

# **Options for Growth – submission to the Outer London Commission from the London Borough of Croydon**

## Introduction

As an Opportunity Area and Growth Zone Croydon is one of the pivotal locations in outer London for the delivery of jobs, homes and economic development in the capital. Great progress has been made in recent years in establishing the necessary foundations for growth, the initial results of which are already evident in the changing Croydon skyline.

Much however remains to be done over the years and decades ahead and, whilst the council has a clear vision, direction and a range of planning and regeneration tools at its disposal, the Full Review of the London Plan presents an opportunity to catalyse further economic growth in London's largest borough. This would enable Croydon to not only maintain its current role as both a Growth Zone and south London's primary commercial centre, but to in fact become a 'super hub' for the capital as a whole – a focal point for the delivery of new jobs and homes, thereby helping to ease the pressure on central London and other overheated locations.

## Croydon as a 'super hub'

Croydon is already well on the way to establishing itself as a 'super hub' through the establishment of a 'Growth Zone' in the metropolitan centre. This will deliver upwards of 23,594 net new jobs to London with a further 5,097 jobs created during the works construction phase. In addition it will create at least 8,359 new homes by 2031.

In recent years the borough and its partners have established many of the policies and instruments necessary to deliver a step-change in growth. These include:

- 1. An ambitious growth agenda with clear political leadership and delivery plan**
- 2. The council taking a proactive role in delivering growth, including the establishment of a Development Company, Revolving Investment Fund and Tech Hub**
- 3. A clear set of 'asks' in terms of strategic investment**
- 4. A council structured and geared up to deliver significant development and capital projects**
- 5. A clear and robust planning policy framework designed to facilitate growth**
- 6. A strong working relationship with key private and public partners in the borough**
- 7. A clear vision and programme of activity to promote growth in the borough's district centres**

## How the Full Review of the London Plan can help establish Croydon as a 'superhub'

The Full Review of the London Plan presents a timely and vital opportunity to help accelerate growth in Outer London and Croydon in particular. Our view is that the review needs to recognise the reality of where growth is being delivered now and where it can be delivered in the future, and put in place a planning framework that will support and catalyse that growth in the years ahead. Croydon believes this can be achieved through the following steps:

### **1. Adoption of the principal of 'superhubs' for Outer London**

This designation would be recognition of the reality of a key future of London's recent growth and future direction of travel i.e. the hugely significant role certain Outer London locations have in delivering jobs and homes for the capital.

### **2. Designation of Croydon as a 'superhub'**

Whilst Croydon enjoys Growth Zone status, and whilst this is helping to facilitate an innovative funding solution to forward-fund infrastructure investment, the Growth Zone status does not read back into the wider London planning framework. By creating 'superhubs' the Full Review presents an opportunity to formalise the Growth Zone designation in planning terms, thereby giving it greater traction in future decision making at the regional level.

### **3. Prioritisation of investment in London towards such 'superhubs'**

If the 'superhubs' are to be the engines for growth in Outer London and the capital as a whole then this needs to be facilitated by the provision of appropriate physical and social infrastructure. The GLA family and other public agencies will therefore need to have regard to the intensity of development taking place within the superhubs, and be expected to direct investment accordingly.

### **4. Helping to cement the role and function of superhubs through focused, rapid and significant enhancement of public transport capacity**

'Superhubs' will only fulfil their potential where there is sufficient public transport capacity to support the delivery of the jobs and homes envisaged. Transport investment in London therefore needs to be specifically considered at an early stage in the establishment of 'superhubs', with a clear assessment made of current capacity, future demand, and the investment required to bridge the gap in each 'superhub'. This will mean TfL (and Network Rail in many cases) undertaking a review of their future investment plans and realigning them in order to maximise growth in the 'superhubs'. For Croydon this would be expected to result in confirmation of the Brighton Mainline upgrade, and its acceleration, whilst it would also feed into discussions presently underway about the routing of the Bakerloo Line Extension.

