

## Intermediate housing policy statement 2018

### 1. Introduction

Haringey's Housing Strategy 2017-22 identifies a need for a significant increase in the number of homes in the borough. Its first strategic objective is to deliver '*a step change in the number of homes being built*'. The Mayor of London's new draft London Plan has set a new target for Haringey of a minimum of 1,958 net new homes per annum.

Haringey Council's adopted policy SP2 in the Local Plan, requires 40% of these homes to be affordable, with the most pressing priority being family-sized Social Rent/Affordable Rent homes for those in the most housing need; that is the large number of households on Haringey's housing register, in particular those currently living in temporary or insecure accommodation, who are likely to be on lower incomes.

However, the Housing Strategy and Local Plan also recognise that a varied housing offer is essential across Haringey - to accelerate housing delivery; maintain mixed and balanced communities; and to better meet the housing needs of the borough's diverse population - diverse in household income, size, support needs, age and other characteristics. In this context, intermediate housing has a significant role to play in meeting the needs of many current, and future, residents of Haringey, who may struggle to afford market housing, but are not usually a priority for social rented housing. Increasing the delivery of intermediate housing in the borough, through provisions of a mix of low cost homes to rent, intermediate owned and rented housing, and market homes to buy or rent, will assist in providing choice, meet particular residents' housing needs, and deliver upon the above strategic objectives.

This policy statement aims to:

- Clarify the definition of intermediate housing
- Set the criteria for eligibility for intermediate housing in Haringey and parameters around the marketing of the product
- Provide guidance on the preferred tenure mix for affordable housing across the borough in order to deliver the overall aims of the Local Plan and Housing Strategy
- Identify intermediate housing products and support a range of other innovative and varied products, including lower cost market housing, which is not classified as Intermediate Housing but may still be affordable to those on low to average incomes.

All those engaged in the provision of new housing in the borough, in particular developers and housing associations, will be expected to have full regard to this policy statement when delivering new affordable homes.

## 2. Definition of intermediate housing

Intermediate housing is part of the overall Affordable Housing offer, and one of several types of housing priced below market rates.

The National Planning Policy Framework defines intermediate housing as follows:

Intermediate housing is homes for sale and rent provided at a cost above social rent, but below market levels subject to the criteria in the Affordable Housing definition above. These can include shared equity (shared ownership and equity loans), other low cost homes for sale and intermediate rent, but not affordable rented housing.

Homes that do not meet the above definition of affordable housing, such as “low cost market” housing, may not be considered as affordable housing for planning purposes.

The London Plan also uses this definition as does Haringey’s Local Plan and this Intermediate Housing Policy Statement. This policy statement therefore primarily relates to these products. New products of all tenure and design are welcome in Haringey, in particular those affordable to lower income households. But other housing products, including non-discounted homes for private sale and rent and social rented housing, are not intermediate products and are not covered by this policy statement.

### 3. