

## Intermediate Housing Policy

<b>Scope</b>	<p>This policy explains what falls within the description of intermediate housing, who it is intended for, eligibility criteria, priorities for new supply and how it can be accessed in the Borough.</p> <p>This is intended to inform the consideration of planning applications and the extent to which they meet our local needs.</p>
<b>Approved by</b>	<i>Cabinet</i>
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<b>Document owner – Portfolio Holder</b>	Cabinet Member for Social Housing
<b>Review</b>	We will keep this policy under constant review. We will update it based on any changes in legal or local context.

## 1. INTRODUCTION

Enfield Council's Housing and Good Growth Strategy to 2030 sets out the vision and housing policy to help more people realise their aspirations of homeownership. Affordability is the main challenge with residents unable to afford a mortgage at a reasonable proportion of their earnings or the ability to be able to offer a deposit.

The main challenge is for residents in the private rented sector. Over half of all Housing Benefit claimants in Enfield live in the private rented sector and nearly two-thirds of these are working. Many of these residents will not have priority need for social housing. For this reason, this policy seeks to expand the prioritisation of applicants for intermediate housing, define the income eligibility range for applicants in the Borough and the role of Registered Providers (RPs) in providing Intermediate Housing in Enfield.

In the current context, meeting housing need through types of intermediate housing, provides an important role in supporting the business models of many housing associations and developers. The Allocations Policy for council owned housing and Registered Providers stock, prioritises housing for those with a long-term need and where this need cannot be met by the applicant in the housing market. The Intermediate Housing policy outlines how those that cannot meet their own needs in the market and who are not in sufficient priority need to be eligible for social housing, can access alternative low-cost accommodation.

The objectives of this policy are to ensure that we:

- Work within the Planning Policy Guidance setting out the levels of discount market rent in Build to Rent schemes and how these will be prioritised to residents and allocated.
- Establish clear criteria to determine who is eligible for intermediate housing in the borough
- Establish clear criteria for prioritising applicants for intermediate housing in the case that there is more than one applicant for a property
- Prioritise applicants to help ease pressure on social housing where possible and to ensure that intermediate housing is targeted to those with the greatest need
- Design access arrangements – through establishing an intermediate housing register to which people can register their interest and requires providers of intermediate housing in the borough to market their units to applicants in the first instance and let them in accordance with the Council's Priority Bands (see below)
- Support a range of other innovative and varied products, including lower cost market housing and private rented schemes, which is not classified as Intermediate Housing but may still be affordable to those on low to average incomes.

## 2. DEFINITION OF INTERMEDIATE HOUSING

Intermediate housing consists of homes for sale and rental homes provided at a cost above social rent, but below market levels subject to the criteria in the NPPF definition above. These can include:

- First Homes
- London Living Rent
- Discount market rent (within Build to Rent schemes)
- Shared equity
- Shared Ownership which might extend to the Right to Shared Ownership in future Affordable Housing programmes

The Allocation Policy outlines different intermediate tenure types which are aimed at different income thresholds as set out below:

<b>Tenure</b>	<b>Minimum Income as at April 2020</b>	<b>Maximum Income as at April 2020</b>
London Living Rent	£25,000	£60,000
Intermediate Rent (includes Discount Market Rent)	£18,100	£60,000

### *London Living Rent (LLR)*

LLR is intended to be an affordable “rent to save” tenure for gross annual household incomes of £60,000 per annum. The homes will be offered on tenancies of a minimum of three years and up to ten years at intermediate rent levels. It is a type of intermediate rent based on one third of ward median income paying rent on a two- bed property to support Londoners to save and move into homeownership. LLR homes in the borough will be expected to be subject to the same intermediate housing policy as set out in this document. Providers will be expected to satisfy themselves that households can afford to both pay the rent (without recourse to Housing Benefit) and accumulate savings, using standard affordability tests.

### *Discount Market Rent (DMR)*

DMR is an Intermediate Rent for household incomes of less than £90,000. The required discount is agreed with the planning authority and could be a ‘blended’ range based on market rent up to 80%; or based on proportion of median incomes and may apply to a specified proportion of homes rather than specific units.

## **3. BUILD TO RENT**

The Draft London Plan (in particular H13) are aligned with the 2017 Affordable Housing SPG, which defines Build to Rent (BtR) and explains how its distinct economics should be taken into account when assessing applications.

The Mayor of London expects at least 30% of Discount Market Rent homes to be provided at an equivalent rent to London Living Rent with the remaining 70% at a range of genuinely affordable rents. BtR providers intending to retain long-term ownership of a whole block are not required to sell LLR properties as shared ownership.

BtR schemes are coming forward in the Borough and it is important that we have a framework to guide schemes pending the finalisation of the Local Plan. Each BTR application will need to be assessed on its individual site circumstances to address the needs of local affordability. In general – and pending finalisation of the Local Plan – we will seek discount market rent levels at no greater than 70-80% of market rent, with scheme mixes favouring family households.

