Strategic Housing Market Assessment

London Borough of Croydon

Final Report

June 2015

Prepared by

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Quality Standards Control

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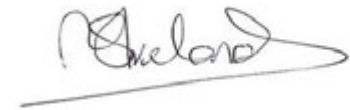
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Limitations

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1   INTRODUCTION

Context and Purpose

1.1   Croydon Council has commissioned GL Hearn to prepare a replacement Strategic Housing Market Assessment (SHMA) for the Borough. The SHMA supersedes the Croydon Local Housing Market Assessment 2008 (January 2010).

1.2   The SHMA considers the overall need for housing, for different types of housing and the housing needs arising from different groups within the community.

1.3   The Council's Local Plan currently comprises two documents – Strategic Policies, which were adopted in 2013; and Detailed Policies and Proposals, the development of which is currently underway. The Council has however initiated a Partial Review of the Strategic Policies Document, amongst other things to:

- Take account of the Further Alterations to the London Plan (FALP) 2014;
- Set out revised housing targets for Croydon taking this into account; and
- Review affordable housing requirements, including tenure mix and dwelling type.

1.4   The replacement SHMA has been prepared to support this Partial Review.

1.5   The preparation of the SHMA has followed relevant national policy and guidance, specifically:

- National Planning Policy Framework[1];
- National Planning Practice Guidance on *Housing and Economic Development Needs Assessments*[2].

1.6   It has also taken account of the London Strategic Housing Market Assessment 2013[3], which has been prepared by the Greater London Authority (GLA) and forms part of the evidence base for the FALP. The report however provides a more detailed look at housing need, including demographic projections, for Croydon.

1.7   The analysis presented focuses on providing outputs for the London Borough of Croydon as a whole. However for key indicators, distinctions between different parts of the Borough are drawn out through GIS mapping.

National Planning Policy Framework (NPPF)

1.8   The National Planning Policy Framework (NPPF) was published in March 2012. The Framework sets a presumption in favour of sustainable development whereby local plans should meet

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[1] CLG (March 2012) *National Planning Policy Framework*
[2] http://planningguidance.planningportal.gov.uk/blog/guidance/housing-and-economic-development-needs-assessments/
[3] Mayor of London (Jan 2014) The London Strategic Housing Market Assessment 2013

objectively assessed development needs, with sufficient flexibility to respond to rapid change, unless the adverse impacts of doing so would significantly or demonstrably outweigh the benefits or policies within the Framework indicate that development should be restricted.

1.9   The NPPF highlights the Strategic Housing Market Assessment (SHMA) as a key piece of evidence in determining housing needs. Paragraph 159 in the Framework outlines that this should identify the scale and mix of housing and the range of tenures which the local population is likely to need over the plan period which:

- Meets household and population projections, taking account of migration and demographic change;
- Addresses the need for all types of housing, including affordable housing and the needs of different groups in the community; and
- Caters for housing demand and the scale of housing supply necessary to meet this demand.

1.10   This is reaffirmed in the NPPF in Paragraph 50. The SHMA is intended to be prepared for the housing market area, and include work and dialogue with neighbouring authorities where the HMA crosses administrative boundaries.

1.11   Paragraph 158 of the NPPF also emphasises the alignment of the housing and economic evidence base and policy. Paragraph 17 in the NPPF reaffirms this, and outlines that planning should also take account of market signals, such as land prices and housing affordability. However it also makes clear that plans must be deliverable.

1.12   Paragraph 181 sets out that Local Planning Authorities (LPAs) will be expected to demonstrate evidence of having effectively cooperated to plan for issues with cross-boundary impacts when their Local Plans are submitted for examining. This highlights the importance of collaborative working and engaging constructively with neighbouring authorities, as required by Section 33A of the 2004 Planning and Compulsory Purchase Act, and ensuring that there is a robust audit trail showing joint working to meet the requirements of paragraph 181 of the NPPF.

1.13   Local plans must be 'sound.' The NPPF sets out that this means that they must be positively prepared, justified, effective and consistent with national policy. This is tested by an independent inspector through the plan examination process. To be positively prepared, a Plan "*should be prepared based on a strategy which seeks to meet objectively assessed development and infrastructure requirements, including unmet needs from neighbouring authorities where it is reasonable to do so and consistent with achieving sustainable development.*" Thus local authorities in preparing plans must seek to work with their neighbours to consider whether there are unmet needs in one area which could be met within another.

1.14   In considering future housing provision, the SHMA is intended to be brought together with evidence of land availability, from a Strategic Housing Land Availability Assessment. To increase housing supply, the NPPF sets out that local authorities are required to maintain a 5 year supply of specific deliverable sites, and to include an allowance of 5% to ensure choice and competition in the market for land (unless there is a persistent track record of under-delivery in which case a buffer of 20% applies).

1.15   In regard to housing mix, the NPPF sets out that local authorities should plan for a mix of housing based on current and future demographic trends, market trends and the needs of different groups in the community. Planning authorities should identify the size, type, tenure and range of housing that is required in particular locations reflecting local demand. Where a need for affordable housing is identified, authorities should set policies for meeting this need on site. National thresholds for affordable housing provision are removed as are national brownfield development targets.

1.16   In setting affordable housing targets, the NPPF states that to ensure a plan is deliverable, the sites and the scale of development identified in the plan should not be subject to a scale of obligations and policy burdens such that their ability to be developed is threatened and should support development throughout the economic cycle. The costs of requirements likely to be applied to development, including affordable housing requirements, contributions to infrastructure and other policies in the Plan, should not compromise the viability of development schemes.

1.17   The SHMA focuses on assessing housing need. In setting policies for affordable housing provision, this would need to be brought together with evidence regarding the economic viability of development in the Borough.

National Planning Practice Guidance

1.18   New Planning Practice Guidance was issued by Government in March 2014. This includes Guidance on 'Assessment of Housing and Economic Development Needs'. This is relevant to this report in that it provides clarity on how key elements of the NPPF should be interpreted, including the approach to deriving an objective assessment of the need for housing. The approach in this report follows that in the Planning Practice Guidance (PPG).

1.19   The Guidance defines "need" as referring to 'the scale and mix of housing and the range of tenures that is likely to be needed in the housing market area over the plan period – and should cater for the housing demand of the area and identify the scale of housing supply necessary to meet this need.' It sets out that the assessment of need should be realistic in taking account of the particular nature of that area, and should be based on future scenarios that could be reasonably expected to occur. It

should not take account of supply-side factors or development constraints. Specifically the Guidance sets out that:

> *"plan makers should not apply constraints to the overall assessment of need, such as limitations imposed by the supply of land for new development, historical under performance, infrastructure or environmental constraints. However these considerations will need to be addressed when bringing evidence bases together to identify specific policies within development plans."*

1.20   Against this context it is important to recognise that the SHMA assessed need for housing. It does not set housing targets – which need to take account both of unmet needs from other areas and other factors including development constraints and delivery of supporting infrastructure.

1.21   The Guidance outlines that estimating future need is not an exact science and that there is no one methodological approach or dataset which will provide a definitive assessment of need. However, the starting point for establishing the need for housing should be the latest household projections published by the Department for Communities and Local Government (CLG). At the time of preparation of this report these the latest projections are the 2011-based 'Interim' Household Projections[4]. It also outlines that the latest population projections should be considered. These are the 2012 Sub-National Population Projections published by ONS in May 2014.

1.22   It sets out that there may be instances where these national projections require adjustment to take account of factors affecting local demography or household formation rates, in particular where there is evidence that household formation rates are or have been constrained by supply.

1.23   It suggests that proportional adjustments should be made where the market signals point to supply being constrained relative to long-term trends or to other areas in order to improve affordability.

1.24   Evidence of affordable housing needs is also relevant, with the Guidance suggesting that the total affordable housing need should be considered in the context of its likely delivery as a proportion of mixed market and affordable housing. In some instances it suggests this may provide a case for increasing the level of overall housing provision.

1.25   In regard to employment trends, the Guidance indicates that job growth trends and/or economic forecasts should be considered having regard to the growth in working-age population in the housing market area. It sets out that where the supply of working age population that is economically active (labour force supply) is less than the projected job growth, this could result in unsustainable commuting patterns (depending on public transport accessibility and other sustainable options such as walking and cycling) and could reduce the resilience of local

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[4] CLG (April 2013) *2011-based Interim Household Projections*

businesses. In such circumstances, plan makers will need to consider how the location of new housing and infrastructure development could help to address these problems.

Overview of the Approach to Deriving OAN

1.26   The NPPF and PPG set out a clear approach to defining the objectively-assessed need (OAN) for housing. We have sought to summarise this within the diagram below, Figure 1. This summarises the approach we have used to considering OAN.

Figure 1:   **Overview of Approach**
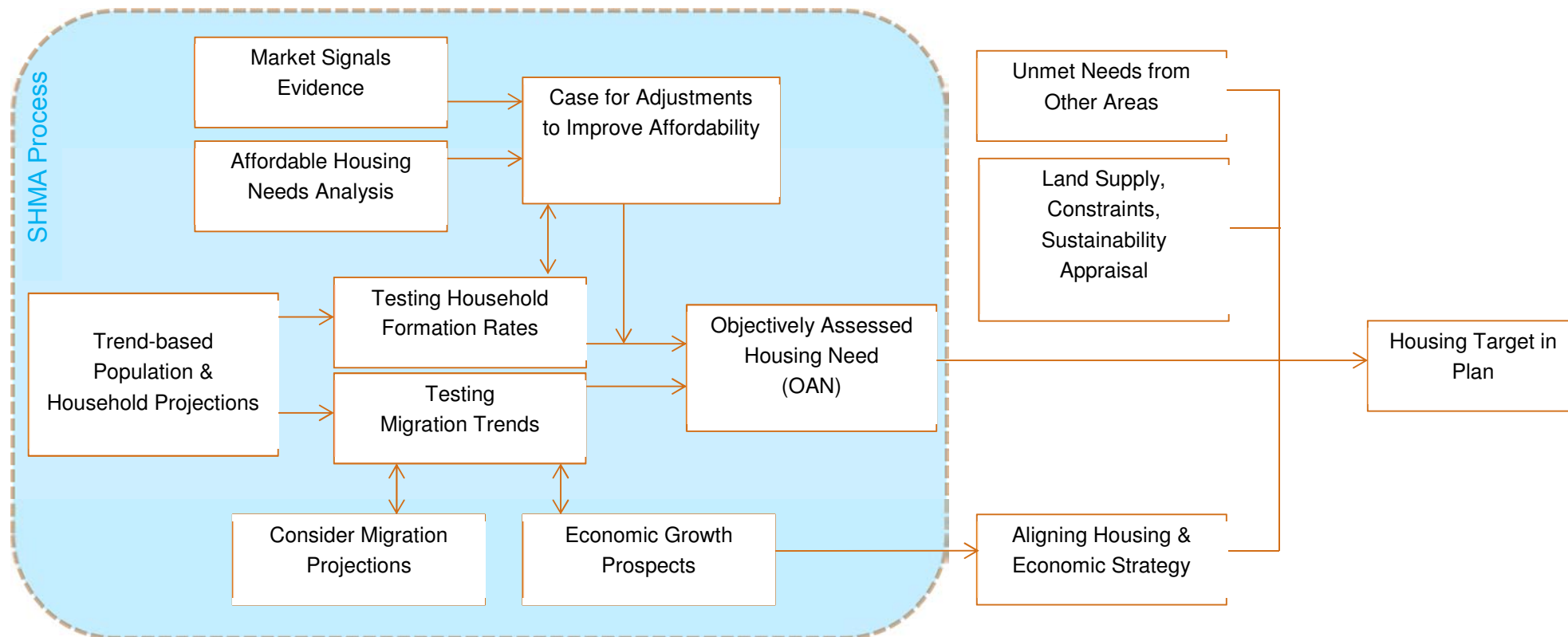
Report Structure

1.27   Following this introductory section the remainder of the Croydon Strategic Housing Market Assessment is structured as follows:

- Section 2 - Strategic Context for Housing in London;
- Section 3 – Housing Market Linkges;
- Section 4 - Defining the HMA;
- Section 5 - Understanding Croydon's Housing Market;
- Section 6 - Housing Market Dynamics and Market Signals;
- Section 7 - Overall Housing Need;
- Section 8 - Affordable Housing Need;
- Section 9 - Need for Different Types of Housing;
- Section 10 - Housing Needs of Particular Groups; and
- Section 11 – Conclusions

1.28   The report is also accompanied by the following appendices which provide detailed contextual information. These comprise:

- Appendix 1: Projection Methodology and Key Data;

2 STRATEGIC CONTEXT FOR HOUSING IN LONDON

2.1 Local plans within London must be in general conformity with the London Plan, and it is thus appropriate to start out by considering the Mayor of London's policies for housing provision. In this section we thus review:

- The Further Alterations to the London Plan (Jan 2014); and
- Homes for London: the London Housing Strategy (Draft, April 2014)[5].

Further Alternations to the London Plan

2.2 The Mayor intend to publish Further Alterations to the London Plan (the 'FALP') in January 2014. Once adopted, the FALP will form part of the development plan against which planning applications are assessed.

2.3 The FALP sets out that London should be treated as a single housing market, but recognises that housing market linkages extend beyond London – underscoring the importance of inter-regional coordination in meeting housing requirements in the wider south east.

Housing Targets

2.4 The FALP proposes a minimum target for 423,887 homes in London between 2015-25 which translates into a minimum annual monitoring target of 42,389 homes per annum. This is principally driven by the 2013 London Strategic Housing Land Availability Assessment (SHLAA) which identified capacity for at least 420,000 homes per annum. The target is to be reviewed by 2019/20.

2.5 This level of provision falls short of identified housing needs. The central projection within the 2013 London SHMA indicated a need for between approximately 49,000 (2015-36) and 62,000 (2015-26) more homes a year in the capital. The range reflects the different levels of population change over the two periods indicated, the time taken to reduce the current (backlog) housing need and the anticipated under-delivery between 2011-15. The Plan is based on a core demographic projection for 40,000 more households a year between 2011-36 – based on the GLA's 2013 Central Projection for Population and household formation rates from the 2011-based CLG Household Projections.

2.6 The FALP identifies (in Table 3.1) a minimum 10 year target for provision of 14,348 homes in London Borough of Croydon (LB Croydon), with an annual monitoring target of 1,435 homes per annum (pa). However it is clear in Policy 3.3 that this "should be augmented where possible with extra housing capacity to close the gap between identified housing need and supply in line with the requirement of the NPPF." The policy specifically encourages boroughs to identify and seek to enable additional development capacity to be brought forward which supplements these targets

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[5] Mayor of London (April 2014) Homes for London: the London Housing Strategy

(having regard to other policies in the Plan) such as through intensification, town centre renewal, opportunity and intensification and growth corridors, mixed use development and sensitive renewal of existing residential areas – particularly in areas of good public transport accessibility. To fit local plan timeframes, it supports the 'roll forward' of annual average figures where appropriate.

2.7   The implication is that in taking forward the Partial Review of the Strategic Policies DPD, Croydon Council the FALP requirement for 1,435 homes per annum is a minimum figure and the Council should seek to maximise housing delivery taking account of the Borough's 'sustainable capacity.'

Types of Homes

2.8   The FALP provides quite detailed guidance regarding the types of homes expected to be built – setting out density and space standards, and policies regarding housing mix and affordable housing provision.

2.9   Developments are expected to optimise housing output, taking account of location; local context and character; design principles; and public transport capacity. Table 3.2 provides a density matrix linked to the setting and Public Transport Accessibility Rating (PTAL) of the site.

2.10   Minimum space standards for development in terms of floorspace per square metre (GIA) are set out in Table 3.3.

2.11   Policy 3.11 deals with affordable housing. This sets out that the Mayor, boroughs and other relevant agencies/partners should maximise affordable housing provision, with:

- An average target of at least 17,000 homes (which is equivalent to 40% of the FALP minimum targets);
- A tenure mix whereby 60% is of social or affordable rented provision and 40% for intermediate rent or sale; and
- A priority is given to provision of affordable family housing.

2.12   Boroughs are required in LDFs to set an overall target for affordable housing provision and separate targets in social/ affordable rent, and intermediate housing. Affordable housing targets can be expressed in absolute or percentage terms in light of local circumstances, but must take account of economic viability and other relevant considerations (listed in Policy 3.12). In general a threshold of 10 or more homes is considered 'normal' although Boroughs can seek a lower thresholds where this can be justified (Policy 3.13).

2.13   The FALP sets out in Policy 3.8 that new developments should offer a range of housing choices, in terms of the mix of housing sizes and types, taking account of the housing requirements of different groups and the changing roles of different sectors. It particularly promotes delivery of social/

affordable rented family housing, institutional investment in the Private Rented Sector (PRS) and enhanced provision of intermediate affordable housing.

2.14 The policy also sets out that all new housing should be built to Lifetime Homes standards and 10% is designed to be wheelchair accessible or easily adaptable for wheelchair users. This responds to expected growth in the older population; as well as a current unmet need for from 30,000 households for wheelchair accessible housing and more than 100,000 for redesigned bathing facilities.

2.15 It also requires account to be taken of a growing older population, the needs of particular communities, and student housing needs; together with appropriate provision to be made for accommodation for service families and custom build having regard to local need. This SHMA Report provides evidence of the needs of these groups within Croydon to inform local policies.

2.16 The FALP identifies that between 2015-25 older Londoners may require 3,600 – 4,200 new specialist units per annum. More specifically (based on the midpoint of this range) it identifies a need for 2,600 private units pa, 1,000 in shared ownership and some 300 new affordable units; and indicates that there may also (in addition) be a requirement for 400-500 new bedspaces pa in care homes. Indicative requirement benchmarks are set out in Annex A5 to the Plan. In delivery terms, it notes that it is important that viability assessment take into account the distinct economics of specialist housing and care home provision.

2.17 The FALP sets out that "the planning system must take a more positive approach in enabling [the private rented] sector to contribute to achievement of housing targets." Whilst outlining that the Mayor will continue to work to encourage institutional investment in the sector, it notes that viability tests for covenanted PRS should take account of the distinct economics of this form of development.

2.18 The FALP also promotes mixed and balanced communities, by tenure and household income, particularly in neighbourhoods where there is a predominance of social rented housing.

The London Housing Strategy

2.19 Homes for London, the Draft London Housing Strategy (April 2014), sets out the Mayors strategy for tackling the housing crisis in London. The overriding aim of the strategy are to increase the supply of housing of all tenures and to ensure that these homes better support London's continued economic success. The key priorities were set out as following:

- Increasing housing supply to levels not seen since the 1930s;
- Better supporting working Londoners and helping more of them into home ownership;
- Improving the private rented sector and promoting new purpose - built and well managed private rented housing;

- Pushing for a new, long-term financial settlement for London Government to drive housing delivery; and
- Bringing forward land for development and accelerating the pace of housing delivery through Housing Zones and the London Housing Bank

2.20   The strategy sets out an annual delivery target of a minimum of 42,000 new homes, of which at least 17,000 (40%) should be affordable. Over the next 20 years this amounts to 840,000 new homes in total.

2.21   The strategy will increase the provision of smaller affordable homes targeted at those downsizing, support purpose-built older people's housing and offer better incentives for older people to downsize. This is in order to tackle overcrowding, particularly in the social rented stock.

2.22   The Strategy also recognises that London's housing market is complex and diverse and there is not a homogenous housing market within any single borough boundary. It contains a range of sub-markets which vary widely, not just by tenure and price, but by the type of purchaser and renter.

3 HOUSING MARKET LINKAGES

3.1 The London Strategic Housing Market Assessment 2013 sets out that London is a Global City. The strength of its economy, its cultural attractions and its history as a city open to newcomers make it a magnet for international migrants, with around 200,000 international migrants moving to London each year, and 100,000 moving abroad. It also seeks significant movement of people from other parts of the UK, the SHMA indicating that:

> *"London plays a unique role in the national economy, functioning as an 'escalator region' for the whole country, enabling those who come here (as well as lifelong Londoners) to improve their skill and increase their earnings at a faster rate than any other part of the country. This unique role helps explain London's unusually young age profile, high rate of population churn and large private rented sector. The evidence also indicates that most UK-born Londoners were born outside London[6]."*

3.2 The London SHMA recognises that London's housing market extends beyond London's boundaries but does not seek to specifically define this, noting that "*recent research has sought to identify housing market areas using data on commuting and migration, but the boundaries identified are highly sensitive to the specific level of containment used.*"[7]

3.3 A more recent report by consultants NLP on *London's Unmet Housing Needs*[8] has considered house prices, migration flows and commuting (based on areas where more than 2.5% of residents commute to London) to suggest that London's 'wider' housing market stretches north to Bedford and Huntingdon, west beyond Reading and Newbury and to the South Coast (Figure 2).

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[6] Mayor of London (Jan 2014) *London Strategic Housing Market Assessment, Para 2.4*
[7] Mayor of London (Jan 2014) *London Strategic Housing Market Assessment, Para 2.7*
[8] NLP (April 2014) *London's Unmet Housing Needs – Meeting London's overspill across the wider South East*

Figure 2:   NLP's View regarding London's 'wider' Housing Market
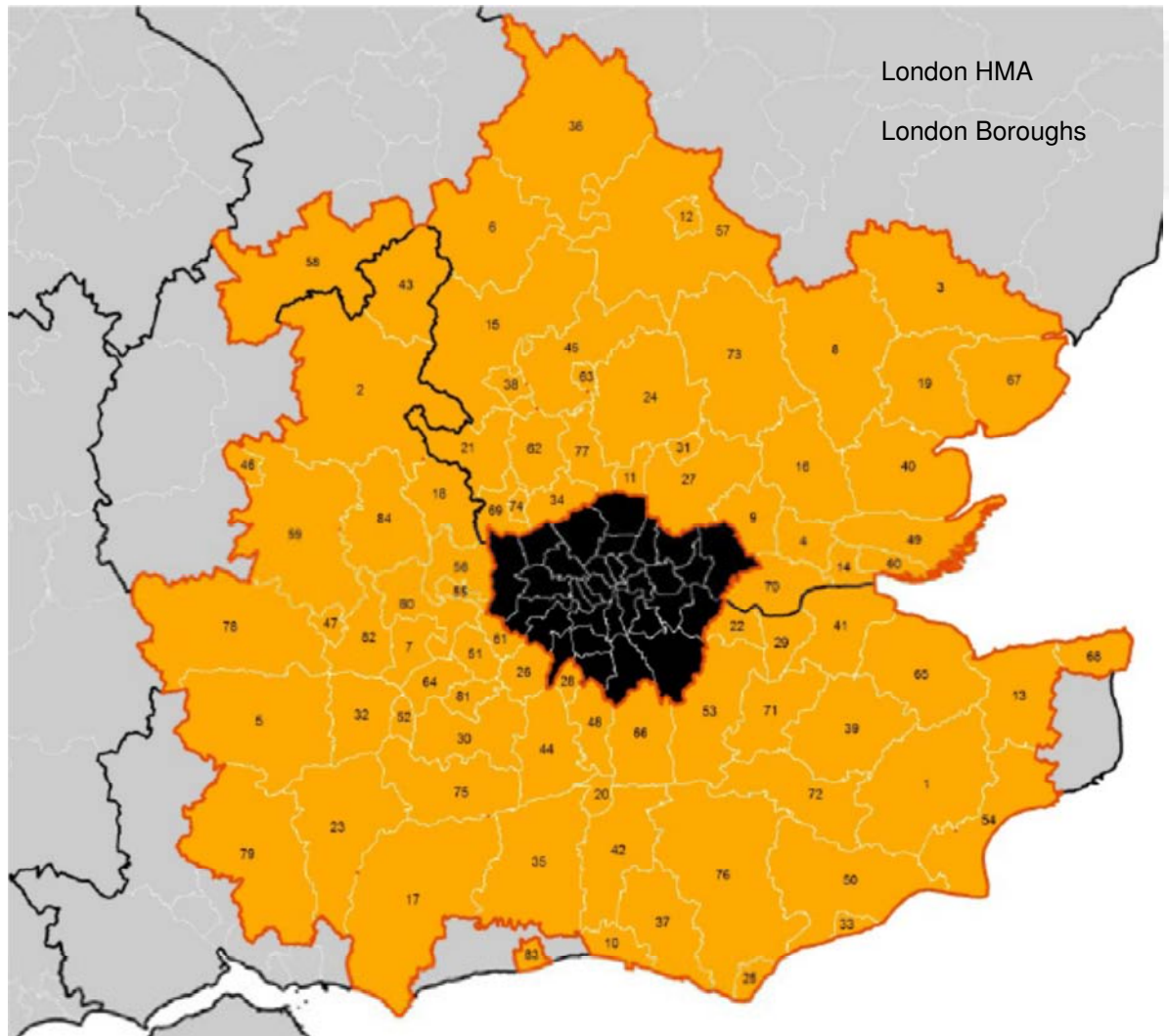
Source: NLP, 2014

3.4   A range of other evidence has highlighted the capitals influence across much of the South East, including the recently released Census travel to work data. As illustrated below the travel to work catchment for the City and Westminster extends beyond Greater London and as far as the South Coast. However, the extent of the influence is largely dependent on the containment rate (the number of people who live and work in a given area) used.

Figure 3:   Travel to Work Catchment of Westminster and the City (2011)
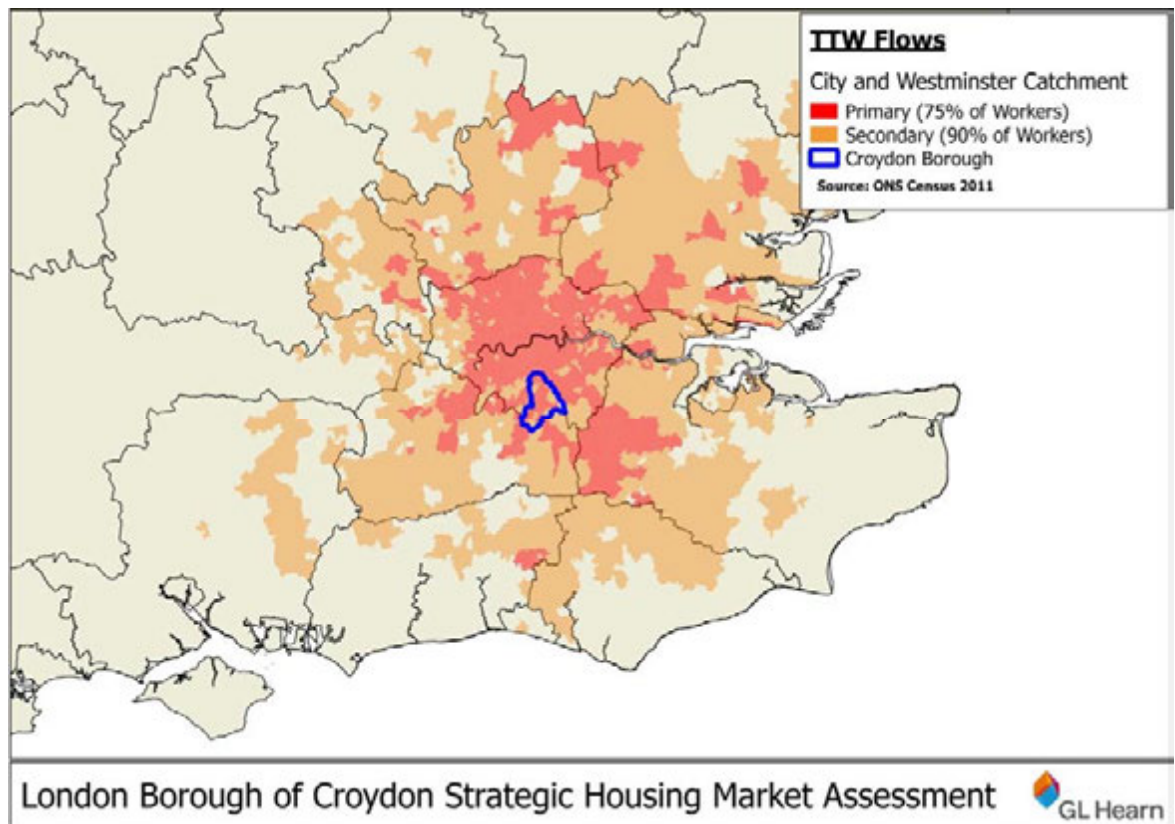
Source: Census 2011

3.5   This study accepts that Croydon operates within this wider London context and seeks to consider and identify the more localised market(s) in which the Borough operates. In order to do this we have reviewed various studies looking at housing market geographies at a national and local level as well as more recent data.

CLG/ CURDS Study

3.6   National research undertaken for the Government by a consortium of academics led by the Centre for Urban and Regional Development Studies (CURDS) at Newcastle University has sought to define housing markets across England. As the PAS Guidance recommends, we have used this as a 'starting point' for considering the HMA geography.

3.7   The CURDS study considered commuting and migration dynamics (based on 2001 Census data) and house prices (standardised for differences in housing mix and neighbourhood characteristics). This information was brought together to define a three tiered structure of housing markets, as follows:

• Strategic (Framework) Housing Markets – based on 77.5% commuting self-containment;
• Local Housing Market Areas – based on 50% migration self-containment; and

- Sub-Markets – which would be defined based on neighbourhood factors and house types.

3.8   The Strategic and Local HMAs are mapped across England, with the Local HMAs embedded within the wider Strategic HMAs. Both are defined based on wards.

3.9   London's Strategic Housing Market was identified as extending well beyond the M25 into the Home Counties in all directions, to include Guildford, Reigate, Tunbridge Wells, the Medway Towns, Southend, Amersham and Stevenage. In our view a national analysis of house prices would tend to support this, showing the influence of transport links into London which extends well beyond Greater London into the South East and East of England regions.

3.10   It is clear that Croydon operates within this wider London context. We have therefore sought to consider and identify the more localised market(s) in which the Borough operates. In order to do this we have reviewed various studies looking at housing market geographies at a national and local level as well as more recent data.

CLG/ CURDS Study

3.11   National research undertaken for the Government by a consortium of academics led by the Centre for Urban and Regional Development Studies (CURDS) at Newcastle University has sought to define housing markets across England. As the PAS Guidance recommends, we have used this as a 'starting point' for considering the HMA geography.

3.12   The CURDS Study for CLG considers commuting and migration dynamics (based on 2001 Census data) and house prices (standardised for differences in housing mix and neighbourhood characteristics). This information was brought together to define a three tiered structure of housing markets, as follows:

- Strategic (Framework) Housing Markets – based on 77.5% commuting self-containment (the number of people who live and work in an area);
- Local Housing Market Areas – based on 50% migration self-containment; and
- Sub-Markets – which would be defined based on neighbourhood factors and house types.

3.13   The Strategic and Local HMAs are mapped across England, with the Local HMAs embedded within the wider Strategic HMAs. Both are defined based on wards. Although these housing market areas are based on 2001 data they provide a good basis for which to examine and update the geographies.

3.14   The Study defines a London Framework HMA which extends into the Home Counties. In our view a national analysis of house prices would tend to support this, showing the influence of transport links into London which extends well beyond Greater London into the South East and East of England regions.

Figure 4: CURDS-Defined London Framework HMA
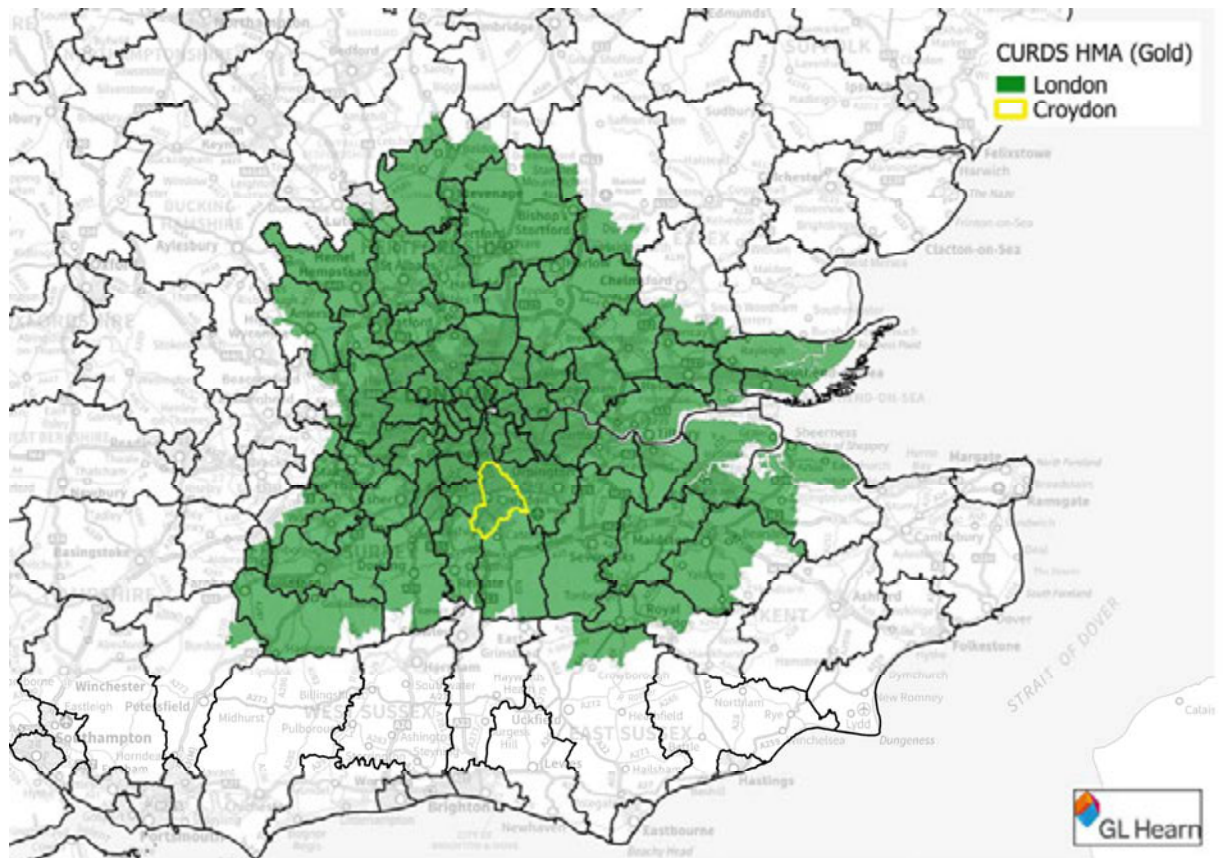
Source: CURDS

3.15   There is a long established trend of migration into London from across the UK and abroad, with net movement out of London into the Home Counties. In our view this movement out of London is influenced both by quality of place/ lifestyle factors and by housing costs, and is most apparent for family households.

3.16   The CURDS Study identifies that the use of local housing market areas are particularly relevant in housing markets which include a major urban area, setting out:

> "Without a tiered perspective a focus on large Framework HMAs any local areas of very high and very low house prices will also run the risk of producing an averaged out value which fails to diagnose the dynamics of local changes in the housing market.

> The more fine-grained differentiation of multiple housing markets within a major urban area will also be missed – the latter is most obvious in London where much of Greater London is identified as a large Framework HMA. It is in such areas that an additional lower-tier geography can reflect more localised housing market conditions, and it is notable that in such areas that separate lower-tier HMAs are mostly identified."

3.17   In respect of the use of the lower-tier local HMAs, the CURDS Study goes on to comment that "a tiered geography links to both national/ cross-regional and more strategic sub-regional analysis

whilst, at the same time, providing a sufficiently fine-grained basis for more locally based analysis and policy formulation in respect of, for example, issues relating to affordability and/or to Core Strategy / LDF preparation and monitoring by individual local planning authorities."

3.18   Considering the CURDs Defined Local HMA, Croydon is located in a South London Housing Market. This market extends beyond the Greater London Boundary into Tandridge in Surrey and a very small part of Mid Sussex around East Grinstead. The South London LHMA is a fairly linear strip and is distinct from the South Central and South West London LHMA which neighbour it.

Figure 5:   CURDS-Defined Local Housing Market Areas
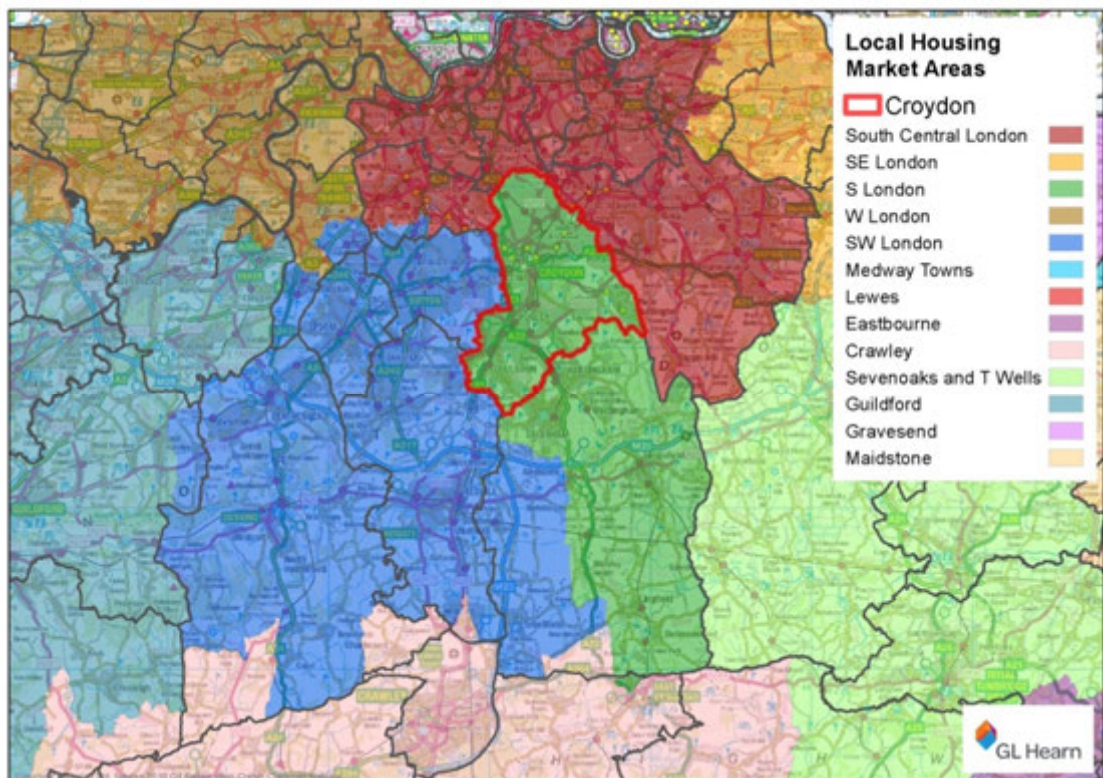
Source: CURDS

3.19   In summary, on a single-tier basis CURDS believe the Borough relates to the London Housing market. Looking at more local housing markets then the South London Market is applicable. On a more practical basis it is necessary to assign Boroughs to a single grouping, in which case we would include also include Tandridge as part of this local housing market.

London SHMAs

3.20   The Greater London Authority recently produced a city wide Strategic Housing Market Assessment (January 2014). However, the SHMA does not define any sub-regions within the city. That said, previous SHMA studies have been conducted at a sub-regional level covering the North, East, West,

South East and South West of London, although these were not necessarily the housing market areas identified. These sub-regional areas are illustrated in the map below.

3.21   The most relevant of these sub-regional studies is the South West London SHMA which was produced by Ecotec in August 2009. This covered an area which included the Borough of Croydon as well as Sutton, Merton, Kingston, Richmond, Wandsworth and Lambeth.

Figure 6:   Areas Covered by Sub-Regional SHMAs in London
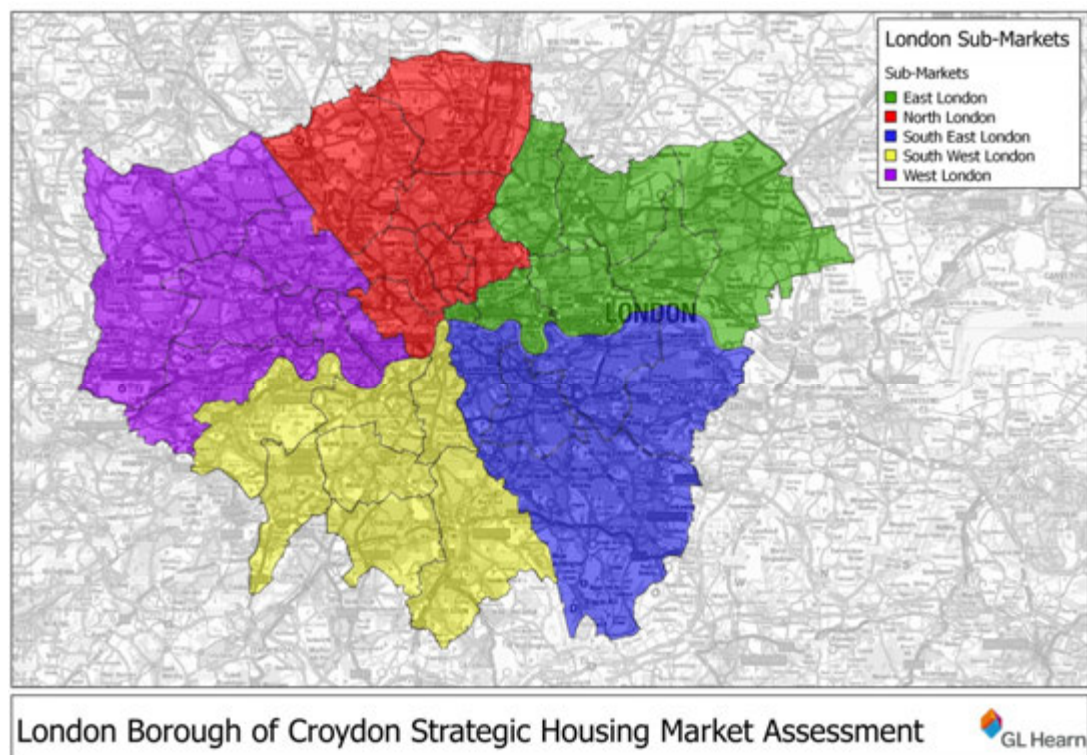
Source: GL Hearn, 2014

3.22   Outside of Greater London, Tandridge, which was identified by CURDS as part of a South London LHMA, was most recently included as part of an East Surrey Housing Market Area (2008).

Broad Rental Market Area

3.23   The Valuation Office Agency (VOA) also define Broad Rental Market Areas (BRMA) which are the geographical areas used to determine Local Housing Allowance (LHA) rates. These can be likened to Housing Market Areas they are not identified on the basis of the practice guidance i.e. migration, travel to work patterns nor house price changes.

3.24   The Broad Rental Market Areas are based on an area where a person could reasonably be expected to live taking into account access to facilities and services for the purposes of health,

education, recreation, personal banking and shopping. The areas are defined by looking at these services and the ease to which residents can visit them via a variety of transport modes.

3.25   According to the VOA, Croydon falls within the Outer South London BRMA, which stretches across a wide area of South London. The area includes much of the Boroughs of Croydon, Sutton and Epsom and Ewell as well as parts of Kingston, Merton, Reigate and Banstead and Tandridge.

Figure 7:   Outer South London Broad Rental Market Area
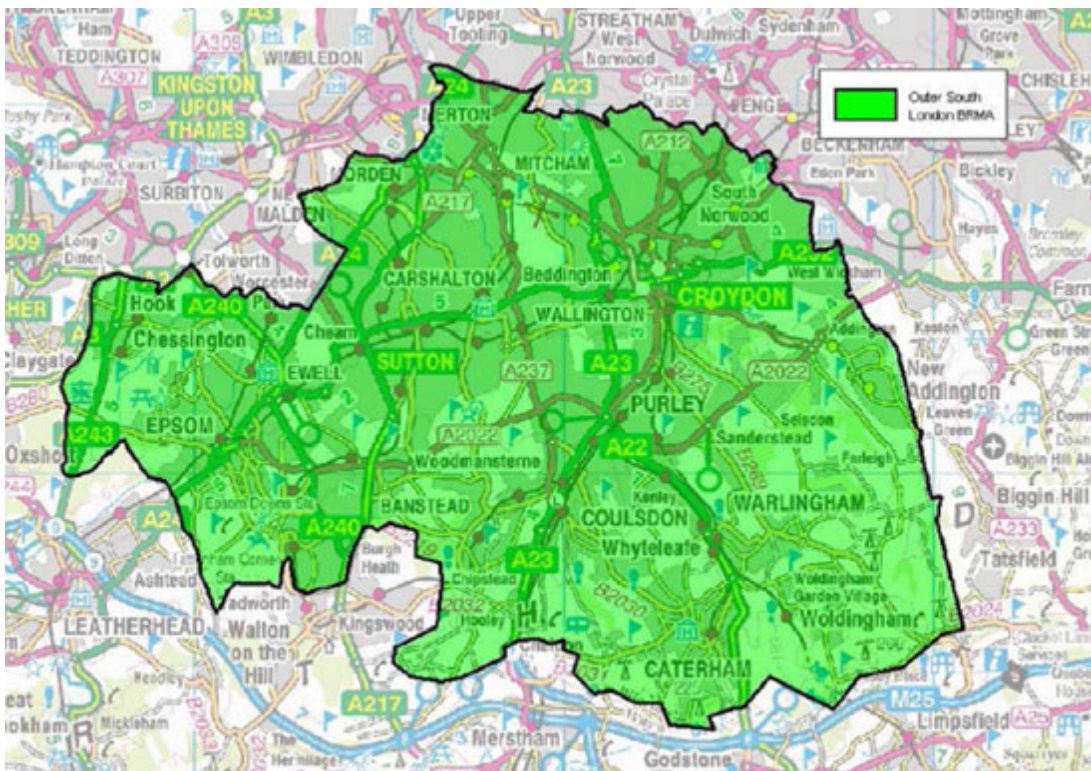
Source: VOA

3.26   In summary, the range of historical sources has identified Croydon within the wider London framework. There has also been more specific links identified to varying degrees with Tandridge, Sutton, Epsom and Ewell and Reigate and Banstead.

3.27   However, these previous housing market area studies have principally been based on either the London Boundaries or have interrogated the 2001 Census data where analysis has been undertaken below local authority level. Data on commuting and migration flows from the 2011 Census was issued in July 2014, and it is thus an appropriate point at which to review housing market geographies.

4   DEFINING THE HMA

4.1   The National Planning Policy Framework (NPPF) states that local planning authorities should use their evidence base to ensure Local Plans meet the full, objectively assessed needs for market and affordable housing in their housing market area (HMA).

4.2   In simple terms, the HMA is a geographical area in which the majority of people, who move, will move within. It also reflects functional relationships between where people live and work. However, defining housing market areas is an inexact science and there is no single source of information that will clearly identify housing market areas.

4.3   As outlined above, previous attempts to identify the Housing Market Areas have shown that the Croydon are clearly linked to London with notable although lesser links with Surrey. However, the CURDS report recommends that we look at more localised housing market areas within areas close to major urban areas. This section of the report considers key data to identify local housing markets.

4.4   In line with the recent PAS Advice note we have produced our own top-down analysis focusing on the major settlements and employment centres in the sub-region. We have reviewed both the catchments of the major centres in and around Croydon, as well as the major commuting and migration flows to and from Croydon.

Migration Patterns

4.5   Migration data from the 2011 census has thus far only been published at a local authority level. Migration patterns reflect the location of residents one year prior to the completion of the census. The main analysis is to review both net and gross flows. Net flows identify the direction of movement with gross flows highlighting the strength of inter-connectedness.

4.6   In total approximately 16,900 people left Croydon in the year leading up to the Census. Over the same period 17,200 people arrived in the Borough. This reflects a modest level of in migration into the district. In addition, approximately 20,200 people moved within the Borough over the same period.

4.7   By reviewing gross flows (the sum of movements in both directions) we can see the strength of relationships between Croydon with other local authorities. Perhaps unsurprisingly the data identifies significant flows with all the neighbouring authorities.

4.8   As the map overleaf indicates the most significant inter-relationships are with Lambeth (3,882 persons per annum), Bromley (2,563 ppa) and Sutton (2,190 ppa). However, we would expect there to be higher flows from areas with a higher population such as the other London Boroughs.

Figure 8: Major Gross Migration Flows (2011)
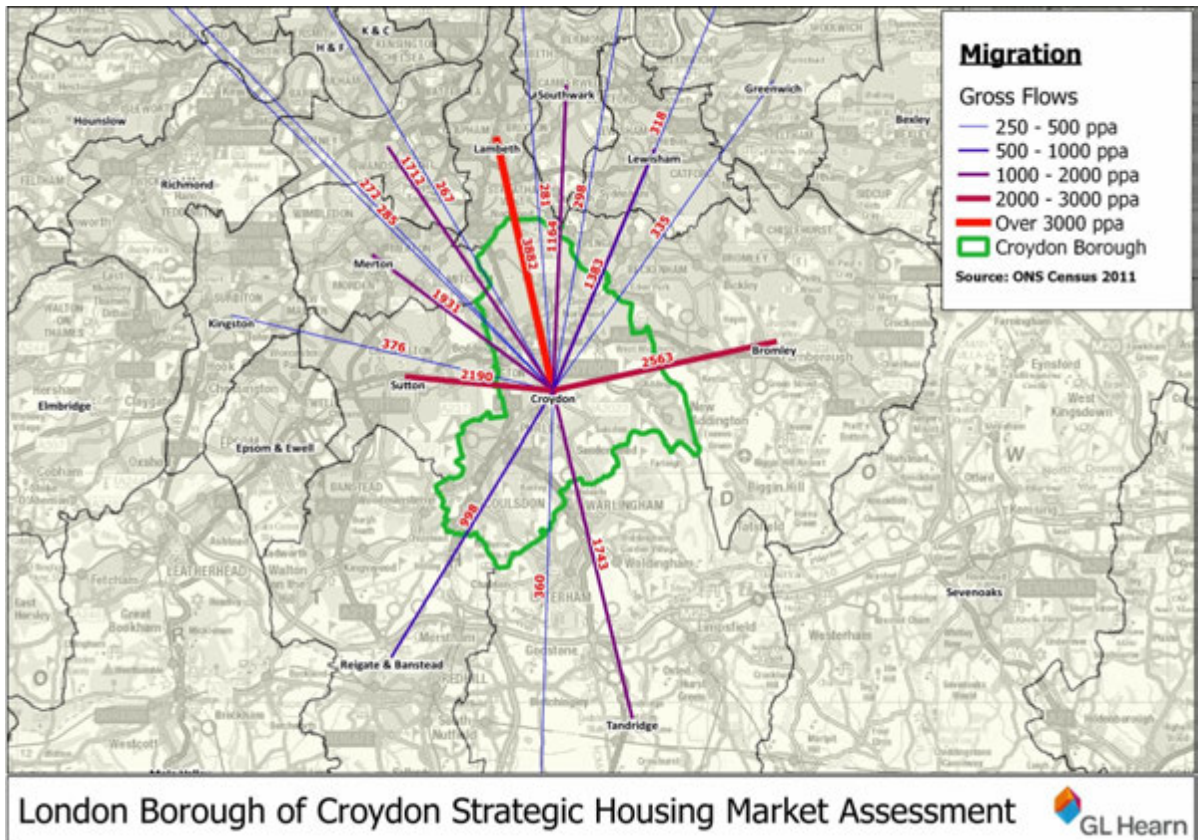
Source: ONS, 2011

4.9   To negate the impact of larger population centres we have also weighted the flows based on the total size of the population in both local authority e.g. gross flows per 1,000 head of population. As outlined in the following table and map, the largest flows are still with Lambeth.

Table 1:   **Major Gross Flows Weighted by Size of Population (2011)**

Croydon	Gross per 1,000 head
Lambeth	5.82
Sutton	3.96
Tandridge	3.90
Bromley	3.81
Merton	3.43
Wandsworth	2.55
Lewisham	2.16
Reigate and Banstead	1.99
Southwark	1.79

Source: ONS, 2011

4.10   The links to Bromley are less important when weighted in this manner although still noticeable. In contrast the importance of the Tandridge inter-relationship is increased. This ratifies the CURDS

local housing market area links. There are also significant links with the other South London Boroughs of Merton and Sutton.

Figure 9:   Major Gross Migration Flows Per Head (2011)
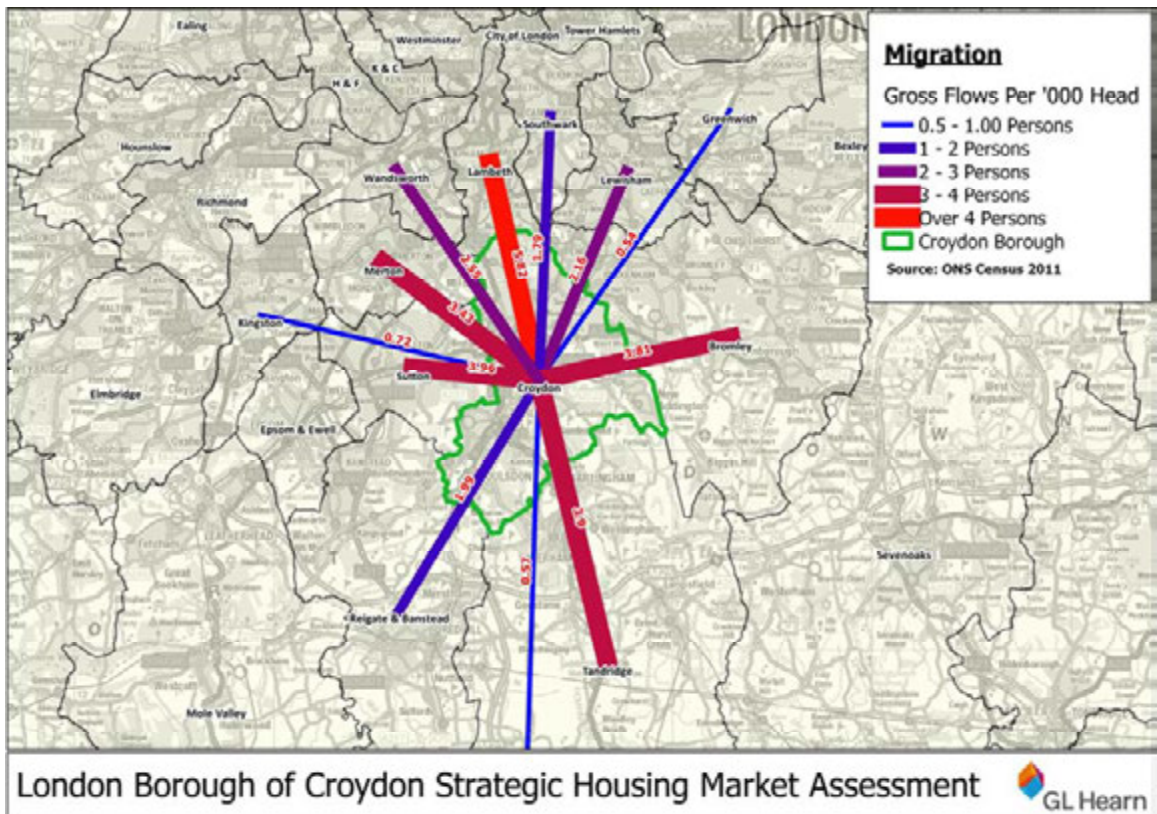
Source: ONS, 2011

4.11   While there are clear links between Croydon and Lambeth, Sutton, Bromley and Tandridge, we also must understand the extent to which Croydon represents a key driver to the migration dynamics in those particular authorities.

4.12   As Table 2, shows each of the local authorities has relatively significant links with Croydon, however their most significant relationships are with other local authorities. This is particularly the case with Lambeth whose major links are with Wandsworth and Southwark are much more significant than those with Croydon.

