

Beware fake council housing

On 23rd October, Mayor of London Sadiq Khan announced a “£1 billion plan to build 11,000 new council homes”.

<https://www.london.gov.uk/press-releases/mayoral/mayor-agrees-1bn-plan-to-build-11000-new-homes>

The Homes for All alliance want a return to council house building. It's what we are fighting for. Unless councils start building again, we'll never have the homes we need.

Even the government seems to agree. After decades of under-investment, on 3rd October Theresa May announced the lifting of the “borrowing cap” that has hamstrung council from building new homes.

The Mayor of London is right to say that this measure isn't enough to solve the shortage of genuinely affordable, rented homes. Lifting the cap could lead to 10,000 new council homes a year.

www.insidehousing.co.uk/comment/comment/existing-council-tenants-should-not-bear-the-costs-of-new-building-58568

But we're very concerned that the Mayor of London's new council homes may be too expensive. Paul Burnham

(Haringey DCH) has done some thorough research (including making Freedom of Information enquiries) that shows on average, these new ‘council’ homes will be £50 a week more expensive than existing council homes. This is what he found: “Compared to an average London Council rent of £105.87 per week, the Mayor's new council homes (based on his London Affordable Rent formula) produce an average of £158.85 per week. So the average uplift is +£52.98 weekly, or +50.0%, plus service charges. By bedroom size, that means:

- Bedsit £150.03 instead of £82.93 (£67.10 more, +80.9%)
- One-bed £150.03 instead of £92.61 (£57.42 more, +62.0%)
- Two-bed £158.84 instead of £105.29 (£53.55 more, +50.9%)
- Three-bed £167.67 instead of £120.49 (£47.18 more, +39.0%)
- Four-bed £176.49 instead of £138.76 (£37.73 more, +27.2%)
- Five-bed £185.31 instead of £153.03 (£32.28 more, +21.1%)
- Six or more bedrooms £194.13 instead of £165.70 (£28.43 more, +17.2%)

It gets worse. The Mayor has agreed that six boroughs can set rents for 1,166 homes at new, higher levels above what we were told were to be the caps for Mayor's Rent.

The six even-higher-rent boroughs are Sutton (16 homes), Tower Hamlets (375), Brent (124), Hammersmith & Fulham (123) Barking and Dagenham (156) and Harrow (273).

We don't know why the Mayor has agreed this, and whether or not these rents are supposed to be ‘Affordable’ (up to 80 per cent of market rent level) or ‘Intermediate’ (even higher). We have sent an urgent message to the GLA to find out.

The Mayor says that London Affordable Rent IS Social Rent. But seven London boroughs disagree and are not using the Mayor's rent at all: Haringey, Kensington and Chelsea, Camden, Hackney, Greenwich, Southwark, and Waltham Forest. Also the City of London, which owns council housing stock mainly in inner London but outside the Square Mile, will not apply the new Mayor's rent.”

Local Housing Companies

Most local authorities are setting up Local Housing Companies (LHCs) to build and manage new homes. LHCs could be a way of avoiding the new homes being lost through Right to Buy, but they do not provide the same level of security, public accountability or transparency as existing council housing. Like housing associations, LHCs can become vehicles for privatisation, without tenants or local electors being given a democratic say in decisions about their homes and communities.

Fight for Real Council Housing

Homes for All argues that local councils should join MPs, trade unions and housing campaigners to fight for real council housing that's high quality, truly affordable, secure, safe and democratically controlled. We're winning the argument. Now is not the time to be fobbed-off with fake council housing.

London's new council homes – but not council rents

Building Council Homes for Londoners was launched in May 2018. In the Mayor of London's foreword he says three times, that these are to be homes at social rent.

It's not until page 11 of the brochure that we learn the new homes are to be 'at or below London Affordable Rent caps'. Although it says 'the GLA will not specify whether homes have London Affordable Rent (LAR) or Social Rent tenancies', it is clear that the GLA regards LAR as the default: the table of LAR rents on p12 is described as 'based on social rent levels' without any attempt to give a comparison with actual council rents in London.

