

Haringey Defend Council Housing - Response to October 2023 planning consultation
HGY/2023/1832 Aaron Gayle Court - former Garages, Partridge Way N22
17/10/2024

Introduction

This S73 application proposes to vary the previously consented scheme in order to replace Social Rent (also known as Formula Rent) by London Affordable Rent (LAR) for the 23 new council homes: 14 one-beds and nine two-beds. Two of the two-beds are wheelchair accessible dwellings.

This is the second round of consultation on the present application. The first round of consultation was in April and May 2024, when the applicant had submitted NO reasons why the proposed higher rents were being suggested. The applicant had submitted NO information about the amounts of the rents and service charges, under either the existing planning permission, or under the S73 application. Instead, the applicant presented 44 documents, none of which had anything to say about the rent question.

There were 5 objections received, including one from a borough councillor, all giving reasons why the proposed higher rents should not be adopted. The objectors also wanted the proposal sent to the planning sub committee for determination, rather than being left to officer decision.

The planning team were right not to agree the application without any supporting evidence, in the face of several reasoned objections.

The present consultation follows the submission by the applicant of a new Planning Statement.

The Planning Statement seeks to conceal the impact of using higher rents

The Planning Statement still does not state the amounts of the rents and service charges, under either the existing planning permission, or under the S73 application.

However, London Affordable Rent is described as 'slightly more than the formula rent cap' - which is the maximum permitted Social Rent, and 'in 2022-23 this represented £12.61 p/w more for a one-bedroom home; £13.36 for a two-bed' (para 3.8).

This raises the question of how it can be that the future of the Housing Revenue Account can rest on such a small difference, which would amount to £16,000 per annum for the whole scheme at 2024/25 rates. We say that the difference is being falsely minimised here, in order to promote much higher rents which will cause poverty to the council's tenants and their children.

New Social Rents would not be set at Cap

The Planning Statement insinuates that under the extant planning permission, rents would be set at the Social Rent Cap.

We say that this is misleading and untrue. We do not believe that Social Rents would be set at Cap, because these rents are determined by a Formula, of which all the elements are published by government, with the exception of one single and smallish element, the assigned free market value of the property at January 1999 values.

Therefore, using algebra (and Land Registry data), we can establish that for rent to be set at the Social Rent Cap, a one-bed council property would need a market value at least 44% higher than average market house prices, for homes of all sizes, for the whole borough. At July 2024 prices, this would require a council one bed flat value of £825,000, compared to £571,000 for all market homes In Haringey.

That would be preposterous, and we know that Haringey Council would not do this.

The rents of social sector 'First Let' properties (new builds, acquisitions and conversions) can be found in government CORE statistics which record data on new tenancies. An FOI reply shows that Haringey Council's average general needs, Social Rent, first-lets rents in 2022/23 (the most recent year of published data), giving rents for the present year of £139.92 pw for a one bed and £171.76 for a two-bed.

On Social Rent setting see: <https://committees.parliament.uk/writtenevidence/42068/pdf/>

Here is the full rent chart for Aaron Gayle Court:

London Affordable Rent vs. Social Rent at Aaron Gayle Court, Partridge Way, 2024/25

	Average Haringey Council rent for existing homes	Existing planning permission for Social Rent at Aaron Gayle Court - Estimated rent*	Insinuated in LBH Planning Statement	Proposed amended rent at Aaron Gayle Court	Difference between London Affordable Rent and likely Social Rent	Service charges at Aaron Gayle Court - the same for London Affordable Rent or Social Rent	Total of LAR plus service charges at Aaron Gayle Court
	Social Rent	Social Rent	Social Rent set at Cap	London Affordable Rent			London Affordable Rent
	weekly	weekly	weekly	weekly	weekly	weekly	weekly
One beds	£109.41	£139.92	£188.04	£201.43	£61.51	£25.99	£227.42
Two beds	£127.52	£171.76	£199.09	£213.26	£41.50	£25.99	£239.25

*Based on Haringey Council average Social Rent for first lets in 2022/23, updated to 2024/25.

Sources: www.minutes.haringey.gov.uk/documents/s144093/Final%202024-25%20Budget%20and%202024-29%20Medium%20Term%20Financial.pdf
www.whatdotheyknow.com/request/first_let_general_needs_social_r_5

The hidden impact of using much higher rents

We can see that the adverse impact on tenants of using LAR would be considerable: amounting to £61.51 higher for one beds, and £41.50 higher for two beds.

The Planning Statement is complacent about the impact, claiming that benefit will take the strain.

With rents and service charges of £12,474 per annum for two beds, these new homes would trap people on benefit, rather than helping to make work pay.

Universal Credit does not cover all basic living needs. 47% of food bank users nationally are social housing tenants. Households on the edges of benefit, or with inconsistent incomes leading to benefit gaps and clawbacks, would be trapped by such high rents and service charges, compared to the tenants' likely incomes. Any rent arrears would reach higher levels sooner, leading to earlier court action for possession. The welfare and developmental needs of children would be badly affected. Every minority and otherwise disadvantaged group will lose out disproportionately.

