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3. Housing for Rent

This chapter sets out the procedures which must be followed and the conditions under which Investment Partners (IPs) must progress schemes for rent, including Affordable Rent, Social Rent and London Living Rent schemes. This chapter also sets out eligibility and procedures for works to Registered Providers' existing rental stock.

Right to Acquire

The Right to Acquire (RTA) provisions of the HRA 2008 apply to all dwellings built or acquired for the 'social rented sector' with public funding since 1 April 1997, unless exempted. It is a condition of grant funding that IPs comply with this legislation. Further details on RTAs including property and applicant eligibility, and the legislation can be found in the **Right to Acquire section (4.2 of the Housing for Sale chapter)**.

The RTA provisions of the HRA 2008 (Sections 180 to 185), apply to all dwellings built or acquired for Social Rent with public funding since 1 April 1997, unless exempted. It is a condition of grant funding that providers comply with this legislation. Please see **Section 4.2 (Right to Acquire)** of this AHCFCG for more information.

The RTA provisions in the HRA 2008 require the GLA to notify grant recipients before giving grant that schemes will be regarded as publicly funded for RTA purposes.

3.1. Affordable Rent (including London Affordable Rent)

AR – Overview

Context

- 3.1.1. Affordable Rent (AR) means low-cost rental accommodation, as defined in Section 69 of the [Housing and Regeneration Act 2008](#) (HRA 2008). AR includes London Affordable Rent (LAR) homes (as AR homes let at or below the LAR benchmarks may be described).
- 3.1.2. AR homes must be owned by a Registered Provider, who must maintain accurate and complete records both for reporting and audit purposes and this section sets out the GLA's requirements. For details of the required supporting documentation please see the **Programme Management section of the General chapter**.
- 3.1.3. The GLA's scheme administration requirements are set out in the **Programme Management section of the General chapter**.

2016-23 Affordable Homes Programme (including Building Council Homes for Londoners)

- 3.1.4. AHP 2016-23 introduced a new product called London Affordable Rent. For legal and regulatory purposes, London Affordable Rent is an Affordable Rent, which must be set in accordance with the Regulator of Social Housing's Affordable Rent guidance. The landlord of these homes must be registered with the Regulator of Social Housing.
- 3.1.5. Affordable rented homes delivered through AHP 2016-23 are either:
 - London Affordable Rent at or the below defined benchmark rent levels (see below); or
 - Affordable Rent, (where homes are above the defined LAR benchmark rent levels).
- 3.1.6. The GLA expects the vast majority of affordable rent homes to be provided at or below the defined LAR benchmark rent levels. It will only consider other rent levels where the IP is able to demonstrate to the GLA's satisfaction that the homes will be genuinely affordable.
- 3.1.7. The GLA will agree the initial rent level of London Affordable Rent homes on Open Project System. Where a London Affordable Rent home is initially let at or below the defined benchmark rent level, an IP must seek permission from the GLA should it wish to charge a rent above the defined benchmark levels.

AR – Rents

General

- 3.1.8. This section describes the GLA's requirements in relation to the rents to be charged on grant funded Affordable Rent properties.

Rent setting

- 3.1.9. The maximum rental level for Affordable Rent homes should be no more than 80% of gross market rent (inclusive of service charges). In assessing whether the rent is no more than 80% the individual characteristics of the property must be considered, such as its location and size.
- 3.1.10. Providers should set rents in accordance with the requirements of the Welfare Reform and Work Act 2016 and regulations made under it, and should seek their own legal advice as to the applicability of the legislation where they consider it necessary to do so.
- 3.1.11. The Mayor does not consider rents set at 80% of market rent to be genuinely affordable in most parts of London, and so the GLA does not expect IPs to maximise their financial capacity by charging rents at or as close as possible to 80% of market rents.
- 3.1.12. For AR homes funded through AHP 2016-21, rents should be genuinely affordable. The starting point should be the LAR benchmarks, which the [GLA publishes on its website](#).
- 3.1.13. The method for increasing the benchmark rent levels is set out in the AHP 2016-21 funding agreements. Benchmarks will be uprated in April 2022 by the increase in CPI (for September 2021) plus 1%. Following April 2022, funding agreements contain requirements for providers to revise benchmark rents.

Valuations

- 3.1.14. Where the GLA requests or requires IPs to provide AR rents as a percentage of market rent they should assess the market rent (using the definition of the International Valuations Standard Committee as adopted by the Royal Institute of Chartered Surveyors) the individual property would achieve (inclusive of service charges).
- 3.1.15. It is worth noting that for valuation purposes the appropriate lease terms will normally reflect current practice (e.g. 12-month, fixed-term, assured-shorthold tenancy) in the market in which the property is situated, not the individual terms of the tenancy in question.
- 3.1.16. Housing for vulnerable and older people, and extra care housing often includes a range of services to support the needs of the client group. For this type of property, comparable market rents (inclusive of service charges) should be based on similar levels and types of service provision available in that area. Where there are insufficient or no comparable data for similar types of provision in the local area, valuers should be requested to identify comparable data from other areas, or give their best view of the market rent (inclusive of service charges) that would be applicable in the

location in which the property is situated or use an alternative valuation method, setting out their justification.

Rent changes

- 3.1.17. Once let, AR homes (including LAR homes) will be subject to the Regulator of Social Housing's Rent Standard and such changes to the standard as made from time to time.
- 3.1.18. IPs should re-let LAR homes at the applicable LAR benchmark as calculable using the method defined in the AHP 2016-21 funding contract, in line with national legislation and regulatory guidance.
- 3.1.19. IPs may charge less than the applicable LAR benchmark.
- 3.1.20. IPs wishing to charge more than the applicable LAR benchmark on re-letting a LAR home must seek approval from the GLA.
- 3.1.21. The benchmark LAR rents do not include service charges, which may be charged in addition.
- 3.1.22. AR and LAR homes are defined for legal and regulatory purposes as Affordable Rent Dwellings, and as such rents must be set in accordance with the Regulator of Social Housing's Affordable Rent guidance as defined in the [Rent Standard](#). Where this results in a rent level (excluding any service charge) exceeding the relevant LAR benchmark, or is otherwise not genuinely affordable (as agreed by the GLA), the rent should be reduced to at or below that benchmark.

Subsequent tenancy renewals and re-lets

- 3.1.23. The GLA requires IPs to rebase the rent on each occasion a new AR tenancy is issued (or renewed) for a particular property and ensure that the rent (excluding any service charge) remains at or below the corresponding LAR benchmark, or is otherwise genuinely affordable, as of the date the property is re-let – even if this means the new rent is lower than the rent previously charged.

AR - Tenancy Arrangements

General

- 3.1.24. This section describes the tenancy arrangements that providers are able to operate when providing Affordable Rent, and reflects some of the requirements of the [Regulator's Tenancy Standard](#).

Requirement

- 3.1.25. Allocations and nominations processes for Affordable Rent homes are expected to comply with the requirements of the Tenancy Standard; and Registered Providers will be under the same statutory and regulatory

obligations as they are when allocating properties for Social Rent.

- 3.1.26. The Regulator of Social Housing's [Tenancy Standard](#) requires Registered Providers to grant general needs tenants a periodic secure, periodic assured or assured shorthold (excluding periodic assured shorthold) tenancy. The tenancy must be for a minimum fixed term of five years, or exceptionally, a tenancy for a minimum fixed term of no less than two years, in addition to any probationary tenancy period. Any exceptional circumstances in which Registered Providers intend to grant fixed-term tenancies for a term of less than five years must be clearly set out in their tenancy policies.
- 3.1.27. Affordable Rent schemes are also subject to the Regulator of Social Housing's [Rent Standard](#).
- 3.1.28. As per the Tenancy Standard, RPs must demonstrate how their lettings contribute to local authorities' strategic housing function and co-operate with local authorities' strategic housing function, and their duties to meet identified local housing needs.

Ending a tenancy

- 3.1.29. Where, at the end of a fixed term tenancy, IPs decide not to issue a further Affordable Rent tenancy, they will be required to offer timely and reasonable advice and assistance to the existing tenants to help them find suitable alternative accommodation.

Grant Recovery

- 3.1.30. When disposing of Affordable Rent property, IPs are reminded that they will be subject to the GLA's historical grant notifications process (see Grant Recovery chapter). IPs must also refer to the [Regulator's notifications guidance](#) on disposals.
- 3.1.31. Disposal of an Affordable Rent (and Social Rent) property on the open market, or voluntarily to a tenant on shared ownership terms is a Relevant Event for grant recovery purposes. IPs should credit the apportioned grant to their Recycled Capital Grant Fund in the normal way, and ring fence these amounts to be spent on further supply of affordable housing.
- 3.1.32. For further information on grant recovery including Relevant Events, apportioned grant, and RCGF administration refer to **Section 6 (Grant Recovery)** of this AHCFG.

AR - Reporting and Audit Requirements

General

- 3.1.33. Providers must maintain accurate and complete records both for reporting and audit purposes and this section sets out the GLA's requirements.
- 3.1.34. All Affordable Rent lettings must be recorded on a [Continuous Recording \(CORE\) lettings log](#). CORE is the remit of Department for Levelling Up,

Housing and Communities (DLUHC). Any queries about CORE or the appropriate forms should be referred to them.

3.2. Social Rent

SR – Overview

Context

- 3.2.1. Social Rent is a form of low-cost rental accommodation.
- 3.2.2. For the Affordable Homes Programmes, the following scheme types are included:
 - New Build including Acquisition & Works, Off the Shelf and Works Only schemes;
 - Rehabilitation including Acquisition & Works, Existing Satisfactory, Purchase and Repair and Works Only schemes; and
 - Re-improvement of RP-owned stock but not major repairs. For information on major repairs please see the repair section below.

