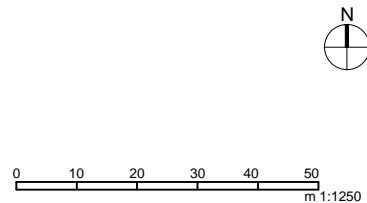


notes  
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drawing notes

— Site Boundary



REV | BY | CHKD | DATE | AMENDMENT DETAILS

REV | BY | CHKD | DATE | AMENDMENT DETAILS

project  
**Lombard House**  
 2 Purley Way, Croydon  
 London, CR0 3JP  
 client  
**Workspace Group**

FraserBrownMacKennaArchitects  
 15-18 Featherstone St. London EC1Y 8SL www.fbmacarchitects.com  
 T:020 7251 0543

drawing title  
**Existing Site Plan**

**PLANNING**

scale 1:1250@A3 drawn by SC checked by FBM date ©10.03.15

DRAWING NUMBER **777** | **P** | **0001** |

**1 SUMMARY OF PROPOSAL**

Ref: N/A (previous approved scheme 15/01236/P)  
 Location: Lombard House, 2 Purley Way, Croydon, CR0 3JP  
 Ward: West Thornton  
 Description: Deed of Variation to the affordable housing provision in the s106 agreement attached to permission 15/01236/P for Demolition of existing buildings; redevelopment of site to provide new buildings ranging from three to six storeys in height comprising 32 one bedroom, 48 two bedroom, 13 three bedroom and 3 four bedroom residential units and 2,296sqm of commercial floorspace (within class B1a & B1c) provision of associated parking, open space and landscaping.  
 Drawing Nos: N/A  
 Applicant: Bellway Homes Ltd  
 Agent: Savills  
 Case Officer: Toby Gethin

APPROVED SCHEME (15/01236/P)

	1 bed	2 bed	3 bed	4 bed
<b>Flats</b>	32	48	13	3
<b>Totals</b>	32	48	13	3
<b>Affordable Rented</b>	13	6	10	2
<b>Shared ownership</b>	0	0	0	0
<b>Totals</b>	13	6	10	2

Type of floorspace	Amount proposed	Amount retained	Amount lost
B1a (office)/B1c (light industrial)	2,296sqm	N/A	N/A

PROPOSED SCHEME

	1 bed	2 bed	3 bed	4 bed
<b>Flats</b>	32	48	13	3
<b>Totals</b>	32	48	13	3
<b>Affordable Rented</b>	2	1	4	2
<b>Shared ownership</b>	3	2	1	0

<b>Totals</b>	5	3	5	2
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<b>Type of floorspace</b>	<b>Amount proposed</b>	<b>Amount retained</b>	<b>Amount lost</b>
B1a (office)/B1c (light industrial)	2,296sqm	N/A	N/A (no change from the approved scheme)

- 1.1 This Deed of Variation has been referred to Planning Committee for consideration because the permitted scheme 15/01236/P was considered by Planning Committee. It is therefore considered that Planning Committee should determine whether a Deed of Variation to the Section 106 Agreement should be agreed to by the Council.

## **2 RECOMMENDATION**

- 2.1 That the Planning Committee resolve to allow a Deed of Variation to the Section 106 Agreement attached to permission 15/01236/P.
- 2.2 That the Director of Planning and Strategic Transport has delegated authority to negotiate the Deed of Variation to the existing legal agreement indicated above.

## **3 PROPOSAL AND LOCATION DETAILS**

### **Proposal**

- 3.1 Planning permission 15/01236/P was granted in 2015 to Workspace Group for:

Demolition of existing buildings; redevelopment of site to provide new buildings ranging from three to six storeys in height comprising 32 one bedroom, 48 two bedroom, 13 three bedroom and 3 four bedroom residential units and 2,296m<sup>2</sup> of commercial floorspace (within class B1a & B1c) provision of associated parking, open space and landscaping.

