bedroom	£1,041	£915	114%
2-bedrooms	£1,156	£1,168	99%
3-bedrooms	£1,258	£1,350	93%
4-bedrooms	£1,333	£1,800	74%

Source: ONS and GLA

- 6.149 The LLR data has been based on taking a crude average of figures provided by the GLA (which are at ward level and capped at £1,400 in some locations for some

dwelling sizes). The analysis is clear that LLR is quite affordable, with all sizes of accommodation other than 1-bedroom showing rent levels below current lower quartile figures – for 2-bedroom homes the LLR is virtually the same as the market.

- 6.150 It is possible to use this data to compare income levels likely to be required to access a range of products with the table below showing income required for outright market purchase, the income required for a midpoint affordable home ownership product, the income for private renting and the LLR. The figures are based on the same assumptions as set out earlier in this section (a 10% deposit and 4.5 times income multiple for buying and a 30% income threshold for rented housing).
- 6.151 This analysis really does emphasise the affordability of LLR as an intermediate product, particularly for larger homes (3+-bedrooms). This would suggest LLR is a particularly affordable form of intermediate housing and should be encouraged where opportunities arise.

Table 6.25 Comparison of incomes required to access different housing products – Croydon

	Market purchase	Affordable home ownership	Lower quartile (LQ) market rent	London Living Rent
1-bedroom	£43,000	£38,200	£36,600	£41,600
2-bedrooms	£57,000	£49,300	£46,700	£46,200
3-bedrooms	£85,000	£61,800	£54,000	£50,300
4-bedrooms	£113,000	£82,300	£72,000	£53,300

Source: Based on a range of sources

Recommended Tenure Split

- 6.152 Ultimately the tenure split that the Council put into policy will reflect both their aspirations and priorities for the Borough as well as a consideration of the viability of different products.

- 6.153 The evidence above demonstrates the need for the council to maximise the delivery of affordable housing and this will be curtailed to the level which is viable. The strategic target in the London Plan is 50% and this would be a reasonable starting point to consider viability.
- 6.154 Policy H6 of the London Plan deals with affordable housing tenures. This outlines that 30% of affordable homes should be low-cost rental (London Affordable Rent or Social Rent); 30% of affordable homes should be intermediate products (Including London Living Rent and London shared Ownership) and the remaining 40% to be determined locally.
- 6.155 The evidence herein suggest that the need for affordable housing to rent by far exceeds that for intermediate products. As such, the 40% to be determined local should be low-cost rent taking that element to 70% of the affordable total.

Table 6.26 Recommended Tenure Split

Tenure	Proportion (%)	Products	Proportion (%)
Low-cost rented	70%	Social Rent	40%
		London Affordable Rent	30%
Intermediate	30%	London Living Rent	30%
		Shared Ownership	

Source: Iceni Projects

- 6.156 The split of the low-cost rent element should be focused on those “genuinely affordable tenures”. Social Rent as the more affordable option should take greater priority but London Affordable Rent should also be considered as this is still affordable but may deliver a greater number of units. This is also supported by the finding that in terms of the split of need across products, data suggests that around 43% of households who cannot afford to rent privately could afford a London Affordable Rent.
- 6.157 The intermediate element should focus on London Living Rent as the most affordable option to those seeking to buy their first home. However a percentage of

shared ownership could also work at lower levels of equity (10-25%) given local incomes.

- 6.158 In contrast, there is likely to be little interest in First Homes as first home premiums, even with a large discount will still be unaffordable for many. The exception being some smaller flats in lower-cost parts of the Borough.

Draft Housing Strategy

- 6.159 The Council are currently developing a housing strategy for the 2023 to 2028 period. This sets out some of the issues facing the Borough and also the Council's priorities.
- 6.160 The Council recognises the need to address its ageing social housing stock. A substantial number of the Council's social homes were built in the 1930s and are often poorly insulated and unsuitable for tenants with accessibility needs.
- 6.161 The Council also owns 46 high-rise (seven storeys or more) residential buildings many of which were built in the 1970s and require improvements and repairs as well as implementing safety standards set out in the Fire Safety Act.
- 6.162 As of March 2022, 0.13% of the Council's social homes do not meet the Government's Decent Homes Standard. Although this figure is significantly below the London average of 9%.
- 6.163 Although the Council's own stock condition survey suggests that the number of Council social homes not likely to meet the Decent Homes Standard is higher.
- 6.164 The strategy notes that there are insufficient affordable homes to house those on the housing register and that the supply of housing needs to increase. In addition, the younger age profile of the population means that Croydon need a long-term strategy for delivering more homes.

6.165 The Council's Regeneration and New Home programme will ensure that the housing stock, including high-rise blocks, are safe, fit-for-purpose and meets the Council's net-zero targets. The Council also recognise the need to work with housing associations to facilitate the supply of new housing.

6.166 The Council's five priorities are:

- Listen to our residents and provide good housing services
- Work with our partners, residents and landlords to ensure that homes in the Borough are safe, secure and energy-efficient
- Enable people to lead healthy and independent lives in their homes and communities.
- Maintain the supply of affordable homes that meet the diverse needs of residents in Croydon
- Work with our partners and the local community to make the best use of resources and manage the demand for housing related services

6.167 In relation to maintaining the supply of affordable homes that meet the diverse needs of residents in Croydon. This includes:

- Developing a Regeneration & New Home Programme which will set the strategic vision for Borough-wide regeneration.
- Make the best use of housing assets, including vacant properties, to secure housing options that are affordable to our residents.
- Developing the skills and resources within the Council to maintain the supply of affordable homes.
- Strengthen relationships with our affordable housing providers including housing associations, developers, and investors.
- Enabling the development and delivery of the Local Plan to ensure homes built in the Borough meet residents' needs.
- Effectively managing our supply of properties to minimise wait times and improve the customer experience.

6.168 The Council through its Asset Management Plan and the Housing Regeneration Strategy will consider options for investment, development or sale of HRA assets and land subject to financial viability and stakeholder consultation.

- 6.169 This will include a review of all the Council Estates and the identification of land suitable for new build development and then carry out feasibility work should there be agreement to proceed further.
- 6.170 The Council's strategy is also to purchase homes including buyback schemes of ex right to buy properties and open market purchases. Where viable, the Council will directly deliver schemes across all tenures but with an emphasis on providing socially rented housing.
- 6.171 The Council will also work with those locally based housing associations of sufficient scale who have a record of building a range of social and affordable rented units as well as providing shared ownership opportunities.
- 6.172 The Council are also about to commit to maximise the provision of accommodation through Section 106 planning obligations which commits developers who build more than 10 homes.

Affordable Housing Need - Summary

- 6.173 This section assesses the need for affordable housing in Croydon. The analysis follows guidance from the PPG, considering households unable to buy or rent market housing, and it categorises the need into low-cost rented housing and intermediate housing.
- 6.174 In terms of local entry-level costs the lower-quartile price for purchasing property is £320,000. Our analysis also suggests that lower quartile rental costs are an average of £1,000 pcm.
- 6.175 There is a need for 1,817 low cost rental homes per annum falling to 1,243 per annum when households already in low-cost accommodation are excluded. In terms of intermediate housing there is a net need of up to 1,028 dwellings per annum.

- 6.176 There is a growing demand for PRS accommodation which is supported by housing benefit. Continued growth of this demonstrates a potential risk to the Council's finances. It is recommended that the Council seek to maximise the delivery of affordable homes as a more cost-effective way to address long-term affordable housing need.
- 6.177 Ultimately the tenure split that the Council put into policy will reflect both the Council's aspirations and priorities for the Borough as well as consideration of the viability of different products.
- 6.178 There is a need for the council to maximise the delivery of affordable housing, however, this will be dependent on viability, the London Plan strategic target is 50% and this would be a reasonable starting point to consider viability.
- 6.179 The need for affordable rented housing exceeds that for intermediate products. It is recommended that 70% of affordable homes be delivered as low-cost rented with 30% as Intermediate.

Table 6.27 Recommended Tenure Split

Tenure	Proportion (%)	Products	Proportion (%)
Low-cost rented	70%	Social Rent	40%
		London Affordable Rent	30%
Intermediate	30%	London Living Rent	30%
		Shared Ownership	

Source: Iceni Projects

- 6.180 The split of the low-cost rent element should be focused on those “genuinely affordable tenures” with 40% of the total delivered as social rent and 30% as London Affordable Rent.
- 6.181 The intermediate element should focus on London Living Rent as the most affordable option for those seeking to buy their first home. However, a percentage of shared ownership could also work at lower levels of equity (10-25%) given local incomes.

7. HOUSING MIX

7.1 This section considers the appropriate mix of housing across Croydon, with a particular focus on the sizes of homes required in different tenure groups. This section looks at a range of statistics about families (generally described as households with dependent children) before moving on to look at how the number of households in different age groups are projected to change moving forward.

Background Data

7.2 The number of families in Croydon (defined for the purpose of this assessment as any household which contains at least one dependent child) totalled 51,700 as of the 2021 Census, accounting for 34% of households; this proportion is higher than that seen in other areas – particularly when compared with data for England. The proportion of lone-parent households is also notably high across the Borough (10% of all households).

Table 7.1 Households with dependent children (2021)

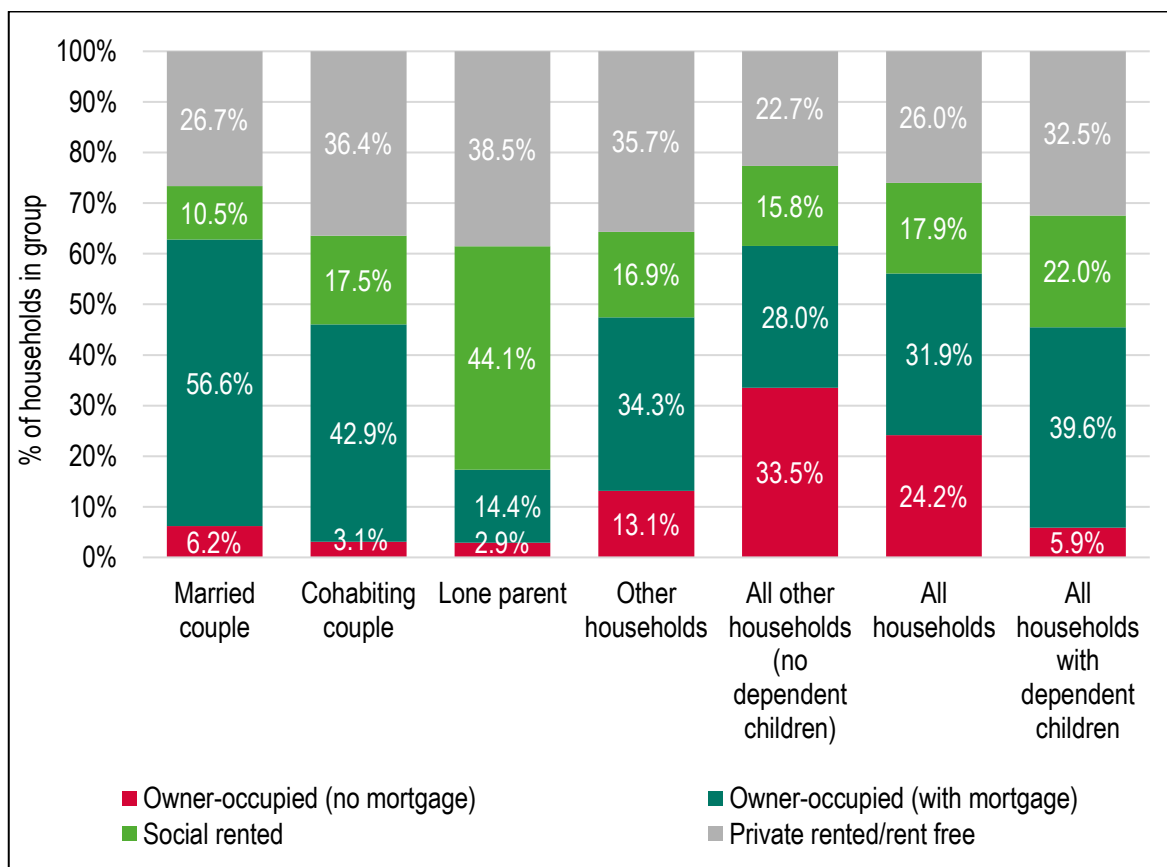
	Croydon		London	England
	No.	%	%	%
Married couple	23,600	15.4%	15.8%	14.4%
Cohabiting couple	5,690	3.7%	3.0%	4.5%
Lone parent	15,169	9.9%	7.8%	6.9%
Other households	7,250	4.7%	4.7%	2.7%
All other households	101,238	66.2%	68.7%	71.5%
Total	152,947	100.0%	100.0%	100.0%
Total with dependent children	51,709	33.8%	31.3%	28.5%

Source: Census (2021)

7.3 The figure below shows the tenure of households with dependent children. Overall, some 22% of households with dependent children live in the social rented sector and 32% in private rented housing – there are relatively few owner-occupiers (45%

of the total). There are some differences by household type with lone-parents having a very high proportion living in the social rented sector (44%) and very few owner-occupiers (17% of lone-parents).

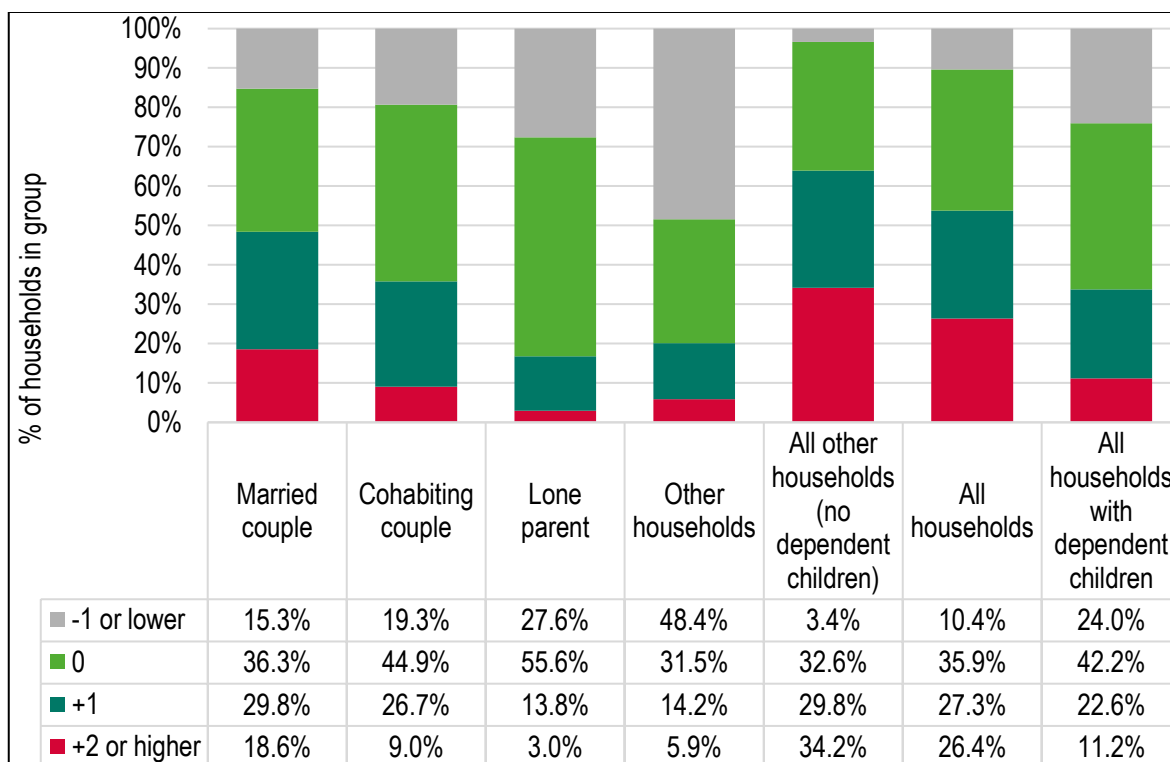
Table 7.2 Tenure of households with dependent children (2021) – Croydon



Source: Census (2021)

7.4 The figure below shows levels of overcrowding and under-occupancy of households with dependent children. This shows high levels of overcrowding for all household types with dependent children, including 28% of all lone-parents being overcrowded. Overall, some 24% of households with dependent children are overcrowded, compared with 3% of other households.

Table 7.3 : Occupancy rating of households with dependent children (2021) – Croydon



Source: Census (2021)

The Mix of Housing

- 7.5 A model has been developed that starts with the current profile of housing in terms of size (bedrooms) and tenure. Within the data, information is available about the age of households and the typical sizes of homes they occupy. By using demographic projections linked to the local housing need calculated through the standard method, it is possible to see which age groups are expected to change in number, and by how much.
- 7.6 On the assumption that occupancy patterns for each age group (within each tenure) remain the same, it is therefore possible to assess the profile of housing needed is over the assessment period (taken to be 2021-40 to be consistent with demographic projections developed in this report).

7.7 An important starting point is to understand the current balance of housing in the area – the table below profiles the sizes of homes in different tenure groups across areas. In the market (owner-occupied) sector dwelling sizes are relatively large when compared with data for London – some 69% of homes have 3+-bedrooms. The social and private rented sector have a much smaller profile of homes, although figures are broadly consistent with those seen across London – it is however interesting that the private rented sector has an average number of bedrooms lower than for the social rented stock. Observations about the current mix feed into conclusions about future mix later in this section.

Table 7.4 Number of Bedrooms by Tenure, 2021

		Croydon	London	England
Owner-occupied	1-bedroom	8%	10%	4%
	2-bedrooms	23%	25%	21%
	3-bedrooms	41%	37%	46%
	4+-bedrooms	28%	28%	29%
	Total	100%	100%	100%
	Ave. no. beds	2.91	2.83	3.00
Social rented	1-bedroom	28%	32%	29%
	2-bedrooms	35%	36%	36%
	3-bedrooms	30%	25%	31%
	4+-bedrooms	7%	7%	4%
	Total	100%	100%	100%
	Ave. no. beds	2.16	2.07	2.10
Private rented	1-bedroom	31%	31%	21%
	2-bedrooms	39%	37%	39%
	3-bedrooms	21%	20%	29%
	4+-bedrooms	9%	11%	11%
	Total	100%	100%	100%
	Ave. no. beds	2.08	2.09	2.30

Source: Census (2021)

Overview of Methodology

- 7.8 The method to consider future housing mix looks at the ages of the Household Reference Persons and how these are projected to change over time. The sub-sections to follow describe some of the key analysis.

