

Committee: Council

Date: 07 February 2018

Wards: All

Subject: Strategic Theme – housing development and regeneration

Lead officer: Director for Environment and Regeneration, Chris Lee; Director of Community and Housing, Simon Williams

Lead member: Cabinet Member for Environmental Sustainability and Regeneration, Councillor Martin Whelton

Contact officer: Deputy FutureMerton manager, Tara Butler

Recommendations:

That Council consider the content of the report.

1 PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1. The council has approved its Business Plan 2015-2019.
- 1.2. The Business Plan represents the way in which the council will lead the delivery of the Community Plan via a number of thematic partnerships and strategic themes. Performance against these themes, plus an additional theme of corporate capacity, is monitored by Council.
- 1.3. Each meeting of Council will receive a report updating on progress against one of these strategic themes. This report provides Council with an opportunity to consider progress against the priorities under the ‘*Sustainable Communities and Transport*’ theme, with a specific emphasis on housing development and regeneration.
- 1.4. The portfolio holder is Councillor Martin Whelton. The Sustainable Communities Overview and Scrutiny Panel continues to exercise its statutory function in relation to housing, including housing need, affordable housing and private sector housing and their input is included in this report.
- 1.5. The Business Plan can be viewed at www.merton.gov.uk/businessplan .

2 DETAILS

- 2.1. The Sustainable Communities Overview and Scrutiny Panel continues to exercise its statutory function in relation to housing development and regeneration.
- 2.2. During the past year the Sustainable Communities Scrutiny Panel has considered a wide range of reports relating to housing development and regeneration, including
 - reports in relation to the decision early in 2017 for the council to set up a housing company, Merantun Developments;
 - reports in relation to Clarion’s regeneration proposals of Eastfields, High Path and Ravensbury;
 - reports on the regeneration of Morden town centre with the council and Transport for London;
 - updates on the Housing Scrutiny Task Group action points

- 2.3. To meet the need for new homes, Merton Council is undertaking several sizeable regeneration projects that are outlined below. The Sustainable Communities Scrutiny Panel has played an important role in giving strategic direction on these projects to date. Details on the Panel's focus can be found under each relevant heading.

Regeneration of Eastfields, High Path and Ravensbury Estates (Clarion)

- 2.4. Clarion Housing Group (previously known as Circle Housing Merton Priory) first engaged with residents on the three estates in 2013 and in 2014, the council resolved to explore whether the regeneration of the three estates was the best way of delivering Decent Homes via the creation of an Estates Local Plan.
- 2.5. The Estates Local Plan contains planning policies and land designations for each of the three estates and can be used to determine planning applications on the estates. It also contains overarching policies that set the overall vision and strategy: that the council supports the regeneration, that communities should be kept together; that existing residents should be offered to return to the regenerated estate and that all three estates should be regenerated together so that any surplus at High Path can help fund Ravensbury and Eastfields.
- 2.6. The regeneration of these three estates will deliver c2,400 homes over 10-15 years, approximately half of which will be replacement homes for existing residents.
- 2.7. Between 2014 and early 2017 the council's Estates Local Plan was drawn together and subject to extensive public consultation over a number of years. In July 2017 an independent planning inspector chaired a public hearing to examine the Plan. The council received the inspector's report in December 2017. A report to this meeting of full council recommends the adoption of Merton's Estates Local Plan in order to guide Clarion Housing Group's planning applications.
- 2.8. Clarion Housing Group will deliver the regeneration on the three estates and have been closely involved with existing residents for many years. In 2015 Clarion made existing residents on the estates a Residents Offer: that they will receive a like-for-like home in the new estate at no extra cost. Some landlords and homeowners have since sold their properties to Clarion, who is working with the council to use potentially vacant homes as temporary accommodation for homeless households while the regeneration takes place
- 2.9. It is possible that in the future Clarion will need to ask the council to exercise its compulsory purchase powers as a last resort if it can't acquire all the properties by the ongoing negotiations. A report to this meeting of full council recommends this principle and that Clarion would indemnify the council against all costs associated with any potential action.
- 2.10. Clarion have submitted Outline Planning Applications to the council, one for each of the three estates, and council officers are working towards presenting these to Merton's Planning Applications Committee in March 2018. Should these be approved, these would be followed by detailed planning applications for phases of each of the three estates.
- 2.11. Phase 1 of High Path and Ravensbury already have planning permission and it is expected that these homes will be built in the next 18 months, so that existing residents can move into them and phase 2 can be started.
- 2.12. Building on from the appearance of Circle Housing Merton Priory at the Sustainable Communities Overview and Scrutiny Panel last year, Clarion Housing Group has now appeared before the Panel to discuss repairs, safety and regeneration. To ensure that this session was used effectively, members sent questions to Clarion in advance with its answers being published in the agenda before the meeting. Panel