Right to Shared Ownership (RtSO)

- 3.2.3. The RtSO is a condition of grant funding for all Social Rented homes that are grant funded through the Affordable Homes Programme (AHP) 2021 to 2026 and delivered by registered providers.
- 3.2.4. This condition also applies to rented homes funded with providers recycled capital grant funding but delivered outside the programme.
- 3.2.5. The RtSO does not apply to social rented homes:
 - i. where the home is subject to the Right to Buy
 - ii. in designated protected areas and rural exception sites
 - iii. which are made available as supported and specialist homes for older, disabled and vulnerable people
 - iv. where the scheme is managed as an almshouse
 - v. where the landlord is a co-operative housing association
 - vi. where the landlord or freeholder is a Community Land Trust.
- 3.2.6. The RtSO does not apply to non-grant funded homes.
- 3.2.7. The main features of the scheme along with applicant and property eligibility can be found in [DLUHC's Right to Shared Ownership: initial guidance for registered providers](#).
- 3.2.8. Grant recovery arrangements for the RtSO can be found in the Grant Recovery chapter of this guide.
- 3.2.9. Information on the application process can be found in the RtSO section of the Housing for Sale chapter of this guide.

SR – Rents

General

- 3.2.10. This section describes the requirements in relation to rents to be charged on Social Rent properties.

Requirements

- 3.2.11. Rent policy is subject to the [Regulator's Rent and Tenancy standards](#) and social rent levels should be calculated according to a formula based on relative property values and relative local earnings.
- 3.2.12. Social rents are calculated using the formula and data set out in the Ministry of Housing, Communities and Local Government's Direction on the rent standard from 1 April 2020 (for local authorities and Registered Providers), and in the Regulator of Social Housing's Regulatory Framework for Social Housing (including the Rent Standard 2020) for private Registered Providers.
- 3.2.13. For details on the calculation of the weekly rent providers should refer to these documents as appropriate.
- 3.2.14. For further information on rent setting, rent caps and guideline limits please refer to the Regulator of Social Housing's website.
- 3.2.15. Where there are to be changes to the rents forecast in the original offer the provider must notify the GLA. The GLA may require a revised offer submission for the scheme as the revised rent may affect the amount of grant payable on a scheme.

SR - Reporting and Audit Requirements

General

- 3.2.16. Providers must maintain accurate and complete records both for reporting and audit purposes and this section sets out the GLA's requirements.
- 3.2.17. For general requirements see **Section 2.2 (Programme Management)** of this AHCFG.
- 3.2.18. All Social Rent lettings must be recorded on a [Continuous Recording \(CORE\) lettings log](#). CORE is the remit of Department for Levelling Up Housing & Communities (DLUHC) Local Government and Communities. Any queries about CORE or the appropriate forms should be referred to them.

Supporting Documentation

- 3.2.19. For details of the required supporting documentation please see **Section 2.2 (Programme Management)** of this AHCFG.

3.3. London Living Rent

Context

- 3.3.2. The guidance in this section applies to homes funded through:
- i. the AHP 2016-23, including the Addendum 2021-22 and Building Council Homes for Londoners; and
 - ii. the AHP 2021-26
- 3.3.3. This section of the GLA's capital funding guidance is also applicable to other GLA funding programmes and agreements. This includes:
- i. where homes are grant funded through **supported and specialist housing programmes**
 - ii. where LLR homes are described in other GLA funding agreements with investment partners.
 - iii. where GLA investment partners are applying Recycled Capital Grant Funding to LLR homes.
- 3.3.4. LLR homes funded through the AHP 2016-23 or the AHP 2021-26 benefit from Rent to Buy grant funding.
- 3.3.5. Where LLR homes are not in receipt of Rent to Buy grant funding, housing providers and planning authorities are able to choose to apply the 'Tenancy pathways to home ownership' approach detailed below, however they are not mandated to do so.
- 3.3.6. LLR is included within the definition of intermediate rent accommodation for the purposes of the Social Housing Rents (Exceptions and Miscellaneous Provisions) Regulations 2016 as amended by the [Social Housing Rents \(Exceptions and Miscellaneous Provisions\) Regulations 2017](#).
- 3.3.7. The grant recipient for LLR dwellings must maintain accurate and complete records both for reporting and audit purposes and this section sets out the GLA's requirements. For details of the required supporting documentation please see the **Programme Management section of the General chapter**.
- 3.3.8. The GLA's scheme administration requirements are set out in the **Programme Management section of the General chapter**.
- 3.3.9. The Right to Acquire (RTA) provisions of the HRA 2008 apply to all dwellings built or acquired with public funding since 1 April 1997, unless exempted. Further details of RTA including property and applicant eligibility, and the legislation can be found in the **Right to Acquire section (4.2 of the Housing for Sale chapter)**.

Eligibility

- 3.3.10. Eligibility for LLR dwellings is restricted to households that meet all of the following criteria:
- i. live or work in London;
 - ii. at the time of letting the LLR Dwelling, have a maximum gross household income as per the London Plan Annual Monitoring Report cap for intermediate rented housing (£60,000 in 2021/22);
 - iii. are not currently able to purchase a dwelling (including through shared ownership) in the local area of the LLR Dwelling, generally considered to be the ward; and
 - iv. at the time of letting and/or at the time of purchasing the LLR Dwelling do not own any other residential property;
- 3.3.11. The GLA expects local authorities and housing providers to adopt an equitable and targeted allocation process for all intermediate housing, having regard to regional and local eligibility criteria, and the established definitions of housing need.
- 3.3.12. Local authorities and housing providers may set additional eligibility criteria (e.g. lower maximum income thresholds or key worker prioritisation) for the first three months of marketing an LLR home. Any eligibility criteria must cascade to the London-wide LLR eligibility criteria (3.3.10) if the home has not been let after the initial three month marketing period.
- 3.3.13. Housing providers receiving grant through the Affordable Homes Programme 2021-2026 that choose to set additional prioritisation criteria for the first three months of marketing new intermediate homes are required to publish details of the criteria on which intermediate housing applications might be prioritised within their published policy statements.
- 3.3.14. To ensure that the allocation of intermediate housing is fair and transparent, IPs receiving funding from the GLA should advertise LLR homes on the Homes for Londoners portal and are also able to advertise LLR homes using their own methods.
- 3.3.15. Partners are reminded that the Regulator of Social Housing's Tenancy Standard requires registered providers to demonstrate how their lettings contribute to local authorities' strategic housing function and their duties to meet identified local housing needs.

Tenancy Requirements

- 3.3.16. LLR dwellings will be available to households on periodic secure, periodic assured or assured shorthold (excluding periodic assured shorthold) tenancy, with a minimum fixed term of three years.
- 3.3.17. Partners receiving Rent to Buy grant funding (through the AHP 2016-23 or the AHP 2021-26) are expected to make LLR homes available on the shared ownership terms defined for the AHP 2021-26 to their tenants, or another eligible purchaser.
- 3.3.18. Eligibility for shared owners for LLR dwellings shall be determined as per the **shared ownership funding guidance**. LLR tenants should be made aware at the point of entering a tenancy agreement that their eligibility for purchasing their LLR home on SO terms is subject to SO eligibility, including household income caps.
- 3.3.19. The GLA encourages IPs to use LLR dwellings to help as many households as possible over the lifetime of each dwelling. Providers should manage tenancies in a way they see fit and prioritise stability for tenants. If tenants are required to move after their initial tenancy then the GLA expects IPs, within the ten years following first letting, to use LLR dwellings to enable further LLR tenants to benefit from genuinely affordable rents and the opportunity to move into homeownership.
- 3.3.20. LLR dwellings delivered with GLA funding through AHP 16-23 and AHP 21-26 should enable tenants to put themselves firmly on a path to home ownership ('Tenancy pathways to home ownership' below). IPs are expected to consider prospective tenants' ability and inclination to save as part of their affordability assessment and to actively support tenants into home ownership.

Rents

- 3.3.21. This section describes the requirements in relation to rents to be charged for LLR dwellings.
- 3.3.22. LLR rents are based on one-third of average local household incomes, as defined by the GLA. LLR properties are primarily targeted at middle-income households who are looking to build up savings for future shared ownership or outright purchase.
- 3.3.23. The GLA sets maximum LLR rents (inclusive of service charges), by number of bedrooms, for every ward in London [published on its website](#). Maximum LLR rents are updated on an annual basis, including an overall cap for rent at initial letting (for 2021/22, the overall cap is £1,400 per month, inclusive of service charges). IPs may set rents below these levels.

- 3.3.24. During tenancies, LLR rents may be increased annually by up to the rate of CPI inflation each year, at the discretion of the landlord.
- 3.3.25. Rents for any new LLR tenancy must not exceed the maximum set by the GLA, for the relevant ward, at the time of letting.
- 3.3.26. Any rented home that does not offer tenancies as per the requirements of this Rents section, and the Tenancy Requirements above, should not be described by a housing provider as a London Living Rent home.

Tenancy pathways to home ownership

- 3.3.27. In most cases, tenants should be offered the right to purchase their current home on shared ownership terms at any time during the tenancy, and if no tenant has taken up that right within ten years of first letting, in most cases the IP would be expected to sell it to another eligible purchaser on a shared ownership basis. The shared ownership model offered should be as per AHP 2021-26 funding guidance, unless special circumstances apply.
- 3.3.28. Build to Rent providers intending to retain long-term ownership of a whole block may not need to convert LLR dwellings to shared ownership after 10 years. Where the tenant is not able to purchase the dwelling in which they live on a shared ownership basis, the landlord will be expected to provide advice and assistance to the tenant to help them find another shared ownership dwelling.
- 3.3.29. Where the property is not grant-funded by the GLA a housing provider may choose to retain and offer LLR homes as a genuinely affordable intermediate rent product indefinitely.
- 3.3.30. Where prospective tenants of LLR homes would not have the ability to convert a particular dwelling to shared ownership and would be supported to purchase another home this should be made clear to them.
- 3.3.31. When disposing of an LLR dwelling, IPs are reminded they will be subject to the Regulator of Social Housing's notifications about disposals.

Grant Recovery

- 3.3.32. Disposal of LLR dwelling on the open market, or voluntarily to a tenant on shared ownership terms is a Relevant Event for grant recovery purposes. IPs should credit the apportioned grant to their Recycled Capital Grant Fund in the normal way, and ring fence these amounts to be spent on further supply of affordable housing.
- 3.3.33. For further information on grant recovery including Relevant Events, apportioned grant, and RCGF administration refer to the **Grant Recovery chapter**.

- 3.3.34. In addition to grant recovery following disposal, the GLA shall, for all funding programmes, recover grant on LLR homes based on the model outlined below for calculating the grant to be recycled. The model is based on the following principles.
- 3.3.35. If an LLR home is let at intermediate rent levels for less than 10 years, then this will be a relevant event (under paragraph 8(j) of the Recovery Determination for registered providers) for the purposes of grant recovery. IPs will be responsible for identifying that this has occurred and informing the GLA.
- 3.3.36. For grant recovery calculations on LLR homes, a period of 10 years of intermediate renting (from first letting) is assumed for all LLR homes (d, below).
- 3.3.37. If an LLR home is let at intermediate rent levels for longer than the time assumed by the IP at the time of bidding, then this is done at the IP's own risk and there is no option for increasing the level of grant available, but nor will this be a relevant event for grant recovery purposes.
- 3.3.38. The sale of the home on a shared ownership (SO) basis (and subsequent staircasing) will be treated for grant recovery purposes in the same way as standard SO first sales within this funding guidance, i.e. the initial SO sale of an LLR property will not be a relevant event under paragraph 8(m) of the Recovery Determination for Registered Providers for the purposes of grant recovery, but staircasing sales will be.
- 3.3.39. In order to recover grant for staircasing sales following the initial sale on a SO basis, the grant given for an LLR home is assumed to be made up of the base grant for shared ownership (40% of total grant) and the intermediate rent premium for renting the home at LLR levels (60% of total). The 40:60 split is applicable regardless of the total grant amount paid.
- 3.3.40. However, where LLR homes have been developed under the Approved Provider route, or the Developer-led route within AHP 2016-23, applying a £28,000 grant:
- i. the intermediate rent premium component is considered to be nil;
 - ii. all LLR grant is considered as 'base grant for shared ownership'
 - iii. the standard provisions of grant recovery for shared ownership apply, illustrated below in the formulae applicable to 2 (b) and 2 (c).

Model for grant recovery: illustration

In this illustrative example, an IP claims £80,000 grant to deliver one LLR home.

Value of grant claimed (a)	£80,000
Shared ownership base grant (40% of grant) (b)	£32,000
Intermediate rent premium (60% of grant) (c)	£48,000
Term of intermediate rent period in months (d)	120 months (=10 years)
Amount of intermediate rent premium paid for each month/year of intermediate rent period (e = (c / d))	£400 / month (=£4,800 / year)

In the following scenarios, the LLR home is occupied from 1 April 2021.

Scenario 1 – conversion within 10 years of commencement of LLR tenancy

The sale of the LLR on a SO basis takes place on 1 March 2027 (i.e. four years and one month before the 10-year assumed intermediate rent term).

Number of complete months property let at intermediate rent (f)	71 (April 2021 to February 2027)
Amount of intermediate rent premium used for the purpose for which it was paid ($g = (e \times f)$)	£28,400
Amount of intermediate rent premium recoverable ($h = (c - g)$)	£19,600

Total recoverable in 2026-27 RCHF return is $h = £19,600$

The calculation for grant recovery of the base grant for shared ownership, on the initial tranche sale and on the subsequent staircasing, would then be undertaken as per the formulae detailed in Scenario 2 (b) and (c) below.

Scenario 2 – conversion to SO following LLR tenancy

(a) The sale of the LLR home on a SO basis takes place on 1 April 2031 (i.e. following a ten-year intermediate rent term).

As there is no sale in the first 10 years, no intermediate rent premium grant is recoverable:

Number of complete months property let at intermediate rent (i)	120 (April 2021 to March 2031)
Amount of intermediate rent premium used for the purpose for which it was paid ($j = (e \times i)$)	£48,000
Amount of intermediate rent premium recoverable ($k = (c - j)$)	£0

(b) The home is sold on a SO basis with a 35% initial share (1 April 2031), with a further 10% then purchased on a staircasing basis a year later (1 April 2032).

No grant is recoverable on the initial share (this is the case no matter when the share is sold):

Current property value 1 April 2031 (l)	£400,000
Initial share purchased / first tranche sale (m)	35%
Value of share ($n = l \times m$)	£140,000

Amount of grant recoverable on first tranche sale (o)	Nil – first tranche sale is not a recovery event re the SO element of the grant
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(c) The grant recovery for the 10% staircasing share, purchased subsequent to first tranche sale, is calculated as per existing staircasing recovery rules (see Capital Funding Guide):

Shared ownership base grant attributable to property (b, as above)	£32,000
Initial share sold (m, as above)	35%
RP's share ($p = 100\% - m$)	65%
Staircasing tranche / additional equity purchased (q)	10%
Equity staircasing as proportion of RP's equity ($r = (q / p)$)	15.38%
Amount of grant recoverable for SO staircasing ($s = (r \times b)$)	£4,923.08

Total recoverable through end of March 2031 is $k = \text{nil}$

Total recoverable in 2031-32 RCGF return is $o = \text{nil}$

Total recoverable in 2032-33 RCGF return is $s = \text{£4,923.08}$

Reporting Requirements

General

- 3.3.41. Providers must maintain accurate and complete records both for reporting and audit purposes and this section sets out the GLA's requirements.
- 3.3.42. For general requirements see **Section 2.2 (Programme Management)** of this AHCFG.
- 3.3.43. All London Living Rent lettings must be recorded on a [Continuous Recording \(CORE\) lettings log](#). CORE is the remit of Department for Levelling Up, Housing & Communities (DLUHC) Local Government and Communities. Any queries about CORE or the appropriate forms should be referred to DLUHC.