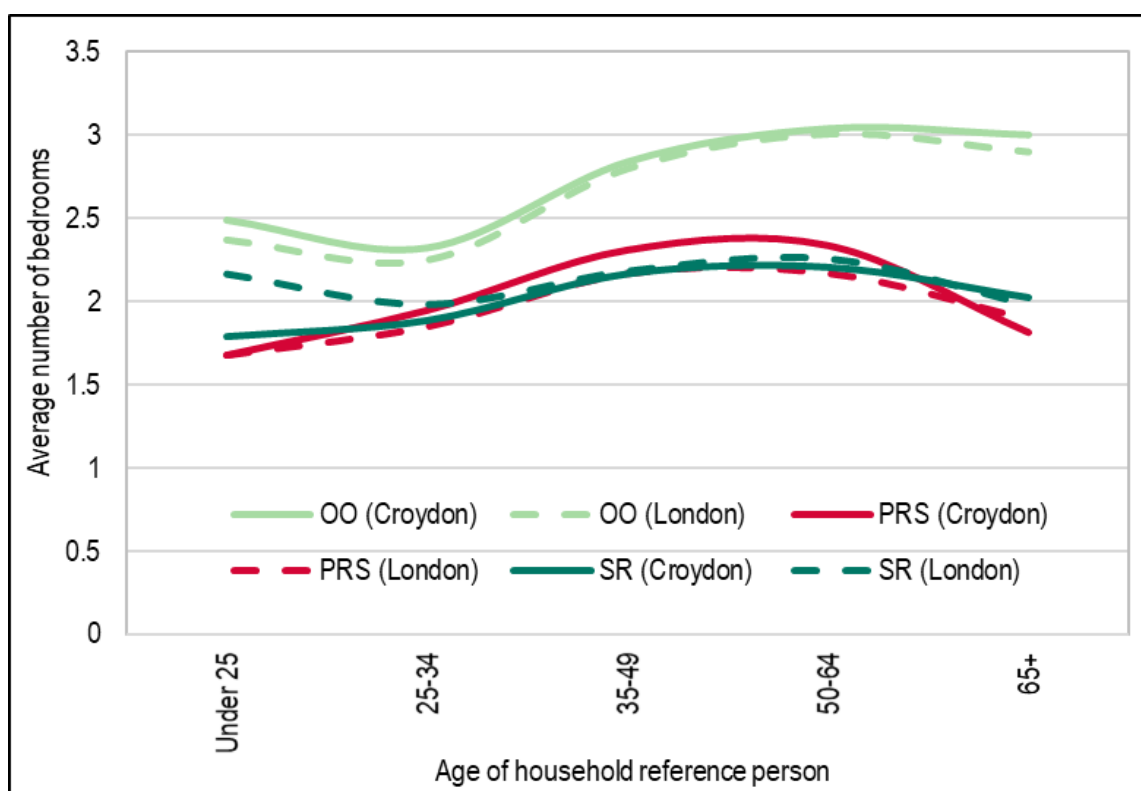
Understanding How Households Occupy Homes

- 7.9 Whilst the demographic projections provide a good indication of how the population and household structure will develop, it is not a simple task to convert the net increase in the number of households into a suggested profile for additional housing to be provided. The main reason for this is that in the market sector, households are able to buy or rent any size of property (subject to what they can afford) and therefore knowledge of the profile of households in an area does not directly transfer into the sizes of property to be provided.
- 7.10 The size of housing which households occupy relates more to their wealth and age than the number of people they contain. For example, there is no reason why a single person cannot buy (or choose to live in) a 4-bedroom home as long as they can afford it, and hence projecting an increase in single-person households does not automatically translate into a need for smaller units.
- 7.11 That said, issues of supply can also impact occupancy patterns, for example it may be that a supply of additional smaller-level access homes would encourage older people to downsize but in the absence of such accommodation these households remain living in their larger accommodation.
- 7.12 The issue of choice is less relevant in the affordable sector (particularly since the introduction of the social sector size criteria) where households are allocated properties which reflect the size of the household, although there will still be some level of under-occupation moving forward with regard to older person and working households who may be able to under-occupy housing (e.g. those who can afford to pay the spare room subsidy ('bedroom tax')).

7.13 The approach used is to interrogate information derived in the projections about the number of household reference persons (HRPs) in each age group and apply this to the profile of housing within these groups (data being drawn from the 2021 Census).

7.14 The figures below show an estimate of how the average number of bedrooms varies by different ages of HRP and broad tenure group for Croydon and London for comparative purposes. In the owner-occupied sector, the average size of accommodation rises over time whilst the private rented sector shows an increase up to about age 50 and then falls as households get older – although less the case in the owner-occupied sector. The figure is also notable for showing broadly similar dwelling sizes in London compared to Croydon.

Table 7.5 Average Bedrooms by Age and Tenure in Croydon and London



Source: Census (2021)

7.15 The analysis uses the existing occupancy patterns at a local level as a start point for analysis and applies these to the projected changes in Household Reference

Person by age discussed below. The analysis has been used to derive outputs for three broad categories. These are:

- **Market Housing** – which is taken to follow the occupancy profiles in the owner-occupied sector;
- **Intermediate Housing** – which is taken to follow the occupancy profile in the private rented sector (this is seen as reasonable as the Government’s desired growth in home ownership looks to be largely driven by a wish to see households move out of private renting); and
- **Low-cost Rented Housing** – which is taken to follow the occupancy profile in the social rented sector. The affordable sector in the analysis to follow would include a range of low-cost rented options.

Changes to Households by Age

7.16 The table below presents the projected change in households by age of household reference person, this shows growth as being expected to be particularly strong in the 75-84 age group and also people aged 65 and over more generally. Younger age groups do also see a notable projected increase in households.

Table 7.6 Projected Change in Household by Age of HRP in Croydon (trend-based projection)

	2021	2040	Change in Households	% Change
Under 25	2,707	3,037	330	12.2%
25-34	22,031	23,514	1,483	6.7%
35-49	48,077	48,884	807	1.7%
50-64	46,231	52,445	6,215	13.4%
65-74	16,868	24,362	7,494	44.4%
75-84	11,868	21,125	9,257	78.0%
85+	5,147	8,824	3,678	71.5%
TOTAL	152,928	182,191	29,263	19.1%

Source: Demographic Projections

Initial Modelled Outputs

- 7.17 By following the methodology set out above and drawing on the sources shown, a series of outputs have been derived to consider the likely size requirement of housing within each of the three broad tenures at a local authority level. The analysis takes account of both local and regional occupancy patterns. The data linking to local occupancy will to some extent reflect the role and function of the local area, whilst the regional data will help to establish any particular gaps (or relative surpluses) of different sizes/tenures of homes when considered in a wider context.
- 7.18 The analysis for rented affordable housing can also draw on data from the local authority Housing Register with regards to the profile of need – this shown in the table below from Local Authority Housing Statistics (LAHS) for 2021 (no more recent data has been published for Croydon). This shows for the whole register the greatest need to be for 1- and 2-bedroom homes, but with over a fifth of the need being larger (3+-bedroom homes).

Table 7.7 **Size of Low-Cost Rented Housing – Housing Register Information (2021)**

	Number of households	% of households
1-bedroom	1,891	35%
2-bedrooms	2,431	44%
3-bedrooms	896	16%
4+-bedrooms	252	5%
TOTAL	5,470	100%

Source: LAHS

- 7.19 The table below shows the modelled outputs of need by dwelling size in the three broad tenures. This shows a particularly strong need for 2-bedroom homes generally but also an appreciable need for smaller (1-bedroom) homes in the affordable sector and larger (3+-bedroom) homes in market housing.

Table 7.8 **Modelled Mix of Housing by Size and Tenure in Croydon**

	1-bedroom	2-bedrooms	3-bedrooms	4+-bedrooms
Market	6%	21%	45%	28%
Intermediate	32%	37%	21%	10%
Low-cost rented	33%	33%	27%	6%

Source: Housing Market Model

Adjustments for Under-Occupation and Overcrowding

- 7.20 Previous analysis has shown a significant level of overcrowding in the Borough, and indeed some households under-occupying dwellings. The analysis below uses this information to look at how the mix based on occupancy could be adjusted to take account of households who are overcrowded (and therefore need a larger home than they actually live in) and also those who under-occupy (have more bedrooms than they need).

- 7.21 Whilst it would not be reasonable to expect to remove all under-occupancy (particularly in the market sector) it is the case that in seeking to make the most efficient use of land it would be prudent to look to reduce this over time. Indeed, in the future there may be a move away from current (2021) occupancy patterns due to affordability issues (or eligibility in social rented housing) as well as the type of stock likely to be provided (potentially a higher proportion of flats).
- 7.22 The table below shows a cross-tabulation of a household's occupancy rating (See 3.42) and the number of bedrooms in their home (for owner-occupiers). This shows several households with at least 2 spare bedrooms who are living in homes with 3 or more bedrooms as well as a higher number with 1 spare bedroom. There are also a number of overcrowded households. Overall, in the owner-occupied sector in 2021, there were 64,200 households with some degree of under-occupation and 3,400 overcrowded households.

Table 7.9 Cross-tabulation of occupancy rating and number of bedrooms (owner-occupied sector) – Croydon

Occupancy rating	Number of bedrooms				
	1-bed	2-bed	3-bed	4+-bed	TOTAL
+2	0	0	17,012	18,290	35,302
+1	0	12,806	11,775	4,282	28,863
0	5,946	5,450	5,487	1,363	18,246
-1	615	1,148	1,196	479	3,438
TOTAL	6,561	19,404	35,470	24,414	85,849

Source: Census (2021)

- 7.23 For completeness the tables below show the same information for the social and private rented sectors. In the private rented sector there are more under-occupying households than overcrowded, but differences are less marked than seen for owner-occupied housing. For the social rented sector, the number of overcrowded households is closer to the number of those under-occupying (5,100 overcrowded versus 7,000 under-occupying).

Table 7.10 Cross-tabulation of occupancy rating and number of bedrooms (social rented sector) – Croydon

Occupancy rating	Number of bedrooms				
	1-bed	2-bed	3-bed	4+-bed	TOTAL
+2	0	0	1,439	592	2,031
+1	0	2,473	2,058	462	4,993
0	6,335	4,867	3,520	484	15,206
-1	1,273	2,314	1,293	261	5,141
TOTAL	7,608	9,654	8,310	1,799	27,371

Source: Census (2021)

Table 7.11 Cross-tabulation of occupancy rating and number of bedrooms (private rented sector) – Croydon

Occupancy rating	Number of bedrooms				
	1-bed	2-bed	3-bed	4+-bed	TOTAL
+2	0	0	1,416	1,627	3,043
+1	0	4,687	2,462	801	7,950
0	9,536	7,816	3,417	674	21,443
-1	2,808	2,884	1,216	380	7,288
TOTAL	12,344	15,387	8,511	3,482	39,724

Source: Census (2021)

- 7.24 In using this data in the modelling, an adjustment is made to move some of those who would have been picked up in the modelling as under-occupying into smaller accommodation. Where there is under-occupation by 2 or more bedrooms, the adjustment takes 25% of this group and assigns to a '+1' occupancy rating and a further 12.5% (i.e., an eighth) to a '0' rating. For households with one spare bedroom, 12.5% are assigned to a '0' rating (with the others remaining as '+1').
- 7.25 These do need to be recognised as assumptions but can be seen to be reasonable as they do retain some degree of under-occupation (which is likely) but does also seek to model a better match between household needs and the size of their home. For overcrowded households a move in the other direction is made, in this case, households are moved up as many bedrooms as is needed to resolve the problems.

- 7.26 The adjustments for under-occupation and overcrowding lead to the suggested mix as set out in the following table. It can be seen that this does see some differences compared with the initial modelling, in particular a shift towards more larger homes being needed in the affordable (rented) sector – this reflects the high levels of overcrowding in this tenure currently.

Table 7.12 Adjusted Modelled Mix of Housing by Size and Tenure – Croydon

	1-bedroom	2-bedrooms	3-bedrooms	4+-bedrooms
Market	9%	29%	41%	21%
Intermediate	27%	38%	24%	11%
Low-cost rented	30%	32%	28%	10%

Source: Housing Market Model (with adjustments)

- 7.27 Across the Borough, the analysis points to around a third of the low-cost rented housing need being for 1-bedroom homes and it is of interest to see how much of this is due to older person households. In the future household sizes are projected to drop whilst the population of older people will increase. Older person households (as shown earlier) are more likely to occupy smaller dwellings. The impacts older people have on demand for smaller stock is outlined in the table below.
- 7.28 This indeed identifies a larger profile of homes needed for households where the household reference person is aged Under 65, with a concentration of 1-bedroom homes for older people. This information can be used to inform the mix required for General Needs rather than Specialist housing, although it does need to be noted that not all older people would be expected to live in homes with some form of care or support.

Table 7.13 Adjusted Modelled Mix of Housing by Size and Age – Affordable Housing (rented) – Croydon

Age of HRP	1-bedroom	2-bedrooms	3-bedrooms	4+-bedrooms
Under 65	20%	34%	31%	15%
65 and over	50%	50%		
All affordable housing (rented)	30%	32%	28%	10%

Source: Housing Market Model (with adjustments)

- 7.29 A further analysis of the need for rented affordable housing is to compare the need with the supply (turnover) of different sizes of accommodation. This links back to estimates of need in the previous section (an annual need for 1,817 dwellings per annum) with additional data from CoRe about the sizes of homes let over the past three years.
- 7.30 This analysis is quite clear in showing the very low supply of larger homes relative to the need. For 4+-bedroom accommodation, it is estimated the supply is only around 4% of the need arising each year, whereas for 1-bedroom homes around 37% of the need can be met.

Table 7.14 Need for rented general needs affordable housing by number of bedrooms

	Gross Annual Need	Gross Annual Supply	Net Annual Need	As a % of total net annual need	Supply as a % of gross need
1-bedroom	571	211	359	19.8%	37.0%
2-bedrooms	795	178	618	34.0%	22.3%
3-bedrooms	659	93	566	31.1%	14.1%
4+-bedrooms	285	11	274	15.1%	3.8%
Total	2,310	493	1,817	100.0%	21.3%

Source: Derived from a range of sources

- 7.31 In addition, the Council's Children's Team highlighted that the Council currently has 450-500 young Care leavers in temporary, unsuitable accommodation. They have

a programme of work to identify move on accommodation that meet this group's needs but they will also need to factor in a range of provision for particular needs.

Indicative Targets for Different Sizes of Property by Tenure

- 7.32 The analysis below provides some indicative targets for different sizes of home (by tenure). The conclusions take account of a range of factors, including the modelled outputs, an understanding of the stock profile and the Housing Register data as well as taking a broader view of issues such as the flexibility of homes to accommodate changes to households (e.g. the lack of flexibility offered by a 1-bedroom home for a couple looking to start a family) and the turnover of homes.

Low-cost Rented

- 7.33 Bringing together the above, a number of factors are recognised. This includes recognising that it is unlikely that all affordable housing needs will be met and that it is likely that households with a need for larger homes will have greater priority (as they are more likely to contain children). That said, there is also a possible need for 1-bedroom social housing arising due to homelessness (typically homeless households are more likely to be younger single people). The turnover of stock of different sizes is also an important consideration. Based on these factors it is suggested that the following mix of housing would be appropriate:

General Needs	Housing for Older People
1-bedroom: 15%	1-bedroom: 50%
2-bedroom: 30%	2+-bedroom: 50%
3-bedroom: 35%	
4+-bedroom: 20%	

- 7.34 While this would require larger homes to be delivered in a dense area which can be difficult there is no reason why 3-4 bed flats/maisonettes cannot work for families.

Such homes might need to avoid open-plan kitchens and living areas and there will also be a need for private outdoor space.

Intermediate Housing

7.35 In the intermediate sector a profile of housing that closely matches the outputs of the modelling is suggested. It is considered that the provision of intermediate should be focused on delivering smaller family housing for younger households and childless couples. Based on this analysis, it is suggested that the following mix of intermediate housing would be appropriate:

- 1-bedroom: 25%
- 2-bedroom: 40%
- 3-bedroom: 25%
- 4+-bedroom: 10%

Market Housing

7.36 Finally, in the market sector, a balance of dwellings is suggested that takes account of both the demand for homes and the changing demographic profile (as well as observations about the current mix and also the potential to reduce overcrowding and slightly reduce levels of under-occupancy):

- 1-bedroom: 10%
- 2-bedroom: 30%
- 3-bedroom: 40%
- 4+-bedroom: 20%

7.37 Market housing will include the need for rental products such as Build-to-Rent and Co-Living. However, the suggested mix for these products is that of intermediate housing which is likely to be more appropriate for potential occupiers of these homes.

- 7.38 Although the analysis has quantified this on the basis of the market modelling and an understanding of the current housing market, any policy which includes such figures should be applied flexibly – not least as different sites may be more suited to a particular mix of housing. In addition, demand can change over time linked to macro-economic factors and local supply. Policy aspirations could also influence the mix sought.
- 7.39 The suggested figures can be used as a monitoring tool to ensure that future delivery is not unbalanced when compared with the likely requirements as driven by demographic change in the area. The recommendations can also be used as a set of guidelines to consider the appropriate mix on larger development sites, and the Council could expect justification for a housing mix on such sites which significantly differs from that modelled herein. Site location and area character are also relevant considerations for the appropriate mix of market housing on individual development sites.

Housing Mix - Summary

- 7.40 According to the 2021 Census 34% of households in Croydon are families, of those with dependent children 22% live in the social rented sector and 32% in private rented housing – there are relatively few owner-occupiers (45% of the total). There are high levels of overcrowding for all household types with dependent children, including 28% of all lone-parents being overcrowded.
- 7.41 The size of homes in the market (owner-occupied) sector is relatively large when compared with data for London – some 69% of homes have 3+ bedrooms. The social and private rented sector have a much smaller profile of homes, although figures are broadly consistent with those seen across London.
- 7.42 The method for determining the future housing mix in Croydon relies on analysing the ages of Household Reference Persons (HRPs) and their projected changes over time. It is essential to understand that the size of the housing occupied by

households is influenced by factors such as wealth and age, rather than simply the number of people in a household. The housing market allows households to choose properties based on affordability and preference.

7.43 The occupancy patterns can also be influenced by the supply of different-sized homes. To address the issue of housing choice and affordability, the method applies demographic projections related to HRPs' age groups to the existing housing profiles in Croydon, considering differences between owner-occupied and privately rented sectors. The data suggests that the average size of accommodation increases with age in the owner-occupied sector but decreases in the private rented sector after about age 50, while the differences between Croydon and London are relatively minor.

7.44 The overall modelled mix of property size by tenure type is shown below:

Table 7.15 Modelled size mix of housing by tenure – Croydon

	Market	Intermediate	Low-cost rented	
			General needs	Older persons
1-bedroom	9%	27%	20%	50%
2-bedrooms	29%	38%	34%	50%
3-bedrooms	41%	24%	31%	
4+-bedrooms	21%	11%	15%	

Source: Iceni Projects

7.45 The overall recommended mix of housing considers a range of other factors, including the modelled outputs, an understanding of the stock profile and the Housing Register data as well as taking a broader view of issues such as the flexibility of homes to accommodate changes to households and the turnover of homes. The recommended mix is shown below:

Table 7.16 Recommended Housing Mix

	Market	Intermediate	Low-cost rented	
			General needs	Older persons
1-bedroom	10%	25%	15%	50%
2-bedrooms	30%	40%	30%	50%
3-bedrooms	40%	25%	35%	
4+-bedrooms	20%	10%	20%	

Source: Iceni Projects

8. OLDER AND DISABLED PEOPLE

Introduction

- 8.1 This section studies the characteristics and housing needs of the older person population and the population with some form of disability. The two groups are taken together as there is a clear link between age and disability. It responds to Planning Practice Guidance on Housing for Older and Disabled People published by the Government in June 2019. It includes an assessment of the need for specialist accommodation for older people and the potential requirements for housing to be built to M4(2) and M4(3) housing technical standards (accessibility and wheelchair standards).

Understanding the Implications of Demographic Change

- 8.2 At a national level, the population of older persons is increasing, and this will potentially drive a need for housing which is capable of meeting the needs of older persons. Initially below a series of statistics about the older person population of Croydon are presented.

Current Population of Older People

- 8.3 The table below provides baseline population data about older persons in Croydon and compares this with other areas. The table shows that Croydon has a younger age structure than seen nationally, but a greater proportion of older people in a London context. As of 2021, 14% of the population was aged 65 and over, this compares with 12% across London and 19% nationally.

