

Monday, 09 March 2015

Exclusive: Boris fails to spend nearly £400m

14 August 2014 | By [Pete Apps](#)

Mayor of London sitting on millions as his rent model is attacked

Boris Johnson has yet to spend almost £400m of government cash for new affordable homes, after social landlords rejected his model of 'increased' rents.



Boris Johnson has yet to spend almost £400m of government cash for new affordable homes.

The mayor faced legal action last year from nine London boroughs which believe the 'affordable' rents of up to 80% of market levels, charged on homes built under his schemes, are too high for their poorest residents.

Inside Housing can now reveal that £380m of the £1.25bn he had hoped to allocate to housing associations and councils to build new affordable homes by 2018 remains untouched, five months after the deadline for bids passed.

This is despite City Hall claiming in March it wanted to allocate the entire £1.25bn pot by the summer. Only last month, GLA sources claimed 86% of the funding had been given out.

City Hall was given control of £1.25bn of the £3bn affordable homes programme for 2015/18. Of this cash, £404m has been allocated to providers to build 18,000 affordable homes, while £465m has been directed to other affordable housing schemes.

Tom Copley, housing spokesperson for the London Labour Party, said: 'The affordable housing reforms pushed through by the mayor have come back to haunt him.'

'Housing associations don't want to take his money to build so-called 'affordable housing' which, at up to 80 per cent market rent, is not affordable for those low-income households that need it. This is a problem entirely of Boris Johnson's own making.

'Once again it is those on the lowest incomes that will suffer the most at the hands of Boris's mayoralty.'

A spokesperson for the Mayor's Office said the remaining £380m 'will be used for future bids for affordable homes' through to 2018.

Funding from City Hall is given to schemes to build homes at 80% and 50% of market rents.

Many housing associations in London, most of whom have large development programmes not reliant on government funding, entered much lower bids to this programme compared to the previous 2011/15 round of funding.

Keith Exford, chief executive of 65,000-home landlord Affinity Sutton, said: 'There is a place for [80% rents] as an intermediate model for working people, but councils under great pressure to house the poorest people on their waiting lists tend to nominate the same people to these homes as they did under the previous social rents [around 30% of market levels].

'This makes it much riskier that these tenancies will fail, which doesn't serve the tenant or the landlord well.'

He said another reason for reduced bids was that providers only asked for money for schemes they knew they could deliver, compared to prospective bids in the last programme.

Programme	Funding allocated for 2015-18
MHC 2015-18 programme	£404,126,783
Revolving Fund	£85,400,000
Housing Zones	£200,000,000
MHC Homes for working Londoners and MHC Building the pipeline programmes[1]	£180,000,000
Total	£869,526,828 £380,473,180 unallocated

Readers' comments (6)

- [Josie Jones](#) | 14/08/2014 12:52 pm

Another day, another policy, another era of housing supply stagnation.

Let's hope Boris's and the HCA's new Housing Zones, designed to expedite housing delivery, now that (London) Opportunity Areas are not knocking out any homes or anything, anytime soon, facilitate expenditure of the unwanted/non-allocated funds.

Unless of course, political parochialism, sorry, I mean Localism and neighbourhood planning groups, do not thwart the dirigiste implications of the Housing Zones.

A picture of Ceaucescu on the wall behind Boris in your caption picture would have been more appropriate.

-
- [Phil Myers](#) | 14/08/2014 1:23 pm

I don't think Boris is the problem... he will be advised by many a conservative and will be patted on the back for keeping up the "Make the poor pay ethos" that Mr Cameron is hell bent on keeping. They will be welcoming him back with open arms and a hidden savings pot.

-
- [Gerald Wiley](#) | 14/08/2014 2:47 pm

Not sure its really true to say HA's have rejected the AR model. I think this story is actually far more reflective of

landlords, burned by their experience of the 2011-15 programme, signing up to delivery of a huge grant allocation with inflexible end funding dates and over zealous programme management. Most will want to manage their businesses and development programmes in a more sensible way through continuous market engagement, which makes practical sense. I very much doubt the money will remain unspent over the course of the programme.

- [Stuart Smallman](#) | 14/08/2014 2:57 pm

Why must social housing provision be only for "the poor"? The answer is, of course - it isn't.

"80% market value" read another way is "rent - 20% off".... are we seriously saying that there isn't a need for housing at a reduced rate compared to market value?

If the need is there - and I don't believe for a second that it isn't - then why are RPs not taking advantage of this money? If - as the article implies - it is because it doesn't benefit the tenants the RPs WANT to service, then they are doing themselves and the sector a humungous disservice.

That's a big IF though - I think the article is probably a little disingenuous and there are other factors at play.

- [Jamie Ratcliff](#) | 14/08/2014 3:16 pm

Just to be clear GLA sources never said 86% of the funding was allocated. There are allocations in place to deliver 86% of the draft London Housing Strategy target. See <https://www.london.gov.uk/sites/default/files/MD1379%20MHC%20201518%20Allocations%20July%202014%20PDF.pdf> for more information.

- [Richard O'Mahoney](#) | 14/08/2014 6:51 pm

Everything he touches turns to Gold, fool's Gold.
