

GREATER LONDON AUTHORITY

[REDACTED]
(By email)

Our Ref: MGLA011018-4191

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:

1. *The Homes for Londoners Affordable Housing Programme 2016-21 explains that generally London Affordable Rent is expected to be the 'primary' low cost rent product but states that 'providers have the flexibility to charge less than benchmarks.' The Mayor of London's Good Practice Guide to Estate Regeneration encourages providers to re-provide social rent units at the 'same or similar rents,' with 'similar' undefined.*

Can you confirm that providers can still qualify for GLA grant for 'low cost' rent in estate redevelopments if rent levels are below London Affordable Rent benchmarks? a) For re-provided 'low cost' rent units – to enable existing social tenants to return with limited rises in their housing costs. b) For net additional 'low cost' rent units – for new tenants who don't already live on an estate to be re-developed.

The answer to both parts of this question is "yes".

2. *Perhaps re-provided homes are eligible for grant at below LAR but net additions aren't. London Affordable Rent benchmarks are maximum target rents, excluding service charges, so costs are significantly higher than existing social rent units demolished in estate redevelopments.*

Assuming that GLA grant can be allocated for re-provided social rent units at less than London Affordable Rent levels, can you provide all examples where the GLA has funded such rent levels: name of scheme, provider, local authority, number of units, and rent cost benchmarks, base rents in cash terms, eg, for a 2 bed flat. (From 2015/16 until the present if possible. Some examples of service charges would also help).

Assuming it is possible for schemes to get GLA grant for rent levels below London Affordable Rent, (LAR) the next issue is - how much below LAR? Can GLA grant be provided for re-provided units with rent levels set at: b) Same housing costs in cash terms: existing base social rents and service charges remain the same. (This is the only level where returning tenants would be 'no worse off.') c) Existing base social rents in cash terms - excluding service charges, so only service charges could rise. (Depending on service charge costs, increases in housing costs could be relatively limited or substantial) d) Social rent formula from existing base rents (rather than maximum target rents) (in such cases rents would rise significantly as 30% of social rent formula is based on property values and values of new flats are always more than old ones demolished). d) If the GLA has or intends to allocate grant for re-provided social rent units at any of the above 'sub-LAR' rent levels, can you provide details: name of scheme, provider, local authority, number of units, and rent cost benchmarks, base rents in cash terms, eg, for a 2 bed flat. (From 2015/16 until the present if possible. Some examples of service charges would also help).

GLA systems do not hold information on whether a project is a result of an estate demolition and how many homes existed before demolition. Therefore, it is unknown how many homes are additional and the GLA is unable to provide examples of rents where this is the case.

The number of demolitions that have taken place each year are recorded within an on-line Statistical Data Return survey that is completed by all private registered providers of social housing in England. See 'Stock Information by LA section' at the following website:

<https://www.gov.uk/government/statistics/statistical-data-return-2016-to-2017>

3. Under the GLA's Capital Funding Guidance 2015, (most of which is still applicable), providers were allowed to bid for grant for re-provided social rents homes, if justified by a business case that would 'speed up delivery.' This implies that GLA grant was only available for these units as exceptions to the general rule which meant that GLA funding for 'low cost' rent was and is only available for net additional units.

a) Is that right? b) Does that 2015 guidance still apply now? c) If so, what is the reason?

Presumably the reason was to encourage landlords to re-provide social rent units from cross-subsidy, then GLA grant became available for net additions to maximise supply. If so, estate redevelopments were and (probably still are) treated as a separate category from other (non-Section 106) schemes where grant for low cost rent can be available for all affordable rent units. This would reduce the supply of low cost rent in estate redevelopments compared to other schemes, so an explanation would help.

The Mayor wants to maximise the provision of new genuinely affordable housing. Funding is available for a range of affordable tenures.

4. ***a) In Poplar Harca's redevelopment of Chrisp Street Market GLA grant funding was made available for all 136 'low cost' rent units, 124 re-provided and 12 net additional. I assume grant was allocated for re-provided units as an exception due to the scheme's viability issues, because without GLA grant for all units it wouldn't have been possible to re-provide existing social rent units. If so this scheme will be an exception to the rule. Is that correct? b) Can you confirm that all***

re-provided units were at London Affordable Rent benchmarks? c) If not what benchmark was used? d) Can a figure be provided for base rents in cash terms, (excluding service charges)

The table below shows the grant, the number of units and the tenure of homes for the Chrisp Street project. Rents will be set once homes are ready for let (for LAR homes, the relevant benchmark will be used).

GLA funded homes for Chrisp Street:

Project ID	Project Title	Grant	Units	Tenure
P10970	Chrisp Street CME - Block A	1,036,000	37	Intermediate
P10969	Chrisp Street CME - Blocks D & E	1,860,000	31	London Affordable Rent / Social Rent
P10968	Chrisp Street CME - Block K	1,140,000	19	London Affordable Rent / Social Rent
P10967	Chrisp Street CME - Block M	4,860,000	81	London Affordable Rent / Social Rent
		8,896,000	168	

5. *Under the MHC 2015-18, (funding guidance, some of which is still current), the GLA would consider allowing providers to set rents at 'target' rent levels (the same as London Affordable Rent), when existing social tenants were decanted to new housing, if providers and councils demonstrated that 'capped rates' (at 50% of market rates) were 'not a viable alternative.'*

Can you list schemes grant funded from 2015-18 where: a) Rents were provided at target rents b) Rents were set at 'capped' rates c) Whether any provider or councils supported target rents for particular schemes? d) Can you confirm that these rates were also available for re-provided permanent social rent homes, rather than just when tenants were decanted to new housing off the redeveloped estate?

My assumption has to be that most schemes set rents at capped rates. If so, under the current London Mayor, if rents are usually set at London Affordable Rent instead, then most rent increases from 2016-21 will be less than most from 2015-2018.

The GLA's legacy system (IMS) contained some information input by providers about homes funded through the 2015-18 AHP with capped rents (see attached document with list of projects). However, the GLA no longer uses this system and the data should be treated with caution since it has not been verified. The data also excludes supported and single units.

The information you refer to in part c of this question was not collected.

GLA systems do not hold information about whether a project is a result of an estate demolition and, if so, how many homes existed before demolition and therefore it is unknown how many homes are additional.

If you have any further questions relating to this matter, please contact me, quoting the reference MGLA011018-4191.

Yours sincerely

Paul Robinson
Information Governance Officer

If you are unhappy with the way the GLA has handled your request, you may complain using the GLA's FOI complaints and internal review procedure, available at:

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