

GREATER**LONDON**AUTHORITY

██████████
(By email)

Our Ref: MGLA101218-0317

2 January 2019

Dear ██████████

Thank you for your further requests for information which the GLA received on 9 December 2018. Your request has been dealt with under the Freedom of Information Act 2000.

Please find attached copies of your questions with our responses.

If you have any further questions relating to this matter, please contact me, quoting the reference MGLA101218-0317

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>

EMAIL 1

Hi GLA,

Councils and housing associations can apply for GLA affordable housing grant '*at or below London Affordable Rent (LAR) benchmarks.*' LAR is the Mayor's preferred level and the minimum benchmark agreed with government to be eligible for funding under the Affordable Rent system. In this context the GLA has to decide how far below LAR rents levels can go and still be eligible for grant. The three main possible benchmarks are.

a) Local maximum 'target' social rents: instead of LAR's London-wide average 'target' rent. 30% of social rent formula depends on local market values so in relatively cheap areas maximum 'target' rents would be lower than for London as a whole, usually not by much.

b) Social rent formula: rents are not set at 'target' maximums but would be significantly higher than existing social rents because new homes have higher market values than older ones. Social rent formula shouldn't lead to costs as high as maximum 'targets' – assuming formula rents for new build developments haven't reached those levels

c) Existing social rent levels as charged for existing homes: the most affordable rate. This would mean going below social rent formula, for brand new homes – as opposed to re-lets of old properties with lower market values.

Questions

1. Which levels would be eligible for GLA grant – a, b, c, other?

The London Affordable Rent benchmarks are an upper limit on what rents may be charged: London Affordable Rent homes are eligible for grant at the fixed-grant rates as long as weekly rents charged (exclusive of service charges) do not exceed the benchmark levels. There is not a lower limit on what rent may be charged, but investment partners may be constrained by the viability of the project.

2. In what circumstances? (eg, estate redevelopments? Other circumstances such as high value areas where maximum local target rents are relatively high?

There is not a lower limit on what rent may be charged, but investment partners may be constrained by the viability of the project.

(Re-provided social rent units in estate redevelopments are not generally eligible for grant but can be where schemes face viability constraints. In such cases, would landlords be eligible for GLA grant for new homes set at the same rents as existing social rent levels for existing homes to be demolished? If not, and the lowest 'grant-eligible' rents would be social rent formula, which would lead to rents for replacement homes rising significantly as 30% of social rent formula is based on (notional) market values and new homes have higher market values than existing ones.

There is not a lower limit on what rent may be charged, but investment partners may be constrained by the viability of the project.

EMAIL 2

| Local authority/council controlled company | Initial GLA grant £m (% of G15 total) | Planned no of homes | Average Grant per home | Likely tenure |
|--|---------------------------------------|---------------------|------------------------|--------------------|
| 1. Lambeth (LHC set up) | £54.72m | 912 | £60k | All low cost Rent |
| 2. Havering | £30.296m | 610 | £49.7k | Most low cost rent |
| 3. City of London | £14.64m | 244 | £60k | All low cost Rent |
| 4. Harrow | £12.62m | 317 | £39.8k | Prioritised IM |
| 5. Southwark | £12.06m | 201 | £60k | All low cost Rent |
| 6. Hounslow | £9m | 174 | £51.7k | Most low cost rent |
| 7. Croydon (Brick by Brick) | £5.572m | 199 | £28k | All intermediate |
| 8. Enfield | £5.345m | 148 | £36.1k | Prioritised IM |
| 9. Wandsworth | £3.972m | 71 | £56k | Most low cost rent |
| London totals/averages | £148.23m | 2,876 | £51.5k | Most low cost rent |

Questions

The table above records the total grant allocated.

1. Can figures be provided for what these boroughs (and others if relevant) bid for?

a) Amount of grant (Presumably in some cases the GLA wasn't able to allocate the maximum amount of grant that boroughs asked for)

b) Total number of homes

c) Numbers by tenure & rent costs: low rent/intermediate, and numbers of homes planned for different costs within broad tenure categories – low cost rent and intermediate – numbers for:

Low rent

i) London Affordable Rent

ii) Local maximum 'target' social rents

iii) Social rent formula (not maximum target rates)

iv) Existing social rents for existing homes if any (rather than new build)

Intermediate

v) LLR

vi) Shared ownership

vii) Other

Details of unsuccessful initial bids are not held in the GLA's system as there will have been iterations for most bidders following discussions between them and GLA staff. The system holds details of approved bids. If you are interested in the initial submission by each relevant Local Authority we suggest that you approach them directly.