members then met prior to the meeting to plan cross party how to effectively use the time with Clarion at the Panel. Member questions focused on Clarion's experience of estate regeneration on the scale proposed in Merton, the lack of affordable property uplift in High Path, how the regeneration will embed improving health outcomes, how it will reflect High Path being the site of Lord Nelson's former home and how residents are being consulted and kept informed.

MoreMorden

- 2.13. The regeneration of Morden has been a long held ambition for the council, supported through Merton's Core Planning Strategy. Since 2014 Transport for London, the other major landowner in Morden, has also realised Morden's potential and is now working with the council towards delivery of this ambition. Masterplanning undertaken to date shows that the central Morden sites can delivery c.1,500 – 2,000 new homes.
- 2.14. In 2014 Merton's Sites and Policies Plan allocated specific sites for new development, mainly around Morden station. The council also worked with Transport for London in funding a new Development Brief for the Morden Station site to set out clearly what could be built on this complex large central area.
- 2.15. In 2015 Morden was successfully allocated as one of the Mayor of London's Housing Zones, allowing developers to seek loan funding from the GLA to unlock Morden's development potential. The council successfully bid for Mayor of London funding to continue exploring Morden's regeneration, reducing costs to Merton council taxpayers and to kick-start change by investing in Morden Court parade on London Road. This reinstated the Art Deco façade, including balconies and lighting and working with businesses to redo the shopfronts. The parade is now complete and has recently been shortlisted for the RIBA Journal McEwan Award 2018 <https://www.ribaj.com/south-east>
- 2.16. In November 2017 the Sustainable Communities Overview and Scrutiny Panel undertook pre-decision scrutiny of the approach and plans for the redevelopment of Morden Town Centre to be delivered in partnership with Transport for London (TfL). The Panel received a presentation provided jointly by futureMerton and TfL detailing the need for the regeneration, key intended outputs, how the priorities of both organisations are aligned, how the organisations will work under core principles of co-operation, the elements needed for successful delivery and work already underway to put these elements in place.
- 2.17. As a result of their discussions, members recommended that the Panel notes the scale, impact and opportunities of the planned Modern Regeneration Project. It recommends to Cabinet that Merton Council should maintain sufficient control of the project. Panel members believe that merely retaining planning authority status, without an active share in the Joint Venture itself, would be unlikely to provide sufficient effective control. In January 2018, having considered the resolution by the Sustainable Communities Scrutiny Panel Merton's Cabinet resolved that the council continue to work closely with Transport for London towards agreeing a joint venture and seeking a development partner.
- 2.18. The Sustainable Communities Overview and Scrutiny Panel has benefitted from a detailed presentation on the future redevelopment of Modern town centre from members of the futureMerton team and the Property Group at Transport for London. As a result, the Panel resolved unanimously that the Council should retain sufficient control of the regeneration project. Explicitly, Panel members recommended to Cabinet that merely retaining planning authority status, without an active share in the Joint Venture itself, would be unlikely to provide sufficient effective control.