Table 8.1 Older Persons Population, 2021

	Croydon		London	England
	Population	% of population	% of population	% of population
Under 65	337,090	86.3%	88.1%	81.5%
65-74	29,104	7.5%	6.6%	9.8%
75-84	17,095	4.4%	3.8%	6.2%
85+	7,217	1.8%	1.6%	2.5%
Total	390,506	100.0%	100.0%	100.0%
Total 65+	53,416	13.7%	11.9%	18.5%
Total 75+	24,312	6.2%	5.4%	8.7%

Source: ONS

Projected Future Change in the Population of Older People

- 8.4 Population projections can next be used to provide an indication of how the number of older persons might change in the future with the table below showing that Croydon is projected to see a notable increase in the older person population (albeit from a very low base). The projection shows a projected increase in the population aged 65+ of around 58% - the population aged Under 65 is in contrast projected to increase by 5%.
- 8.5 In total population terms, the projections show an increase in the population aged 65 and over of 30,800 people. This is against a backdrop of an overall increase of 49,200 – population growth of people aged 65 and over therefore accounts 63% of the total projected population change.

Table 8.2 Projected Change in Population of Older Persons, 2021 to 2040 – Croydon

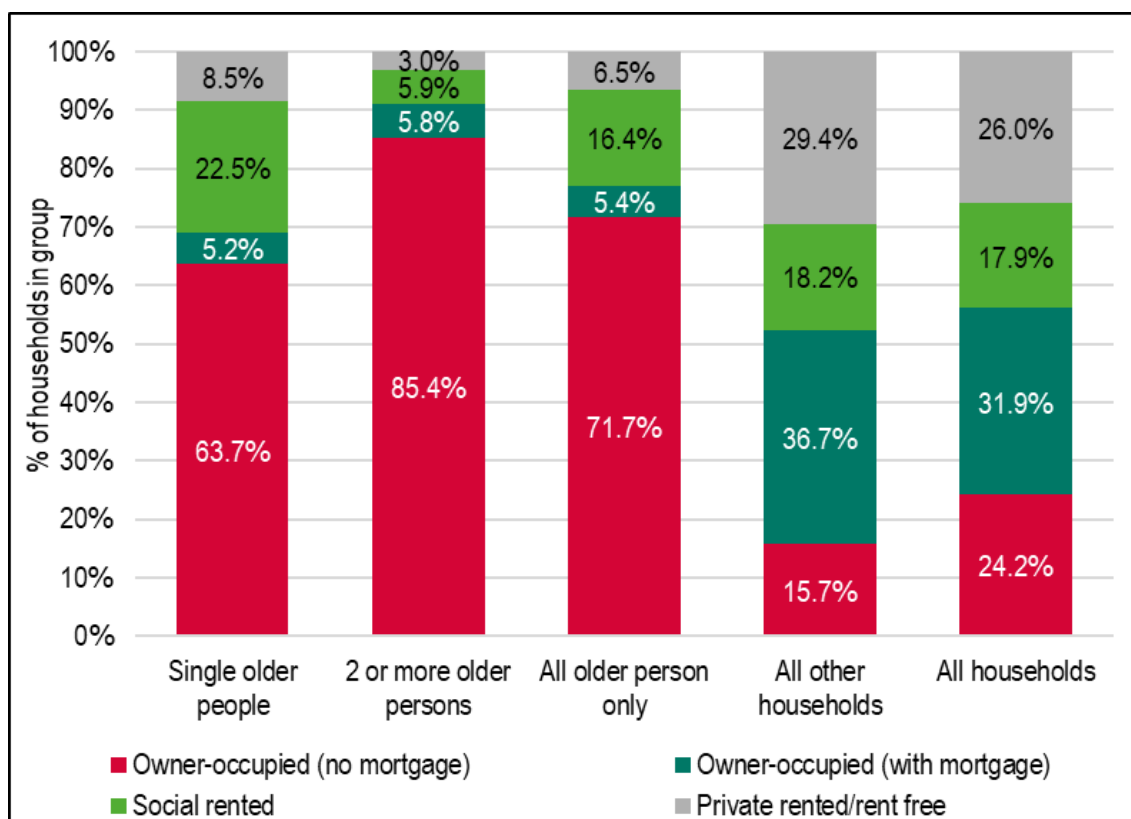
	2021	2040	Change in population	% change
Under 65	337,090	355,495	18,405	5.5%
65-74	29,104	41,655	12,551	43.1%
75-84	17,095	30,250	13,155	77.0%
85+	7,217	12,333	5,116	70.9%
Total	390,506	439,733	49,227	12.6%
Total 65+	53,416	84,237	30,821	57.7%
Total 75+	24,312	42,582	18,270	75.2%

Source: Demographic projections

Characteristics of Older Person Households

- 8.6 The figure below shows the tenure of older person households. The data has been split between single older person households and those with two or more older people (which will largely be couples).
- 8.7 The data shows that the majority of older persons households are owner-occupiers (77% of older person households), and indeed most are owner-occupiers with no mortgage and thus may have significant equity which can be put towards the purchase of a new home. Some 16% of older persons households across the Borough live in the social rented sector; the proportion of older person households living in the private rented sector is relatively low (about 7%).
- 8.8 There are also notable differences for different types of older person households with single older people having a much lower level of owner-occupation than larger older person households – this group also has a much higher proportion living in the social rented sector.

Table 8.3 Tenure of Older Persons Households in Croydon, 2021



Source: 2021 Census

Prevalence of Disabilities

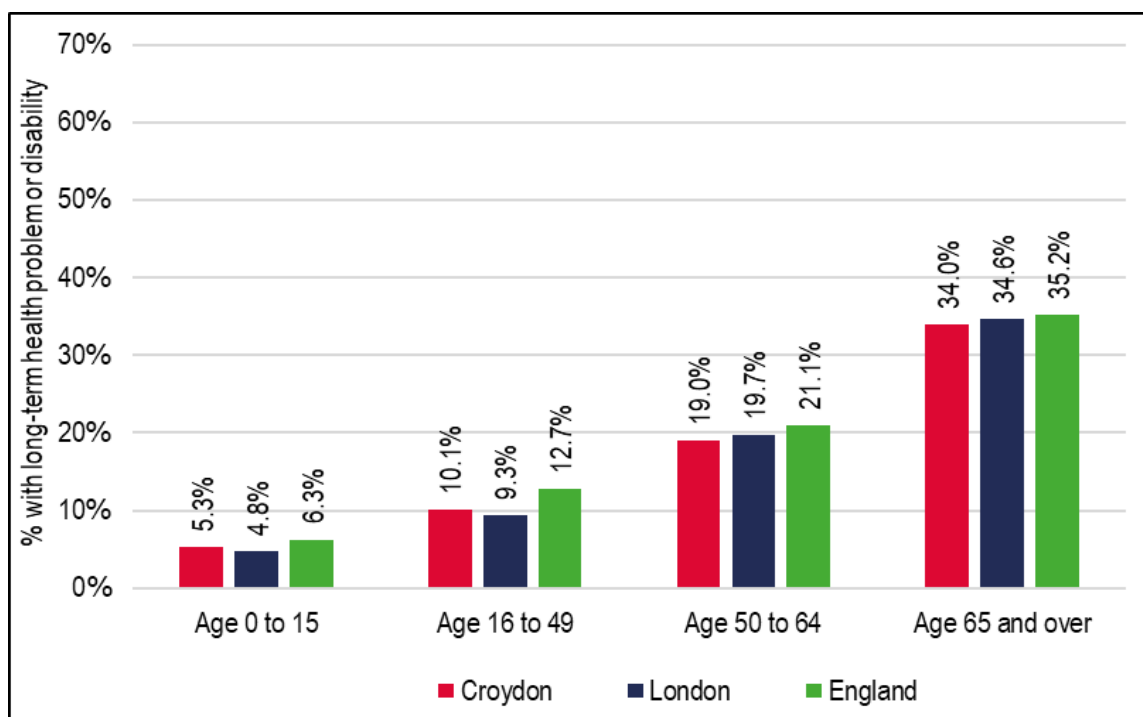
8.9 The table below shows the proportion of people who are disabled under the Equality Act drawn from 2021 Census data, and the proportion of households where at least one person has a disability. The data suggests that some 28% of households in Croydon contain someone with a disability. This figure is slightly higher than seen across London but below the national average. The figures for the population with a disability show a similar pattern when compared with other locations – some 14% of the population having a disability.

Table 8.4 Households and People with a Disability, 2021

	Households Containing Someone with a Disability		Population with a Disability	
	No.	%	No.	%
Croydon	42,185	27.6%	54,852	14.0%
London	911,540	26.6%	1,164,456	13.2%
England	7,507,886	32.0%	9,774,510	17.3%

Source: 2021 Census

- 8.10 As noted, it is likely that the age profile will impact upon the number of people with a disability, as older people tend to be more likely to have a disability. The figure below shows the age bands of people with a disability. It is clear from this analysis that those people in the oldest age bands are more likely to have a disability. The analysis also typically shows similar levels of disability in each age band within Croydon when compared with the regional and national position (generally very slightly lower than seen nationally).

Table 8.5 Population with Long-Term Health Problem or Disability by Age

Source: 2021 Census

Health-Related Population Projections

- 8.11 The incidence of a range of health conditions is an important component in understanding the potential need for care or support for a growing older population.
- 8.12 The analysis undertaken covers both younger and older age groups and draws on prevalence rates from the PANSI (Projecting Adult Needs and Service Information) and POPPI (Projecting Older People Population Information) websites. Adjustments have been made to take account of the age specific health/disabilities previously shown.
- 8.13 Of particular note are the large increases in the number of older people with dementia (increasing by 68% from 2021 to 2040 and mobility problems (up 63% over the same period). Changes for younger age groups are smaller, reflecting the fact that projections are expecting older age groups to see the greatest proportional

increases in population. When related back to the total projected change to the population, the increase of people aged 65+ with a mobility problem represents around 12% of total projected population growth.

Table 8.6 Projected Changes to Population with a Range of Disabilities – Croydon

Disability	Age Range	2021	2040	Change	% Change
Dementia	65+	3,553	5,969	2,416	68.0%
Mobility problems	65+	9,413	15,342	5,929	63.0%
Autistic Spectrum Disorders	18-64	1,986	2,147	162	8.1%
	65+	473	763	290	61.2%
Learning Disabilities	15-64	5,356	5,748	392	7.3%
	65+	1,073	1,688	615	57.3%
Impaired mobility	16-64	10,940	11,938	998	9.1%

Source: POPPI/PANSI and Demographic Projections

- 8.14 Invariably, there will be a combination of those with disabilities and long-term health problems that continue to live at home with family, those who chose to live independently with the possibility of incorporating adaptations into their homes and those who choose to move into supported housing.
- 8.15 The projected change shown in the number of people with disabilities provides clear evidence justifying delivering ‘accessible and adaptable’ homes as defined in Part M4(2) of Building Regulations, subject to viability and site suitability. The Council should ensure that the viability of doing so is also tested as part of drawing together its evidence base although the cost of meeting this standard is unlikely to have any significant impact on viability and would potentially provide a greater number of homes that will allow households to remain in the same property for longer.

Need for Specialist Accommodation for Older People

- 8.16 Given the ageing population and higher levels of disability and health problems amongst older people, there is likely to be an increased requirement for specialist housing options moving forward as the population ages. The box below shows the different types of older persons housing which are considered.

Definitions of Different Types of Older Persons' Accommodation

Age-restricted general market housing: This type of housing is generally for people aged 55 and over and the active elderly. It may include some shared amenities such as communal gardens, but does not include support or care services.

Retirement living or sheltered housing (housing with support): This usually consists of purpose-built flats or bungalows with limited communal facilities such as a lounge, laundry room and guest room. It does not generally provide care services but provides some support to enable residents to live independently. This can include 24-hour on-site assistance (alarm) and a warden or house manager.

Extra care housing or housing-with-care (housing with care): This usually consists of purpose-built or adapted flats or bungalows with a medium to high level of care available if required, through an onsite care agency registered through the Care Quality Commission (CQC). Residents can live independently with 24-hour access to support services and staff, and meals are also available. There are often extensive communal areas, such as space to socialise or a wellbeing centre. In some cases, these developments are known as retirement communities or villages - the intention is for residents to benefit from varying levels of care as time progresses.

Residential care homes and nursing homes (care bedspaces): These have individual rooms within a residential building and provide a high level of care meeting all activities of daily living. They do not usually include support services for independent living. This type of housing can also include dementia care homes.

Source: Planning Practice Guidance [63-010]

- 8.17 The need for specialist housing for older persons is typically modelled by applying prevalence rates to current and projected population changes and considering the level of existing supply. There is no standard methodology for assessing the housing and care needs of older people. The current and future demand for elderly care is influenced by a host of factors including the balance between demand and supply in any given area and social, political, regulatory and financial issues. Additionally, the extent to which new homes are built to accessible and adaptable standards may over time have an impact on specialist demand (given that older people often want to remain at home rather than move to care) – this will need to be monitored.
- 8.18 There are a number of ‘models’ for considering older persons’ needs, but they all essentially work in the same way. The model results are particularly sensitive to the prevalence rates applied, which are typically calculated as a proportion of people aged over 75 who could be expected to live in different forms of specialist housing. Whilst the population aged 75 and over is used in the modelling, the estimates of need would include people of all ages.
- 8.19 Whilst there are no definitive rates, the PPG [63-004] notes that ‘the future need for specialist accommodation for older people broken down by tenure and type (e.g. sheltered housing, extra care) may need to be assessed and can be obtained from a number of online tool kits provided by the sector, for example, SHOP@ for Older People Analysis Tool)’. The PPG does not specifically mention any other tools and therefore seems to be indicating that SHOP@ would be a good starting point for analysis. Since the PPG was published the Housing Learning and Information Network (Housing LIN) has removed the Shop@ online toolkit although the base rates used for analysis are known.
- 8.20 The SHOP@ tool was originally based on data in a 2008 report (More Choice Greater Voice) and in 2011 a further suggested set of rates was published (rates which were repeated in a 2012 publication). In 2016, Housing LIN published a review document which noted that the 2008 rates are ‘outdated’ but also noting that the rates from 2011/12 were ‘not substantiated’. The 2016 review document

therefore set out a series of proposals for new rates to be taken forward onto the Housing LIN website.

- 8.21 Whilst the 2016 review rates do not appear to have ever led to an update of the website, it does appear from reviewing work by Housing LIN over the past couple of years as if it is these rates which typically inform their own analysis (subject to evidence-based localised adjustments).
- 8.22 For clarity, the table below shows the base prevalence rates set out in the various documents described above. For the analysis in this report, the age-restricted and retirement/sheltered have been merged into a single category (housing with support).

Table 8.7 Range of suggested baseline prevalence rates from a number of tools and publications

Type/Rate	SHOP@ (2008) ¹⁸	Housing in Later Life (2012) ¹⁹	2016 Housing LIN Review
Age-restricted general market housing	-	-	25
Retirement living or sheltered housing (housing with support)	125	180	100
Extra care housing or housing-with-care (housing with care)	45	65	30-40 ('proactive range')
Residential care homes	65	(no figure apart from 6 for dementia)	40
Nursing homes (care bedspaces), including dementia	45		45

Source: Housing LIN

8.23 In interpreting the different potential prevalence rates it is clear that:

- The prevalence rates used should be considered and assessed taking account of an authority's strategy for delivering specialist housing for older people. The degree for instance which the Council want to require extra care housing as an alternative to residential care provision would influence the relative balance of need between these two housing types;
- The Housing LIN model has been influenced by existing levels of provision and their view on what future level of provision might be reasonable taking account of how the market is developing, funding availability etc. It is more focused towards publicly commissioned provision. There is a degree to which

¹⁸ Based on the More Choice Greater Voice publication of 2008 (https://www.housinglin.org.uk/assets/Resources/Housing/Support_materials/Reports/MCGVdocument.pdf). It should be noted that although these rates are from 2008, they are the same rates as were being used in the online toolkit when it was taken offline in 2019.

¹⁹ https://www.housinglin.org.uk/assets/Resources/Housing/Support_materials/Toolkit/Housing_in_Later_Life_Toolkit.pdf

the model and assumptions within it may not fully capture the growing recent private sector interest and involvement in the sector, particularly in extra care; and

- The assumptions in these studies look at the situation nationally. At a more local level, the relative health of an area's population is likely to influence the need for specialist housing with better levels of health likely to mean residents can stay in their own homes for longer.

8.24 These issues are considered to provide appropriate modelling assumptions for assessing future needs. Nationally, there has been a clear focus on strengthening a community-led approach and reducing reliance on residential and nursing care – in particular focussing where possible on providing households with care in their own home. This could, however, be the provision of care within general needs housing; but also care which is provided in a housing with care development such as in extra care housing.

8.25 We consider that the prevalence rates shown in the 2016 Housing LIN Review is an appropriate starting point; but that the corollary of lower care home provision should be a greater focus on the delivery of housing with care. Having regard to market growth in this sector in recent years, and since the above studies were prepared, we consider that the starting point for housing with care should be the higher rate shown in the SHOP@ report (this is the figure that would align with the PPG).

8.26 Rather than simply taking the base prevalence rates, an initial adjustment has been made to reflect the relative health of the local older person population. This has been based on Census data about the proportion of the population aged 65 and over who have a long-term health problem or disability (LTHPD) compared with the England average. In Croydon, the data shows similar health in the older person population and so the prevalence rates used are only very marginally adjusted from the figures shown above.

8.27 A second local adjustment has been to estimate a tenure split for the housing with support and housing with care categories. This again draws on suggestions in the 2016 Review which suggests that less deprived local authorities could expect a

higher proportion of their specialist housing to be in the market sector. Using 2019 Index of Multiple Deprivation (IMD) data, the analysis suggests Croydon is the 102nd most deprived local authority in England (out of 317) – i.e. a higher than average level of deprivation – this suggests a greater proportion of affordable housing than a local authority in the middle of the range (for housing with support and housing with care).

- 8.28 The table below shows the estimated needs for different types of housing linked to the population projections. The analysis is separated into the various different types and tenures although it should be recognised that there could be some overlap between categories (i.e. some households might be suited to more than one type of accommodation).
- 8.29 Overall, the analysis suggests that there will be a need for housing with support (about 36% in the market sector) although as of 2021 it is estimated there is a broad balance between supply and demand. 2021 is used as this is when the demographics are benchmarked to.
- 8.30 The analysis also points to a need for housing with care both currently and in the future (59% for market housing). The analysis also suggests a need for some additional nursing and residential care bedspaces although taken together there is no current shortfall (again a good balance between supply and demand).

Table 8.8 Specialist Housing Need using adjusted SHOP@Review Assumptions, 2021-40 – Croydon

		Housing demand per 1,000 75+	Current supply	Current demand	Current shortfall/surplus (-ve)	Additional demand to 2040	Shortfall /surplus by 2040
Housing with support	Market	40	900	984	84	739	823
	Affordable	84	2,108	2,043	-65	1,535	1,470
Total (housing with support)		125	3,008	3,027	19	2,275	2,294
Housing with care	Market	22	38	534	496	402	898
	Affordable	23	348	555	207	417	624
Total (housing with care)		45	386	1,090	704	819	1,523
Residential care bedspaces		40	672	969	297	728	1,025
Nursing care bedspaces		45	1,399	1,090	-309	819	510
Total bedspaces		85	2,071	2,058	-13	1,547	1,534

Source: Derived from Demographic Projections and Housing LIN/EAC

Engagement with Adult Social Care

- 8.31 As part of this It can be seen by 2040 there is an estimated need for around 3,816 additional dwellings with support or care across the Borough. In addition, there is a need for 1,534 additional nursing and residential care bedspaces. Typically for bedspaces, it is conventional to convert to dwellings using a standard multiplier (1.80 bedspaces per dwelling for older persons accommodation) and this would therefore equate to around 852 dwellings. In total, the older persons analysis therefore points towards a need for around 4,670 units over the 2021-40 period (250 per annum).
- 8.32 The provision of a choice of attractive housing options to older households is a component of achieving a good housing mix. The availability of such housing options for the growing older population may enable some older households to downsize from homes which no longer meet their housing needs or are expensive to run. The availability of housing options which are accessible to older people will

also provide the opportunity for older households to 'rightsized' which can help improve their quality of life.