### **5. Appropriate devolution from both central and regional government to 'superhubs'**

Whilst Croydon is well advanced in its discussions with government around devolution of powers and funding, London's 'superhubs' should be given greater scope to make the case for greater autonomy. Additional freedoms and flexibilities in this regard would be appropriate recognition of the importance of 'superhubs' for Outer London, and more

importantly would enable the authority to be more proactive in delivering the jobs and homes that are so urgently needed.

### Conclusion

There is a tremendous momentum behind the urban renaissance currently being witnessed in Croydon, with many of the foundations for growth now in place. Success is by no means guaranteed however, with clear challenges arising from both reduced levels of public sector investment as well as the vicissitudes of the global economy.

Given the importance of growth in Croydon to London as a whole - recognised by HMG in their designation of the Growth Zone - it is therefore vital that the Full Review of the London Plan is taken as an opportunity to build on this momentum and buttress Croydon in planning terms as one of the capital's primary locations for the delivery of jobs and homes. Adoption of the principal of 'super hubs', and in turn designation of Croydon as a 'super hub', would acknowledge this reality, in turn giving further encouragement to developers and investors and more importantly paving the way for greater funds to be directed into the infrastructure we know Croydon and south London need if it is to realise its full potential.

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**G1 How important is it to maintain a balance between housing and employment in a growing post-industrial city? What do you think the right balance is?**

It is of course vital to maintain a balance between housing and employment, and the provision of both jobs and homes is central to London's pre-eminent position within the UK and global economies. However, the precise balance is not easily established and is dependent upon location and the specific economic, spatial and social characteristics of an area.

It is also not a simple binary of jobs versus houses. The type of employment, the industry sector it is located within, and the physical demands of that employment are all considerations, as are the size, tenure and location of dwellings.

The challenge for the London Plan and London as a whole and one that Croydon is at the forefront of tackling is three-fold:

- Is there sufficient employment space of the right type and of appropriate quality, at commercially viable prices, to sustain current and future forms of economic activity and growth?
- Are there sufficient quality homes of the type that people desire and can afford in the right places for people to be able to access those employment areas as well as all the various amenities that people and families need?
- Are those jobs and homes either co-located where appropriate, or connected appropriately through physical links that facilitate walking and cycling and/or sustainable transport links and services.

**G2 If London continues to expand the housing pipeline/ allocations, will that distort the balance between housing and employment? What significant effects might that have within different parts of outer London?**

Whilst the overall quantum of employment land available needs to be monitored and kept under review, it also needs to be considered against the needs of both local economies and London as a whole. For example, is employment land facilitating the forms of economic activity needed in an area? Are there other forms of employment space that could be delivered alongside new homes in a mixed use setting?

Land values in some outer London areas, alongside housing need, will generate pressure for employment land to be released for housing. It is important that where housing allocations are expanded in such cases that it is not at the expense of employment land that serves a wider sub-regional or regional economic function.

To add, in planning policy terms Croydon is restricted in terms of the amount of employment land it can release to housing, a position the borough favours given its desire to deliver holistic growth that creates 'places', incorporating both new jobs and homes.

**G3 What type of workspace/ employment land will be required in the future relative to trends in the existing stock? Does this require a policy approach which extends beyond London?**

For Croydon the requirement is quite clear from our discussion with developers and investors: Grade A office space that provides an alternative to large employers to the overheated markets in the City and Canary Wharf. We already have two million square feet of such office space in the pipeline, primarily through Stanhope/Schroder's £500m Ruskin Square development, however most of the metropolitan centre's existing stock is not fit for the purpose. The council's Development team is working with building owners and investors to explore options for such stock to be refurbished where possible, or buildings redeveloped.

In addition, the borough recognises that growth sectors such as tech require a different type of workspace, one that is more fine-grain and flexible given the varied requirements of businesses in the sector. It is for that reason the borough is using one of its own empty buildings to establish the Croydon Tech Hub.

**G4 In the context of meeting London's growth, what contribution should the following mechanisms make to helping to meet the challenge of delivering increased levels of housing?**

- Increasing outer London densities, particularly through suburban renewal
- More housing at higher densities in town centres and Opportunity Areas/ Intensification Areas with good public transport
- Greater cumulative contribution of small scale sites, such as infill
- Selective release of London's greenbelt around public transport nodes for housing (or consolidation of employment)
- Densification of built up areas beyond London (new towns; garden cities, suburban extensions) For each, where might there be particular opportunities, how could this be supported and what / where are the specific challenges and constraints (eg what impact might this have on character and context; land values; balance between housing and employment; access to particular types / lower cost employment space, infrastructure requirement, etc).

