

Thank you for your request for information dated 15th March. I will take each of your questions in turn.

1. Tenure conditions of new grant funding

a) This week the government announced an extra £1.7billion in funding for 'affordable' housing in London, including for some social rent homes.

Is the Mayor free to allocate this to any tenure of affordable housing, or are their conditions as with the previous AHP where 65% had to be allocated to intermediate tenures?

It is expected that this funding will be subject to a specified tenure mix, this has not yet been finalised.

b) Grant rates: Sadiq Khan's grant rates per unit are £60k for London Affordable Rent, (LAR) and £28k for intermediate products. Press coverage of Philip Hammond's announcement of an extra £1.7billion for London reported that this will deliver 26,000 new units. That makes an average grant rate per unit of £65,384/unit - £5k higher than the Mayor's current rate for LAR. Why is that? Statistically it seems that 100% of this grant is to fund new social rent units but this directly contradicts the government's previous preference for intermediate and recent policy changes where only 'some' new money can fund social rent homes in high need areas. My assumption is that there must be some government guidance or conditions but they have not been publicised. Perhaps £1.7bn could deliver more than 26,000 units.

London's share of the funding and the number of affordable homes that it is expected to deliver were arrived at through a process of negotiation.

c) Start by dates: will the aim be to allocate this new £1.7bn soon as part of the 2016-21 AHP and expect building starts by March 2021?

When combined with the previous funding settlement the Mayor is now expecting to deliver 116,000 starts of affordable homes in the period 2015-22.

2. Conversions of social rent vacants to affordable rent

The GLA provide a useful compilation of statistics for London from Social Housing Regulator (SHR) UK wide surveys - covering 2012/13 - Q2 2017/18. Separately the GLA reported having approved 19,000 'affordable rent conversions' under London's 2011-15 AHP, which required building starts by March 2015. This is 7,000 more than the 12,002 reported for 2012-2015 in the SHR stats. Figures aren't recorded for 2011/12. Affordable rent was introduced in 2011 but conversions many not have started until 2012/13.

In 2016 Sadiq Khan announced that he would 'not approve any further conversions' in his AHP 2016-21. But some conversions had already been contracted for under Boris Johnson's superseded Mayor's Housing Covenant 2015-18, so 'AHP' conversions will continue until March 2018.

a) Were any conversions approved/made in 2011/12? If so, how many?

We have asked Homes England whether they hold this data but have not received a response, you may prefer to contact them directly.

b) How many were contracted for in the 2015-18 AHP that haven't been recorded in the figures for 2012-2017? (The remaining units presumably due to be converted by March 2018)

The SHR data does not separate conversions relating to the 2011-15 programme and those related to 15-18, so this information is not held. However, the bid figures were maxima and some partners may not have converted all of these.

c) My assumption is that housing associations were and are free to convert vacant social rent homes to affordable rent OUTSIDE of GLA funding programmes. Is that right?

No, conversions from social rent to affordable rent in London are only permitted by the Regulator of Social Housing when they are part of a funding agreement with the GLA.

d) If so, do GLAs statistics include these conversions outside of the AHP? If not, this could account for

the gap between 19,000 (2011-15) and 12,002 (2012-15).

N/A

e) Are HA's still free to convert rent levels in schemes that don't take GLA grant - for 2016-21?

No

f) Are Strategic Partners (SPs) free to convert rents outside of GLA funded programmes? My assumption is that they aren't, as SPs take GLA grant on flexible terms for their whole programmes. This may mean that no schemes are 'nil-grant' so therefore no scheme can ignore the GLA policy condition of ending rent conversions. Is that right?

Strategic partners are not permitted to convert additional homes to affordable rent.

g) Approved Providers: from 2016 agreed to deliver 50% affordable housing across their portfolio of sites. But perhaps some of their schemes are not GLA funded, in which case for nil-grant schemes they would still be free to convert social rent vacants to affordable rents? Is that right?

No, see above.

3. Affordable rent caps/ceilings

Affordable rents on converted social rent units in London averaged 67% of market rates. But market rates vary a lot. In practice providers don't want to set rents at levels that would not be covered by benefits due to the overall benefit cap. Local Housing Allowance (LHA) doesn't apply to the social sector, and won't in future, but some association seem to have used it for a proxy to set a figure for maximum rents likely to be covered by housing benefit. Is that right?

