

## **Borough policies to maximize genuinely 'affordable' housing** **Policies to research and lobby for**

### **Council delivery**

**1. Housing Revenue Account:** borrowing caps scrapped from late 2018. 28 out of 32 boroughs still own housing. (Except Bexley, Bromley, Merton, & Richmond).

\* In June the government allowed London councils £0.5bn more HRA borrowing. Unlike before this can be mixed with GLA grant OR Right-to-Buy receipts, (not both), and financial contributions from S106 agreements from other sites. No requirement to sell off stock, but future conditions may prioritise 'intermediate' tenures. Sadiq Khan was to allocate the £0.5bn, expecting rents 'at or below London Affordable Rent benchmarks.' Allows existing social rent levels.

\* Previously, some of London's £1.67bn second grant tranche was dedicated to Building Council Homes with grant rates up to £100k/unit, (as opposed to 60k for affordable rent for HAs), making the provision of social rent levels easier, though boroughs are also allowed to fund 'intermediate tenures.' Homes can be built through HRAs and/or Housing Companies, so even boroughs without HRAs could bid by 30.9.18.

*\* Did your council bid? For existing social rent levels? How many homes could its HRA build?*

**2. Local Housing Companies:** (18 boroughs have them): many plan to minimize affordable housing, (possibly as low as 35% on council land, against London policy) to generate revenues from private rents to make up for cuts to General Fund services. If used, LHCs should deliver 65% affordable housing plus, most at social rents, without joint ventures with private developers. Helps reduce councils' costs for temporary accommodation. (Only 80% is covered by Housing benefit).

**3. Council land:** should not be sold off to highest bidders or developed in joint ventures. Use HRA, LHC, or give to **Co-ops** that meet policies. If **Community Land Trusts** deliver social rents, a scheme may be supportable. So far CLT's prioritise intermediate 'low cost ownership,' so don't fully meet housing need. **Gypsy and Traveler** sites are being badly under-provided with the exception of Hounslow.

*\* What is your council doing? Tenure splits and costs should be reported in detail.*

### **Local planning policies: barriers/opportunities: Government/London policy and funding**

**1. 'Low cost' rent:** total housing costs for council social rents average £543/month (£496 base rent + £47/service charges) – the most genuinely affordable rent for lower income groups. (33% of tenants' gross incomes). London Affordable 'Target' Rent (LAR) is around 40% higher - £762/month (£662 + £100 service charges). By 2017 social rent declined to 16% of affordable supply with 45% at LAR or higher 'affordable' rates, and 38% intermediate (IM). London policy allows landlords to set rents below LAR and still get grant, and boroughs can set local affordability criteria.

**2. Intermediate tenures' dominance:** 65% of 90k 'affordable' homes delivered by London's initial £3.15bn grant funding must be for intermediate, leaving 35% for 'low cost rent.' As a result, London Plan guidance on boroughs' affordable tenure split is: 30% 'low' rent; 30% intermediate; 40% up to councils.

**3. Intermediate (IM) tenures' affordability:** housing costs for London Living Rent (LLR) should average £961/month, compared to £1,311 for shared ownership (SO). (Real SO costs often exceed £2,000). GLA household income eligibility ceilings are £60k for rent; £90k for SO. Councils can set lower ceilings (for 3 months). All should. GLA 'expects'

providers to deliver an unspecified 'mix.' Result, nearly all associations' intermediate supply is shared ownership, neglecting average earners.

### **Council policies: (Some can only be Local Plans; some in Supplementary Planning Guidance)**

As Local Plans are only revised every few years, use Supplementary Planning Guidance (SPGs) if possible.

\* **Tenure split:** require 70% 'low rent'/30% intermediate (IM), based on need.