- 3.2 That permission involved the provision of 96 residential units comprising 32 one bedroom, 48 two bedroom, 13 three bedroom and 3 four bedroom flats. The Section 106 Agreement attached to the permission secured, amongst other aspects, 31 units as on-site affordable housing. This equates to 32% of the total units and 36% of the total number of habitable rooms. These units are solely affordable rent, consisting of a mix of 13x1b, 6x2b, 10x3b, 2x4b flats.
- 3.3 The new owners of the site, Bellway Homes Ltd, are requesting a Deed of Variation (DoV) to the previously completed Section 106 Agreement. This would involve reducing the level of on-site affordable housing provision from 31 to 15 units, with a review mechanism within the DoV entered into for the remaining affordable housing (up to the equivalent of 50% overall provision through a commuted sum based on a review of actual sales values and build costs of completed units). The review mechanism will ensure that an updated viability assessment is completed as the development progresses and that any improvement in the scheme's viability is captured in the form of a commuted sum for the delivery of affordable housing in the borough.
- 3.4 All other aspects of the approved scheme (including the overall quantum of residential and commercial floorspace) would remain unaltered.

- 3.5 The amended affordable housing provision of 15 units proposed equates to 15.6% of the total units and 19% of the total habitable rooms. Compared to the approved scheme, this equates to a reduction of 16.4% in terms of affordable units and 17% in terms of habitable rooms.
- 3.6 Of the 15 units proposed as affordable housing, six would be shared ownership and nine affordable rent. The mix of units would be:
- 5 one beds (three under shared ownership; two under affordable rent)
  - 3 two beds (two under shared ownership; one under affordable rent)
  - 5 three beds (one under shared ownership; four under affordable rent)
  - 2 four beds (two under affordable rent).

### **Site and Surroundings**

- 3.7 The site faces on to the Lombard Roundabout. Until recent demolition works which have now taken place, the site was occupied by a two/three storey building (B1 [a]) on a podium at the front, with single storey commercial (B1 [b], B1[c] and B8) buildings at the rear. The majority of the buildings were occupied when permission 15/01236/P was granted. The site can be accessed from Purley Way and from Ockley Road to the north-west of the site. The site area is approximately 0.78ha.
- 3.8 The site falls within the northern end of an employment area and is in a Strategic Industrial Location, with industrial units of a similar height to the south. Residential properties are generally located to the north-west of the site, although a three-storey narrow commercial unit is immediately adjacent. Purley Way (A23) forms part of the Transport for London managed road network and Mitcham Road is a London distributor road.

### **Planning History**

- 3.9 10/02239/P: Application for change of use of part (600 sqm) of the existing ground floor office floorspace (Class B1a) to a private college (Class D1). Approved but was not implemented.

12/008689/P: Application for the change of use of a small element (52 sqm) of existing ground floor office floorspace (Class B1a) to a mini-cab office (Sui Generis) in the southern 'wing' of Lombard House. Approved and implemented.

14/03463/GPDO: Prior approval application for change of use of existing frontage building to 59 flats. Approved and not implemented.

15/01236/P – Demolition of existing buildings; redevelopment of site to provide new buildings ranging from three to six storeys in height comprising 32 one bedroom, 48 two bedroom, 13 three bedroom and 3 four bedroom residential units and 2,296sqm of commercial floorspace (within class B1a & B1c) provision of associated parking, open space and landscaping. Approved on 28 September 2015 and yet to be implemented.

## **4 SUMMARY OF KEY REASONS FOR RECOMMENDATION**

- 4.1 The as-approved (with 31 affordable units) and proposed scheme (with 15 affordable units) are not financially viable.

- 4.2 Subject to the DoV including a review mechanism, the proposed scheme would include a CLP1.1 policy-complaint-level of affordable housing. The review mechanism for the remaining affordable housing (up to the equivalent of 50% overall provision) will ensure any improvement in the scheme's viability (based on a review of actual sales values and build costs of completed units) is captured in the form of a commuted sum for the delivery of affordable housing in the borough.