- 8.33 It should also be noted that within any category of need there may be a range of products. For example, many recent market extra-care schemes have tended to be focused towards the 'top-end' of the market and may have significant service charges (due to the level and quality of facilities and services). Such homes may therefore only be affordable to a small proportion of the potential market, and it will be important for the Council to seek a range of products that will be accessible to a wider number of households if needs are to be met.
- 8.34 During this process we engaged with the Council's adult social care (ASC) team. This team is principally focused on the delivery of affordable rather than market housing for older people, as such their view was focused on affordable housing.
- 8.35 The ASC team's overall policy is to provide in-situ/domiciliary care. If this is not possible i.e. their home is unsuitable then they would be placed in Sheltered (housing with support) or Extra Care (housing with care). However, if their support or care needs are too great then they would be placed in residential or nursing care.
- 8.36 The draft housing strategy still prioritises enabling residents to remain in their own homes by effectively distributing Disabled Facilities Grant and Home Improvement Loans to assist elderly and disabled people.
- 8.37 The Council currently provide Home Care to around 1,200 residents. They have an in-house extra care service which provides accommodation for a maximum of 260 people. They also provide residential care for 442 and nursing care for 335 residents.
- 8.38 However, the lack of affordable housing has meant that people with no support needs are placed in sheltered and due to a lack of extra-care people with limited care needs are placed in residential care.

- 8.39 The Council recognise the benefits of extra care and how it can delay when people get into residential care. The Council believe they have one of the highest supply of affordable extra-care accommodation in the country. However, their policy is to increase this supply while reducing the reliance on residential care.
- 8.40 Specifically they would like to increase the supply of enhanced extra care. This is extra care where the level of care is not capped to a certain number of hours but grows with the resident's needs. This allows people to live in that accommodation for longer.
- 8.41 Although they recognise this has to be within reason and if their care needs are too much or too complex then they would require residential care. It also requires a range of residents including those with lower care needs as it would be unsustainable to have too many with complex needs.
- 8.42 In the Council experience, when residents needs become too complicated or high demand (3 to 4 calls per day) the providers say their needs are too great and push them towards residential care.
- 8.43 The Council would also like to actively reduce the supply of residential care even if there is population growth. Some of the people in residential care would be better suited to extra-care but are only placed in residential care because there is not enough supply of extra-care.
- 8.44 As a consequence the modelling set out in Table 8.6 should see a shift in the future need from the residential shortfall towards a greater affordable extra-care shortfall.
- 8.45 At present, the Council provide a 24/7 response service for the 23 sheltered housing block. This service replaced a warden on location. The Council believe that there is enough housing with support in the Borough.
- 8.46 Many of the residents do not have a care or support need but are only placed there because they are over 55 and they have an affordable housing need. Their need

could therefore be addressed with a greater supply of smaller affordable general housing.

- 8.47 The ASC team are not aware of any specialist-supported need such as bariatric care. They do have a supply of specialist dementia residential care and one of the commissioned extra-care has a dementia care specialism.
- 8.48 The Council recognise that there are qualitative issues with the existing sheltered (housing with support) accommodation. This includes some in 12-storey tower blocks while others were built in the 60s and 70s and due to maintenance costs are no longer fit for purpose.
- 8.49 The ASC team are going through a programme to understand whether there is a potential to repurpose some of this stock for extra-care. They are also working on a draft accommodation strategy with the asset management, social care and housing teams to identify sites that would be suitable. They also have working arrangement with RP to create new scheme.
- 8.50 There is demand for affordable sheltered and extra-care everywhere in the Borough but the market is only likely to see high demand in the south of the Borough. Although certain demographics' need might be better served in the North.
- 8.51 The Council highlighted a significant under-supply of supported accommodation for younger people with a disability and adults with a learning disability. There is also a lack of supported housing for people living with mental illness. There are only a handful of people aged under 55 living in specialist accommodation.
- 8.52 Some of the younger persons support need is exported particularly those with more complex learning disabilities. These groups are placed educational establishments outside the Borough but still return when they turn 25. However sometimes unable to return home as their families do not have suitable accommodation. This transition could be addressed with a greater supply of accessible and adaptable dwellings.

Wheelchair-User Housing

- 8.53 The analysis below draws on secondary data sources to estimate the number of current and future wheelchair-users and to estimate the number of wheelchair-accessible/adaptable dwellings that might be required in the future. Estimates of need produced in this report draw on data from the English Housing Survey (EHS) – mainly 2018/19 data. The EHS data used includes the age structure of wheelchair-users, information about work needed to homes to make them ‘visitable’ for wheelchair-users and data about wheelchair-users by tenure.
- 8.54 The table below shows at a national level the proportion of wheelchair-user households by the age of the household reference person. Nationally, around 3.4% of households contain a wheelchair-user – with around 1% using a wheelchair indoors. There is a clear correlation between the age of household reference person and the likelihood of there being a wheelchair-user in the household.

Table 8.9 Proportion of wheelchair-user households by age of household reference person – England

Age of household reference person	No household members use a wheelchair	Uses wheelchair all the time	Uses wheelchair indoors only	Uses wheelchair outdoors only
24 and under	99.4%	0.3%	0.0%	0.3%
25-34	99.3%	0.3%	0.1%	0.2%
35-49	98.2%	0.5%	0.1%	1.2%
50-64	96.9%	0.7%	0.4%	2.0%
65 and over	93.1%	0.9%	0.4%	5.6%
All households	96.6%	0.6%	0.3%	2.5%

Source: English Housing Survey (2018/19)

- 8.55 The prevalence rate data can be brought together with information about the household age structure and how this is likely to change moving forward – adjustments have also been made to take account of the relative health (by age) of

the population). The data estimates a total of 4,400 wheelchair-user households in 2021, and that this will rise to 5,900 by 2040.

Table 8.10 Estimated number of wheelchair-user households (2021-40) – Croydon

	Prevalence rate (% of households)	Households 2021	Households 2040	Wheelchair-user households (2021)	Wheelchair-user households (2040)
24 and under	0.7%	2,707	3,037	19	21
25-34	0.6%	22,031	23,514	131	140
35-49	1.4%	48,077	48,884	677	688
50-64	2.7%	46,231	52,445	1,270	1,441
65 and over	6.7%	33,883	54,312	2,282	3,658
All households		152,928	182,191	4,379	5,948

Source: Derived from a range of sources

- 8.56 The finding of an estimated current number of wheelchair-user households does not indicate how many homes might be needed for this group – some households will be living in a home that is suitable for wheelchair use, whilst others may need improvements to accommodation or a move to an alternative home. Data from the EHS (2014-15) shows that of the 814,000 wheelchair-user households, some 200,000 live in a home that would either be problematic or not feasible to make fully ‘visitable’ – this is around 25% of wheelchair-user households.
- 8.57 Applying this proportion (25%) to the current number of wheelchair-user households and adding the additional number projected forward suggests a need for around 2,664 additional wheelchair-user homes in the 2021-40 period. If the projected need is also discounted to 25% of the total (on the basis that many additional wheelchair-user households will already be in accommodation) leads to a need estimate of 1,487 homes. These figures equate to a need for 78-140 dwellings per annum. If the estimate of current need is excluded (so as to just look at future changes) the need drops to just 21-83 dwellings per annum.

Table 8.11 Estimated need for wheelchair-user homes, 2021-40

	Current need	Projected need (2021-40)	Total current and future need
Total	1,095	1,569	2,664
@ 25% of projected	1,095	392	1,487

Source: Derived from a range of sources

- 8.58 Furthermore, information in the EHS (for 2018/19) also provides national data about wheelchair-users by tenure. This showed that, at that time, around 7.1% of social tenants were wheelchair users (including 2.2% using a wheelchair indoors), compared with 3.1% of owner-occupiers (0.7% indoors). These proportions can be expected to increase with an ageing population but do highlight the likely need for a greater proportion of social (affordable) homes to be for wheelchair-users.

Table 8.12 Proportion of wheelchair-user households by tenure of household reference person – England

Tenure	No household members use a wheelchair	Uses wheelchair all the time	Uses wheelchair indoors only	Uses wheelchair outdoors only
Owners	96.9%	0.5%	0.2%	2.4%
Social sector	92.9%	1.6%	0.6%	4.8%
Private renters	98.8%	0.1%	0.1%	0.9%
All households	96.6%	0.6%	0.3%	2.5%

Source: English Housing Survey (2018/19)

- 8.59 To meet the identified need, the Council could seek a proportion (maybe up to 5%) of all new market homes to be M4(3) compliant and potentially a higher figure in the affordable sector (say 10%). These figures reflect that not all sites would be able to deliver homes of this type. In the market sector these homes would be M4(3)A (adaptable) and M4(3)B (accessible) for affordable housing.

- 8.60 As with M4(2) homes it may not be possible for some schemes to be built to these higher standards due to built-form, topography, flooding etc. Furthermore, the provision of this type of property may in some cases challenge the viability of delivery given the reasonably high build-out costs (see table below).
- 8.61 It is worth noting that the Government has recently reported on a consultation on changes to the way the needs of people with disabilities and wheelchair-users are planned for as a result of concerns that in the drive to achieve housing numbers, the delivery of housing that suits the needs of the households (in particular those with disabilities) is being compromised on viability grounds²⁰.
- 8.62 The key outcome is: 'Government is committed to raising accessibility standards for new homes. We have listened carefully to the feedback on the options set out in the consultation and the government response sets out our plans to mandate the current M4(2) requirement in Building Regulations as a minimum standard for all new homes. This change is due to shortly be implemented through a change to building regulations.
- 8.63 The consultation outcome still requires a need for M4(3) dwellings to be evidenced, stating 'M4(3) (Category 3: Wheelchair-user dwellings) would continue as now where there is a local planning policy in place in which a need has been identified and evidenced. Local authorities will need to continue to tailor the supply of wheelchair-user dwellings to local demand'.
- 8.64 As well as evidence of need, the viability challenge is particularly relevant for M4(3)(B) standards. These make properties accessible from the moment they are built and involve high additional costs that could in some cases challenge the feasibility of delivering all or any of a policy target.

²⁰ <https://www.gov.uk/government/consultations/raising-accessibility-standards-for-new-homes>

- 8.65 The table below shows estimated costs for different types of accessible dwellings, taken from research sitting behind the initial PPG on accessible housing – these costings are now 8 years old but do still indicate the relative costs of different options.

Table 8.13 Access Cost Summary

	1-Bed Flat	2-Bed Flat	2-Bed Terrace	3-Bed Semi Detached	4-Bed Semi-Detached
M4(2)	£940	£907	£523	£521	£520
M4(3)(A) – Adaptable	£7,607	£7,891	£9,754	£10,307	£10,568
M4(3)(B) – Accessible	£7,764	£8,048	£22,238	£22,791	£23,052

Source: EC Harris, 2014

- 8.66 It should be noted that local authorities only have the right to request M4(3)(B) accessible compliance from homes for which they have nomination rights. They can, however, request M4(3)(A) adaptable compliance from the wider (market) housing stock.
- 8.67 A further option for the Council would be to consider seeking a higher contribution, where it is viable to do so, from those homes to which they have nomination rights. This would address any under-delivery from other schemes (including schemes due to their size e.g. less than 10 units or 1,000 square metres) but also recognise the fact that there is a higher prevalence of wheelchair-use within social rent tenures. This should be considered when setting policy.
- 8.68 The Council ASC team recognise the importance of wheelchair-accessibility accommodation. As rooms need to be built large enough for hoists etc. rather than just the size of a doorway.
- 8.69 The ACS team states that delivery of more M4(3) homes would have a dampening effect on demand for sheltered accommodation and it would also help those moving to extra care for housing needs rather than for care needs.

Older and Disabled Persons - Summary

- 8.70 Croydon has a younger age structure than seen nationally, but a greater proportion of older people in a London context.
- 8.71 Analysis of the need for specialist accommodation (2021-2040) suggests:
- The Borough aged over 65 to increase by 58%, while the population aged Under 65 is expected to increase by 5%;
 - Some 28% of households in Croydon contain someone with a disability;
 - Projected increases in the number of older people with dementia (+ 68%) and mobility problems (+63%);
 - a need for around 2,300 additional housing units with support (e.g. sheltered) – with the majority as affordable housing;
 - a need for around 1,500 additional housing units with care (e.g. extra-care) – with the majority as market housing; and
 - a need for additional residential and nursing care bedspaces although the current Adult Social Care policy would shift some of the need for residential care towards that of extra-care.
- 8.72 The projected change shown in the number of people with disabilities provides clear evidence justifying delivering ‘accessible and adaptable’ homes as defined in Part M4(2) of Building Regulations, subject to viability and site suitability.
- 8.73 The Council's adult social care team is committed to enabling residents to remain in their own homes with in-situ/domiciliary care and the help of Disabled Facilities Grants and Home Improvement Loans.
- 8.74 The analysis reveals a need for between 1,500 and 2,600 dwellings for wheelchair-users (meeting technical standard M4(3)). This would suggest that there is a clear need to increase the supply of accessible and adaptable dwellings and wheelchair-user dwellings.

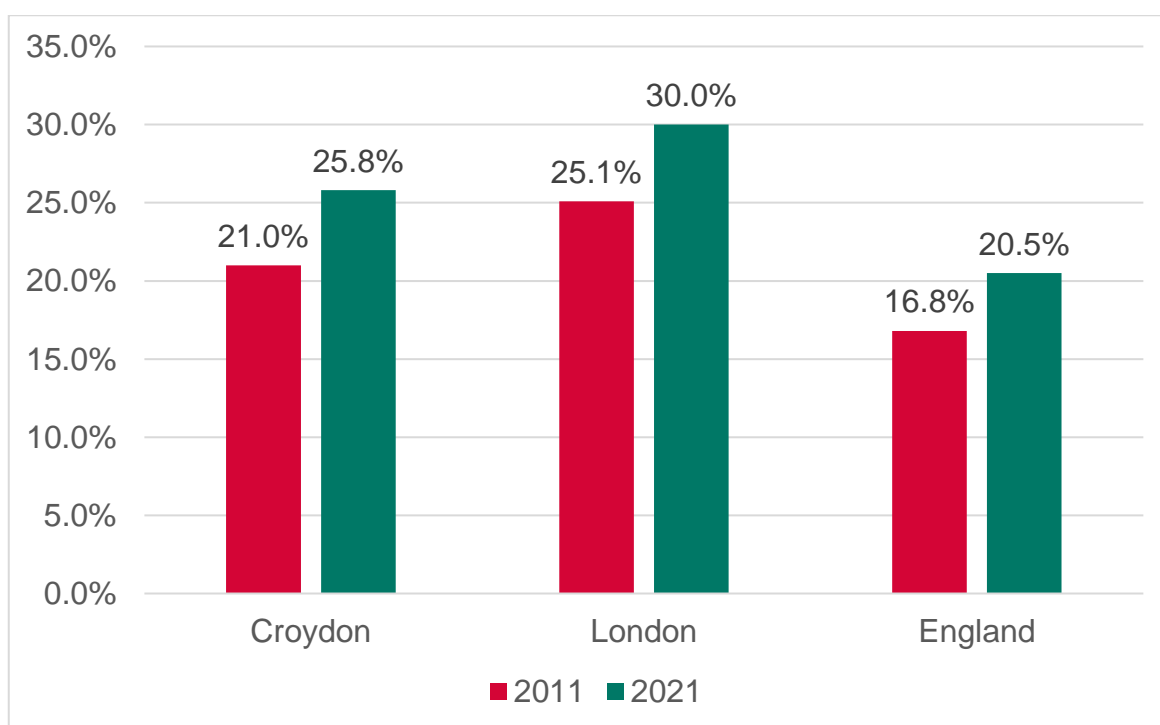
- 8.75 Given the evidence, the Council could consider (as a starting point) requiring all dwellings (in all tenures) to meet the M4(2) standards (or their own space standards) and 5% of homes meeting M4(3) – wheelchair-user dwellings in the market sector (a higher proportion of around a tenth in the affordable sector). This figure reflects the level of need and recognises that not all sites would be able to deliver homes of this type.
- 8.76 Where the authority has nomination rights M4(3) would be wheelchair-accessible dwellings (constructed for immediate occupation) and in the market sector, they should be wheelchair-user adaptable dwellings (constructed to be adjustable for occupation by a wheelchair-user).

9. PRIVATE RENTAL SECTOR & BUILD-TO-RENT

9.1 As of the 2021 Census, the number of households living in Private Rented accommodation in the Borough was almost 40,000 (26%). The size of the PRS (as a % of households) is lower than across London (30%); but higher than England (20.5%).

9.2 Since the 2011 Census, the number of households living in PRS accommodation in the Borough has grown by 9,000 (29.4%), with a greater rate of increase in the Borough than that seen across London (25.2%) and England (29%). A range of factors will have driven this, including affordability challenges affecting households' ability to buy.

Table 9.1 Size of the PRS by % of Households, 2011 - 2021

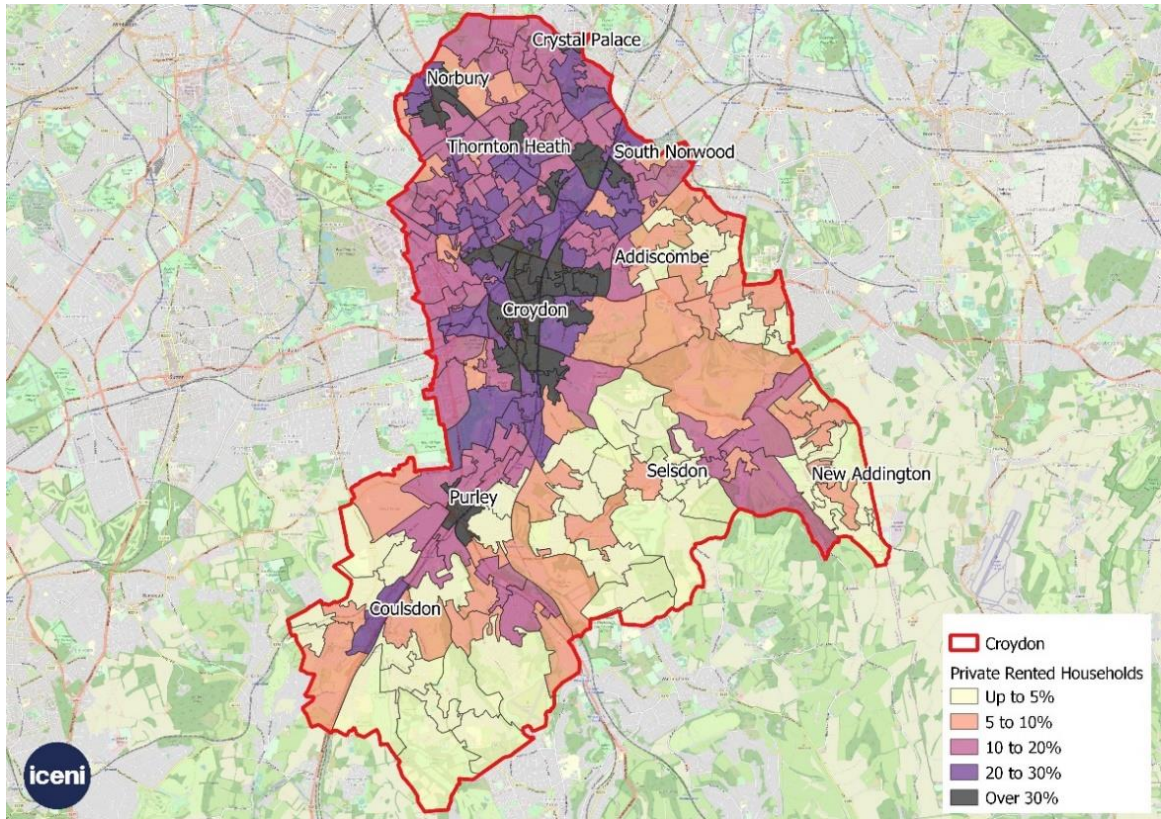


Source: Census 2021

9.3 More detailed analysis of the Borough indicates particular densities of PRS accommodation within the northern half, within the Central Croydon itself and in Purley. The area is attractive to younger households because of its services and