\* **Specify costs:** All/most 'low' rent at existing social rent levels. Most IM should be for LLR, not shared ownership. Discourage the eviction of LLR tenants who can't afford to buy a flat after initial tenancy periods. (Bad example: Redbridge requires some IM as Starter Homes)

\* **Affordable targets:** raise above 30/35% (Needs Local Plan Viability Evidence). Camden has 50%

\* **Small sites:** require financial contributions from sites of 10 units or less. Only 9 councils do or plan to due to misinterpreted Ministerial Guidance (Camden, Enfield, Haringey, Islington, Kingston, Lambeth, Merton. Tower Hamlets & Southwark are attempting to introduce this. *Is your council?* Copy Islington.

\* **Permitted Development Rights:** national policy means **office-to-residential conversions** make no affordable housing contribution. But councils can use Article 4 Directives to exempt specific areas.

\* **Vacant Building Credit:** means buildings brought back into use don't provide affordable housing on all floor space, only net additional. London Plan argues that VBC isn't necessary. Boroughs should disallow VBC in all but exceptional, evidenced circumstances. Has yours?

\* **S106/counteract intermediate bias:** most affordable housing delivered through Section 106 deals is not eligible for grant. Only additional units are, after developers deliver the maximum 'viable' without grant. So most units are not subject to the governments' intermediate funding bias. Councils could try prioritise these 'nil-grant' units as existing social rents, then IM grant can be used on additional units.

\* **Publish Viability Assessments un-redacted:** some councils still have no disclosure policy. *Has yours?*

\* **Refuse non-compliant schemes and fight planning appeals.** Most boroughs don't do much of either and developers know it – reducing standard 'offers.' *What's your council's record?*

\* **Introduce density/height SPGs:** because the draft London Plan abandons it. Otherwise developers will over-pay for sites, then reduce affordable 'offers' when asked to cut total numbers.

### **Counteract the threat of housing associations only delivering 35% 'affordable' in inner London**

\***Threshold approach to viability:** under the draft London Plan, if developers deliver 35% affordable on private land without public subsidy - grant or discounted council land - they get fast-track planning without publishing Financial Viability Assessments (FVAs) or being subject to late stage review mechanisms. On public land or ex-industrial sites, the 'affordable' benchmark is 50%. (Some schemes can never avoid viability scrutiny: estate redevelopments; off-site provision or cash in lieu; and purpose-built private rent).

35% also applies to HA's sites. Most committed to deliver 50% or 60% 'affordable' across their whole programmes but some could cash in on high value inner London schemes by only delivering 35%, (and/or most as shared ownership) - to increase surpluses and their chances of winning bids for sites. Council policies can't discourage this by *requiring* FVAs

to be published, because it would contradict London policy, but **local Covenants** could try to encourage disclosure as a condition of being granted **Preferred Partner status**. FVAs couldn't be used to negotiate affordable proportions up but public scrutiny could help.

*\* Has any council tried to include transparency or affordability criteria in local Covenants?*

### **Discouraging sell-offs of social rent voids**

Conversions to 'affordable' rents have been stopped but de-regulated associations are free to keep selling off social rent units – likely in high value areas, despite acute housing needs. Borough policies can't ban this but they should discourage it by citing the London Housing Strategy's Policy 4.3: Protecting Affordable Housing, B. *'The Mayor will respect councils' and housing associations' independence in deciding how best to manage and allocate their affordable homes, other than where there is a compelling justification for pan-London consistency. This will include:*

*ii. expecting councils and housing associations to consider the impact that their asset management policies will have on the ability of Londoners of different incomes to continue to live locally.'*

\* Borough policies must be in 'general conformity' with London-wide guidance. The Mayor or councils, or academics should publish impact assessments of sell-off policies. Councils should discourage disposals in local Covenants, to meet need and reduce their own costs for out-of-borough temporary accommodation.

\* When HA's insist on selling-off social rent voids, councils, (possibly through Covenants), could argue to buy them back - at below market values. Councils could also encourage HAs to spend the proceeds and recycled (historic) capital grant in the same areas. (This needs knowledge of regulations governing Disposals Proceeds Funds and Recycled Capital Grant Funds). Any council or association unwilling to take these steps would be demonstrably deciding to keep households on local housing waiting lists.