Supporting Documentation

- 3.3.44. For details of the required supporting documentation please see **Section 2.2 (Programme Management)** of this AHCFG.

3.4. Repair – Overview

General

- 3.4.1. The GLA's affordable homes programmes aim to increase new supply. As such, funding for works to existing affordable rental housing stock will be made only in the most exceptional circumstances. The GLA will not usually agree to allow the use of recycled grant for the funding of repairs. It does not provide funding for works to local authority owned stock.

Existing housing stock

- 3.4.2. Works to existing rental stock consists of:

- Major Repairs and
- Re-improvements.

Major Repairs

- 3.4.3. As a general rule the GLA expects IPs to fund repairs to their existing stock through their business plans. However, it will in exceptional cases consider funding Major Repairs in respect of eligible properties (see section on eligible properties below) which are essential for the property to remain habitable and where the IP can demonstrate it has no access to resources of its own (including RCGF) to undertake the work.
- 3.4.4. Major repairs are repairs that do not fundamentally change the nature of the property in a way that would enable a landlord to charge a different rent. Even if the tenant is required to be re-housed on an interim basis whilst the major repairs are completed, it is expected that the tenant would return to the property on the same tenancy terms.
- 3.4.5. As the works undertaken will not result in an increased rent, there would be no additional rental income to fund the works or to fund any loan repayments. Where the IP is able to demonstrate it cannot use its own resources, RCGF, and is unable to afford to pay for the Major Repair by taking out a loan, it may be possible for the cost of the works to be covered by grant. However, any excessive or Non-Qualifying Costs must be paid for by the IP. Please see section below on eligible and ineligible works.

Re-improvements

- 3.4.6. Re-improvements are works to property in the IP's ownership which were originally produced with public sector funding. Re-improvement work can be improvements or conversions sufficient to justify an change in rent. If no rent change is justifiable, the work is likely to be classed as Major Repairs. While re-improvements are works to an IP's existing stock, they are not classified as repairs. The requirements and criteria for re-improvements are detailed in **Section 2.3 (Procurement and Project Issues)** of this AHCFG.

Key Features

- 3.4.7. Where the GLA considers funding Major Repairs schemes on an exceptional basis, the following characteristics will apply.

Fixed Grant

- 3.4.8. Grant will be payable on up to 100% of eligible costs declared in the offer. However, once funding is agreed, grant is fixed.

Payment

- 3.4.9. Grant is required to be claimed and then paid following Practical Completion.
- Where payment on completion would put an IP in severe financial difficulty, a limited facility to release payment in tranches may be available. The GLA will consider individual requests on a case-by-case basis.
 - In certain circumstances, an IP may undertake a range of repair and improvement activities under a single building contract. Where the GLA considers funding such activities on an exceptional basis, it may favourably consider applications from the IP for grant for the eligible works in such combined schemes where it is practicable and cost effective for the works to be carried out at the same time.
 - The GLA will scrutinise the proposed works to ensure that they are realistic, reasonable and represent value for money.
- 3.4.10. Depending on the degree of scrutiny at offer stage the GLA may require supporting documents to be submitted.

Eligible Properties

- 3.4.11. Not all properties are eligible for Major Repairs funding. Details of eligible and ineligible properties are described below.
- 3.4.12. As many properties will be ineligible for GLA funding, IPs must account for and fund their own 'major repairs' provision within their business plans.

Eligible Works

- 3.4.13. Categories of work which the GLA may consider funding in exceptional circumstances are set out below.

Non-Qualifying Costs

- 3.4.14. Not all works and costs will be eligible for grant funding, and these will be required to be funded by the IP.
- 3.4.15. The term Non-Qualifying Cost relates to any capital costs of ineligible works.

Asset Management

- 3.4.16. IPs should deliver effectively managed resources as expected in the [Regulator's Governance and Financial Viability Standard](#). This will involve a business plan which covers:
- The management of assets;

- Obtaining the finance required to maintain assets; and
- An assessment of the risks to delivering the plan.

3.4.17. Any queries should be referred to the Regulator of Social Housing.

Eligible Properties

3.4.18. Except where stated in this section, all rental properties would be eligible for Major Repairs funding, if they were funded under pre-1988 Housing Act procedures.

3.4.19. The above includes property funded under the pre-1988 Housing Act Supported Housing Procedures which were eligible for Special Needs Management Allowance (SNMA)/Supported Housing Management Grant (SHMG) and were funded by Housing Association Grant.