The affordable housing ‘offer’ on Build to Rent developments will comprise discounted market rent, usually managed by the Build to Rent provider. Rents could be set at the LLR level at the start of each tenancy, or the discount to market rents could be fixed at a rate that makes the rent equivalent to the LLR rate for the initial letting, with this discount then being applied to the current market rate for the development at the start of each new letting.

#### **4. REGULATORY & LEGAL CONTEXT**

Our approach to setting criteria for households in accessing intermediate housing products is in accordance with the London Plan and National Planning Policy Framework (NPPF).

GLA eligibility criteria for intermediate housing products are as follows:

- The costs (including service charges) of intermediate ownership products such as London Shared Ownership and Discounted Market Sale (where they meet the National Planning Policy Framework and London Plan definition of affordable housing) should be affordable to households on incomes of £90,000 or less
- The costs for all intermediate rented products (including London Living Rent, Discounted Market Rent, Affordable Private Rent and Intermediate Rent) should be affordable to households on incomes of £60,000 or less.
- For dwellings to be considered affordable, annual housing costs, including mortgage payments (assuming reasonable interest rates and deposit requirements), rent and service charge, should be no greater than 40 per cent of a household's net income.
- Local planning authorities should seek to ensure that intermediate provision provides for households with a range of incomes below the upper limit average housing costs (including service charges for Shared Ownership and Discounted Market Sale homes), should be affordable by households on annual incomes of £56,200 a year. This is calculated as the mid-point of the of the upper income threshold of £90,000 and a lower threshold of £22,400 that was derived by increasing the previous year's threshold by RPI.
- On this basis, average housing costs for Shared Ownership and Discounted Market Sale, including service charges, should be no more than £1,311 a month or £303 a week (calculated on the basis of 40 per cent of net income, with net income being assumed to be 70 per cent of gross income of 56,200), the same as in the previous AMR.
- Similarly, for intermediate rent products average housing costs, including service charges should be affordable by households with an annual income of £41,200, resulting in maximum housing costs of £11,536 a year, which is £961 a month or £222 a week.

#### **5. INFLUENCING THE DESIGN OF NEW SCHEMES IN THE BOROUGH**

Subject to viability, this policy should be used as guidance for developing new build homes in accordance with:

- An affordable housing mix of 70/30 split in favour of rented accommodation.
- An Intermediate product should be no greater than 70%-80% of market rent and no greater than 40% of net household income.
- London Living Rent should be genuinely affordable with rents no greater than 40% of net household income.

Applicants who have sufficient finances to resolve their housing need by renting or buying in the intermediate housing sector (e.g. below market rent or shared ownership) or the private sector will be given information and advice on alternative housing options.

#### **6. WHO IS ELIGIBLE FOR INTERMEDIATE HOUSING**

Eligibility criteria are required to ensure that intermediate housing is allocated to those who need the product and for whom it is a financially viable option. When a number of individuals

and households express an interest in the same property there are priorities, set out below, to determine who should be the beneficiary.

Eligibility for intermediate housing will be restricted as per the GLA's criteria<sup>1</sup>

- People with a gross household income of no more than £90,000 per annum.
- People who are unable to purchase a suitable home to meet their housing needs on the open market.
- People who do not already own a home or who will have sold their current home before they purchase or rent.
- Priority will go to Armed Forces personnel (serving military personnel and former members of the British Armed Forces discharged in the last 2 years).

Intermediate housing is a product designed to help those who have difficulty entering or moving within the housing market. For this reason, applicants for intermediate owned housing products such as shared ownership must generally be first-time buyers, the exceptions being:

- when applicants are using shared ownership to move from or within a regeneration area, as provided for in an Estate Renewal Rehousing and Payments Policy, or
- when applicants are accessing shared equity products so as to downsize or are purchasing intermediate products to move into a larger home to meet their household needs.

In these cases, the applicant may well already own property. However, the housing product being purchased as an intermediate product must be the only property the purchaser will own in the UK. Applicants must, in all cases, be resident in the UK for tax-purposes. Intermediate housing for rent will be limited to applicants with a gross household income of less than £60,000, but targeted at households with a maximum income of £40,000 for 1 and 2 bed properties.

The Draft London plan further states that if boroughs wish to set eligibility criteria for intermediate housing below these levels, they should automatically cascade out to the London-wide eligibility criteria within three months to ensure that units are not left vacant. Re-sales and re-lets should be available to those meeting the London-wide income caps and not be restricted by local eligibility criteria.

In line with this, we shall ensure that planning agreements state that for the first three months of marketing intermediate housing products, eligibility will be further restricted to people living and/or working in the London Borough of Enfield.