Table 2: **Major Gross Flows per 1000 head of population for Selected Local Authorities (2011)**

Lambeth	Gross Per 000 Head	Sutton	Gross Per 000 Head	Tandridge	Gross Per 000 Head	Bromley	Gross Per 000 Head
Wandsworth	13.78	Merton	6.04	Reigate & Banstead	4.35	Lewisham	6.41
Southwark	11.47	Epsom and Ewell	4.06	**Croydon**	**3.90**	**Croydon**	**3.81**
Croydon	**5.82**	**Croydon**	**3.96**	Mid Sussex	2.28	Greenwich	2.92
Merton	4.01	Reigate & Banstead	3.65	Sevenoaks	1.61	Sevenoaks	2.69
Lewisham	3.87	Kingston upon Thames	2.26	Crawley	1.08	Lambeth	2.31
Westminster & City of London	3.31	Wandsworth	2.05	Sutton	0.82	Southwark	2.24
Islington	3.30	Lambeth	1.12	Mole Valley	0.81	Bexley	2.19
Hammersmith & Fulham	3.19	Tandridge	0.82	Bromley	0.77	Dartford	1.13
Tower Hamlets	2.98	Mole Valley	0.79	Wandsworth	0.61	Wandsworth	1.04
Camden	2.95	Elmbridge	0.49	Horsham	0.53	Tonbridge & Malling	0.95

Source: ONS, 2011

4.13   Similarly, although not to the same extent Sutton and Bromley have much stronger relationships with Merton and Lewisham respectively than they do with Croydon. Sutton's relationship with Epsom and Ewell is also stronger than that with Croydon.

4.14   Tandridge is less clear however as the links to Reigate and Banstead are of a similar scale to that of Croydon. However the relationship between Croydon and Tandridge is one of significant out commuting from Croydon. Unlike Tandridge's links to Reigate and Banstead which are largely both ways. The net flows are illustrated in the map below.

Figure 10: Major Net Migration Flows (2011)

London Borough of Croydon Strategic Housing Market Assessment
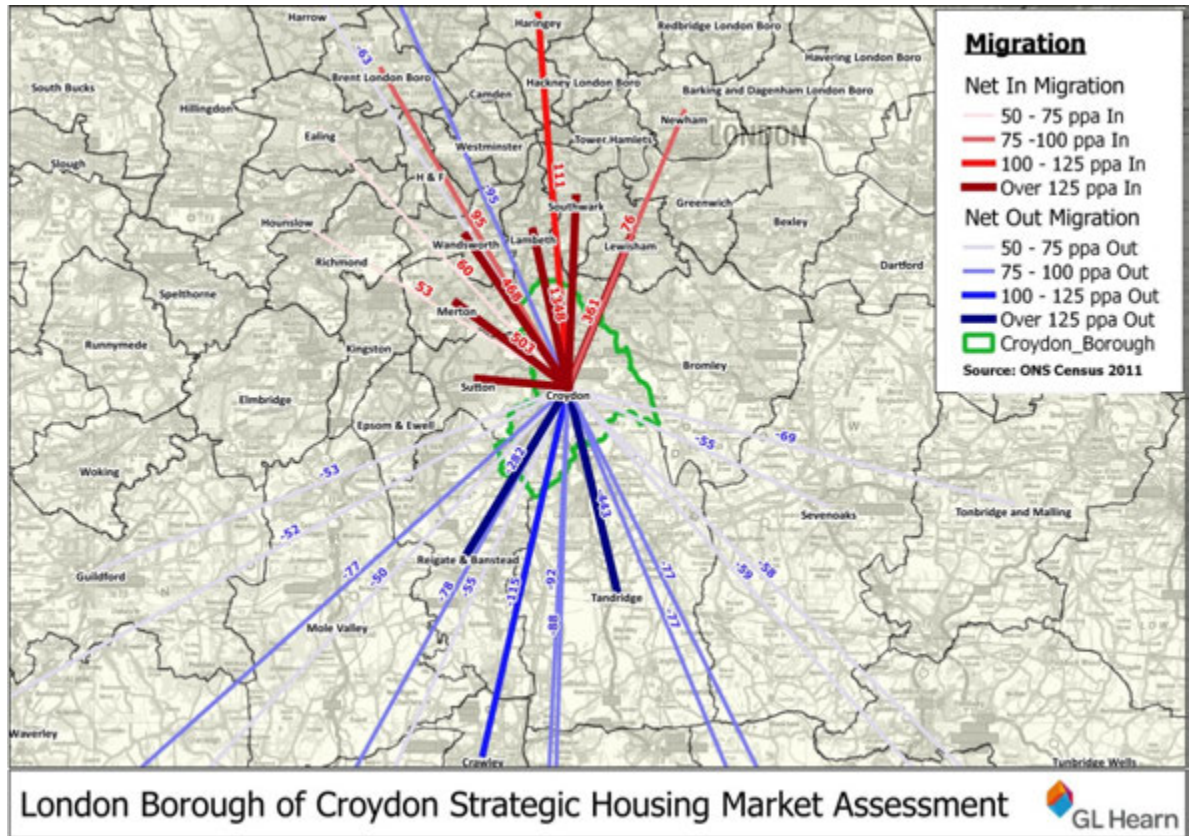
Source: ONS, 2011

4.15   Looking more closely at net migration flows, there is a clear pattern of in commuting from the London Boroughs into Croydon and out-commuting to those local authorities in Surrey, West Sussex and Kent.

Table 3:   **Major Net Flows In and Out of Croydon (2011)**

Local Authority	Net In	Local Authority	Net Out
Lambeth	1,348	Tandridge	-443
Merton	503	Reigate and Banstead	-282
Wandsworth	468	Crawley	-115
Lewisham	361	Nottingham	-95
Southwark	342	Mid Sussex	-92
Sutton	200	Brighton and Hove	-88
Haringey	111	Arun	-78
Brent	95	Portsmouth	-77
Newham	76	Eastbourne	-77

Source: ONS, 2011

Travel to Work

4.16 As with the migration data and the previous HMA studies the influence of London on commuting patterns is quite clear. At present around 36.8% of residents in Croydon commute to Inner London. This is also reflected in the CURDS work which illustrates the extent of the London influence.

4.17 The map below illustrates the catchments of the London Central Activities Zone, when all of the outer London centres catchments are considered, including Croydon, then the influence of Greater London extends much further into the Home Counties.

Figure 11: Central Activities Zone TTW catchment (2011)
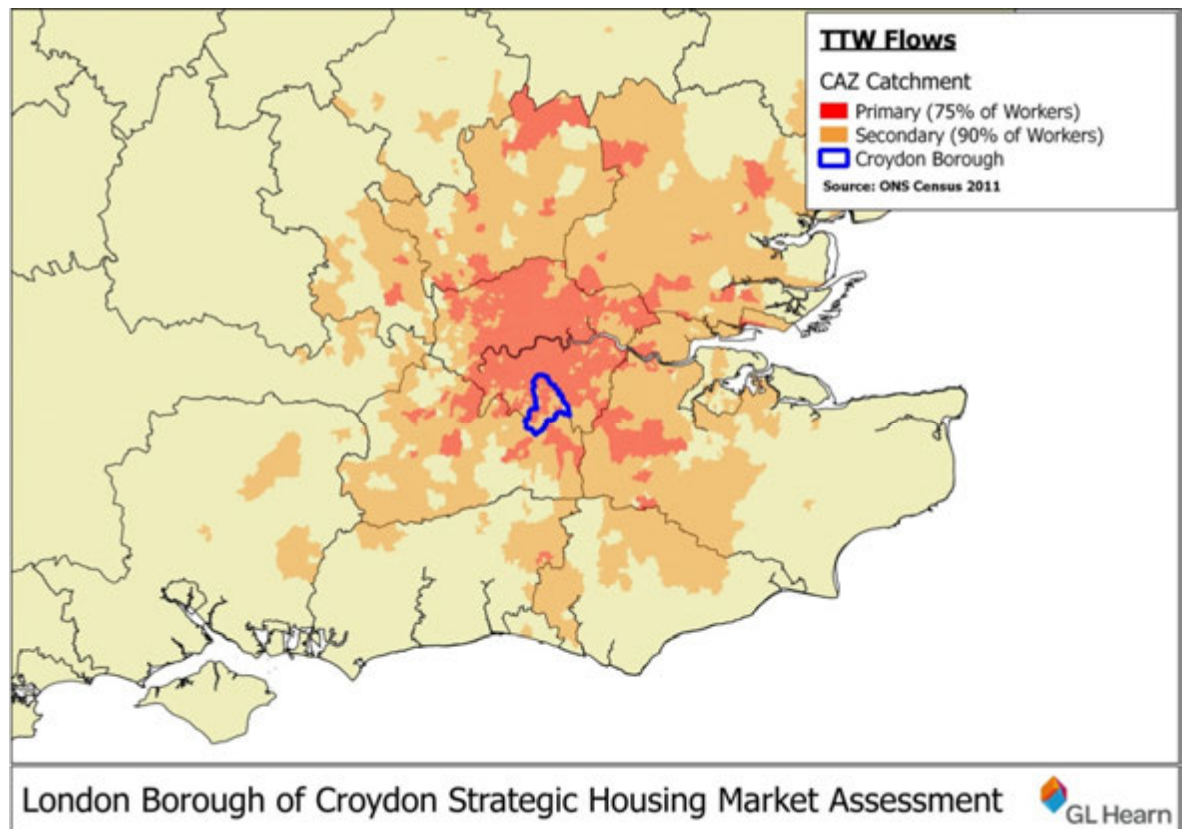
Source: ONS, Census 2011

4.18 In line with the CURDS approach we have sought to analyse more local markets based on a top down approach centring on key sub-regional employment centres. Our choice of employment centres reflects the major Metropolitan centres in South London as defined in the London Plan, these are:

- Kingston;
- Sutton; and
- Bromley;

4.19   In addition we have also analysed the travel to work catchments of Crawley (including Gatwick) and
        as shown previously the Central Activities Zone in London. Furthermore we have also considered
        where people working in the Borough commute from and where the Borough residents commute to.

Figure 12: Map of Major Employment Centre
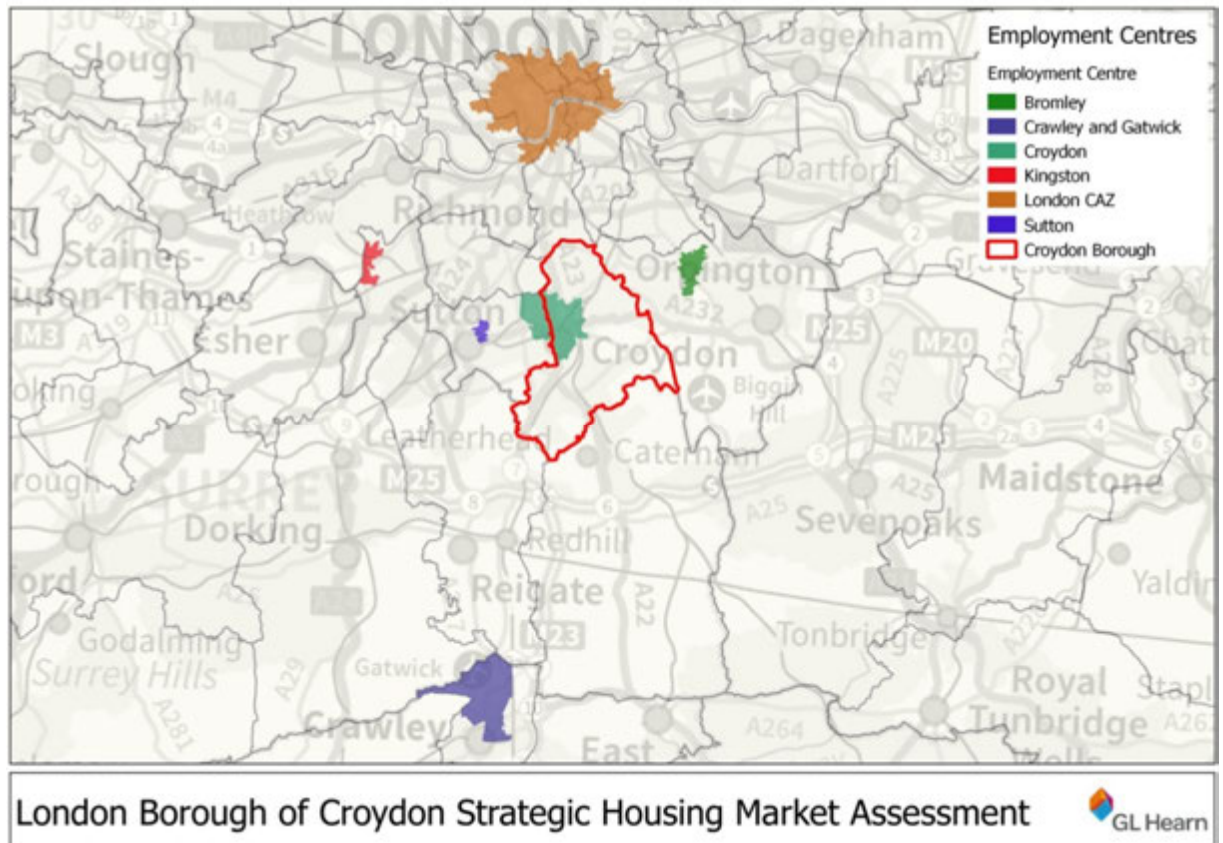
Source: GL Hearn, 2013

4.20   For each employment centre we have defined the following catchments:

- Primary Catchment – Which reflects the Middle-Level Super Output Areas (MSOAs) with the highest contribution of employees comprising 75% of the workforce for the target employment centre;
- Secondary Catchment – Which reflects the MSOAs with the highest contribution of employees comprising 75%-90% of the workforce for the target employment centre;
- Full Catchment – Which reflects the MSOAs which contribute any employees to the target employment centre.

4.21   These catchments demonstrate the areas of influence of each of the employment centres and
        broadly reflect the Functional Economic Market Areas. The 75% containment rate we have used for
        our primary catchment broadly aligns with that used by ONS to define TTWAs using the 2001
        Census data, although the threshold they have used for larger settlements falls to a 66% self-
        containment level.

4.22   The analysis shows that no part of Croydon falls into the primary catchment areas of Kingston. However both Sutton and to a lesser extent Bromley's primary catchment includes all or part of Croydon Borough. The Sutton primary catchment largely extends to the South West and includes all of Epson and Ewell and large parts of Mole Valley and Reigate and Banstead.

4.23   The Bromley primary catchment extends eastward and includes large parts of Sevenoaks and Tonbridge and Malling as well as the southern parts of Lewisham, Greenwich, Bexley and Dartford.

4.24   In absolute terms the largest number of Croydon residents commute to Bromley (1,275 persons) and Sutton (1,000 persons every day). Only 342 people commute from Croydon to Kingston. Maps plotting the catchment areas of these employment centres can be found in the Appendix.

4.25   The Central Activities Zone primary catchment includes most of South London and similarly most of Croydon. In total around 26,500 Croydon residents work in the Central Activities Zone.

4.26   Just over 21,000 Croydon residents work in Central Croydon and the industrial areas around Purley Way. This represents just under 50% of the approximately 45,000 people who work in the area.

4.27   The catchment for this area is illustrated in the figure below. As shown the primary catchment largely extends southwards although it also includes all of Sutton Borough to the West. The shape of the catchment largely reflects the A23 and A22 corridors which extend into Surrey. There are also a notable number of commuters from Crawley who are likely to use the regular train service into East Croydon.

Figure 13: Commuting to Central Croydon and West Croydon (2011)
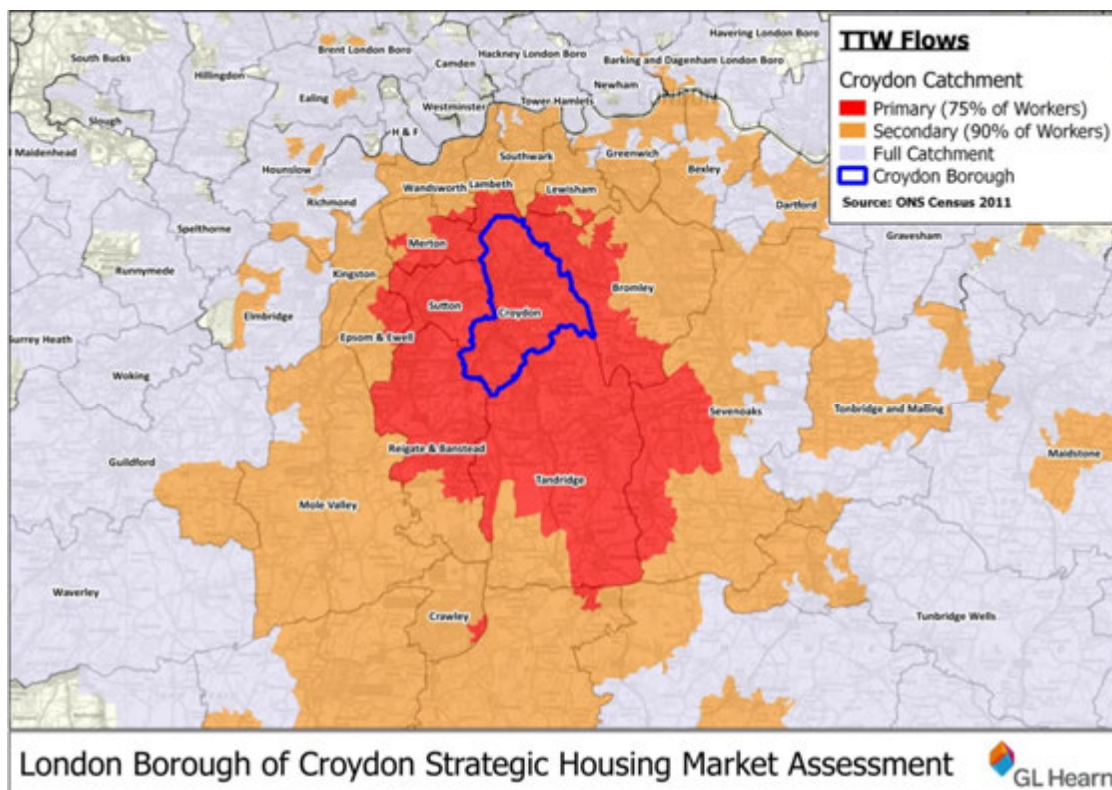
Source: ONS Census, 2011

4.28   We have also reviewed the location of employment for all 140,000 Croydon residents. This analysis shows that 34% of the Boroughs residents also work in the Borough i.e. the Borough has a 34% self-containment rate. However, around 88% of Croydon's residents work within Greater London (including Croydon). The most popular employment locations outside Greater London were Reigate and Banstead and Tandridge both of which received around 2% of Croydon's working population.

Table 4:   **Containment within Croydon and Greater London (2011)**

	Croydon	**Greater London**
Total Residents in Work	140,525	140,525
Residence-based Containment	48,412	123,643
Containment	34%	88%

Source: ONS, Census 2011

4.29   We have drawn the catchment maps together into a single map which illustrates which of the identified employment centres receives the most commuters from any given MSOA. The map below

illustrates that Croydon as well as Westminster and the City provides a main destination for Croydon's residents in each of the Borough's MSOA.

Figure 14: Main Commuting Destination (2011)
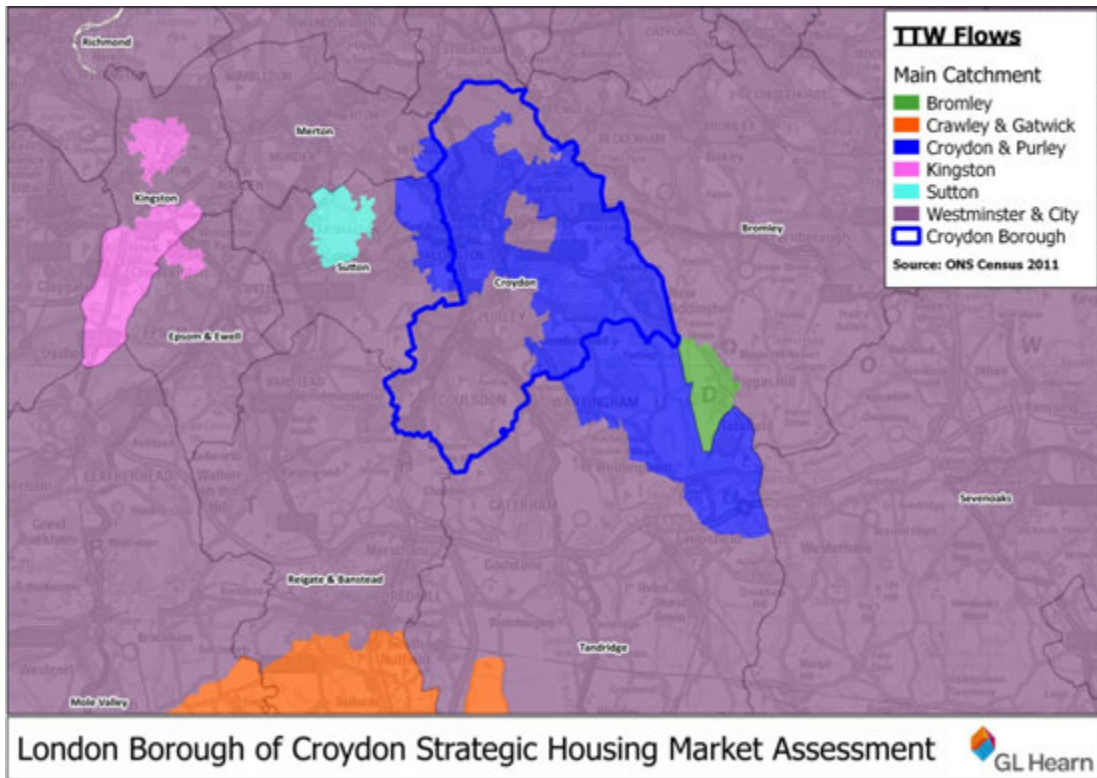
Source: GL Hearn, ONS 2011

4.30   The pattern is such that those parts at the very North and South of the Borough alongside those living immediately adjacent to East Croydon station travel into Central London whereas those generally not on the main railway line remain in Croydon. Central Croydon's influence also extends beyond the Borough in to Sutton (around Beddington) and also in North Tandridge (around Warlingham).

4.31   We have also reviewed more detailed in and out-commuting patterns involving Croydon residents. This is taken from the latest Census data and is mapped at a Mid-Super Output Area level.

4.32   The map below illustrates the strength flows out of Croydon to Central London and Canary Wharf. It also indicates that there are no substantive flows from outside of Croydon coming into the Borough. Instead the largest inflows are all internal with the exception of small flows from the immediately surrounding areas.

4.33   Drawing the travel to work analysis together it is clear that Croydon is largely self-reliant for employees. Although for employment it is more reliant on Central London which is not unlike most London Boroughs.

Figure 15: In and Out Commuting With Croydon (2011)

London Borough of Croydon Strategic Housing Market Assessment
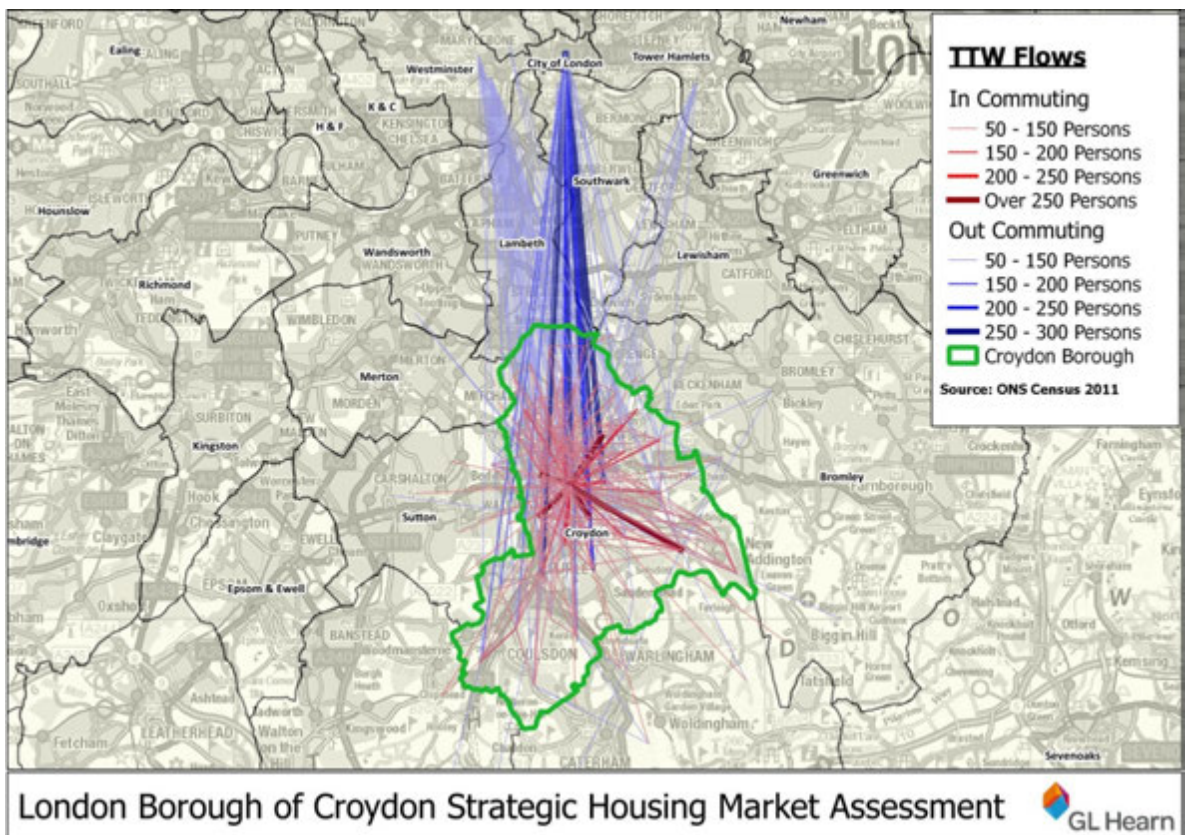
Source: Census, 2013

House Price Analysis

4.34   The National Planning Practice Guidance also recommends that house prices and house price change are considered when identifying housing market areas. We have taken average sales prices for terraced and semi-detached prices for the South East region and London. These typologies reflect mid-range property types and seek to strip out the impact of dominant house typologies i.e. clusters of larger detached or smaller flatted properties.

4.35   As Figure 16 illustrates, there is a clear distinction between the higher house prices in the more central London Boroughs and Croydon and Sutton, which are on average much lower. This would suggest an alignment or convergence of markets. While Bromley and Tandridge also see lower prices than Central London the prices are still generally higher than in Croydon.

4.36   Within the Borough the prices in Central Croydon and around New Addington are lower than those at the very North and very South of the Borough. Again this reflects quality of place and direct transport links to Central London.

Figure 16: Average Semi-detached and Terraced House Price (2013)
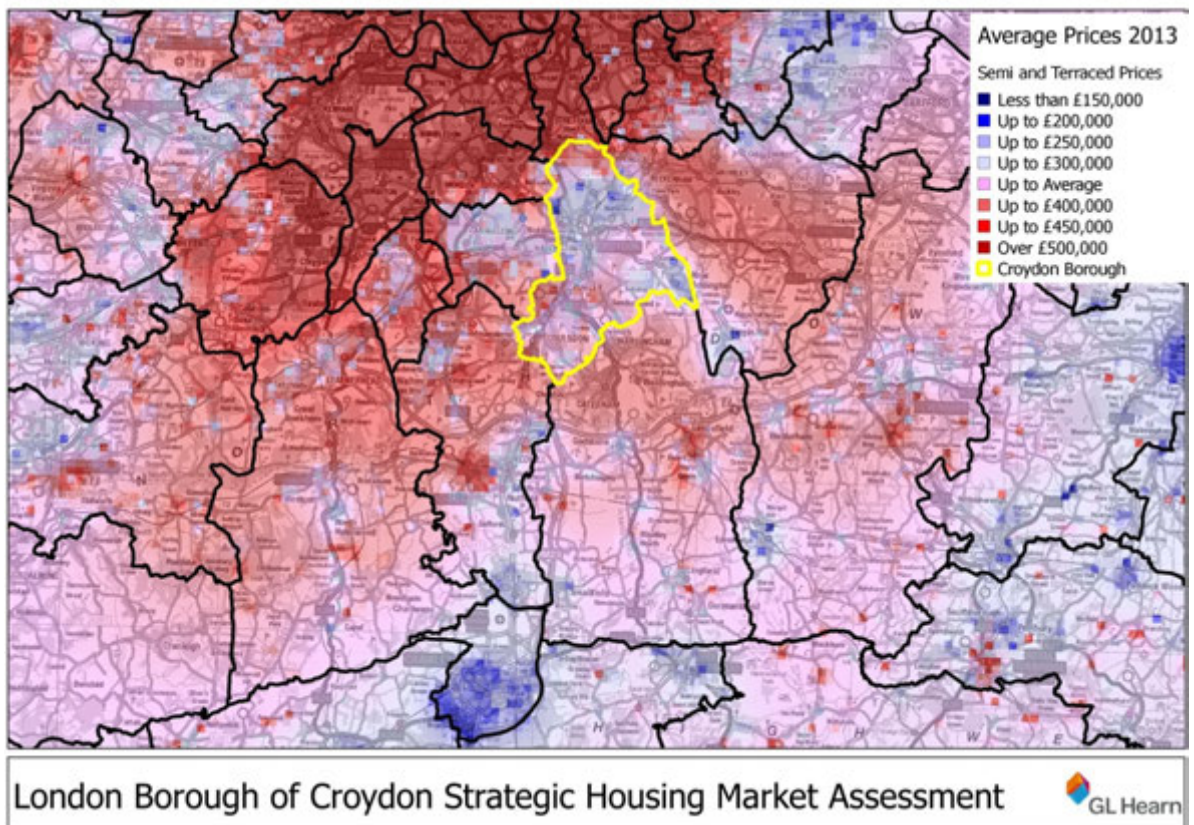
Source: HM Land Registry, 2014

4.37   By analysing the change in average all house prices between 2009 and 2013 at a postal sector level, we can again see a distinct pattern in Croydon compared to the Borough to the North.

4.38   The extent of house price growth aligns the Borough more with Sutton, Tandridge, Bromley and Reigate and Banstead. The only part of Croydon which has seen negative growth is around the centre and West of Purley.

Figure 17: Average House Price Change By Postal Sector (2009-2013)
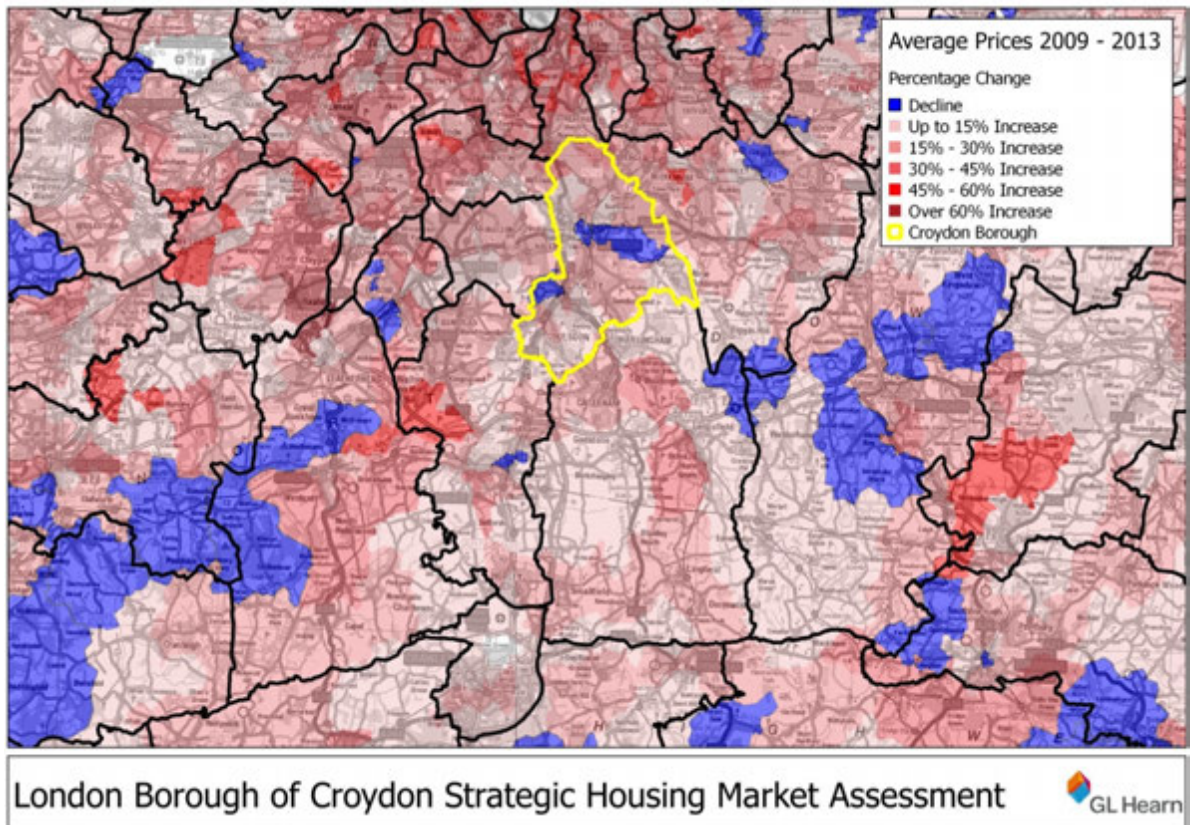
Source: HM Land Registry, 2014

Conclusions

4.39   Drawing together the evidence, in regard to both migration, commuting and house prices Croydon is clearly influenced by Greater London, suggesting that it still falls within the London Strategic HMA. The extent of which depends on the weight which is attributed to different data sources and levels of self-containment sought, but generally it extends well beyond the M25.

4.40   Whilst it is important to recognise the influence of London, and to take this into account in planning for housing, it is not however practical to develop an SHMA covering London and a significant proportion of the Home Counties. On this basis we consider that an SHMA should be prepared for the relevant Local Housing Market.

4.41   More widely the picture is one of a series of inter-connected local housing markets which reflect the density of transport networks, both road and rail. What is notable is that house prices are lower in Croydon than in most surrounding areas, particularly those to the north – potentially reflecting improved connectivity to Central London.

4.42   However strong links are still clearly evident between Croydon and Tandridge, Sutton, Bromley and Lambeth. The evidence points towards a strong set of relationships in regards to migration between Croydon and those authorities, although commuting patterns suggest that only Sutton and Tandridge are strongly aligned with Croydon. Finally only Sutton broadly aligns on review of house prices.

4.43   Taking account of the approach being adopted in surrounding areas, we consider that the preparation of a SHMA for Croydon alone would be appropriate. There is a potential case for including Tandridge and Sutton within this grouping, but recognising that these areas are more closely related to Reigate and Banstead and Epsom and Ewell respectively.

4.44   Given the inter-connected nature of housing markets in South London and Surrey, and the functional links between Surrey and Greater London, we would recommend that the findings of SHMA studies are brought together with wider evidence in considering supply-demand balance and finalising policies for housing provision. This may be easier to achieve with Sutton and the other London authorities where working groups already exist.

5   UNDERSTANDING CROYDON'S HOUSING MARKET

Croydon's Population

5.1   Croydon's population totals 372,750 persons in mid-2013[9]. Figure 18 indicates how Croydon's population has changed since 1981. The Borough's population fell by 1.5% between 1981-91, but then grew by 6.1% over the subsequent decade (1981-91). As the graph shows population growth has accelerated since 2006, driving an increase in population growth to 8.9% between 2001-11.

5.2   Indeed over the 2006-13 period, Croydon's population has increased by 32,400 with average annual growth of 1.3%.

Figure 18: Croydon's Population, 1981-2013
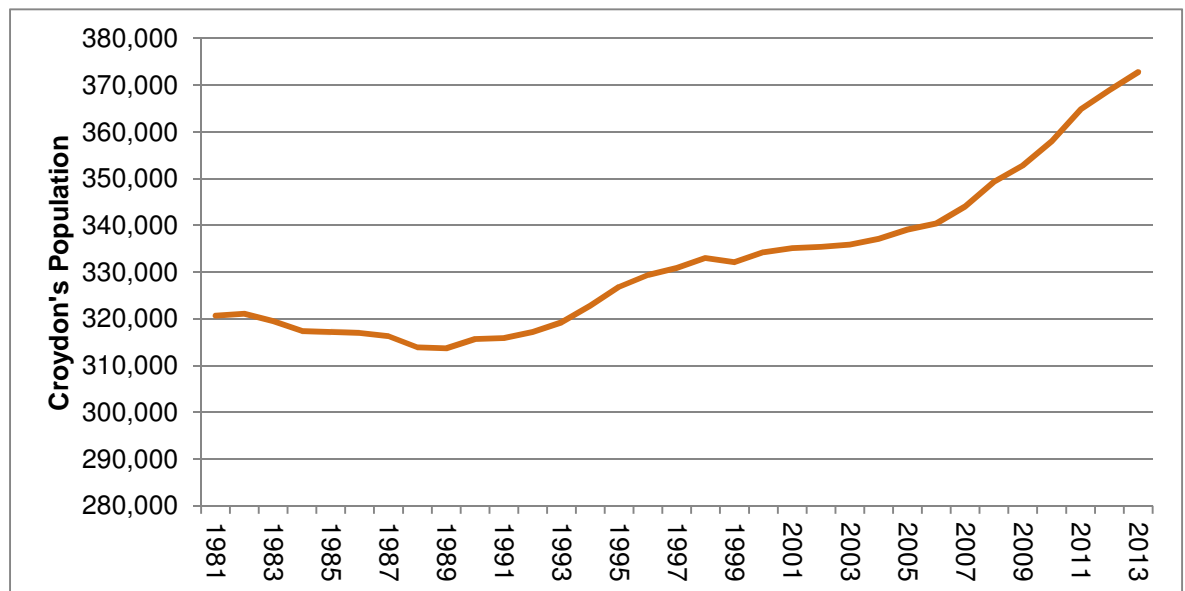
Source: ONS Mid-Year Population Estimates

5.3   This is a trend which is not specific to Croydon, but has been seen across London. Figure 19 tracks population growth since 2001 in Croydon and London. Whilst Croydon has seen more modest growth than other parts of London over this period, this principally reflects slower growth between 2001-6. Population growth since 2006 has closely tracked London-wide growth rates.

5.4   The trend is relatively consistent with that across London. London's population declined after the Second World War but has been increasing since 1981 – slowly at first, but at an increasing rate.

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[9] ONS 2013 Mid-Year Population Estimates

Figure 19: Population Growth from 2001
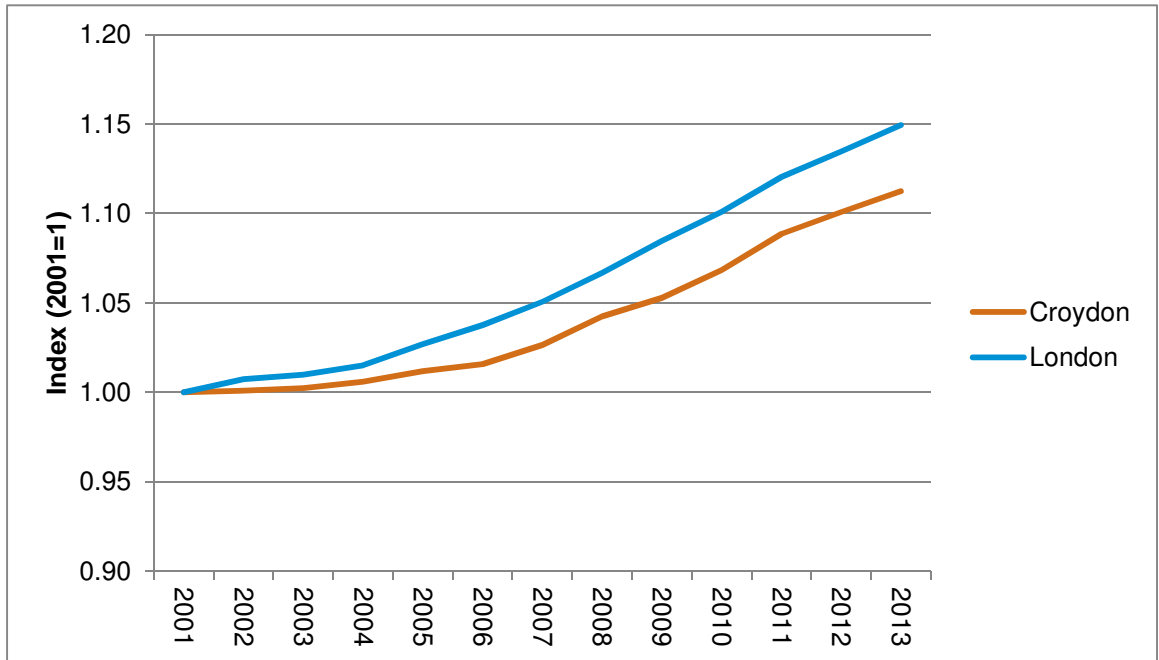
Source: ONS Mid-Year Population Estimates

5.5   The Borough's population structure differs from that of London as a whole. The Borough has a lower proportion of people in their 20s and 30s, but a higher proportion of people aged over 45 and under 18. The profile partly reflects its location within London, and for instance we would expect Inner London Borough's to have greater proportions of people in their 20s and 30s – whereas areas such as Croydon see greater representation of middle aged families with children.

Figure 20: Population Profile, 2013
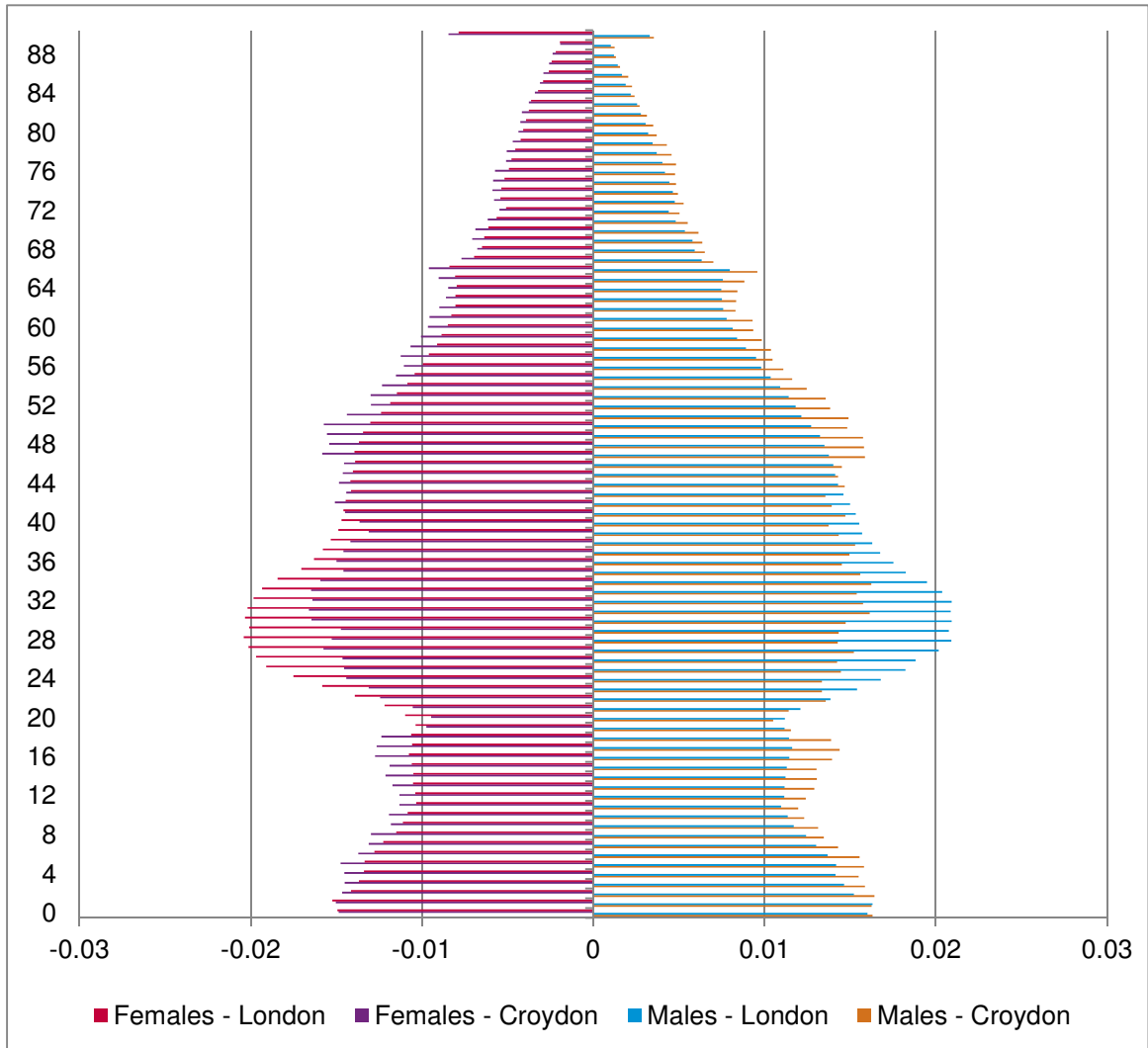
Source: ONS 2013 Mid-Year Population Estimates

5.6   The ethnic makeup of the borough differs from that of the Outer London boroughs[10] or London as a whole. Croydon has a smaller proportion of respondents identifying as 'White, Other'. As a result the borough has a slightly lower white population than seen in London or the outer boroughs as a whole. The borough is home to a proportionally large black population which makes up a larger proportion of the population than seen in the Outer London boroughs or London as a whole. Croydon also has a higher proportion of respondents who identify as 'Mixed/Multiple Ethnic Groups'.

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[10] The definition of Outer London boroughs taken from Census 2011 includes: Barking and Dagenham, Barnet, Bexley, Brent, Bromley, Croydon, Ealing, Enfield, Greenwich, Harrow, Havering, Hillingdon, Hounslow, Kingston upon Thames, Merton, Redbridge, Richmond upon Thames, Sutton, Waltham Forest.

Figure 21: Ethnicity
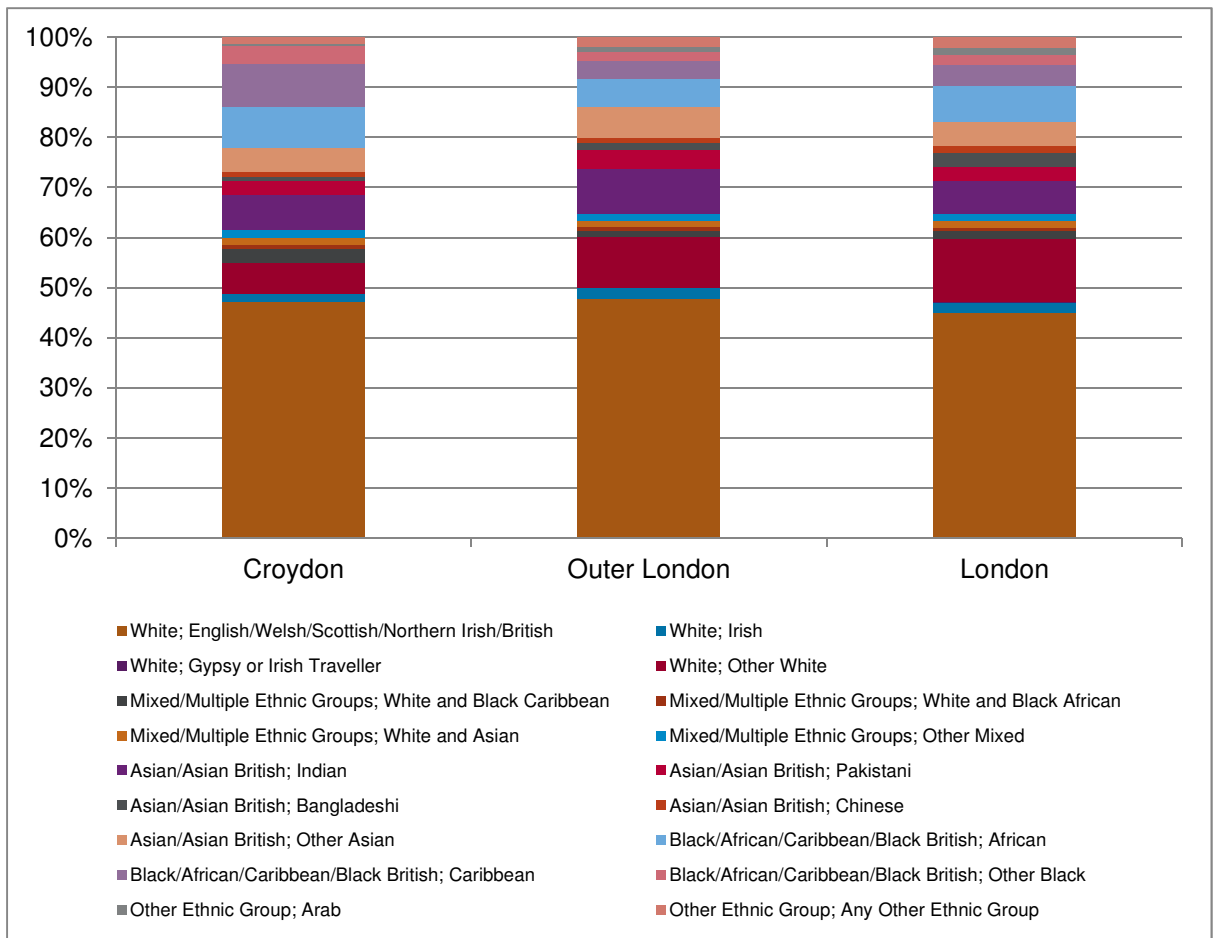
Source: 2011 Census

5.7   Figure 22 shows that 30% of households in the borough are single person households. 35% of households in the borough have dependent children and 23% comprise a couple with no dependent children. The household breakdown in Croydon is generally similar to that seen across London. However, there are a greater proportion of lone parent households with dependent children in the borough (12%) than seen in Outer London or London as a whole (both 9%).

Figure 22: Household Types
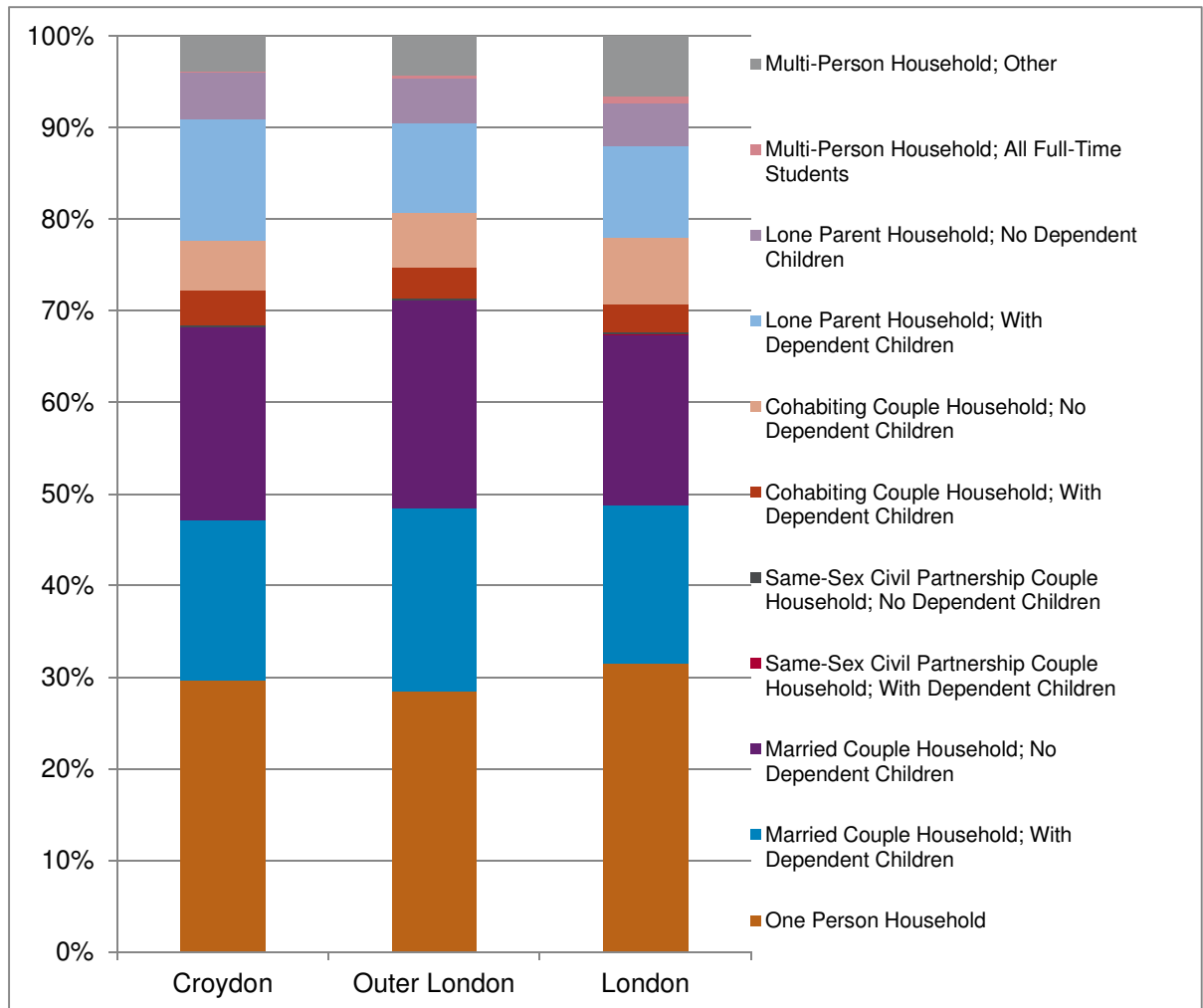
Source: Census 2011

5.8   Since 2001 Croydon has seen a growth in the number of households with an additional 6,011 households living in the borough by 2011, which is equivalent to 4.3% of the borough's 2001 population. By comparison, Outer London saw a 5.9% increase in household numbers and London as a whole saw an 8.3% increase over this period.

5.9   Over this period there has been a general decrease in the number of 'traditional' households – married couples and one person households, and an increase in the less 'traditional' household types. Over this period there has been a large increase in the number of lone parent households with dependent children and a smaller but still significant growth in the number of lone parent households with no dependent children. There has been a notable decrease in the number of one person households. However, 'traditional' households still make up the majority of households in

the borough. Though this trend is seen across London as a whole, the change has been proportionally larger in Croydon.