2. Croydon council's company Brick by Brick: an average grant rate per unit of £28k suggests that all 199 grant funded units will be intermediate. Is that correct?

These units are London Shared Ownership

3. Did the GLA/councils specify the tenures and totals to be delivered by boroughs' whole affordable housing programmes, inside the GLA's AHP and outside? If so, can figures be provided?

(It's possible that boroughs intend to build more than the total planned for grant-funded units by using other funding sources such as the PWLB and HRA borrowing)

As part of the Affordable Homes Programme 2016-21, the GLA did not specify the tenures and total number of homes to be delivered across investment partners' whole delivery programmes. Investment partners can bid for funding from the GLA for different tenures at the fixed grant rates for each tenure.

2018 GLA grant allocations to boroughs: Building Council Homes

Source: [GLA](#).

| Boroughs Ranked by grant allocated | No of Homes | Grant Allocation £m | Grant rate per unit | Tenure priority LCR or IM |
|---|------------------------|--------------------------------|--------------------------------|--|
| 1. Newham | 1,123 | £107.476 | £95.7k | LCR |
| 2. Ealing | 1,138 | £99.352 | £87.3k | LCR |
| 3. Southwark | 926 | £89.494 | £96.6k | LCR |
| 4. Kingston | 713 | £67.844 | £95k | LCR |
| 5. Brent | 817 | £65.61 | £80k | LCR |
| 6. Hounslow | 741 | £63.252 | £85.4k | LCR |
| 7. Haringey | 848 | £62.858 | £74k | Mixed |
| 8. Croydon | 888 | £61.288 | £69k | Mixed |
| 9. Hackney | 949 | £45.556 | £48k | IM |
| 10. Lewisham | 384 | £37.7 | £98.2k | LCR |
| 11. Ken' & C | 336 | £33.6 | £100k | LCR |
| 12. Greenwich | 588 | £32.6 | £55.4k | IM |
| 13. Harrow | 618 | £32.144 | £52k | IM |
| 14. Camden | 308 | £30.8 | £100k | LCR |
| 15. Waltham F | 293 | £25.518 | £87k | LCR |
| 16. Barking & D | 565 | £25.338 | £44.8k | IM |
| 17. Islington | 465 | £24.2 | £52k | IM |
| 18. Havering | 282 | £24.046 | £85.3k | LCR |
| 19. Enfield | 571 | £18.108 | £31.7k | IM |
| 20 Ham' & Ful | 251 | £15.308 | £60.9k | Mixed |
| 21. City | 156 | £14.88 | £95.4k | LCR |
| 22. Tower Ham | 675 | £13m | £19.2m | IM |
| 23. Hillingdon | 347 | £11.678 | £33.6k | IM |
| 24. Wandsw' | 174 | £12.452 | £71.6k | Mixed |
| 25. Barnet | 87 | £8.7 | £100k | LCR |
| 26. Sutton | 81 | £6.5 | £80.2k | LCR |

| | | | | |
|---------------|--------|--------------------|---|-----|
| 27. Redbridge | 400 | (funding from RTB) | 0 | 0? |
| Total | 14,724 | £1.029m | | LCR |

4. These figures show what boroughs were allocated but collectively they bid for more. Can figures be provided for:

a) The total grant and number of homes each borough bid for?

Details of unsuccessful initial bids are not held in the GLA's system as there will have been iterations for most bidders following discussions between them and GLA staff. The system holds details of approved bids. If you are interested in the initial submission by each relevant Local Authority we suggest that you approach them directly.

b) For the GLA funded homes: numbers by tenure & rent costs: low rent/intermediate, and numbers of homes planned for different costs within broad tenure categories – low cost rent and intermediate – numbers for:

Low rent

i) London Affordable Rent

ii) Local maximum 'target' social rents

iii) Social rent formula (not maximum target rates)

iv) Existing social rents for existing homes if any (rather than new build)