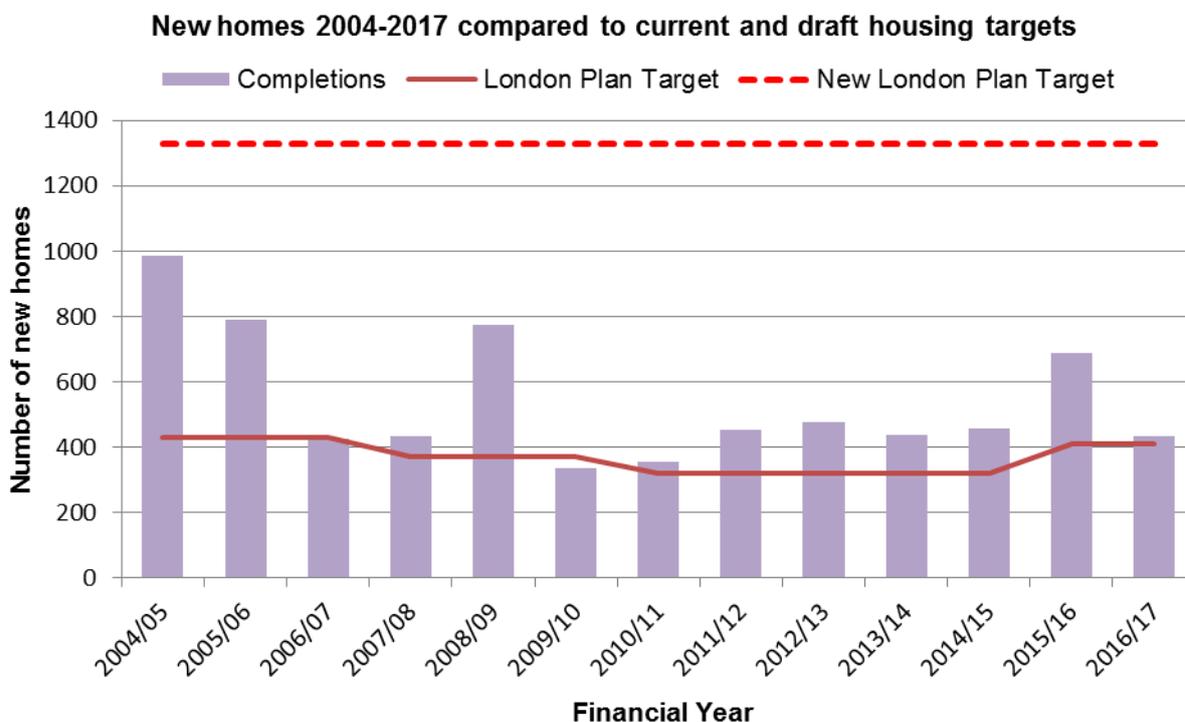
- 2.19. The Sustainable Communities Overview and Scrutiny Panel maintains its interest in and oversight of the programme of town centre regeneration across Merton and will receive a further update on this at its last meeting in the municipal year.

Planning for new homes

- 2.20. Over this municipal year, the Sustainable Communities Overview and Scrutiny Panel has purposely spent a considerable amount of its available time looking at housing within the borough and plans for regeneration.
- 2.21. Notably in September 2017, the Panel dedicated an entire meeting to looking at the issue of housing. This included an update presentation from officers on the Local Authority Property Company and a further review of progress against the recommendations of the Housing Supply Task Group. This task group was completed in September 2015 since which time the Panel has been monitoring progress. However, most of the session was dedicated to looking at accommodation for care leavers. The resulting detailed reference focused on initiatives such as Houses of Multiple Occupation, the lead tenant model, Shared Lives and Housing First. This reference was accepted in full by Cabinet. Officers from the Children, Schools and Families Department have recently thanked Panel members for their interest that has supported the development of a House of Multiple Occupation for care leavers as a pilot. The aim is to extend this type of provision in the future as a way of providing affordable accommodation and support to care leavers as they work towards fully independent accommodation in the future.
- 2.22. As Merton has fewer large sites in single ownership than other boroughs, it is important that the council works with landowners and communities to identify potential sites for redevelopment.
- 2.23. Merton's Sites and Policies Plan 2014 identified c40 development sites, ranging from capacity for 602 new homes and a football stadium at Wimbledon Stadium to redevelopment of a derelict site in Pitcairn / Crusoe Road, Colliers Wood. Almost all of the c40 sites allocated for development in 2014 now either have planning permission or are underway.
- 2.24. To plan for new homes and the essential infrastructure Merton needs, the council has started a new Local Plan with the first consultation stage finishing in January 2018. Respondents suggested more than 50 sites and lots of potential new policies to help guide development in Merton. A consultation draft Local Plan will be presented to councillors in autumn 2018.
- 2.25. The Mayor of London has also produced a new draft London Plan, which is published for consultation until 02 March 2018. The Mayor is prioritising the delivery of new homes, with targets for many outer London boroughs, including Merton, rising by more than 200%. The draft London Plan also puts forward Wimbledon as an Opportunity Area (with Colliers Wood and South Wimbledon), seeks intensification around the tram, tube and rail stations and has policies prioritising small sites.
- 2.26. Like other outer London boroughs, Merton's is likely to be seeking a housing delivery target that is challenging but genuinely deliverable.
- 2.27. The new Draft London Plan (2017) proposes a target of 1,328 new homes per year that is triple Merton's current target of 411 homes per year, the greatest proportionate increase in London. If Merton were not to achieve this target, the council would be vulnerable at planning appeals to accept mediocre or poor design or other compromises; the council would not be allowed to raise planning

application fees to resource the Development Management team; the council would not receive New Homes Bonus (Merton's share being given to other councils and the council may be restricted in the funding bids it could make).

