

GREATER LONDON AUTHORITY

[REDACTED]
(By email)

Our Ref: MGLA011018-4192

25 October 2018

Dear [REDACTED]

Thank you for your request for information which the GLA received on 30 September 2018. Your request has been dealt with under the Freedom of Information Act 2000.

Our response to your request is as follows:

"Background: the current status of the GLA's Capital Funding Guide isn't clear. Some elements have been superseded and some haven't. Although the guide was published in 2015 for the previous Mayor's Housing Covenant (2015-18), most elements of it are still relevant, for example guidance on 'low cost' rent has not been replaced. This is a 'live document,' last updated in 2017. The new Mayor's Funding Guidance for the Affordable Housing Programme 2016-21 refers to the 2015 guidance for a definition of start on site, so some elements still apply.

In 2016 the new Mayor stopped the conversion of social rent voids to affordable rents, but the updated AHCFG doesn't mention this. The current Mayor cannot stop housing associations and councils from selling-off social rent flats but IPs possibly should still report their plans and monitor outcomes as part of GLA 'Contract management' as required under the Capital Funding Guidance 2015-18".

1. *If the GLA's contracts with IPs for 2016-21, or programme reviews, record estimates of planned future disposals of social rent flats, can estimates be provided for all investment partners? (Of planned disposals to market from 2016-2021, by year if possible)*

Investment partners must provide the GLA with a disposal notification prior to a disposal taking place if homes funded through the Affordable Homes Programme 2016-21 are disposed of in the future.

2. *If the GLA's contracts with IPs, or programme reviews, do not record estimates of planned future disposals of social rent flats, why is that?*

Although there is no longer an expectation for IPs to dispose of social rent flats, their plans would still inform part of their overall revenues to fund development programmes, and it would be useful public information. To record IP's net supply of 'low-cost' rent housing, disposals of social rent homes would have to be subtracted from new supply. To save time, I'm asking for estimates of planned FUTURE sell-offs of social rent flats to market, not historical figures. The MHCLG Statistical Data Returns (SDRs) records sales of social rent flats by providers to 'non-social use,' 'open-market' or 'other' (from 2011-2017/18) but this is historical data, and also doesn't distinguish between disposals in London and other regions.

The purpose of GLA funding agreements, including those used in the Affordable Homes Programme 2016-21, is to advance grant to a partner to assist with the construction of affordable housing. Contracts do not therefore include estimates of future disposals.

3. *Under the GLA's Affordable Housing Capital Funding Guide (AHCFCG), some of which is still current guidance, if providers sell affordable rent voids then all proceeds have to be spent on building or acquiring new affordable rent homes. The guidance concerning sales of social rent homes does not place any restrictions on how providers use proceeds, so the assumption must be that:*

a) Providers were free to spend these disposal receipts on any tenure. b) or b, in practice they could have been required or encouraged to spend them on new affordable rent homes, but not intermediate or market homes.

My assumption is that a) is the case. Is that right?

In London, the GLA has the power to determine the events that can lead to the recovery of grant from a Registered Provider (including local authorities). The GLA can also determine the circumstances under which a Registered Provider can recycle grant into a fund to enable the provision of new affordable homes. The GLA expects Registered Providers to spend recycled grant on GLA priorities and any spend must have prior GLA approval.

- 4. Is there any new guidance on this? Does the old guidance still apply? Could the mayor require proceeds from sales of social rent voids to be spent on new rented units at: a) existing social rent levels b) London Affordable Rent (Target Rent c) Low cost rent of some kind with rent levels up to providers?***

My assumption is that c) would be within regulations, and possibly b), given that the last Mayor imposed the condition about sales of affordable rent voids being replaced with affordable rent units. Perhaps government policy/agreements would not allow such conditions

The GLA may allow grant tied to a property (rather than the full sales proceeds) to be recycled following a disposal. Permissible uses for recycled grant funding, based on policy priorities for social housing, are published by the GLA, and may be amended from time to time. These permissible uses include those for which the GLA would make Social Housing Assistance available, such as for homes based on Social Rent levels.

If you have any further questions relating to this matter, please contact me, quoting the reference MGLA011018-4192

Yours sincerely

Paul Robinson
Information Governance Officer

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<https://www.london.gov.uk/about-us/governance-and-spending/sharing-our-information/freedom-information>