We do not hold this information.

'Capped' affordable rents in London from 2015 were around 50% of market rates and the aim was to set them at levels that would be covered by benefits, with the LHA as a guide. LHA is set at the 30th percentile of private rents. Any general information on policies for setting maximum rents would help. Was the LHA usually a maximum? (This is important because some HA's set all rents for converted social rent properties at 75-80% of market rates. That means none were 'capped,' so all would have been unaffordable to tenants on benefits, unless they were built in exceptionally cheap areas).

The requirement for the 15-18 programme was that half of all rented units should be at a maximum of 50% market rent, including service charge. LHA was used as a maximum for discounted rent.

4. Strategic Partners

Eight were announced initially.

a) Have any more reached agreements since? Could any be added in future?

It is possible that further SPs may be approved in due course

b) GLA funding is for SPs' whole programmes London-wide for 2016-21, (not for some individual schemes as in the past). As all units delivered by SPs are effectively GLA funded, they will all have to meet GLA income eligibility ceilings for intermediate tenures on all units. (£90k per household and market values of less than £600k). Is that right? Or could there be exceptions for S106 units? Or could some schemes be categorised as not GLA funded, giving the PRP freedom not to adhere to GLA guidelines?

All of a Strategic partner's programme will be expected to meet GLA household income maximums.

5. Approved providers

a) Can you provide a list of APs? (In summer 2017 the allocations of £1.7bn GLA funding was announced, including some councils. My assumption that not all providers on this list are APs).

Please see attached list.

b) Non approved providers that don't sign Mayoral agreements to deliver 50% affordable across their portfolio of sites can still apply for GLA grant for individual schemes. Is that correct?

They can apply for grant via the Developer led route if they meet the criteria in the funding guidance at <https://www.london.gov.uk/file/11941201> .

c) It seems that APs have agreements with the mayor to deliver 50% affordable across their whole programmes, but GLA funding is only for specific schemes - (firm and indicative). So some schemes are not GLA funded. If so, on schemes without GLA grant, HAs remain free to ignore income eligibility ceilings for intermediate products. Is that right?

The Mayor's income eligibility ceiling for affordable housing is also a requirement of the London Plan, updated under the London Annual Monitoring Report.

d) Could the Mayor impose a requirement for APs that all schemes in their programme, whether GLA funded or not, must adhere to the GLA's income eligibility ceilings for intermediate products?

We can only apply funding conditions to homes that we fund.

6. Sell-offs of social rent flats

As with conversions of social rent flats, some sell-offs were encouraged as conditions for grant funding from 2011-15, and presumably for 2015-18.

a) Sadiq Khan has not ended sell-offs as a condition of receiving GLA grant. Is that correct? If so, why? Is there a regulatory reason preventing a requirement for providers to end sell-offs as a condition of grant funding, as opposed to rent conversions?

Selling homes is not a condition of grant.

b) The HCA publishes figures of sell offs by provider per year but don't publish separate figures for London. Does the GLA have any information on numbers sold off in London?

We do not hold this information

7. Proportion and numbers of social rent homes becoming vacant every year

Housing associations vary greatly in size, so although figures are available for the number of social rent homes that each HA has converted to affordable rent or sold off, it's difficult to compare the proportion of vacant flats sold off relative to the number of homes becoming vacant each year. Does the GLA have figures for either, a) the number of social rent homes becoming vacant every year by provider, or b) an average proportion of total stock that becomes vacant each year for all providers?

We do not hold this information

8. Average London Affordable Rent by borough

HCLG tables show average council rents. Statistical Data Returns (SDRs) show average HA 'net' rents by borough. Can the GLA provide figures for average London Affordable rents by borough? These are based on social rents but are higher than average council rents as LAR is set at the social formula target and most councils rents did not increase or 'converge' to this level. I assume this information is held.

The GLA provide detailed levels of London Living Rent by ward. London Affordable Rents are set London wide at <https://www.london.gov.uk/what-we-do/housing-and-land/homes-londoners/homes-londoners-affordable-homes-programme-2016-21>

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