2.28. The graph below shows the delivery of homes over a 12 year period that covers several economic and housing market cycles. The London Plan was first created in 2004 and since then both the London Plan and Merton's Local Plan have been positive, pro-growth in encouraging the development of new homes. Despite Merton's pro-growth approach to new homes, even in the strongest economic circumstances, the most homes completed in a single financial year was 987.



Importantly, under prior approval the council has no legal right to require any of the homes to be affordable. Therefore the higher the number of homes built through “prior approval”, the lower the proportion of affordable homes built that year.

2.29. Appendix A to this report summarises Merton's housing development over the past 10-15 years. It demonstrates Merton's strong delivery and also the increasingly limited scope that Merton (and other councils) have to negotiate affordable homes through the planning system.

2.30. Merton has a borough-wide target of 40% of new homes being affordable. However, the council has no legal right to seek any proportion of affordable homes for homes converted from offices and other business uses to residential (known as “prior approval”). In addition, for homes built on small sites (sites with 10 homes or less), government has made it clear via a ministerial statement that it does not support council's seeking affordable homes on these sites either.

2.31. In 2015/16, a total of 688 new homes were built in Merton. Of these:

- 318 were built under “prior approval” (so no affordable housing could be sought)
- 346 were built via planning permission being granted. Of these, 115 new homes were built on small sites (so no affordable housing could be sought).

- Affordable housing could only be sought on the delivery of approximately 231 of the new homes (i.e. those on developments of +10 homes). 90 affordable homes were built in 2015-16.

2.32. If we could measure our affordable housing target against only the sites where the council was allowed to negotiate our planning policy for 40% affordable homes, in 2015-16 the council negotiated 39% affordable homes. However councils are measured against all developments – whether or not affordable homes can be sought – which leads to a target for 2015-16 of 13% of homes as affordable.

2.33. We have great ambitions for growth and placemaking for Merton, and will continue to work with the Mayor and other Outer London boroughs on a housing target in the new London Plan that is suitably ambitious and deliverable. As part of the Local Plan 2020, the council will also investigate innovative ways of securing more affordable homes from developments in Merton.

3 ALTERNATIVE OPTIONS

3.1. None for the purposes of this report.

4 CONSULTATION UNDERTAKEN OR PROPOSED

4.1. None for the purposes of this report.

5 TIMETABLE

5.1. None for the purposes of this report.

6 FINANCIAL, RESOURCE AND PROPERTY IMPLICATIONS

6.1. None for the purposes of this report.

7 LEGAL AND STATUTORY IMPLICATIONS

7.1. None for the purposes of this report.

8 HUMAN RIGHTS, EQUALITIES AND COMMUNITY COHESION IMPLICATIONS

8.1. None for the purposes of this report.

9 CRIME AND DISORDER IMPLICATIONS

9.1. None for the purposes of this report.

10 RISK MANAGEMENT AND HEALTH AND SAFETY IMPLICATIONS

10.1. None for the purposes of this report.

11 APPENDICES – THE FOLLOWING DOCUMENTS ARE TO BE PUBLISHED WITH THIS REPORT AND FORM PART OF THE REPORT

Appendix A: Report on Sustainable Communities (focus on housing)

Housing development - headlines

The council monitors the delivery of its planning policies every financial year and publishes a report each December, setting out the previous year's results.

The Authority Monitoring Report is published online:

https://www2.merton.gov.uk/environment/planning/planningpolicy/localplan/annual_monitoring_report.htm

- 434 new homes were built during 2016-17, 23 above Merton's target of 411 new homes per year (London Plan 2016).
- Several large schemes have been completed in this monitoring period. These are
 - 118-120 Christchurch Road, Colliers Wood (54 Homes);
 - Brook House, Cricket Green, Mitcham (46 Homes); and,
 - Orida Building, Burlington Road, New Malden (45 Homes).
- Government requires all local planning authorities to demonstrate each year that they have planned for enough development sites to deliver their housing target for the next five years. This is known as the "five year housing supply" or the housing trajectory. Government also requires councils to demonstrate that they have enough sites to deliver 5% more homes each year than their target (known as the "5% buffer") in order to ensure choice and competition on the new developments' permissions and on the property market in general.
- Merton can successful demonstrate that there are enough sites that are deliverable for housing in Merton to deliver its current London Plan target of 411 new homes per year plus the 5% buffer.