## **5 CONSULTATION RESPONSE**

- 5.1 No consultation has been carried out as this does not involve a planning application. The requested DoV has however been brought to Planning Committee for consideration given that the permitted scheme was considered by Planning Committee.

## **6 LOCAL REPRESENTATION**

- 6.1 N/A

## **7 RELEVANT PLANNING POLICIES AND GUIDANCE**

- 7.1 In determining any planning application, the Council is required to have regard to the provisions of its Development Plan so far as is material to the application and to any other material considerations and the determination shall be made in accordance with the plan unless material considerations indicate otherwise. The Council's adopted Development Plan consists of the Consolidated London Plan 2015, the Croydon Local Plan: Strategic Policies 2013 (CLP1), the Croydon Replacement Unitary Development Plan 2006 Saved Policies 2013 (UDP) and the South London Waste Plan 2012. The draft Croydon Local Plan: Detailed Policies and Proposals (CLP2) (Proposed Submission) and a partial review of CLP1 (CLP1.1) were submitted to the Secretary of State in early February 2017 with the Examination in Public held in May 2017. Whilst the weight afforded is limited at this stage, the draft policies in CLP2 and CLP1.1 (Proposed Submission) have become material considerations. The Inspector's main modifications report has also recently been published (August 2017), identifying various modifications to CLP1.1 and CLP2. The draft policies are therefore also considered below where relevant.

- 7.2 Government Guidance is contained in the National Planning Policy Framework (NPPF), issued in March 2012. The NPPF sets out a presumption in favour of sustainable development, requiring that development which accords with an up-to-date local plan should be approved without delay. The NPPF identifies a number of key issues for the delivery of sustainable development, those most relevant to this case are:

- *Ensuring viability and deliverability (paras 173-177)*

- 7.3 The main policy considerations raised by the application that the Committee are required to consider are:

- 7.4 Consolidated London Plan 2015 (LP):

- Policy 3.9 (Mixed and balanced communities)
- Policy 3.12 (Negotiating affordable housing on individual private residential and mixed use schemes)

- Policy 3.13 (Affordable housing thresholds)

7.5 Croydon Local Plan: Strategic Policies 2013 (CLP1):

- Policy SP2.4 (Affordable homes)

7.6 Croydon Replacement Unitary Development Plan 2006 Saved Policies 2013 (UDP):

- None

7.7 CLP1.1 & CLP2

- CLP1.1 draft Policies SP2.4 and 2.5 (Affordable homes)

7.8 There is relevant Supplementary Planning Guidance as follows:

- GLA Affordable housing guidance

**8 MATERIAL PLANNING CONSIDERATIONS**

8.1 The main planning issues raised by the requested DoV that the committee must consider are:

1. Housing/Affordable Housing/Mix/Tenures

8.2 Given the forthcoming changes to local planning policy in terms of affordable housing, a brief comparison table of current and post adoption requirements is as follows:

<b>Current Policy Affordable housing, CLP1</b>	<b>Post-adoption Local Plan affordable housing policy (CLP1.1, Consultation on the Main Modifications to the Croydon Local Plan: Detailed Policies and Proposals and the Croydon Local Plan: Strategic Policies – Partial Review)</b>
<p>Policy SP2.4</p> <p>50% on-site subject to viability (60:40 split between affordable rent and intermediate products unless we have agreement from a Registered Provider that this split is not practical in this location).</p> <p>Any provision less than 50% must be justified by a viability report which will be independently assessed at the cost of the applicant. There is</p>	<p>Draft policies SP2.4 and 2.5</p> <p>SP2.4: To deliver affordable housing in the borough on sites of ten or more dwellings the Council will:</p> <ul style="list-style-type: none"> <li>- a: Negotiate to achieve up to 50% affordable housing, subject to viability;</li> <li>- b: 60:40 split between affordable rent and intermediate products unless we have agreement from a Registered Provider that this split is not practical in this location.</li> <li>- c: Require a minimum provision of affordable housing as set out in SP2.5.</li> </ul> <p>SP2.5: The Council will require a minimum provision of affordable housing to be provided either:</p> <ul style="list-style-type: none"> <li>- a: Preferably as a minimum level of 30% affordable housing on the same site as the proposed development or, if 30% on site provision is not viable;</li> </ul>