Intermediate

v) LLR

vi) Shared ownership

vii) Other

| | 14,724 | 11,154 | 2,402 | 1,168 |
|------------------------------------|-------------|--------|--------|-------|
| | Total Homes | LAR/SR | LLR/SO | Other |
| London Borough of Haringey | 848 | 567 | 281 | 0 |
| London Borough of Newham | 1,123 | 1,056 | 67 | 0 |
| London Borough of Brent | 817 | 572 | 121 | 124 |
| London Borough of Ealing | 1,138 | 934 | 204 | 0 |
| London Borough of Enfield | 571 | 436 | 61 | 74 |
| Royal Borough of Greenwich | 588 | 588 | 0 | 0 |
| London Borough of Hackney | 949 | 502 | 447 | 0 |
| London Borough of Harrow - Housing | 618 | 307 | 38 | 273 |
| London Borough of Havering | 282 | 215 | 67 | 0 |
| London Borough of Hillingdon | 347 | 126 | 221 | 0 |
| London Borough of Hounslow | 741 | 657 | 84 | 0 |
| London Borough of Islington | 465 | 465 | 0 | 0 |
| London Borough of Redbridge | 400 | 400 | 0 | 0 |
| London Borough of Tower Hamlets | 675 | 300 | 0 | 375 |

| | | | | |
|--|-----|-----|-----|-----|
| London Borough of Waltham Forest | 293 | 232 | 61 | 0 |
| London Borough of Wandsworth | 174 | 105 | 67 | 2 |
| London Borough of Southwark | 926 | 891 | 35 | 0 |
| Royal Borough of Kensington and Chelsea | 336 | 336 | 0 | 0 |
| City of London | 156 | 146 | 10 | 0 |
| Royal Borough of Kingston upon Thames | 713 | 665 | 48 | 0 |
| London Borough of Camden | 308 | 308 | 0 | 0 |
| London Borough of Sutton | 81 | 65 | 0 | 16 |
| London Borough of Lewisham | 384 | 384 | 0 | 0 |
| London Borough of Barnet | 87 | 87 | 0 | 0 |
| London Borough of Hammersmith and Fulham | 251 | 115 | 13 | 123 |
| Croydon Council | 888 | 467 | 421 | 0 |
| London Borough of Barking and Dagenham | 565 | 228 | 156 | 181 |

Redbridge did not get allocated any grant. Instead it seems to intend to fund 400 homes through Right to buy receipts only, though RTB receipts can only fund 30% of costs.

5a. If so, is this past RTB receipts or planned future receipts held in the GLAs new ring fenced accounts or both?

Redbridge may use existing Right to Buy receipts or Right to Buy receipts the GLA reallocates to the council as grant as part of the Right to Buy Ringfence Offer. Discussions with Redbridge were ongoing at the point of the initial Building Council Homes for Londoners funding allocation announcement on 23 October 2018. The GLA recently confirmed a £20m grant funding allocation to Redbridge to deliver an additional 200 new council homes (on top of the original 400 homes).

Grant and RTB receipts can't be mixed to fund the same homes but can be used in the same schemes. HRA borrowing can be combined with grant or RTB receipts but not both.

5b) Can you provide details of:

i) Funding sources. (Did it get any GLA/TFL land or loans?)

The 600 homes will funded with a combination of:

- **GLA grant plus HRA borrowing; OR**
- **Right to Buy receipts (either existing Right to Buy receipts or ringfenced Right to Buy receipts reallocated by the GLA to the council as grant) plus HRA borrowing**

ii) The total affordable homes tenures and Redbridge plans to build?

All 600 homes will be at or below the London Affordable Rent Benchmarks

Low rent

London Affordable Rent

Local maximum 'target' social rents

Social rent formula (not maximum target rates)

Existing social rents for existing homes if any (rather than new build)

Intermediate

LLR

Shared ownership

Other

EMAIL 3

Background

Grant to associations has been allocated in three tranches so far:

1. £1.7bn initial [allocations](#) in July 2017.
2. £288m in [September](#) 2018 to four large associations to start 'almost' 5,000 extra affordable homes collectively by March 2021.
3. In [November](#) 2018 another £492m. For this tranche information on tenure splits was provided – for the numbers each provider plans to deliver split between low cost rent (apparently all at London Affordable Rent or below with no higher 'affordable' rents than LAR) and intermediate (London Living Rent or shared ownership)

* The government's initial grant for London was £3.15bn in 2016, with standard grant rates per unit of £60k for low cost rent and £28k for intermediate. (For starts by March 2021, and government required that 65% of new supply has to be intermediate).