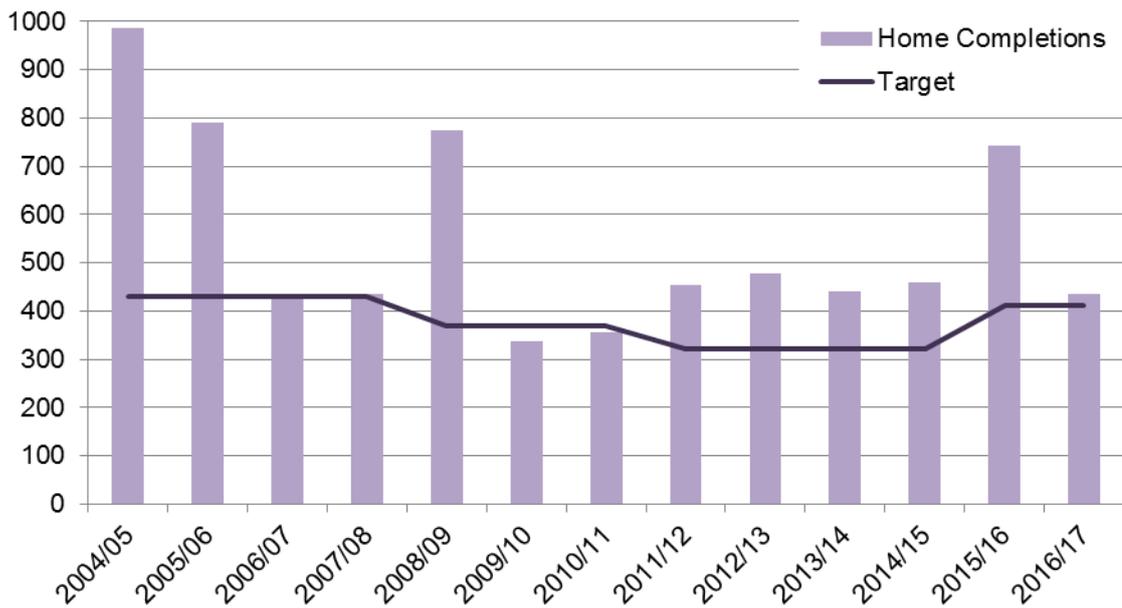
Housing delivery – what we know

- Due to the way in which Merton has urbanised over the last c150 years, Merton is a borough of small sites. This is demonstrated year on year by the sizes of schemes that seek planning permission for new homes. 92% of developments are for less than 10 homes.
- The table below shows the breakdown of schemes of each unit range and the net gain.

Completed developments 2016-17 by size

Financial Year 2016-17	Number of developments	Net gain
-10 to 0 homes	7	-10
0 to 10 homes	130	270
10 to 50 homes	4	122
50+ homes	1	54