Figure 23: Household Growth, 2001-2011
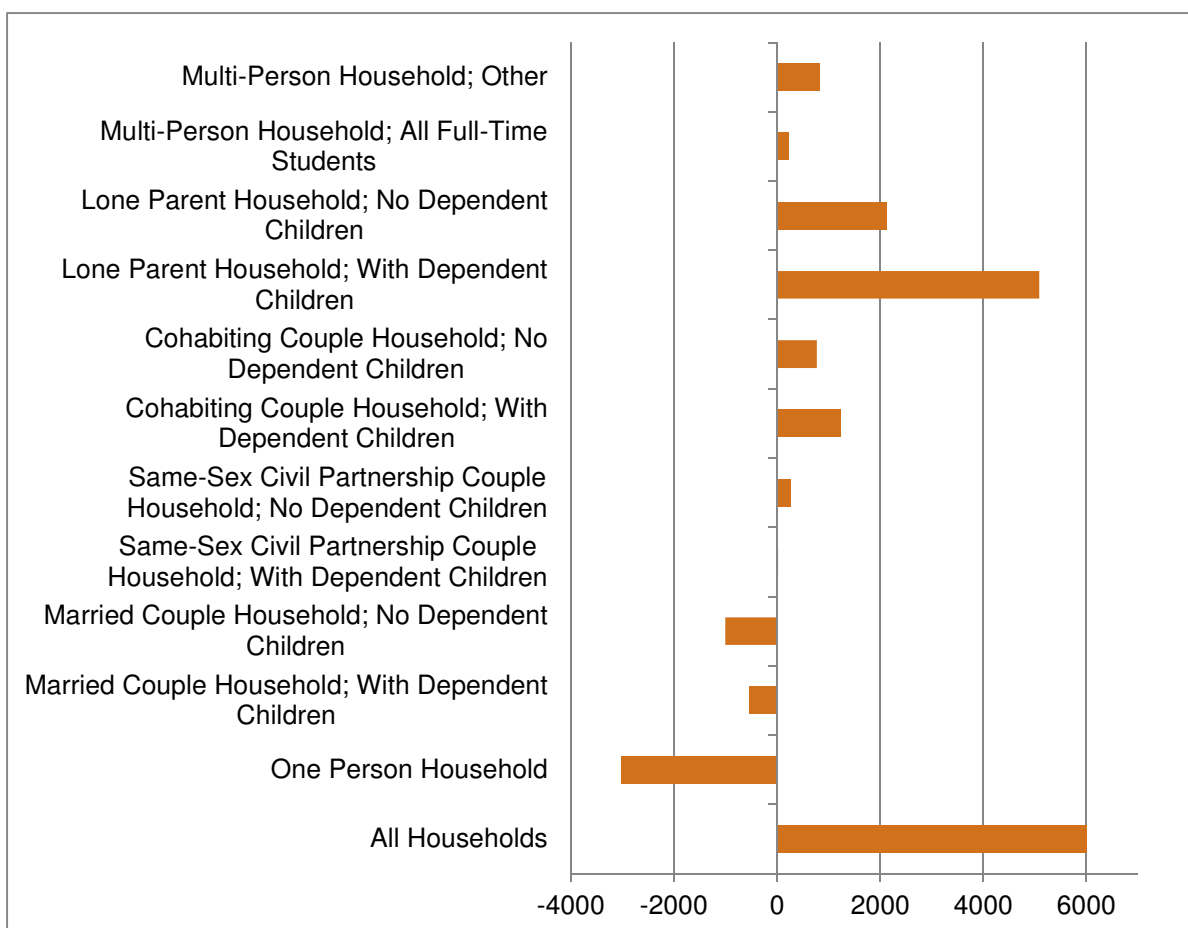
Source: Census 2011

5.10   Figure 24 shows the occupational profile of Croydon as a percentage of the working age population currently employed in each of the 9 major occupation groups. In comparison to Outer London and London as a whole Croydon has a smaller proportion of the population employed in the occupation groups 1 (managers, directors, and senior officials), 2 (professional occupations), and 3 (associate professional and technical occupations). Conversely, Croydon has a higher proportion of the population employed in groups 4 through 7 (administrative and secretarial; skilled trades; caring, leisure, and other services; sales and customer services).

Figure 24: Occupational Profile
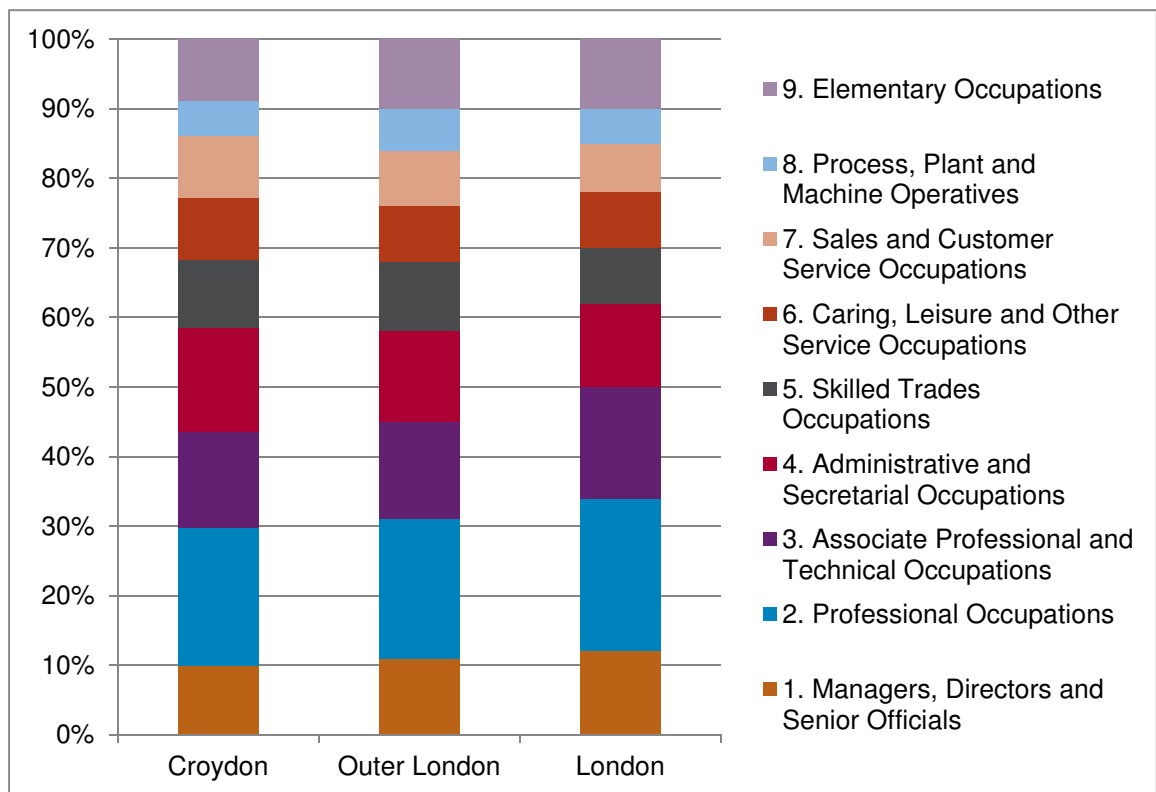
Source: 2011 Census

5.11   This is related in part to lower levels of education in the borough than seen elsewhere in London. Figure 25 shows the highest level of qualification attained by residents in the borough and shows that Croydon has a higher proportion of its population with lower levels of qualification than elsewhere in London. For example, a greater proportion of Croydon residents list GCSEs (or equivalent qualification) as their highest level of qualification, and of these Croydon has a greater proportion of residents who did not achieve at least 5 A*-C grades. Croydon also has proportionally fewer residents who have qualifications at degree or higher degree level.

Figure 25: Qualifications
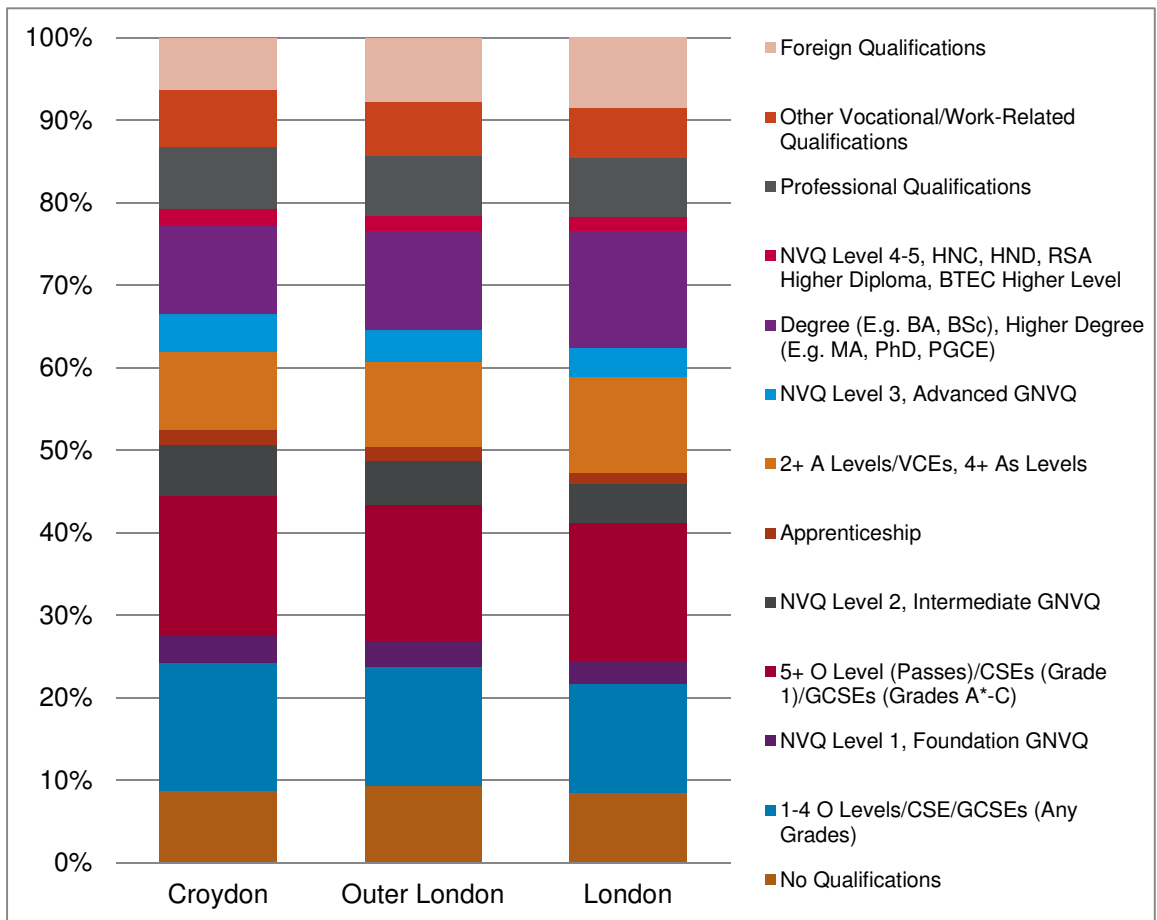
Source: 2011 Census

5.12   Figure 26 shows employment levels as a percentage of the economically active population, which is those of working age who are either in employment, or not in employment but seeking work. Figure 26 shows that employment levels in Croydon is 87% - similar to those seen across London, albeit there are slightly more employees and slightly fewer self-employed in Croydon. Unemployment in Croydon is 8%, 1% higher than the London average.

Figure 26: Employment
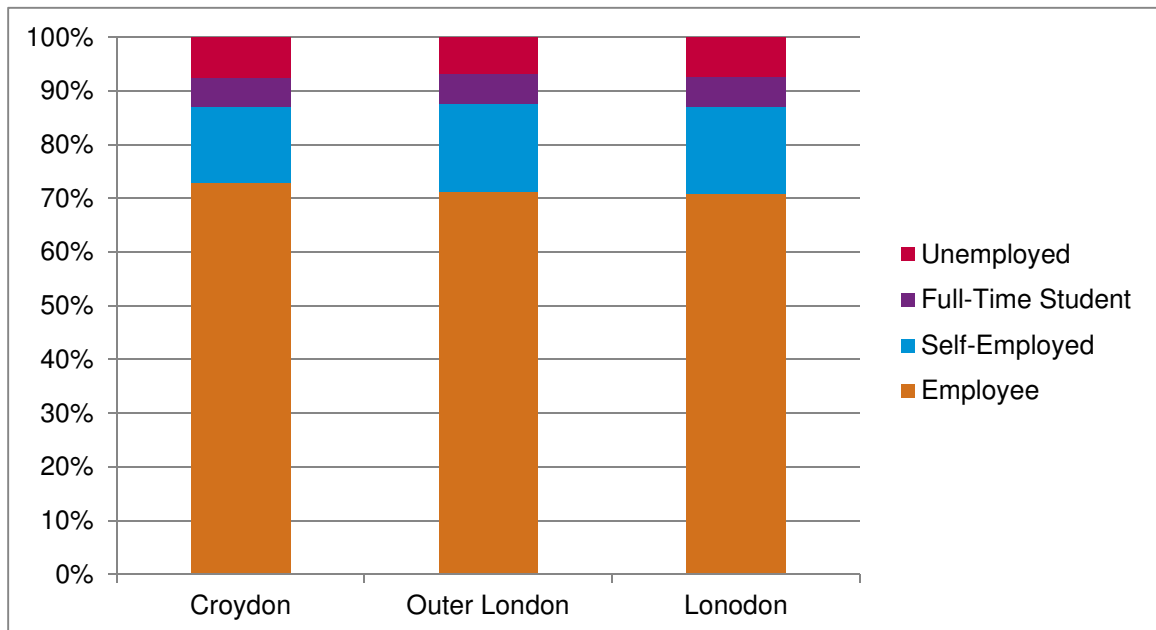
Source: 2011 Census

5.13   Croydon residents in full-time employment earn an average gross weekly pay of £570 (equivalent to £29,640p.a.). This is lower than the average of the Outer London boroughs (£600 per week) and London as a whole (£613 per week). Croydon figures are closer to the UK average (£559 per week). The difference between male and female earnings is particularly stark in Croydon with male residents earning similar to London averages while the average female earnings are £144 per week (22%) lower – equivalent to £62 per week less than London female average.

Figure 27: Earnings by Residence (2013)

Source: ONS, 2013

5.14 The average gross weekly pay of workers working in Croydon is £582.50 which is slightly higher than the average of the Outer London boroughs but is well below the average of London as a whole which is skewed by central London wages. The average earnings by workplace figure are slightly higher than the earnings by residence indicating a leakage of high paying employment to workers coming from outside the borough.

Figure 28:   Earnings by Workplace (2013)

Source: ONS, 2013

Housing Stock and Supply Trends

5.15   Croydon has a total dwelling stock of 149,700 which is the highest of all of the London boroughs. The vast majority of the stock in Croydon is in private sector ownership. The tenure split in Croydon is similar to that seen across the Outer London boroughs, which is more weighted towards private sector dwellings than London as a whole.

Table 5:   **Dwellings by Tenure Type**

	Local Authority Owned	**Private Registered Provider**	**Other public sector**	**Private sector**	**Total Stock**
Croydon	9.4%	8.0%	0.0%	82.6%	149,700
Outer London	8.3%	8.7%	0.4%	82.5%	1,969,890
London	12.0%	11.5%	0.6%	75.9%	3,404,070

Source: CLG, 2013

5.16   2011 Census data can be used to provide a more detailed breakdown of the housing stock by tenure type. Owner occupation is the most common tenure type in the Borough accounting for 59% of households, with private rented accounting for 21% of households, and social rented 18%. These proportions are identical to those seen across the Outer London boroughs. Across London as a whole owner occupation is lower with the rental (social and private) markets considerably higher.

Table 6:   **Households by Tenure Type**

Number	**All Households**	**Owned; Total**	**Shared Ownership**	**Social Rented; Total**	**Private Rented; Total**	**Living Rent Free**
Croydon	145,010	85,230	1,855	25,887	30,472	1,566
Outer London	1,902,356	1,119,737	21,489	339,178	400,012	21,940
London	3,266,173	1,576,207	42,108	785,993	819,085	42,780
Percent	**All Households**	**Owned; Total**	**Shared Ownership**	**Social Rented; Total**	**Private Rented; Total**	**Living Rent Free**
Croydon	100%	59%	1%	18%	21%	1%
Outer London	100%	59%	1%	18%	21%	1%
London	100%	48%	1%	24%	25%	1%

Source: Census, 2011

5.17   The percentage of properties in Croydon under owner occupation fell between 2001 and 2011. At 6% the fall in Croydon was greater than the fall seen in the Outer London boroughs or London as a whole. The private rented sector in London grew during this period – the 8% increase in Croydon was lower than that seen elsewhere. However, the social rented sector growth was larger than seen elsewhere.

Table 7:   **Households by Tenure Type, % change 2001-2011**

	All Households	Owned; Total	Shared Ownership	Social Rented; Total	Private Rented; Total	Living Rent Free
Croydon	4%	-6%	0%	2%	8%	0%
Outer London	6%	-4%	0%	1%	9%	0%
London	8%	-3%	0%	0%	11%	0%

Source: Census, 2001 & 2011

5.18   63% of the housing stock in Croydon is made up of houses (26% Terraced, 25% Semi-detached, 12% detached) with flats comprising 35%. This is a higher proportion of flats than seen on average representing the urban nature of the district. The makeup of housing types in Croydon is similar to that seen across the Outer London boroughs. There is a marked difference between Outer London figures and London as a whole which is more dominated by flats.

Figure 29: Housing Types, % of Dwellings (2011)
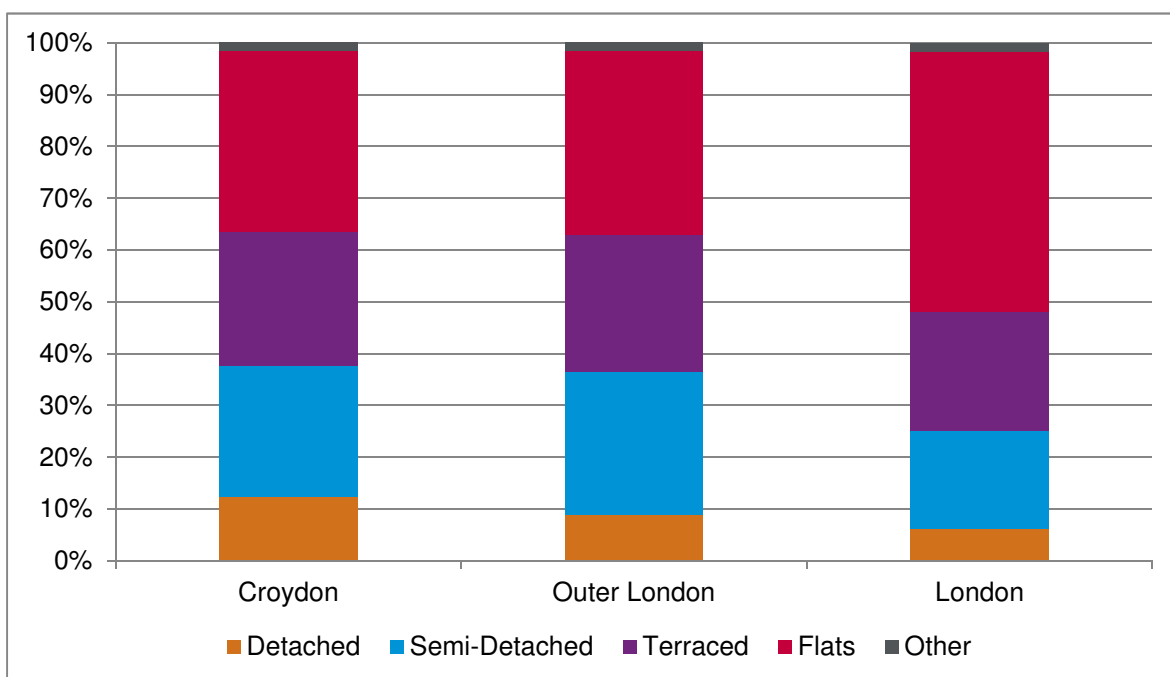
Source: 2011 Census

5.19   The percentage of 1 bedroom properties in Croydon is 17%, 29% having two bedrooms, 37% have 3 bedrooms, 13% have 4 bedrooms, and 4% have 5 or more bedrooms. These figures show a greater proportion of 1 and 2 bedroom properties than the national average and fewer larger properties. Again, the proportions in Croydon are similar to those seen across the Outer London boroughs, however there is a marked difference with the figures for London as a whole which has a greater proportion of 1 and 2 bedroom properties and fewer larger properties.

Figure 30: Dwelling Size by Number of Bedrooms (2011)
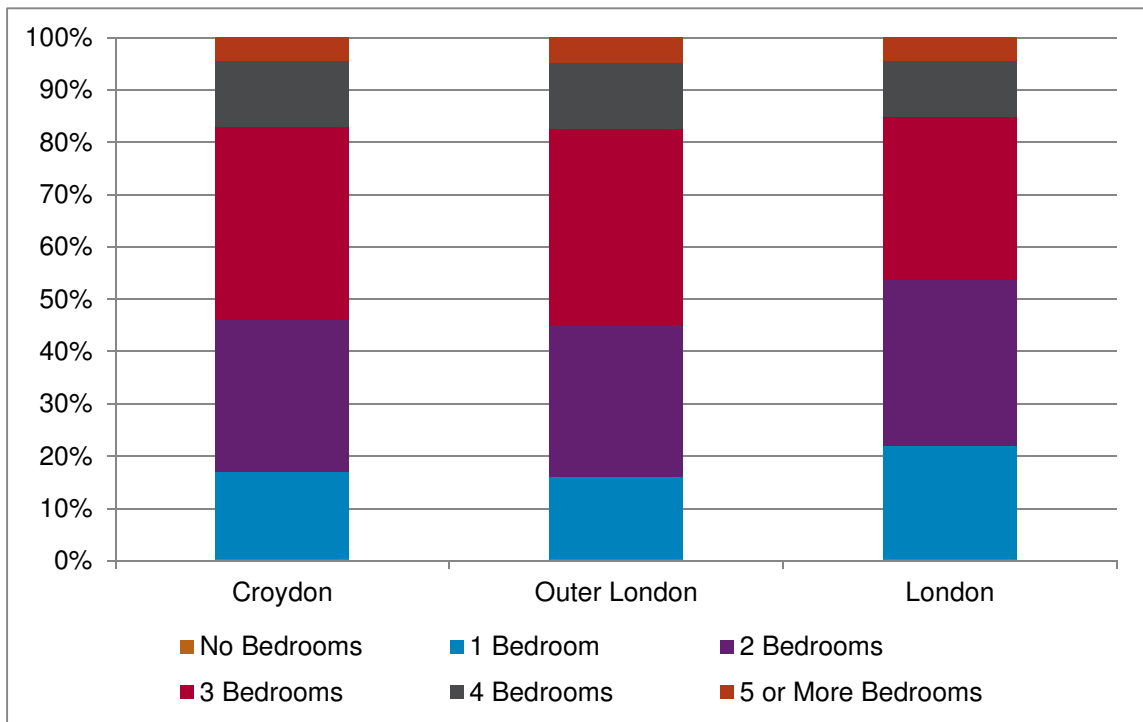
Source: 2011 Census

5.20   By cross referencing tenure by household size it's clear that the majority of rented accommodation is 1-3 bedrooms in size, only 6% of rented properties having 4 or more bedrooms. In the social rented sector 29% of properties were 1-bedroom, 36% 2-bedroom, 30% 3-bedroom, 4% 4-bedroom, and 1% 5 or more bedrooms.

5.21   Conversely, the vast majority of properties with a larger number of bedrooms are under private ownership. 85% of 4 or more bedroom dwellings are under private ownership, compared to only 16% of 1 bedroom properties.

5.22   The correlation between property size and tenure paints a picture of Croydon as having a higher than average proportion of smaller rental properties with fewer large properties under private ownership. This pattern is representative of the urban nature of the district and a similar pattern is generally seen across the boroughs of Outer London. London as a whole has a notably higher proportion of smaller rental properties, indicating a more pronounced urbanism. Considering the London data includes Outer and Inner London boroughs, this points towards further extremes in the Inner London districts.

Figure 31: Tenure Type by Dwelling Size, 2011

	1 bedroom	2 bedrooms	3 bedrooms	4 bedrooms	5 or more bedrooms
■ Private rented: Other private rented or living rent free	742	1,148	988	290	108
■ Private rented: Private landlord or letting agency	9,947	11,218	5,764	1,291	542
■ Social rented: Total	7,449	9,370	7,675	1,144	249
■ Owned or shared ownership: Total	6,473	20,490	38,957	15,587	5,578
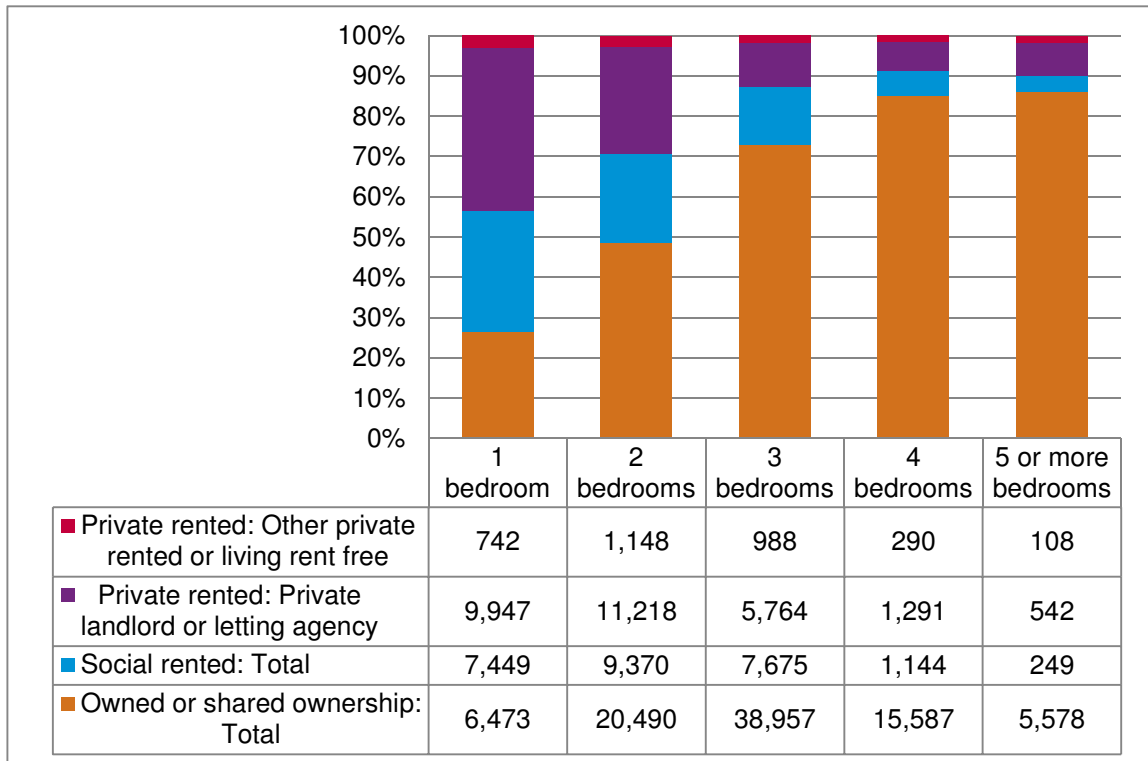
Source: 2011 Census

5.23   Croydon has a greater proportion of properties within Council Tax Bands B and Band C and a smaller proportion in Bands D and E than is seen across the Outer London Boroughs. This indicates that although Croydon has similar housing mix characteristics, in terms of housing stock, to the other Outer London Boroughs values at the time of calculation were generally lower.

Figure 32: Dwelling % by Council Tax Band
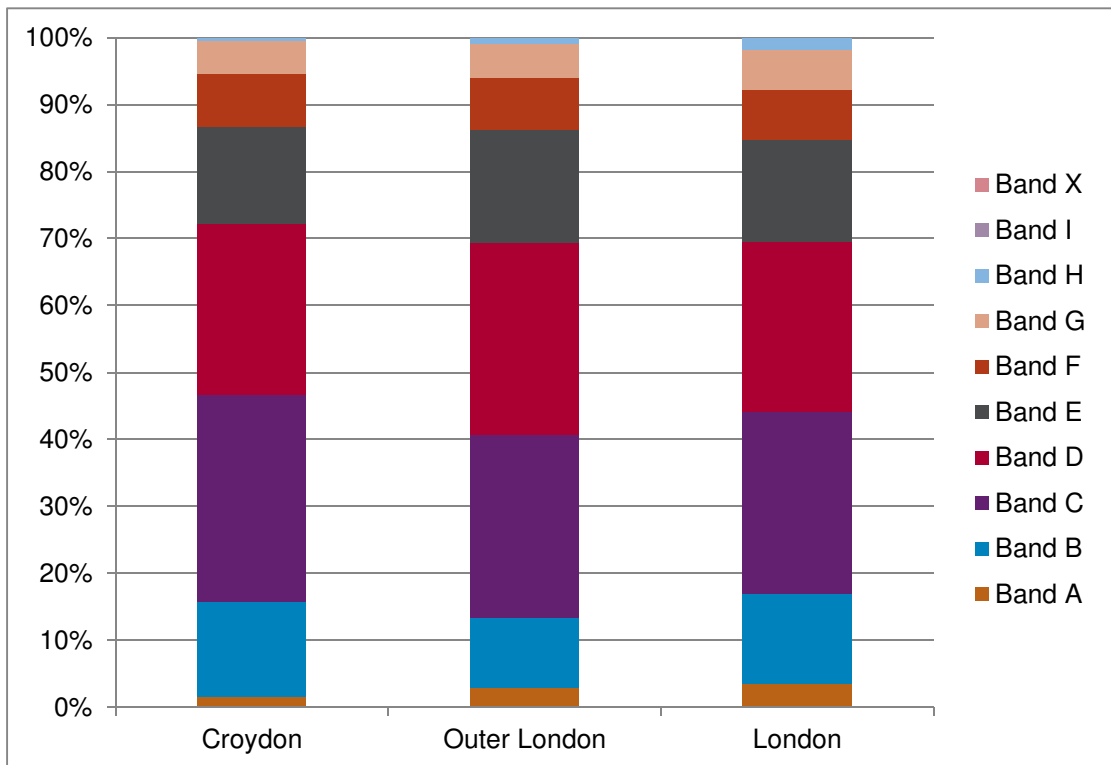
Source: 2011 Census

6 HOUSING MARKET DYNAMICS AND MARKET SIGNALS

6.1 In line with the Planning Practice Guidance, we have sought to analyse in detail the housing market dynamics. This section, initially reviews housing market dynamics including national and macro-economic drivers. This is then developed at a HMA and district level with quantitative analysis of local prices, sales volumes and affordability.

Overview of the Housing Market and Economy

Conceptual Framework

6.2 It is important to understand that the housing market is influenced by macro-economic factors, as well as the housing market conditions at a regional and local level. There are a number of key influences on housing demand, which are set out in the diagram below:

Figure 33: Understanding Housing Demand Drivers
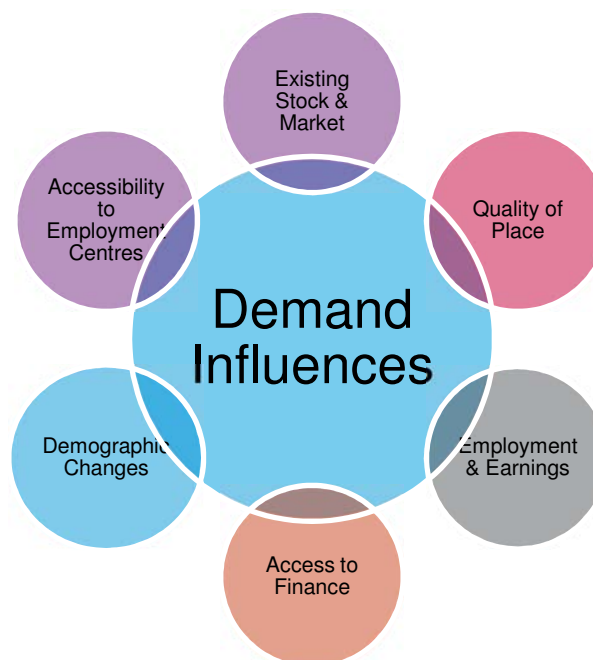
Source: GLH

6.3 At the macro-level, the market is particularly influenced by interest rates and mortgage availability, as well as market sentiment (which is influenced by economic performance and prospects at the macro-level). In the recent recessionary period, these macro conditions have been particularly prominent in driving the housing market.

6.4 The market is also influenced by the economy at both regional and local levels, recognising that economic employment trends will influence migration patterns (as people move to and from areas

to access jobs) and that the nature of employment growth and labour demand will influence changes in earnings and wealth (which influences affordability).

6.5   Housing demand over the longer-term is particularly influenced by population and economic trends: changes in the size and structure of the population directly influence housing need and demand, and the nature of demand for different housing products.

6.6   There are then a number of factors which play out at a more local level, within a functional housing market and influence demand in different locations. The importance of these local factors is perhaps more pronounced in stable or healthy economic times, when mortgage availability and market liquidity are far less of a constraint on activity. Local factors include:

- quality of place and neighbourhood character;
- school performance and the catchments of good schools;
- the accessibility of areas including to employment centres (with transport links being an important component of this); and
- the existing housing market and local market conditions.

6.7   These factors influence the demand profile and pricing within the market. At a local level, this often means that the housing market (in terms of the profile of buyers) tends to be influenced and consequently reinforce to some degree the existing stock profile. However, regenerative investment or delivery of new transport infrastructure can influence the profile of housing demand in a location, by affecting its attractiveness to different households.

6.8   Local housing markets or sub-markets are also influenced by dynamics in surrounding areas, in regard to the relative balance between supply and demand in different markets; and the relative pricing of housing within them. Understanding relative pricing and price trends is thus important.

Understanding the Macro-Level Dynamics

6.9   Macro conditions have been a particular driver of housing markets nationally over recent years. Since the initiation of the credit crunch in 2007/8, the economy has gone through a long and deep economic recession, and has subsequently started recovery. The momentum of economic recovery is now improving with the UK economy out-performing many of its international peers.

Figure 34: UK Economic Growth, 2007-2013
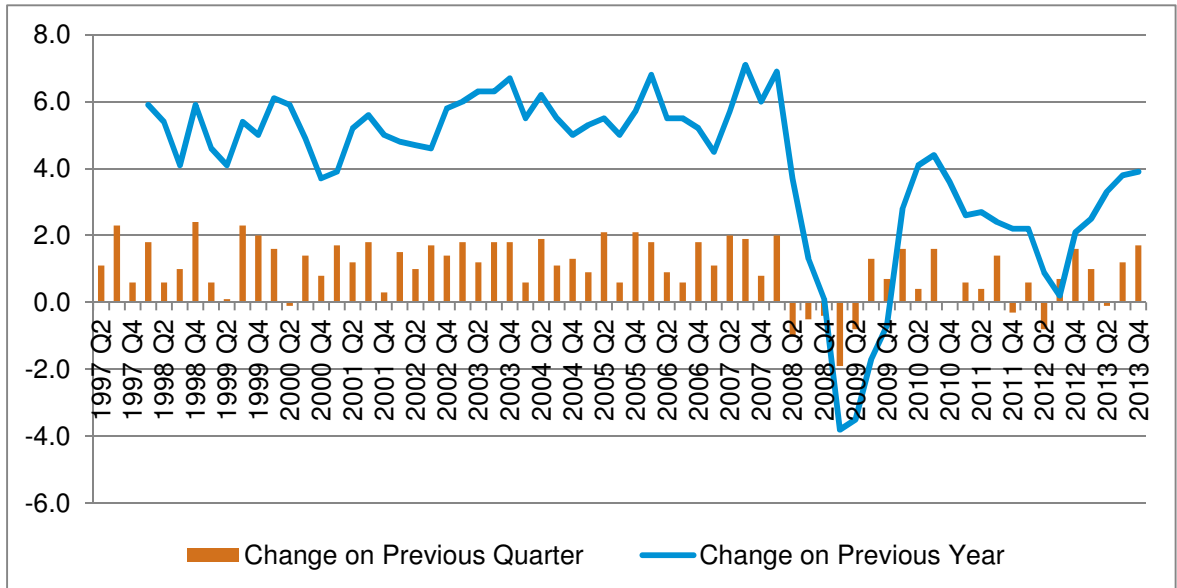
Source: ONS

6.10   One of the key triggers to the recent economic difficulties on an international level was the 'credit crunch.' The downturn in the world economy was led to a large extent by the sub-prime lending crisis in the United States: this crisis has generated a fundamental shift in not only interbank lending but more significantly, attitudes towards customer lending (including home purchasers, landlords and developers). Banks sought to increase the inter-bank lending rate (LIBOR) and sought to adjust their exposure to risk by adopting much more cautious lending practices. This sharply reduced liquidity in the financial markets and credit available and in tightening lending criteria for current and prospective homeowners. This tightening of lending criteria increased 'barriers' to entry for marginal mortgage applicants by reducing loan to value ratios (LTVs), increasing costs associated with obtaining mortgages and reducing the income multiples accepted.

6.11   The tight lending criteria initiated by the credit crunch have continued to have an impact on mortgage lending over the last four years, with households' ability to obtain mortgage finance functioning as a notable constraint on effective demand for market homes. However as the economy has begun to pick up, confidence has returned to the housing market. Housing market recovery has also been buoyed by the Government-backed Help-to-Buy Scheme.

6.12   As the figure below demonstrates, there is virtually no evident recovery in lending since 2010; with trends flat during the past few years. There are however signs of mortgage lending picking up in 2013, particularly owing to Government-backed schemes.

Figure 35: Trends in Gross Mortgage Lending
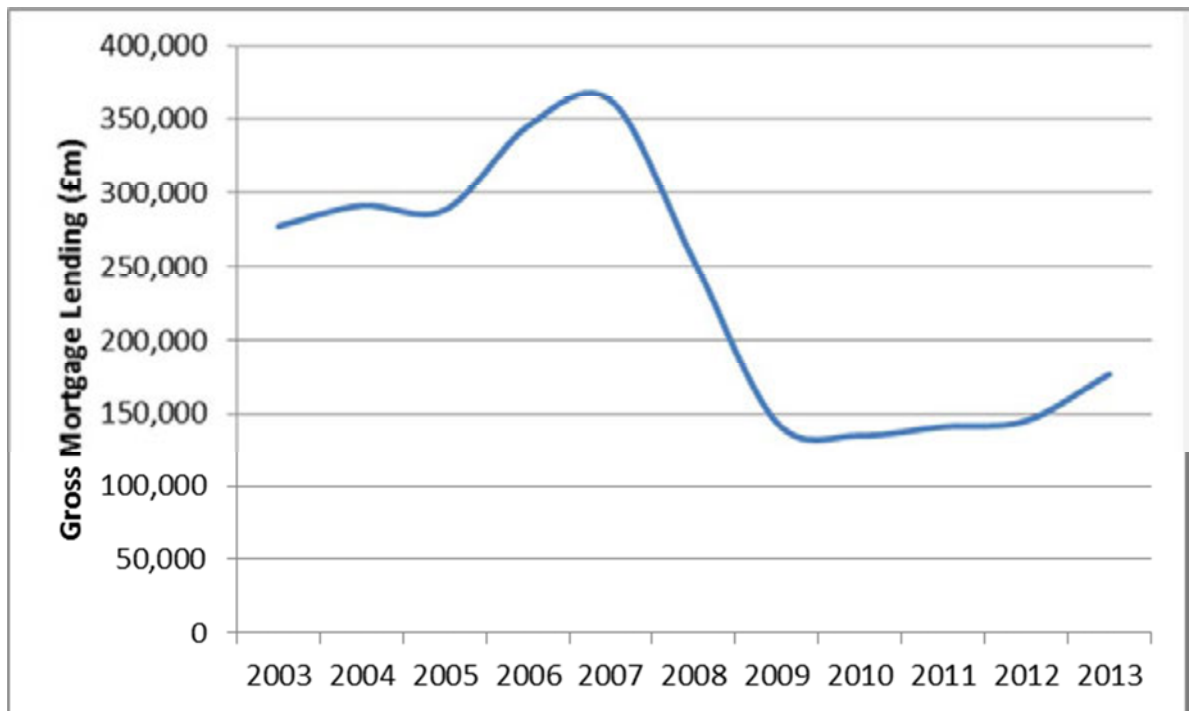
Source: Council for Mortgage Lenders 2013

6.13   Lending in Q1 2014 according to the CML was 36% up on Q1 2013, highlighting the recovery in the market.

6.14   The impact of the credit crunch on first-time buyers (FTB) has been particularly notable. Average loan-to-value ratios fell sharply post-2008 and currently stand at 80% (March 2014).

Figure 36: First-Time Buyer Numbers
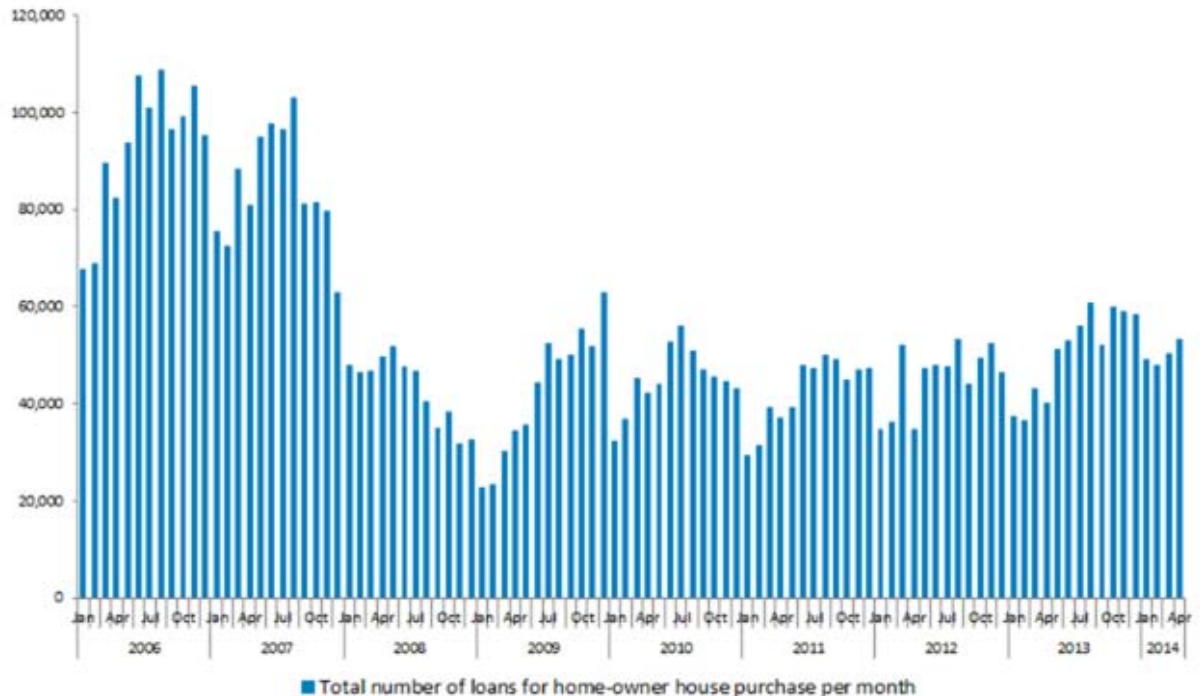
Source: Council for Mortgage Lenders

6.15   Key issues affecting the ability of households and investors to secure mortgage finance are:

- Savings and Capital: the ability to raise a deposit;
- Earnings and Interest Rates: affecting the ability to afford repayments;
- Lending Criteria: key criteria which have to be met to secure finance.

6.16   The typical first-time buyer income multiple in April 2014 was 3.42 times their gross income. Low mortgage interest rates have kept borrowers' payment burden low. First-time buyers spent 19.4% of gross income on capital and interest payments. As the figure overleaf indicates first-time buyer numbers have been gradually increasing but remain below levels pre-2007.

6.17   Market sales are also influenced by investment activity - that is properties bought to be rented privately. The buy-to-let sector continues to grow, with the Council for Mortgage Lenders indicating that the number of new buy-to-let loans in the first quarter of 2014 was slightly up on the fourth quarter of 2013 to 47,000, up 1% on the previous quarter and 46% on the first quarter of 2013.

Figure 37: Trends in Buy-to-Let Lending
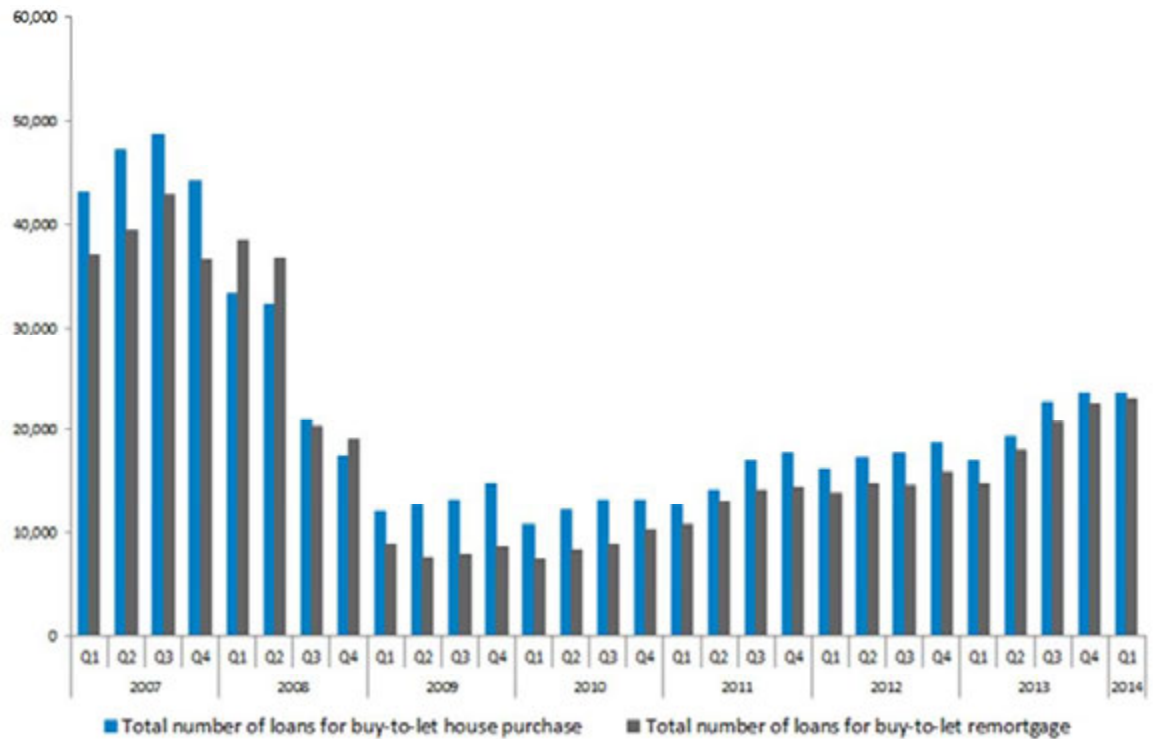
Source: Council for Mortgage Lenders

Local Demand Indicators and Market Signals

House Prices

6.18   Across Croydon, the average (mean) house price (Jan 2013 – Apr 2014) is slightly above £275,000 whilst the median is £242,500. These figures are below the average values across the outer London boroughs where the mean house price is slightly above £365,000 and the median is £283,000. Croydon ranks 16th out of the 19 Outer London boroughs in both mean and median values. Median values range from £185,000 (Barking and Dagenham) to £475,000 (Richmond on Thames) with mean values ranging from £191,341 to £655,647 respectively.

Figure 38: Average House Prices in Outer London Boroughs (April, 2014)

	Median House Prices	Mean House Prices
■ Lowest of the Outer London Boroughs	£185,000	£191,341
■ Croydon	£242,500	£275,134
■ Average of the Outer London Boroughs	£283,000	£365,176
■ Highest of the Outer London Boroughs	£475,000	£655,647
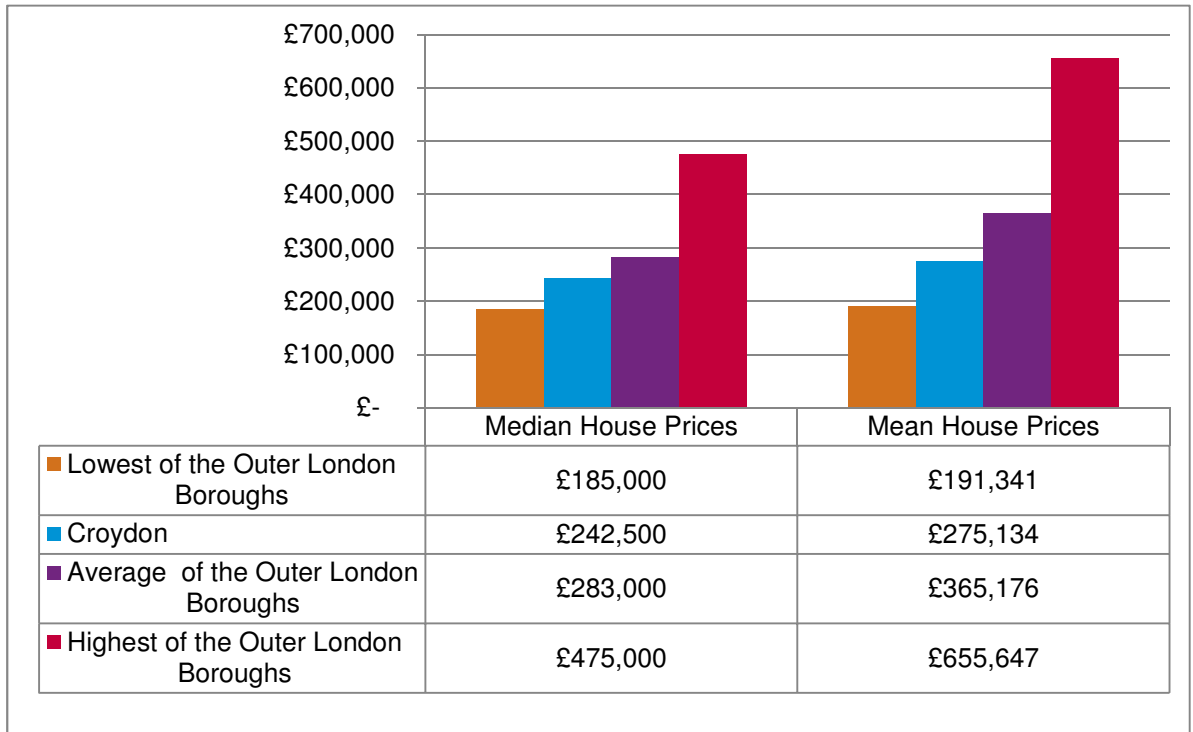
Source: GLH Analysis: Land Registry Price Paid Data

6.19   The figure overleaf profiles house prices in Croydon, the Outer London boroughs, and London as a whole from 1998 to 2007 (i.e. the pre-recession decade). This shows that house price levels in Croydon has been consistently below those seen elsewhere in London. Over the decade median prices in Croydon have risen from £74,000 to £229,950 – an increase of £155,950 (211%). Over this period, median prices across outer London rose by £165,000 (194%), across London as a whole by £180,000 (200%), and across England by £117,000 (186%). The result has been a widening of the gap in house prices between these areas during this period.

Figure 39: Median House Price (1998-2007)
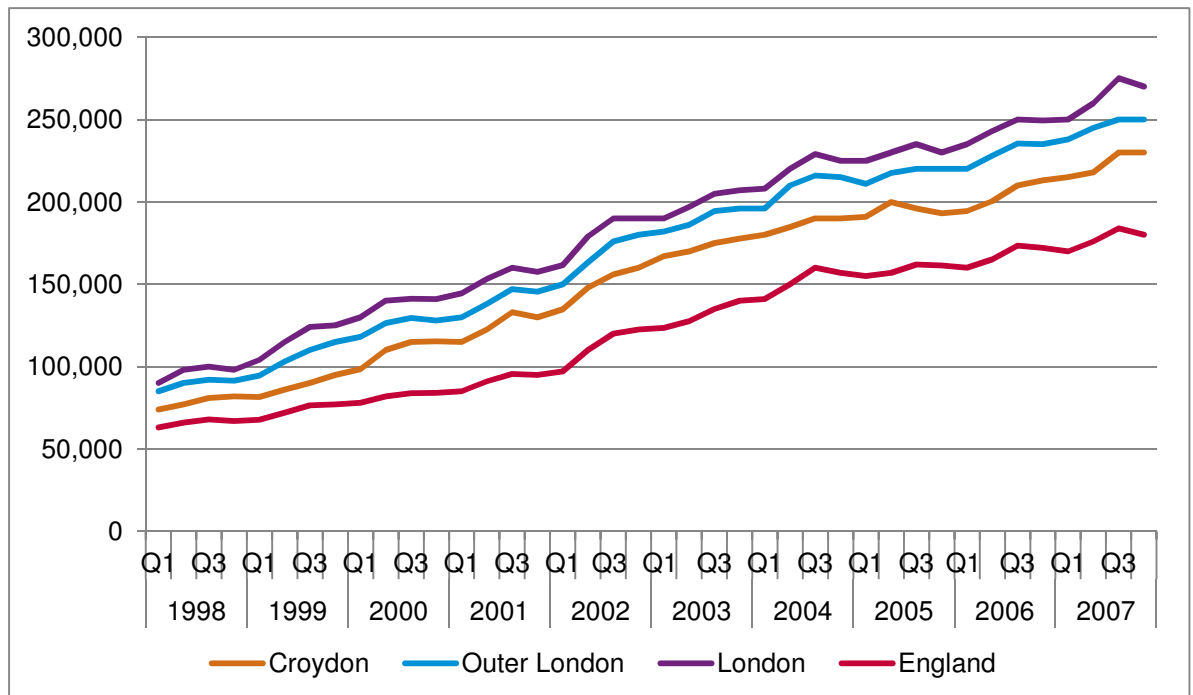
Source: DCLG Live Tables: Land Registry Data

6.20   Since 2007, trends in house prices have understandably been very different due to the economic backdrop. Croydon posted notable price falls in late 2008 into 2009 at the onset of the recession, as was the case regionally and nationally. However, as prices in other areas started to 'bounce back' in 2009, the Croydon market was slower to recover reaching pre-recession levels by late 2010 before falling away again. By comparison house prices across outer London reached pre-recession levels by early 2010, while prices across London as a whole reached pre-recession levels by late 2009. Further to this, figure 40 shows that prices in these areas have continued to grow.

6.21   Prices in Croydon remained around or below 2007 levels at the second quarter of 2013 are the same as Q1 2008 levels. The result has seen the price gap between Croydon and other London boroughs widen further.

6.22   All three areas have seen significant growth in median house prices since Q3 2013. As a result the
most recent median sales date in Croydon show prices higher than they have ever been before.