* In 2018 £1.67bn more was allocated with increased grant rates of up to £80k/unit for low cost rent, and enhanced £38k/unit rates for intermediate tenures started early. (End date for starts March 2022, possible tenure conditions still being negotiated with government). Total grant £4.82bn (including recycled grant and disposal proceeds)

Questions/information needed

1. Are the allocations to associations listed in 1-3 above all from the first £3.15bn with its standard grant rates? Or has some come from the second £1.67bn with some at higher rates/unit? Or are all allocations now from one £4.82bn pot?

The allocations are treated as one funding pot.

Tranche 1: £1.7bn

2. Did individual HAs commit to specific numbers of 'low cost' rent and intermediate? If so, can figures be provided by HA.

Providers are free to switch intermediate tenures up to the point of sale or letting but bids may have indicated numbers of London Living Rent; shared ownership; shared equity etc.

See response to question 3 below.

3. If available can figures be provided for each provider for numbers of homes planned for different costs within broad tenure categories – low cost rent and intermediate – numbers for:

Low rent

a) London Affordable Rent

b) Local maximum 'target' social rents

c) Social rent formula (not maximum target rates)

d) Existing social rent as charged for existing homes if any (rather than new build) so this would be below social rent formula for new build

Intermediate

e) LLR

f) Shared ownership

g) Other

Please note the figures below include estimates of tenure delivery which may be subject to change:

| | LAR Units | LSO/LLR Units | Other Units |
|--|---------------|------------------|----------------|
| Grand Total | 17,256 | 29,958 | 2,184 |
| A2Dominion Homes | 1,038 | 832 | 0 |
| Almshouse Consortium Ltd | 86 | 0 | 0 |
| Brick by Brick (Croydon Council) | 0 | 199 | 0 |
| Catalyst Housing Limited | 488 | 631 | 97 |
| City of London | 244 | 0 | 0 |
| Clarion Housing Group | 1,398 | 3,529 | 73 |
| Estuary Housing Association Limited | 17 | 59 | 0 |
| Evolve Housing + Support | 49 | 0 | 0 |
| Genesis Housing Association Limited | 609 | 1,318 | 123 |
| Grainger Trust Ltd | 34 | 0 | 0 |
| Hexagon Housing Association Limited | 72 | 151 | 0 |
| Home Group Limited | 9 | 36 | 0 |
| Hyde Housing Association Limited | 923 | 2,077 | 0 |
| Islington and Shoreditch Housing Association Ltd | 67 | 47 | 10 |
| Lambeth & Southwark Housing Association Limited | 4 | 0 | 0 |
| London & Quadrant Housing | 3,418 | 7,669 | 523 |
| London Borough of Enfield | 126 | 8 | 14 |
| London Borough of Harrow | 257 | 60 | 0 |
| London Borough of Havering Council | 413 | 197 | 0 |
| London Borough of Hounslow | 130 | 44 | 0 |
| London Borough of Lambeth | 912 | 0 | 0 |
| London Borough of Wandsworth | 62 | 9 | 0 |
| Metropolitan Housing Trust Limited | 435 | 269 | 0 |
| Moat Homes Limited | 30 | 20 | 0 |
| Network Housing Group Limited | 330 | 1,208 | 214 |

| | | | |
|---|-------|-------|-----|
| Newlon Housing Trust | 0 | 200 | 0 |
| Notting Hill Housing Trust | 1,473 | 3,714 | 134 |
| Octavia Housing | 369 | 364 | 100 |
| One Housing Group Limited | 430 | 256 | 0 |
| Optivo | 190 | 387 | 0 |
| Optivo (AmicusHorizon) | 227 | 448 | 20 |
| Optivo (Viridian Housing) | 518 | 727 | 83 |
| Orbit Group Limited | 155 | 192 | 0 |
| Paradigm Housing Group Limited | 8 | 126 | 0 |
| Paragon Community Housing Group Limited | 35 | 175 | 78 |
| Peabody Trust | 1,970 | 3,543 | 487 |
| Poplar HARCA Limited | 62 | 82 | 0 |
| Richmond Housing Partnership Limited | 174 | 189 | 112 |
| Sanctuary Affordable Housing Limited | 0 | 11 | 0 |
| Southern Housing Group Limited | 127 | 451 | 23 |
| Southwark Council | 201 | 0 | 0 |
| Swan Housing Association Limited | 48 | 79 | 0 |
| Thames Valley Housing Association Limited | 6 | 357 | 55 |
| Wandle Housing Association Limited | 13 | 294 | 0 |
| YMCA Thames Gateway | 100 | 0 | 0 |
| Look Ahead Care and Support Ltd | 0 | 0 | 38 |