New homes built in Merton 2004 - 2017

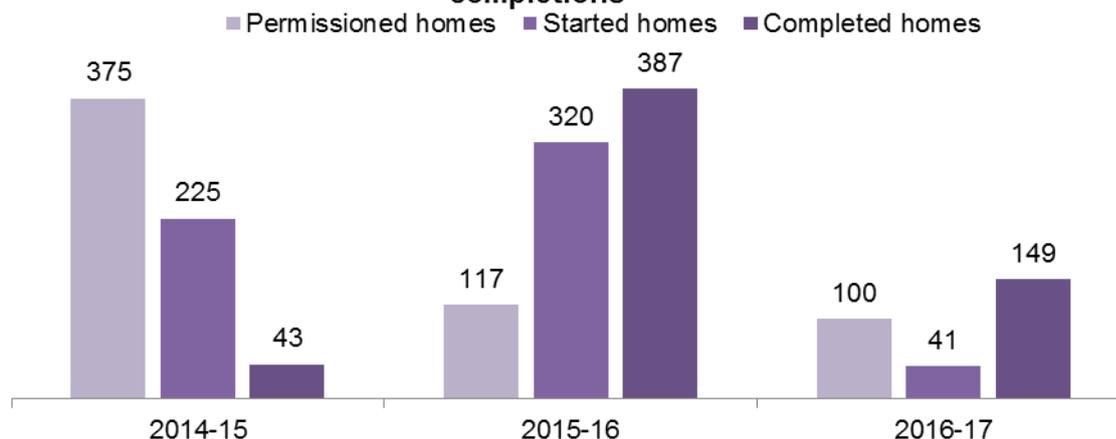


Prior approval – building homes without the need for planning permission.

In May 2013 government introduced a new approach for getting permission to build new homes, known as prior approval. Provided the developer meets certain requirements (such as the site is not contaminated, or at risk of flooding or is of a certain size) sites that are currently offices, small shops, warehouses, business space (light industrial) can all be converted to residential use without the need for planning permission.

This approach has delivered new residential properties across London. However, “prior approval” means that neither council or London Plan planning policies can apply to the development so the council cannot require homes to be of a minimum size, or have adequate daylight / sunlight, bin stores, gardens or playspace, public realm or make contributions towards the surrounding area or public realm - all issues that improve the quality of the homes for its new occupiers and go some way to integrating new developments within existing communities.

"Prior approval" Office to homes permissions, starts and completions



Affordable homes built during 2010 – 2017

Financial Year	Total homes built	Affordable Home built	Affordable as % of total built	Target	Target	Social Rent	%	Intermedate	%
2010/11	357	112	31%	179	50%	45	40%	67	60%
2011/12	453	162	36%	181	40%	n/a	n/a	n/a	n/a
2012/13	478	141	29%	191	40%	71	50%	70	50%
2013/14	440	163	37%	176	40%	75	46%	74	45%
2014/15	459	186	41%	184	40%	143	77%	43	23%
2015/16	688	90	13%	271	40%	65	72%	25	28%
2016/17	434	74	17%	174	40%	17	45%	46	55%
Total	3299	928		1356		416		325	

Importantly, under prior approval the council has no legal right to require any of the homes to be affordable. Therefore the higher the number of homes built through “prior approval”, the lower the proportion of affordable homes built that year.

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If we could measure our affordable housing target against only the sites where the council was allowed to negotiate our planning policy for 40% affordable homes, in 2015-16 the council would have built 39% affordable homes.

- In 2016-17:
 - 149 new homes were the result of Prior Approvals from office to residential use;
 - 9 new homes were the result of Prior Approvals from storage to residential use; and
 - 7 new homes were the result of Prior Approvals from retail to residential use.

- On 31st October 2017 there were 202 individuals and 5 groups on Merton's Self-build and Custom House Build Register. Every council has a Self-Build and Custom Housebuilding register where individuals or groups of people can register their interest in self-build and custom housebuilding in that borough and the council must consider this and seek to find sites. Merton's Self Build and Custom Housebuilding register can be found here:

<https://www2.merton.gov.uk/environment/planning/self-build-register.htm>

- 51 sites have been added to Merton's Brownfield Land Register. These include sites with valid planning permission that have not commenced, sites where planning permission has lapsed, and allocations in Merton's Sites and Policies Plan (2014). The Brownfield Land Register can be found at and via

<https://maps.london.gov.uk/brownfield-site-register>

- During the monitoring year 123 schemes have been completed resulting in 434 new homes. 131 schemes were started during the monitoring year, 80 of which were started but not completed. Moreover 248 schemes that will provide 843 new homes have been approved during 2016/17. Of the schemes approved this financial year 135 are still live but not commenced and will provide 524 homes.

- The housing pipeline currently includes the Morden Housing Zone part of Morden town centre regeneration. Around 1,800 new homes will be built in the area in addition to the public realm improvements and the TfL's plan for a new bus station in Morden. Colliers Wood Tower completed in May 2017 and these additional units will be included in the 2017/18 financial year.

- Permissions for phase one of High Path Regeneration has come forward (134 homes), the Summerstown (Volante) site (93 homes), the former Thames Water Merton Works (74 homes), and Haig Housing Ex-Service Community (68 homes). Furthermore, other schemes including Pollards Hill Estate MOAT homes are on early planning discussions with residents and the council.