Ineligible Properties

3.4.20. The following types of properties are ineligible for Major Repairs funding:

- Temporary Empty Homes/Temporary Social Housing schemes.
- Any property transferred from a public sector body to an IP on or after 1 April 1989.
- Any property owned by a local authority.
- Properties produced out of the following internal IP funds:
 - Disposal Proceeds Fund.
 - Recycled Capital Grant Fund.
- All pilot mixed funding schemes approved in 1987/88 and 1988/89 including Challenge, Job Movers and Homeless Families schemes;
- Properties funded under the Tariff, Non-Tariff, and Cash Programme procedures (i.e. funded after April 1989), except supported housing schemes which also received an SNMA/SHMG approval under the Special Needs Funding/Supported Housing Arrangements introduced in April 1991 and 1995;
- All grant funded Affordable Home Ownership properties; and
- Properties developed by the IP without any form of public subsidy, market rent schemes, privately-funded home ownership schemes **unless** the properties are let at social rent levels.

3.4.21. Large Scale Voluntary Transfer (LSVT) landlords that received stock transfers prior to 31 March 1996 are not eligible in principle to receive Major Repairs funding regardless of when these properties were originally funded.

Repair - Major Repairs - Eligible Works

- 3.4.22. Should the GLA consider in exceptional cases that it would be appropriate to fund major repairs this section defines the types of work that would normally be acceptable.
- 3.4.23. The repaired or replaced systems and components paid for by Major Repairs funding must have a (remaining) life of at least 15 years, once works are completed.

Establishing Eligibility

- 3.4.24. It is not possible to give a definitive list of works that might qualify for funding, and IPs will be required to contact their GLA Area Manager to discuss the likelihood of whether their proposed works might be eligible for funding. The main consideration for the GLA is whether the repairs are required as a direct consequence of something other than routine maintenance needs.
- 3.4.25. An example of where the same work may and may not qualify for major repair funding is the replacement of kitchen base units. The routine replacement of units, for example following wear and tear, is considered routine or cyclical maintenance and therefore not eligible for major repair funding. However, where those units have been damaged beyond reasonable repair and are required to be replaced as a consequence of a failed damp proof course (which in itself is eligible for major repair funding), the cost of their replacement could qualify for funding. Therefore, the main 'grey area' to be considered is whether the need for the repairs arises as a direct consequence of something else rather than from routine maintenance needs.

Categories of Work

- 3.4.26. Works essential for the property to remain habitable are as follows:
- Major works arising from structural or environmental deterioration;
 - Replacement or repairs to services or features; or
 - Works arising from legislative changes occurring after completion of the original development or rehabilitation work.
- 3.4.27. In some instances, tenants will need to be temporarily re-housed to enable major repairs to be carried out. The necessity to vacate properties can indicate the urgency or priority of the works.

Standards and Types of Work

- 3.4.28. The types of Major Repair Works are:
- Structural Works
These are defined as works essential to safeguard the basic functions of stability and weather resistance in the main structural elements of a dwelling i.e. in floors, walls and roofs. Examples of major repairs works falling within this category include:
 - Underpinning and reconstruction of foundations

- Rebuilding load-bearing walls including retaining walls
 - Damp proof course works and associated reduction of external ground levels
 - Treatment of wet or dry rot or insect attack
 - Tanking or lining to prevent moisture penetration
 - Lining and insulation in cases of severe condensation
 - Replacing roof/floor timbers, roof decks and covering
 - Re-pointing, re-rendering and re-cladding external load-bearing walls
- Secondary elements
Extensive works (but not cyclical maintenance) to secondary elements of the structural envelope of a dwelling such as:
 - Stairs
 - Non-load-bearing walls
 - Balconies
 - Windows and external doors
 - Chimneys
 - Parapets and gutters
 But excluding:
 - Internal doors
 - Fittings
 - Finishes and equipment
 These works must be essential to preserve the weather resistance of the building or the security of the tenants and/or their possessions.
- Site Works
Site works around the dwelling or dwellings that are essential to the safety, security and protection of the tenants. Examples of works in this category include:
 - Replacement or reconstruction of unstable boundary walls, fences and retaining walls
 - Replacement or reconstruction of steps, paving, hard standings, un-adopted footpaths and roads damaged by subsidence or collapse
 - Removal of trees affected by disease or storm
 - Demolition of unsafe out-buildings including garages
- Service Installations
These are works to building services that have reached the end of their useful life such that the basic amenities of sanitation, health and safety in a dwelling could be seriously impaired. Works in this category comprise renewal of installations including:
 - Gas, water and electricity supplies
 - Drainage above and below ground
 - Heating and ventilation (in cases of severe condensation renewal or provision of heating, ventilation, dehumidification and insulation in accordance with the BRE Digest 297 (formerly Building Research Establishment) will be eligible)

