

# Time to end “Affordable Rent”

*Inside Housing has reported that housing association tenants are struggling to cope with the higher rents charged by landlords for so-called “affordable rent”. There's no reason to suspect that council tenants are any different.*

So-called affordable rent (AR) was introduced by the coalition government as part of its 'austerity programme'. It enabled them to cut the amount of grant it gave towards building 'social housing'. Councils and housing associations had to use more of their own resources or take on more debt to pay for new build and the tenants paid more because AR is up to 80% of market rents. In the first phase of the coalition government's Affordable Homes Programme (AHP) there was no funding available for building Social Rent (SR) homes. Landlords were obliged to charge AR for new properties built with the help of government grant provided by Homes England. Moreover, in order to fund new projects there was some conversion to AR of void (empty) SR homes when a tenant left or died.

In the second round of the AHP the only grant available for SR was for 8,000 supported housing homes. Prior to the 2017 election Teresa May announced a change of policy. There would be grant provided for some SR properties. Yet when it did become available there was little of it given out in comparison with the other types of homes deemed affordable; less than 6% of homes built with Homes England support.

## Completions with Homes England support: 2014-21

	Affordable Rent	Social Rent	Intermediate Rent	Affordable Home Ownership	Total Affordable	Market	Total
Completions	131,035	10,490	333	46,087	187,946	68,525	256,470
% of “Affordable” housing	69.7	5.6	0.17	24.5	100		
% Affordable and Market					73.3	26.7	

### Homes England

According to the Regulator of Social Housing (RSH) AR comprised 10% of housing association stock by 2020-21. 120,581 existing properties had been converted from SR to AR. Some councils have been reluctant to use it (34 out of 165 with council housing have no AR properties) and they are building less than housing associations. Of 1,581,413 council homes in England only 30,222 were AR (admittedly 30,222 too many) or 1.9% of the stock. There are some enthusiasts for the policy though only 6 local authorities have 10% or more of their stock charging AR. However, so long as the policy remains in place the number of SR council homes will continue to decline even if very slowly.

## Growing gap between SR and AR rents

The latest statistics available from the Ministry of Housing for all local authority rents are for 2018-19. They show for England that the average weekly rent paid by council tenants was **£87.91 for SR** and **£119.22 for AR**. AR is 35.6% higher on average. That's bad enough if you are low waged, but in different parts of the country the gap between SR and AR is even greater. In London the average was **£178.17 for AR as compared to £105.86 for SR**; 68% higher.

To take the example of Swindon the proposed rents for the next financial year show the following.

## Swindon Council proposed weekly rents on a 52 weeks basis, average

No of Bedrooms	Social Rent 22/23	Affordable Rent 22/23	Difference + or -	Annual difference	Highest AR rent
Bedsits	£70.80	£65.17	- £5.63	- £292.76	£70.51
1	£78.79	£101.34	+ £22.55	+ £1,172.60	£126.49
2	£86.22	£113.57	+ £27.35	+ £1,422.20	£151.51
3	£92.61	£139.14	+ £46.53	+ £2,419.56	£170.25
4	£106.43	£178.56	+ £72.13	+ £3,750.76	£194.53
5 or more	£112.07	£227.29	+ £115.22	+ £5,991.44	£277.29
Overall	£86.07	£119.81	+ £33.74	+ £1,754.48	

These differences are significant for low paid tenants and people who are not in receipt of full housing benefit. It's not just that AR is unaffordable for many, but as well as new build homes charging AR rent, but the conversion of some SR homes to AR has created the situation where on the same estate in the same type of house there can be a huge difference in the rent that tenants are paying for what is the same service.

So in Penhill in Swindon, an old 1950s council estate, we can find one tenant paying £88 a week for a 3 bed home whilst another one is paying nearly double the rent at AR, £166. This is obviously a source of astonishment to those who have discovered this. It is an outrageous injustice which is the direct result of the government's austerity policy; the result of too little grant for councils to build SR homes, which most of them would undoubtedly do if sufficient grant was available. In Swindon the number of AR homes is 472 out of 10,262; at 4.6% more than double the national level. With percentage rises, of course, the gap between SR and AR rises year on year.

Recent research by Inside Housing saw some housing associations reporting that low income tenants are struggling to pay their AR and the high rents are "trapping some on benefits" since low paid work is insufficient to cover AR. Some tenants asked to move from these properties because they couldn't afford the rent. Applications tend to be less for AR properties and there have been some instances where there have been no applicants. Of course, if the rent is within the maximum Local Housing Allowance then that isn't a problem for tenants who receive their full rent on housing benefit or LHA. Some housing associations reported that rent arrears are much higher for AR homes than SR. It is also reported that there is ill-feeling when tenants are in the same type of property but pay a much higher AR than other tenants who pay SR.

### **AR should be abandoned and grant provided only for SR**

It is probably the case that if grant was set at a high enough level to fund building SR homes then most councils would only build homes on the basis of SR even if they were allowed the power to charge AR. It is both unjust and irrational to have tenants paying such different rents for the same properties.

Even the Conservative think-tank the Centre for Social Justice (CSJ) states:

"Affordable rent was developed with the intent of maximising new social housing delivery in the context of significantly reduced grant. However, the method of linking affordable rents to market rents has had the effect of pricing out low-income renters from higher-cost areas, while forcing housing benefit to 'take the strain' of more expensive rents."

AR should be abandoned and conversions with them. Grant should only be available for SR homes, at a level which is sufficient for borrowing and rent to cover costs over the long term. It is

counter-productive insofar as replacing SR homes drives up the housing benefit bills, as well as putting tenants under greater financial pressure than would be the case if they were paying SR.

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### **PS. Freedom of Information Request**

We know too little about the impact of AR on council housing tenants. It would be useful to put in Freedom of Information requests to councils to find out:

What percentage of tenants paying AR are

- in receipt of full housing benefit for their rent
- part housing benefit
- paying the full rent themselves

What are the same statistics for tenants paying SR?

What percentage of tenants paying AR are in rent arrears?

What percentage of tenants paying SR are in rent arrears?

What is the average arrears for tenants paying AR?

What is the average arrears for tenants paying SR?