Figure 40: Median House Price (2008-2013)
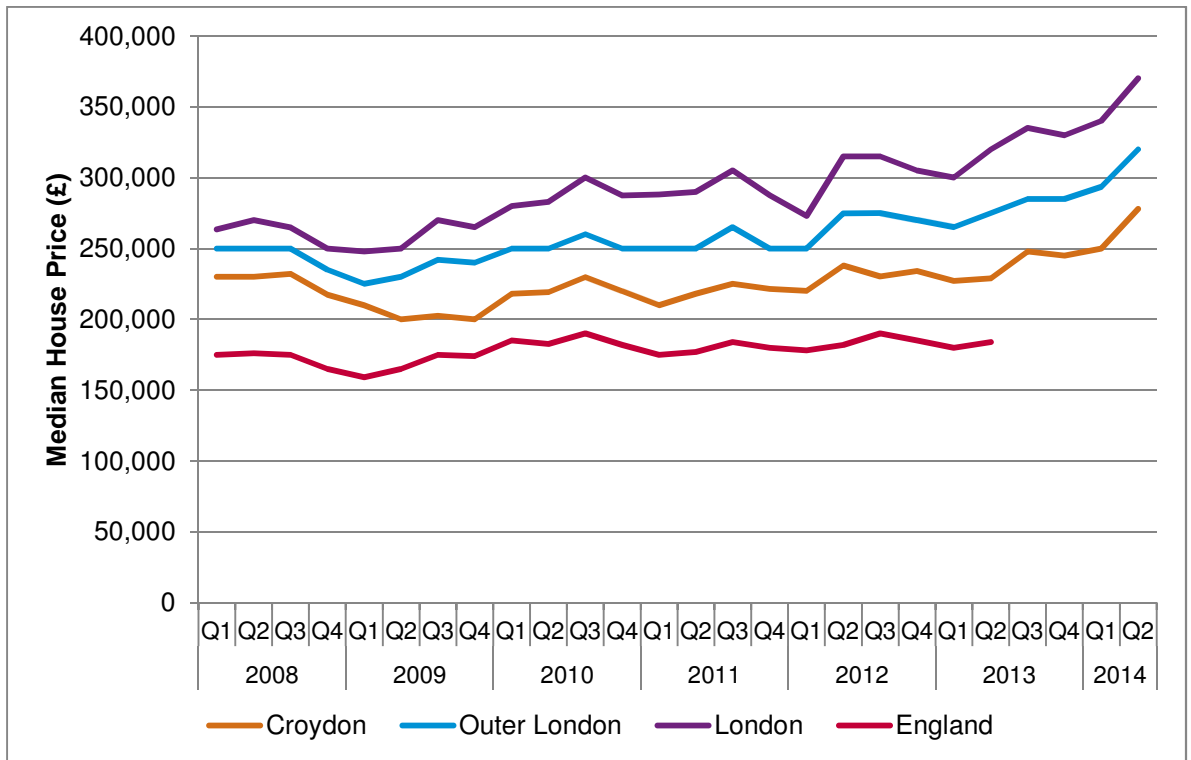
Source: DCLG Live Tables: Land Registry Data

Sales Volumes and Effective Demand

6.23   Sales volumes are an important indicator of effective demand for market housing. We have
benchmarked sales performance against long-term trends to assess relative demand. Figure 41
benchmarks annual sales across Croydon, London, and nationally over the period 1998 to 2012. It
uses an index where 1 is the average annual sales over the pre-recession decade 1998-2007.

6.24   As illustrated in figure 41 sales volumes nationally experienced a significant drop between 2007 and
2008. Whilst the general trend in London has seen sales volumes 'bounce back' slightly, sales
volume in Croydon has remained roughly level since this time.

6.25   Although taken from a separate data set, sales over the last 16 months (January 2013 to April
2014) across the HMA numbered almost 6,232, indicating a slight improvement on recent years,
although still well below the pre-recession peak.

Figure 41: Indexed Analysis of Sales Trends (1998 – 2012)
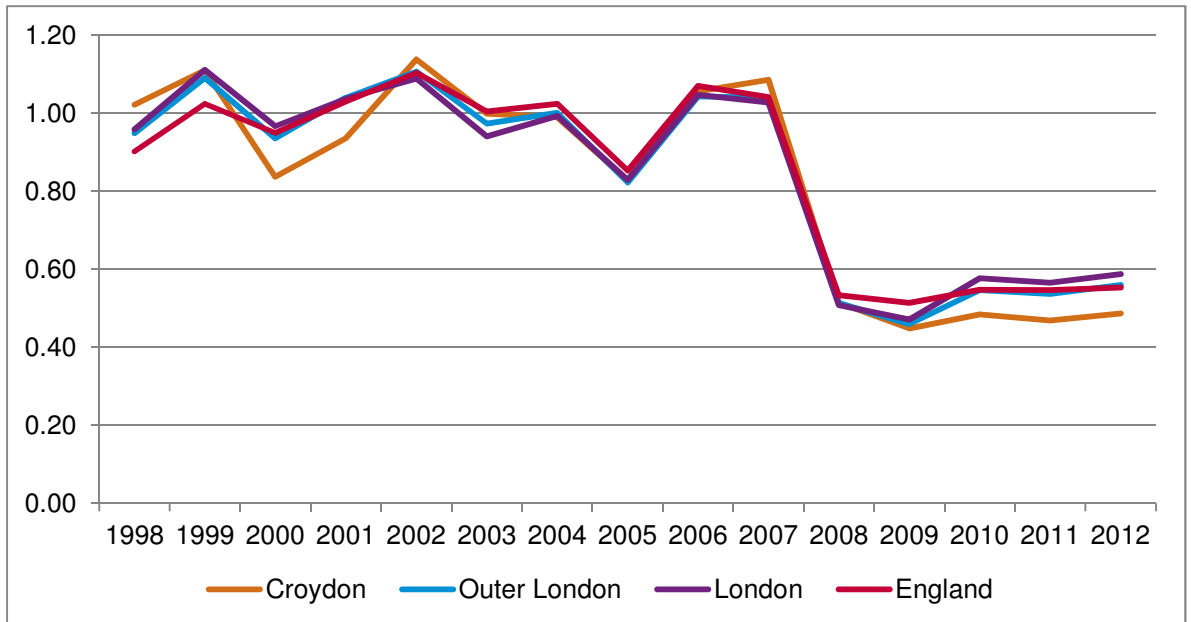
Source: DCLG Live Tables

6.26   We have also analysed house prices achieved over last 16 months (January 2013 to April 2014) in more detail to gain an understanding of the latest dynamics for different property types within the Croydon, Outer London, and London.

Figure 42: Median House Prices (Jan 2013- April 2014)

	Detached	Semi-Detached	Terrace	Flats	Overall
Croydon	£462,500	£320,000	£247,000	£184,000	£242,500
Outer London	£560,000	£355,000	£285,000	£224,175	£283,000
London	£575,000	£368,500	£330,000	£295,000	£325,000
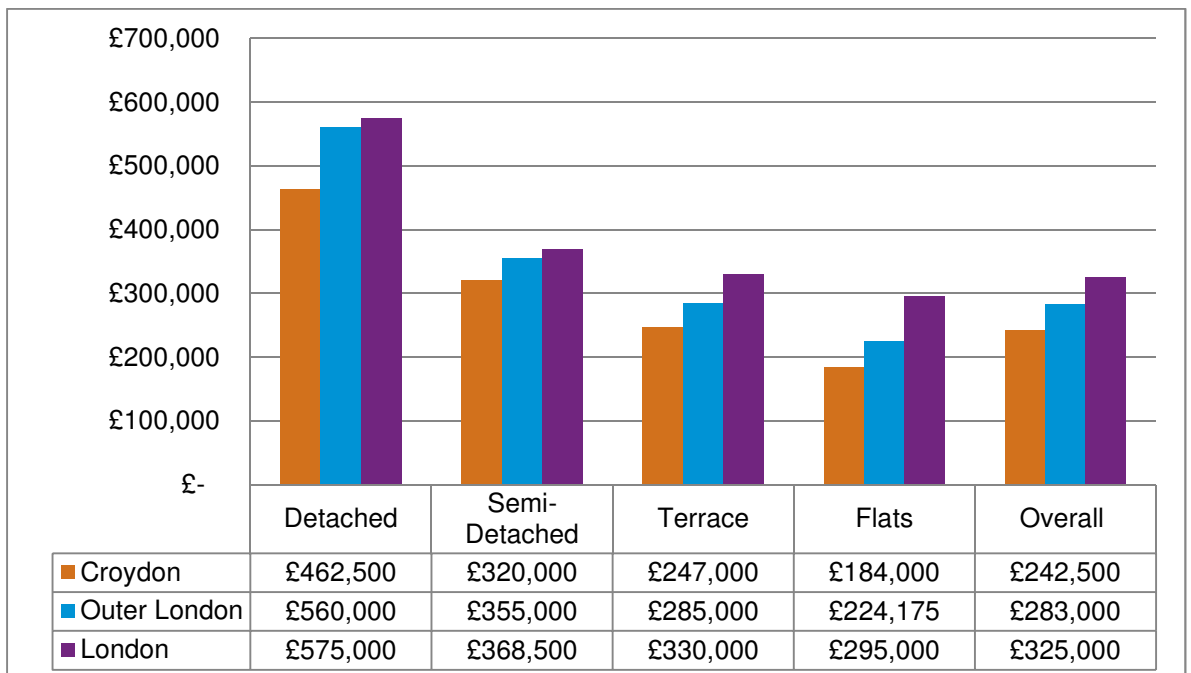
Source: GLH Analysis: Land Registry Price Paid Data

6.27   As can be seen in figure 42 median house prices in Croydon are considerably below not only the London average but also below the Outer London averages for all dwelling types. Median prices in Croydon are on average 86% of the levels seen across the outer London boroughs and 75% of levels seen across London as a whole.

6.28   This is skewed slightly by the proportion of each dwelling type being sold during this period. Croydon has seen a greater proportion of sales of detached houses, which generally command a higher price than other dwelling types. When comparing like for like values it's notable that the median price of detached properties in Croydon is well below (83%) the Outer London median. It's also clear that flats in Inner London command a disproportionately higher median price than Outer London and Croydon.

Figure 43: Sales by Dwelling Type (Jan 2013- April 2014)

	Croydon	Outer London	London
Flats	39%	39%	54%
Terrace	30%	31%	27%
Semi-Detached	20%	22%	14%
Detached	12%	8%	5%
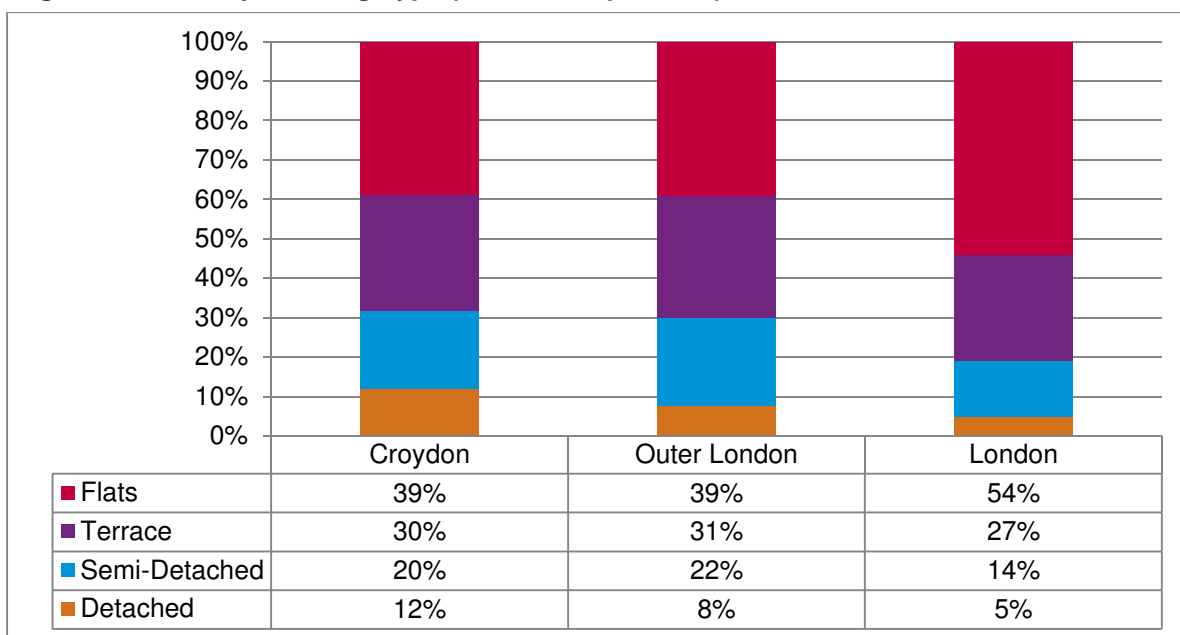
Source: GLH Analysis: Land Registry Price Paid Data

Rental Trends

6.29   Median rental values in Croydon are (as of June 2014) £875pcm. This ranks Croydon 16th out of the 19 Outer London boroughs with only Barking and Dagenham, Bexley, and Havering having lower median rents.

6.30   Median rental values in Croydon have grown over the last 3 years. In October 2011 median rental values were £850pcm. By June 2014 this had grown to £875pcm. Median rental values for Outer London have grown from £938 to £1,100 over this period and median values for London as a whole have grown from £1,095 to £1,300. These values are considerably higher than the England average which was grown from £575 to £595 over this period.

6.31   Figure 44 shows the average rental values benchmarked to 2011 values. Average rental values in Croydon have increased by 7% over the last 3 years. By comparison, rental values in Outer London have increased 19% during this period, values in London as a whole by 14%, and England by 3%.

Figure 44: Benchmarked trend in average private rental values (2011-2014)
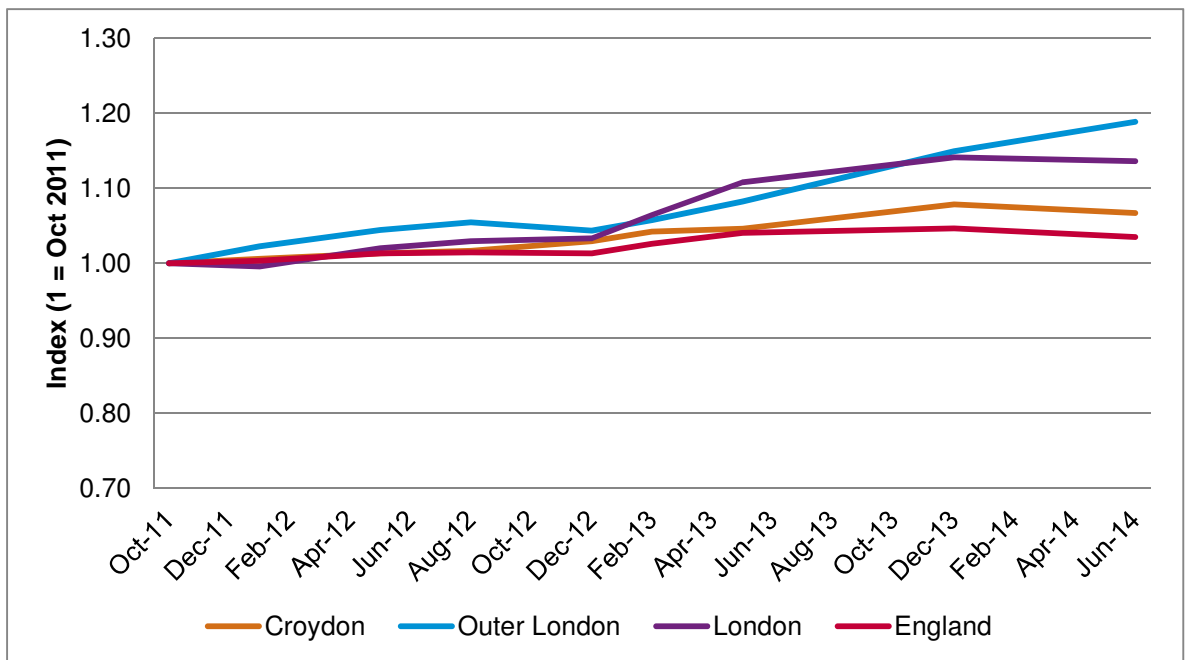
Source: VOA Private Rental Data

6.32   Figure 45 shows trends in the number of rents recorded by the VOA, indexed against October 2011 figures. This shows a general downward trend in the count of rents over this period which is an indication of households returning to owner occupation as a result of improved mortgage availability and the impact of Government schemes such as Help to Buy. The greater volatility in the Croydon figures is due to the smaller population.

Figure 45: Trend in private rental transactions (September 2011 to June 2014)
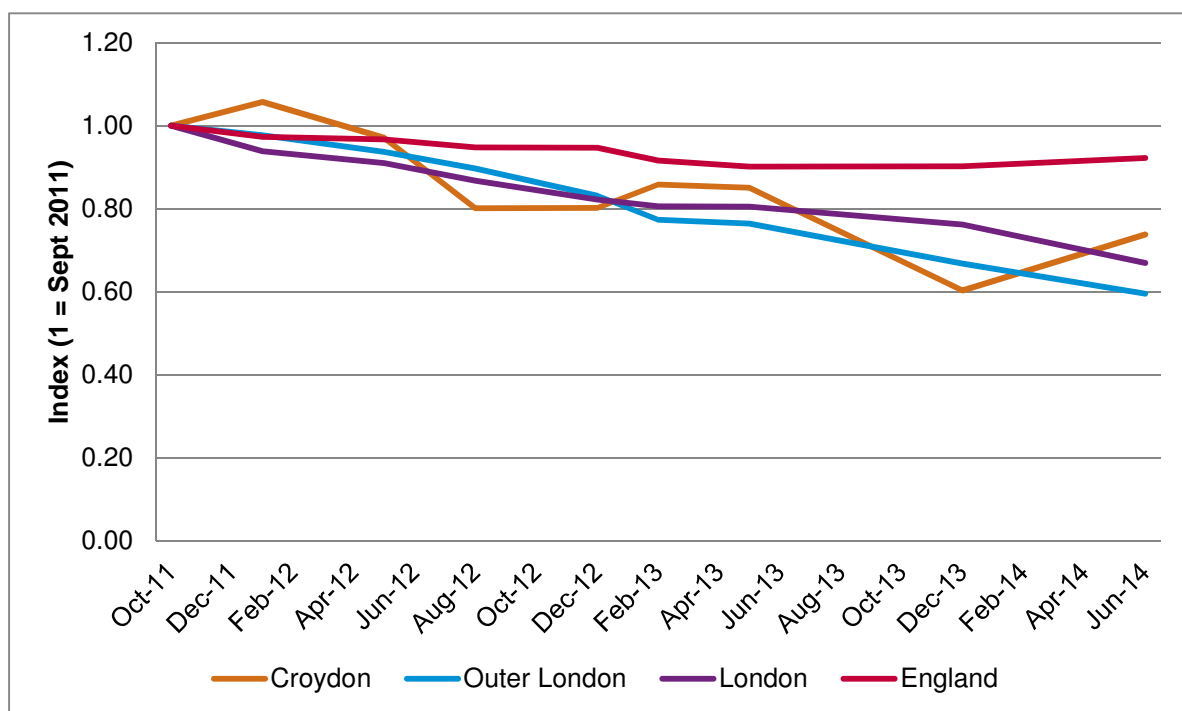
Source: VOA Private Rental Data

Affordability of Market Housing

Price-income ratios

6.33 In line with the planning practice guidance, we have considered evidence of affordability by looking specifically at the relationship between lower quartile house prices and incomes.

6.34 As a general observation, we can see that across all areas the affordability of property has worsened quite markedly over the past 15 years; however, the issue has been continually more acute across London. Nationally, the ratio of affordability peaked in 2007 before experiencing a post-recession slump in 2009. Affordability ratios have since plateaued with current affordability ratios lower than the 2007 peak.

6.35 London follows the national trend, albeit with a consistently higher affordability ratios, indicating a greater gap between average house prices and incomes. Croydon tracked the London ratio closely until the crash in 2009. Since 2009, house prices in Croydon have plateaued which is borne out in a slower growth in the affordability ratio since then. As a result lower quartile affordability in Croydon is slightly better than levels seen in Outer London and London as a whole. However, affordability in Croydon remains considerably worse than the national average.

Figure 46: Lower Quartile Affordability Trend (1997-2013)
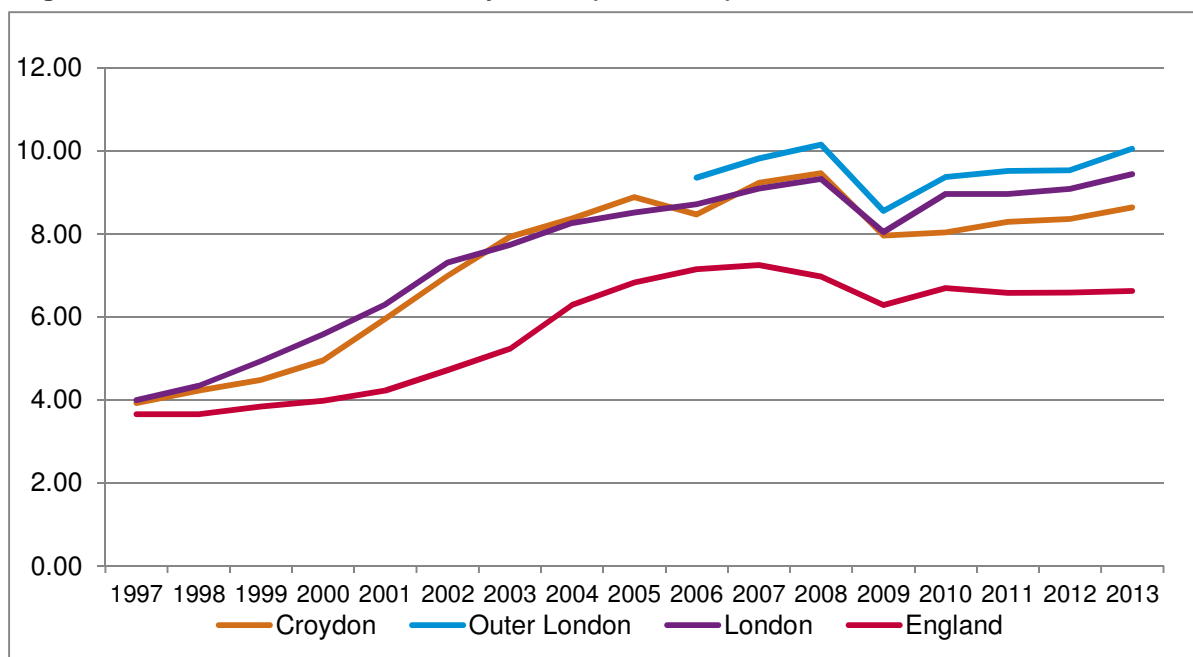
Source: GLA London Datastore, 2014

6.36   We have also considered and compared this to the median price-earnings ratio to identify whether affordability is an issue across the market or within a particular segment. In Croydon the median ratio is lower than the lower quartile ratio, indicating that the problem of affordability in Croydon is more acute at the lower end of the market. This phenomenon is seen across London as a whole and is the case in the majority of London Boroughs.

Table 8:   **Comparison of lower quartile and median affordability (2013)**

	Lower Quartile Ratio	Median Ratio	Difference	Lower Quartile Prices/Median Income
Croydon	8.64	7.65	-0.99	5.90
Outer London	10.05	9.28	-0.77	6.66
London	9.44	9.11	-0.33	7.23
England	6.62	6.83	0.21	4.66

Source: GLA London Datastore, 2014

6.37   Perhaps a more realistic assessment of affordability, particularly in London is the ratio between median earnings and lower quartile house prices. This is more realistic in that the Lower Quartile ratio is so high it is likely to preclude anyone on a lower quartile from buying a property. This measure shows a similar pattern in that affordability in Croydon is better compared to London but worse than the national comparator.

6.38   A combination of the deteriorating affordability of market homes, restricted access to mortgage products and a lack of social housing supply over the 2001-11 decade has resulted in fewer

households being able to buy and increased pressures on the existing affordable housing stock. This has resulted in strong growth in the private rented sector as households are being forced to rent longer.

6.39   As illustrated in figure 47 owner occupation, and in particular those who owned with a mortgage or loan has fallen in Croydon between 2001 and 2011 while there was a substantial growth in the private rented sector and some growth in the social rented sector over this period. This trend was seen across London and was the case nationally although evidence shows that this phenomenon has been more pronounced in Croydon.

Figure 47: Change in Households by Tenure in HMA, 2001-11

	Owned outright	Owned with a mortgage	Shared ownership	Social rented	Private rented
■ Croydon	-1%	-9%	0%	1%	8%
■ Outer London	-1%	-7%	0%	0%	9%
■ London	-1%	-6%	0%	-2%	10%
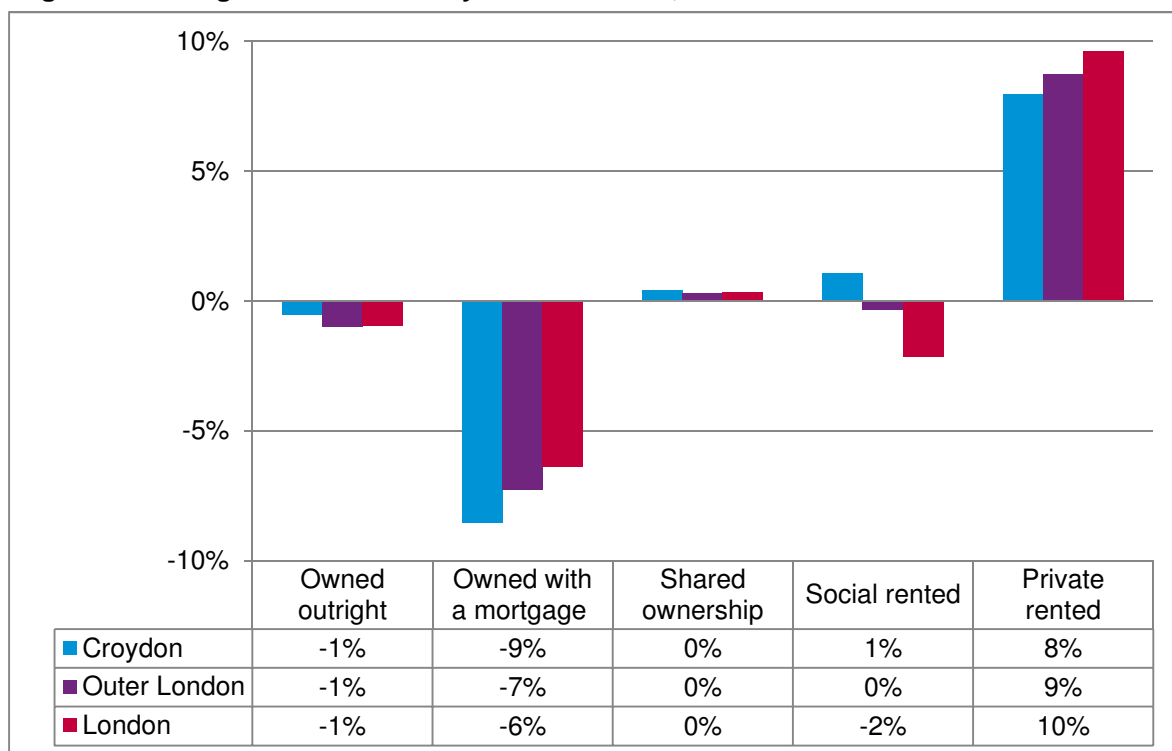
Source: 2001 & 2011 Censuses

Past Housing Supply vs. Targets

6.40   Figure 48, taken from Croydon Council's latest Annual Monitoring Report published January 2014, shows housing completions and the adopted housing target in Croydon since 1998. Over the period 2001 – 2013 there were 12,763 new dwellings built in Croydon. This represents a 9% increase on 2001 figures. As can be seen in figure 48, Croydon has a mixed history in terms of meeting its housing target (blue dashed line) which has increased incrementally over this period and now stands at 1,330 dwellings per annum until 2021.

6.41   The target was consistently exceeded between 2004/05 and 2008/09, but in recent years the levels of delivery have dropped. Since the adoption of the revised target in 2011/12 the annual housing target has not been reached with 85% of the housing target being delivered over this period.

Figure 48: Housing Supply vs. Past Targets
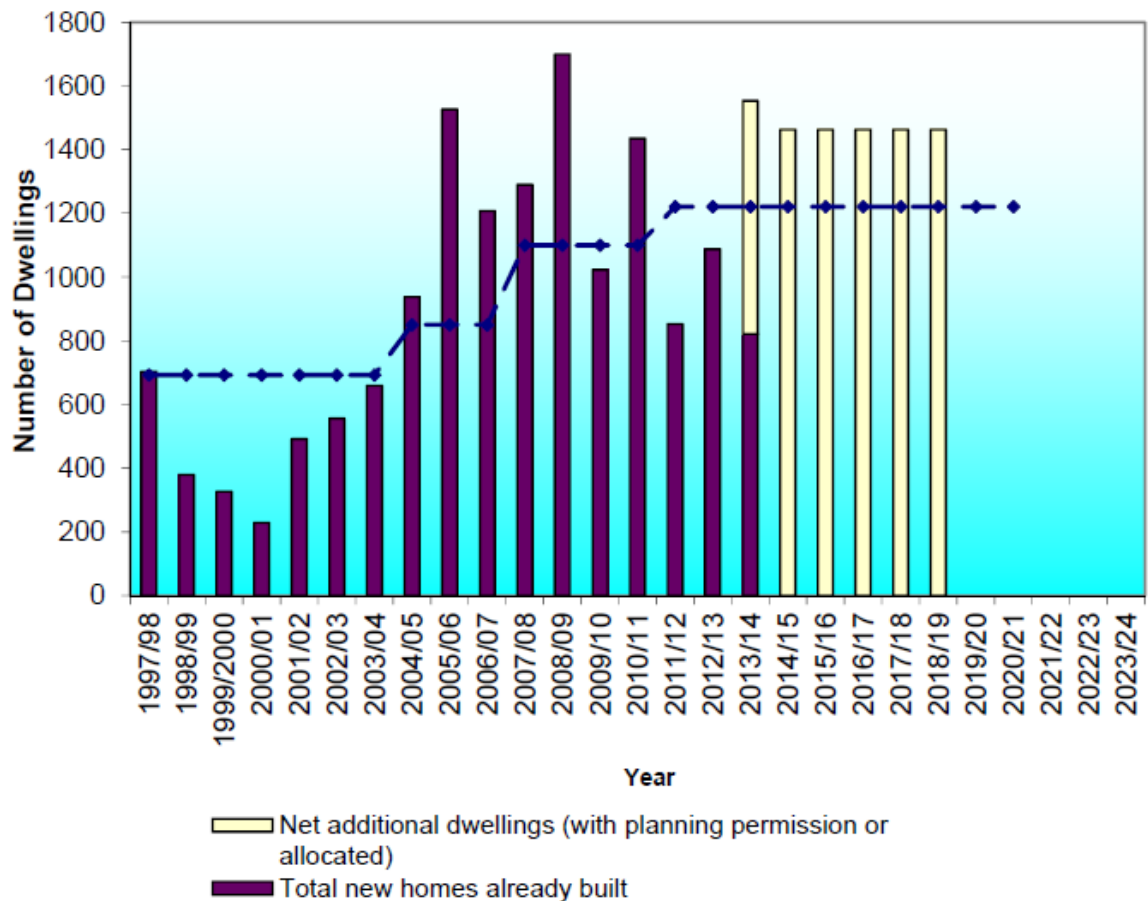
Source: The Croydon Monitoring Report: Homes, 2014

6.42   Figure 49 plots the growth of new dwellings in Croydon against the growth in Outer London and London as a whole. The figures are indexed to 2001 figures. Figure 49 shows that the of delivery of new dwellings over this period has been higher in Croydon than seen across the Outer London Boroughs but lower than seen in London as a whole. Between 2005 and 2009, housing delivery in Croydon repeatedly exceeded target. This is reflected in figure 49 where the rate of growth over this period is higher than seen elsewhere and takes growth levels in Croydon from below the Outer London average to well above.

Figure 49: Change in Dwelling Stock (Estimate), 2001 – 2013
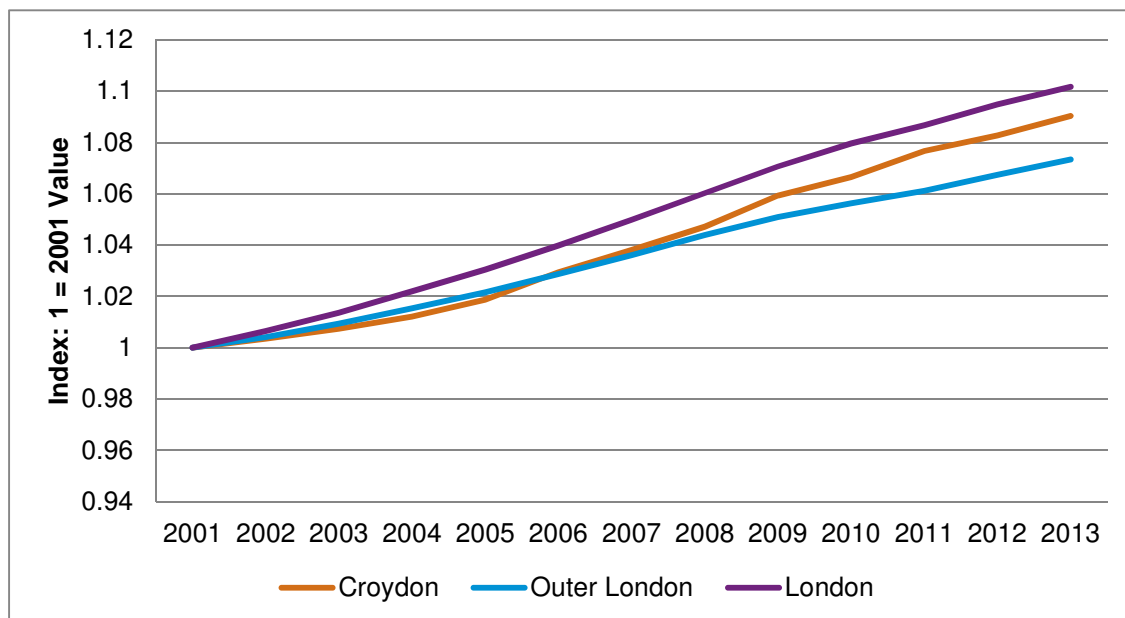
Source: CLG, 2013 & LBC, 2014

6.43   The impact of under delivery, coupled with access to mortgage restrictions brought on by tighter regulation, has resulted in constrained household formation rates and contributed to the current need for affordable housing. Both the affordable housing evidence, and the demographic evidence, point to a shortfall in housing provision particularly since 2008/09.

Table 9:   **Changes in Over Occupied and Houses in Multiple Occupation (2001-2011)**

	Over Occupied			HMOs		
	2001	**2011**	**% Change**	**2001**	**2011**	**% Change**
Croydon	15,942	23,796	38%	19,281	27,408	42%
Outer London	221,878	317,629	48%	310,705	437,325	41%
London	522,471	707,437	48%	672,978	961,710	43%
England	1,457,512	1,928,596	32%	2,175,391	3,012,146	38%

Source: 2001 & 2011 Censuses

6.44   A symptom of the under-provision of housing is increased over-crowding and a growth of households living in houses of multiple occupation (HMOs) as households fail to form properly. Across Croydon we have seen the number of over-occupied properties increase by 38% between 2001 and 2011. The increase in the number of people living in HMOs grew by 42% over this period. The levels of growth in these sectors in Croydon is below the levels seen in London as a whole indicating the situation in Croydon is less acute than elsewhere in the capital.

Qualitative Evidence

6.45   We have also undertaken some limited consultation with local estate and letting agents. Although some agents covered the entire borough and beyond, most agents or particular offices operated in a specific part of the Borough. Although overlapping three broad areas were noted. These were:

- Central and North Croydon (including East and West Croydon, Thornton Heath and Addiscombe);
- South Croydon (including Sanderstead and New Addington); and
- Coulsdon (including Purley and Kenley).

6.46   Broadly the agents report that values have steadily increased across the Borough but there has not been a significant jump in values. Although this has occurred locally in tandem with new build supply and regeneration.

6.47   The main drivers of the housing market are links to central London although this is less so in the East of the Borough.

6.48   There is some hope from agents that development of Westfield will bring more jobs to the Borough and subsequently have a major impact on the housing market. Similarly the Overground extension to West Croydon is seen as a long term driver of regeneration.

Central and North Croydon

6.49   The area had a wide variety of supply with pockets of 3, 4 and 5 bed semis and terraced properties, in West Croydon and Addiscombe. East and Central Croydon the supply tended to be smaller 1 and 2 bedroom flats.

6.50   There is a significant number of new build developments coming on to the market in this area the majority of which are being taken up by local London based investors although there has also been some interest from international investors.

6.51   Occupiers in these areas tend to be individuals and couples. One agent had seen an eight fold increase in the number of buyers and occupiers coming out from the London wide rental market (including from North and East London). Most ex-renters tended to be young professionals no children. They are particularly attracted to the area given the quality of access to Central London.

South Croydon

6.52   In this area demand is split between 1 and 2 bedroom properties in South Croydon and 3 and 4 bedroom semi- detached properties in Sanderstead. There is a particularly strong demand for 1-bedroom properties in South Croydon with properties being sold very soon after coming on to the market.

6.53   Most of the demand in this area is from individuals and couples. Attracted to the area by the transport links to Central London. Unlike Central and North Croydon these individuals tend to have some historic link to the Borough. Semi-detached properties in Sanderstead tend to attract families, again attracted by the Transport links.

6.54   The area does see some interest from investors although these tend to be local small scale investors.

Coulsdon

6.55   Demand for housing was seen to be quite high in this particular area although supply has been stagnant for the last 18 months. This has resulted in a notable increase in prices.

6.56   The area had particular demand for family sized accommodation (2&3 bedrooms), this reflects the majority of the stock which tends to be larger in comparison to the wider Borough. Demand in the area is driven by its good travel links into Central London and Gatwick and the quality of the schools in the area.

6.57   Most of the demand was from people already in the Borough (particularly locally with the South of the Borough but also from Norbury and Thornton Heath) seeking to upgrade, although there was also notable demand from places such as Mitcham. The latter was particularly from families or young couples moving to the area for the first time. Purley in particular had high demand from first time buyers

6.58   We also asked whether there was in interest from Self-build across the Borough but most agents agreed that there was very little supply of plots. Any sites that were available were mostly taken up by developers rather than individuals.

Summary and Implications

6.59   There has been a fundamental shift in housing market conditions nationally since 2007, particularly in relation to confidence and credit availability. Since the recession the housing market in Croydon has steadied but has shown little sign of improvement. House prices have remained fairly constant during this period and remain at pre-recession levels. Since 2007 sales volume in Croydon has plateaued and has remained fairly level. In recent years private rental values have increased slightly but there has been a general decline in the proportion of rental transactions in the borough.

6.60   The trends in Croydon roughly match the trends seen across the outer London boroughs and London as a whole, indicating that the capital is the biggest influence on the local market. However, the evidence consistently shows the housing market in Croydon is less buoyant than seen elsewhere in London and shows the Croydon housing market is performing less well than many of

the other outer London boroughs. In general, sales and rental values in Croydon are below the average of the outer London boroughs. Conversely, levels of affordability are good relative to London levels but still less affordable than the national benchmark. The evidence shows that this is a long term trend, and predates the 2007 recession.

6.61   More recently, the housing market in Croydon has not benefited from the same post-recession 'bounce back' as was seen in other boroughs of Outer London and seen across London as a whole, which has resulted in the performance gap (wages, affordability, house prices etc.) widening. This has resulted in effective demand in Croydon below the London average.

6.62   This paints a picture of the Croydon housing market within the London context. However, when considered within the national context, sales and rental values are higher than the national average and the trend for sales and rental transactions shows Croydon performing worse than the national average. Affordability in Croydon, although better than the majority of London boroughs, is much worse than the national average – the evidence shows affordability ratio in Croydon is closer to London average than the national average. As a result, over the past decade Croydon has experienced a growth in the number of residents living in over occupied accommodation or HMOs. While the increase in Croydon is less severe than seen in other London boroughs, it is notably above the national trend.

6.63   Croydon has a mixed record of delivering new dwellings, exceeding target from 2004 to 2011, however in recent years this target has not been delivered. When compared to other parts of London it's clear that the rate of delivering new housing stock in Croydon is better than the Outer London average.

7 OVERALL HOUSING NEED

Introduction

7.1 The analysis carried out follows the requirements of the National Planning Policy Framework and the more recent (March 2014) CLG advice about assessing housing and economic development needs. The National Planning Practice Guidance (NPPG) effectively describes a process whereby the latest population and household projections are a starting point; and a number of "tests" then need to be considered to examine whether it is appropriate to consider an upward adjustment to housing provision. These are:

- Is there evidence that household formation rates in the projections have been constrained? Do market signals point to a need to increase housing supply?
- How do the demographic projections 'sit' with the affordable housing needs evidence, and should housing supply be increased to meet affordable needs?
- What do economic forecasts say about job growth? Is there evidence that an increase in housing numbers would be needed to support this?

7.2 In this section consideration is given to demographic evidence of housing need. The analysis begins by looking at the most recent household projections published by CLG and the GLA before moving on to consider more recent population projection information to form a view about the most appropriate scenario for Croydon. To convert population into households the concept of headship rates is used and we have again studied recent data about household formation rates by age to form a view about the most appropriate data to use. Finally the section considers the overlay between population growth and job growth to check there will be a sufficient workforce moving forward.

7.3 The core projections in this section look at housing needs in the period from 2013 to 2036. This reflects the most appropriate base date given date availability.

What is the Starting Point to Establish the Need for Housing?

7.4 The NPPG states that 'household projections published by the Department for Communities and Local Government should provide the starting point estimate of overall housing need. The household projections are produced by applying projected household representative rates to the population projections published by the Office for National Statistics. Projected household representative rates are based on trends observed in Census and Labour Force Survey data'.

7.5 At the time of writing these were the 2012-based subnational population projections (SNPP) and the 2011-based 'interim' household projections from CLG (which are directly based on the SNPP). These projections are important as they provide a consistent approach where key inputs (such as levels of internal migration) sum at a national level. The SNPP is also a good source of data as it

uses a 'multi-regional' model that studies migratory movements by age and sex between all local authorities in the Country. The SNPP is however limited by the accuracy of data underpinning it such as migration which is notoriously difficult to accurately measure – particularly at smaller area level.

7.6   The table below shows household growth from the 2011-based CLG projections. The projections cover the 10-year period to 2021 which is the full period covered by CLG. For the whole period studied this projection suggests an 18,384 increase in households (1,838 per annum). The percentage increase in households is 12.6% which is above the figure for England (10%) but notably below the London average (16%).

Table 10:   **Projected household growth 2011-21 – CLG 2011-based household projections**

	Croydon
Households 2011	145,584
Households 2021	163,968
Change in households	18,384
Per annum	1,838
% change from 2011	12.6%

Source: CLG 2011-based household projections

7.7   We can also look back to older series of demographic projections such as the 2008-based CLG household projections. This projection has the advantage of being extended beyond 2021 (which is the end date of the 2011-based version). The outputs from the 2008-based CLG projections are shown below (covering the period from 2011 to 2033 – the full range of these projections was 2008-33). This shows a projected household growth of 1,664 per annum – slightly lower than the 2011-based projections.

Table 11:   **Projected household growth 2011-33 – CLG 2008-based household projections**

	Croydon
Households 2011	149,796
Households 2033	186,405
Change in households	36,609
Per annum	1,664
% change from 2011	24.4%

Source: CLG 2008-based Household Projections

7.8   A final set of household projections that can be considered are those published by the GLA in their '2013 round population and household projections'. We discuss the population projections under-pinning these in the next section and below have just provided the core outputs in terms of household growth for the purposes of comparison with the two sources studied above.

7.9   The GLA modelled three different scenarios for household growth (high, low and central). The difference between these is related to the population growth assumptions around migration patterns and in all cases data about household formation rates was taken from the 2011-based CLG household projections. A further population projection was subsequently developed by the GLA to adjust fertility assumptions to the Central forecast – this has not been translated into a household projection and so is not included in the table below.

7.10   The table below shows projected household growth in the three GLA projections. For consistency with the projections developed for this report the period 2013-36 has been used. The data shows a growth in households varying from 1,535 to 1,994 per annum. This sort of range is consistent with the figures shown in the 2011- and 2008-based CLG projections above.

Table 12:   **Projected household growth 2013-36 – GLA**

	High	Low	Central
Households 2013	150,054	150,054	150,054
Households 2036	195,922	185,351	190,571
Change in households	45,868	35,297	40,517
Per annum	1,994	1,535	1,762
% change from 2013	30.6%	23.5%	27.0%

Source: GLA

Population projections

7.11   Guidance notes that the most up-to date projections should be used when considering what level of population (and housing) growth needs to be planned for. In Croydon we can consider projections developed by the GLA and also recent projections from ONS (including consideration of midyear population estimates).

GLA projections

7.12   In February 2014 the GLA published a new set of population projections – the 2013 round of trend-based population projections. Three projections were developed which are described as:

1) High variant – domestic migration trends taken from the period mid-2008 to mid-2012. Rates held constant for duration of projections. Note that both in- and outflows increase over time to reflect increasing populations in London and the rest of the UK.

2) Low variant – domestic migration the same as per the High projection through to mid-2017. Beyond this point, outflows increase by ten per cent and inflows decrease by six per cent.

3) Central variant – takes the mid-point of the assumptions in the High and Low projections. That is, after 2017 outflows increase by five per cent and inflows fall by three per cent.

7.13   Subsequently a second Central variant projection was developed to update fertility assumptions in the model. The figure below shows the four projections developed and how these compare with

past trends (for the 5- and 10-year periods to 2013). The analysis suggests that the high variant sits slightly above the 10-year trend in population growth with the other two core variants sitting below. All of the projections developed show population growth below the level seen in the previous five years (which is the typical period used to study future growth). It is also notable from the figures below that the updated Central variant projection is somewhat higher than the original Central projection and actually shows estimated population growth which is broadly in line with the high variant.

7.14   In studying these projections and how they fit in with past trends our view is that either the high or the updated Central projection looks to be most plausible given that other projections sit below past trends in population growth (regardless of the past trend period studied).

Figure 50: Past and projected population growth – Croydon (GLA projections)
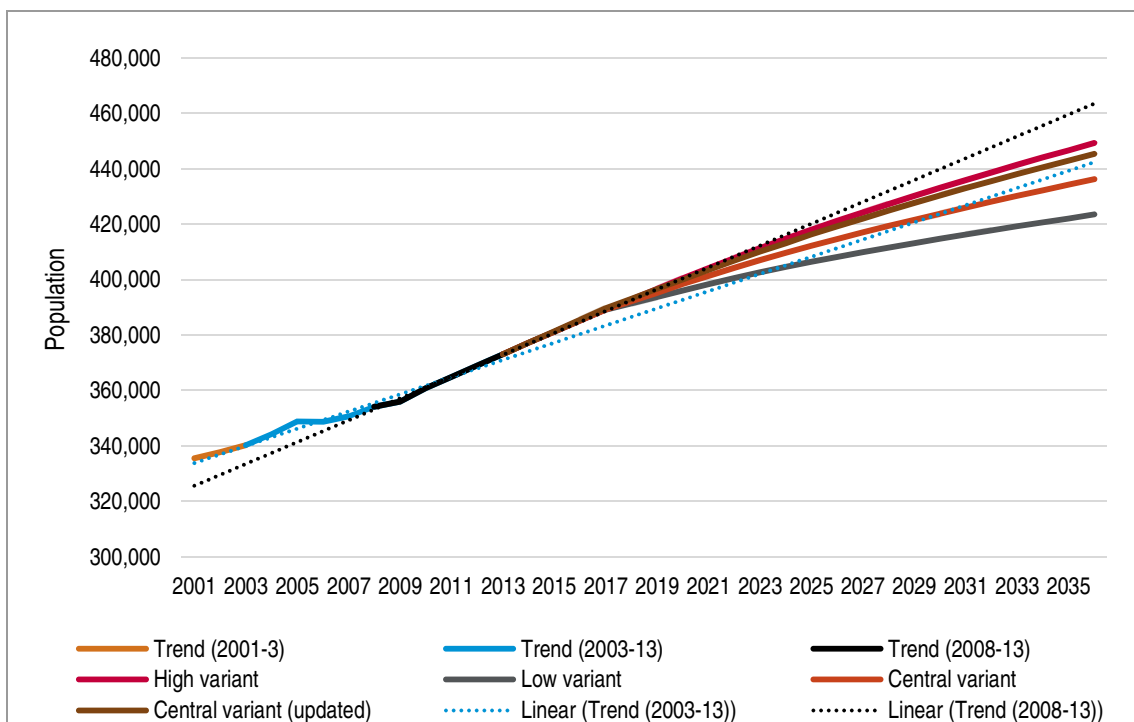
Source: GLA

7.15   In comparing projections with past trends it is also important to consider how the population is thought to have changed in the past. On this point it is interesting to note that the GLA data suggests stronger growth in Croydon from 2001 to 2005 than in the ONS midyear population estimates with weaker growth from 2005 to 2011. This will mean that GLA trends when looking to 2013 will generally be lower than a similar plot based on ONS data (if we were to look at the past 5- or 10-years for example).

7.16   We are unable to say which of the two estimates below is most likely to be correct but would highlight in certain years (particularly 2005) that there is quite a difference between the population

estimates. In 2005, the GLA puts the population at 348,800 compared to an ONS figure of 339,100 – this is a difference of nearly 10,000 people.

Figure 51: Past population growth – Croydon (GLA and ONS)
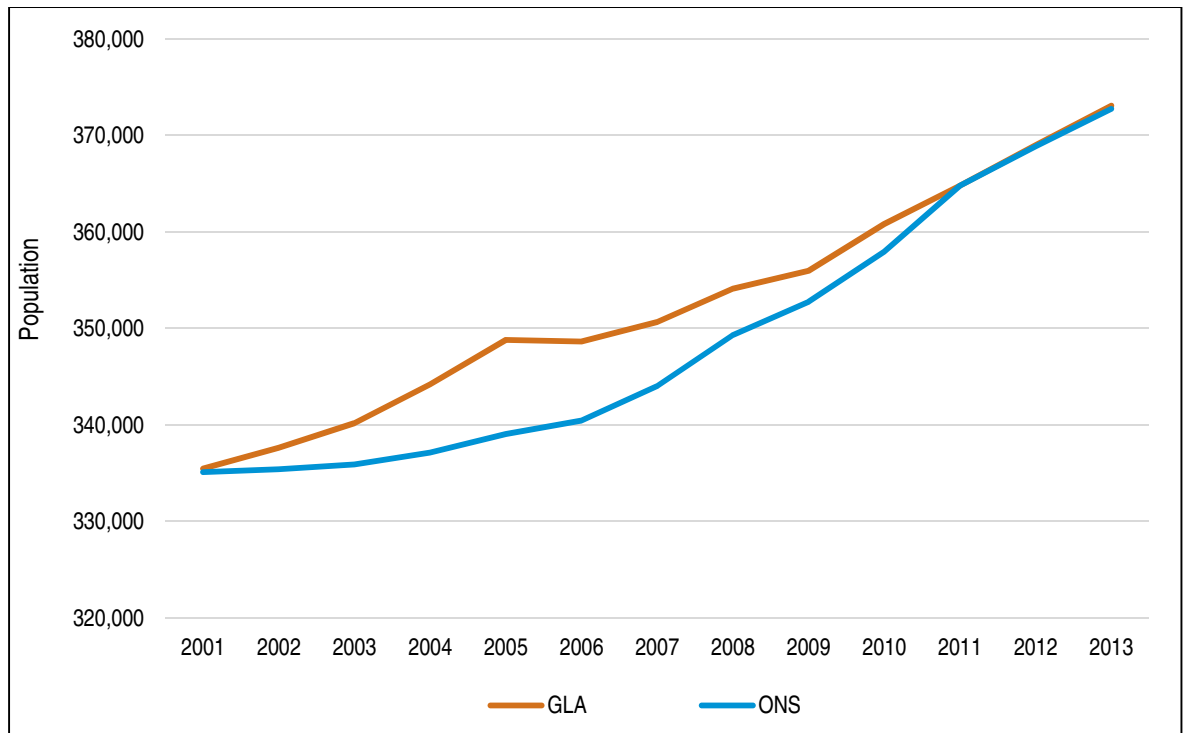
Source: GLA and ONS

7.17   Our conclusions with regard to the GLA projections are that the most plausible are those which show higher levels of population growth and would note that these projections will be somewhat below past trends if the past level of population growth in ONS midyear estimates were to be used as a comparator.

ONS 2012- based sub-national population projections

7.18   On the 29th May 2014 ONS published a new set of subnational population projections (SNPP). They replace the 2010- and 2011-based projections and have been used to inform the 2012-based CLG household projections (published in February 2015 – see note about the CLG projections later in this document; the CLG projections were published after this report had been substantially drafted).

7.19   It is therefore worthwhile to consider the likely implications of the 2012-based SNPP on the need for housing. This includes testing whether or not these projections are a reasonable trend-based projection to use in the modelling of housing need.

7.20   The SNPP provides estimates of the future population of local authorities, assuming a continuation of recent local trends in fertility, mortality and migration which are constrained to the assumptions

made for the 2012-based national population projections. The new SNPP are largely based on trends in the 2007-12 period (2006-12 for international migration trends).

7.21   One observation made about recent migration trends by the GLA (noted above) is that there appears to have been a notable impact of the recession on movements to and from London. The GLA analysis suggests that the number of people leaving London to move to other parts of the country has reduced whilst the number of people moving to the capital (again from other parts of the country) has increased. In the GLA's own modelling different scenarios have been produced to consider a return back towards past trends. The GLA analysis suggests that out-migration has reduced by about 10% from longer-term averages with in-migration increasing by around 6%.

7.22   Using ONS migration data it is possible to study the extent to which the GLA observed trends also hold true for Croydon. The figure below plots levels of internal and international migration over the last 12 years for which data is available (i.e. from 2001/2 to 2012/13). The data shows that there has been a convergence between internal in- and out-migration over time, from a position where there was a notable level of net out-migration to one where the figures are more in balance. When looking at the figures for international migration there does appear to be a fairly constant level of net in-migration for most of the period studied.

Figure 52: Past trends in in- and out-migration – Croydon
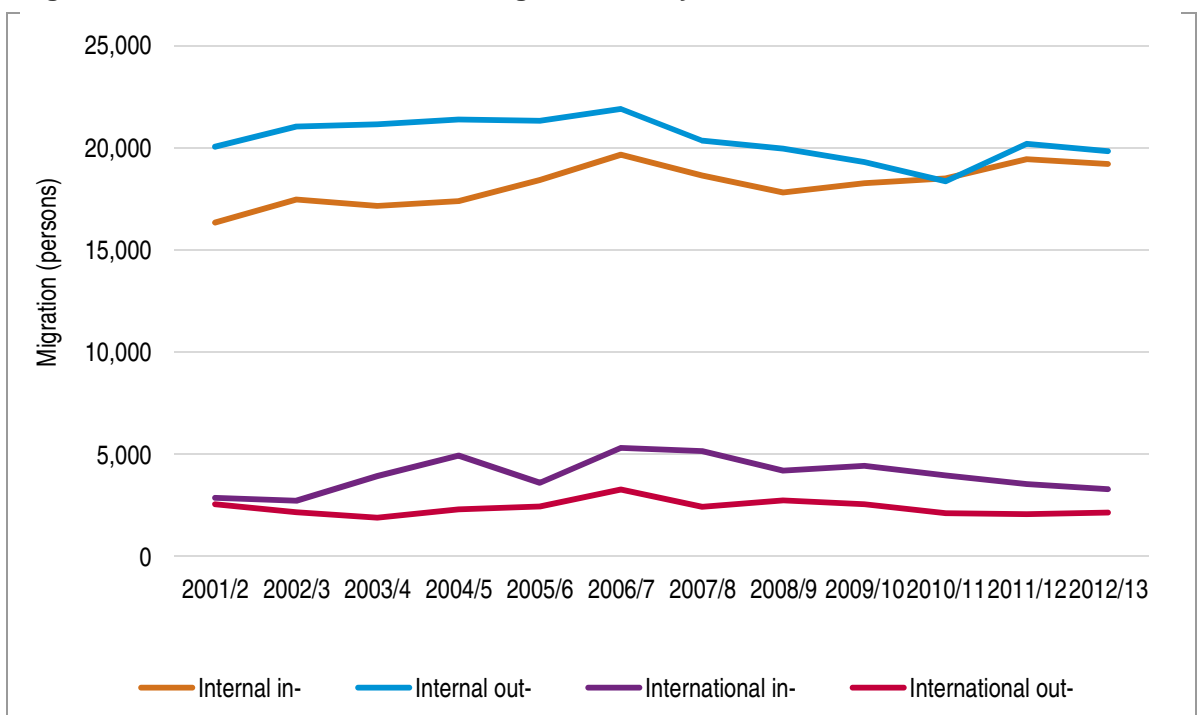
Source: ONS

7.23   It is perhaps more useful to consider the actual data behind the figure above and look at how this has changed from pre- to post recessionary periods. The data is shown in the table below and for

the purposes of analysis is has been assumed that the 2001-8 period is pre-recessionary with the past five years (2008-13) representing the impact of the recession. For context the table also shows average figures from 2004 onwards – this is to show the impact of A8 countries (the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Slovakia and Slovenia) joining the EU in May 2004.