New London Plan

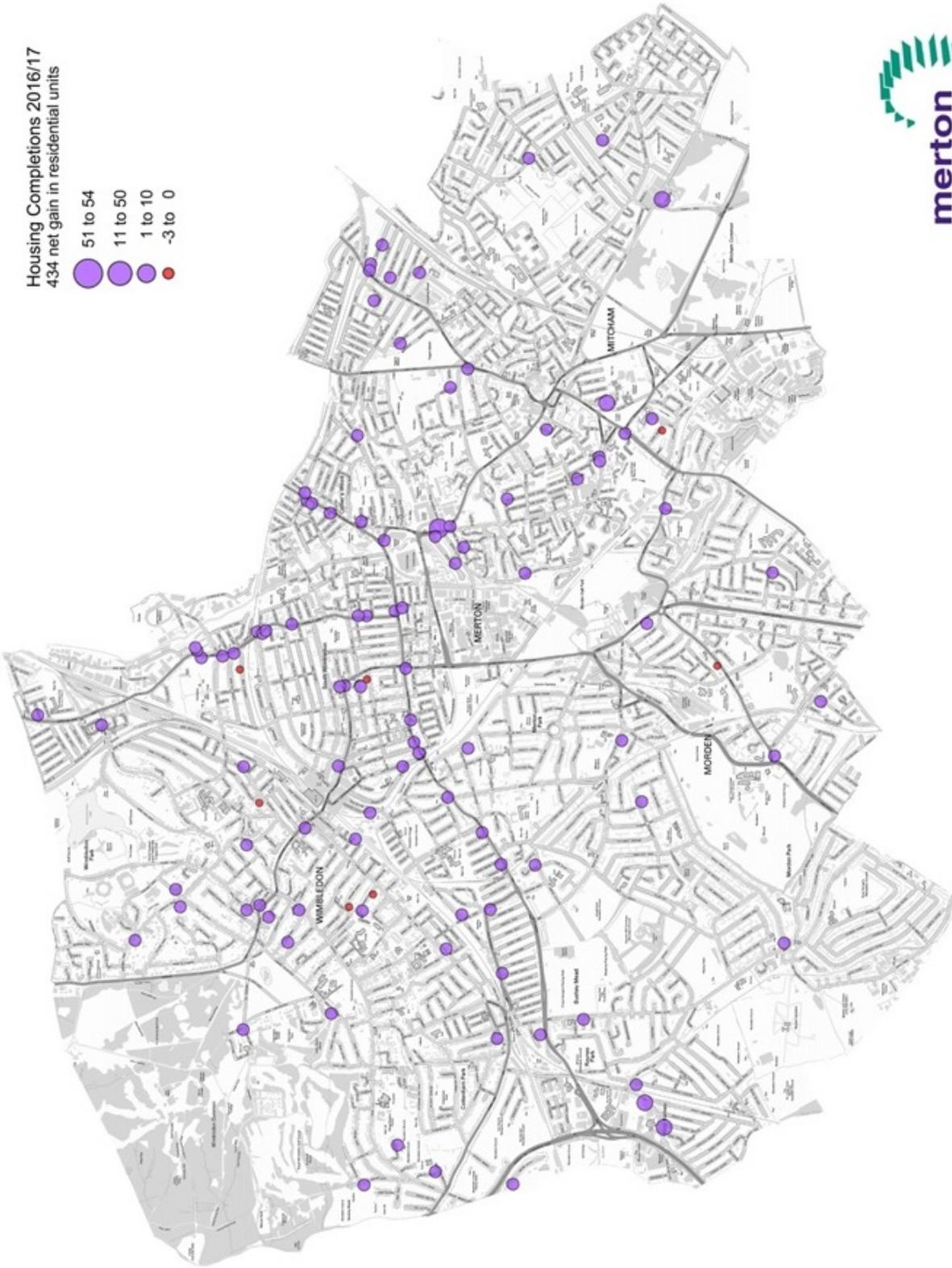
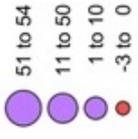
Comparison of completions with the current and new housing targets

Financial Year	Homes built that year	London Plan Target for that year	New Draft London Plan Target
2004/05	987	430	1,328
2005/06	791	430	1,328
2006/07	427	430	1,328
2007/08	435	370	1,328
2008/09	774	370	1,328
2009/10	338	370	1,328
2010/11	357	320	1,328
2011/12	453	320	1,328
2012/13	478	320	1,328
2013/14	440	320	1,328
2014/15	459	320	1,328
2015/16	688	411	1,328
2016/17	434	411	1,328