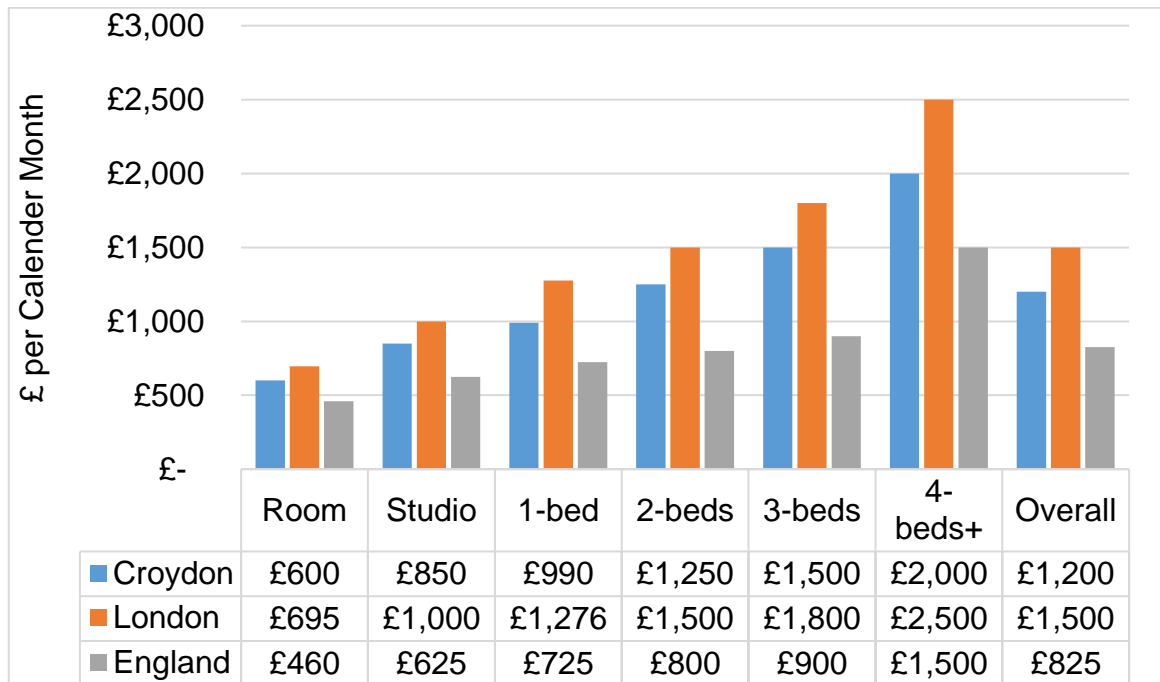
access to Central London, as well as relatively lower rental costs compared to other parts of London. There is also a significant supply of built to rent developments in the area.

Table 9.2 Population in Private Rented Housing



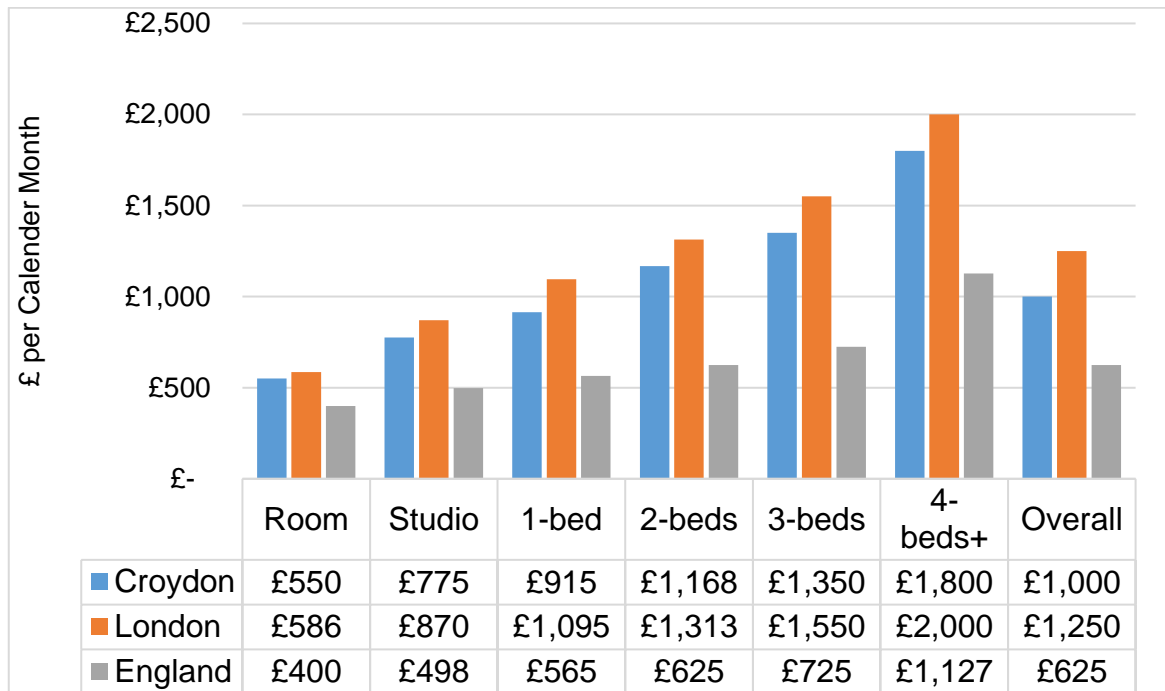
Source: Iceni analysis of 2021 Census data

- 9.4 Median monthly rents published by the ONS demonstrate that Croydon demands rents below the average for London across all sizes of accommodation particularly in the case of 1-bed homes.

Table 9.3 PRS Monthly Median Rents, Year to March 2023

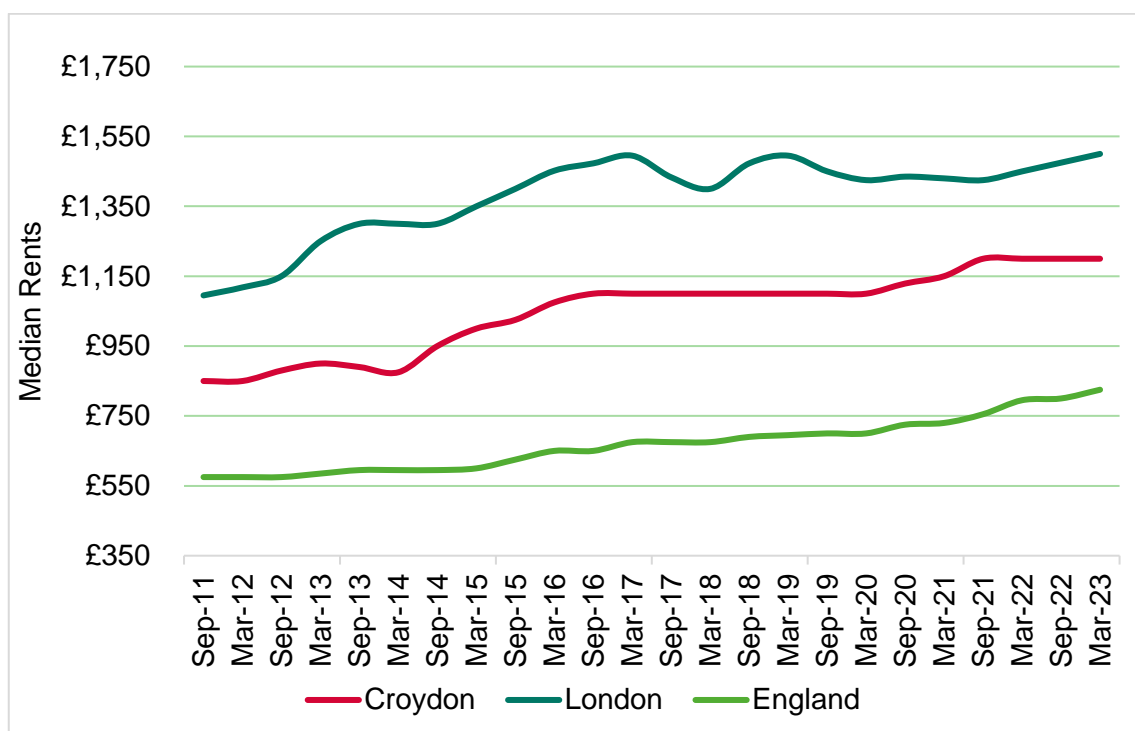
Source: VOA and ONS

- 9.5 Similarly, lower quartile monthly rents in Croydon are also below the average for London and above England across all sizes of accommodation and again particularly for 1-bed homes.

Table 9.4 PRS Monthly Lower Quartile Rents, Year to March 2023

Source: VOA and ONS

- 9.6 Analysis of median monthly PRS rents over the last 10 years demonstrates that although rents in Croydon have stayed consistently between the average for England and London, growth has been relatively stronger in Croydon than in London.
- 9.7 Between 2014 and 2016, rents in Croydon have seen a period of growth followed by stability to 2020. We then see growth in 2020-21 with stability in 2022/23. It is likely that future data will show strong rental growth. Although agents do suggest that rental growth has actually occurred in the last two years.

Table 9.5 PRS Median Monthly Rents, Year to September 2011 – March 2023

Source: VOA and ONS

Letting Agent Engagement

- 9.8 Iceni has engaged with a range of lettings agents located across the Borough to gain a qualitative understanding of the dynamics of the PRS market.
- 9.9 In contrast to the sales market, the rental market is extremely busy. There is much greater demand overall, with many existing tenants who would have moved into the sales market now being unable to afford a mortgage, as well as new people entering the rental market as they move into Croydon or form households.
- 9.10 This is coupled with an undersupply of properties, as agents report tax changes since 2016, interest rate increases and further regulation has led many smaller landlords to sell. Overall this has led to increasing rental costs across the Borough.
- 9.11 Typically, small flats from studio to 2-beds are the most popular in the rental market as they can suit most tenants in terms of price or space to share with others. One agent was critical of the Article 4 Direction that requires small HMOs to have

planning permission, believing that this made it harder to rent smaller properties to sharers.

- 9.12 Overall, tenants in the Borough represent a cross-section of society, some are young families and professionals and some are older retirees. There is a significant market for rental property in the Borough for those on short-term work visas who do not intend to buy.
- 9.13 Typically leases are 12 months in length although many tenants look to stay in properties if they can, providing rental prices do not increase too much.

Build-to-rent Market

- 9.14 Croydon is home to a number of Build-to-rent (BtR) developments. As of October 2023 the sector is estimated²¹ to provide around 600 homes across the Borough. However, wider market data points to a Build-to-rent supply in the Borough of around 2,750 homes in 2023.

Table 9.6 Key Build-to-rent Schemes in Croydon

Name of scheme	Development Description	Planning reference
Carolyn House/ No. 26	58	16/02458/P
Ten Degrees	546	17/04201/FUL

Source: Croydon Borough Council

- 9.15 The BtR sector provides a range of housing sizes from studios to 1, 2, 3-bed homes, with 1- and 2-bed homes the most common. The offering of larger 4-bed+ homes within the BtR sector is very rare.

²¹ This data was provided by the Council and is currently being reviewed. It is understood this data underestimates the number and capacity of build to rent schemes in the Borough.

Build-to-rent Sector Amenity Offer

- 9.16 Build-to-rent (BtR) schemes offer a range of amenities. For example, No.26 offers two roof terraces, a co-working area with a kitchen, desk space with portable laptop and phone charging points, communal lounge, super-fast internet, emergency out-of-hours phone line, post boxes and parcel delivery and collection service and on-site management.
- 9.17 10 Degrees is slightly higher-end and offers a games lounge, rooftop gym, pet spa, flexible workspace, private dining room, screening room, roof terrace, and sky lounge. It also runs resident events and has an on-site management.
- 9.18 Both schemes are pet friendly and offer furnished rooms with utilities bills including Wi-Fi, energy, water etc. all included in the monthly price (this is an add-on at No.26). This is an important consideration in comparing BtR rents to wider market rental values.
- 9.19 The table below examines the average size of homes within the BtR sector in Croydon and compares these to the minimum space standards for new build dwellings set out in London Plan table 3.1.
- 9.20 The analysis demonstrates that the BtR sector in the Borough performs favourably against minimum space standards based on the analysis of the selected schemes shown in Table 9.2, with homes of all sizes typically larger than the minimum acceptable for new build development.

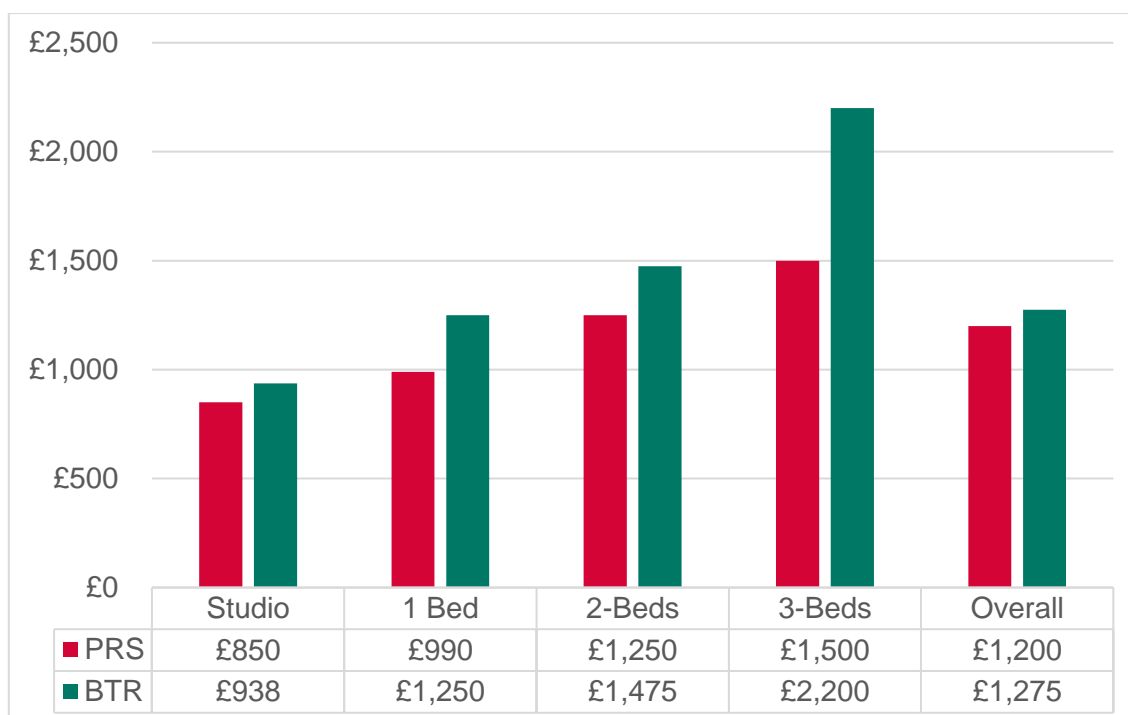
Table 9.7 Build-to-rent Space Standards Performance

	The average size of BtR schemes in Croydon	London Plan min, space standards	% Difference
Studios	38.3	37 sq. m	3.6%
1-bed	51.3	39 sq. m	31.6%
2-bed	66.4	61 sq. m	8.8%
3-bed	99.4	74 sq. m	34.3%
4-bed	N/A	90 sq. m	n/a

Source: Iceni research

Build-to-rent Sector Rents

- 9.21 BtR sector average rents in Croydon for a range of home sizes are compared to monthly rents in the Borough, as shown by the figure below. BtR accommodation demands a premium over and above typical PRS rents for all sizes of homes – albeit the BtR figures include bills and include provision for access to wider services.

Table 9.8 : Build-to-rent Average Rents Benchmarked against Median PRS Rents

Source: VOA and ONS and Iceni research

- 9.22 The rent levels commanded by BtR schemes in the Borough are higher than in the market, raising some concerns about the affordability of this form of housing; although some schemes, including the 10 degrees development, also include an element of Discount Market Rent (DMR) and London Living Rent (LLR).
- 9.23 Taking account of local incomes, it is important that the Council continue to seek to secure a level of affordable housing within BtR schemes or an appropriate contribution toward the provision of affordable housing.

Engagement with build-to-rent operators

- 9.24 Iceni have also sought to engage with a range of BtR operators active in the Borough to understand the market and demand for this type of accommodation.
- 9.25 We spoke to Greystar, the operator of Ten Degrees, to understand demand, tenant profile, and tenancy options. The representative said there was a high demand for accommodation in their development and that it had a waiting list. Approximately 95% of the units were occupied.
- 9.26 Although they provide studios to 3-bedroom homes, the greatest demand is for 1 and 2-bedroom homes. There are some families in the development (12%) whose children are typically under 12. The majority of residents are in their early 20s and 30s. There was a recent let to a couple aged over 50 but these are very rare.
- 9.27 The majority of households are comprised of singles and couples. Most are professionals working in Central London, Croydon and Gatwick (including pilots). They also noted that many work from home or in the shared workspaces that they offer. The development's good connectivity to a number of employment centres attracts people to it.
- 9.28 The representative noted that they have some international students and although they were unsure where they studied they believed they studied in Central London rather than locally.

- 9.29 Many of the residents are from overseas, including those from China, India and Arab states. Some of them have moved to the UK for the first time, and this is aided by the developments letting agents who have an international profile. That said, most residents have moved from elsewhere in London.
- 9.30 According to the representative, people choose build-to-rent because of the location (access to work and services) and also the amenities that are offered. This includes workspaces as well as fitness studios etc. The events calendar is also popular (weekly yoga etc).
- 9.31 A further factor is on-site security as safety is a priority for many. They have seen many tenants leave due to recent events in Central Croydon.
- 9.32 The management offers 12-month leases, but they all have a six-month break clause. At present, they do not offer longer tenancies. Upon the end of the tenancies, the company almost always offer a new one and before expiry they ask their tenants if they want to renew.
- 9.33 It would be appropriate for the Council to encourage longer tenancies through its planning policies/ guidance to provide secure homes. Our experience is that many build-to-rent schemes in London now do so.
- 9.34 There are a number of reasons why people leave but the most common reason cited are a change of circumstance. This can either be a breakdown of relationship, new job or a transfer of job or in their financial circumstances meaning they can no longer afford to live there.
- 9.35 Agents report at the current time that they have a waiting list of around 2 months for discounted market rent homes; although the affordable housing turns over at a slower rate than market housing.
- 9.36 Finally, the developer acknowledged that there is a strong market in Croydon as demonstrated by the pipeline supply which is discussed below.

Pipeline Position

- 9.37 There are small number of BtR schemes in the development pipeline in the Borough. These are largely at an early stage in the planning process but could provide an additional supply of up to 1,887 BtR homes across Croydon.

Table 9.9 : Build-to-rent Supply Pipeline

Name of scheme	Units	Planning reference	Decision
Ruskin Square	550 – 625	20/01503/CONR	Permission granted with 106 legal agreement
Croydon Park Hotel	Max 447	23/00872/FUL	Awaiting decision
One Lansdowne Road	Max 783	23/02689/FUL	Awaiting decision
Shackleton Gate	32	20/00790/FUL	Permission granted with 106 legal agreement

Source: Croydon Borough Council

- 9.38 Through our engagement, we understand that construction costs (labour, material and increased regulation) and legislative requirements (including second staircase issues) are affecting viability; and that there are particular challenges with the delivery of units at London Living Rent – in particular for larger unit sizes, where demand is particularly from sharers but such households typically do not fall below the income cap.
- 9.39 Given the wider need for housing in the Borough and the ability of such housing to delivery quickly and at density, these viability pressures should be recognised.
- 9.40 At least in the short term, the Borough Council may wish to adopt a more flexible approach to the nature of affordable housing contributions, or for the requirement to have 30% of homes as London Living Rent, to ensure these homes are delivered.
- 9.41 The Council's Viability Evidence should specifically consider the viability of BtR schemes as these differ from wider residential development (for instance with more space given over to cores, communal areas etc.).