Table 13:   **Past trends in in- and out-migration – Croydon**

	Internal in	Internal out	International in	International Out
2001/2	16,344	20,051	2,879	2,563
2002/3	17,467	21,040	2,736	2,172
2003/4	17,148	21,140	3,937	1,901
2004/5	17,395	21,388	4,943	2,313
2005/6	18,418	21,317	3,602	2,451
2006/7	19,661	21,901	5,310	3,274
2007/8	18,637	20,349	5,161	2,428
2008/9	17,813	19,957	4,207	2,749
2009/10	18,257	19,293	4,438	2,555
2010/11	18,492	18,351	3,968	2,126
2011/12	19,442	20,196	3,547	2,068
2012/13	19,199	19,823	3,292	2,151
Average (2001-8)	17,867	21,027	4,081	2,443
Average (2008-13)	18,641	19,524	3,890	2,330
Difference	773	-1,503	-191	-113
% difference	4.3%	-7.1%	-4.7%	-4.6%
Average (2004-13)	18,590	20,286	4,274	2,457

Source: ONS

7.24   The information seems to confirm the analysis by the GLA (albeit with the trends being slightly less strong). Since 2008, there has been around a 4% increase in average levels of domestic in-migration whilst domestic out-migration has decreased by about 7%. For international migration there appears to have been a small reduction in both in- and out-migration although the percentage changes in both cases are very similar.

7.25   We have also analysed whether recent out migration patterns are realistic going forward. This was undertaken due to concerns from Tandridge that by delivering more dwellings than could be sustained, they had likely seen a higher numbers of out migrants from Croydon than would be realistic going forward.

7.26   We initially reviewed whether there was indeed a link between the number of completions in Tandridge and the level of out-migration from Croydon. This used data from the Council's annual monitoring report and detailed origin and destination data from the ONS Mid-Year estimates.

Figure 53: Completions and Migration from Croydon to Tandridge (2003/04 – 2012/13)
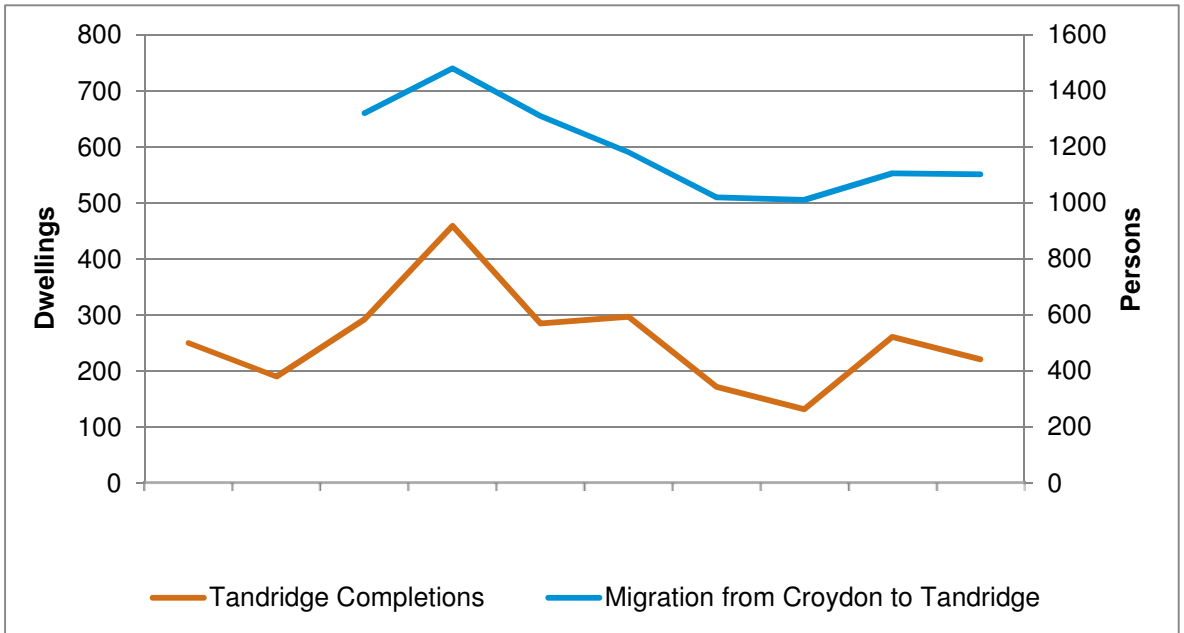
Source: Tandridge Council and ONS, 2014

7.27   As illustrated in Figure 53 there is a clear correlation between the migration and dwelling completions with both peaking in 2006/07 when 459 dwellings were completed and almost 1,500 people moved between the Boroughs. Since that time completions have fallen steadily.

Figure 54: Completions in Tandridge (2003/04 – 2012/13)
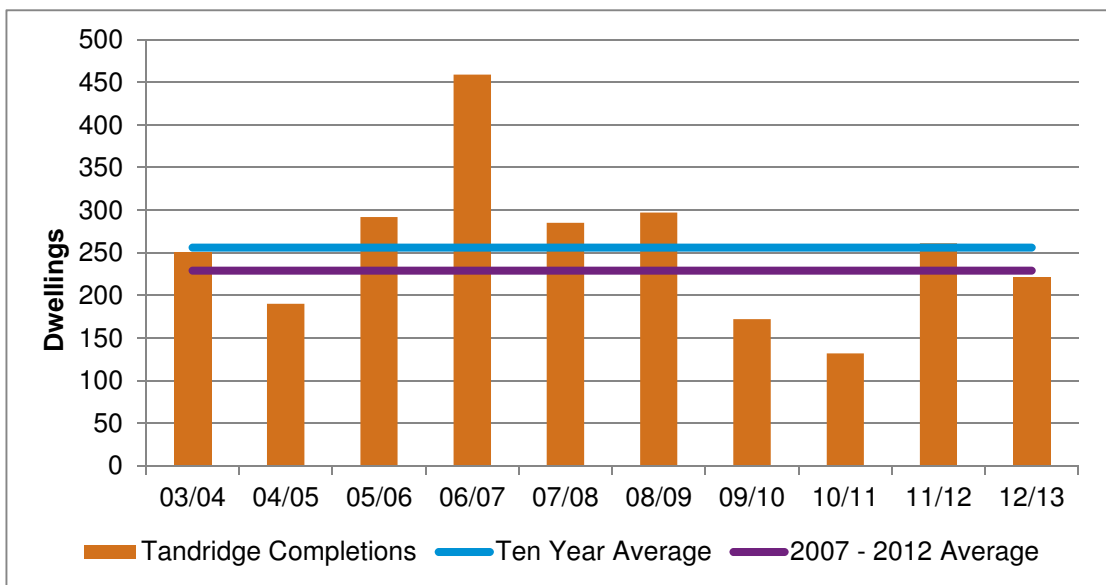
Source: Tandridge Annual Monitoring Report, 2014

7.28   As shown above completions in Tandridge (229 dwellings per annum) during the period modelled for the projections (2007-2012) have been broadly in line with the longer term ten year trend (256 dwellings per annum). This suggests that if anything out migration from Tandridge may be lower than normal.

7.29   The analysis in the table above has been used to develop alternative demographic projections linked to the 2012-based SNPP. The scenarios used are similar to those developed by the GLA to feed into the London Plan SHMA. The scenarios can be summarised as:

- **High variant:** 2012-based SNPP – data is taken as in the 2012-based SNPP which largely covers trends in the 2007-12 period
- **Low variant:** Using the 2012-based SNPP as a start point but reducing internal in-migration by 4.3% and increasing internal out-migration by 7.1%. For consistency the levels of international migration have also been adjusted in line with the data in the table above although this only has a very minor impact on the figures.
- **Central variant:** This scenario takes the mid-point of the assumptions in the High and Low projections.

7.30   In the GLA projections it is assumed that the divergence from trends begins in 2017. For the purposes of the projections in this report it has been assumed that the changes occur throughout the projection period (i.e. from 2013 onwards). It should also be noted that our projections linked to the 2012-based SNPP also include the updated fertility assumptions (as in the GLA updated Central projection).

7.31   The figure below shows how the projected population growth in Croydon compares with past trends (over the past 5- and 10-years). Due to publication in June 2014 of mid-year population estimates for 2013 the analysis essentially uses mid-2013 as a start point for the projections with the trend periods looking to 2013 as an end date. The analysis shows that the projection linked to the 2012-based SNPP broadly follows the past trend in population growth (from ONS data) but sits somewhere below the shorter 5-year trend.

Figure 55: Past and projected population growth – Croydon
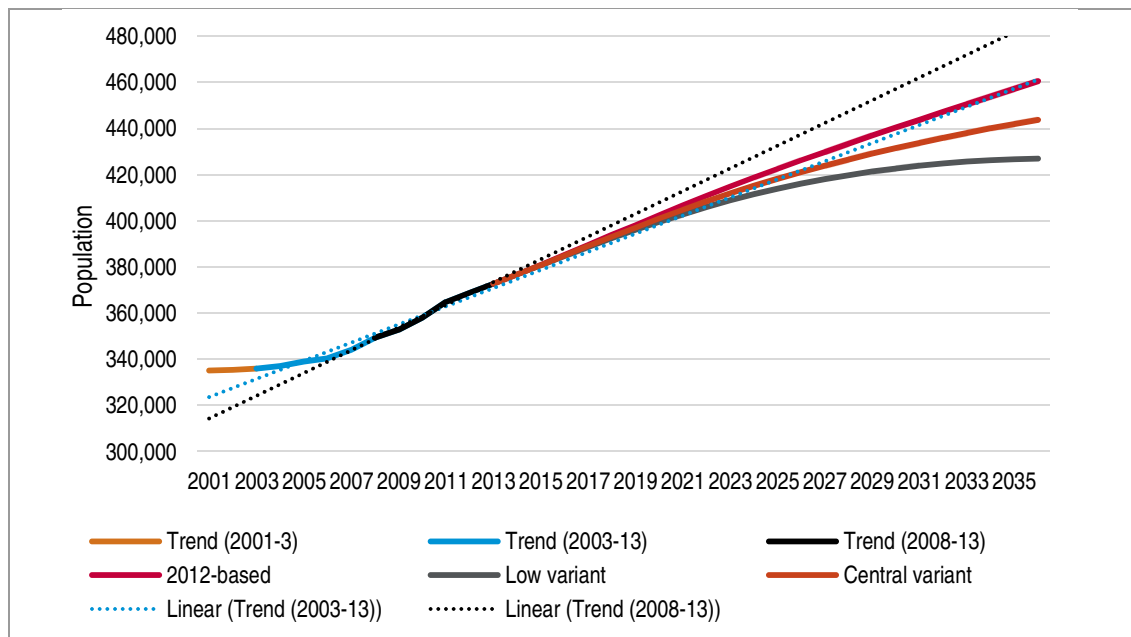
Source: ONS, 2013

7.32   Our initial conclusion from this analysis is that the 2012-based SNPP looks plausible in the context of past trends. However we can also briefly consider this with regard to the slightly different past trends suggested in the GLA analysis – this is shown in the figure below. The analysis of the 2012-based SNPP shows some consistency with past trends. The longer-term GLA trend is somewhat lower whilst the short-term ONS trend is higher. Both the short-term GLA and longer-term ONS trends fit closely with the 2012-based SNPP.

Figure 56: Past and projected population growth – Croydon
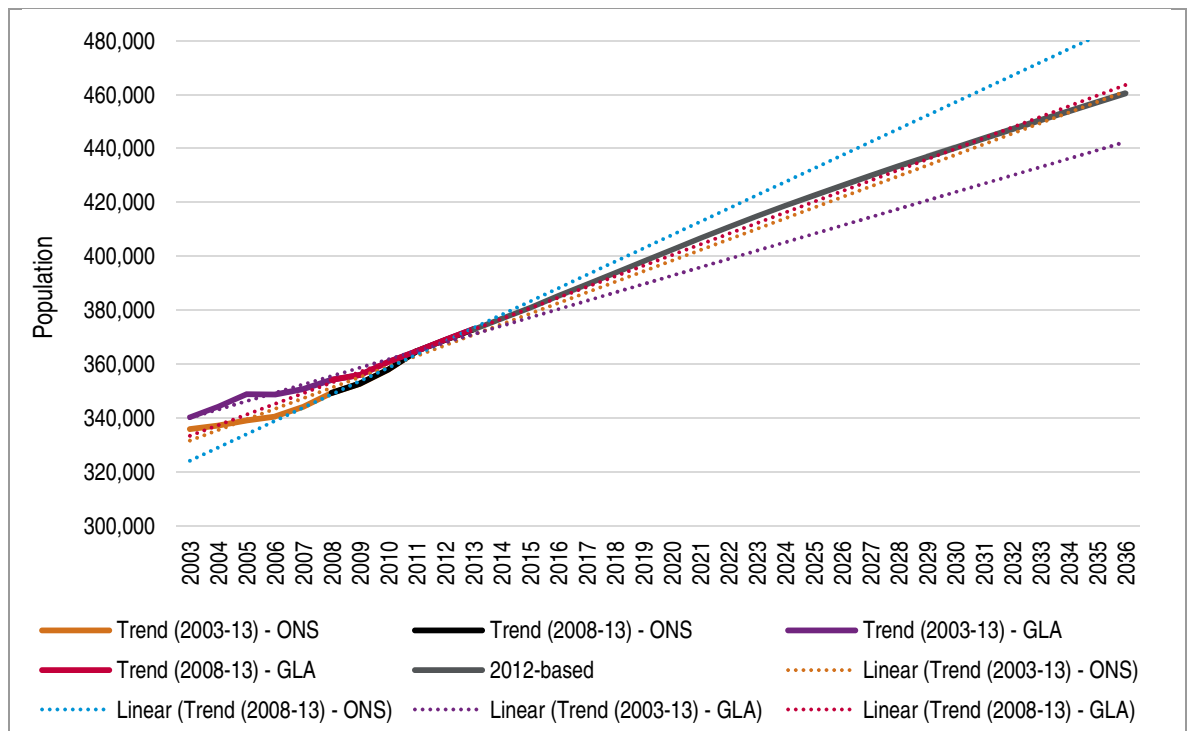
Source: ONS, 2013

7.33 This analysis again tends to confirm that the 2012-based SNPP is a reasonable demographic projection. However, as analysis has shown there has been a recent shift in migration patterns which if reversed would lead to a lower level of population growth. However, there are also factors in past trend data which would indicate that an upward adjustment might equally be appropriate. This is through analysis of Unattributable Population Change (UPC).

7.34 UPC is the difference between the recorded population growth in the Census (adjusted to a mid-year figure) and the sum of the various components of population change recorded by ONS (mainly natural change and net migration). Where UPC is negative it implies that the recorded components are higher than the actual recorded population growth with the opposite being the case where a positive figure is shown. In Croydon between 2001 and 2011 an average level of UPC of about +1,000 per annum is shown. This means in Croydon that the population in 2011 (as evidenced by the Census) was about 10,000 more than is shown by adding up ONS data about natural change and net migration; suggesting that ONS had under-estimated population growth in the 2001-11 decade.

7.35 It is not possible from the data available to be certain whether UPC is due to the poor recording of a particular component (e.g. migration) or because of problems with Census estimates (either in 2001 or 2011). It is however likely that at least some part of the UPC will be due to difficulties in recording

migration (probably international migration and in turn international out-migration which tends to be the hardest component of population change to measure).

7.36   ONS do not take account of UPC in the 2012-based SNPP – a position which is supported by the GLA. However, there is some merit in us considering what the impact might be if some adjustment were included. For the purposes of analysis we have assumed that all of the 1,000 UPC is due to a mis-recording of international out-migration and have amended our high (2012-based SNPP) and low projections accordingly.

7.37   The figure below shows that with a UPC adjustment to the 2012-based SNPP we get a notably higher level of population growth whilst a UPC adjustment to our low projection shows a trend that broadly follows the 2012-based SNPP.

Figure 57: Projected population growth under a range of scenarios– Croydon
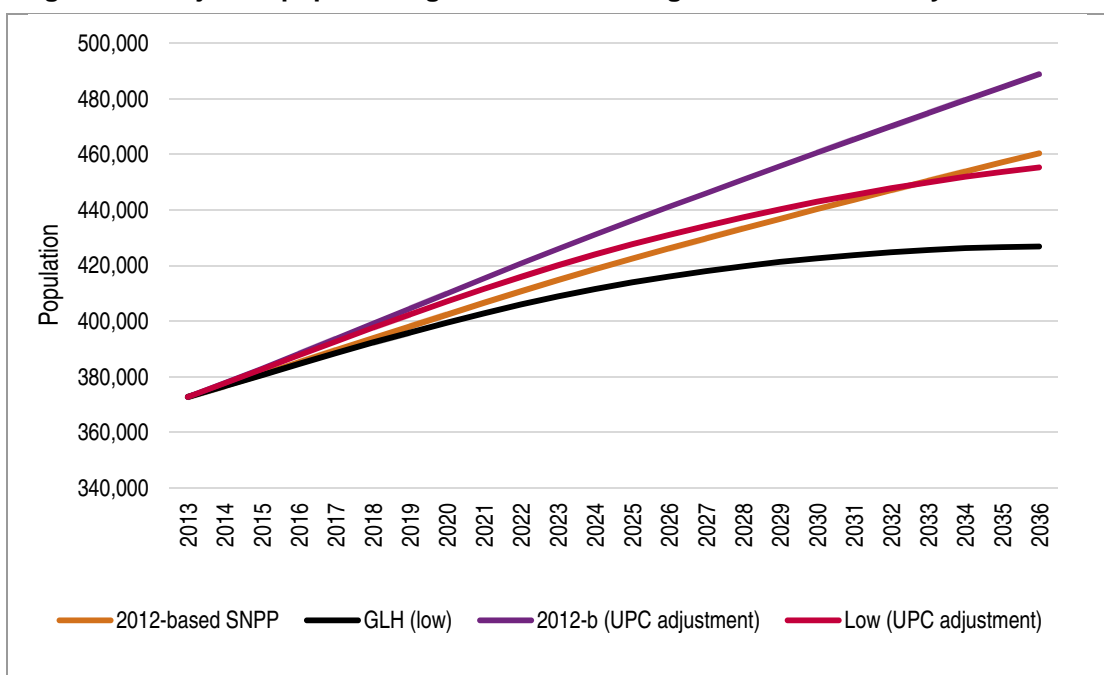
Source: GLH, JGC and ONS, 2013

UPC = Unattributable Population Change (see text above)

Considering Household Formation

7.37   Whilst the analysis above points to the 2012-based SNPP as being broadly reasonable we also need to convert the population data into household estimates and hence into housing need. Population data is converted into households by using the concept of headship rates (essentially the chances of a person in any particular age band being the head of household – i.e. headship rate × population by age band = number of households). There are two main sources of data for headship rates; these are the 2011- and 2008-based CLG household projections. Generally, the 2011-based projections are criticised for including an element of suppression moving forward whilst the 2008-based projections are less constrained.

7.38   For our analysis here we have looked in some detail at the specific headship rates in each of these sources and how this might change in the future. The figure below shows:

a)   Headship rates in the 2011-based CLG projections

b)   Headship rates in the 2008-based CLG projections (including a time series back to 2001)

c)   The trends if headship were to 'track' the 2008-based figures from 2011 onwards

7.39   There are a number of observations which can be made; these are most easily done on an individual age band basis:

- 15-24 and 25-34 – the 2011-based rates go down whilst the 2008-based rates go up from 2011. The 2011-based rates imply that additional suppression is expected in the future. These age groups are two which may well have been impacted by housing market factors (such as lack of mortgage availability) and to plan positively in the future we might expect improved affordability to see some increase. Hence the trends shown in the 2011-based projections do look to be a bit pessimistic.
- 35-44 – the 2011-based rates are fairly constant moving forward whereas the 2008-based rates shown some positive improvement. Whilst we do not consider the flat-rate in the 2011-based projection to be unrealistic some improvement in the future would mean that more households are able to form.
- 45-54 and 55-64 – both of these age groups are expected to see some improvement moving forward in the 2011-based projections. Some small improvements are not unrealistic although we would expect the headship rates of these groups to be more constant over time given that people in these age groups are likely to be in more established families/households.
- 65-74 – both the 2011- and 2008-based projections are fairly flat over time (albeit from a different base position in 2011)
- 75-84 and 85+ - both of these groups show notable increase over time in the 2011-based projections. This does not seem right. Generally, if anything, we would expect the rates in these age groups to fall (as people live longer and therefore remain in couple households for longer). It is not considered that the 2011-based projections are realistic for these age groups, whereas the trends in the 2008-based projections look plausible.

7.40   The figures overleaf show the proportions of each age group which is likely to be a head of a household. The vertical axis shows this percentage with 0.4 equating to 40%. Each graph has three lines representing the headship rates applied in each of three projections.

Figure 58: Projected household formation rates by age of head of household – Croydon
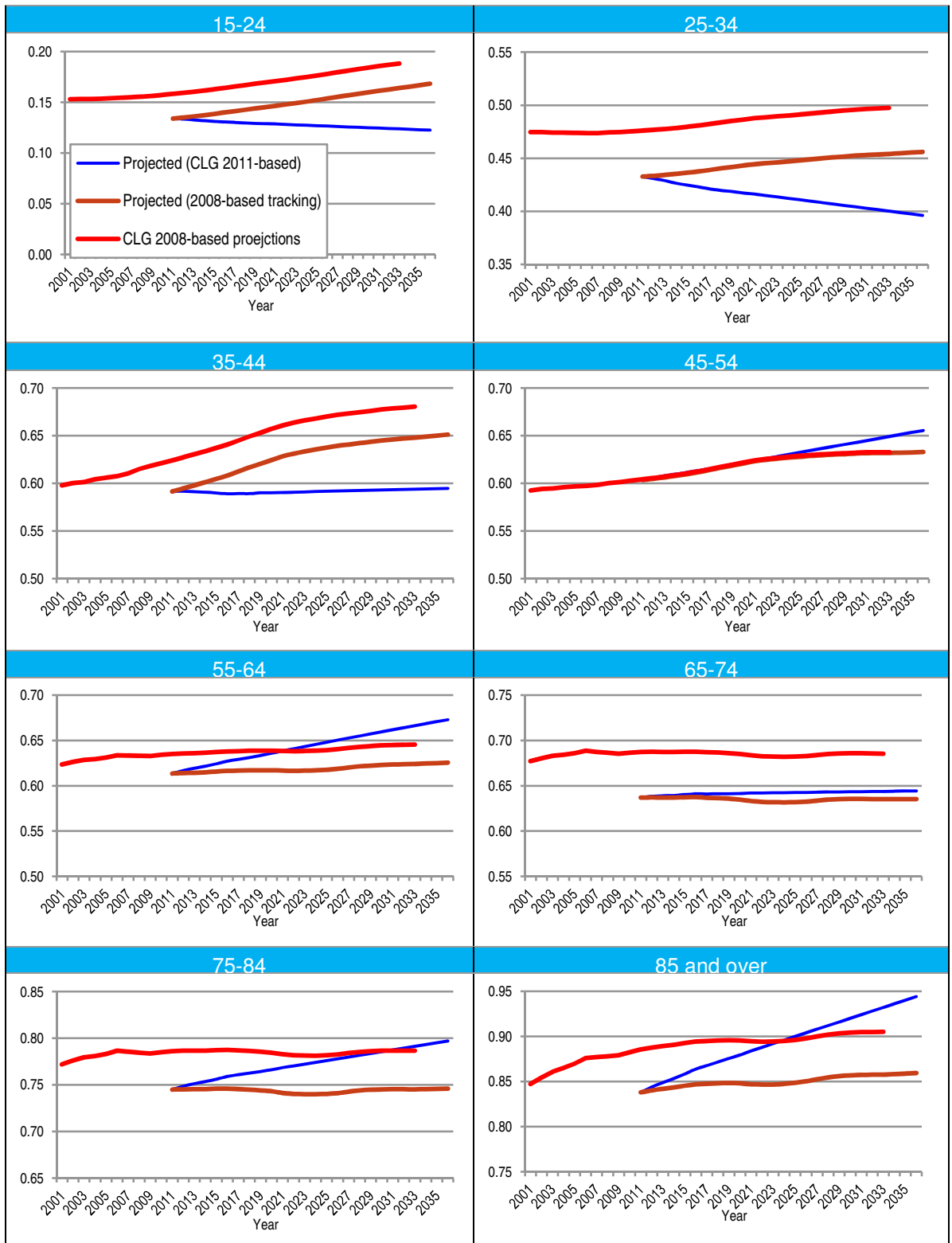
Source: Derived from CLG data

7.41   Overall, studying the various headship rate data tends to point us towards the use of 2008-based trends. For younger age groups this would see improving levels of household formation whilst the 2011-based data for older age groups just looks wrong. However, it will be noted for most age groups that the start point of headship rates in 2011 is below the figures expected in the 2008-based projections. This leads us to further consider the extent to which household formation in Croydon may have been constrained by housing market factors such as the difficulty in obtaining mortgage finance and more importantly how any constraint is being projected forward. This is a key part of the NPPG which says:

> '… formation rates may have been suppressed historically by under-supply and worsening affordability of housing [and] … local planning authorities should take a view based on available evidence of the extent to which household formation rates are or have been constrained by supply'.

7.42   Given changes in the profile of the population of Croydon over the last decade it is hard to say how much of the difference between the 2011 start point figures is due to constrained household formation. A September 2013 study produced by Cambridge Centre Housing and Planning Research (CCHPR) on behalf of the Town and Country Planning Association (TCPA) does shed some light on this issue, stating:

> "The central question for the household projection is whether what happened in 2001 – 11 was a structural break from a 40-year trend; or whether household formation was forced downwards by economic and housing market pressures that are likely to ease with time. At the time of the 2011 Census, the British economy was still in recession and the housing market was depressed. The working assumption in this study is that a considerable part but not all of the 375,000 shortfall of households relative to trend was due to the state of the economy and the housing market. 200,000 is attributed to over-projection of households due to the much larger proportion of recent immigrants in the population, whose household formation rates are lower than for the population as a whole. This effect will not be reversed. The other 175,000 is attributed to the economy and the state of the housing market and is assumed to gradually reverse."

7.43   On the basis of this analysis it can broadly be suggested that half of the lack of expected households is due to market factors with roughly half attributable to other issues (notably international migration). To look at how this is relevant to Croydon analysis has been carried out to look at the growth in the BME population relative to the growth seen nationally to see what the likely relative impact of housing market factors is. The table below shows the key analysis for this.

7.44   The data shows that growth in the BME community (taken to be the non-White (British/Irish) population) in England was 115% of all population growth. In Croydon this figure is significantly higher (at 224% of population growth). If it is assumed that nationally 0.53 of movement away from long-term trends is due to international migration (taken here to be BME growth) then the analysis suggests that over 100% of movement away from long-term trends is due to BME growth (and not housing market factors). The finding of 'over 100%' is the output of a specific analysis carried out

and it is to be expected that market factors will have had an impact on household formation rates in the Borough. However, the analysis does serve to show how significant international migration and growth in BME communities has been to population change in the Borough.

Table 14: **Growth in BME population (2001-11)**

	Croydon	**England**
BME population (2001)	112,884	5,767,580
BME population (2011)	186,269	10,216,219
Change (2001-11)	73,385	4,448,639
Total population growth	32,791	3,873,625
BME growth as % of total growth	224%	115%
Variance from national position	1.95	1.00
Part return adjustment factor	1.04	0.53

Source: Census 2001 and 2011

7.45 Whilst in reality, there are likely to have been some housing market factors impacting household formation in the past it is also clear that there has been a significant change in the profile of the population in the Borough. Given that the 2008-based CLG projections have improving formation for younger age groups and fairly flat trends for older groups it is considered that 'tracking' the 2008-based rates would be an appropriate way to model data for household formation. Therefore data has been modelled on the basis of this scenario (as shown in the figure above).

7.46 To get a simple comparison of the different headship assumptions the figure below shows how these will pan out in terms of average household size estimates. The figure also shows the trend that would have been observed if the 2008-based projections had been followed back to 2001 and moving forward. The data clearly shows movement away from the 2008-based trends in 2011 but the 2008-based tracking methodology would be expected to substantially reverse this and start to see average household sizes decrease notably in the future.

7.47 The data for 2011 recognises that there have been changes in household structures linked to international migration and growth in BME communities but that in the future patterns of household formation will return towards longer-term trends.

Figure 59: Past and projected trends in Average Household Size – Croydon
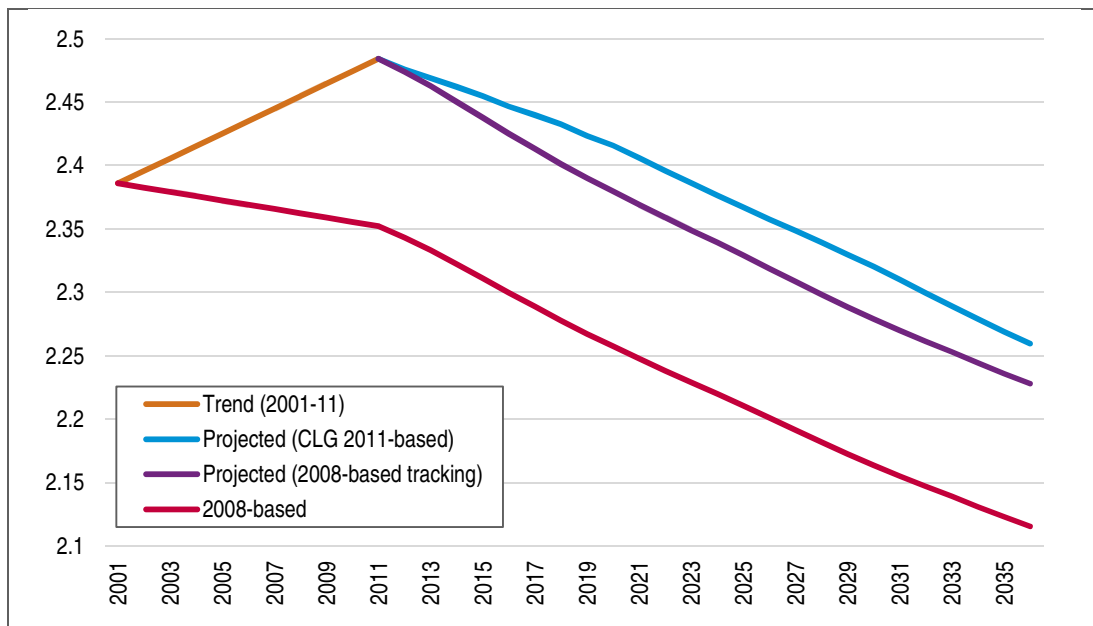
Source: Derived from ONS and CLG data

CORE CONCLUSION – HOUSEHOLD FORMATION (HEADSHIP) RATES

The analysis shows that average household sizes have dramatically departed from long-term trends in the 2008-based projections. However, this seems likely to largely be due to changes in the population profile of the Borough (a large increase in BME communities which have different household structures). Moving forward however, both the 2011- and 2008-based CLG projections would expect household sizes to start to fall. The 2008-based 'trends' in particular look sound in improving formation rates for younger people and it is considered that a methodology of 'tracking' the 2008-rates from a 2011 start point is the most robust method for studying headship rates.

7.48   Using the 2008-based CLG household projections we have therefore developed a series of headship rates to apply to our demographic data (from the 2012-based SNPP). This suggests a housing requirement of 2,437 dwellings per annum from 2013 to 2036 – this includes a small uplift from household estimates to take account of short term frictional vacancies (a figure of 2.6% has been used; derived from 2011 Census data). In general, Croydon has very low level of long-term vacant properties therefore using a figure derived from the census will not result in planning to account for or increase the number of long-term vacant properties.

Table 15: **Projected household growth 2013-36 – 2012-based SNPP and 'tracking' 2008-based CLG headship rates**

	Croydon
Households 2013	150,051
Households 2036	204,685
Change in households	54,634
Per annum	2,375
Dwellings (per annum)	2,437

Source: Derived from ONS and CLG data

7.49   To put this into context the Greater London Authority (GLA) has also produced their own household projections for the Borough. Again as with the population projections these are set out as High, Low and Central Variants.

7.50   The high variant reflects the most recent migration trends, whereas the low variant reduces internal in-migration by 4.3% and increasing internal out-migration by 7.1%. The Central variant is a midpoint between the two

7.51   By apply in the same 2.6% vacancy levels to these household projections we can see what the resultant housing need would be. The result of which is set out in the table below. These show an annual housing need for between 1,575 and 2,046 dwellings with the Central Variant at 1,807 dwellings.

Table 16: **GLA based Housing Need (2013-2036)**

Year	Households			Dwelling		
	High	Low	Central	High	Low	Central
2013	150,054	150,054	150,054	153,955	153,955	153,955
2036	195,922	185,351	190,571	201,016	190,170	195,526
Change	45,868	35,297	40,517	47,061	36,215	41,570
Per annum	1,994	1,535	1,762	2,046	1,575	1,807

Source: Derived from ONS and GLA data

7.52   In comparison to the ONS/CLG based assessment of need the GLA numbers are significantly lower. The high variant is around 400 less than our assessment which tracks the 2008-based headship rates.

7.53   The higher variant would see a greater retention of the population growth within Croydon as few people migrate to the rest of the county. While this means that there will be a reduced flow from Croydon it also means that fewer people will move to the Borough also.

2012-based CLG household projections

7.54   On the 27ᵗʰ February 2015, CLG published a new set of (2012-based) household projections. The projections cover the period mid-2012 to mid-2037 and also include household estimates going back to 1991. The household projections are trend-based and indicate the number of additional households that would form if recent demographic trends continue. The 2012-based household projections are largely underpinned by the 2012-based subnational population projections (which were published in May 2014).

7.55   The projections were published after the SHMA report had substantially been drafted and presented and it was not considered to be realistic to undertake a full updating of information to take account of this new release of data. It is however worthwhile to briefly consider the new projections and how they sit with the analysis in this report. The headline household growth in the CLG projections (for the 2013-36 period) in Croydon is 2,340 additional households per annum – this is very close to the figure suggested in this report (2,375 dwellings from the 2012-based SNPP and 'tracking' 2008-based CLG headship rates) and it is therefore considered that the analysis carried out prior to publication of the new projections remains sound, as are the conclusions drawn. Appendix B sets out the Headship rates assumptions for the 2012-Based household projections against the previous projections.

Economic-led Housing Requirements

7.56   As well as looking at demographic trends when considering what the housing requirement should be CLG advice suggests considering economic (job growth) forecasts. In particular the guidance states that:

> 'Plan makers should make an assessment of the likely growth in job numbers based on past trends and/or economic forecasts as appropriate and also having regard to the growth of the working age population'

7.57   To look at the economic future of Croydon we have drawn on a GLA forecast for jobs growth in the Borough. This is shown in the figure below – from 2011 to 2036 the number of jobs in the Borough is projected to increase by around 25,500 with fairly steady growth post-2016.

Figure 60: Projected number of jobs – Croydon
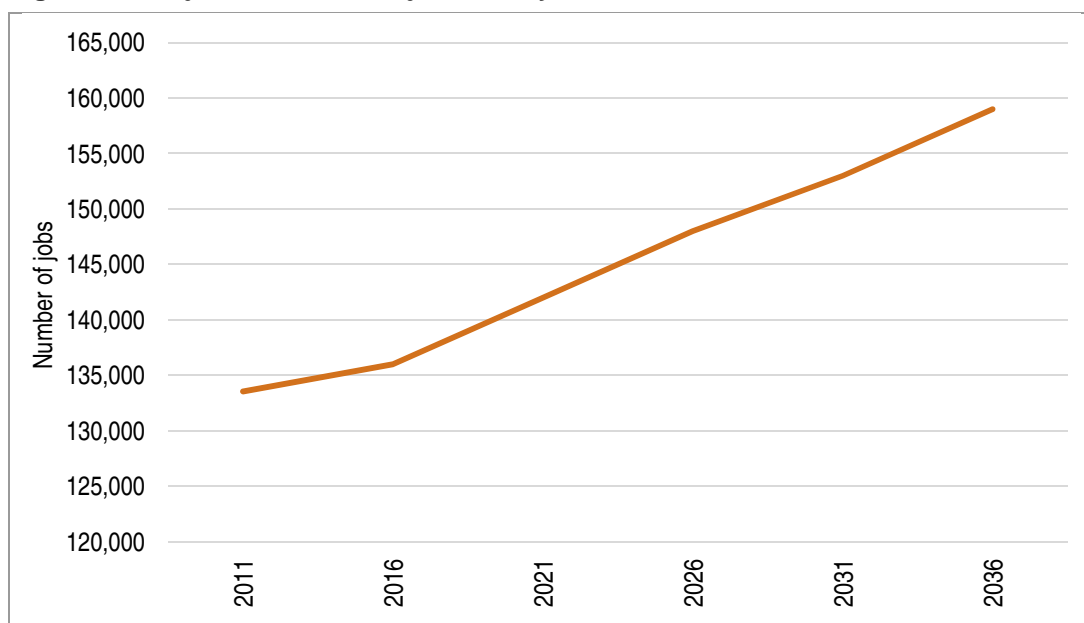
Source: Experian

7.58   As well as studying job growth we can also consider commuting patterns to understand whether or not the growth in the working population might be expected to be higher (or lower) than the job growth figures. To study this we have looked at the relationship between the number of residents in employment and the number of people who work in the area. Information about this is shown in the table below and has been taken from the 2011 Census.

7.59   The data shows that there are around 43% more people who live in the area (and are working) than currently work in the area. Croydon therefore sees a level of net out-commuting.

Table 17:   **Commuting patterns in Croydon (2011)**

Measure	People
Live and work in Borough	**48,412**
Home workers	15,887
No fixed workplace	17,006
Out-commute	92,197
In-commute	39,912
Work offshore or abroad	424
Total working in Borough	121,217
Total living in Borough (and working)	173,926
Commuting ratio	1.43

Source: 2011 Census

7.60   As well as commuting patterns we can also consider that a number of people may have more than one job (double jobbing). This can be calculated as the number of people working in the Borough divided by the number of jobs. This is 121,217/133,532= 0.91.

7.61   Hence to work out the change in the resident workforce required to match the forecast number of jobs we can multiply the commuting ratio by the amount of double jobbing and in turn multiply this by the number of jobs. This is shown in the table below – Overall, the GLA forecasts expect an increase of 25,500 jobs; if commuting patterns and levels of double jobbing remain the same then this would require growth in the resident workforce of about 33,200 people.

Table 18:   **Jobs growth and change in resident workforce (2011-36)**

	Change in jobs	Change in resident workforce
2011-16	2,468	3,215
2016-21	6,000	7,815
2021-26	6,000	7,815
2026-31	5,000	6,513
2031-36	6,000	7,815
TOTAL	25,468	33,172

Source: GLA and 2011 Census

7.62   As well as studying commuting levels and double jobbing the analysis needs to consider how economic participation and employment rates will change in the future. Although the past few years have seen an increase in unemployment there have generally been increases in the proportion of people who are economically active (particularly for females and people aged over 50). In the future we may see a continuation of these trends – particularly in relation to people working longer (partly linked to pensionable ages) and have modelled for there to be some increase in employment rates as we move through to 2036. Full details can be found in **Appendix A**.

7.62   The outputs from the economic based projection is as follows and shows that for the resident workforce to increase in line with the forecast number of jobs would require 1,659 homes per annum to be delivered – this is some way below the projection linked to the 2012-based SNPP. The outputs are again based on household formation rates linked to tracking the 2008-based CLG headship rates from 2011.

Table 19:   **Meeting job growth forecasts**

	Croydon
Households 2013	150,051
Households 2036	187,232
Change in households	37,181
Per annum	1,617
Dwellings (per annum)	1,659

Source: GLH and JGC, 2014

Summary and Conclusions

7.63   The conclusions are drawn on the basis of an assessment process which interrogates demographic information under a range of different scenarios and thus provides recommendations about what might be a reasonable level of future housing provision. The methodology follows the series of steps set out in CLG advice of March 2014. The projections cover the period from 2013 to 2036.

7.64   The analysis begins by looking at the most recent nationally published projections – these are the 2011-based 'interim' projections from CLG which cover the period from 2011 to 2021. This projection suggests household growth of 1,838 per annum across the Borough. This figure is slightly above that contained in the previous (2008-based) CLG projections which put annual household growth (in the 2011-31 period) at 1,664.

7.65   The next stage of the process was to consider the validity of the 2011-based projections, more recent 2012-based subnational population projections (SNPP) and the 2013 mid-year population estimates. Overall, the analysis supports the 2012-based SNPP as being broadly reasonable as a demographic projection. When comparing future growth with past trends this projection sits below the population trend of the past 5-years and in-line with a longer-term (10-year) trend.

7.66   The next step was to consider the most reasonable set of household formation rates. Across the Borough the evidence would suggest that there has been some suppression in the past although there has also been a significant change in the population profile in the area (notably very large growth in BME communities). Moving forward it is however the case that the 2011-based projections are expecting household sizes to begin falling again. However, closer investigation of the 2011-based data suggested that some of the trends were on the pessimistic side whilst other simply looked wrong.

7.67   A set of headship rates were therefore developed which took 2011-based rates as a start point and projected forward in terms of the trends contained in the 2008-based projections. Carrying out the projection on this basis suggests household growth of 2,375 per annum and a housing requirement for 2,437 additional homes per annum (once a vacancy allowance has been included).

7.68   This s somewhat higher than the alternative household forecasts produced by the Greater London Authority which sets out a need between 1,575 and 2,046 dwellings per annum with the central variant at 1,807 dwellings per annum. The high end reflects the most recent migration trends, whereas the low reduces internal in-migration by 4.3% and increasing internal out-migration by 7.1%. The central variant is a midpoint between the two and results in a need for 1,807 dwellings per annum.

7.69   It is also important to consider age structure changes; in particular whether the population growth will support the required increase in the workforce to meet employment growth trends/forecasts. In looking at a GLA economic forecast it was established that an increase in the number of residents in employment of around 33,200 could be expected in the 2013-36 period. Running this figure through the demographic model shows that annual housing requirement for 1,659 would be appropriate to ensure labour-force growth. This is some way below the demographic projection.

7.70   **Overall, the analysis suggests that the housing requirement in Croydon is for around 2,440 dwellings per annum. Over the 23-year period from 2013 to 2036 this would represent 56,100 additional homes. Alternatively the GLA's own figures suggest a need for between 1,575 and 2,046 dwellings per annum with the central variant at 1,807 dwellings per annum**.

8   AFFORDABLE HOUSING NEED

Introduction

8.1   In this section we discuss levels of affordable housing need in Croydon. Housing need is defined in SHMA guidance as the quantity of housing required for households who are unable to access suitable housing without financial assistance. These households will be eligible for affordable housing. Affordable housing is defined in the National Planning Policy Framework as social rented, affordable rented and intermediate housing provided to eligible households whose needs are not met by the market.

8.2   Government guidance on Strategic Housing Market Assessments sets out a model for assessing housing need (known as the Basic Needs Assessment Model). This model has been retained in the CLG advice of March 2014 and is used herein. The analysis is based on secondary data sources. It draws on a number of sources of information including 2011 Census data, demographic projections, house prices/rents and income information.

8.3   It should be recognised that in establishing housing requirements, evidence of both housing need and demand should both be considered. This section, addressing housing need specifically, should be considered alongside the evidence of demand presented; and the demographic-led projections of housing requirements. Land availability, infrastructure requirements, viability (as well as funding available for affordable housing), Sustainability Appraisal and the views of the local community and wider stakeholders also need to be considered in the development of planning policy. It is not a simple predict and provide issue.

8.4   The housing needs model is based largely on housing market conditions (and particularly the relationship of housing costs and incomes) at a particular point in time – the time of the assessment – as well as the existing supply of affordable housing (through relets of current stock) which can be used to meet housing need. On this basis, estimates of housing need are provided in this section for the twenty-three year period between 2013 and 2036.

Key Definitions

8.5   We begin by setting out key definitions relating to housing need, affordability and affordable housing.

Housing Need

8.6   Housing need is defined as the number of households who lack their own housing or who live in unsuitable housing and who cannot afford to meet their housing needs in the market.

Newly-Arising Need

8.7 Newly-arising (or future) need is a measure of the number of households who are expected to have an affordable housing need at some point in the future. In this assessment we have used trend data from CoRe along with demographic projections about the number of new households forming (along with affordability) to estimate future needs.

Supply of Affordable Housing

8.8 An estimate of the likely future supply of affordable housing is also made (drawing on secondary data sources about past lettings). The future supply of affordable housing is subtracted from the newly-arising need to make an assessment of the net future need for affordable housing.

Affordability

8.9 Affordability is assessed by comparing household incomes, based on income data modelled using a number of sources including CACI, ASHE, the English Housing Survey (EHS) and ONS data, against the cost of suitable market housing (to either buy or rent). Separate tests are applied for home ownership and private renting (in line with the SHMA Guidance) and are summarised below:

d) Assessing whether a household can afford home ownership: A household is considered able to afford to buy a home if it costs 3.5 times the gross household income – CLG guidance suggests using different measures for households with multiple incomes (2.9×) and those with a single income (3.5×), however (partly due to data availability) we have only used a 3.5 times multiplier for analysis. This ensures that housing need figures are not over-estimated – in practical terms it makes little difference to the analysis due to the inclusion of a rental test (below) which tends to require lower incomes for households to be able to afford access to market housing;

e) Assessing whether a household can afford market renting: A household is considered able to afford market rented housing in cases where the rent payable would constitute no more than 30% of gross income. CLG guidance suggests that 25% of income is a reasonable start point but suggests that a higher figure could be used. A review of SHMAs carried out across the Country suggests that 30% has been established as the benchmark figure to be used in such assessments. Analysis has also been carried out to test the sensitivity of affordable need at different percentages (from 25% to 40%).

8.10 It should be recognised that a key challenge in assessing housing need using secondary sources is the lack of information available regarding households' existing savings. This is a key factor in affecting the ability of young households to purchase housing particularly in the current market context where a deposit of at least 10% is typically required for the more attractive mortgage deals. The 'help to buy' scheme is likely to be making some improvements in access to the owner-occupied sector although at present this is likely to be limited (although the impact of recent extensions to this scheme to include the second-hand market should be monitored moving forward). In many cases households who do not have sufficient savings to purchase have sufficient income to rent housing privately without support, and thus the impact of deposit issues on the overall assessment of housing need is limited.

Affordable Housing

8.11   The NPPF provides the definition of affordable housing (as used in this report). The following is taken from Annex 2 of NPPF.

"Affordable housing includes social rented, affordable rented and intermediate housing, provided to specified eligible households whose needs are not met by the market. Affordable housing should:

- *Meet the needs of eligible households including availability at a cost low enough for them to afford, determined with regard to local incomes and local house prices;*
- *Include provision for the home to remain at an affordable price for future eligible households or, if these restrictions are lifted, for the subsidy to be recycled for alternative affordable housing provision."*

8.12   Within the definition of affordable housing there is also the distinction between social rented affordable rented, and intermediate housing. Social rented housing is defined as:

"Rented housing owned and managed by local authorities and registered social landlords, for which guideline target rents are determined through the national rent regime. It may also include rented housing owned or managed by other persons and provided under equivalent rental arrangements to the above, as agreed with the local authority or with the Homes and Communities Agency as a condition of grant."

8.13   Affordable rented housing is defined as:

"Rented housing let by registered providers of social housing to households who are eligible for social rented housing. Affordable Rent is not subject to the national rent regime but is subject to other rent controls that require a rent of no more than 80 per cent of the local market rent."

8.14   The definition of intermediate housing is shown below:

"Intermediate affordable housing is 'Housing at prices and rents above those of social rent, but below market price or rents. These can include shared equity products (e.g. HomeBuy), other low cost homes for sale and intermediate rent but does not include affordable rented housing."

8.15   As part of our analysis in this report we have therefore studied the extent to which both social rented, intermediate housing and affordable rented housing can meet housing need in Croydon.

Local Prices & Rents

8.16   An important part of the SHMA is to establish the entry-level costs of housing to buy and rent – this data is then used in the assessment of the need for affordable housing. The 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 a 'housing need.'

8.17   In this section we establish the entry-level costs of housing to both buy and rent across the Council area. Our approach has been to analyse Land Registry and VOA data to establish lower quartile prices and rents. For the purposes of analysis (and to be consistent with CLG guidance) we have taken lower quartile prices and rents to reflect the entry-level point into the market.

8.18   The table below shows estimated lower quartile property prices by dwelling type. The data shows that entry-level costs to buy are estimated to start from about £163,000 for a flat and rising to £430,000 for a detached home. Looking at the lower quartile price across all dwelling types the analysis shows a figure of £200,000.

Table 20:   **Lower quartile sales prices by type (Q1 and Q2 – 2014)**

Dwelling type	Lower quartile price
Flat	£162,600
Terraced	£240,000
Semi-detached	£290,000
Detached	£430,000
All dwellings	£200,000

Source: Land Registry (2013)

8.19   A similar analysis has been carried out for private rents using Valuation Office Agency (VOA) data – this covers a 12-month period to March 2014. 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 around £700 per month.

Table 21:   **Lower quartile private rents by size and location (year to March 2014)**

Dwelling size	Monthly rent
Room only	£400
Studio	£585
1 bedroom	£725
2 bedrooms	£900
3 bedrooms	£1,127
4+ bedrooms	£1,500
All dwellings	£700

Source: Valuation Office Agency

8.20   In addition to rental costs from our internet survey we have looked at the maximum amount of Local Housing Allowance (LHA) payable on different sized properties within the area. Maximum LHA payments are based on estimates of rents at the 30th percentile and should therefore be roughly comparable with our estimates of lower quartile costs.

8.21   The geographical areas used to determine LHA are not however co-terminus with local authority boundaries and so any comparison is not exact. LHA levels are based on Broad Rental Market Areas (BRMA). The BRMA is an area where a person could reasonably be expected to live taking into account access to facilities and services for the purposes of health, education, recreation, personal banking and shopping (as defined by the Rent Office).

8.22   Virtually all of Croydon falls into the Outer South London BRMA with a very small part to the north being in the Inner South East London BRMA. The Outer South London BRMA does however extend beyond the Council boundary and into parts of Surrey. Below we have therefore provided details for the Outer South London BRMA. The data suggests only small differences between LHA rates and our analysis based on VOA data.

Table 22:   **Maximum LHA payments by Size and BRMA**

Size	Outer South London BRMA
Room only	£344
1 bedroom	£697
2 bedrooms	£877
3 bedrooms	£1,163
4 bedrooms	£1,435

Source: VOA data (July 2014)

Cost of Affordable Housing

8.23   Traditionally the main type of affordable housing available in an area is social rented housing and the cost of social rented accommodation by dwelling size can be obtained from Continuous Recording (CORE) - a national information source on social rented lettings. The table below illustrates the rental cost of lettings of social rented properties by size in 2013/14. As can be seen the costs are below those for private rented housing indicating a gap between the social rented and market sectors. This gap increases for larger properties. The figures in the table include service charges.

Table 23:   **Monthly social rent levels**

Size	Monthly Rent
1 bedroom – average	£438
2 bedrooms – average	£509
3+ bedrooms – average	£594
Lower quartile (all sizes)	£403 (est'd)

Source: CoRe (2014)

8.24   Changes in affordable housing provision has seen the introduction of a new tenure of affordable housing (Affordable Rented). Affordable rented housing is defined in the NPPF as being *'let by local authorities or private registered providers of social housing to households who are eligible for social rented housing. Affordable Rent is subject to rent controls that require a rent of no more than 80% of the local market rent (including service charges, where applicable)'*. In the short-term it is likely that this tenure will replace social rented housing for new delivery.

8.25   Affordable Rented housing can therefore be considered to be similar to social rented housing but at a potentially higher rent. The 80% (maximum) rent is to be based on the open market rental value of the individual property and so it is not possible to say what this will exactly mean in terms of cost (for example the rent for a two-bedroom flat is likely to be significantly different to a two-bedroom detached bungalow). In addition, market rents for new-build homes are likely to be higher than within the existing stock and may well be in excess of 80% of lower quartile rents. However, for the purposes of analysis we have assumed that the 80% figure can be applied to the lower quartile private rented cost data derived from VOA information.

Gaps in the Housing Market

8.26   The figure below estimates how current prices and rents in Croydon might equate to income levels required to afford such housing. The figures are based on the figures derived in the analysis above

and include four different tenures (buying, private rent, affordable rent and social rent) and are taken as the lower quartile price/rent across the whole stock of housing available (i.e. including all property sizes). For illustrative purposes the calculations are based on 3.5 times household income for house purchase and 30% of income to be spent on housing for rented properties. The figures for house purchase are based on a 100% mortgage for the purposes of comparing the different types of housing.

Figure 61: Indicative income required to purchase/rent without additional subsidy
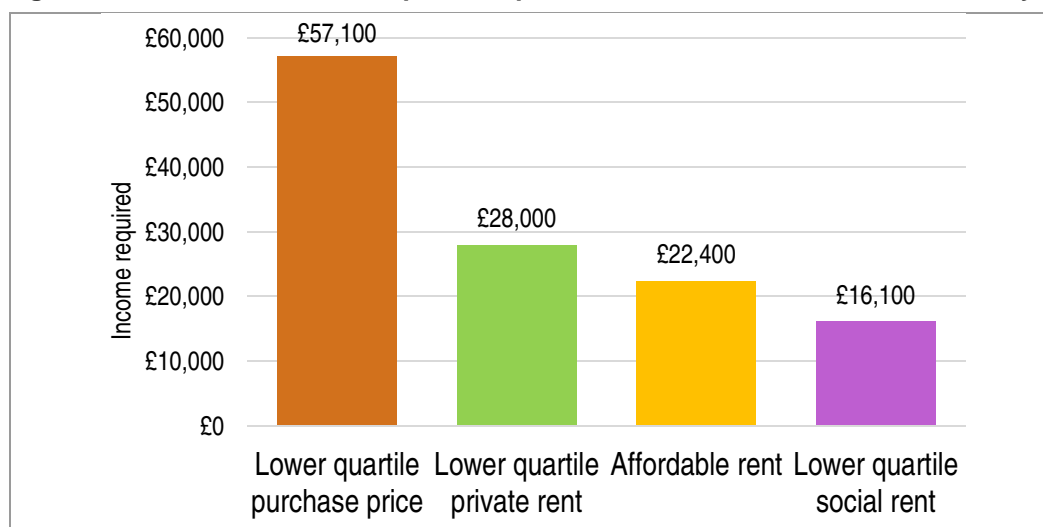
Source: Land Registry, VOA and CoRe

Income levels and affordability

8.27 Following on from our 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 and also provide an indication of the potential for intermediate housing to meet needs. Data about total household income has been modelled on the basis of a number of different sources of information to provide both an overall average income and the likely distribution of incomes in each area. The key sources of data include:

- CACI from *Wealth of the Nation 2012* – to provide an overall national average income figure for benchmarking
- English Housing Survey (EHS) – to provide information about the distribution of incomes (taking account of variation by tenure in particular)
- Annual Survey of Hours and Earnings (ASHE) – to assist in looking at how incomes have changed from 2012 to 2013 (no change was identified from this source for London)
- ONS modelled income estimates – to assist in providing more localised income estimates (i.e. for Croydon Borough)

8.28 Drawing all of this data together we have therefore been able to construct an income distribution for the whole of Croydon for 2013. The figure below shows the distribution of household incomes for the whole of the Borough. The data shows that over a quarter (27%) of households have incomes

below £20,000 with a further third in the range of £20,000 to £40,000. The overall average (median) income of all households in the Borough was estimated to be around £33,300 with a mean income of £43,800.