(The total grant and number of homes was detailed so average grant rates per unit give an indication of intended tenures but average figures may not give an accurate picture of intended tenure delivery because associations could choose to use devote most of their own resources to particular tenures)

| Housing Association | Initial GLA grant | Planned no of homes | Average Grant per home |
|-----------------------|-------------------|---------------------|------------------------|
| Network Housing Group | £45.75m | 1,752 | £26.1k |
| Metropolitan H Trust | £18.4m | 704 | £26k |
| One Housing Group | £10.184m | 686 | £14.85k |
| Thames Valley HA | £8.808m | 418 | £21k |
| Wandle HA | £7.472m | 307 | £24.3k |
| Paragon Community | £1.265m | 288 | £4.3k |
| Home Group | £1.164m | 45 | £25.87k |
| Moat Homes | £0 (?) | 50 | 0 |
| Grainger Trust (PRS) | £0 (?) | 34 | 0 |

4. All of the associations above had average grant rates below the standard £28k/unit for intermediate.

a) This implies that 100% of their affordable supply will be intermediate with no low cost rent. Is that correct? Can their tenure plans be detailed? Were grant rates below £28k/unit because (some) housing costs were above GLA guidelines (so subject to 'negotiated rates' as per guidance) or are HAs choosing to fund a large proportion of costs from other sources while meeting GLA benchmarks?

The planned numbers of homes may include homes in nil-grant schemes.

b) Moat Homes and Grainger Trust got no grant but are still included in the AHP. Why is that? Are they getting GLA subsidy in the form of loans or land at below market value? Can details be provided of the tenures and costs planned. (Presumably for Grainger its all affordable private rent with some at London Living Rent)

Grainger had a nil-grant scheme with 34 London Affordable Rent units.

Moat Homes also initially started with nil-grant schemes.

Tranche 2: £288m

| Housing Association | GLA grant £m | Planned no of homes |
|--|--------------|---------------------|
| L&Q for itself | £114m | 2,000 |
| L&Q as consortium lead for smaller HAs | £80m | 1,000 |
| Optivo | £57m | 1,000 |
| Catalyst Housing Ltd | £22.3m | 455 |
| A2 Dominion | £14m? | 545? |
| Totals | £288m | 5,000 |

5. Inside Housing quoted total grant and planned homes for all HAs above except A2 Dominion. Can figures be provided for A2 Dominion?

A2 Dominion received an allocation of £14.5m for 250 homes

6. If available can figures be provided for each provider for numbers of homes planned for different costs within broad tenure categories – low cost rent and intermediate – numbers for a) London Affordable Rent, b) Local maximum 'target' social rents etc, as per question 3.

| Provider name | London Affordable Rent homes | London Living Rent / London Shared Ownership homes | Number of homes | Total grant (£m) |
|---------------|------------------------------|--|-----------------|------------------|
| L&Q | 1,200 | 800 | 2,000 | 114.4 |
| Optivo | 600 | 400 | 1,000 | 57.2 |
| A2 Dominion | 156 | 94 | 250 | 14.5 |
| Catalyst* | 500 | 300 | 800 | 41.9 |
| L&Q BME | 1,000 | 0 | 1,000 | 80.0 |

***Catalyst's allocation was increased by 345 homes to 800 homes**

Third allocation: (November 2018: £492m)

Number of new homes for broad tenure categories – low cost rent & intermediate - was reported. But not the split between LLR/shared ownership or different low cost rent levels.

7. If available can figures be provided for each provider for numbers of homes planned for different costs within broad tenure categories – low cost rent and intermediate – numbers for a) London Affordable Rent, b) Local maximum 'target' social rents etc, as per question 3.

Due to the flexibility to change tenure up until the point of letting/sale, it is not possible to provide a reliable split between London Living Rent and London Shared Ownership homes. The GLA's system does not distinguish London Affordable Rent homes at different levels: all LAR homes with rents at or below the LAR benchmarks are therefore reported together.