Croydon recognises the need to increase densities, particularly within town centres and around public transport nodes, and is also using smaller infill sites to deliver new housing.

The borough would not presently see a case for the selective release of green belt land in the absence of a wider pan-London strategic approach to the green belt.

**G6 Would it be worth considering growth 'corridors' (eg as with LSCC and linked to existing / potential public transport) in terms of enabling an integrated housing / employment / cross-boundary strategy...and if so, which corridors could be a focus (eg associated with CR2, HS1, HS2, CR1 extensions, C2C improvement, Gatwick)?**

The concept of growth corridors can be helpful, and indeed Croydon's Local Plan recognises the 'Gatwick Diamond'. However, such designations are only meaningful if they help to drive the flow of infrastructure investment. As is clear by the delay to investment in the Brighton Mainline, and the fact discussions are still ongoing to secure that investment from Network Rail, the growth corridor between London and Brighton and its potential in the years ahead is not sufficiently recognised by key funders and agencies.

**G7 How can we maximise the benefits of growth regionally, sub-regionally and locally; and mitigate concerns? (eg provision of supporting social and community infrastructure; greater focus on place-making; re-provision in the new development of social housing)**

The benefits of growth can be maximised through the use of existing tools such as CIL and planning gain. Where this involves the delivery of new facilities, clearly the engagement of the relevant public agencies is vital and that co-ordinating function is one that local authorities must embrace if health, education and wider community facilities are to be delivered in the appropriate locations within the required timescales.

One benefit of growth arguably underexploited by boroughs is the provision of local employment, both during construction and also in terms of long-term jobs within completed commercial developments. Whilst s106 conditions can be applied, significant levels of local labour are only achieved where the local authority or another agency is providing some form of proactive job brokerage service. This is particularly important if the ambition is to secure employment for local residents who are out of work or long-term unemployed, or where residents require some form of further skills training to access the labour market.

**G8 Does the London Plan density matrix need to be reviewed (eg PTAL splits, characterisation, the ranges themselves), or is it better to keep it as a benchmark and use it to bargain for higher quality / more social infrastructure / more affordable housing?**

The council believes the London Plan density matrix would be usefully retained as a benchmark.

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## **REMOVING BARRIERS TO HOUSING DELIVERY**

### **H1 What are the particular barriers holding back delivery of new housing in this sub region?**

A key inhibitor on development in Croydon is the need for a variety of infrastructural and public realm improvements that would enhance the quality of the scheme and encourage early delivery. For that reason the Council has conducted detailed assessments into how best to unlock growth within the borough and, working with partners and advisors, it has identified a wide range of commercial, retail and residential sites that have the potential for development but are being held back through lack of infrastructure investment.

Stakeholders in Croydon Metropolitan Centre have together subsequently identified a list of infrastructure projects that would enhance growth by enabling development to be brought forward sooner than would otherwise have been the case. This list is now being used to identify decisions on investment by both the council and other agencies.

### **H2 What is constraining the private sector from translating London's pipeline of approved homes into completions, for example:**

- **developer sales practices and private sector concerns about market absorption;**
- **the scale of land banking and the number of approved sites owned by firms that do not actually build houses;**
- **the range and size of housebuilding firms in London and the level of competition within the development sector; and**
- **private sector capacity and skills shortages.**

Within Croydon, and certainly the metropolitan centre, there are examples of sites where some or all of the above factors have prevented approvals being turned into completions, albeit land banking is less of an identifiable issue.

In addition, some schemes locally have been held back owing to non-viability due to high construction costs (particularly with taller buildings) set against relatively low values. Those values have now risen, bringing some previously non-viable sites to a point where delivery is commercially feasible. However, it often remains a challenge for developers to secure construction finance, with some investors having previously focused only on central London. This situation is improving as the market comes to better understand values in Croydon and as it becomes apparent the level of investment coming into the borough.