Co-living Market

- 9.42 While the NPPF does not specifically mention co-living, it highlights that the needs of specific housing groups should be addressed and a refreshed approach to the size, type and tenure of housing (paragraphs 60 and 62).
- 9.43 Paragraph 4.16.1 of the London Plan identifies that large-scale shared living developments may provide a housing option for single-person households who cannot or choose not to live in self-contained homes or HMOs. As such, Policy H16 intends to ensure that new purpose-built shared living developments are of acceptable quality, well-managed and integrated into their surroundings.
- 9.44 To ensure this is achieved, Policy H16 requires purpose-built shared living developments to meet a range of requirements, including that:
- Schemes are under single management.
 - Units are all for rent with minimum tenancy lengths of no less than three months.
 - Communal facilities and services are provided that are sufficient to meet the requirements of the intended number of residents offering at least convenient access to a communal kitchen, access to outside and internal amenity space, as well as a concierge, laundry and drying facilities and room cleaning services.
- 9.45 In terms of the approach to affordable housing provision within shared living, Part A(9) of Policy H16 states that shared living schemes should deliver a cash-in-lieu contribution towards conventional C3 affordable housing, and that boroughs should seek this contribution for the provision of new C3 off-site affordable housing as either an: a) upfront cash in lieu payment to the local authority; or b) in perpetuity annual payment to the local authority.
- 9.46 In line with affordable housing requirement throughout the London Plan, part A (10) of Policy H16 goes on to establish that shared living developments are expected to provide a contribution equivalent to 35% of the units on private land, or 50% where

the development is on public sector land or industrial land appropriate for residential uses, to be provided at a discount of 50% of the market rent.

- 9.47 The policy requires all large-scale purpose-built shared living schemes to be subject to the Viability Tested Route set out in Policy H5. However, developments which provide a contribution equal to 35% of the units at a discount of 50% of the market rent will not be subject to a Late-Stage Viability Review.
- 9.48 The Mayor of London published a draft Large-scale Purpose-built Shared Living Guidance LPG22 for public consultation in January 2022. The guidance provides information on how co-living and other shared living development schemes differ from other forms of housing, and details how to apply London Plan Policy H16 to ensure these developments are of acceptable quality, well-managed and integrated into their surroundings.
- 9.49 The guidance mainly focuses on Policy H16 of the London Plan but seeks to add further guidance and detail, including setting out detailed standards for communal spaces and private rooms. The guidance also provides details to ensure well-managed, safe, and secure places for a mix of users and sets out a requirement for a proportion of rooms to be accessible. The guidance provides support to London boroughs to provide an appropriate range of housing, including affordable housing through their local policies.
- 9.50 The guidance also includes key space standards and requirements that shared living developments should follow, including furniture such as double beds, bedside cabinets and mini-fridges in private units, as well as the number of ovens, microwaves and dishwashers per resident in communal kitchen facilities. These are set out in the table below:

²² [Large-scale Purpose-built Shared Living LPG | London City Hall](#)

Table 9.10 Space standards and requirements that shared living developments

Space Type	Standards
Standard Private Units Sizes	18 – 27 sq. m
Accessible Private Units Size	28 – 37 sq. m
Internal Communal Amenity Size	Min. 5 sq. m of essential internal communal facilities per resident – aim distributed on every floor
External Communal Amenity Size	Min. 1 sq. m per resident – aim for one area or at least areas with min. of 40 sq. m
Kitchen	Min. 0.6 sq. m per resident
Dining	Min. 0.5 sq. m per resident
Laundry	1 washer and dryer per 10 residents

Source: GLA

- 9.51 There is a small co-living sector in the Borough. The Council's data has identified two co-living schemes. These are estimated²³ to provide some 1,014 rooms. College Tower's smallest units 19 sq. metres and increase to 28.5 sqm so fall within the permitted range. Likewise, The Quarters range from 19.7 to 27.5 sqm.

Table 9.11 Co-living Schemes

Name of scheme	Bedspaces	Planning reference
College Tower	817	19/04987/FUL
The Quarters	197	14/03826/GPDO
Total	1,014	

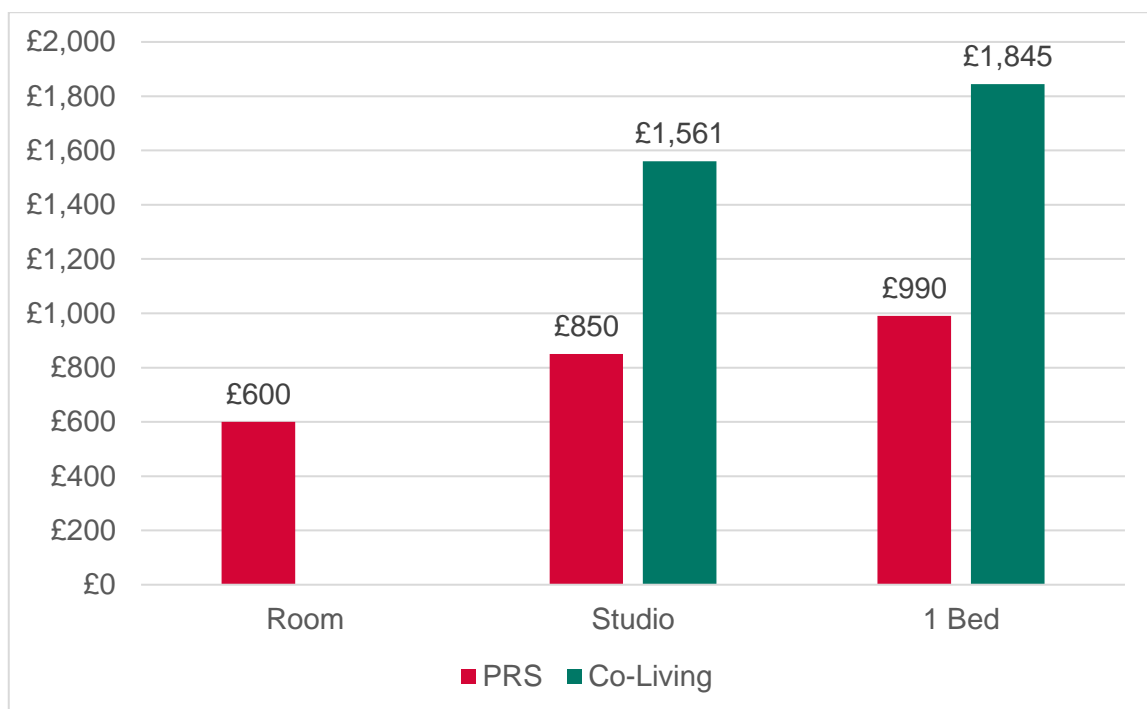
Source: Croydon Borough Council

- 9.52 The schemes offer a range of room types/sizes some with balcony space. The schemes offer a range of studio rooms with a minimum six month tenancy.

²³ Again, it was not possible to determine the total number of homes in all three schemes from the information available, where it was not possible to provide a confident figure the average of the known schemes was used.

- 9.53 The Quarters provides on-site security, maintenance, concierge and management. It also has a lounge area and paid-for laundry facilities. The College Towers development provides a wider range of services and is a more premium product because of it. Services include Sky Garden, Entertainment Area, Wellbeing Garden, Bar Lounge, Cinema, Poker Room, Library, Dining Lounge, Gym, Podcast and Green Screen Studios, Spa, Makers Spaces, Co-Working and Individual Workspaces, Yoga Studio, Co-Worker Lounge, conference room, Music Room, Café, Makers Space, Tulu Lockers and Mailroom.
- 9.54 In terms of rental costs, the co-living schemes identified in the Borough attract a significant premium over average median monthly PRS rents, reflecting the 'luxury' offer outlined above and the inclusion of bills.

Table 9.12 : Co-living rents Compared to Median Monthly PRS Rents



Source: VOA, ONS and Iceni research

- 9.55 Co-living is however a growing market within the Borough, as is the case across London, influenced by housing costs. There is one further co-living scheme in the development pipeline, which will provide almost 500 co-living bedspaces.

Table 9.13 : Pipeline of Co-living Schemes

Name of scheme	Bedspaces	Planning reference	Status
City link	498	21/02912/FUL	Consented

Source: Iceni research

- 9.56 Wider research on the UK and London produced by Savills²⁴ and CBRE²⁵ Co-living market indicates that the sector is growing across the country. CBRE’s research concludes that there is a strong demand across London for co-living accommodation but relatively few built schemes.
- 9.57 The analysis identifies a potential demand from a target market of 515,000 renters aged 26 – 45, earning £30,000 or more and currently living alone or in a house share.
- 9.58 Savills’ research indicates that demand for co-living accommodation is concentrated in London and other major regional cities and estimates the potential size of the target market for Co-living across the UK to be around 725,000 units. Within that, London accounts for 158,642 units – around 22% of the total market.
- 9.59 As with BtR, the viability of Co-living schemes is likely to differ relative to other forms of development; therefore the Council’s policies on affordable housing provision should be informed by up-to-date viability evidence.

Houses in Multiple Occupation

- 9.60 Croydon Council currently only operates the mandatory HMO licences for properties with 5 or more tenants from two or more households. HMOs of 3 or 4 people do not

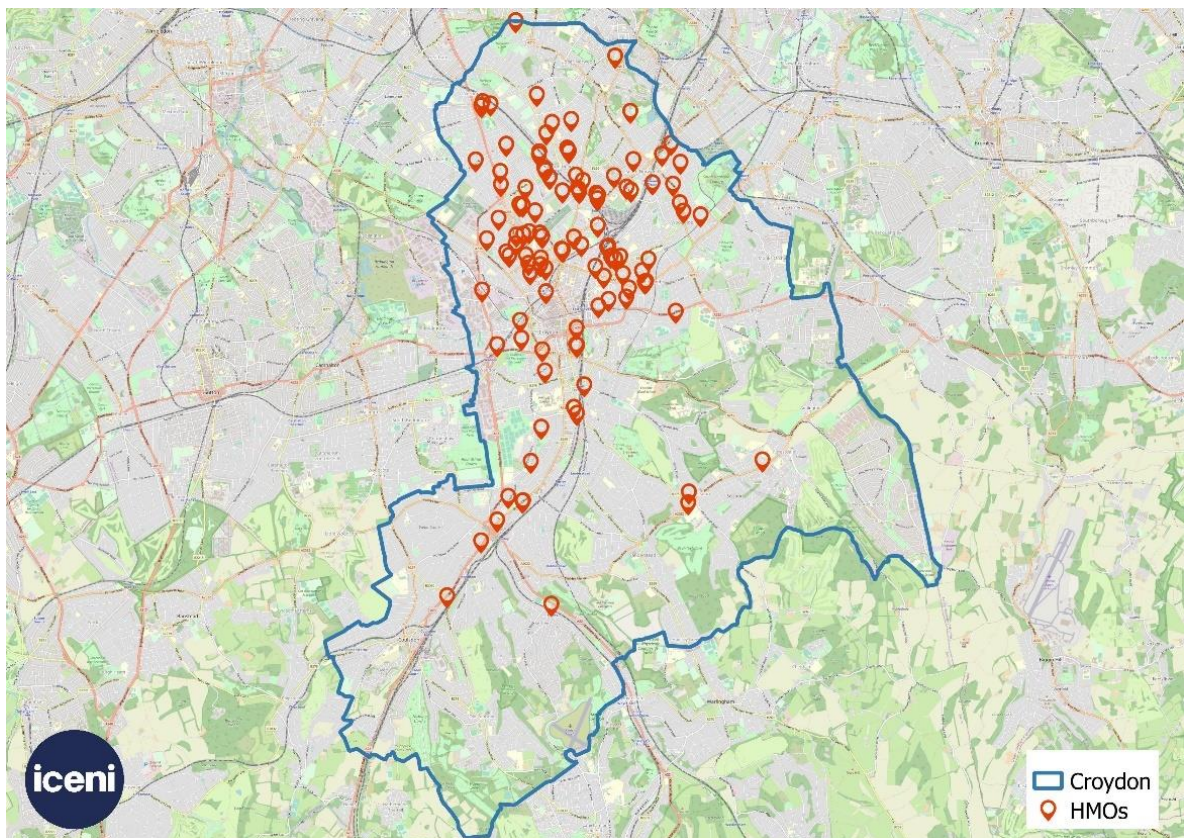
²⁴ [Savills UK | Spotlight: UK Co-living – A market poised for huge growth](#)

²⁵ [Co-living in London 2022 | CBRE UK](#)

require a mandatory HMO licence but may be subject to any Additional or Selective Licensing scheme should one be in place in the Borough in the future.

- 9.61 Houses in Multiple Occupation (HMOs) house some of the more vulnerable Croydon residents as this is amongst the most affordable accommodation available. The Borough has over 800 HMOs that have been issued a mandatory licence. Further modelling estimates that there are more than 3,000 unlicensed HMOs in each of the two categories; (section 254 – with one or more shared facilities and section 257 – certain self-contained flats)

Table 9.14 Distribution of Large HMOs in Croydon



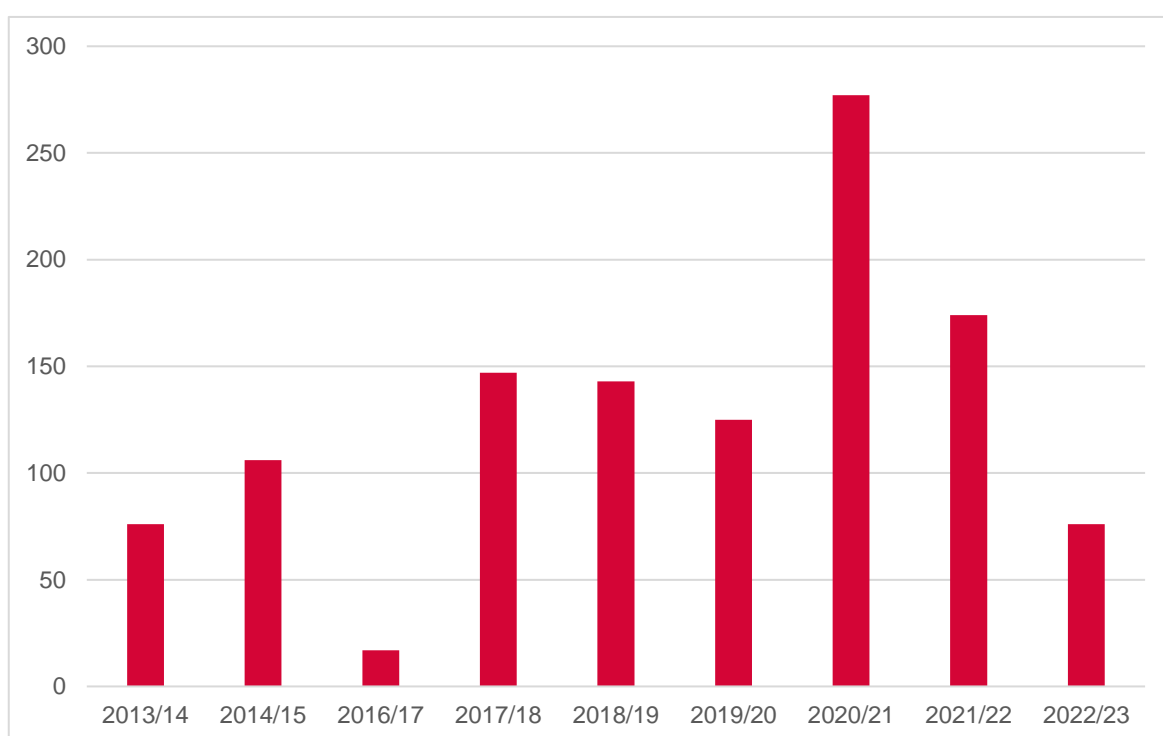
Source: Iceni analysis of Council data

- 9.62 HMOs in Croydon tend to be concentrated in the northern section of the Borough, from Croydon itself and then northwards towards Thornton Heath and South Norwood, there are very few HMOs in the south of the Borough compared to the north.

9.63 Overall, HMOs appear to be based close to rail lines (with some exceptions) and therefore are likely to have good access to central London.

9.64 The figure below shows the number of HMO bedspaces that have had planning permission approved annually. It is clear the 2020/21 year saw a large increase in the number of bedspaces in the Borough.

Table 9.15 Number of HMO bedspaces approved annually



Source: Iceni analysis of council data

9.65 As indicated by local lettings agents, there is strong demand for HMO accommodation in the Borough. There is particularly strong demand from groups of sharing young professionals, as well as from households who can't access or afford other forms of housing, including single people in their late 20s or early 30s who can only claim housing benefit at the room rate.

9.66 The agents reported that HMOs are typically on the market for up to three weeks although most rooms are let within the first two weeks. Although they noted that the closer to Christmas the number of lets slow.

- 9.67 The largest supply of HMOs is in Thornton Heath but that is not necessarily where demand is. People are generally happy with areas with good transport links as most work in central London.
- 9.68 The agents identified a range of workers including labourers and contract workers, although the majority of tenants were professionals. Typically single people took out lets but on occasion couples also share. One agent said they put a £100 a month surcharge on couples to cover bills.
- 9.69 One agent suggested that rooms go for between £700 and £800 per month with £750 being the median rents. This has gone up by about £50 in the past 12 months although they noted that HMOs do not increase at the same rate as 1- and 2-bedrooms (which increased from £1250-£1,400 pcm to £1,500 to £1,700 pcm).
- 9.70 Cost is the biggest driving factor for HMOs particularly if they are inclusive of bills. There is a large gap in cost between a room rent and 1-bed rent with the latter typically not included bills.
- 9.71 Quite often new tenants are new to the City and/or to Croydon and are just looking for somewhere cheap to “rest their head”. Siblings or friends rarely seek multiple rooms in an HMO as they are likely to be cheaper in a 2-bed flat.
- 9.72 The agent noted that larger HMOs are less popular with people wanting to share with two to three people rather than six or seven.
- 9.73 The agents also noted that supply is falling as many landlords are selling up due to mortgage rate increases. Although demand for HMOs is not increasing at the same rate as other forms of rental property.

Pipeline HMO Supply

- 9.74 Croydon Council introduced a Borough-wide Article 4 Direction in January 2020 to protect family homes (houses and flats) by requiring planning permission to convert these properties into small houses of multiple occupation (HMOs). The Article 4

direction only applies to smaller HMOs while larger HMOs still require planning permission.

- 9.75 Iceni has undertaken a review of live applications for Small (Use Class C4) and Large HMOs (Use Class Sui Generis) in the Borough as of November 2023.
- 9.76 There are seven outstanding applications related to large HMOs (see below) while there are 6 live applications for Small HMOs. Combined these 13 sites have a capacity for an additional 90 bedspaces.

Table 9.16 Pipeline Supply of Large and Small HMO Schemes

Location	Application Ref	Bedspaces Proposed
69 Selhurst New Road	23/01404/FUL	8
25 Limes Road	23/00500/FUL	8
1 - 11 Neville Road	23/01031/FUL	11
14 Rectory Grove	23/01125/FUL	7
39 Heathfield Road	23/01231/FUL	12
27 Foulsham Road	23/01821/FUL	8
76 Ingram Road	23/03796/FUL	8
Small HMOs	Various	28

Source: Iceni research

PRS - Summary

- 9.77 As of the 2021 Census the number of households living in Private Rented accommodation in the Borough was almost 40,000 (26%). This is below London levels but above that for England which is also the case for Rents.
- 9.78 The PRS sector makes an important contribution to housing supply and delivery. It also plays a key role in delivering affordable housing through housing benefits.