A full and rigorous Equality Impact Assessment should have accompanied this proposal.

Experts on household incomes say that rent including service charges should take no more than 30% of net income. On average, housing costs amount to 11.4% of UK households' incomes (Institute of Fiscal Studies, 2023). But at 30% of incomes, the rent and charges for a two bed on LAR at Aaron Gayle Court would need to be supported by a net household income of £41,580. No waiting list applicant has that kind of money.

In the report 'A Capital in Crisis' (2020), the housing charity Shelter showed London Affordable Rent to be unaffordable against a 30% measure of affordability and a 20th percentile of London wages for one full-time worker and one part time worker. They found that the median of new social rent lettings took 23% of household income, while the LAR benchmarks took 32%.

Sadly, this took no account of service charges, which are a key component of household housing costs. If we add Haringey service charges for a block on an estate without a concierge (such as Aaron Gayle Court) at the same date as the original research, we find that LAR took 35% of household incomes.

Council housing waiting list applicants are highly vulnerable to increased rent charges, because 'Housing tenure is strongly predictive of living standards: social renters have a poverty rate based on incomes after deducting housing costs of 46%, private renters 34%, mortgagors 11%, and those who own their home outright 15%' (Institute for Fiscal Studies, 'Housing quality and affordability for lower-income households', 2023).

Two false claims in the Planning Statement

The Planning Statement claims falsely that 'London Affordable Rent is by some distance the cheapest kind of rent available' (para 3.7). LAR is higher than Social rent in ALL cases. - so for a two-bed LAR would be £213.26 pw, relets of existing Haringey Council homes maybe £132.75 pw (£80.51 lower), and new build Social Rent homes around £171.76 pw (£41.50 lower). The inclusion of this statement in the Planning Statement is a breach of acceptable standards by the applicant.

The Planning Statement then claims that 'the change for some of the new Council Homes to allow for LAR rent levels, would not impact the affordability for tenants significantly'. (para 3.9). This assessment evades the reality of higher rents, and it should be rejected.

Planning policy implications

It is clear that delivering Social Rent housing on this site is the best way to meet the objectives of Haringey's Local Plan Strategic objective 3.2:

3.2.1 Provision and access to high quality and affordable housing is a key priority in Haringey's Sustainable Community Strategy. In managing Haringey's growth, new housing investment will be targeted at fostering the development of mixed and balanced communities across the Borough and within neighbourhoods where people choose to live, which meet the housing needs of Haringey's residents and offer quality and affordability, and are sustainable for current and future generations.

The most 'pro-poor' and redistributive major aspect of the entire welfare state

The Joseph Rowntree Foundation report, 'The Links between Housing and Poverty: An Evidence Review' (2013) stated, 'Social housing is highly targeted on people with low incomes and has been shown to be the most 'pro-poor' and redistributive major aspect of the entire welfare state.' The hugely increased rents in this S73 application would obviously dilute the positive impacts referred to.

The Planning Statement tends to suggest that funding problems of the housebuilding programme must be solved by using higher rents. But this is a disastrous strategy. Haringey was one of the boroughs which resisted the use of London Affordable Rent, which was promoted heavily by the Mayor when Building Council Homes for Londoners launched in 2018—there were 5,404 Social Rent homes and only 5,034 LAR in the first round - see the tenure breakdown at www.flickr.com/photos/68419389@N08/39986523903/

When the Cabinet decided to shift what homes it could onto London Affordable Rent from December 2022, LAR was already set to be phased out from April 2023. LAR is unavailable for affordable housing schemes in London that started on site from that date. All low cost rent homes funded under the latest iteration of the Affordable Homes Programme 2021-2026 in London will be at Social Rent.

Securing this change showed the impact of people who said, 'Affordable rent is not affordable'. The Mayor listened, and the Mayor convinced the then Conservative government to agree. Why throw it away now? Keeping these 23 homes as Social Rent will support the Council to embrace its responsibilities and work to secure the necessary funding from government.

In this context Haringey's housebuilding programme post 2018 started as Social Rent, shifted in part to London Affordable Rent, and will shift back to Social Rent as schemes in progress are completed and new ones start.

It is a mistake in housing and planning terms to seek to fund housing programmes mainly or in part by steep increases in new build rents. Haringey has started to take a much more positive approach by signing the recent letter from 100 local authorities to the Chancellor of the Exchequer spelling out the dire need for investment in council housing and calling for a sustainable funding settlement which takes account of tenant affordability on rent charges.

Lastly, it is clear that this decision should be made by the committee, and not by officers as a delegated decision.

Recommendations

- 1 Refer to committee so that members can decide after hearing resident objectors.
- 2 Reject this application.

Yours faithfully

Paul Burnham
Secretary
Haringey Defend Council Housing