### **H3 What potential is there in Outer London for:**

- **purpose built long-term, private rented sector housing (PRS)?**
- **specialist housing for students and older Londoners?**
- **housing intensification through estate regeneration schemes?**
- **the delivery of higher density development in town centres, taking into account land ownership constraints and the surrounding suburban context?**

Many Outer London locations will present opportunities for some or all of the above forms of development, with Croydon witnessing significant interest from the market in delivering PRS in particular. To note, however:

- in terms of student housing it would be much more preferable for this to be delivered as part of a wider HE offer, with universities relocating academic facilities to outer London centres alongside student accommodation. This will provide much greater opportunities for jobs and economic growth in outer London, and assist the wider goal of placemaking.
- Estate regeneration schemes of any scale will be extremely challenging in the years ahead given levels of public funding. If the GLA and the government are keen to deliver additional homes through the intensification of existing estates significant levels of funding will need to be made available to support local authorities in delivering such schemes. This is particularly true given the impact on the financial position of RPs and local authorities following the government's decision to reduce rent levels, which is curtailing the potential funds available for investment in activities such as estate regeneration.

#### **H4 What are there practical measures boroughs can take to boost supply, for example:**

- **providing a more certain and speedy development management process for large developments prior to and following outline planning consent (eg s106 negotiations, use of conditions and condition discharge);**
- **greater use of CPO powers;**
- **wider application of the Housing Zones model to address particular local delivery challenges, working closely with the private sector and other stakeholders;**
- **widening the pool of identified and allocated large sites in Local Plans;**
- **providing a more positive and certain policy and development management framework for small scale/infill development in order to support small and medium sized house builders;**
- **requiring large sites to be parcelled up and split between a number of different developers in order to address slow build out rates and potential land banking; and**
- **conditioning minimum levels of housing output on large sites over a fixed short to medium term horizon.**
- **exploring the potential scope for 'use it or lose it' powers.**

Whilst some of these measures may be applicable in certain locations one role nearly all boroughs can undertake is co-ordinating public sector landowners to maximise the development potential of their land and, in some cases, thereby boost housing supply. This can be achieved through the rationalisation of sites between agencies, co-location of services, or the intensification of public sector sites. The role can extend to engagement with central government and also public/private bodies such as Network Rail.

The benefit of boroughs taking this role is maximised where the local authority is willing and able to engage financially to facilitate land swaps or rationalisation through its own investment and development activity.

#### **H5 What potential role could local authorities play in building houses, especially on surplus public sector owned land? What are the financial and regulatory obstacles that need to be overcome to enable local authorities to contribute more directly to house building in London?**

Local authorities can potentially play a significant role in terms of housing delivery, and it is a role Croydon is embracing through the recent establishment of its own Development Company. Whilst this role can be focused on public sector land this need not be the case, and authorities with



sufficient ambition should be looking for opportunities more generally within their local area, including working with private sector partners in joint ventures.

It is important to add that any local authority considering taking on a proactive house building role needs to consider how well placed they are to undertake this role in terms of professional expertise, governance and financial position.

**H6 Is there an issue about skills and capacity within local authorities in delivering planning consents for large scale developments?**

There is a challenge around the capacity of local authority planning departments generally, over and above the specific issue of large scale developments. This in turn is part of the wider financial challenge for councils, which in Croydon's case has meant the need to secure £100m of savings over the next four years.

Local planning authorities would be better placed to help deliver all forms of development if given the freedom to set planning fees locally. This would enable them to generate income sufficient to provide the capacity and expertise required for the scale and form of development they encounter locally.

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## QUESTIONS ON THE FUNCTION OF NEW CO-ORDINATING ARRANGEMENTS

In considering questions R1 to R12 the council would reiterate that Croydon remains a willing and proactive partner in various regional and sub-regional structures, including the South London Partnership and the Coast to Capital LEP. However, with a clear pro-growth agenda endorsed at both a local and national level the borough's primary interest in any such structures or any new arrangements is how these can support and enhance our ambitious programme for the next 20 years.

The borough's view is that any new co-ordinating arrangements should recognise the existing loci of growth, and work with those borough(s) to help maximise their potential.

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