- 9.79 Our research shows that there is a small but growing Build-to-rent sector in the Borough. This growth is influenced by the inability of households to get on the housing ladder.
- 9.80 Rental costs are generally higher in BtR schemes than for other PRS properties, but this is influenced by the inclusion of bills in many cases, as well as the wider amenity offer which BtR schemes provide.
- 9.81 Demand is strong and further delivery should be encouraged although the Council should consider in the short-term viability pressures the BtR sector faces.
- 9.82 We do not regard the provision of social rents on site as applicable as the NPPF envisages unified management of schemes, rather than the involvement of a RP.
- 9.83 There are challenges with London Living Rent levels, in particular in respect of larger properties as this tenure does not respond to demand from sharers, and therefore LLR (where sought) should be focused on smaller properties.
- 9.84 There is a particular concern around the size of studio flats and the Council should reinforce the fact that they expect BtR schemes to deliver homes that meet the minimum internal space standards for new dwellings set out in the London Plan (London Plan 2021, table 3.1).
- 9.85 Croydon has a small co-living sector which attract a significant premium over median monthly PRS rents, reflecting their 'luxury' offer. Research into the sector indicates that it is growing across the country.
- 9.86 Houses in Multiple Occupation (HMOs) house some of the more vulnerable Croydon residents. The Borough has over 800 HMOs that have been issued a mandatory licence with an estimated 3,000 unlicensed HMOs.
- 9.87 Local letting agents consider that demand for HMOs in Croydon is strong, especially among young professionals looking for affordable accommodation.

- 9.88 The supply of HMOs is decreasing as some landlords are selling their properties due to mortgage rate increases. However, it's worth noting that the demand for HMOs is not increasing at the same rate as other forms of rental properties, suggesting a stable yet competitive market.

10. OTHER SPECIFIC GROUPS

Students

Policy Context

- 10.1 The housing needs of students in London, whether in Purpose-Built Student Accommodation (PBSA) or shared conventional housing is an element of the overall housing need for London determined in the 2017 SHMA and the completion of new PBSA contributes to meeting London's overall housing need.
- 10.2 The Mayor has established an overall strategic requirement of 3,500 PBSA bed spaces to be provided annually over the plan period. However, this target is not broken down into specific Borough-level targets.
- 10.3 The London Plan also has a dedicated policy on the provision of PBSA - Policy H15. Part A of the Policy states that boroughs should address the local and strategic need for PBSA. However, this requirement is caveated with a range of provisions, including that PBSA developments need to contribute to a mixed and inclusive neighbourhood; and that proposals must secure the use of the accommodation for students, with the majority of bedrooms in the development secured through a nomination agreement for occupation by students of one or more higher education providers.
- 10.4 Paragraph 4.15.3 of the supporting text to Policy H15 defines such a nomination agreement as "when the student accommodation is not operated directly by a higher education provider, the development must have an agreement in place from initial occupation with one or more higher education providers, to provide housing for its students, and to commit to having such an agreement for as long the development is used for student accommodation".

- 10.5 Part A (4) of Policy H15 sets out the approach to affordable housing provision with PBSA schemes. This is again set at 35% affordable student accommodation on private land and 50% on public land or industrial land appropriate for residential development to follow the Fast Track Route in Policy H5. If these requirements are not met, the Viability Tested Route must be followed.
- 10.6 Policy H15 Part A (4)(c) also sets out that affordable student accommodation should be allocated by the higher education provider(s) that operates the accommodation, or has the nomination right to it, to students it considers most in need of the accommodation.
- 10.7 Paragraph 4.15.8 of the London Plan sets out what qualifies as affordable student accommodation; PSBA that is provided at a rental cost for the academic year equal to or below 55% of the maximum income that a new full-time student studying in London and living away from home could receive from the Government's maintenance loan for living costs for that academic year. This amount is defined by the Mayor's Annual Monitoring Report.
- 10.8 In addition, part B of Policy H15 further encourages boroughs to support the development of student accommodation in locations well-connected to local services by active or sustainable travel as part of mixed-use regeneration and redevelopment schemes.
- 10.9 Finally, Policy H1 sets out that net non-self-contained accommodation for students should count towards meeting a borough's housing target based on a 2.5:1 ratio, with two and a half bedrooms/units counted as a single home.
- 10.10 Key to understanding the growth in demand for PBSA is to understand the aspirations of the education providers. The London South Bank University Campus and Spurgeon's College are the only two higher education facility in the Borough.
- 10.11 Spurgeon's College is a Baptist college in South Norwood which specialises in training men and women for Christian mission, ministry and leadership. According

to the Higher Education Statistics Authority (HESA), there are currently 280 students in higher education courses although some of these are online. It is therefore unlikely to impact the wider housing market.

- 10.12 There are also other large educational providers in the district including John Ruskin College and Croydon College. However, these focus on further education. As such they do not report to HESA.
- 10.13 It is also likely that the vast majority of students do not have a housing need as they are still living with their parents or are studying while in full-time employment.

Spurgeon's College – Engagement

- 10.14 According to the college, the total number of students is significantly larger than the 280 reported by HESA and is in the region of 600. However, those studying degree-level courses are around 350 and the HESA data is likely to reflect only those. The additional students include counselling and lay minister courses which do not award degrees.
- 10.15 In Sept 2022, the college was granted degree awarding powers and they intend to use those powers to offer a greater range of courses. This would ideally include MBAs and Law Degrees. They are also working with the Council to identify the educational needs of the local business community and they hope to tailor their offer to meet that need.
- 10.16 They intend to grow significantly and they are planning to start two new degree-level courses in different subjects each year for the next four to five years. Presently they only offer two degree level courses.
- 10.17 In 10 years they anticipate the student body will be in the region of 3,000 at which point there will be an issue of where students live. Although, they intend to draw the majority of their students from the local area as they do now.

- 10.18 However, with a wider range of courses it will be inevitable that they attract people from a wider area. This would also be aided by the fact that they have been awarded triple gold status – the highest accolade possible – in the latest Teaching Excellence Framework.
- 10.19 They also expect that their credential as the only evangelical university will make them attractive to that community which is now second only to the Catholic Church in terms of church-going Christian denominations in the UK, it also has a younger demographic. They also expect that if they offer an MBA this would attract a greater number of international students.
- 10.20 The College is currently drawing up a masterplan for their campus to support this level of growth which with the right timetabling they can achieve on site. For example, the current plan would allow them to teach 500 pupils at any one time. The masterplan will also incorporate some private residential units to cross-subsidise the educational development. However, the masterplan will not include additional PBSA.
- 10.21 As such, the College would support the provision of additional private PBSA in the Borough and would be open to signing a nomination agreement with the right partner. This would help meet their aspirations to widen their offer.

London South Bank University – Engagement

- 10.22 The Croydon Campus opened in September 2021 and is now running with 660 students based there. Students are all studying full-time at the undergraduate level across Health, Business and Chiropractic courses.
- 10.23 The University is aiming to grow the campus to 1,200 students by 2025, by possibly introducing new course streams, such as psychology, law and computer science, as well as growing existing courses. Currently, some courses such as Health are capped by the number of placements the university can provide in the local area.

Student Profile

- 10.24 The profile of students varies across the courses provided. Although all students are full-time and undergraduate, they differ somewhat in age and domicile. Chiropractic students are typically in the 18-24 age bracket and originally from the UK. Health and Nursing courses see a higher proportion of mature students (approx. 50%) and Business courses are particularly attractive to the Indian market with many students originating from here.
- 10.25 The University had envisaged a larger number of students from Croydon originally that would seek to study at the campus. This has not materialised, with the University finding that many potential students from Croydon would rather study outside the Borough. There has been several students coming from a wider area however, from areas of south east London such as Lewisham as well as outside of London along the M23 corridor or within the 'Gatwick Triangle' such as Crawley and Brighton.
- 10.26 The University is seeking to market more heavily and intelligently within the local area to attract more local students. Internal restructuring has delayed this so far but the University are now in a position to do this. Although the University are planning for much of their student growth to come from the local area, they are also expecting to continue the growth in international students.

Accommodation

- 10.27 The University does not currently provide any student accommodation within Croydon and students are typically directed to university accommodation in Southwark and Lambeth: this can cost in the region of £152-242 per week depending on the room. The accommodation team do assist students who wish to live within Croydon itself and provide guidance on renting in the private sector.
- 10.28 The University has found the lack of accommodation a challenge in attracting some students and have received feedback from prospective students that although the

course facilities are very good, the lack of accommodation in proximity to the campus is off putting to some.

- 10.29 Despite this, the University is not planning to directly provide any PBSA within Croydon, seeking instead to use capital to improve and maintain existing stock and expand teaching facility provision.
- 10.30 Given the planned increase in the number of students based in Croydon, the university are also considering expanding the existing education provision on campus. In particular, they would be looking at the development of larger lecture theatres and teaching rooms that can accommodate core modules. The expansion of teaching facilities is likely to be beyond 2025/26 and new course streams would be required at the campus beforehand.

Economic impact

- 10.31 The Croydon campus directly provides an additional 30 to 40 jobs, many of these positions are filled by people from the local area. There is also the daily local expenditure of students to consider. The original business case details economic impact.
- 10.32 The university have been working with local businesses to highlight education opportunities for staff. They understand that some local employers are struggling to attract staff with the requisite qualifications. This includes a lack of green skills and the university are starting to develop research in this space including how telecoms can help to net zero and be used to aid healthcare.
- 10.33 Additionally the university run outreach programs for local schools helping to draw attention to pathways to university for students and work on and look to promote entrepreneurship alongside Crystal Palace Football Club.

Provision of Student Accommodation

- 10.34 Investigation into the student accommodation market in Croydon reveals that there are no dedicated PBSA schemes in the Borough. Given that the LSBU Campus, which is the only higher education institution in the Borough, only opened in 2021 it can be expected that this would be the case.
- 10.35 Further investigation into PBSA in the Borough has shown that College Tower co-living is marketed to students on “accommodationforstudents.com”, there is however no mention on the website about the development being suitable for students. Given that monthly rental costs at the development start from £1,500 pcm (£375 pw) this price point is likely to be too high for many students.
- 10.36 Similarly the 10 Degrees Build-to-rent development noted that they have several international students living there but studying in Central London. Again the cost of this accommodation is likely to be prohibitive for some students.
- 10.37 Given the lack of dedicated PBSA in the Borough, it is likely then that students within Croydon are housed within the private sector rental market, specifically HMOs, a point which is echoed by the University.
- 10.38 Earlier in this report, Figure 9.8 shows the distribution of licensed HMOs within the Borough, although these HMOs will provide accommodation to more than just students. Indeed it would be expected, given the few higher education establishments in the Borough, that the vast majority would not be student HMOs.
- 10.39 While the Council are in discussions with potential PBSA providers, there have been applications to date for this type of accommodation.
- 10.40 Data from the 2021 Census indicates that in 2021 there were 133 households within the Borough where every resident was over 18 and in full-time education. This equates to less than 0.1% of the Borough’s 152,928 households in 2021.

- 10.41 This suggests that students studying outside of the Borough are not drawn to the area in any great number despite the relatively lower house prices. This would suggest that the area may not be entirely suitable for meeting the strategic need.

Demand for Student Accommodation in the Borough

- 10.42 The Croydon LSBU campus is the main base for 660 full-time undergraduate students, the university intends to increase this number to 1,200 by 2025. Currently students at the campus are housed in either university halls outside of the Borough or within HMOs in the private rental sector. There are no existing PBSA schemes in the Borough and no large-scale schemes in the pipeline.
- 10.43 Given then that the University is seeking to grow, a significant proportion of students will therefore be likely to continue to seek accommodation within the private rented sector. This puts further pressure on the supply of PRS accommodation that can accommodate the needs of the Borough's residents, particularly on the supply of lower-cost rental products such as HMOs.

Student Conclusions

- 10.44 There is a clear current and future demand for student accommodation in the Borough, the provision of which will help to meet an identified need and contribute towards meeting the Borough's demanding London Plan housing target.
- 10.45 The provision of student accommodation may also indirectly help to relieve pressure on the PRS, particularly on larger, lower cost, shared forms of housing such as HMOs, which could be released back into self-contained homes to help meet the need for family sized housing in the Borough.
- 10.46 There is reason to support the delivery of PBSA schemes in the Borough as they may be able to support affordable housing delivery. The mechanisms for doing so however need careful consideration, as on the one hand there is a case for provision

of affordable student accommodation in schemes; but the Council might also consider a financial contribution toward the delivery of genuinely affordable housing elsewhere in the Borough. The Council could seek contributions (through commuted sums) from student housing schemes to deliver other forms of affordable housing (such as social rent) on other housing schemes, which might more closely meet the Borough's acute housing needs.

- 10.47 To minimise the need to travel, the Council should look to focus student accommodation in locations proximate to the universities and those with high public transport (PTAL) accessibility.
- 10.48 Central Croydon's good transport links also make it attractive location to meet the strategic needs of PBSA. However, travel costs to Zone 1, even with a student discount, means that demand here would be limited for those studying in Central London and there is not a large number of all student households in the Borough.

Children's Care homes

- 10.49 The Care Standards Act 2000 defines a Children's Home stating 'an establishment is a children's home... if it provides care and accommodation wholly or mainly for children'. 'Wholly or mainly' means that most of the people who stay at a home must be children.
- 10.50 Key legislation relating to the accommodation and maintenance of a looked-after child is defined and outlined in Sections 22A to 22D of the Children Act 1989. The legislation provides a framework within which decisions about the most appropriate way to accommodate and maintain children must be considered:
- Section 22A of the Children Act 1989 imposes a duty on the responsible authority when a child is in their care to provide the child with accommodation.

- Section 22B of the Children Act 1989 sets out the duty of the responsible authority to maintain a looked-after child in other respects apart from providing accommodation.
- Section 22C of the Children Act 1989 sets out the ways in which a looked-after child is to be accommodated.
- Section 22D of the Children Act 1989 imposes a duty on the responsible authority to formally review the child’s case prior to making alternative arrangements for accommodation.
- Section 22G of the Children Act 1989 requires local authorities to take strategic action with respect of those children they look after and for whom it would be consistent with their welfare for them to be provided with accommodation within their own local authority area.

10.51 In a Written Ministerial Statement²⁶ (WMS) made in May 2023, the Housing and Planning Minister reminded local authorities of their requirement to assess the housing need of different groups in the community including “accommodation for children in need of social services care”.

10.52 The WMS statement said “Local planning authorities should give due weight to and be supportive of applications, where appropriate, for all types of accommodation for looked after children in their area that reflect local needs and all parties in the development process should work together closely to facilitate the timely delivery of such vital accommodation for children across the country”.

10.53 The WMS follows on from the Department of Education Implementation Strategy²⁷ to fix children’s social care from February 2023. The “Stable Homes Built on Love”

²⁶ <https://questions-statements.parliament.uk/written-statements/detail/2023-05-23/hcws795>

²⁷

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1147317/Children_s_social_care_stable_homes_consultation_February_2023.pdf

Strategy has undergone a recent consultation the result of which have not yet been published.

- 10.54 The strategy outlines an ambition to transform Children’s Care through six pillars. The first of these pillars makes it clear that providing support to families is the first priority. This ensures that children can remain in their family home for as long as possible (Pillar 1) and then within their wider family if this is not possible (Pillar 3).
- 10.55 If both the immediate and wider family cannot look after a child then Pillar 4 seeks to ensure that “when care is the best choice for a child, the care system must provide stable, loving homes close to children’s communities.”
- 10.56 To achieve this the strategy aims to increase and support foster carers; develop a programme to support improvements in the quality of leadership and management in the children’s homes sector.
- 10.57 The report sets out a mission to “see an increase of high-quality, stable and loving homes available for every child in care, local to where they are from”. To do this it suggests that an immediate action is to “boost the number of the right homes in the right places available for children as a matter of urgency.”
- 10.58 The strategy notes “Local authorities have primary responsibility for the children in their care. This includes ensuring there is sufficient accommodation locally to meet the range of needs of children in care in their area” and that there is a “statutory duty to ensure there is sufficient provision for their children in care”.
- 10.59 It also states that the DfE “will continue to build on our work reforming supported accommodation for 16- to 17-year-olds. Semi-independent provision, including supported lodgings, can be the right option for some older children, but only where it is high-quality and the young person is ready for the level of independence it promotes.”

- 10.60 The Department will also continue “with the Children’s Home Capital Programme, which has seen £259 million of capital funding invested to increase provision in local authority-run open and secure children’s homes. We are working with local authorities to create new children’s homes and increase provision in their local area.”
- 10.61 At a similar time the government also launched a consultation on the “Children’s Social Care National Framework²⁸” and the “Children’s Social Care Dashboard”. The Framework sets out some of the outcomes to be measured including Outcome 4 relating to those seeking to ensure “children in care and care leavers have stable, loving homes children in care and care leavers have stable, loving homes”.
- 10.62 The indicators include the percentage of children in care living in foster care and living in residential care and the distance of placements from home. This is important to ensure stability of schooling and contact with their siblings. The framework recognises that this will mean prioritising foster homes rather than residential homes.
- 10.63 The outcome can also be achieved by leaders undertaking “sufficiency planning and work with other local authorities and partners to jointly invest in care options that meet the future needs of children.”

Croydon Approach

- 10.64 In unitary authorities such as Croydon the responsibility for children’s services falls with the Borough Council. To inform this study we have engaged with the Head of Children’s Services and commissioning at the Council.
- 10.65 The Borough’s existing Sufficiency Strategy requires updating and the Council is currently working on updating this and to make it more robust. In summary, the

²⁸ https://consult.education.gov.uk/children2019s-social-care-national-framework/childrens-social-care-national-framework/supporting_documents/Childrens%20Social%20Care%20National%20Framework%20Consultation%20Document%20February%202023.pdf

Borough has more than enough provision within its borders but needs to increase its access to this provision and create partnerships with existing services to better meet the needs of its children in care.

- 10.66 None of the independent homes in the borough are specialist, for example, those coming out of hospital who need a specialist therapeutic residential setting. With the support of the Dept for Education, the council is currently looking at opening their own therapeutic children's home to better meet more complex care needs.
- 10.67 There are around 512 children in care of which 19 are in residential care homes (4%). This is far below the national average (11%). If they were in line with national trends, then they should have between 50 and 60 in residential care. Despite having only 19 children in Care they have 76 bedspaces and therefore have a surplus which is being used by other local authorities.
- 10.68 Of the remaining children in care, Croydon has an unusually high number of children in fostering (over 85%), more than the national average. These fostering households are both In-house (LBC) and Independent Foster Agency carers (IFA). This is despite challenges related to house prices, workforce availability, and work opportunities, making it difficult to recruit new carers. However, there is an opportunity to further grow the borough's foster capacity to care for more children if access to larger properties was made easier.
- 10.69 Despite the surplus of local foster carers and children's homes, Croydon has been placing some children in homes located far away from the Borough, which may have been for various reasons, including safety concerns and the need to access specialist provision. As with most local authorities, some children are placed in paid placements far from Croydon, which involves additional costs and social worker travel.
- 10.70 The reverse is also true and there are many out-of-borough placements in the Borough. Consequently, the Council is dealing with challenges related to providing

services and resources to these children such as specialist school places and mental health support.