The GLA press release of the agreed bids on 26 October was headed '11,000 new homes at social rent levels' and highlights 'The Mayor of Newham, Rokhsana Fiaz, who said: "This funding will kick-start our ambitious housing programme, which will see the construction of more than 1,000 quality homes across 40 sites in Newham started by 2022, and available at London Affordable Rent."'

There have also been attempts to minimise the differences between LAR and council social rent:

Inside Housing reported that the Mayor of London's planned new council homes at London Affordable Rent will be 'marginally more expensive than average social rents' (26/10/18). *Inside Housing* has previously written that the new rents 'are slightly higher than average social rent levels but would be equivalent to a newly built social rented home' (04/09/18).

The Mayor himself repeatedly claims that these homes actually ARE at social rent. This is not acceptable. Nor is the statement that these are 'based on social rent levels', because our social rents are set by a formula. LAR does not use this formula, but instead takes the 'national formula social rent cap' as an 'Affordable Rent'. The funding guidance to the Mayor's affordable homes programme 2016-21 states, 'For legal and regulatory purposes, the GLA views London Affordable Rent as Affordable

Rent' (para 11) – Affordable Rent is up to 80 per cent market rent!

The truth is that London Affordable Rent is 50% higher than existing council rents in London.

There is no way that social housing formula rent setting would produce amounts £50 pw higher than we are paying at present.

Our research shows that compared to an average London Council rent of £105.87 weekly, London Affordable Rent rates applied to London's stock mix produce an average of £158.85 weekly. So the average uplift is +£52.98, or almost exactly +50%. This would have a huge impact on tenants' household budgets.

The GLA funded no social rent starts in 2016-17, and according to an FOI reply, since April 2017 the GLA no longer collects figures for the numbers of actual social rent dwellings it has funded – if any. We are not satisfied with this FOI response and will continue to request a full breakdown.

Furthermore the 2017 Affordable Housing and Viability Supplementary Planning Guidance made London Affordable Rent the GLA's default level of rent for affordable and social rent in new developments (para 2.40). The Draft New London Plan p 171, says at Para 4.7.3 "Within the broad definition of affordable housing, *the Mayor's preferred affordable housing tenures are* [highlight in the original]: London Affordable Rent / London Living Rent / London Shared Ownership" i.e not social rent.

The Draft New London Plan, p 175, Policy H10 Redevelopment of existing housing and estate regeneration, point C, adds:

For estate regeneration schemes the existing affordable housing floorspace should be replaced on an equivalent basis i.e. where social rented floorspace is lost, it should be replaced by general needs rented accommodation with rents at levels based on that which has been lost [our highlight], and the delivery of additional affordable housing should be maximised.

The problem: as the Mayor claims that London Affordable Rent is 'based on social rent levels', it would be all-clear for to replace demolished council housing with 'Affordable' homes at rents that are much higher.

This is a cluster of policies with the same theme: much higher social and affordable sector rents.

The evidence of need is being ignored. The GLA's 2013 London Strategic Housing Market Assessment (SHMA) showed that 32% of the net annualised requirement for new homes needed to be at social rent. However the 2017 SHMA dropped any separate assessment of the need for social rent.

Discussing London's housing affordability problems, the GLA's report *Housing in London 2017* wrote that 'rents for new general needs social rent tenancies have risen rapidly in recent years. The average rent for a new social rented tenancy in London increased 43% between 2007/08 and 2015/16'.

A 2018 report from the Institute of Fiscal Studies shows that increasing social and affordable rents are a major source of higher housing costs for households with children, within the lowest 40% of incomes.

Conservative led governments have been fostering these much higher rents as an option for local authorities since 2012, but with very little success. Why help them out now?

In the longer term this is also undercutting the rent regime of the 750,000 existing social rent tenancies which make up the vast majority of London's affordable housing.

The GLA should provide full information of the tenures and rent regimes of homes to be provided through Building Council Homes for Londoners.

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