

Affordable housing pledges swept under mat

Developers have reneged on promises to build cheaper homes alongside those being sold at full market rates

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Developers of Neo Bankside appear to have used taxpayers' cash to fund affordable homes

Developers are quietly walking away from promises to build affordable homes, according to an investigation by campaigners.

They say council officials are “outgunned” by the financial and legal might of the developers who were granted permission for schemes on condition that affordable homes were included.

Some councils have given in to demands to change the pledges. In other cases, property companies have flouted legal agreements because they expect lax monitoring.

In four developments involving one group, London District Housing Association, council officials believe there was a deliberate and unlawful scheme to sell or rent affordable homes at full market rates. The housing association denies knowledge of any wrongdoing.

A dossier seen by The Sunday Times and submitted to the local government ombudsman identifies 46 developments in London where it is claimed affordable homes may not have been provided as pledged. The ombudsman ruled last December that there had been a failure in monitoring the delivery of affordable homes, including the rent levels charged.

The allegations in the dossier are the latest setback in the provision of affordable homes. A study in 2013 showed that 60% of the biggest housing schemes fell short of local affordable housing targets including projects in Birmingham, Bristol, Cardiff, Manchester and Sheffield.

Councils have targets to build a set proportion of affordable homes, typically 35%-40% of new-build housing. They are rented at lower rates or sold in shared ownership schemes and it is usually a condition of planning permission for big developments that affordable homes are provided.

Jerry Flynn, a spokesman for the 35% Campaign, which compiled the evidence submitted to the ombudsman, said: "It's a scandal that affordable homes at these developments have not been delivered as originally agreed."

Its submission highlights the £400m Neo Bankside development, adjacent to the Tate Modern gallery in London. The developer initially pledged 32 affordable homes would be part of the complex, where flats were marketed for up to £22m. The agreement was dropped with the backing of Southwark council after planning permission was granted.

Broken promise

- £22m: the price of a penthouse flat at the Neo Bankside development in London

Neo Bankside did build 132 affordable homes off site. It pledged in a legal agreement that its affordable homes would be built without the support of public funds.

Greater London Authority documents show, however, that some of the affordable homes provided by Neo Bankside were funded with more than £3m of taxpayers' cash. Neo Bankside and Southwark council said last week they were examining why official records indicated that public grants helped to fund the affordable homes.

The most serious failures in the submission concern four developments involving London District Housing Association, including the redevelopment of a former jam factory. It is alleged some of the affordable homes at its sites were let out or sold at full market rates.

Southwark council has alleged in court documents that there was a deliberate conspiracy and unlawful scheme to sell or let out affordable homes at market rates in a flagrant abuse of the original agreement. Its legal action against the housing association and property companies involved in the sites claims "sham" documentation was used to sell or let affordable homes at market rates.

London District Housing Association said it is a not-for-profit housing provider and denies executing or knowing about sham documentation. It said its intention was to provide social housing and it was unaware of details of the alleged unlawful scheme with its commercial partners.

A property company involved in the deals, Protected Growth Plan, said it was not party to the original legal agreements to provide affordable housing (known as section 106 agreements), it was not bound by them and had not breached any law.

A Southwark council spokesman said: "Following settlement of a complex High Court claim we are pleased to confirm that we have agreed terms with the current owners which will result in 17 flats going back into affordable housing use."

Southwark said it had one of the best records for delivering affordable homes and was introducing an audit to monitor the delivery of such housing.

The Neo Bankside development said that in addition to the 132 homes built off site, a payment of £11m had been made to help build other affordable housing.