Figure 62: Distribution of Household Income in Croydon (2013)
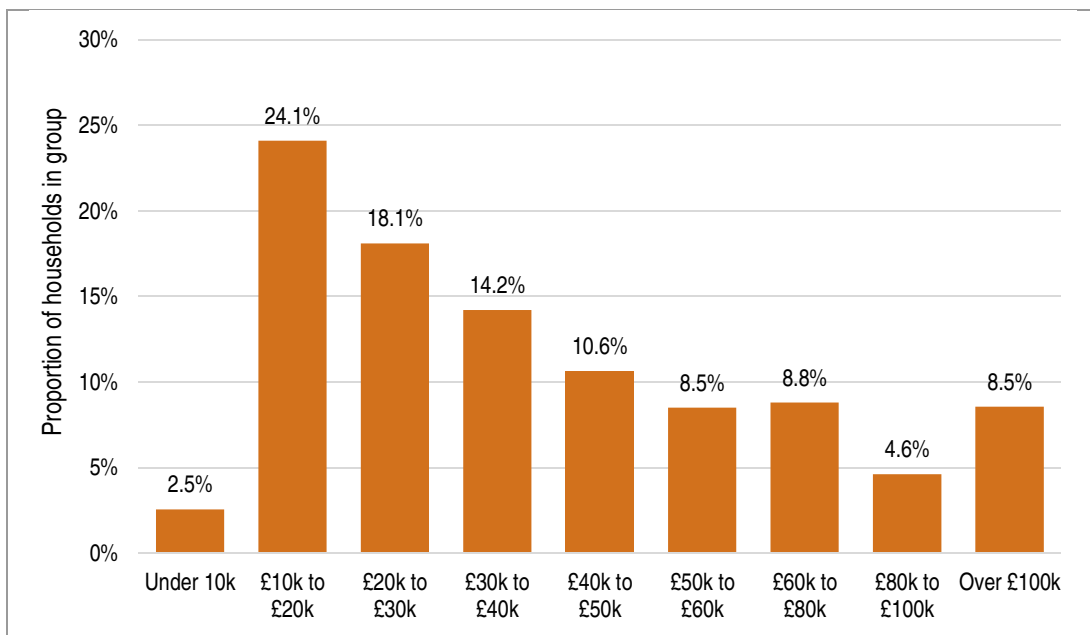
Source: Derived from ASHE, EHS, CACI and ONS data

8.29   To assess affordability we have looked at households ability to afford either home ownership or private rented housing (whichever is the cheapest), without financial support. The distribution of household incomes is then used to estimate the likely proportion of households who are unable to afford to meet their needs in the private sector without support, on the basis of existing incomes. This analysis brings together the data on household incomes with the estimated incomes required to access private sector housing.

8.30   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). Assumptions about income levels are discussed for relevant analyses where relevant in the analysis that follows.

Housing Needs Assessment

8.31   Affordable housing need has been assessed using the Basic Needs Assessment Model, in accordance with the CLG Practice Guidance. This model is summarised in the chart below.

Figure 63: Overview of Basic Needs Assessment Model
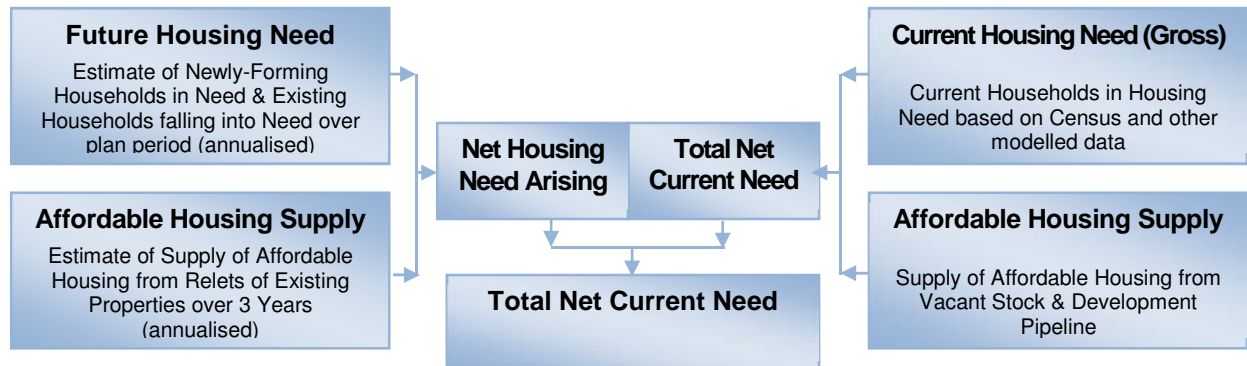
8.32   The figures presented in this report for affordable housing needs have been based on secondary data sources including analysis of 2011 Census data. The housing needs modelling undertaken provides an assessment of housing need for a five year period (which is then annualised). Each of the stages of the housing needs model calculation are discussed in more detail below.

Current Housing Need (Backlog)

8.33   In line with CLG guidance, the backlog of affordable housing need has been based on estimating the number of households living in unsuitable housing along with consideration of their current tenure and affordability. Unsuitability is based on the number of households shown to be overcrowded in the 2011 Census along with an estimate of other needs which have been modelled by comparing the tenure profile in each area with information from previous surveys about households in need. Much of these additional needs are found in the private rented sector and relate to issues around security of tenure and housing costs.

8.34   The analysis shows some 13,975 overcrowded households (using the bedroom standard – see definition below) along with an estimated 4,180 households with other needs. In total it is therefore estimated that around 18,155 households are currently living in unsuitable accommodation – this represents 12.1% of the estimated number of households in Croydon in 2013.

DEFINITION OF BEDROOM STANDARD

The Housing (Overcrowding) Bill of 2003 defines the bedroom standard as: "For the purposes of the bedroom standard a separate bedroom shall be allocated to the following persons:

(a) A person living together with another as husband and wife (whether that other person is of the same sex or the opposite sex)
(b) A person aged 21 years or more
(c) Two persons of the same sex aged 10 years to 20 years
(d) Two persons (whether of the same sex or not) aged less than 10 years
(e) Two persons of the same sex where one person is aged between 10 years and 20 years and the other is aged less than 10 years
(f) Any person aged under 21 years in any case where he or she cannot be paired with another occupier of the dwelling so as to fall within (c), (d) or (e) above."

While the 2011 Census uses the bedroom standard definition stated above, the Housing Bill of 2003 also takes account of uninhabitable bedrooms and rooms with less than 50ft^2 floor space in determining bedrooms or rooms available to a household. The census does not collect this information and it is therefore not used in deriving the 2011 Census bedroom occupancy ratings.

8.35   In taking this estimate forward, the data modelling estimates housing unsuitability by tenure. From the overall number in unsuitable housing (18,155) 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 analysis also excludes all outright owners under the assumption (which is supported by analysis of survey data) that they will have sufficient equity to move and 90% of owners with a mortgage. Again analysis of a range of recent surveys indicates that the vast majority of owners with a mortgage are able to afford housing once savings and equity are taken into account. A final adjustment (which is fairly small in Croydon) is to slightly reduce the unsuitability figures to take account of student-only households – such households could technically be overcrowded but would be unlikely to be considered as being in housing need.

8.36   At the time of the assessment there were an estimated 8,142 households living in unsuitable housing (excluding current social tenants and the majority of owner-occupiers) – this represents 5.4% of all households in the Council area – this data is shown in the table below.

Table 24:   **Estimated number of households in unsuitable housing**

Area	In unsuitable housing	Total number of households	% in unsuitable housing
Croydon	8,142	150,051	5.4%

Source: Census (2011) and data modelling

8.37   Our estimated level of backlog need is therefore 8,142. We can however additionally consider that a number of these households might be able to afford market housing without the need for subsidy. For an affordability test we have used the income data and adjusted the distribution to reflect a lower average income amongst households living in unsuitable housing – for the purposes of the modelling an income estimate of 69% of the figure for all households has been used (this estimate is based on past surveys carried out by GL Hearn with this proportion being fairly consistent across areas and over time). Overall, around 60% of households with a current need are estimated to be likely to have insufficient income to afford market housing and so our estimate of the total backlog need is reduced to 4,857 households.

Table 25:   **Estimated Current Need**

Area	In unsuitable housing	% Unable to Afford	Revised Gross Need (including Affordability)
Croydon	8,142	59.7%	4,857

Source: Census (2011), data modelling and income analysis

8.38   CLG guidance also suggests that the housing register can be used to estimate levels of housing need. Our experience working across the Country is that housing registers can be highly variable in the way allocation policies and pointing systems work. This means that in many areas it is difficult to have confidence that the register is able to define an underlying need. Many housing registers include households who might not have a need whilst there will be households in need who do not register (possibly due to being aware that they have little chance of being housed). For these reasons, the method linked to Census and other modelled data is preferred.

Newly-Arising Need

8.39   To estimate newly-arising (projected future) need we have looked at two key groups of households based on the CLGs SHMA Guidance. These are:

- Newly forming households; and
- Existing households falling into need.

Newly-Forming Households

8.40   For newly-forming households we have estimated (through our demographic modelling) the number of new households likely to form per annum over the 2013-36 period and then applied an affordability test. This has been undertaken by considering the changes in households in specific

10-year age bands relative to numbers in the age band below 10 years previously to provide an estimate of *gross* household formation. This differs from numbers presented in the demographic projections which are for net household growth. The numbers of newly-forming households are 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.

8.41   The estimates of gross new household formation have been based on outputs from our core demographic projection. In looking at the likely affordability of newly-forming households we have drawn on data from previous surveys. This establishes that the average income of newly-forming households is around 84% of the figure for all households. This figure is remarkably consistent across areas (and is also consistent with analysis of English Housing Survey data at a national level).

8.42   We have 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 we are able to calculate the proportion of households unable to afford market housing without any form of subsidy (such as LHA/HB). Our assessment suggests that overall around 50% of newly-forming households will be unable to afford market housing and that a total of 2,061 new households will have a need on average in each year to 2036.

Table 26: **Estimated Level of Housing Need from Newly Forming Households (per annum)**

Area	Number of new households	% unable to afford	Total in need
Croydon	4,126	50.0%	2,061

Source: Projection Modelling/Income analysis

Existing Households falling into Housing Need

8.43   The second element of newly arising need is existing households falling into need. To assess this we have used information from CoRe. We have looked at households who have been housed over the past five years - this group will represent the flow of households onto the Housing Register over a five year period. From this we have discounted any newly forming households (e.g. those currently living with family) as well as households who have transferred from another social rented property. An affordability test has also been applied, although relatively few households are estimated to have sufficient income to afford market housing.

8.44   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 numbers 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 households applicants)'*.

8.45   Following the analysis through suggests a need arising from 419 existing households each year – this is about 0.3% of all households living in the Borough (in 2013).

Supply of Affordable Housing

8.46   The future supply of affordable housing is the flow of affordable housing arising from the existing stock that is available to meet future need. It is split between the annual supply of social/affordable rent relets and the annual supply of relets/sales within the intermediate sector.

8.47   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. We have used information from the Continuous Recording system (CORE) to establish past patterns of social housing turnover. Our figures include general needs and supported lettings but exclude lettings of new properties plus an estimate of the number of transfers from other social rented homes. These exclusions are made to ensure that the figures presented reflect relets from the existing stock. Additionally an estimate of the number of 'temporary' supported lettings has been removed from the figures (the proportion shown in CoRe as being lettings in direct access hostels or foyer schemes).

8.48   On the basis of past trend data is has been estimated that 379 units of social/affordable rented housing are likely to become available each year moving forward.

Table 27: **Analysis of past social/affordable rented housing supply (per annum - past 3 years)**

Value	Number
Total lettings	1,202
% as non-new build	79.5%
Lettings in existing stock	955
% non-transfers	62.5%
Sub-total	597
% non-temporary housing	97.4%
Total lettings to new tenants	582

Source: CoRe

8.49   The supply figure is for social/affordable rented housing only and whilst the stock of intermediate housing in Croydon is not significant compared to the social/affordable rented stock it is likely that some housing does become available each year (e.g. re-sales of shared ownership). For the

purposes of this assessment we have estimated the likely size and turnover in the intermediate stock on the basis of 2011 Census data (and assuming a turnover half of the rate seen in the social/affordable rented stock[11]). From this it is estimated that around 21 additional properties might become available per annum. The total supply of affordable housing is therefore estimated to be 603 per annum.

Table 28:   **Supply of affordable housing**

Area	Social/affordable rented relets	Intermediate housing relets	Total supply (per annum)
Croydon	582	21	603

Source: Derived from CoRe and Census (2011) analysis

Net Housing Need

8.50   The table below shows our overall calculation of housing need. This excludes supply arising from sites with planning consent (the 'development pipeline'). The analysis has been based on meeting housing need over the 23-year period from 2013 to 2036. Whilst most of the data in the model are annual figures the backlog has been divided by 23 to make an equivalent annual figure.

8.51   The data shows an overall need for affordable housing of 48,000 units over the next 23-years (2,088 per annum). The net need is calculated as follows:

Net Need = Backlog Need + Need from Newly-Forming Households + Existing Households falling into Need – Supply of Affordable Housing

Table 29:   **Estimated level of Housing Need (2013-36)**

	Per annum	23 years
Backlog need	211	4,857
Newly forming households	2,061	47,396
Existing households falling into need	419	9,627
Total Gross Need	2,690	61,880
Supply	603	13,863
Net Need	2,088	48,016

Source: Census (2011)/CORE/Projection Modelling and affordability analysis

Sensitivity to Income Thresholds

8.52   Whilst 25% is the threshold suggested by 2007 SHMA Guidance, it is recognised that what is considered affordable can vary and that local circumstances may justify an alternative figure. Given the socio-economic profile of the Croydon population, particularly with respect to earnings and the

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[11] No data is available regarding the actual turnover of intermediate stock, therefore we have estimated the number

cost of housing, in practice, many households locally will choose to spend a greater proportion of their income on housing.

8.53   A 30% threshold has been used in the main modelling for consistency with general practice nationally although it is worthwhile considering the implications of alternative thresholds. To understand the implications of the income threshold, we sensitivity tested affordable housing need assuming variant levels of income spent on housing costs. The table below summarises the findings. In particular, we can see that an assumption of households spending 40% gross income on housing costs then need falls to 1,422 households per annum (down from 2,088 using a 30% threshold).

Table 30:   **Estimated level of Housing Need (per annum) at Variant Income Thresholds**

	@ 25%	@ 30%	@ 35%	@ 40%
Backlog Need	242	211	185	161
Newly forming households	2,432	2,061	1,751	1,508
Existing households falling into need	445	419	389	356
Total Need (per annum)	3,118	2,690	2,325	2,025
Supply	603	603	603	603
Net Need	2,516	2,088	1,722	1,422

Source: Census (2011)/CORE/Projection Modelling and affordability analysis

Role of the Private Rented Sector in Meeting Housing Need

8.54   As well as considering the supply of social/affordable rented and intermediate housing it is important to examine the extent to which the private rented sector (through the Local Housing Allowance (LHA) system) is meeting the needs of households in the area. We have therefore used data from the Department of Work and Pensions (DWP) to look at the number of LHA supported private rented homes. As of May 2014 it is estimated that there were 17,436 benefit claimants in the private rented sector; this is 5% higher than the number observed three years earlier (in May 2011).

8.55   What this information does not tell us is how many lettings are made each year to tenants claiming benefit as this will depend on the turnover of stock. From English Housing Survey we estimate that the proportion of households within the private sector who are "new lettings" each year (i.e. stripping out the effect of households moving from one private rented property to another) is around 13%. Applying this to the number of LHA claimants in the private rented sector gives us an estimate of 2,267 private sector lettings per annum to new LHA claimants in the Council area. This figure is derived from claimants rather than households and it is possible that there are a number of multiple LHA claimant households (i.e. in the HMO sector).

8.56   The overall estimated number of lettings in the LHA part of the Private Rental Sector (PRS) can therefore be seen to be slightly higher than the total net need derived through housing needs analysis. It is not however appropriate to treat this sector as a form of affordable housing and net it from the overall annual housing needs estimate of 2,088 affordable homes per annum. Neither the SHMA Guidance (CLG, 2007) nor the NPPF (CLG, 2012) recognise this sector as affordable housing.

8.57   However, it should be recognised that, in practice, the private rented sector does make a significant contribution to filling the gap in relation to meeting housing need and given the levels of affordable housing need shown in this study, the private rented sector is likely to continue to be used to some degree to make up for the shortfall of genuine affordable housing for the foreseeable future.

8.58   The extent to which the Council wishes to see the private rented sector being used to make up for shortages of affordable housing is a matter for policy intervention and is outside the scope of this report. However it should be recognised that the Private Rented Sector does not provide secure tenancies and that standards within the sector are likely to be lower than for social rented properties. Furthermore there are households with specific housing needs who may not be able to find suitable accommodation within the Private Rented Sector.

Understanding the Context to the Housing Needs Assessment

8.59   The housing needs analysis concludes that there is a shortfall of 48,000 affordable homes over the period from 2013 to 2036 (2,088 per annum). If this level of affordable housing was to be delivered as 40% of the total stock (in line with the London Housing Strategy) then 5,220 dwellings would be required to be delivered per annum. This would represent a significant uplift from the demographic need of 2,440 dwellings identified earlier.

8.60   However there are a number of things that need to be remembered in interpreting the housing needs analysis. Firstly, the Basic Needs Assessment Model which has been used was designed specifically to identify whether there is a shortfall or surplus of affordable housing. It is a statutory requirement to underpin affordable housing policies.

8.61   The needs assessment therefore does not look at all housing needs, but specifically the needs of those who can't afford market housing (assuming no more than 30% of households' gross income is spent on housing costs). It assumes that all households are adequately housed in a home that they can afford.

8.62   The needs assessment is a 'snapshot' assessment at a point in time, which is affected by the differential between housing costs and incomes at that point; as well as the existing supply of affordable housing. In the case of Croydon, the stock of affordable housing (social rented)

represents about 18% of the total number of households – this is notably below the equivalent figure for London (24%). This has affected the level of affordable housing need. The shortfall of affordable housing identified is therefore to some extent affected by past investment decisions.

8.63   Moreover, as the Basic Needs Assessment Model is designed to identify a shortfall of genuine affordable housing, it assumes that all households in 'housing need' are housed in affordable homes (which include a provision that the home remains at an affordable price for future eligible households).

8.64   In reality, there are two key factors which need to be considered:

- Many households defined as in housing need may choose to spend more than 30% of their gross income on housing costs or may not actively seek an affordable home; and
- Some households defined as in housing need are accommodated in the Private Rented Sector, supported by Local Housing Allowance.

8.65   It is estimated that there are currently around 17,400 Local Housing Allowance claimants housed in the Private Rented Sector with many more expected to be in this sector and paying more than 30% of their income on housing but not claiming Housing Benefit (for example a single person might need to see their housing costs get up to around 45%-50% of rent before getting Housing Benefit (although other benefits such as working tax credits will kick in below this level))

8.66   As the level of housing need is very sensitive to differences between housing costs and incomes, changes in the difference between incomes and housing costs over time will affect the level of housing need identified.

8.67   Due to the role of the private rented sector in meeting housing need there is no evidence of a significant shortfall in overall housing provision to meet local housing requirements over and above that shown by the demographic modelling and so no additional uplift is required to take account of affordability issues.

8.68   Given the current stock of affordable housing in the area, the funding mechanisms for delivery of new affordable housing and policies affecting sales of existing properties, it is unrealistic to assume that all households in housing need will be provided with an affordable home. It is realistic to assume that the Private Rented Sector will continue to play an important role in meeting housing need in the short-to-medium term.

Need for Different Types of Affordable Housing

8.69   Having studied housing costs, incomes and housing need the next step is to make an estimate of the proportion of affordable housing need that should be met through provision of different housing products. We therefore use the income information presented earlier in this section to estimate the

proportion of households who are likely to be able to afford intermediate housing and the number for whom only social or affordable rented housing will be affordable. There are three main types of affordable housing that can be studied in this analysis:

- Intermediate
- Affordable rent
- Social rent

8.70   Whilst the process of separating households into different income bands for analytical purposes is quite straightforward, this does not necessarily tell us what sort of affordable housing they might be able to afford or occupy.

8.71   For example a household with an income close to being able to afford market housing might be able to afford intermediate or affordable rent but may be prevented from accessing certain intermediate products (such as shared ownership) as they have an insufficient savings to cover a deposit. Such a household might therefore be allocated to affordable rented or intermediate rented housing as the most suitable solution. However we would expect that few Registered Providers would build intermediate rented homes, given that the level of potential occupants for affordable rented homes is greater (as it includes households who could claim housing benefit to supplement their incomes).

8.72   The distinction between social and affordable rented housing is also complex. Whilst rents for affordable rented housing would be expected to be higher than social rents, this does not necessarily mean that such a product would be reserved for households with a higher income. In reality, as long as the rent to be paid falls at or below LHA limits then it will be accessible to a range of households (many of whom will need to claim housing benefit). Local authorities' tenancy strategies might set policies regarding the types of households which might be allocated affordable rented homes; and many authorities will seek to avoid where possible households having to claim higher levels of housing benefit. This however needs to be set against other factors, including viability and the availability of grant funding. Over the current spending period to 2015 grant funding is primarily available to support delivery of affordable rented homes. A significant level of affordable housing delivery is however through developer contributions (Section 106 Agreements).

8.73   For these reasons it is difficult to exactly pin down what proportion of additional affordable homes should be provided through different affordable tenure categories. In effect there is a degree of overlap between different affordable housing tenures, as the figure below shows.

Figure 64: Overlap between Affordable Housing Tenures
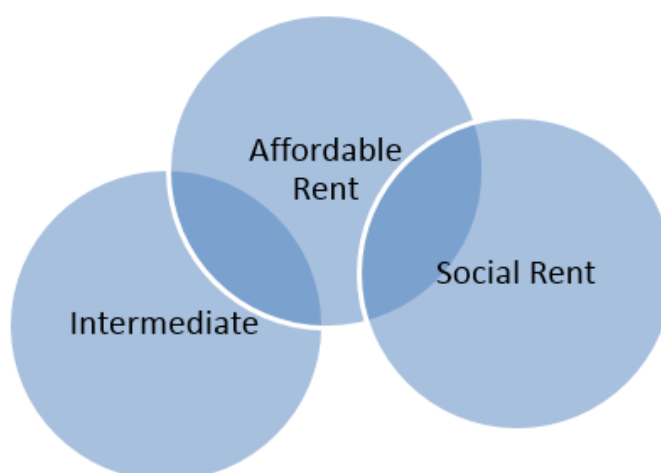
8.74   Given this overlap, for analytical purposes we have defined the following categories:

- Households who can afford 80% or more of market rent levels;
- Households who afford no more than existing social rent levels (or would require housing benefit, or an increased level of housing benefit to do so);
- Households which fall in between these parameters, who would potentially be able to afford more than existing social rent levels but could not afford 80% of market rents.

8.75   The first of these categories would include equity-based intermediate products such as shared ownership and shared equity homes but could also include intermediate rented housing. The latter two categories are both rented housing and in reality can be considered together (both likely to be provided by Registered Providers (or the Council) with some degree of subsidy). Additionally, both affordable rented and social rented housing is likely to be targeted at the same group of households; many of whom will be claiming Housing Benefit. For this reason the last two categories are considered together for the purposes of drawing conclusions.

8.76   Taking the gross numbers for housing need and comparing this against the supply from relets of existing stock, the following net need arises within the different categories. Overall the analysis suggests around 24% of housing could be intermediate with the remaining 76% being either social or affordable rented.

Table 31:   **Estimated level of Housing Need (per annum) by type of affordable housing**

Area	Intermediate			Social/affordable rented		
	Total need	Supply	Net need	Total need	Supply	Net need
Croydon	522	21	501	2,168	582	1,586
% of total	24%			76%		

Source: Housing Needs Analysis

8.77   In determining policies for affordable housing provision on individual sites, the analysis in the table above should be brought together with other local evidence such as from the Housing Register.

Consideration could also be given to areas with high concentrations of social rented housing where additional intermediate housing might be desirable to improve the housing mix and to create 'housing pathways'.

Housing Need – Summary of the Evidence

8.78 An assessment of housing need has been undertaken which is compliant with Government guidance to identify whether there is a shortfall or surplus of affordable housing in Croydon. This has estimated current housing need in 2013 of 4,857 households, excluding existing social housing tenants where they would release a home for another household in need.

8.79 The housing needs model then looked at the balance between needs arising and the supply of affordable housing. Each year an estimated 2,479 households are expected to fall into housing need and 603 properties are expected to come up for re-let.

8.80 Overall, in the period from 2013 to 2036 a net deficit of 48,000 affordable homes is identified (2,088 per annum). There is thus a requirement for new affordable housing in the Council area and the Council is justified in seeking to secure additional affordable housing.

8.81 While a deficiency in affordable housing is identified, in practice some households who are unable to secure affordable housing are able to live within the Private Rented Sector supported by housing benefit, It seems likely that the Private Rented Sector will continue to be used to make up for any shortfall of affordable housing.

9 NEED FOR DIFFERENT TYPES OF HOUSING

Introduction

9.1 There are a range of factors which influence housing demand. These factors play out at different spatial scales and influence both the level of housing demand (in terms of aggregate household growth) and the nature of demand for different types, tenures and sizes of homes. It is important to understand that the housing market is influenced by macro-economic factors, as well as the housing market conditions at a regional and local level.

9.2 Demographic changes are however expected to be a key long-term driver. It is reasonable to consider the implications of demographic trends (and in particular changes in the age structure of the population) as a starting point for considering what mix of housing might be needed over the period to 2036.

Methodology

9.3 The figure below describes the broad methodology employed in the housing market modelling. Data is drawn from a range of sources including the 2011 Census and the demographic projections.

Figure 65: Stages in the Housing Market Model
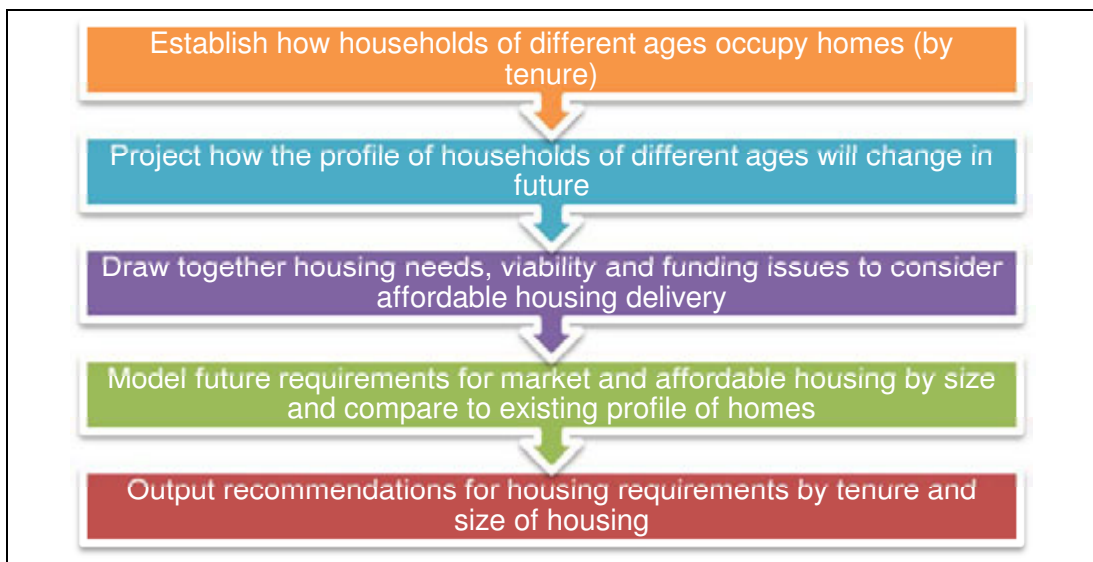
Understanding how Households Occupy Homes

9.4   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 in to 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. The size of housing which households occupy relates more to their wealth and age than the number of people which they contain.

9.5   For example, there is no reason why a single person cannot buy (or choose to live in) a four bedroom home as long as they can afford it and hence projecting an increase in single person households does not automatically translate in to a need for smaller units. This issue is less relevant in the affordable sector (particularly since the introduction of the social sector size criteria) 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 continue to under-occupy their current homes.

9.6   The general methodology is to use the information derived in the projections about the number of household reference persons (HRPs) in each age and sex group and apply this to the profile of housing within these groups. The data for this analysis has been formed from a commissioned table by ONS (Table C1213 which provides relevant data for all local authorities in England) with data then calibrated to be consistent with 2011 Census data (e.g. about house sizes in different tenure groups and locations).

9.7   The figure below shows an estimate of how the average number of bedrooms varies for different ages of HRP and different sexes by broad tenure group. In the market sector the average size of accommodation rises over time to typically reach a peak around the 50-59 age groups. In the affordable sector this peak appears earlier. After sizes peak, the average dwelling size decreases – possibly linked to some households down-sizing as they get older. It is also notable that the average size for affordable housing dwellings are lower than those for market housing whilst in market housing, male HRPs typically live in larger accommodation for all age groups (with no strong trend being seen in the affordable sector).

Figure 66: Average Bedrooms by Age, Sex and Tenure
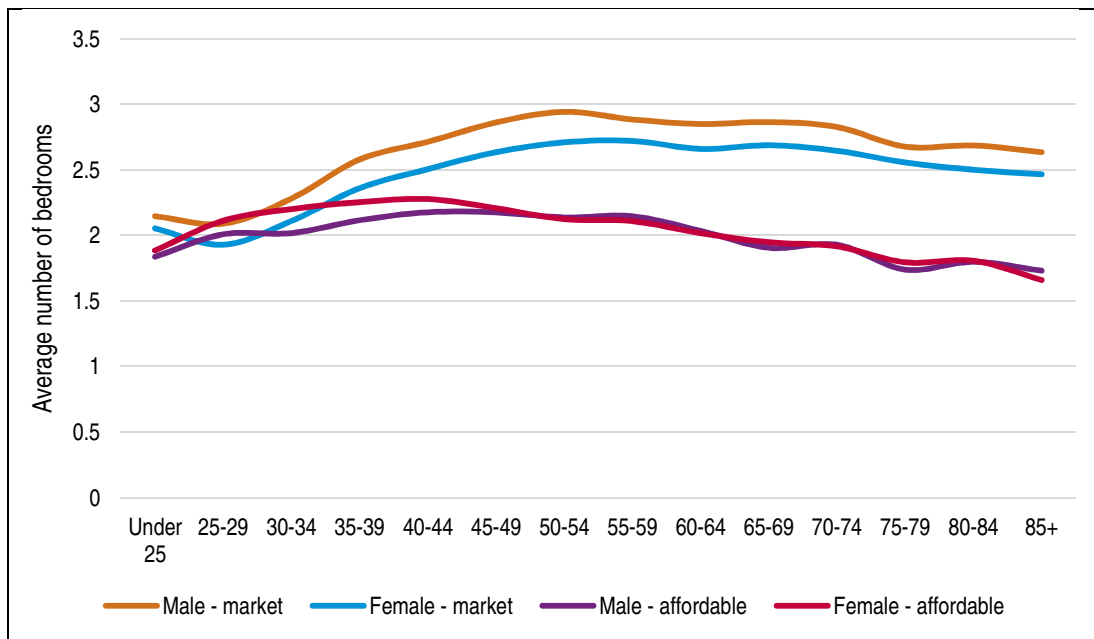
Source: Derived from ONS Commissioned Table C1213 and 2011 Census

Establishing a Baseline Position

9.8   As of 2013 it is estimated that there were 150,051 households living in the Borough. Analysis of Census data linked to the demographic baseline provides us with an estimate of the profile of the housing stock in 2013, as shown in the table below. The table shows that an estimated 18% of households live in affordable housing with 82% being in the market sector (the size of the affordable sector has been fixed by reference to an estimate of the number of occupied social rented and shared ownership homes in the 2011 Census). The data also suggests that homes in the market sector are generally bigger than in the affordable sector with 58% having three or more bedrooms compared to 35% for affordable housing.

9.9   These figures are for households rather than dwellings due to information about the sizes of vacant homes across the whole stock (i.e. market and affordable) not being readily available. For the purposes of analysis this will not make any notable difference to the outcome. We have however translated the household projections into dwelling figures by including a 2.6% vacancy allowance when studying the final outputs of the market modelling.

Table 32:   **Estimated Profile of Dwellings in 2013 by Size**

Size of housing	Market		Affordable		Total	
	Number	%	Number	%	Number	%
1 bedroom	17,621	14.4%	7,983	28.8%	25,604	17.1%
2 bedrooms	33,735	27.6%	10,041	36.2%	43,776	29.2%
3 bedrooms	46,932	38.4%	8,225	29.6%	55,157	36.8%
4+ bedrooms	24,022	19.6%	1,493	5.4%	25,515	17.0%
Total	122,309	100.0%	27,742	100.0%	150,051	100.0%
% in tenure		82.2%		17.8%		100.0%

Source: Derived from 2011 Census

Tenure Assumptions

9.10   The housing market model has been used to estimate future requirements for different sizes of property over the 23-year period from 2013 to 2036. The model works by looking at the types and sizes of accommodation occupied by different ages of residents, and attaching projected changes in the population to this to project need and demand for different sizes of homes. However the way households of different ages occupy homes differs between the market and affordable sectors (as shown earlier). Thus it is necessary to consider what the mix of future housing will be in the market and affordable sectors.

9.11   The key assumption here is not a policy target but possible delivery. Our assumption is influenced by a range of factors. The Housing Needs analysis in the SHMA provides evidence of notable housing need although the viability of providing affordable housing will limit the amount that can be delivered. We believe that 40% is probably an achievable level of affordable housing delivery and this figure has been applied to the modelling. It should be stressed that this is not a policy position and has been applied simply for the purposes of providing outputs from the modelling process.

Key Findings: Market Housing

9.12   As we have previously identified there are a range of factors which can be expected to influence demand for housing. This analysis specifically looks at the implications of demographic drivers. It uses a demographic-driven approach to quantify demand for different sizes of properties over the 23-year period from 2013 to 2036.

9.13   The table and figure below shows estimates of the sizes of market housing required from 2013 to 2036 based on the 2012-based SNPP for the whole of the Council area (and linked to the 2008-based tracking headship methodology). The data suggests a requirement for homes for 32,780 additional households with the majority of these being two- and three-bedroom homes.

Table 33:   **Estimated Size of Dwellings Required 2013 to 2036 – Market Housing**

Size	2013	2036	Additional households 2013 2036	% of additional households
1 bedroom	17,621	21,253	3,632	11.1%
2 bedrooms	33,735	42,565	8,830	26.9%
3 bedrooms	46,932	60,639	13,708	41.8%
4+ bedrooms	24,022	30,632	6,610	20.2%
Total	122,309	155,089	32,780	100.0%

Source: Housing Market Model

9.14   The figure below shows how our estimated market requirement compares with the current stock of housing (based on households (i.e. excluding the 2.6% vacancy allowance)). The data suggests that housing requirements reinforce around the existing profile of stock, but with a slight shift towards a requirement for larger dwellings relative to the distribution of existing housing. This is driven by particularly large increases in age groups that tend to occupy larger homes (notably those age 55 to 74). This finding is despite the fact that household sizes are expected to fall slightly in the future.

Figure 67:   Impact of Demographic Trends on Market Housing Requirements by House Size, 2013 to 2036
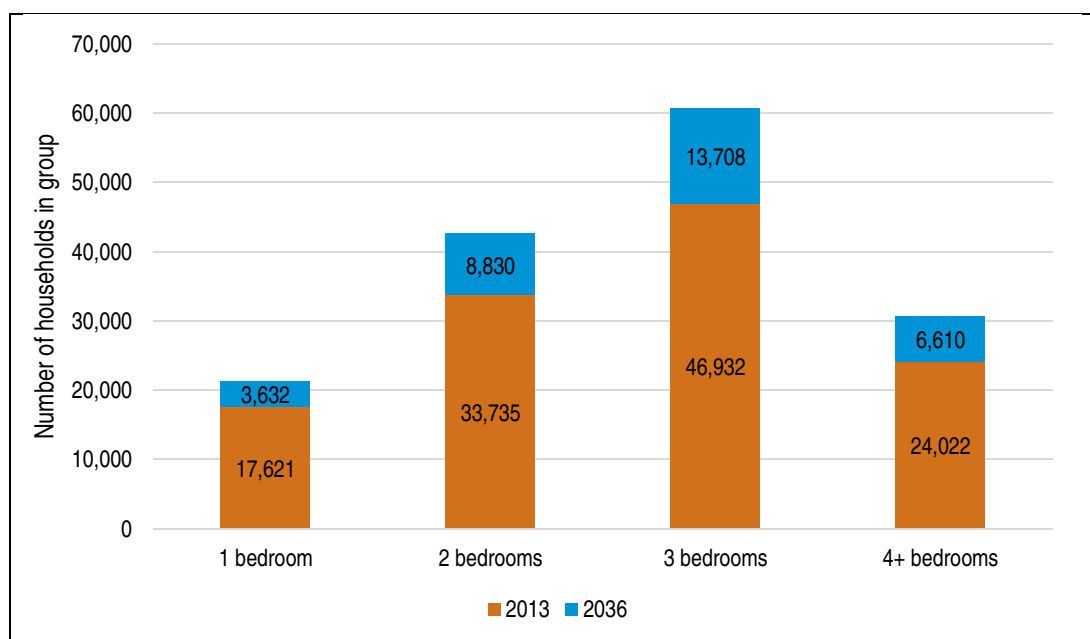
Source: Housing Market Model

9.15   The graphs and statistics are based upon our modelling of demographic trends. It should be recognised that a range of factors including affordability pressures and market signals will continue to be important in understanding market demand; this may include an increased demand in the private rented sector for rooms in a shared house due to changes in housing benefit for single people. In determining policies for housing mix, policy aspirations are also relevant.

9.16   In the short-term we would expect stronger demand in relative terms for larger family homes as the market for smaller properties may continue to be restricted by mortgage finance constraints. Over the 23-year projection period it is anticipated that there will be a continuing market for family homes, but the existing stock is expected to make a significant contribution to meeting this demand, as older households downsize (releasing equity from existing homes).

9.17   As the last few years have shown, there are a range of inter-dependencies which affect housing demand, with effective demand for entry-level market housing currently curtailed by the availability of mortgage finance for first-time buyers and those on lower earnings. This is likely to affect market demand for smaller properties typically purchased by first-time buyers in the short-term.

9.18   We are of the view that it is appropriate through the planning system to seek to influence the balance of types and sizes of market housing through considering the mix of sites allocated for development rather than specific policies relating to the proportion of homes of different sizes which are then applied to specific sites. This approach is implicit within NPPF which requires local planning authorities to *'identify the size, type, tenure and range of housing that is required'*.

9.19   At the strategic level, a local authority in considering which sites to allocate, can consider what type of development would likely be delivered on these sites. It can also provide guidance on housing mix implicitly through policies on development densities.

Key Findings: Affordable Housing

9.20   The table and figure below show estimates of the sizes of affordable housing required based on our understanding of demographic trends. The data suggests in the period between 2013 and 2036 that around 68% of the requirement is for homes with one- or two-bedrooms with around 32% of the requirement being for larger homes with three or more bedrooms.

9.21   This analysis provides a longer-term view of requirements for affordable housing and does not reflect any specific priorities such as for family households in need rather than single people. In addition we would note that smaller properties (i.e. one bedroom homes) typically offer limited flexibility in accommodating the changing requirements of households, whilst delivery of larger properties can help to meet the needs of households in high priority and to manage the housing stock by releasing supply of smaller properties. That said, there may in the short-term be an increased requirement for smaller homes as a result of welfare reforms limiting the amount of housing benefit being paid to some working-age households.

Table 34:   **Estimated Size of Dwellings Required 2013 to 2036 – Affordable Housing**

Size	2013	2036	Additional households 2013 2036	% of additional households
1 bedroom	7,983	15,285	7,302	33.4%
2 bedrooms	10,041	17,694	7,653	35.0%
3 bedrooms	8,225	14,063	5,838	26.7%
4+ bedrooms	1,493	2,554	1,062	4.9%
Total	27,742	49,595	21,853	100.0%

Source: Housing Market Model

9.22   The figure below shows how our estimated affordable requirement compares with the stock of affordable housing in 2013 – the figures are based on households (i.e. before adding in a vacancy allowance). In this case, the data shows that relative to the current stock there is a slight move towards a greater proportion of smaller homes being required (particularly one bedroom homes) – this makes sense given that unlike in the market sector some of the key growth age groups tend to live in smaller dwellings with a general decline in dwelling sizes as people move beyond the age of about 40. Older person households in the affordable sector (as shown earlier) are more likely to occupy smaller dwellings.

Figure 68: Impact of Demographic Trends on Affordable Housing Requirements by House Size, 2013 to 2036
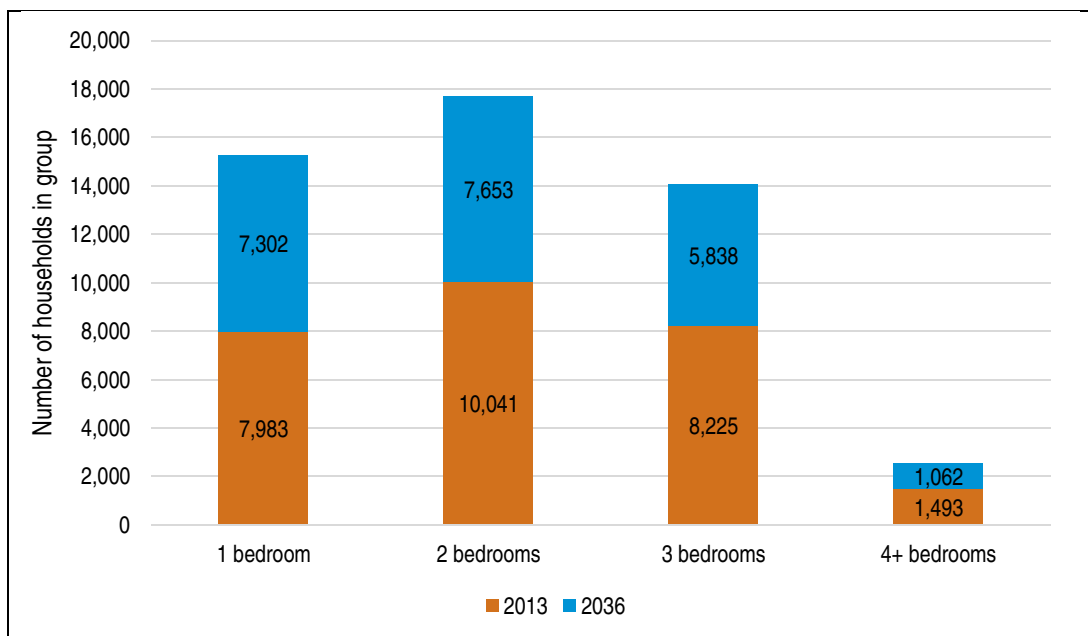
Source: Housing Market Model

Indicative Targets by Dwelling Size

9.23   The table and figure below summarises the above data in both the market and affordable sectors under the modelling exercise. We have also factored in a 2.6% vacancy allowance in moving from household figures to estimates of housing requirements.

Table 35:   Estimated dwelling requirement by number of bedrooms (2013 to 2036)

Number of bedrooms	Market			Affordable		
	Households	Dwellings	% of dwellings	Households	Dwellings	% of dwellings
1 bedroom	3,632	3,727	11.1%	7,302	7,492	33.4%
2 bedrooms	8,830	9,059	26.9%	7,653	7,852	35.0%
3 bedrooms	13,708	14,064	41.8%	5,838	5,989	26.7%
4+ bedrooms	6,610	6,782	20.2%	1,062	1,089	4.9%
Total	32,780	33,633	100.0%	21,853	22,422	100.0%

Source: Housing Market Model

Figure 69: Size of housing required 2013 to 2036
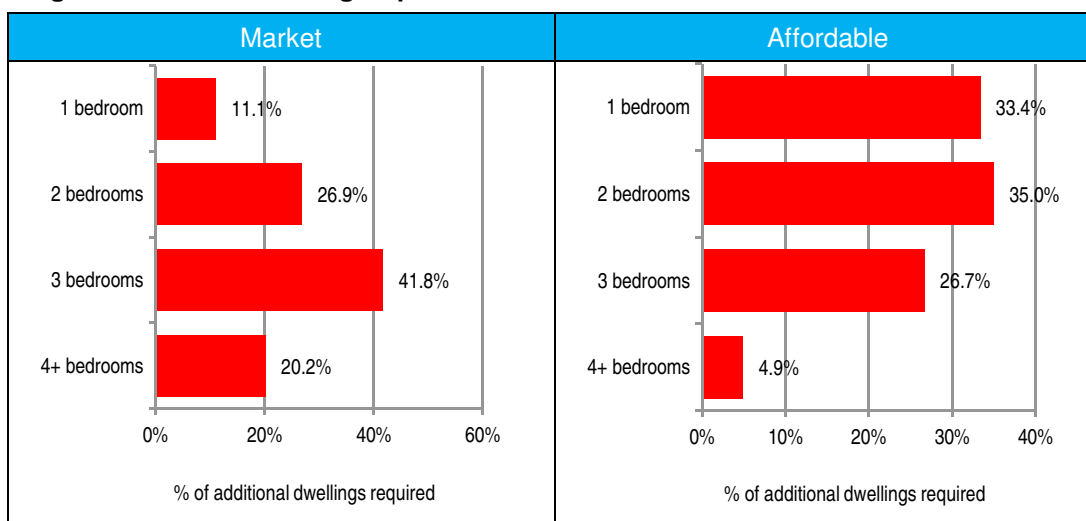
Source: Housing Market Model

9.24   Whilst the outputs of the modelling provide estimates of the proportion of homes of different sizes that should be provided there are a range of factors which should be taken into account in setting policies for provision. This is particularly the case in the affordable sector where there are typically issues around the demand for and turnover of one bedroom homes. We also need to consider that the stock of four bedroom affordable housing is very limited and tends to have a very low turnover. As a result, whilst the number of households coming forward for four or more bedroom homes is typically quite small the ability for these needs to be met is even more limited.

9.25   It should also be recognised that local authorities have statutory homeless responsibilities towards families with children and would therefore prioritise the needs of families over single person households and couples. On this basis the profile of affordable housing to be provided would be

further weighted to two or more bedroom housing. In the short-term however there may be a need to increase the supply of one-bedroom homes due to the social sector size criteria.

9.26   For these reasons we would suggest in converting the long-term modelled outputs into a profile of housing to be provided (in the affordable sector) that the proportion of one bedroom homes required is reduced slightly from these outputs with a commensurate increase in four or more bedroom homes also being appropriate.

9.27   There are thus a range of factors which are relevant in considering policies for the mix of affordable housing sought through development schemes. At a Council area-wide level, the analysis would support policies for the mix of affordable housing of:

- 1-bed properties: 30%-35%
- 2-bed properties: 30%-35%
- 3-bed properties: 25%-30%
- 4-bed properties: 5%-10%

9.28   Our strategic conclusions recognise the role which delivery of larger family homes can play in releasing supply of smaller properties for other households; together with the limited flexibility which one-bed properties offer to changing household circumstances which feed through into higher turnover and management issues.

9.29   The need for affordable housing of different sizes will vary by area across the Council area and over time. In considering the mix of homes to be provided within specific development schemes, the information herein should be brought together with details of households currently on the Housing Register in the local area and the stock and turnover of existing properties.

9.30   In the market sector we would suggest a profile of housing that closely matches the outputs of the modelling. The recommendations take some account of the time period used for the modelling and the fact that the full impact of the ageing population will not be experienced in the short-term. In addition, as noted earlier, current constraints on mortgage finance is likely to suppress demand for smaller units in the short-term (particularly those which would normally have high demand from first-time buyers).

9.31   On the basis of these factors we consider that the provision of market housing should be more explicitly focused on delivering smaller family housing for younger households. On this basis we would recommend the following mix of market housing be sought:

- 1-bed properties: 10%
- 2-bed properties: 30%
- 3-bed properties: 40%
- 4-bed properties: 20%

9.32   Although we have quantified this on the basis of the market modelling and our understanding of the current housing market we do not strongly believe that such prescriptive figures should be included in the plan making process and that the 'market' is to some degree a better judge of what is the most appropriate profile of homes to deliver at any point in time. The figures can however 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.

Impact of the GLA Figures

9.33   The Greater London Authority have also produced their own housing target for the Croydon as part of the publication of the Further Alterations to the London Plan (FALP). These were based on the central variant household projections produced by the Greater London Authority (GLA) which were subsequently redistributed across the Boroughs on the basis of their capacity. The Croydon specific figures set out in the FALP (1,435 dwellings per annum) will be adopted as a minimum target by the Council.

9.34   However, the FALP monitoring target for the London Borough Croydon is significantly lower that the need identified in both this report (2,440 dwellings per annum) and the GLA projections which inform them (1,807 dwellings per annum see Table 16).

9.35   The inspector on the FALP suggested that while there is no need for the Boroughs to calculate their own housing need there would be some need for them to look at the housing mix required in their Boroughs.

9.36   We have therefore set out below an alternative housing mix required in the Borough if housing is delivered to the level set out by both the GLA household forecasts and FALP monitoring target – these figures are compared with the main analysis in the table below. This shows that with lower housing delivery we would expect a very small shift towards a greater proportion of larger homes being needed in the market sector. In the affordable sector, the opposite pattern is found (a very small shift towards smaller homes). The differences occur due to the changing levels of migration being assumed and how this impacts on the age structure. It should however be stressed that the differences under different modelling assumptions are very slight, and do not impact on the overall conclusions drawn.

Table 36: Estimated dwelling requirement by number of bedrooms (2013 to 2036)

Projection	Number of bedrooms	Market			Affordable		
		Households	Dwellings	% of dwellings	Households	Dwellings	% of dwellings
Main analysis (2,437 dpa)	1 bedroom	3,632	3,727	11.1%	7,302	7,492	33.4%
	2 bedrooms	8,830	9,059	26.9%	7,653	7,852	35.0%
	3 bedrooms	13,708	14,064	41.8%	5,838	5,989	26.7%
	4+ bedrooms	6,610	6,782	20.2%	1,062	1,089	4.9%
	Total	32,780	33,633	100.0%	21,853	22,422	100.0%
Alternative analysis (1,807 dpa)	1 bedroom	2,366	2,427	9.7%	5,413	5,554	33.4%
	2 bedrooms	6,409	6,575	26.4%	5,705	5,854	35.2%
	3 bedrooms	10,467	10,739	43.1%	4,305	4,417	26.6%
	4+ bedrooms	5,063	5,194	20.8%	780	800	4.8%
	Total	24,305	24,936	100.0%	16,203	16,624	100.0%
Alternative analysis (1,435 dpa)	1 bedroom	1,597	1,639	8.3%	4,496	4,613	34.9%
	2 bedrooms	5,029	5,159	26.1%	4,489	4,605	34.9%
	3 bedrooms	8,594	8,817	44.5%	3,287	3,372	25.5%
	4+ bedrooms	4,082	4,188	21.1%	596	611	4.6%
	Total	19,301	19,803	100.0%	12,867	13,202	100.0%

Source: Housing Market Model

Summary

9.37 There are a range of factors which will influence demand for different sizes of homes, including demographic changes; future growth in real earnings and households' ability to save; economic performance and housing affordability. Our analysis linked to long-term (23-year) demographic change concludes that the following represents an appropriate mix of affordable and market home.

Table 37: **Most appropriate mix affordable and Market Homes**

	1 bed	2 bed	3 bed	4+ bed
Market	10%	30%	40%	20%
Affordable	30-35%	30-35%	25-30%	5-10%
All dwellings	20%	30%	35%	15%

Source: GLH and JGC

9.38 Our strategic conclusions in the affordable sector recognise the role which delivery of larger family homes can play in releasing supply of smaller properties for other households; together with the limited flexibility which one-bed properties offer to changing household circumstances which feed through into higher turnover and management issues.

9.39 The mix identified above should inform strategic Council area-wide policies. In applying these to individual development sites regard should be had to the nature of the development site and character of the area, and to up-to-date evidence of need as well as the existing mix and turnover of properties at the local level.

9.40 Based on the evidence, we would expect the focus of new market housing provision to be on two and three-bed properties. Continued demand for family housing can be expected from newly

forming households. There may also be some demand for medium-sized properties (2 and 3 beds) from older households downsizing and looking to release equity in existing homes, but still retain flexibility for friends and family to come and stay.

9.41   The analysis of an appropriate mix of dwellings should also inform the 'portfolio' of sites which are considered through the Local Plan process, including: Site Allocations, Neighbourhood Plans and other planning documents. Equally it will be of relevance to affordable housing negotiations.

9.42   The Council should also consider whether it is appropriate to set out specific space standards for new development, particularly to encourage provision of decent sized family housing (e.g. 3 bed properties). It should also consider whether it is appropriate to limit the sub-division of existing larger properties which can help to attract and retain family households in certain parts of the Borough.

10   HOUSING NEEDS OF PARTICULAR GROUPS

Introduction

10.1   We have established overall housing requirements for different sizes of properties over the next 23-years, however there can be specific groups within the population who require specialist housing solutions or for whom housing needs may differ from the wider population. These groups are considered within this section.

10.2   Estimates of household groups who have particular housing needs is a key output of the SHMA Guidance whilst the National Planning Policy Framework identifies that local planning authorities should plan for a mix of housing which takes account of the needs of different groups in the community.

10.3   The following key groups have been identified which may have housing needs which differ from those of the wider population:

- Older Persons;
- People with disabilities;
- Black and Minority Ethnic (BME) households;
- Households with children
- Young people

Housing Needs of Older People

10.4   The SHMA Guidance recognises the need to provide housing for older people as part of achieving a good mix of housing. A key driver of change in the housing market over the next 23-years is expected to be the growth in the population of older persons.

10.5   Indeed as population projections show, the number of older people is expected to increase significantly over the next few years. In this section we draw on a range of sources including our population projections, 2011 Census information and data from POPPI (Projecting Older People Population Information).

10.6   The context to older persons housing provision can be summarised as below:

- A need to provide housing for older people as part of achieving a good mix of housing, but recognizing that many older people are able to exercise choice and control over housing options – e.g. owner occupiers with equity in their homes;
- Falling demand for residential care in some areas, and a rapidly rising average age of people living in sheltered housing and requiring higher levels of support. Many local authorities have struggled to contain expenditure on services for older people;
- New models of enhanced and extra care housing have emerged. These aim to meet the needs of those who require high levels of care and support alongside those who are still generally able

to care for themselves. These models often allow for changing circumstances in situ rather than requiring a move; and

- Providing choice, including supporting people to stay in their own homes including through supporting adaptations to properties and through provision of floating support.