We may consider restricting eligibility to certain groups on sites where this is particularly appropriate e.g. development on hospital land to provide housing for health workers or developing on school land to provide housing for teachers and teaching assistants.

We may also restrict eligibility to certain properties if they serve a special need, such as being wheelchair accessible.

## **7. WHO WILL HAVE PRIORITY FOR INTERMEDIATE HOUSING PRODUCTS IN THE BOROUGH**

The Council is committed to the offer that residents in the Borough should benefit from new affordable housing to rent or to own in the borough, and the priorities and marketing bands

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<sup>1</sup> Correct as of July 2017

below are in place to ensure this. Recognising the significant impact of Covid-19, measures are being considered within this policy which support the principle of “**Homes for Heroes**” whereby key workers in the NHS and emergency services should be prioritised for new homes at intermediate tenures and increased access to well managed discount market rented and affordable low-cost home ownership.

Priorities are defined to allocate properties when a number of individuals who meet the eligibility criteria have expressed an interest, and are as follows:

**Priority 1 : Workers in essential services that work in Enfield**

- Priority will be given to workers in essential services. For the purpose of this policy, this includes:
  - Social workers, youth offending managers and case workers, nursery nurses, educational psychologists, and therapists (e.g. occupational therapists), care workers
  - Clinical NHS staff (with the exception of doctors and dentists)
  - Teachers, teaching assistants and nursery nurses in schools and further education/sixth form colleges
  - Police officers, Community Support Officers and some civilian staff
  - Firefighters and other uniformed staff below principal level in Fire and Rescue Services

**Priority 2 : Social and affordable housing tenants in Enfield**

- Priority will be given to current Council and housing association tenants who have the means to be able to sustain an intermediate housing product.

**Priority 3: Members of the armed forces**

- Priority will be given to those applicants who are either:
  - A former member of the regular armed forces
  - A member of the regular or reserve forces who is suffering from serious injury, illness or disability related to their service
  - A bereaved spouse or civil partner who has had to leave forces accommodation following their partners death in service

**Priority 4: Enfield residents on housing needs register**

- Priority will be given to Enfield residents on the housing needs register. If there are two or more applicants at this level of priority, then priority on the housing needs register will be assigned in order of gross salary (with the lower income household receives greater priority) and lastly in order of date of application.

**Priority 5 : Enfield residents**

- Priority will be given to Enfield residents that have lived in the borough for the preceding three years; in line with the allocation scheme.

**Priority 6: Non-Enfield residents who work in the borough**

- Priority will be given to non-Enfield residents who work in the borough, not in essential services as set out in priority 1 but meet the criteria for Band 1.

**Priority 7: London resident**

- Priority will be given to any London resident.

Further to the priority cascade set out above, household size and income levels will be taken into consideration. Where several applicants are in the same priority band, precedence will be given to households on the lowest income who meet the affordability criteria, and then to the applicant who first expressed an interest in the property via the Intermediate Housing Register or Homes for Londoners tool.

The Council can, at its discretion, grant additional priority in exceptional cases and could include households who are threatened with homelessness, or where a household member is a victim of domestic violence.

If the above priority bands operate in such a way as to result in unlawful discrimination, the council may, depending on the circumstances, disapply the criteria so as to avoid any discriminatory effect.

**8. MARKETING INTERMEDIATE HOUSING**

To improve accessibility for residents, this policy sets clear guidelines for the marketing of intermediate products in order to ensure that those who need the product most in the borough are able to express an interest first.

Intermediate housing will be marketed in the following order, by band:

	Time Period	Criteria
<b>Band 1</b>	Pre-completion and 3months post -completion	Those living or working in Enfield with a minimum annual income of £18,100 for 1 and 2 bed properties and £60,000 for larger properties.
<b>Band 2</b>	-6 months post completion	Those living or working in London with a maximum annual income of £60,000 or £90,000 for non-rented intermediate.
<b>Band 3</b>	From 6 months post completion	Those living or working in London with a maximum annual income of £90,000.

The Council will therefore require developers and housing providers to deliver new intermediate homes at price points that ensure that households on incomes as set out above face housing costs, including mortgage costs, rent charged and service charges, that do not exceed 40% of their net household income. The Council will also require developers to take account of incomes on a borough-wide basis but also at a ward-specific level.

For the first three months of marketing, in instances where there are multiple customers looking to purchase or rent a home, we will expect providers to allocate intermediate housing units in accordance with the priority cascade. We expect providers to inform Enfield Council when the marketing of properties commences and agree to provide a marketing plan within the S106 agreement.

Recognising the individual characteristics of local housing markets, eligibility for intermediate housing may be set locally and will be reviewed on an annual basis in line with changes to the market and local demographics. Further intermediate housing policy will also be developed for Meridian Water, to provide for the right mix and tenure for the Edmonton area and enable delivery of strategic housing priorities.