<p>a minimum requirement of 10% on site with the remainder up to 50% being provided either on a donor site, via a commuted sum, or through a review mechanism (in that order of preference).</p>	<ul style="list-style-type: none"> <li>- b: If the site is in the Croydon Opportunity Area or a District Centre as a minimum level of 15% affordable housing on the same site as the proposed development plus the simultaneous delivery of the equivalent of 15% affordable housing on a donor site with a prior planning permission in addition to that site's own requirement. If the site is in the Croydon Opportunity area the donor site must be located within either the Croydon Opportunity Area or one of the neighbouring Places of Addiscombe, Broad Green &amp; Selhurst, South Croydon or Waddon. If the site is in a District Centre, the donor site must be located within the same Place as the District Centre; or</li> <li>- c: As a minimum level of 15% affordable housing on the same site as the proposed development plus a Review Mechanism entered into for the remaining affordable housing (up to the equivalent of 50% overall provision through a commuted sum based on a review of actual sales values and build costs of completed units) provided 30% on-site provision is not viable, construction costs are not in the upper quartile and, in the case of developments in the Croydon Opportunity Area or District Centres, there is no suitable donor site.</li> <li>- In assessing viability, the Council will compare Residual Land Value with Existing Use Value (plus an incentive to provide a competitive return to a willing landowner) or Alternative Use value if there is an alternative use for the site which would comply with the policies of the development plan and could be implemented, will take account of features which appear to seek to exclude affordable housing by design or by incurring upper quartile construction costs and will take account of abnormal costs incurred.</li> </ul> <p><b>Less than 15% - application will be refused.</b></p>
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8.3 CLP1.1 is progressing through the local plan examination and the Inspector's main modifications report (published August 2017) does not identify any significant changes to draft Policies SP2.4 and SP2.5. As such, it is considered that moderate weight should be given to draft Policies SP2.4 and SP2.5 of CP1.1.

8.4 The applicant has advised the Council that the approved scheme is not viable with any affordable housing provision. This is not necessarily surprising given that it was identified during determination of the original (now approved) scheme that it was unviable with any level of affordable housing.