Current Population of Older Persons

10.7   Below we have provided some baseline population data about older persons and compared this with other areas. The data for has been taken from the published ONS mid-year population estimates and is provided for age groups from 55 and upwards. In reality, those aged 55 might not be considered as 'old' but we have started the analysis from this age group due to the fact that some housing developments are specifically targeted at the over 55 age group.

10.8   The data shows that, when compared with London that the Borough has a relatively old population – some 22.6% of people are aged 55 and over compared with 20.1%. However, when compared with national data the population of Croydon is quite young; nationally an estimated 28.5% of people are aged 55 and over. Looking at specific age groups beyond 55 the data again shows higher proportions than in London but notably lower figures when compared with data for England.

Table 38:   **Older person population (2013)**

Age group	Croydon		London	England
	Population	% of popn	% of popn	**% of popn**
Under 55	288,553	77.4%	79.9%	71.5%
55-64	36,723	9.9%	8.7%	11.2%
65-74	25,290	6.8%	6.1%	9.3%
75-84	15,916	4.3%	3.8%	5.7%
85+	6,270	1.7%	1.5%	2.3%
Total	372,752	100.0%	100.0%	100.0%
Total 55+	288,553	77.4%	79.9%	71.5%

Source: ONS 2013 mid-year population estimates and projection modelling

Future Changes in the Population of Older Persons

10.9   As well as providing a baseline position for the proportion of older persons in the Borough we can use published population projections to provide an indication of how the numbers might change in the future compared with other areas. The data provided below is based on the 2012-based SNPP which is the latest source available consistently across areas (it should be noted that figures for Croydon vary very slightly from those in the SNPP – this is due to inclusion within our analysis of 2013 mid-year population data; data for London and England is however as published by ONS).

10.10   The data shows that Croydon (in line with other areas) is expected to see a notable increase in the older person population with the total number of people aged 55 and over expected to increase by

63% over the next 23-years. This figure is slightly than projected for both London and England. Croydon is projected to have relatively strong growth in the population aged 75+ when compared with other areas although to some degree this is linked to the size of the population in this age group in 2013.

Table 39:   **Projected Change in Population of Older Persons (2013 to 2036)**

Age group	Croydon	London	England
Under 55	11.9%	17.0%	5.0%
55-64	42.9%	48.6%	11.0%
65-74	72.1%	64.1%	38.0%
75-84	71.4%	60.7%	58.1%
85+	121.2%	115.1%	143.2%
Total	23.4%	25.7%	14.9%
Total 55+	63.1%	60.6%	39.8%

Source: ONS 2012-based SNPP and demographic projections

10.11   Comparisons can also be made with the likely age structure in alternative projections linked to the GLA's own projections. The data shows that the key difference is lower growth in the alternatives in the population aged under 55. The older person population is expected to increase notably with any of the projections. Lower levels of growth in the younger population will be due to the alternative projections assuming a lower level of net in-migration and/or higher levels of out-migration. Given that younger people tend to be more migrant, any lower assumptions about household/dwelling growth will be expected to show lower increases in the younger population.

10.12   Some caution should be exercised in the comparison between the main demographic projection in this report and the two alternatives – this is due to the main projections using ONS population data (e.g. about migration) and the alternatives being based on the GLA's work, which has developed its own view about the profile of components of change.

Table 40:   **Projected Change in Population of Older Persons (2013 to 2036)**

Age group	Main analysis (2,437 dpa)	Alternative analysis (1,807 dpa)	Alternative analysis (1,435 dpa)
Under 55	11.9%	6.1%	-0.3%
55-64	42.9%	28.8%	24.5%
65-74	72.1%	53.8%	50.4%
75-84	71.4%	53.6%	51.2%
85+	121.2%	128.6%	125.0%
Total	23.4%	15.6%	9.9%
Total 55+	63.1%	48.7%	45.1%

Source: Demographic projections

Characteristics of Older Persons Households

10.13   We have used 2011 Census data to explore in more detail the characteristics of older person households in Croydon (based on the population aged 65 and over). The first table below shows the number of households compared with the region and England. The data shows that in 2011 around 15% of households were comprised entirely of people aged 65 and over. This is above the figure for London but notably below the equivalent figure for England.

Table 41:   **Pensioner households (Census 2011)**

Pensioner households	Croydon	London	England
Single pensioner	14,107	312,022	2,725,596
2 or more pensioners	7,781	142,723	1,851,180
All households	145,010	3,266,173	22,063,368
Single pensioner	9.7%	9.6%	12.4%
2 or more pensioners	5.4%	4.4%	8.4%
All households	100.0%	100.0%	100.0%
Total % pensioner only	15.1%	13.9%	20.7%

Source: Census (2011)

10.14   The figure below shows the tenure of older person households – the data has been split between single pensioner households and those with two or more pensioners (which will largely be couples). The data shows that pensioner households are relatively likely to live in outright owned accommodation (68%) and are also about as likely as other households to be in the social rented sector. The proportion of pensioner households living in the private rented sector is relatively low (5% compared with 21% of all households in the Borough).

10.15   There are however notable differences for different types of pensioner households with single pensioners having a much lower level of owner-occupation than larger pensioner households – this group also has a much higher proportion living in the social rented sector.

10.16   Given that the number of older people is expected to increase in the future and that the number of single person households is expected to increase this would suggest (if occupancy patterns remain the same) that there will be a notable demand for affordable housing from the ageing population. That said, the proportion of older person households who are outright owners (with significant equity) may mean that market solutions will also be required to meet their needs. This is considered later in this section.

Figure 70: Tenure of older person households – Croydon
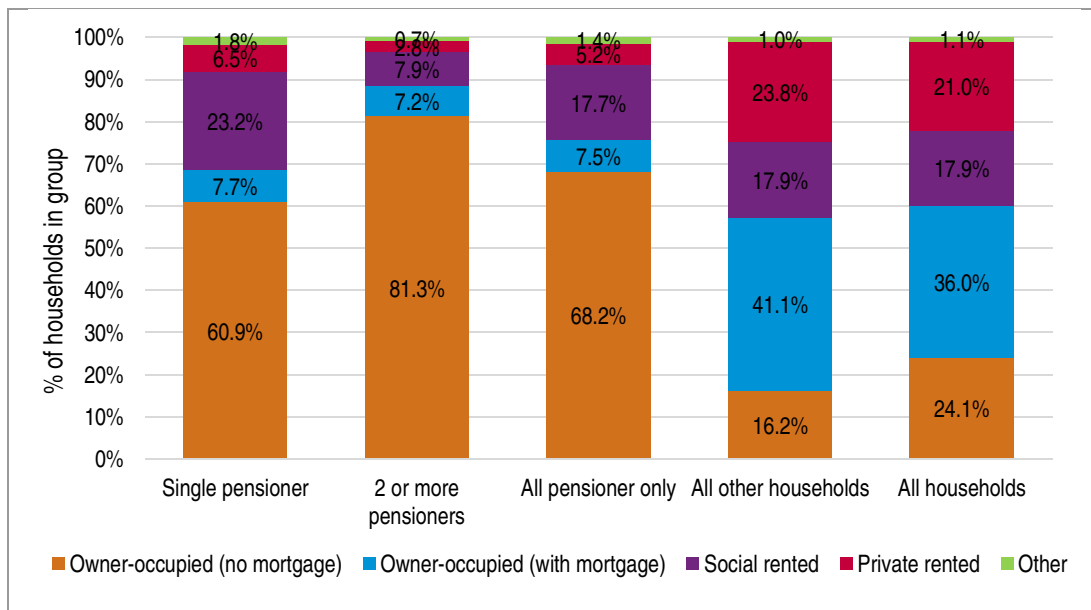
Source: 2011 Census

10.17   A key theme that is often brought out in Housing Market Assessment work is the large proportion of older person households who under-occupy their dwellings. Data from the Census allows us to investigate this using the bedroom standard. The Census data does indeed suggest that older person households are more likely to under-occupy their housing than other households in the Borough. In total 57% have an occupancy rating of +2 or more (meaning there are at least two more bedrooms than are technically required by the household). This compares with 21% for non-pensioner households. Further analysis suggests that under-occupancy is far more common in households with two or more pensioners than single pensioner households.

Figure 71: Occupancy rating of older person households – Croydon
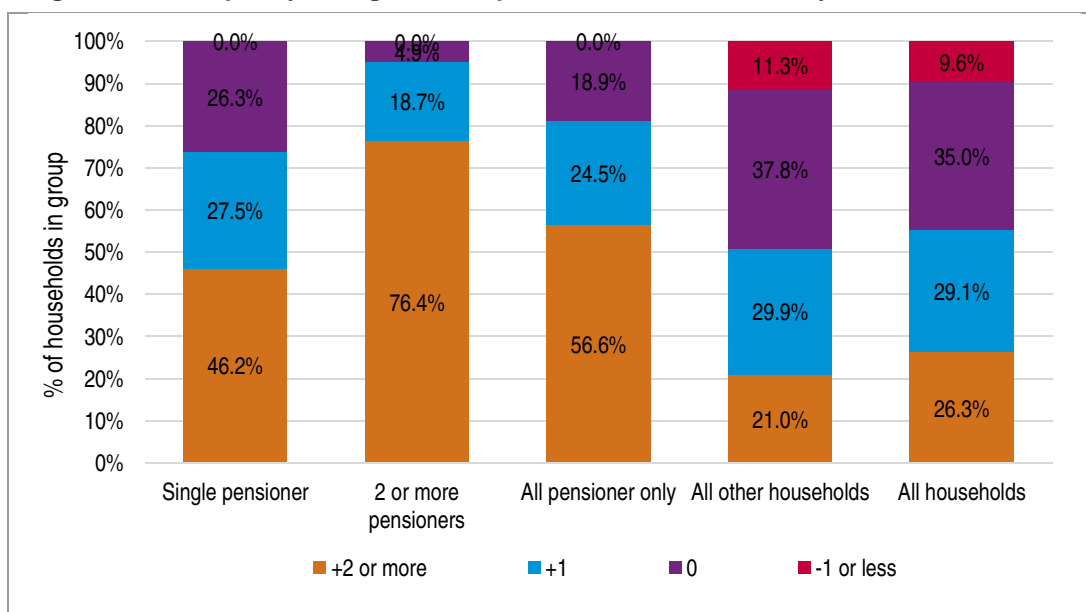
Source: 2011 Census

10.18   It is of interest to study the above information by tenure. The table below shows the number of pensioner households who had an occupancy rating of +2 or more in each of three broad tenure groups in 2011. Whilst the majority of older person households with an occupancy rating of +2 or more were in the owner-occupied sector, there were nearly 700 properties in the social rented sector occupied by pensioner only households with an occupancy rating of +2 or more. This may therefore present some opportunity to reduce under-occupation although to achieve this it may be necessary to provide housing in areas where households currently live and where they have social and community ties.

Table 42:   **Pensioner households with occupancy rating of +2 or more by tenure**

Tenure	Single pensioner	2 or more pensioners	All pensioner only households
Owner-occupied	5,783	5,354	11,137
Social rented	470	197	667
Private rented	264	100	364
All tenures	6,517	5,651	12,168

Source: 2011 Census

10.19   It should however be recognised that many older households in the private sector will have built up equity in their existing homes. In the private sector many older households may be able to afford a larger home than they need (and thus under-occupy housing). Some may look to downsize to release equity from homes to support their retirement (or may move away from the area); however we would expect many older households to want to retain family housing with space to allow friends

and relatives to come to stay. Data about household ages and the sizes of homes occupied in the previous section does indicate that some households do typically downsize, however, a cautious view should be taken about the willingness of households to move to smaller homes and the extent to which this can be influenced through policy.

Health-related Population Projections

10.20   In addition to providing projections about how the number and proportion of older people is expected to change in the future we can look at the likely impact on the number of people with specific illnesses or disabilities. For this we have used data from the Projecting Older People Information System (POPPI) website which provides prevalence rates for different disabilities by age and sex. For the purposes of the SHMA analysis has focused on estimates of the number of people with dementia and mobility problems.

10.21   For both of the health issues analysed the figures relate to the population aged 65 and over. The figures from POPPI are based on prevalence rates from a range of different sources and whilst these might change in the future (e.g. as general health of the older person population improves) the estimates are likely to be of the right order.

10.22   The table below shows that both of the illnesses/disabilities are expected to increase significantly in the future although this would be expected given the increasing population. In particular there is projected to be a large rise in the number of people with dementia (up 99%) along with an 88% increase in the number with mobility problems. Projections linked to lower levels of population growth (e.g. in the alternatives developed based on GLA assumptions) show a similar pattern to the main demographic projection.

Table 43:   **Estimated population change for range of health issues (2013 to 2036)**

	Type of illness/disability	2013	2036	Change	% increase
Main analysis (2,437 dpa)	Dementia	3,292	6,551	3,259	99.0%
	Mobility problems	8,653	16,306	7,653	88.4%
Alternative analysis (1,807 dpa)	Dementia	3,331	6,422	3,092	92.8%
	Mobility problems	8,710	15,551	6,841	78.5%
Alternative analysis (1,435 dpa)	Dementia	3,331	6,315	2,985	89.6%
	Mobility problems	8,710	15,283	6,572	75.5%

Source: Data from POPPI and demographic projections

Indicative Requirements for Specialist Housing

10.23   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. Such housing can broadly be split into three categories; sheltered, extra-care and residential care. Over the past few years there has generally been a move away from providing sheltered and residential care housing towards extra-care housing (ECH). We would consider moving forward that the majority of additional specialist housing is likely to be of ECH. In Croydon, data from the Housing Learning and Improvement Network (Housing LIN) website indicates that there is currently a significant supply of sheltered housing (particularly in the affordable sector) and also of Registered Care (Residential and Nursing Homes).

10.24   Hence the analysis that follows is designed to estimate requirements for ECH in the period from 2013 to 2036. It inherently assumes that there is no requirement for increases in the stock of other types of specialist housing. The methodology employed uses prevalence rates to estimate the number of people requiring ECH. In addition, assumptions have been made about the proportion of this that should be in each of the social/affordable and market sectors (including shared ownership). This recognises that a large proportion of older persons are owner-occupiers who will be able to access specialist market housing given the levels of equity built up in their existing homes. The key assumptions are:

- 125 people per 1,000 population aged 75 and over will require ECH; and
- A tenure split of 30% social/affordable housing and 70% market (including shared ownership) depending on location.

10.25   This methodology is broadly consistent with that utilised in other areas and also in line with that used on the Housing LIN website (which is specifically set up to study older persons housing needs). The tenure split chosen is consistent with the split between owner-occupied and rented housing when studying pensioner only households.

10.26   Additionally, a vacancy allowance has been added to the derived household figures to make a dwelling estimate (this figure being consistent with that used in the main projections). Whilst we would consider the assumptions above to be sound, the outputs should be treated as indicative - in the longer-term changes to the age structure with more people in 'older' age groups (e.g. 85+, 90+) could see requirements increase.

10.27   The table below shows estimated levels of need for ECH by applying the above assumptions. In addition we have taken a supply estimate from the Housing LIN website (which looks to be entirely in the affordable sector). The data is shown for the whole 23-year period from 2013 to 2036. The

data shows a requirement for 2,285 units of ECH up to 2036 – equivalent to about 99 homes per annum.

Table 44:   **Estimated Need for Specialist (Extra-Care) Housing**

	Total need (2013 2036)		
	Market	**Affordable**	**Total**
Need	1,850	793	2,643
Supply	0	358	358
Net need	1,850	435	2,285

Source: Demographic modelling and 2011 Census

10.28   We would recommend that the above figures are treated as indicative and the Council might want to consider further research to identify the types of market specialist housing best suited to meet the requirements of an ageing population.

10.29   The data above can be brought together to consider the annual need for Extra Care Housing. The figures are also compared with the assessed overall housing need. The proportion of additional housing the analysis suggests should be ECH is 4% with around a fifth of this to be in the affordable sector. With lower household/dwelling growth assumptions, the estimated need for Extra-care housing increases slightly; on the basis of modelling for dwelling growth of 1,807 per annum, the need increases to 5% of stock, with a future increase (to 6%) being found if the dwelling provision were to drop to 1,435 per annum.

Table 45:   **Annual Extra-Care Housing Requirements (by tenure)**

Area	Market	Affordable	Total	% affordable	Housing requirement	% ECH
Croydon	80	19	99	19%	2,437	4%

Source: Demographic modelling and 2011 Census

10.30   It is considered that Extra-Care housing will largely fall into a C3 category (dwelling houses) rather than C2 (residential institutions) although it is frequently unclear which "box" extra care housing should be put into. With regard to overall dwelling provision and the monitoring of completions this distinction is however irrelevant as both C2 and C3 uses can now count against any housing requirement.

10.31   Whilst this analysis should be treated as indicative given the number of assumptions feeding into it there is clearly a case for the Council seeking to provide additional 'specialist' accommodation for older persons as the population ages.

Older person households - conclusions

10.32   The older person population of Croydon is fairly small when compared with national figures but is projected to increase significantly up until 2036.

10.33   Older persons are more likely to under-occupy homes. In the affordable sector, there may be potential to reduce (or seek to limit potential growth in) under-occupation and the Council may wish to consider providing support and incentives to social housing occupiers to downsize. This will help to release larger affordable homes for younger households. An analysis of older person households suggest that they are more likely to live in social rented housing (especially single pensioner households). With the projected increases in older persons there may therefore be additional pressure on the affordable housing stock from such households.

10.34   Our analysis also suggests that the growing older population (particularly in the oldest age groups) will result in growth in households with specialist housing needs. Typically the greatest support needs are for alterations to properties (such as to bathrooms, showers and toilets, provision of emergency alarms or help maintaining homes). Many of these can be resolved in situ through adaptations to existing properties and the resource implications of this will need to be planned for.

10.35   The growing older population will however likely lead to some increase in requirements for specialist housing solutions. The analysis above suggests a 99% growth in older population with dementia, and an 88% increase in the older population with mobility problems. From a planning point of view, some of these people will require specialist housing such as extra care provision. Increasing numbers of older people with health problems will also require joint-working between housing and health (Council and NHS). Analysis of future demographic change suggests a requirement for around 4% of additional housing units to be Extra-Care accommodation to meet the needs of the older person population.

People with disabilities

10.36   This section concentrates on the housing situation of people/households that contain someone with some form of disability. We have again drawn on Census data although it should be recognised that an analysis of people with disabilities is very strongly linked with the above analysis about older people.

10.37   The table below shows the proportion of people with a long-term health problem or disability (LTHPD) and the proportion of households where at least one person has a LTHPD. The data suggests that across Croydon some 22.8% of households contain someone with a LTHPD. This figure is lower than the equivalent figure England and in-line with the London average. The figures

for the population with a LTHPD again show a lower proportion when compared with national figures (an estimated 15% of the population of Croydon have a LTHPD).

Table 46:   **Households and people with Long-Term Health Problem or Disability (2011)**

Area	Households containing someone with health problem		Population with health problem	
	Number	%	Number	%
Croydon	33,106	22.8%	53,113	14.6%
London	732,552	22.4%	1,157,165	14.2%
England	5,659,606	25.7%	9,352,586	17.6%

Source: Census (2011)

10.38   It is likely that the age profile of the area will heavily impact upon the numbers of people with a LTHPD, as older people tend to be more likely to have a LTHPD. Therefore the table below shows the age bands of people with a LTHPD. It is clear from this analysis that those people in the oldest age bands are more likely to have a LTHPD – for example some 79% of people aged 85 and over have a LTHPD. It should be noted that the base for the figure below is slightly different to the above table in that it excludes people living in communal establishments.

10.39   When compared with other areas it is notable for the key age groups from 50 and over that levels of LTHPD are relatively low and so the finding that a greater proportion of the population has a LTHPD in Croydon (compared to London) is down to age structure differences rather than a higher underlying rate of disability.

10.40   The age specific prevalence rates shown above can be applied to the demographic data to estimate the likely increase over time of the number of people with a LTHPD. In applying this information to our projection linked to the 2012-based SNPP it is estimated that the number of people with a LTHPD will increase by around 25,600 (a 47% increase) from 2013 to 2036. Most of this increase (76%) is expected to be in age groups aged 65 and over. The population increase of people with a LTHPD represents 29% of the total increase in the population projected by the demographic modelling.

Figure 72: Population with LTHPD in each Age Band
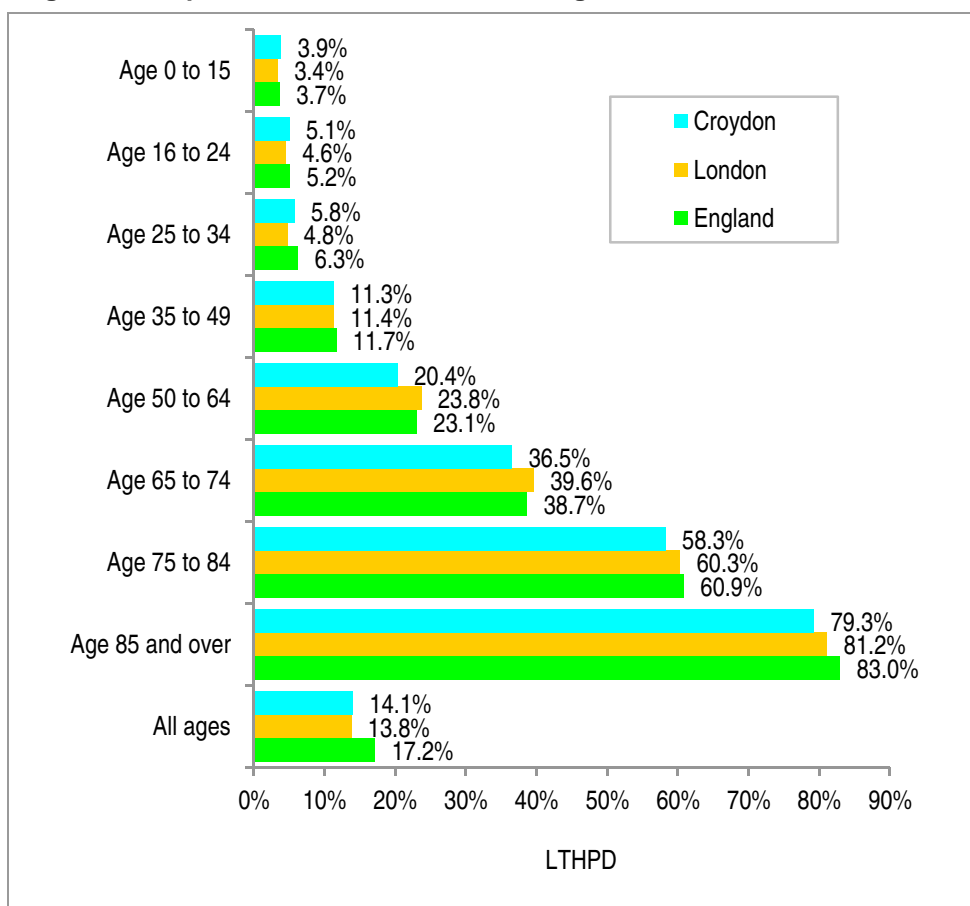
Source: Census (2011)

10.41   Modelling the same data on the basis of lower levels of household/housing growth (i.e. linked to the GLA's projections) shows a smaller increase in the number of people with disabilities; but a higher increase as a proportion of all population growth. With provision of 1,807 dwellings per annum, the number of people with a disability is projected to increase by 38%, representing 35% of all population growth; with provision of 1,435 dwellings per annum, the number of people with a disability is projected to increase by 33%, representing 48% of all population growth.

10.42   The Councils Integrated Commissioning and Housing team have also identified key priorities of delivery for specialist accommodation, these are:

- **Extra care sheltered housing for older people:**
    – In the region of 40 units with communal facilities and staff office to extra care standards
- **Extra care sheltered housing scheme for older people with mental health problems who are stepping down from residential care services with the following features:**
    - 20 to 25 units comprising a mix of studio and 1 bedroom flats
    - En suite single rooms
    - Communal lounge, kitchen, laundry
    - Reception/ staff office, counselling room, sleepover room, staff shower/ wc

- **People with learning disabilities and people with physical disabilities:**
  - Small cluster schemes of 6-10 self-contained 1 and 2 bedroom flats including ground floor flats to full wheelchair standards
  - Welcoming of proposals to redevelop existing shared group homes for these client groups
- **Re-provide the 24 hour mental health service at Glazier and Croham Road with a new purpose built hostel with the following features:**
  - 16 units
  - En suite single rooms
  - Communal lounge, kitchen, laundry
  - Reception/ staff office, counselling room, sleepover room, staff shower/ wc
  - Exterior smoking area
- **Mental health move on flats:**
  – self-contained studio and 1 bedroom flats

10.43   In addition the Housing Report for Informal Cabinet recommended the following:

- An increase the number of homes suitable for people with disabilities with 10% of new homes meeting full wheelchair-accessible standards.

- Enabling people who develop disabilities to remain in their homes by adapting 190 private sector homes a year through disabled facilities grants and 120 council homes through direct investment, thereby meeting all newly-arising need

- In partnership with eligible landlords, we will submit a proposal for extra care housing provision for older people under phase 2 of the Mayor of London's specialist housing fund, with the aim of reducing the reliance on residential care homes and thereby offering greater Independence.

- Consulting tenants on proposals for converting existing special sheltered provision into extra care housing which will better cater to them as they grow older.

- Review of existing retirement housing stock and identify options for refurbishment or replacement within our housing development and estate refurbishment programmes.

- Work with partners to develop a new model for retirement housing, creating a modern, mixed-tenure "village" for older people which is fully integrated with the local community

- Continue to improve on and add to our supported housing stock by submitting bids for anticipated GLA funding with proposals including schemes for people with mental health problems, people with both learning and physical disabilities, and young people.

People with disabilities – conclusions

10.44   Currently 23% of households contain someone with a long-term health problem or disability. Demographic trends are expected to lead to a significant growth in the population and number of households with disabilities over the period to 2036. Housing support services, including provision of adaptations to properties, will need to be adequately resources to take account of this.

10.45   By having all homes to lifetime standards and a high proportion as wheelchair homes Croydon Borough Council are planning for the future and enhancing the chances of someone being able to remain in their home if their circumstances change.

BME Households

10.46   Black or Minority Ethnic (BME) households, as a group, are quite often found to have distinct characteristics in terms of their housing needs, or may be disadvantaged in some way.

10.47   From 2011 Census data we find that around 51% of the population of Croydon came from a non-White (British/Irish) background. This figure is significantly above that found nationally (figure for England of 19%) and in line with the London average (of 53%). The key BME group in Croydon is Black: Caribbean which makes up 8.6% of all people in the Borough. Other notable groups are Black: African (8.0%), Asian: Indian (6.8%) and White: Other (6.3%).

Table 47:   **Black and Minority Ethnic Population (2011)**

Ethnic Group	Croydon	London	England
White: British	47.3%	44.9%	79.8%
White: Irish	1.5%	2.2%	1.0%
White: Gypsy or Irish Traveller	0.1%	0.1%	0.1%
White: Other White	6.3%	12.6%	4.6%
Mixed: White and Black Caribbean	2.7%	1.5%	0.8%
Mixed: White and Black African	0.9%	0.8%	0.3%
Mixed: White and Asian	1.4%	1.2%	0.6%
Mixed: Other Mixed	1.6%	1.5%	0.5%
Asian: Indian	6.8%	6.6%	2.6%
Asian: Pakistani	3.0%	2.7%	2.1%
Asian: Bangladeshi	0.7%	2.7%	0.8%
Asian: Chinese	1.1%	1.5%	0.7%
Asian: Other Asian	4.8%	4.9%	1.5%
Black: African	8.0%	7.0%	1.8%
Black: Caribbean	8.6%	4.2%	1.1%
Black: Other Black	3.6%	2.1%	0.5%
Other ethnic group: Arab	0.5%	1.3%	0.4%
Any other ethnic group	1.3%	2.1%	0.6%
Total	100.0%	100.0%	100.0%
Total population	363,378	8,173,941	53,012,456
% non-White (British/Irish)	51.3%	53.0%	19.3%

Source: ONS (2011 Census)

10.48   Since 2001 the BME population in the Borough can be seen to have increased significantly as can be seen in the table below. We have condensed some categories together due to a slightly different list of potential groups being used in the 2011 Census when compared with 2001 data. The data

shows that whilst the overall population of Croydon has increased by 32,800 over the 10-year period there has been a notable increase in BME groups (all groups other than White (British/Irish)) of 73,400. The White (British/Irish) population has decreased by 19% compared to an increase of 65% in BME groups (all combined).

10.49   Looking at particular BME groups we see that the largest rise has been for the Black or Black British population – increasing by 29,200 over the ten years.

Table 48:   **Change in BME groups 2001 to 2011 – Croydon**

Ethnic Group	2001	2011	Change	% change
White (British/Irish)	217,703	177,109	-40,594	-18.6%
White - Other	14,242	23,086	8,844	62.1%
Mixed	12,296	23,895	11,599	94.3%
Asian or Asian British	39,592	59,627	20,035	50.6%
Black or Black British	44,076	73,256	29,180	66.2%
Other	2,678	6,405	3,727	139.2%
Total	330,587	363,378	32,791	9.9%

Source: Census 2001 and 2011

BME Household Characteristics

10.50   Census data can also be used to provide some broad information about the household and housing characteristics of the BME population in the Borough. The figure below looks at the population age structure of six broad age groups using data from the 2011 Census.

10.51   The age profile of the BME population is striking when compared with White: British/Irish people. All BME groups are considerably younger than the White (British/Irish) group with people from a Mixed background being particularly likely to be aged under 15 when compared with any other group. The proportions of older persons are also notable with 25% of White; British/Irish people being aged 60 or over compared with all BME groups showing proportions of no more than 12%.

Figure 73: Population age profile (2011)
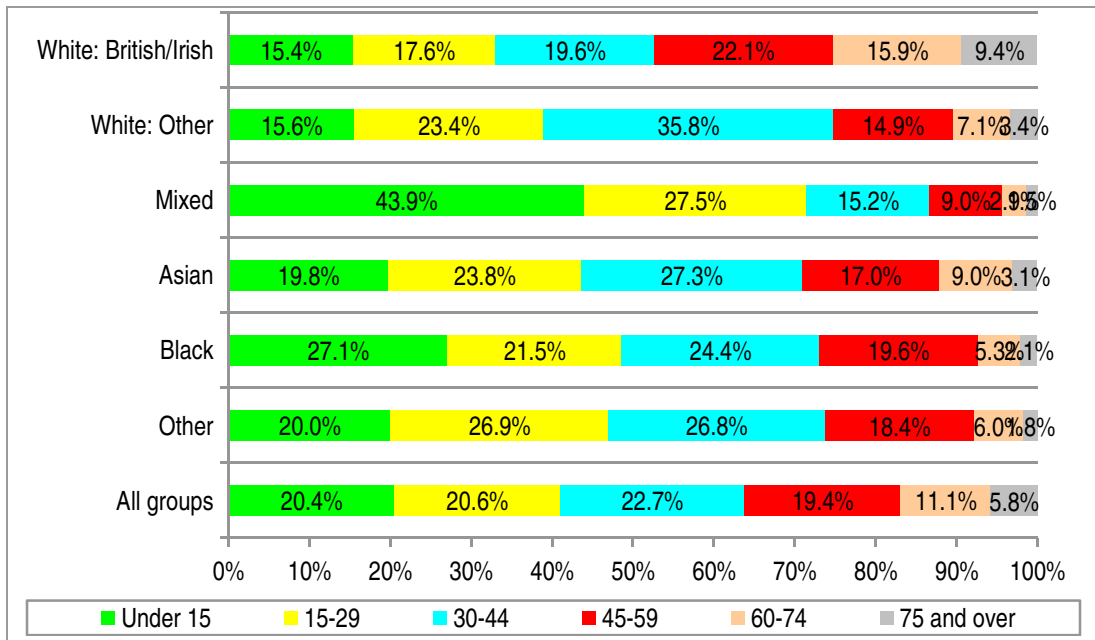
Source: Census (2011)

10.52   There are notable differences between the household characteristics of BME households compared with the White: British population. The figure below indicates that all BME groups (with the exception of Asian) are significantly less likely to be owner-occupiers and all groups are far more likely to live in private rented accommodation. Arguably the starkest trend is the 41% of White (Other) households living in the private rented sector.

Figure 74: Tenure by ethnic group – Croydon
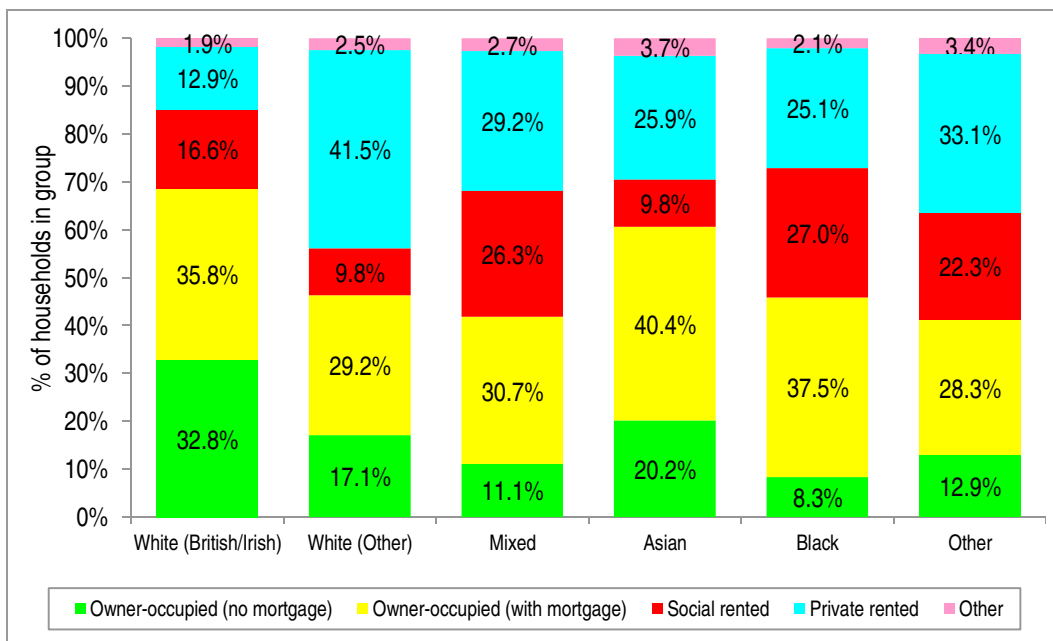
Source: 2011 Census data (from NOMIS)

10.53   The strong representation of BME households in the Private Rented Sector means that they are more likely to be affected by the changes discussed to Local Housing Allowance (particularly as the sector in the Borough shows a strong representation of LHA Claimants).

10.54   As BME communities mature over time, the level of owner occupation may increase. The pace at which this happens may be influenced by economic opportunities available as well as the level of enterprise within the local community. For some communities there may be support mechanisms which can work within the community, such as availability of interest free loans or support raising a deposit to buy a home, depending on cultural factors.

10.55   The figure below shows 'occupancy ratings' by BME group; this is based on the bedroom standard where a positive figure indicates under-occupancy and negative figures suggest some degree of over-crowding. BME groups are more likely to be overcrowded (i.e. have a negative occupancy rating) than White (British) households. In particular, the Census data suggests that around 16% of Asian households are overcrowded along with 15% of the Black group – this compares with only 5% of the White (British) group. Levels of under-occupancy amongst BME communities are generally low.

Figure 75: Occupancy rating by ethnic group – Croydon
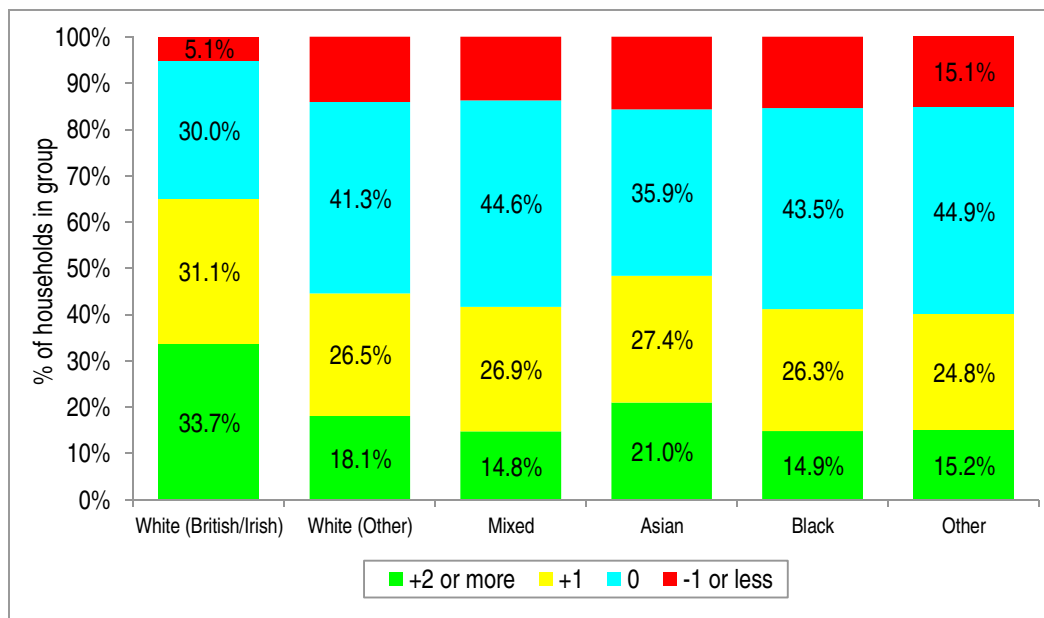
Source: 2011 Census data (from NOMIS)

BME conclusions

10.56   The BME population in Croydon has grown strongly since 2001. The 2011 Census shows that BME groups make up 51% of the Borough's population. The Black and Asian populations have both grown notably.

10.57   BME households appear to be typically younger and less likely to be owner occupiers than the White (British/Irish) population; there is also a greater reliance on the private rented sector. BME households are also more likely to be overcrowded and less likely to under-occupy dwellings.

10.58   The implications of this are more for housing strategy than planning, and suggest a need to consider particularly how the needs of different groups are met within the local housing market, to explore the reasons for higher levels of overcrowding in BME communities and how this can be addressed. It will also be important to consider the role which the Private Rented Sector plays in meeting needs of new migrant communities and the standards of housing in this sector. Investigating these issues in greater detail may assist development of strategic housing policies.

Households with children (family households)

10.59   The number of families in Croydon (defined for the purpose of this assessment as any household which contains at least one dependent child) currently totals 51,100 accounting for 35% of households – a notably higher figure than seen across both London and England. The demographic projection (linked to the 2012-based SNPP) suggests that the number of children (aged Under 15) is expected to increase by 13% from 2013 to 2036 (an increase of over 10,300). With a projection linked to 1,807 dwellings per annum the number of children would be expected to increase by 3% with a 3% decline if the lower dwelling provision figure (of 1,435 per annum) is assumed.

10.60   When compared with other areas the proportion of lone parent households is notable (11.6%) with other household type categories not showing particularly great differences from regional and national averages.

Table 49:   **Households with dependent children (2011)**

Household Type	Croydon		London	England
	Number	%	%	%
Married couple	22,469	15.5%	15.3%	15.0%
Cohabiting couple	5,034	3.5%	4.0%	2.8%
Lone parent	16,821	11.6%	7.1%	8.5%
Other households	6,729	4.6%	2.6%	4.6%
All other households (no dependent children)	93,957	64.8%	70.9%	69.1%
Total	145,010	100.0%	100.0%	100.0%
Total with dependent children	51,053	35.2%	29.1%	30.9%

Source: ONS (2011 Census)

10.61   The figure below shows the current tenure of households with dependent children. There are some considerable differences by household type with lone parents having a very high proportion living in the social rented sector and also in private rented accommodation. Only around 22% of lone parent households are owner-occupiers compared with 70% of married couples with children.

Figure 76: Tenure of households with dependent children – Croydon
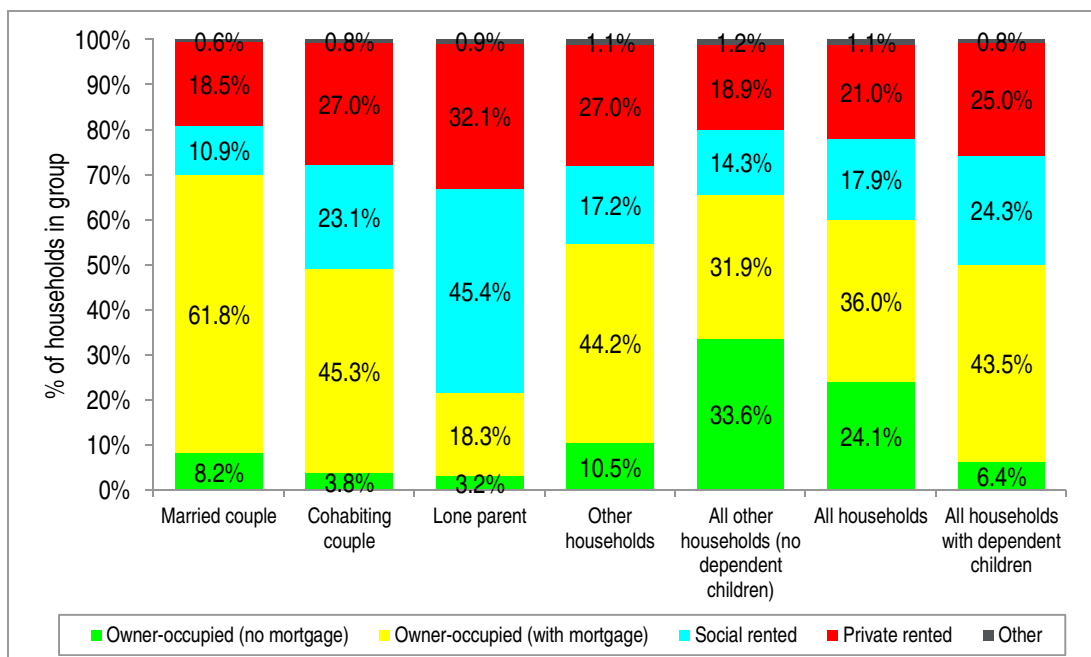
Source: 2011 Census

10.62   Overcrowding is often a key theme when looking at the housing needs of households with children and the figure below shows that households with children are about five times more likely than other households to be overcrowded. In total, some 20% of all households with dependent children are overcrowded and included within this the data shows 22% of lone parent households are overcrowded along with 46% of 'other' households with dependent children. Other than for married couple households levels of under-occupancy are also very low.

Figure 77: Occupancy rating and households with dependent children
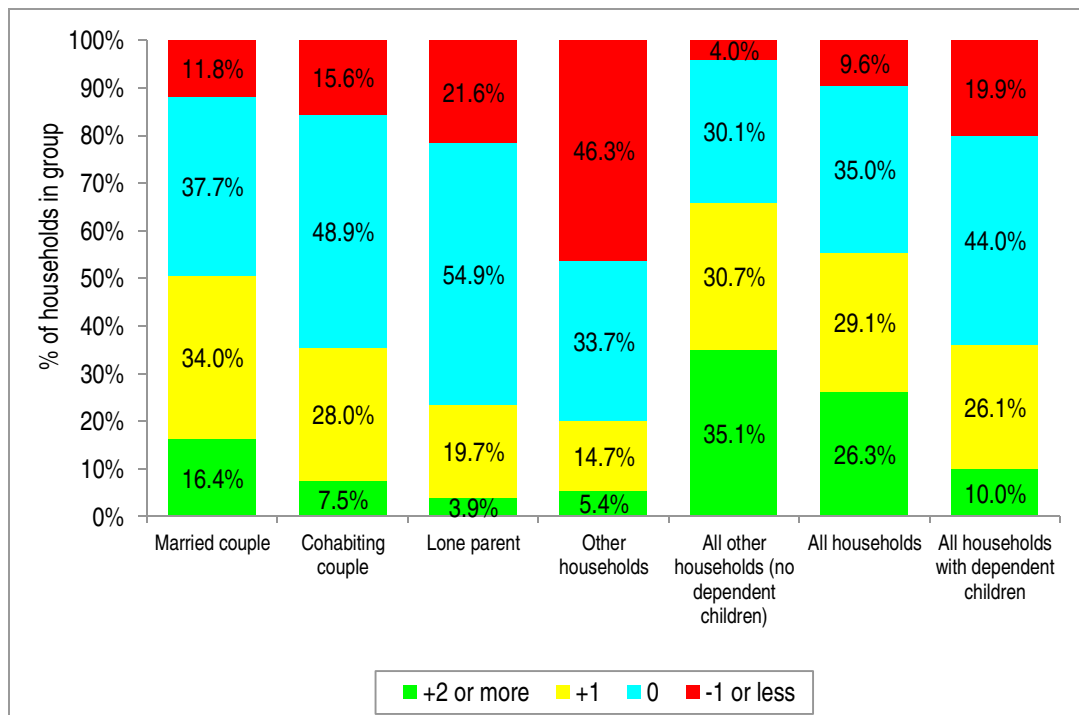
Source: 2011 Census data (from NOMIS)

Households with children - conclusions

10.63   Overall, the data available about family households suggests that this group may be quite polarised. Whilst married couple households have high levels of owner-occupation and may well be slightly better off than the general population the data does point to potentially the lone parent households being more disadvantaged. Given that households with children should be seen as a priority for the Council this points towards ensuring that the housing offer meets the needs of such households and in particular the need to ensure a reasonable quality of housing in the private rented sector.

Young people

10.64   Providing for the needs of younger person households is an important consideration for the Council. Given ageing populations, the ability to retain young people in an area can assist in providing a more balanced demographic profile as well as providing a vital part of the local workforce. Young people may however find barriers to accessing housing given typically low incomes and potential difficulties in securing mortgage finance due to deposit requirements. Additionally, LHA payments may limit choice for under-35s requiring private rented homes.

10.65   The demographic projections (linked to the 2012-based SNPP) suggest that in 2013 there were around 31,000 households headed by someone aged under 35 and that this is set to increase to around 36,200 over the period from 2013 to 2036. With projections linked to lower levels of housing

delivery (e.g. the alternatives linked to GLA assumptions) the number of younger households is actually expected to drop slightly (by between 1,900 and 3,500 households).

10.66   As well as households headed by a younger person there will be others living as part of another household (typically with parents). The table below shows the number of households in the Borough with non-dependent children. In total, some 11% of households (15,400) contain non-dependent children. This may to some degree highlight the difficulties faced by young people in accessing housing. Young people may be less likely to be eligible for social housing, have lower household incomes and have difficulty in accessing the owner-occupied sector due to mortgage constraints and deposit requirements. All of these factors contribute to the current trend for young people moving in with or continuing to live with parents.

Table 50:   **Households with non-dependent children (2011)**

Household Type	Croydon		London	England
	Number	**%**	**%**	**%**
Married couple	8,292	5.7%	5.6%	4.8%
Cohabiting couple	724	0.5%	0.5%	0.4%
Lone parent	6,339	4.4%	3.5%	4.1%
All other households	129,655	89.4%	90.4%	90.7%
Total	145,010	100.0%	100.0%	100.0%
Total with non-dependent children	15,355	10.6%	9.6%	9.3%

Source: ONS (2011 Census)

10.67   When considering households that are currently headed by a younger person (taken for this analysis as being aged under 35) we can use 2011 Census data to look at some key characteristics. The figure below shows the tenure groups of these households (compared with other age groups). The data clearly shows that very few younger households are owner-occupiers with a particular reliance on the private rented sector and to a lesser degree social rented housing.

Figure 78: Tenure by age of HRP – Croydon
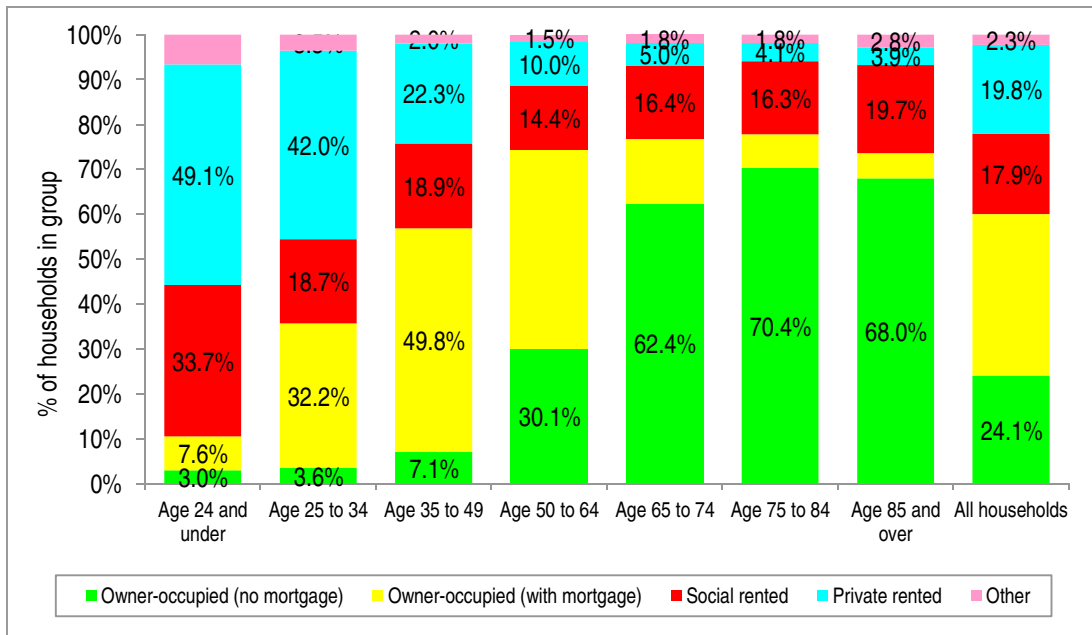
Source: 2011 Census

10.68   Census data can also be used to look at economic activity rates; including employment and unemployment levels. Data about this is shown in the figure below. The data shows that younger people are far more likely to be unemployed than other age groups. The data shows that of the population aged 16-34 some 10% are unemployed – included within this we see an unemployment rate of 15% for those aged 16-21 and 15% in the 16-19 age group.

Figure 79: Economic activity by age – Croydon
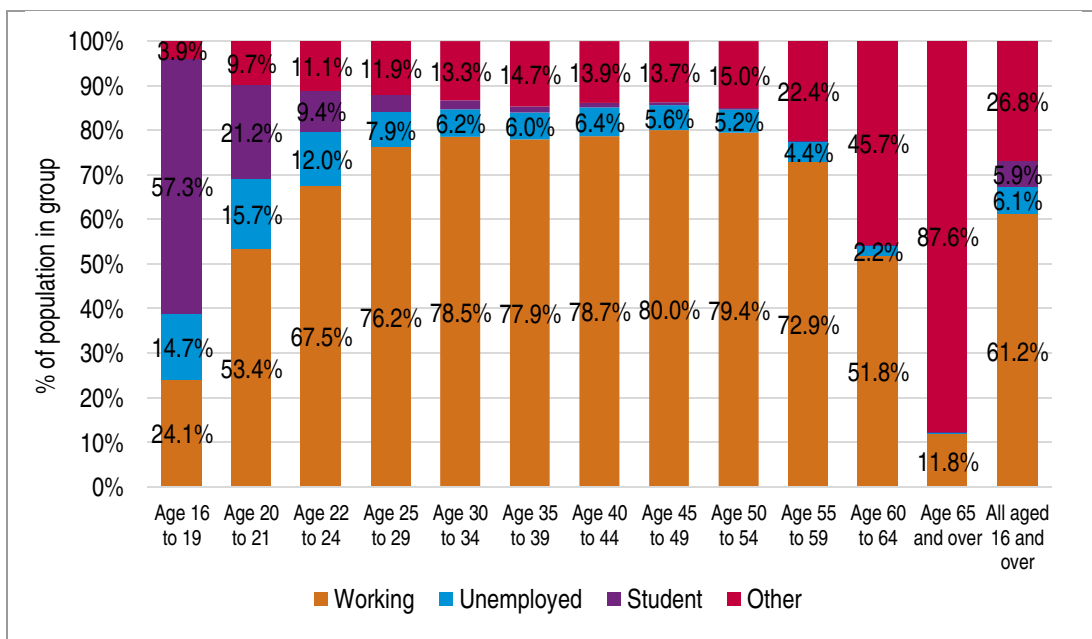
Source: 2011 Census

Young people - conclusions

10.69   Analysis of younger person households shows a high reliance on rented housing. Younger age cohorts may therefore be forced into private rented (including shared) housing as the only means of meeting their housing needs, aside from residing with parents, where they would not form a head of household. Factors such as a balanced approach to housing in terms of bedroom sizes and property types, along with high standards for Houses in Multiple Occupation (HMOs) will help younger households to access housing

Custom/Self-Build

10.70   SHMAs need to investigate the contribution that self-builds makes toward the local supply. Laying the Foundations – a Housing Strategy for England 2010 sets out that only one in 10 new homes in Britain was self-built in 2010 – a lower level than in other parts of Europe. It identifies barriers to self or custom-build development as including:

- A lack of land;
- Limited finance and mortgage products;
- Restrictive regulation; and
- A lack of impartial information for potential custom home builders.

10.71   Government aspires to make self-build a 'mainstream housing option' by making funding available to support self-builders and by asking local authorities to champion the sector. Up to £30m of funding has been made available via the Custom Build programme administered by the HCA to provide short-term project finance to help unlock group custom build or self-build schemes. The fund can be used to cover eligible costs such as land acquisition, site preparation, infrastructure, S106 planning obligations etc.

10.72   Quantitative information regarding levels of self-build is hard to come by. Information from local authority planning officers is therefore anecdotal. Planning officers within the HMA have indicated that there has limited interest in such schemes within the Borough.

10.73   We have also reviewed a number of websites dedicated to advising and assisting people to self-build. Some assist in the brokerage of individual building plots and this is part of our SHMA information gathering. Their websites show very few opportunities for self-build within Croydon. In deed across London only 8 plots were being advertised. These will be stand-alone, self-contained dwellings and are often constructed for employees or family members some of whom may be frail or disabled in some way.

10.74   Local estate agents tell us that they are rarely asked to sell plots within the Borough for self-build. Those plots which do appear tend to be for single unit development. However most of the demand

for plots are from small developers rather than self-build individuals. Overall the evidence suggest that this is currently a niche sector in the Borough.

10.75   From a development point of view, key issues with this market are associated with skills and risk: whist there may be notable number of people with an 'interest' in self-build, there is in some circumstances a significant financial outlay, risk and time-cost associated with self-build.

10.76   We would expect most new delivery to be on small windfall sites; although there is some potential through policy to encourage developers of larger schemes to designate parts of these as plots available for custom build. However it is likely to be difficult to demonstrate concrete evidence of demand at a local level; albeit that local authorities could develop and maintain registers of those with an interest in doing so.

10.77   While the focus of Self-build is understandably for market housing there are opportunities for delivery of affordable homes through this method. One example of this is the 'Build!' programme run by Cherwell District Council in Oxfordshire.

10.78   This programme offers individuals or interested groups the opportunity to come together to either build a new home, or to renovate and decorate an existing property. These properties are eventually available on a shared ownership or affordable rent tenure. In return for their labour participants would receive reduced purchase price or lower rental rates. The level of discount applied would reflect the individual's involvement in the build or renovation process.

10.79   More locally there have been a number of successful community self-build schemes in South London. In Lewisham for example there was a successful community self-build scheme which delivered 12 units for unemployed men and woman. Similarly in Lambeth 11 eco-friendly family homes were built in 2005.

10.80   In order for this to work in Croydon the Council would be required to make plots available that have secured detailed planning permission and set up a register for those interested in such a scheme. As well as delivering additional affordable homes the scheme would also achieve a number of other social achievements including training.