- Lifts; fire alarm, warden call, security and emergency lighting systems
- External windows and doors replacement
- Certain types of external works e.g. resurfacing roads and paved areas
- Investigations
Works required to investigate, report, expose and prepare for any of the above categories of major repairs works can be approved by the GLA. This category of works also includes preventive treatments to areas under threat as a result of defects undergoing major repairs.
- Consequential Works
Works that are consequential upon major repairs works in the above categories. This includes works of reinstatement or making good to finishes and fittings (including decorations, internal doors and equipment) unavoidably damaged to an extent that has significant adverse effect on their function or longevity in the course of, or in connection with, major repairs works.
- Health and safety
From time to time suspected health hazards arise from particular materials used in building. In addition, changing circumstances may lead to measures being required to address personal safety concerns of tenants within the building. Proposals appropriate to dealing with such cases as major repairs can only be assessed on their merits. IPs should consult their Area Manager in the first instance.
- Damage not covered by insurance claims
In exceptionally inclement weather conditions, such as flood or storm, buildings can suffer unusual damage. Where such risks are uninsurable, consideration will be given to using major repairs funds in cases requiring extensive renewal.
- Emergency Repairs
In some circumstances substantial repairs will be necessary because of extensive vandalism or damage or neglect by tenants. Where the costs of such works are not recoverable through insurance or charges to the tenant they can be considered for major repairs funding. In such cases the GLA will need to be satisfied that the IP has taken all reasonable steps to secure the property and/or to recover any costs. Emergency major repairs are works carried out as a matter of the utmost urgency, such as on receipt of a Dangerous Structure Notice from a local authority or health authority. As with other major repairs, IPs are expected to explore all aspects of liability. Emergency work must be strictly limited to what is immediately necessary, and where possible, permanent reinstatement must be carried out as a separate project.
Where possible, we will actively assist with emergencies by giving in principle, oral approval, prior to full approval of the project.

Additional Major Repair Provision

3.4.29. Previously referred to as minor miscellaneous works, the following types of work are also classified as major repairs where such work to IPs' properties is required usually to meet statutory requirements and address health hazards:

- Asbestos removal;
- Fire Precautions;
- Dealing with lead in drinking water; and
- Dealing with radon.

Asbestos Works

3.4.30. Funding can be paid to cover the cost of the treatment of hazards arising from asbestos in building materials.

3.4.31. The list below contains information on asbestos used in the manufacture of domestic consumer products such as kitchen appliances and heating equipment and makes a number of key points which must be satisfied:

- Dangers from asbestos in buildings are likely to arise only when asbestos is damaged, either accidentally or during maintenance or repair.
- In general, undisturbed materials in good condition present little risk but once the presence of asbestos material has been determined it is important to distinguish the type of asbestos and the potential for fibre release.
- Asbestos materials which are sound, undamaged and not releasing dust must be undisturbed. A system of management must be introduced involving regular inspection and labelling.
- Frequently the most appropriate action will be to leave the material in place and to seal or encapsulate it.
- When it is not possible to seal an asbestos material effectively and it is likely to release dust, the IP must seriously consider removing it completely.
- It will generally be more cost effective to undertake work on asbestos as part of a programme of general refurbishment or maintenance than to undertake such work separately. Any programme of work on asbestos must therefore take account of other planned work and factors such as the availability of suitable contractors and temporary re-accommodation of tenants whilst work is being carried out. It is important that there must be adequate liaison with tenants.

3.4.32. Asbestos removal must be performed only by licensed contractors. Demolition involving any form of asbestos is subject to relevant health and safety legislation. Asbestos waste is classified as a controlled waste to be disposed of only at licensed sites.

Fire Precautions

- 3.4.33. These are works recommended by the relevant Fire Authority to upgrade existing fire precautionary measures, or install new services as defined by the Fire Authority. IPs should follow the professional advice of the Fire Authority, although they are not strictly obliged in statute to do so.

Lead in Drinking Water

- 3.4.34. Funding can be provided to cover the costs of replacing existing, or installing new pipe work due to the presence of lead in drinking water. In certain circumstances, the only solution to this problem will be to carry out replacement works of varying degrees. In many cases, attendant health risks associated with lead will be of paramount importance. Eligible works include the replacement, installation or re-routing of pipe work.
- 3.4.35. For further information please refer to the [Drinking Water Inspectorate's \(DWI's\)](#) A-Z search facility. The DWI also provides various helpful leaflets.

Radon

- 3.4.36. Radon is a natural radioactive gas that results from the decay of small amounts of uranium present in soils and rocks. Where the gas seeps out of the ground in to the open air there is little or no danger, but where it escapes from underlying soil in to dwellings a build up of radon could become a health hazard. Radon has no taste, smell or colour. Special equipment is needed for detection.
- 3.4.37. For detailed information prior to any action Registered Providers are advised to seek guidance from [Public Health England](#). Public Health England provides advice on matters of radiation protection and has carried out various surveys in order to monitor levels of Radon. Further advice can also be found on the [BRE website](#).
- 3.4.38. The cost of remedial works to existing dwellings contaminated by Radon may be eligible for funding subject to the IP obtaining a survey report from the Health Protection Agency indicating that the remedial works are necessary. Only survey reports from the Health Protection Area will be considered for eligibility purposes. Where the Health Protection Area considers that a radon survey of an existing dwelling is unwarranted, funding will not be available.

Ineligible Works

- 3.4.39. The following are not eligible for Major Repairs funding:
- Re-improvements;
 - Day-to-day maintenance;
 - Cyclical maintenance;
 - Aids and adaptations; and
 - Works required because of the IP's neglect and inefficiency