- 10.71 The borough is overrepresented with registered supported accommodation for children and young adults aged 16 plus, with over 17 times as many beds as Children's Social Care require. Croydon currently only have 20 children aged 16 and 17 in this type of provision nationwide – In the borough there are 360 registered supported accommodation beds.
- 10.72 Only 22% of all children in care living in the Borough are Croydon's responsibility with over 1,100 children and a similar number of care leavers who are the responsibility of other local authorities (OLA). This is leading to significant waiting lists for services for children in care and it is also having an impact on access to universal CAMHS services for non-looked after children.
- 10.73 The Borough does have some staffing challenges and the number of social workers required to ensure early intervention for children in need is critical.
- 10.74 Croydon is responsible for a significant number of Unaccompanied Asylum-Seeking Children (UASC). Croydon is participating in a national scheme to redistribute UASC based on the number of children in each Borough. Most of these children are aged 15 to 17 and their time in care is limited but they will be replaced by other children. The local authority is responsible for these children and subsequent care leavers until they are 25 or have 'leave to remain'.
- 10.75 However, there are many additional UASC placed in foster homes in the Borough by other local authorities due to the Borough's diversity. For example, these children need to be placed with specific families for religious or cultural reasons (i.e. there is a host community in Croydon meeting the need of these children).
- 10.76 Croydon approved its new Corporate Parenting Strategy and Care Leavers Strategy on October 23. One of the four priority areas is to improve the experience of Care Leavers in the preparation and identification of suitable homes and locations.

- 10.77 A transformation programme is also underway to progress this commitment and requires overall planning for now and the future to ensure that there is a sufficient range of provision to meet the needs of Care leavers.
- 10.78 There are a significant number of care leaver homes in the Borough although there are issues related to providing tenancies for care leavers who cannot continue to live in their current accommodation. This is putting pressure on the local authority's affordable housing stock particularly that with support.
- 10.79 Overall, this highlights the need for a more comprehensive and up-to-date strategy for children's services in Croydon, challenges related to out-of-borough placements, and the economic impact of caring for children from other authorities.

Demographic Growth

- 10.80 The population projections linked to the Boroughs housing need show a small fall in those aged under 18 of around 600 between 2021 and 2040 (from 90,000 people to 89,400) although past trends show a small growth in this age band (the number of people increasing by 780 over the 2011-21 period).
- 10.81 From this perspective there is likely to be very limited need for additional placements. However, if trends in increasing demand continue there will still be a need despite limited population change. This could be met by reducing the number of vacant units.
- 10.82 Furthermore, the national and Council policy is to ensure that children are firstly cared for in the home and secondly within a foster home. The success of this strategy ultimately determines the true need for children's care homes in the Borough.
- 10.83 The WMS statement said "Local planning authorities should give due weight to and be supportive of applications, where appropriate, for all types of accommodation for looked after children in their area that reflect local needs".

- 10.84 In the unlikely scenario that additional supply for children is required, the Council should seek to include such accommodation as part of wider, appropriately located, housing allocations or larger permissions.
- 10.85 The current best practice is to deliver these 3-4 bedroom “ordinary homes” on sites in with most appropriate locations according to Ofsted’s Location Assessment²⁹. In summary, this includes ensuring safeguarding concerns are met and that children have access to services.
- 10.86 There will also be a need for supported accommodation for young adults and the Council should work with Registered Providers to explore opportunities to provide this through developer contributions and in the existing stock.

Black and Minority Ethnic Groups

- 10.87 The table below shows the ethnic make-up of Croydon residents in both 2011 and 2021. Where the proportion of people within White British or Irish groups has decreased, all other groups have increased overall.

²⁹

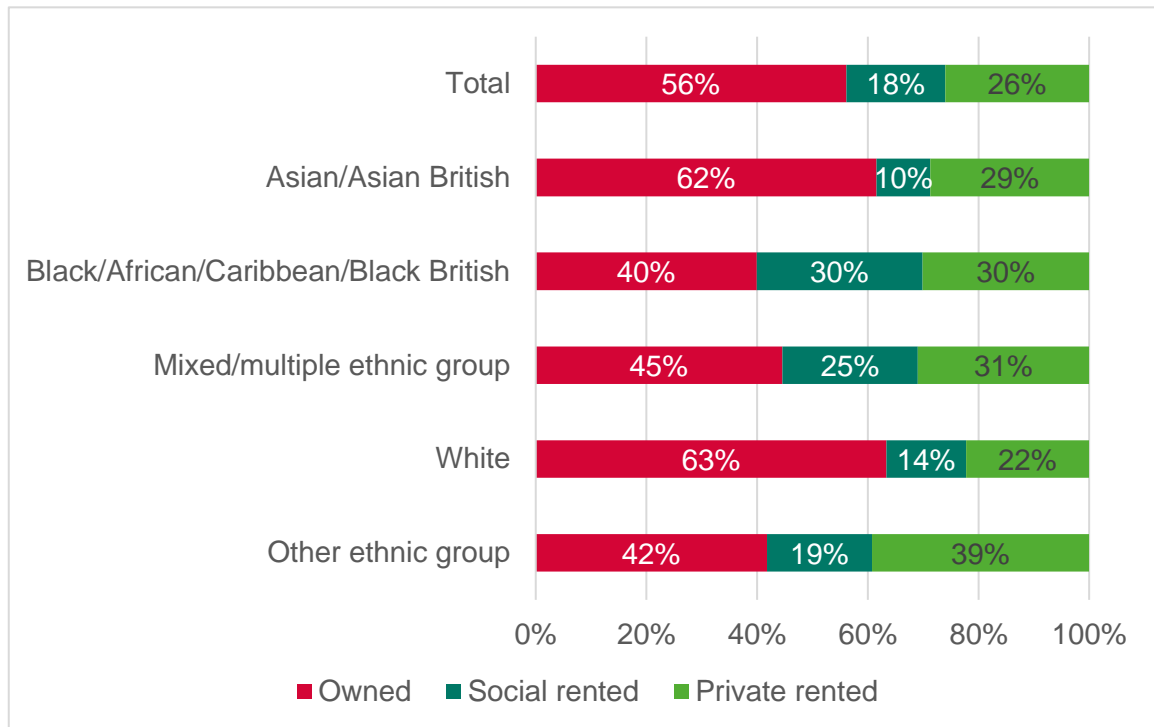
https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/339545/Children_s_homes_regulations_amendments_2014.pdf

Table 10.1 Ethnic make-up of Croydon 2011 and 2021

Ethnic Group	2011	2021
Asian, Asian British	16%	18%
Black, Black British, Caribbean or African	20%	23%
Mixed or Multiple ethnic groups	7%	8%
White: British or Irish	49%	39%
White: Other	6%	10%
Other ethnic group	2%	4%

Source: Census 2011 and 2021

- 10.88 Looking at the split amongst the tenure categories within these groups, it can be seen that although the overall tenure split of the Borough sees owner-occupation as the most common type (56%), when split down to ethnic groups it is only White and Asian groups that see over 50% of people living within owner-occupied dwellings.
- 10.89 Those identifying as Black or Black British see the lowest proportion of owner-occupation at just 40%, with the remainder split fairly evenly between private and social rented.
- 10.90 It is also important to consider the split between social and private rental tenures amongst each group. Overall, social rented properties are the least common type of tenure at only 18%, with 26% in private rental.
- 10.91 No group sees a higher proportion of social rented properties than private rental, although as mentioned above, the split is equal within Black and Black British groups. What this may indicate is that those within Black minority groups may be less able to afford private rental market costs and as such are required to look towards social rented housing.

Table 10.2 Tenure Split by Ethnicity

Source: Census 2021

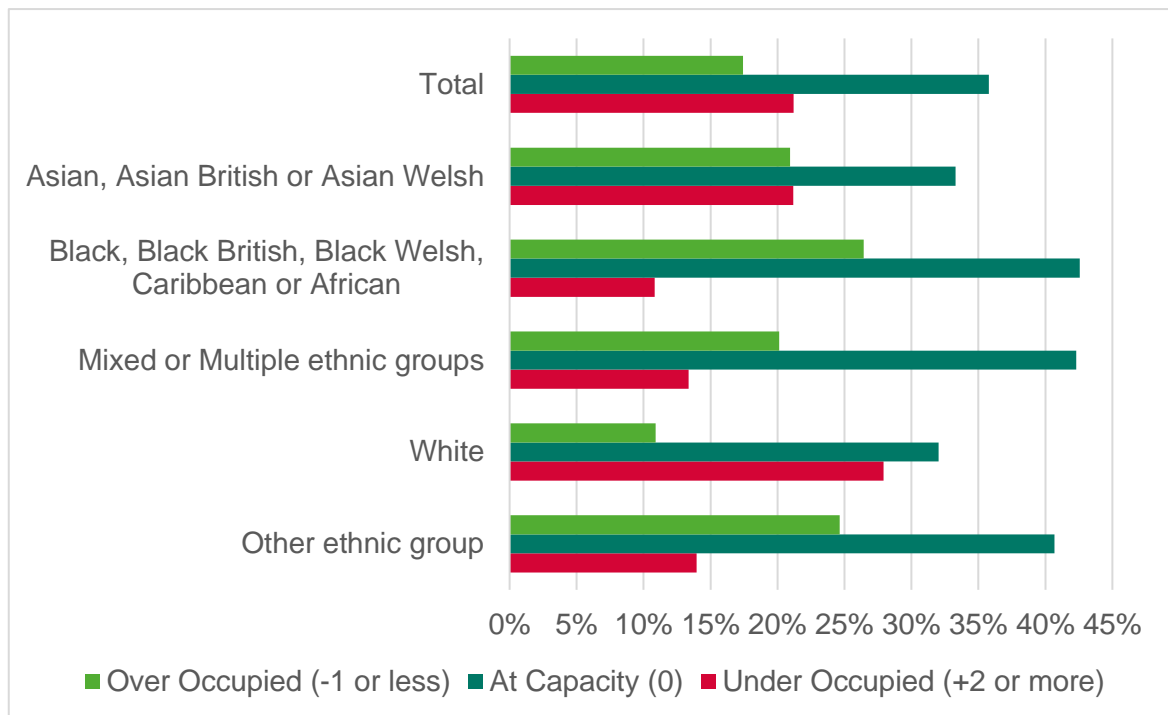
- 10.92 Looking at the change in tenure split from 2011 to 2021, it can be seen that overall, the proportion of owner-occupied dwellings has decreased in the Borough, splitting this down to ethnic groups shows that this drop has primarily been within White and Black groups.
- 10.93 The main difference in this drop is that where those in White groups have shifted towards the private rental sector to fill their housing need, those in Black groups have gone towards both the social and private rental sectors. This is the only group which has seen an increase in the proportion of people living within the social rented sector.

Table 10.3 Change in Tenure by Ethnicity (2011 to 2021)

Ethnic Group	Owned	Social Rented	Private Rented
Asian/Asian British	1.0%	-0.1%	-0.8%
Black/African/Caribbean/ Black British	-5.9%	2.9%	3.0%
Mixed/multiple ethnic groups	2.7%	-1.8%	-0.9%
White	-2.9%	-1.5%	4.4%
Other ethnic group	0.6%	-3.4%	2.7%
Total	-3.9%	0.0%	3.9%

Source: Census 2011 and 2021

- 10.94 It is also important to consider how ethnic groups occupy homes, the figure below shows that across the Borough 36% of properties are at capacity, with 21% under-occupied and 17% over-occupied (see 3.42 for explanation).
- 10.95 At an ethnic group level, Black minority groups see the highest proportion of over-occupancy at 26% and lowest levels of under-occupancy at 11%. This contrasts with that of White groups who see the highest levels of under-occupancy and lowest levels of over-occupancy. Interestingly, Asian minority groups are the only group which sees over and under-occupancy rates of about the same level (21%).
- 10.96 This may partly be a factor of cultural differences surrounding how ethnicities live, where multi-generational living is more common and therefore the number of people living in one dwelling is higher through choice. It may also be a factor of cost with many groups being unable to afford accommodation to meet their need.

Table 10.4 Occupancy Rating by Ethnicity

Source: Census 2021

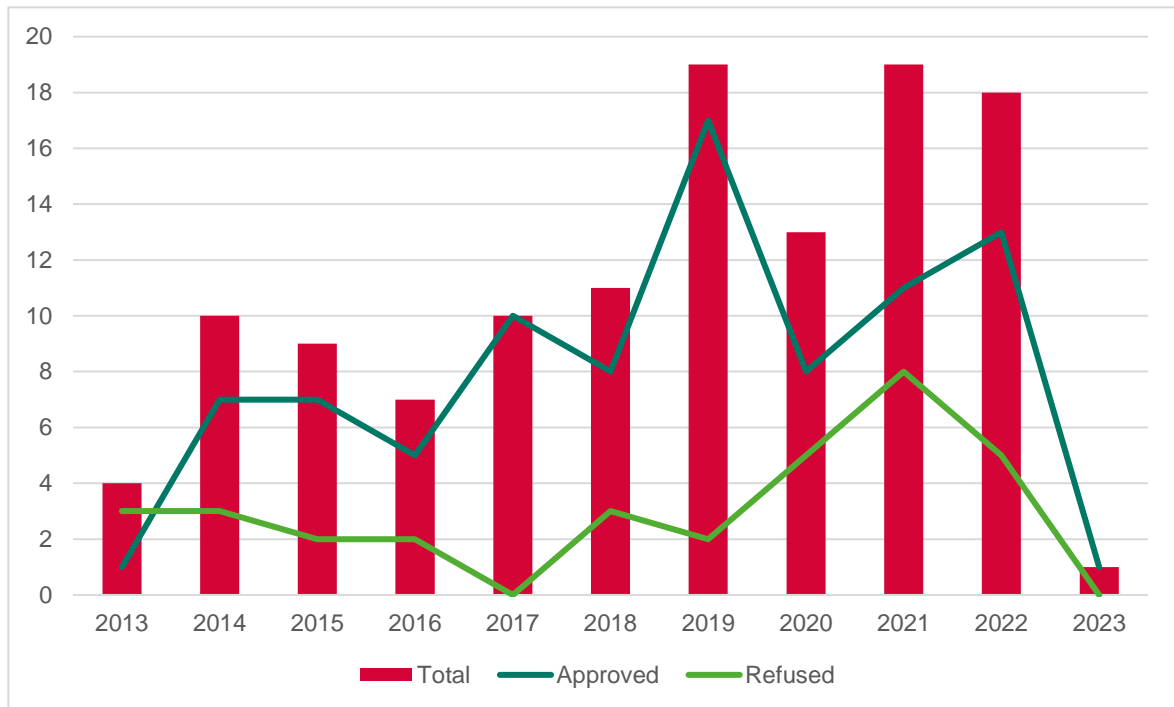
- 10.97 Again linking occupancy levels with tenure split, the only group to see increases in owner-occupancy, Asian groups, have also seen increases in the level of under-occupancy within their properties.
- 10.98 This is compared to Black minority groups who have seen large increases in over-occupancy as well as an increase in people within both private and social rented property.

Table 10.5 Change in Occupancy Rating by Ethnicity (2011 to 2021)

Ethnic Group	Under-Occupied (+2 or more)	At Capacity (0)	Over-Occupied (-1 or less)
Asian/Asian British	5.1%	-2.6%	-2.5%
Black/African/Caribbean/Black British	0.2%	-0.3%	3.0%
Mixed/multiple ethnic group	2.7%	-1.7%	-0.9%
White	0.5%	-0.1%	1.2%
Other ethnic group	1.7%	-1.9%	2.3%
Total	0.4%	-0.1%	1.7%

Source: Census 2011 and 2021

- 10.99 A noted feature of the property market in London is the need for larger properties for multi-generational families. This is particularly relevant to families originating from the Indian sub-continent. Where cost has been a barrier the choice has been to buy homes and then extend them.
- 10.100 Analysis of planning permission data relating to home extensions can indicate that there may be a need in the Borough for larger dwellings to suit multi-generational living.
- 10.101 The table below shows the number of applications received in the Borough seeking to develop ancillary annexes to existing dwellings. What is clear is that since 2019 the number of applications seeking to do this has increased with the average in the past 5 years (2019-2023) sitting at 14, higher than the previous 5 years (2014-2018) of 9.4.

Table 10.6 Planning applications for ancillary residential annexes

Source: Iceni analysis of Council data

10.102 This increase may be a factor in the increase in owner-occupation seen in Asian minority groups. Owner-occupiers are the only tenure group that will be able to make structural changes to their properties, this may also be one of the reasons why the under and over-occupancy levels in Asian groups are largely similar, where some families may have bought properties where there are fewer bedrooms than required with the intention of adding an annexe at a later date.

10.103 A further factor may be the post-pandemic need for additional space as people work from home to a greater degree.

Specific Groups - Summary

Students

- 10.104 The London South Bank University Campus is the only major higher education facility in the Borough. At present, there are 600 students on campus, but this is expected to grow to 1,200 over the next three years.
- 10.105 The University has expressed a wish to see the delivery of Purpose-Built Student Accommodation (PBSA) to help support this growth.
- 10.106 The provision of PBSA can also alleviate pressure on the private rental sector, particularly for larger, lower-cost shared housing like House in Multiple Occupation (HMOs).
- 10.107 This can potentially free up these properties for self-contained homes to meet the demand for family-sized housing in Croydon and contribute to housing needs. The Council should therefore support additional PBSA.
- 10.108 Such schemes also offer the opportunity to provide affordable student housing on-site or contribute financially to genuinely affordable housing elsewhere in the Borough.

Children's Care Homes

- 10.109 In summary, the Borough has enough provision but needs to improve the quality and specialisms of existing services. None of the homes in the borough are specialist, for example, those coming out of hospital requiring a therapeutic setting with mental health support.
- 10.110 There are around 512 children in care, of which 19 are in residential care homes (4%). This is far below the national average (11%). Despite having only 19 children living in residential children's homes there are 76 bedspaces across the borough

through independent providers; therefore, there is a surplus which is used by other local authorities.

10.111 Of the remaining children in care Croydon has an unusually high proportion of children in fostering, more than the national average. Over 85% of children in care are living in a family setting which is very positive and should improve outcomes.

10.112 These children will most likely choose to remain living in Croydon when they leave care. Croydon has one of the largest Care Leaver populations in London with a large unaccompanied Asylum-Seeking Children (UASC) profile who will have specific needs in the type of housing and care they require. In addition, those children who are placed in Croydon by other boroughs may choose to remain in Croydon, they will have the same needs.

10.113 Only 22% of all children in care living in the Borough are Croydon's responsibility with over 1,100 children and a similar number of care leavers who are the responsibility of other local authorities. This is leading to significant waiting lists for services for all children in care and it is also having an impact on access to universal mental health services for non-looked after children.

10.114 The population projections linked to the Borough's housing need shows a small fall in those aged under 18 of around 600 between 2021 and 2040. From this perspective, there is likely to be very limited need for additional placements.

10.115 The Croydon joint Housing and Children Social Care protocol will ensure that Care experienced young people's projected needs are understood and plans made to identify the appropriate housing, home, and care resources to meet their needs and aid their transition into adulthood.

BAME

10.116 Approximately 61% of the borough's population is from a Black and Minority Ethnic (BAME) group.

- 10.117 The overall tenure split of the Borough sees owner-occupation as the most common type (56%), when split down to ethnic groups it is only White and Asian groups that see over 50% of people living within this tenure. Those identifying as Black or Black British see the lowest proportion of owner-occupation at just 40%.
- 10.118 Black minority groups see the highest proportion of over-occupancy at 26% and lowest levels of under-occupancy at 11% the reverse is true for White groups. Asian minority groups are the only group which sees over and under-occupancy rates of about the same level (21%).
- 10.119 This may partly be a factor of cultural differences surrounding how ethnicities live, where multi-generational living is more common and therefore the number of people living in one dwelling is higher through choice. It may also be a factor of cost with many groups being unable to afford accommodation to meet their need.
- 10.120 A noted feature of the property market in London is the need for larger properties for multi-generational families. Analysis of planning permission data relating to home extensions indicates that there may be a need for larger dwellings to suit multi-generational living.