New homes 2004-2017 compared to current and draft housing targets



Housing Completions 2016/17
434 net gain in residential units



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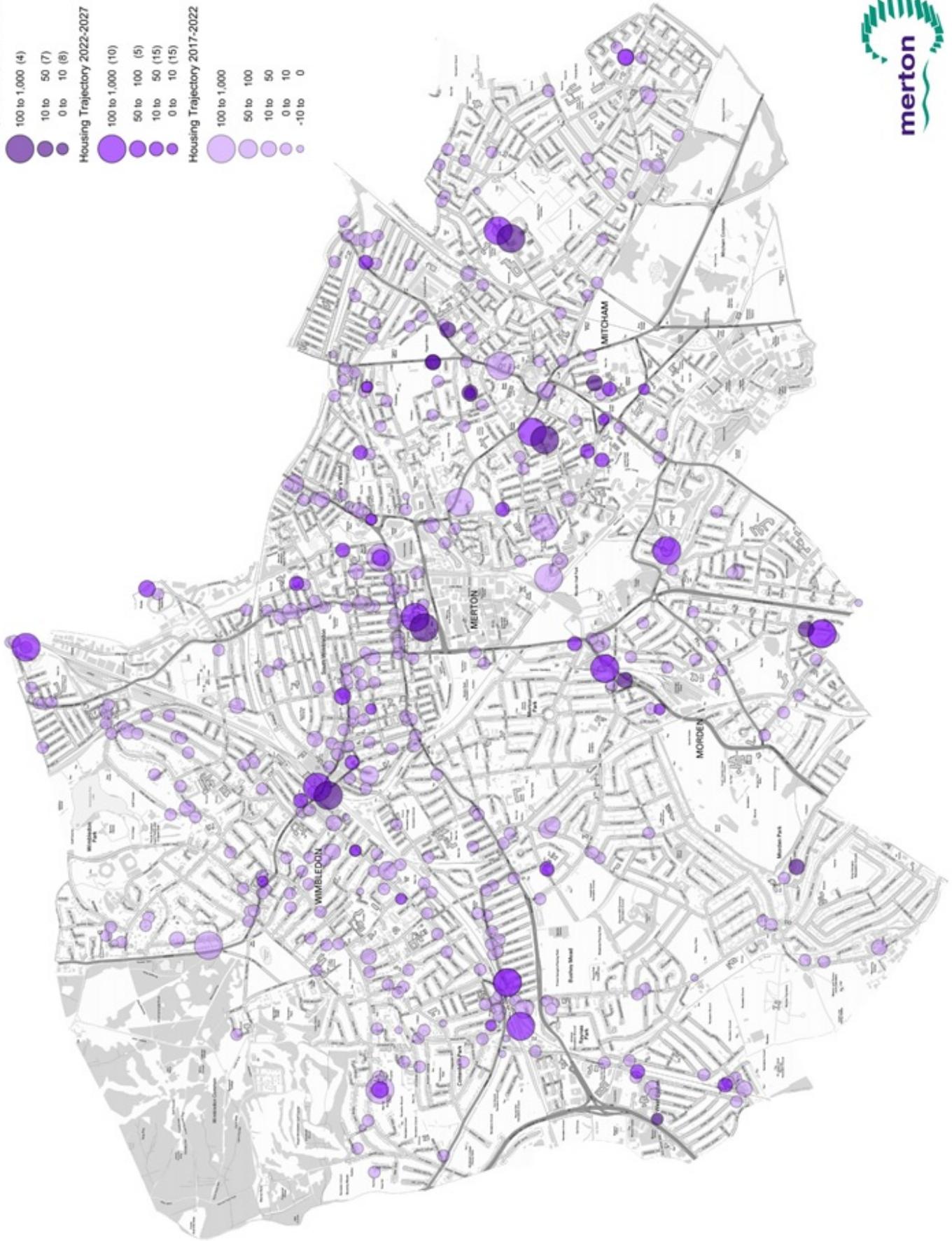
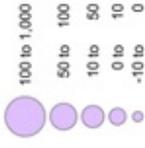
Housing Trajectory 2027-2032



Housing Trajectory 2022-2027



Housing Trajectory 2017-2022



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