Policy Implications

10.81   This section of the report has studied the housing circumstances of various different groups of the population. These are:

- Older people;
- People with disabilities;
- The Black and Minority Ethnic population;

- Households with children (family households); and
- Young households

10.82 Specific conclusions have been provided for each of these groups with core conclusions summarised below:

10.83 **Older persons** – the key challenge here will be to meet the needs of an ageing population with the number of people aged 65 and above expected to increase by 37,200 (78%) from 2013 to 2036. Demographic change is likely to see a requirement for additional levels of care/support along with provision of some specialist accommodation in both the market and affordable sectors – it is estimated that around 4% of new provision should be Extra-Care for older people.

10.84 **People with disabilities** – the number of people with disabilities is closely related to the age of the population and many of the conclusions related to older persons are relevant for this group. Demographic projections suggest a 127% increase in the population aged over 85 from 2013 to 2036 with Census data suggesting that 79% of this age group have some level of disability.

10.85 **BME groups** – the BME population of Croydon is relatively large and has grown significantly over the past decade. Characteristics of BME groups (including tenure profiles and occupancy patterns) suggest that such households may be disadvantaged in the housing market. Where possible the Council should provide advice to BME groups and in particular ensure that accommodation quality (particularly in the private rented sector) can meet the needs of such households which are disproportionately likely to contain children.

10.86 **Family households** – data about family households suggests that lone parents are particularly disadvantaged with a high reliance on rented housing. Projections suggest an increase in the number of children in the Borough over the next few years and if past trends are repeated this will also see a notable increase in the number of lone parents. Again advice about housing options and maintaining a good quality of accommodation will be critical to ensure that such households' needs are best met.

10.87 **Young person households** – young people (aged under 35) are important for any area due to the long-term economic potential they can bring. As with other groups there are some indications of this group being disadvantaged with a reliance on rented accommodation and high levels of unemployment. Given that the housing options for young people may be more limited than for other groups it will be important to monitor the accommodation quality – this will need to focus on HMOs given general trends of an increase in house sharing over time.

11   CONCLUSIONS

Housing Market Area

11.1   The National Planning Policy Framework (NPPF) states that local planning authorities should use their evidence base to ensure Local Plans meet the full, objectively assessed needs for market and affordable housing in their housing market area (HMA). However, as the Planning Practice Guidance recognises, there is no "hard and fast" approach for defining a housing market area and, in practice, many housing market areas overlap.

11.2   From our analysis of market dynamics, migration patterns and commuting there is clearly a complex set of relationships at play across London and more locally Croydon. Triangulation of the evidence converges upon a single authority HMA covering Croydon to be the most appropriate. Although there are also notable links with Lambeth, Bromley and more specifically Tandridge and Sutton.

11.3   It is however important to recognise overlaps between these surrounding authorities and markets in this area. In the context of the Duty to Cooperate, the authorities with the strongest localised links should be engaged in considering strategic housing issues not only in the preparation of the SHMA but also the subsequent development of plan policies.

Overall Housing Need

11.4   The NPPF sets out that plans should be prepared on the basis of meeting full needs for market and affordable housing. Planning Practice Guidance sets out that the latest national projections should be seen as a starting point but that authorities may consider sensitivity testing projections in response to local circumstances and the latest demographic evidence.

11.5   In accordance with the Planning Practice Guidance, the latest population projections have formed the starting point for our assessment, the case these are the 2012-based Sub-National Population Projections (SNPP) and related CLG Household Projections.

11.6   The latest 2011-based interim household projections indicate household growth of 1,838 households per annum across the Borough between 2011 and 2021. However these projections assume that household formation rates seen over the 2001-11 period continue moving forward. These trends arguably build in a degree of suppression of household formation, a point which is acknowledged by CLG in the Planning Practice Guidance on *Assessment of Housing and Economic Development Needs*.

11.7   Against this context a sensitivity analysis has been developed exploring different projections of household formation rates and to take account of the latest migration data. This analysis concludes that the most appropriate means of projecting household formation would be based on a set of

headship rates which took 2011-based rates as a start point and projected forward in terms of the trends contained in the 2008-based projections.

11.8   Carrying out the projection on this basis suggests household growth of 2,375 per annum and a housing requirement for 2,437 additional homes per annum (once a vacancy allowance has been included).

11.9   Alternatively if the GLA projections are to be used for the same period then a need for between 1,575 and 2,046 dwellings per annum with the central variant at 1,807 dwellings per annum being the most reasonable.

11.10   The guidance then sets three key tests which should be applied in order to identify whether there is a case to adjust the starting point. We see these tests as:

- Do market signals point to a need to increase housing supply in order to address affordability and high demand?
- Is there a need to increase overall housing supply in order to boost delivery of affordable homes to meet identified needs?
- Is there evidence that an increase in housing supply is needed to ensure a sufficient labour supply to support forecast economic and employment growth in different parts of the HMA?

Test 1: Do market signals point to a need to increase housing supply in order to address affordability and high demand?

11.11   The Planning Practice Guidance sets out that the housing need suggested by household projections should be adjusted to reflect appropriate market signals and indicators of the balance between the demand for and supply of homes. It sets out that the more significant the affordability constraints (in terms of rising housing costs and worsening affordability) the larger the additional supply response required.

11.12   The market analysis undertaken indicates that house prices across Croydon are significantly below the London-wide level, although still above national trends. The median house price across the Borough is around £242,500 compared to £325,000 across London and £283,000.

11.13   Despite the relatively low house price in the Borough they are still at 8.6 times the lower quartile wages. This makes accessing the housing market difficult for most first time buyers to enter the housing ladder without a sizeable deposit.

11.14   Since 2001 Croydon has delivered almost 13,000 additional homes. The housing target was consistently exceeded between 2004/05 and 2008/09, but in recent years the levels of delivery have dropped. That said housing supply in Croydon has had a mixed history in terms of meeting its

housing target which has increased incrementally over this period due in part to under-delivery and now stands at 1,330 dwellings per annum until 2021.

Against this context there is some basis for considering an upwards adjustment to housing provision in order to improve the affordability of market. The return to 2008-based household formation rates within the demographic projections in-part address this.

Test 2: Is there a need to increase overall housing supply in order to boost delivery of affordable homes to meet identified needs?

11.15   The second test is to consider the ability of overall housing numbers to ensure affordable housing needs can be satisfied. Affordable housing is defined as including social rented, affordable rented and intermediate housing. Following the approach advocated by the Guidance, the net affordable housing need identified in Croydon is for 2,088 homes per year.

11.16   However, such a level of delivery is not likely to be achievable as at the current London Housing Strategy rates of delivery (40%) this would require 5,220 dwellings per annum to be built to support this level of affordable housing. This is far higher than the demographic need outlined earlier in the report. As stated in the NPPG, an increase in the total housing figures should be considered where it could help deliver the required number of affordable homes.

11.17   The needs evidence indicates that the Council would be justified in seeking to secure the maximum viable level of affordable housing in future through new development schemes. However they must balance competing potential priorities. Furthermore It is important to note that the Council are however not solely reliant on affordable housing delivery through market-led schemes. The Council can deliver affordable homes directly and in partnership with Registered Providers. These are likely to be an important source of supply going forward.

11.18   Whilst a significant quantitative shortfall of affordable housing is identified, there are in reality two factors which are important to consider in interpreting the figures in context. Firstly, in practice there are likely to be households who are adequately housed whilst paying more than the 30% of income threshold used in this report. Secondly, the private rented sector makes a potentially significant contribution to meeting affordable housing needs through households supported by Local Housing Allowance (LHA). The extent to which the Council wishes to see the private rented sector being used to make up for shortages of affordable housing is plainly a local policy decision which is outside the scope of this study.

11.19   We therefore believe that the affordable housing need identified does not provide definitive evidence for possibly considering upwards adjustment to housing provision relative to the demographic projections in order to support higher affordable housing delivery.

Test 3: Is there evidence that an increase in housing supply is needed to ensure a sufficient labour supply to support forecast economic and employment growth in different parts of the HMA?

11.20   In line with the Guidance, we have also considered the implications of future economic and employment trends on housing needs by modelling the housing which would be required to meet the level of employment growth forecast by the GLA economic forecasts.

11.21   The GLA forecasts indicate an almost 25,500 increase in jobs over the period between 2011 and 2036. Modelling these forecasts through to housing numbers results in a need for 1,659 homes per annum to 2036.

11.22   The economic led forecasts are significantly lower than the demographic needs identified. However, it is important to recognise that there is no basis in national policy or guidance to use the economic forecasts to argue that housing provision in an individual local authority should be lower than in the demographic projections.

Overall Conclusion on Housing Needs

11.23   We have sought to draw the range of evidence together to define objectively-assessed need for housing. In doing so we have followed the following approach:

- Define the base level of need with regard to the demographic projections;
- Consider the case for adjustments in response to market signals. This points to a case for upwards which has been factored in by reverting to 2008-based household formation rates;
- Compare the demographic projections against the proportionate economic-led projections in regard to the scope to encourage local living and working;
- Overlay the affordable housing evidence in regard to the % supply based on the demographic projections needed to support full affordable housing delivery;
- Identify the higher level of the range to take account of the market signals, economic evidence and affordable housing need.

11.24   In interpreting the affordable housing needs evidence, we recognise that whilst the Planning Practice Guidance identifies a need to consider adjustments to the overall assessment of need to enhance affordable housing delivery, some households in housing need are able to live within the Private Rented Sector supported by Local Housing Allowance. A proportionate adjustment is thus inappropriate to enhance affordable delivery where applicable. The economic-led forecasts would also result in a need which is below the demographic need.

11.25   Our assessment of market signals suggest a modest requirement to uplift to improve affordability in the Borough. The level of uplift can be quantified by assessing the degree to which household formation levels have been constrained and what scale of adjustment to housing provision would be

necessary for affordability to improve. By using 2008-based household formation rates we have adjusted the projections to reflect a period when the affordability was less acute. **This resulted in a housing need of 2,437 homes per annum across the HMA.**

11.26   This identified objectively assed need is significantly higher than the minimum of 1,435 additional homes per annum as identified the FALP. However any additional housing delivery will go towards closing the gap between identified housing need and supply in line with the requirement of the NPPF.

11.27   The GLA's on projections inform the FALP figures at a City wide level. As such these can be seen as a credible alternative to the FALP figures and those set out in this report. **The central variant of these results in a need for 1,807 dwellings per annum.**

11.28   The FALP policy specifically encourages boroughs to identify and seek to enable additional development capacity to be brought forward which supplements these targets (having regard to other policies in the Plan) such as through intensification, town centre renewal, opportunity and intensification and growth corridors, mixed use development and sensitive renewal of existing residential areas – particularly in areas of good public transport accessibility. To fit local plan timeframes, it supports the 'roll forward' of annual average figures where appropriate.

11.29   By planning to deliver dwellings over and above that set out in the FALP the Borough would meet the policies in the FALP and also help ease the need for housing in more constrained parts of the City.

11.30   However, It should be recognised that this is an objective assessment of housing need and takes no account of land supply, development constraints, environmental constraints or the feasibility of delivering infrastructure to support sustainable development. The Planning Practice Guidance[12] is clear on these issues, setting out that "*plan makers should not apply constraints to the overall assessment of need, such as limitations imposed by the supply of land for development, historical under performance, infrastructure or environmental constraints. However these considerations will need to be addressed when bringing evidence bases together to identify specific policies within development plans.*"

11.31   These supply-side factors are relevant in translating the need identified into a policy target for housing provision in the local plan. Ongoing engagement with adjoining authorities, partly through this process will be necessary to assess whether there is potential to contribute to meeting unmet needs of adjoining authorities where they exist or relieve Croydon's unmet need if this transpires. In

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[12] CLG (March 2014) *Planning Practice Guidance – Assessment of Housing and Economic Development Needs*

accordance with the Duty to Cooperate. This is an important procedural requirement in the development of local plans.

Housing Mix

Sizes of Homes Needed

11.32   There are a range of factors which will influence demand for different sizes of homes, including demographic changes; future growth in real earnings and households' ability to save; economic performance and housing affordability. Our analysis linked to long-term (25-year) demographic change concludes that the following represents an appropriate mix of affordable and market homes. We have recommended the following mix for affordable and market housing:

Table 51:   **Recommendations regarding the Sizes of Homes Needed**

	1 bed	2 bed	3 bed	4+ bed
Market	10%	30%	40%	20%
Affordable	30-35%	30-35%	25-30%	5-10%
All dwellings	20%	30%	35%	15%

11.33   Our strategic conclusions on the affordable sector recognise the role which delivery of larger family homes can play in releasing supply of smaller properties for other households; together with the limited flexibility which one-bed properties offer to changing household circumstances which feed through into higher turnover and management issues.

11.34   The mix identified above should inform Local Plan policies. In applying these to individual development sites regard should be had to the nature of the development site and character of the area, and to up-to-date evidence of need as well as the existing mix and turnover of properties at the local level.

11.35   Based on the evidence, we would expect the focus of new market housing provision to be on two and three-bed properties. Continued demand for family housing can be expected from newly forming households. There may also be some demand for medium-sized properties (2 and 3 beds) from older households downsizing and looking to release equity in existing homes, but still retain flexibility for friends and family to come and stay.

11.36   The analysis of an appropriate mix of dwellings should also inform the 'portfolio' of sites which are considered through the local plan process, including: Site Allocations and other planning documents. Equally it will be of relevance to affordable housing negotiations.

Tenure

11.37   Overall a net deficit of 48,016 affordable homes is identified (2,088 per annum). There is thus a significant requirement for new affordable housing in Croydon and the Council is justified in seeking to secure additional affordable housing.

11.38   While a significant deficiency in affordable housing is identified, in practice many households who are unable to secure affordable housing are able to live within the Private Rented Sector supported by housing benefit. It seems likely that the Private Rented Sector will continue to be used to make up for a shortfall of fully affordable housing.

11.39   We have also assessed the proportion of affordable housing need that should be met through provision of different housing products. There are three main types of affordable housing that can be studied in this analysis:

- Intermediate;
- Affordable rent; and
- Social rent

11.40   Overall, 24% of households that cannot afford market housing can afford more than the affordable rent level of 80% market rent. The remaining 76% can only afford at current affordable or social rents or below. The analysis suggests around 24% of affordable housing could be equity-based intermediate (such as shared ownership) with the remaining 76% being a rented product, either social or affordable rented although there is potential overlap between these categories.

11.41   In determining policies for affordable housing provision on individual sites, our findings should be brought together with other local evidence such as from the Housing Register. Consideration could also be given to areas with high concentrations of social rented housing where additional intermediate housing might be desirable to improve the housing mix and to create 'housing pathways'.

11.42   It should also be noted that funding for the delivery of new-build affordable housing is now focused on affordable rent tenure. The dominance of this tenure within new build delivery is also confounded by registered providers now being able to convert existing social rent properties to affordable rent as they become vacant, in effect reducing the level of available socially rented properties. This is likely to lead to a further focus/reliance on the affordable rental tenure in future years.

Needs of Specific Groups

11.43   The SHMA identifies a particular need to plan for a growing older population. The SHMA analysis indicates that the growing older population (particularly in the oldest age groups) will result in growth in households with specialist housing needs. Typically the greatest support needs are for

alterations to properties (such as to bathrooms, showers and toilets, provision of emergency alarms or help maintaining homes). Many of these can be resolved in situ through adaptations to existing properties and the resource implications of this will need to be planned for.

11.44   The growing older population will however likely lead to some increase in requirements for specialist housing solutions. The analysis above suggests a 99% growth in older population with dementia, and a 93% increase in the older population with mobility problems. From a planning point of view, some of these people will require specialist housing such as sheltered or extra care provision. Increasing numbers of older people with health problems will also require joint-working between housing and health (Council and NHS).

11.45   Our analysis suggests a potential requirement for around 99 additional housing units to be specialist accommodation across the Borough to meet the needs of the older person population each year moving to 2036.

11.46   Within the different models and assumptions made regarding the future need for specialist retirement housing (normally defined as a form of congregate housing designed exclusively for older people which usually offers some form of communal space, community alarm service and access to support and care if required), there may for example be an option to substitute some of this specialist provision with a mix of one and two bedroomed housing aimed to attract 'early retired' older people which could be designated as age specific or not. Such housing could be part of the general mix of one and two bedroom homes but built to Lifetime Homes standards in order to attract retired older people looking to 'down size' but perhaps not wanting to live in specialist retirement housing.

11.47   Regarding the tenure mix; we have noted that at present there is a much higher level of supply in the affordable sector than for market housing whereas the majority of older person households are owner-occupiers. This would suggest moving forward that a greater emphasis could be placed on market specialist provision than has been the case in the past.

11.48   As well as the need for specialist housing for older people the analysis needs to consider Registered Care. The focus of the institutional population in the elderly age groups is those over 75.

11.49   Currently 23% of households contain someone with a long-term health problem or disability. Demographic trends are expected to lead to a significant growth in the population and number of households with disabilities over the period to 2036. Housing support services, including provision of adaptations to properties, will need to be adequately resourced to take account of this.

11.50   The BME population in Croydon has grown strongly since 2001. The 2011 Census shows that BME groups make up 51% of the HMA's population (up from 30% in 2001). The Black: Caribbean population (which is the main BME group) has grown notably over the past decade.

11.51   BME households appear to be typically younger and less likely to be owner occupiers than the White (British/Irish) population; there is also a greater reliance on the private rented sector. BME households are also more likely to be overcrowded and less likely to under-occupy dwellings. The implications of this are more for housing strategy than planning, and suggest a need to consider particularly how the needs of different groups are met within the local housing market, to explore the reasons for higher levels of overcrowding in BME communities and how this can be addressed. It will also be important to consider the role which the Private Rented Sector plays in meeting needs of new migrant communities and the standards of housing in this sector. Investigating these issues in greater detail may assist development of strategic housing policies.

11.52   Analysis is included within the report regarding the needs of other groups such as young people and families with children. It will be important that the needs of these groups continue to be planned for and monitored.

APPENDIX A: Projection Methodology and Key Data

Introduction

A1.1   Our methodology used to determine population growth and hence housing requirements is based on fairly standard population projection methodology consistent with the methodology used by ONS and CLG in their population and household projections. Essentially the method establishes the current population and how will this change in the period from 2013 to 2036. This requires us to work out how likely it is that women will give birth (the fertility rate); how likely it is that people will die (the death rate) and how likely it is that people will move into or out of the local authority area. These are the principal components of population change and are used to construct our population projections.

A1.2   The figure below shows the key stages of the projection analysis through to the assessment of housing requirements.

Figure A1.1: Overview of Methodology
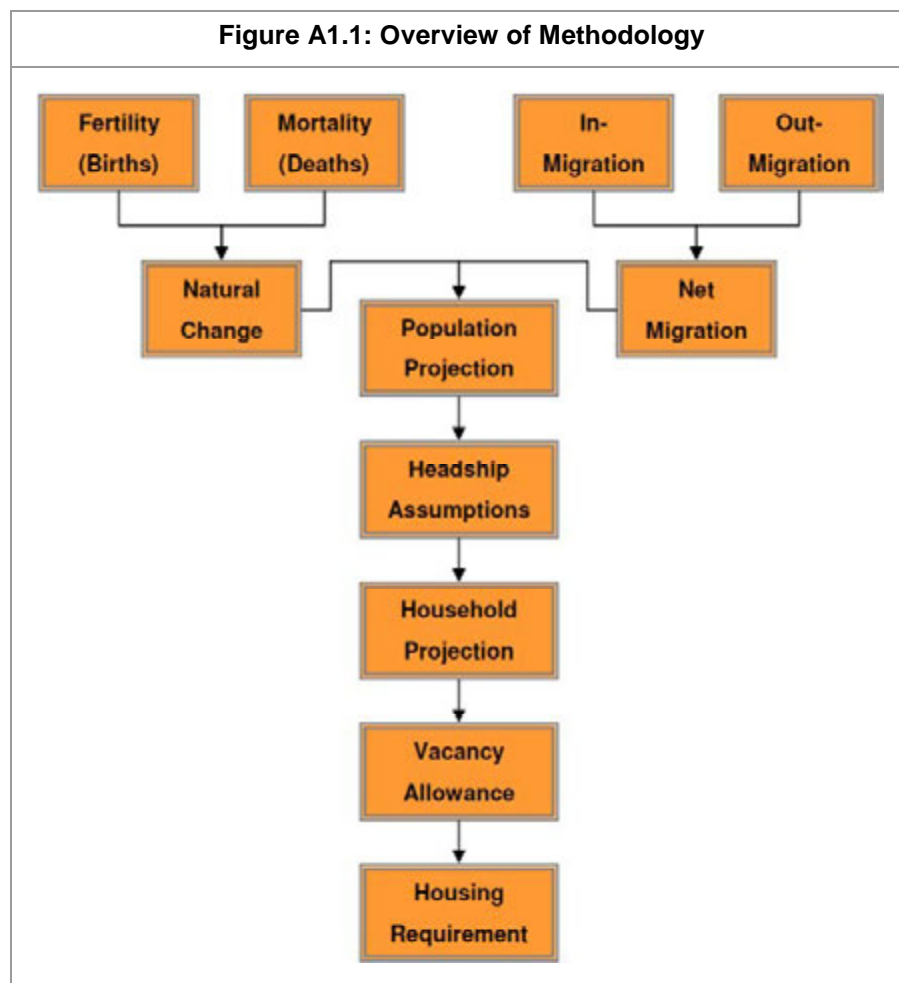
Projections Run

A1.3   As part of this assessment we have run a number of projections to assess how the population and local economy (number of people in employment) might change under different assumptions. The projections were developed to follow the logical set of steps set out in CLG advice of March 2014. Two core projections were developed (one based on demographic trends and one on meeting job growth forecasts). Core outputs from these projections are provided in this section with a summary of the projections being listed below:

- PROJ 1 (Demographic-based – linked to the latest (2012-based) SNPP)
- PROJ 2 (Jobs-led – linked to employment growth of about 25,500 jobs – this being the level of job growth expected in a GLA economic forecast)

Past Population Dynamics

A1.4   Before describing the projection process and key inputs it is of interest to study past population growth and the components of change. The table below summarises key data from ONS mid-year population estimates (MYE) going back to 2001. The data for 2001-11 is from the revised MYE which uses Census data to adjust past estimates to ensure consistency between data for 2001 and 2011.

A1.5   The information shows a number of interesting trends in relation to Croydon and these are summarised below:

- Natural change (the number of births minus the number of deaths) has been increasing over time from less than 2,000 per annum up to 2004 to over 3,000 in each of the last three years. This trend is consistent with that seen in many areas where relatively high birth rates have driven a greater level of population growth than was observed earlier in the past decade.
- Net internal migration (people moving from one part of the Country to/from Croydon) has increased noticeably over time (become less negative); averaging 3,800 (net out-migration) in the 2001-5 period but only 400 over the past three years (2010-13).
- International net migration has been more consistent over time with notable levels of net in-migration throughout the period studied.
- The other changes are generally fairly minor in number compared to the migration figures – other changes are largely linked to estimated changes in the prison and armed forces populations.
- The other (unattributable) column of data reflects an adjustment made by ONS to ensure consistency between Census based mid-year population estimates and the mid-year estimates prior to Census data being available. In Croydon the positive figures imply that the various components of population change (once added together) are about 10,000 people lower than the overall level of population growth (in the decade to 2011). Whilst it is unknown as to what components of change this difference is linked to it is most probable that this will be due to the over-recording of in-migration or under-recording of out-migration – this in turn may be linked to international migration data which has historically been the most difficult component of population change to accurately measure. The ONS data does not provide a figure for other (unattributable) in 2011/13 as there is no Census data against which to measure whether or not population change has been over- or under-estimated.

Figure A1.2: Components of population change (2001-13) – Croydon

Year	Natural change	Net internal migration	Net international migration	Other changes	Other (unattributable)	Total change
2001/2	1,610	-3,707	1,676	-24	748	303
2002/3	1,759	-3,573	1,539	-13	792	504
2003/4	1,990	-3,992	2,412	26	779	1,215
2004/5	2,252	-3,993	2,843	-11	827	1,918
2005/6	2,095	-2,899	1,254	12	935	1,397
2006/7	2,714	-2,240	2,142	-27	991	3,580
2007/8	3,047	-1,712	2,876	-2	1,070	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	1,479	9	0	4,071
2012/13	3,346	-624	1,141	3	0	3,866

Source: ONS Components of Change

Baseline Population

A1.6   The baseline for our projections is taken to be 2013 with the projection run for each year over the period up to 2036. The estimated population profile as of 2013 has been taken from ONS mid-year population estimates. The overall population in 2013 is estimated to be 372,752 with slightly more females than males.

Figure A1.3: Population of Croydon (5 year age bands) – 2013

Age group	Male	Female
Ages 0-4	4,936	4,621
Ages 5-9	4,738	4,432
Ages 10-14	5,257	5,149
Ages 15-19	5,513	5,277
Ages 20-24	4,902	4,475
Ages 25-29	5,003	4,670
Ages 30-34	4,950	4,736
Ages 35-39	5,118	5,101
Ages 40-44	6,279	6,463
Ages 45-49	6,970	7,058
Ages 50-54	6,298	6,442
Ages 55-59	5,922	6,378
Ages 60-64	6,656	6,899
Ages 65-69	5,700	6,003
Ages 70-74	4,385	4,621
Ages 75-79	3,576	4,023
Ages 80-84	2,418	3,243
Ages 85+	1,740	3,667
All Ages	90,361	93,258
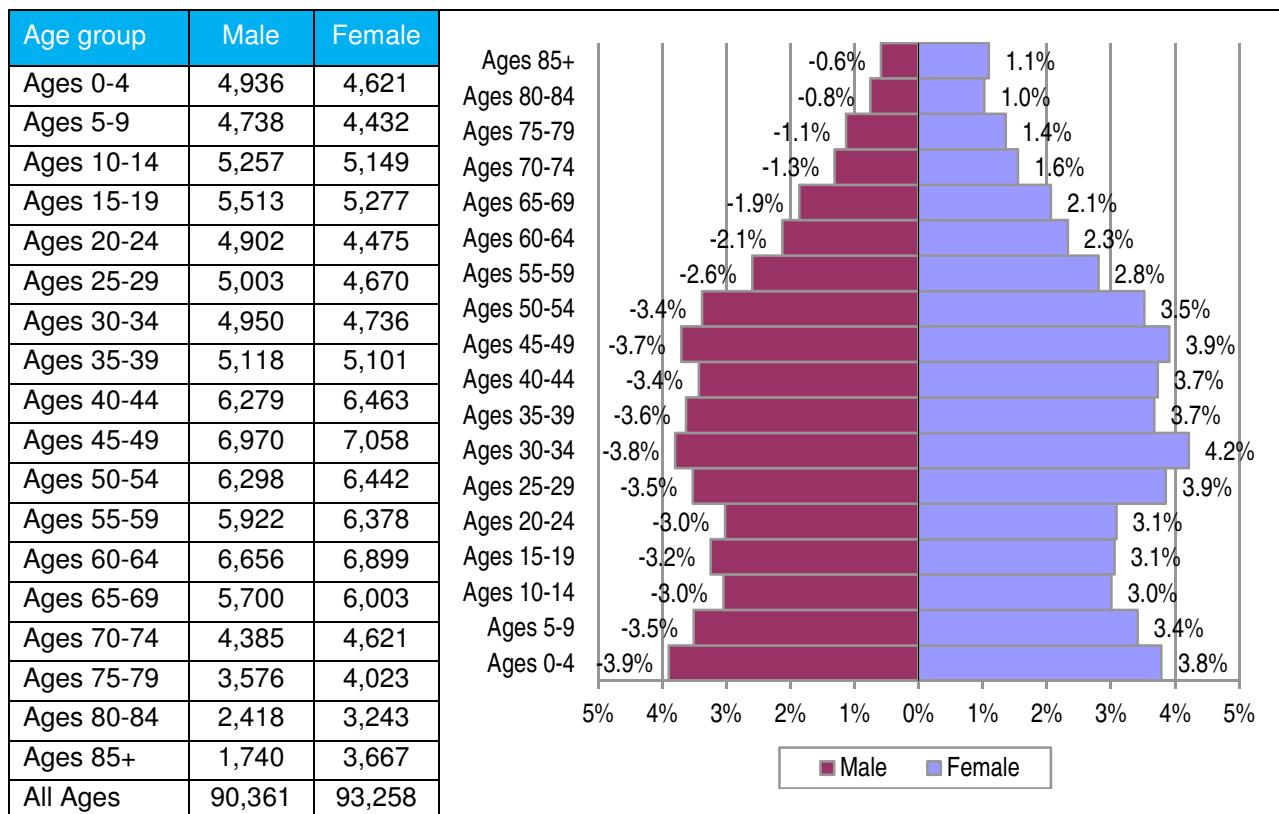
Source: ONS midyear population estimates

Fertility and Mortality Rate Assumptions

A1.7   For modelling of fertility and mortality we have used the rates contained within the ONS 2012-based subnational population projections (SNPP).

A1.8   For the period from 2013 to 2036 the total fertility rate (the expected average number of live births per woman throughout their childbearing lifespan) has been calculated to average about 2.01. Whilst there are some small year-by-year variations these figures are broadly constant throughout the projection period.

A1.9   With regard to death rates the data suggests that life expectancy is expected to increase over time for both males and females. It is not possible to provide exact life expectancy figures from the 2012-based SNPP as this to some degree will depend on the assumptions made about the death rates for age groups beyond 90 (the ONS data stops at a figure for 90+). However in modelling life expectancy for Croydon we suggest that the figures will see an improvement from 79.9 to 84.0 for males from 2013 to 2036 with figures of 83.5 to 86.9 expected for females.

A1.10   We have no evidence to suggest that either the fertility or mortality estimates used by ONS are unreasonable and note that the expected figures and changes are consistent with past trend data

and future expected patterns as published by ONS on a national basis.

Migration Assumptions

A1.11   For the purposes of understanding the profile of migrants we have again drawn on the ONS 2012-based sub-national population projections. The figure below shows the profile of in- and out-migrants by age in each area linked to our demographic projection (the 2012-based SNPP). This projection sees an average level of net in-migration of 629 people per annum (made up of 24,730 in-migrants and 24,102 people moving out). The data shows that the key age groups (in net terms) are people aged 15-29.

A1.12   When projecting migration patterns for the various projection scenarios we have used the migration data and adjusted levels of in-migration to match the requirements of our scenario (e.g. when testing what level of migration is required to support a workforce of a particular size). This approach has consistently been adopted across all analysis.

Figure A1.4: Estimated annual level of migration by five-year age band (2013-2036) – Croydon
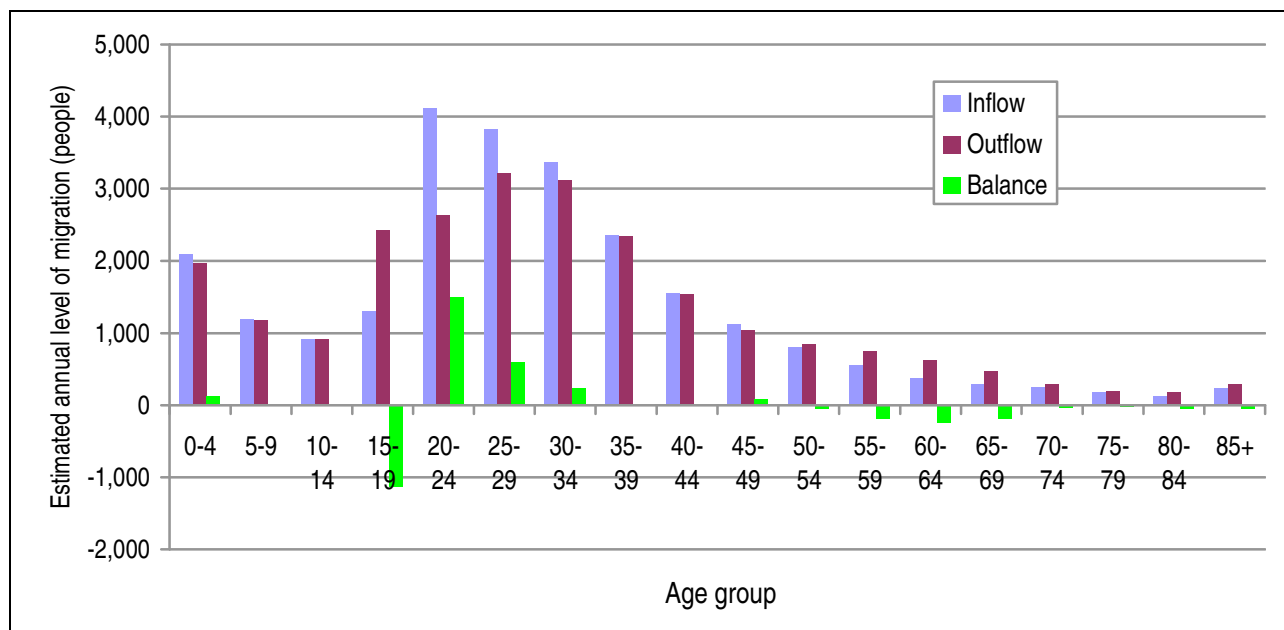
Source: Derived from ONS 2012-based subnational population projections

Economic (Employment) Assumptions

A1.13   With the change in demographic structure will come changes in the number of people who are working (as the population of people of working age changes). The next stage of the projection process was therefore to make estimates about how employment levels would change under each of our projections and also to consider the demographic implications of different levels of employment growth. The process is set out in the figure below.

Figure A1.5: Overview of Economic-Driven projection methodology

A1.14   It is not however a simple task to convert population data into estimates into estimates of the number of people who will be working as employment rates are likely to change in the future for three main reasons:

- Changes to pensionable age will potentially see people working for longer and increase the proportion of older age groups who are in employment
- Moving out of recession there is likely to be a reduction in unemployment which would increase employment rates
- The general trend over the past decade has been for increased economic activity for many age groups (notably older people (both sexes) and females aged 25 and over). This trend may be expected to continue into the future

A1.15   To study how employment rates might change in the future the analysis starts by looking at past trends in economic activity over the 2001-11 period from Census data. This analysis has been carried out at a national level (for England). The data shows the following key trends:

- Reducing economic activity rates for those aged 16-24 (particularly for males)
- No particular change in rates for males aged 25-49
- Increasing economic participation for males aged 50 and over
- Increasing participation rates for all female age groups from age 25 and upwards

A1.16   The trends studied below are for economic activity rates although in this report the analysis is based on employment rates (which is the economically active population minus those who are unemployed). Ideally trends in employment rates would have been studied but this has proved difficult due to different definitions used in the 2001 and 2011 Census (relating to how students are recorded). For the purposes of analysis it is assumed that employment rate trends follow a similar pattern to economic activity rate trends.

Figure A1.6: Past trends in economic activity rates (national)
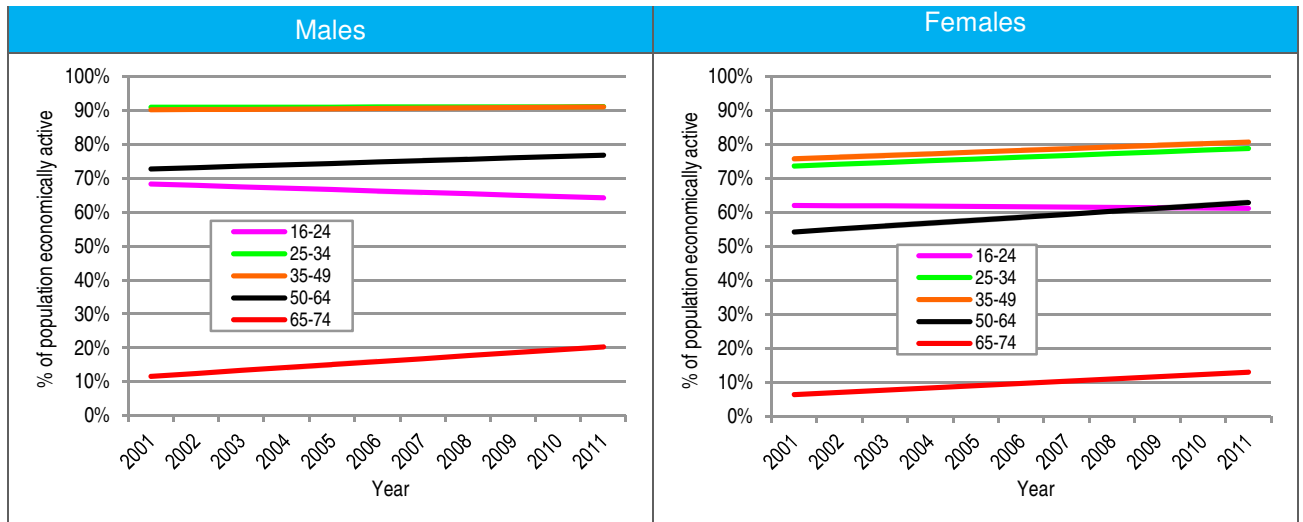
Source: Census (2001 and 2011)

A1.17   To project these rates forward some of the reasons for these trends need to be considered. In particular the reduction in economic activity rates for people aged 16-24 is likely to some degree to be linked to an increase in students (which may not continue into the future) whilst some of the rapid increases for females are arguably unlikely to continue at the same rate as in the past.

A1.18   To try to get a realistic view about how employment rates might change in the future an analysis of a national economic forecast (from Experian) and also the national (2012-based) population projections has been undertaken. Essentially the method used works on the basis that both the Experian forecasts and the population projections are correct and then models what level of change to employment rates would be required for both the population and the number of jobs to pan-out.

A1.19   The figures below show the projected changes to employment rates for males and females through this modelling. It can be seen that for many age groups there are expected to continue to be increases in the future but that these improvements reduce over time. The figures in the charts are for employment rates (rather than economic activity as shown above) with the past trends being plotted in line with economic activity trends but to a different baseline in 2011 (which is informed by Census data).

Figure A1.7: Projected changes to employment rates (England) – males
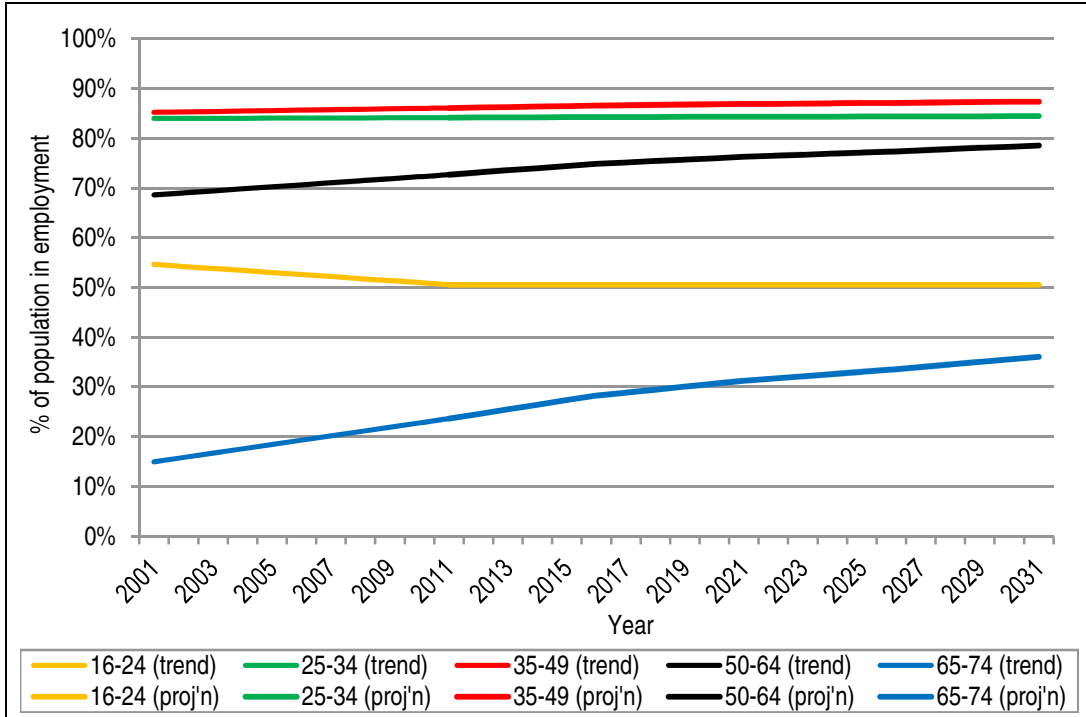
Source: Derived from Census, Experian and ONS national population projections

Figure A1.8: Projected changes to employment rates (England) – females
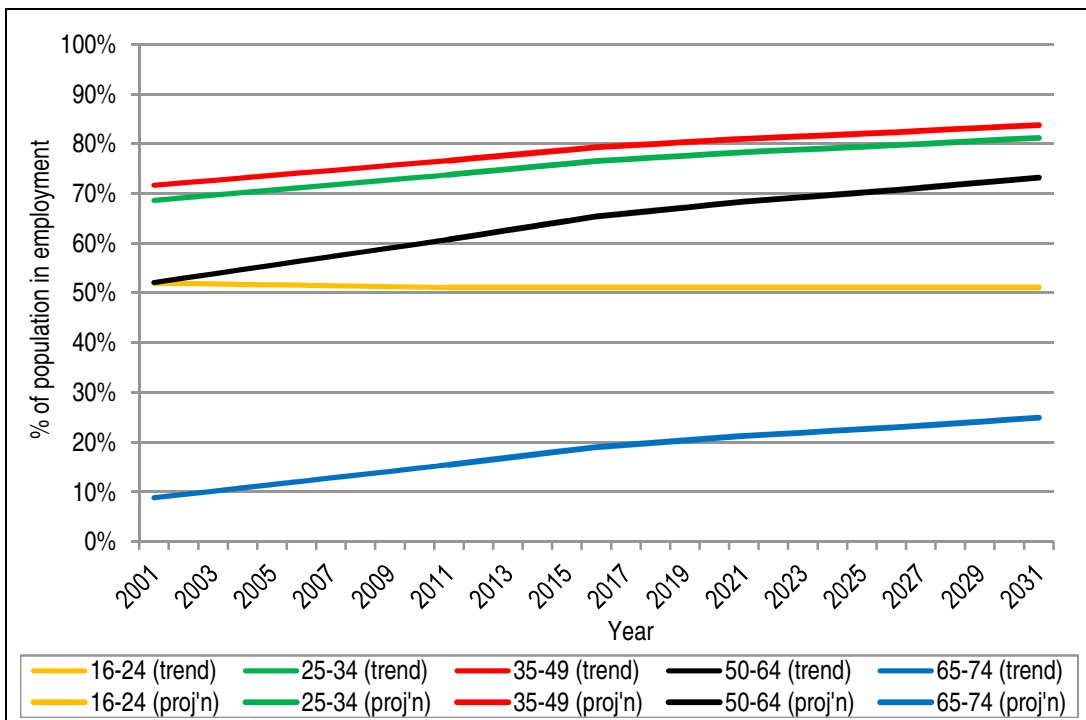
Source: Derived from Census, Experian and ONS national population projections

A1.20   At the local area level the derived national data has been applied – using the incremental changes year-on-year and applied to a baseline 2011 position. The figure below shows (for Croydon) that although actual employment rates in 2011 are different for some age/sex groups when compared with the national position the general trends seen over the past decade are quite similar. Hence is appears sound to use the national calculation for employment rates changes and apply this at the local level.

Figure A1.9: Past trends in economic activity rates – Croydon
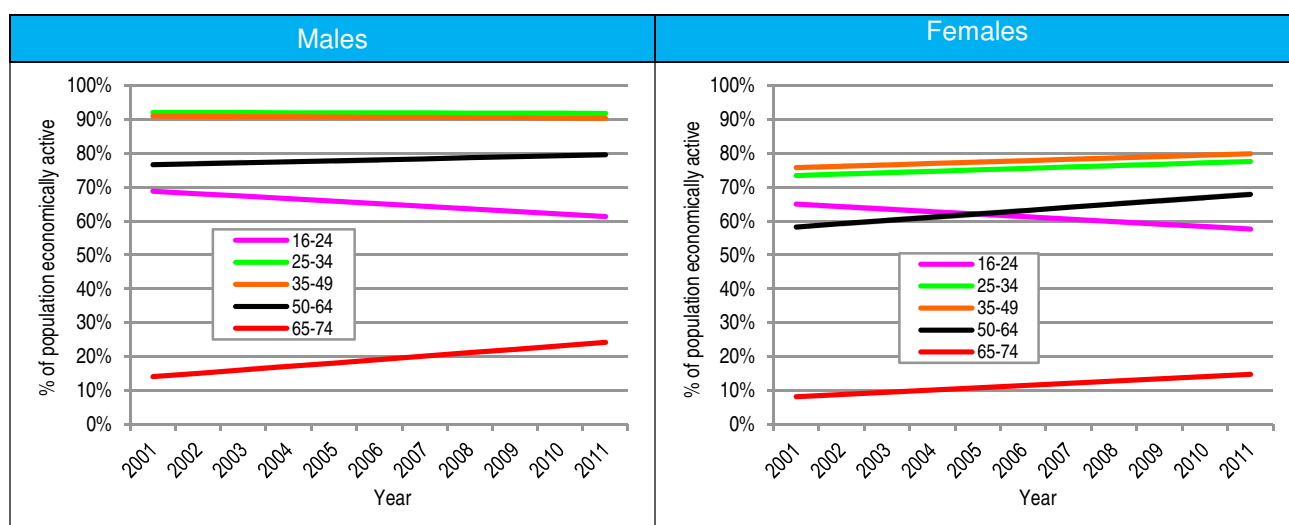
Source: Census (2001 and 2011)

A1.21   The table below shows the employment rates used for modelling from 2013 to 2036. From the population modelling exercise it was estimated in mid-2013 that there were 179,300 people in employment with an employment rate for those aged 16-64 of 71.1% - due to the modelled improvement in rates this figure rises to 76.1% by 2036. Looking at the employment rate based on the population aged 16-74 sees a change from 66.7% to 70.8% whilst the rate calculated as a proportion of the total population aged 16 or over would only increase very slightly (from 61.6% to 62.8%).

Figure A1.10: Employment Rates by Age and Sex – Croydon

Sex	Year	Aged 16 to 24	Aged 25 to 34	Aged 35 to 49	Aged 50 to 64	Aged 65 to 74
Male	2013	45.4%	84.3%	84.2%	75.2%	30.3%
	2036	45.4%	84.6%	85.6%	81.4%	43.4%
Female	2013	45.7%	72.0%	75.1%	66.6%	19.1%
	2036	45.7%	79.8%	82.6%	79.7%	29.1%

Source: Derived from a range of data sources (including Census, Experian and ONS national population projections)

Household (and Housing) Growth Projections

A1.22   Having estimated the population size and the age/sex profile of the population the next step in the process is to convert this information into estimates of the number of households in the area. As noted in the main text our analysis of headship rates has identified a number of issues in relation to the CLG 2011-based household projections.

A1.23   To develop household projections we have considered the headship rates contained within the 2008-based CLG household projections which arguably cover a trend period where there were relatively few constraints on household formation and the trends look to be more plausible. The methodology starts with rates as in the 2011-based projections but then projects forward using a methodology which 'tracks' the figures in the 2008-based release.

A1.24   The table below shows headship rates derived from the analysis for each of the key periods of 2013 and 2036. The data shows that whilst most headship rates remain at a fairly constant level over time there are a number of groups where notable changes are projected to occur (particularly in an upward direction).

Figure A1.11: Estimated Headship Rates by Age (2013 and 2036)

Age group	2013	2036
Ages 15-24	13.6%	16.8%
Ages 25-34	43.4%	45.6%
Ages 35-44	59.8%	65.1%
Ages 45-54	60.6%	63.3%
Ages 55-64	61.4%	62.6%
Ages 65-74	63.7%	63.5%
Ages 75-84	74.5%	74.6%
Ages 85+	84.2%	85.9%

Source: Derived from CLG 2011- and 2008-based household projections

A1.25   When applying these headship rates to the population an estimated number of households in 2013 of 150,051 is derived.

A1.26   In converting an estimated number of households into requirements for additional dwellings we have also factored in a small vacancy allowance which is normal to allow for movement of households between properties. In Croydon, the 2011 Census recorded 3,814 unoccupied household spaces and 145,010 households (the number of vacant homes therefore being 2.6% above the number of households). This figure has therefore been used to reflect an uplift to households when calculating housing need – it is assumed that this figure will be reflective of what can be achieved in new housing stock and includes an allowance for second homes.

Detailed Projection Outputs

A1.27   This section provides detailed outputs of the modelling under each of the scenarios run to look at

population growth, employment change and housing requirements. All the projections look at the period from 2013 to 2036 with outputs available for each year of the projection (although these have generally been summarised for 5 year periods). The projections run are summarised in the table below.

Figure A1.12: Description of Projections used for Demographic Modelling

Projection	Description
PROJ 1	Demographic-based – linked to the latest (2012-based) SNPP with headship rates based on tracking figures in the 2008-based CLG household projections
PROJ 2	Jobs-led – linked to employment growth of about 25,500 jobs – this being the level of job growth expected in a GLA economic forecast. The household formation rates are as in PROJ 1

Population Projections

A1.28   The table below shows the expected growth in population under each of the scenarios. Under demographic-based assumptions (PROJ 1) the population is expected to increase by around 87,700 people over the 23-year period – this represents population growth of 23.5% or about 1.0% per annum. With housing delivery in line with projected job growth in the GLA forecast (PROJ 2) we see a somewhat lower level of population growth – 44,700 over the 2013-36 period (12.0%).

Figure A1.13: Population Estimates 2013 to 2036

	2013	2016	2021	2026	2031	2036
PROJ 1	372,752	385,226	406,623	426,161	443,709	460,407
(Demographic-based)	0.0%	3.3%	9.1%	14.3%	19.0%	23.5%
PROJ 2 (Jobs-led –	372,752	366,841	379,720	392,742	404,657	417,444
GLA)	0.0%	-1.6%	1.9%	5.4%	8.6%	12.0%

Population Change Dynamics

A1.29   The figure below shows population pyramids for 2013 and 2036 under the demographic-based projection (PROJ 1). The 'pyramids' clearly show the growth in population overall and highlight the ageing of the population with a greater proportion of the population expected to be in age groups aged 60 and over (and even more so for older age groups) – in particular the oldest age group (85+) shows an increase from 6,300 people to 14,200.

Figure A1.14: Distribution of Population 2013 and 2036 for PROJ 1 – Demographic-based

	2013		2036	
	Male	Female	Male	Female
Ages 85+	-2,177	4,093	-5,976	8,260
Ages 80-84	-2,806	3,826	-5,055	6,371
Ages 75-79	-4,220	5,064	-7,314	8,466
Ages 70-74	-4,875	5,782	-9,917	11,170
Ages 65-69	-6,935	7,698	-10,504	11,692
Ages 60-64	-7,912	8,684	-11,756	12,155
Ages 55-59	-9,660	10,467	-13,507	14,454
Ages 50-54	-12,589	13,127	-14,646	15,657
Ages 45-49	-13,791	14,574	-15,147	16,034
Ages 40-44	-12,772	13,906	-15,343	15,788
Ages 35-39	-13,511	13,712	-14,922	15,120
Ages 30-34	-14,148	15,705	-14,609	14,745
Ages 25-29	-13,118	14,378	-15,562	15,089
Ages 20-24	-11,248	11,506	-13,310	12,374
Ages 15-19	-12,078	11,391	-14,438	13,684
Ages 10-14	-11,337	11,208	-14,823	14,366
Ages 5-9	-13,069	12,734	-14,792	14,318
Ages 0-4	-14,531	14,120	-14,750	14,294

A1.30   The table below summarises the findings for key (5 year) age groups under PROJ 1 (Demographic-based). The largest growth will be in people aged 65 and over. In 2036 it is estimated that there will be 84,700 people aged 65 and over. This is an increase of 37,200 from 2013, representing growth of 78%. The population aged 85 and over is projected to increase by an even greater proportion, 127%. Looking at the other end of the age spectrum the data shows that there are projected to be around 13% more people aged under 15 with both increases shown for most other age groups.

Figure A1.15: PROJ 1 (demographic-based) population change 2013 to 2036 by five year age bands

Age group	Population 2013	Population 2036	Change in population	% change from 2013
Under 5	28,651	29,044	393	1.4%
5-9	25,803	29,110	3,307	12.8%
10-14	22,545	29,189	6,644	29.5%
15-19	23,469	28,122	4,653	19.8%
20-24	22,754	25,684	2,930	12.9%
25-29	27,496	30,651	3,155	11.5%
30-34	29,853	29,354	-499	-1.7%
35-39	27,223	30,042	2,819	10.4%
40-44	26,678	31,131	4,453	16.7%
45-49	28,365	31,181	2,816	9.9%
50-54	25,716	30,303	4,587	17.8%
55-59	20,127	27,961	7,834	38.9%
60-64	16,596	23,911	7,315	44.1%
65-69	14,633	22,196	7,563	51.7%
70-74	10,657	21,087	10,430	97.9%
75-79	9,284	15,780	6,496	70.0%
80-84	6,632	11,426	4,794	72.3%
85+	6,270	14,236	7,966	127.0%
Total	372,752	460,407	87,655	23.5%

Economic (Employment) Changes

A1.31   The table below shows the estimated number of people living in Croydon who are working under each of the projections. The data shows under the demographic-based assumptions (PROJ 1) that the number of people working is projected to increase by 51,200 from 2013 to 2036 (a 29% increase). The projection linked to job growth trends in the GLA forecast (PROJ 2) shows a lower workforce increase of 28,500 over the 23-year period – up 16%).

Figure A1.16: Employment Estimates 2013 to 2036

	2013	2016	2021	2026	2031	2036
PROJ 1 (Demographic-based)	179,343	187,912	200,080	210,683	220,025	230,520
	0.0%	4.8%	11.6%	17.5%	22.7%	28.5%
PROJ 2 (Jobs-led – GLA)	179,343	177,867	185,682	193,497	200,010	207,825
	0.0%	-0.8%	3.5%	7.9%	11.5%	15.9%

Household (and Housing) Growth

A1.32   The table below shows the projected growth in the number of households under each of the scenarios. The demographic-based projection (PROJ 1) shows household growth of about 36% over the 23-year period (54,600 additional households). The GLA based employment projection (PROJ 2) shows a lower level of increase; under this forecast the level of household growth would be 25% - this is 37,200 additional households.

Figure A1.17: Household Estimates 2013 to 2036

	2013	2016	2021	2026	2031	2036
PROJ 1	150,051	157,489	170,180	182,199	193,718	204,685
(Demographic-based)	0.0%	5.0%	13.4%	21.4%	29.1%	36.4%
PROJ 2 (Jobs-led –	150,051	150,883	159,999	169,387	178,330	187,232
GLA)	0.0%	0.6%	6.6%	12.9%	18.8%	24.8%

A1.33   The analysis above concentrated on the number of additional households. In reality there are always likely to be some vacant homes in the area and so the number of properties required to house all of these households will be slightly greater than the projected household numbers. A vacancy allowance of 2.6% has therefore been applied to all of the above figures to make estimated housing requirements; the resulting figures are shown in the table below.

Figure A1.18: Estimated housing numbers with vacancy allowance (to 2036)

Projection variant	Annual household growth	Annual requirement with vacancy allowance	Requirement over 23 years
PROJ 1 (Demographic-based)	2,375	2,437	56,054
PROJ 2 (Jobs-led – GLA)	1,617	1,659	38,148

APPENDIX B: Projected household formation rates by age of head of household – Croydon

15-24

25-34

35-44

45-54

55-64

65-74