- 8.5 As a result of officer discussions, Bellway Homes Ltd were advised that the Council may be prepared to consider a Deed of Variation to the Section 106 Agreement if:
- It was demonstrated that the development was financially unviable.
  - The reduction in the amount of affordable housing would be compliant with CLP1.1 and was accompanied by a clawback (review) mechanism to secure any further affordable contributions (by means of a commuted sum) should it be found that scheme viability has improved as the development progresses.
- 8.6 An up-to-date appraisal viability appraisal has been submitted by the developer to justify their proposed reduction in affordable housing provision. The Council commissioned independent financial consultants (BNPP) to undertake an assessment of Bellway Homes' financial appraisal. In August, BNPP confirmed that at present the development is unviable, with a significant shortfall. A 100% marketing housing scheme has also been found to be unviable, whilst the proposed scheme (with 15 affordable units) is also found to be unviable.
- 8.7 Including the 15 proposed affordable housing units has been found to generate a negative residual land value of circa -£2.35 million, based on current construction and associated costs and expected sales values. However, the applicant is cognisant of the Council's emerging policies on affordable homes (particularly, draft Policy SP2.5c of CLP1.1, Consultation on the Main Modifications to the Croydon Local Plan: Detailed Policies and Proposals and the Croydon Local Plan: Strategic Policies – Partial Review), with a minimum of 15% affordable housing being required. Despite the viability, the applicant is therefore proposing to provide 15 units as affordable housing and is agreeable to a review mechanism being included in the DoV.
- 8.8 The reduced affordable housing provision of 15 flats proposed by Bellway Homes Ltd equates to 15.6% of the total units and 19% of habitable rooms in the overall scheme (the existing provision is 31 units, equating to 32% of the total units and 36% of the total habitable rooms).
- 8.9 The permitted scheme includes a mix of affordable units as 13x1b, 6x2b, 10x3b, 2x4b. Whilst the developer proposes to reduce the number of affordable units to 15.6% of the total units/19% of the total habitable rooms, there would be a small improvement in the proportion of family sized units in the proposed scheme (seven of the 15 units, equating to c47%) compared to the existing approved scheme (12 of 31 units, equating to 38% of the affordable units). The proportion of one bed units would also reduce slightly (to 33% of the total affordable units in the proposed scheme compared to 42% in the approved scheme).
- 8.10 The proposed scheme would also involve a policy compliant 60/40 split between affordable rent and shared ownership (the approved situation involves solely affordable rent). The proposed scheme is also accompanied by a letter of support from Hexagon Housing Association, who state they would be well placed to manage the affordable units at the site given their nearby development on Mitcham Road.
- 8.11 The proposed scheme would locate all affordable units in a mixed tenure block (Block A). This would help to avoid an apparent social separation between private and affordable homes. This mixed tenure in the one block is also supported by Hexagon Housing Association. The mixture of private and affordable homes in the one block



helps to ensure the proposal accords with planning policy's aim of creating mixed and balanced communities.

## **Conclusions**

- 8.12 The proposed reduction in on-site affordable housing provision at the site is clearly disappointing. It is however not entirely surprising because it was identified during determination that the original (now approved) scheme was unviable with any level of affordable housing. Despite that, the previous applicant (Workspace Group) agreed to provide 31 units as on-site affordable housing.
- 8.13 However, the policy landscape has changed since the now-approved scheme was permitted and the economic climate remains uncertain. The proposed reduction of on-site affordable housing to 19% of the total habitable rooms (15.6% of the total units) and a review mechanism included in a DoV is therefore considered acceptable and would be policy compliant with CLP1.1. The proposal also includes some minor benefits/improvements compared to the as-approved scheme. This includes a policy compliant 60/40 mix of shared ownership and affordable rent units and an improved proportion of family sized units within the total of affordable units proposed.
- 8.14 The site has recently been demolished and has now been vacant for some time. Such unused sites have a negative effect on the public and markets' perception of Croydon. The fact that Bellway Homes are willing to commence development on this major residential and commercial scheme is to be welcomed and will send out signals to the market demonstrating that major development companies continue to be willing to invest and progress schemes in the borough. This can only be beneficial for Croydon.
- 8.15 Not agreeing a DoV to the original Section 106 Agreement could delay or stop development on the site. The developer may also consider submitting a new planning application with a similar level of affordable housing as proposed here. The Council would be obliged to consider and determine any such application and if the proposed scheme is policy compliant, officers' recommendation would likely be to grant permission. Agreeing this DoV would therefore avoid the need for another planning application which may well arrive at the same conclusion as this.
- 8.16 It is therefore recommended that committee resolve to allow a Deed of Variation to the Section 106 Agreement attached to permission 15/01236/P, securing the revised level of affordable housing with a review mechanism. The review mechanism will ensure that an updated viability assessment is completed as the development progresses and that any improvement in the scheme's viability is captured in the form of a commuted sum from the developer for the delivery of additional affordable housing (up to the equivalent of 50% overall provision) elsewhere in the borough. The review mechanism will be based on a review of actual sales values and build costs of completed units. This will ensure the scheme's actual (rather than estimated) viability is used to calculate any increased provision of affordable housing that should appropriately stem from the development.
- 8.17 All other relevant policies and considerations, including equalities, have been taken into account.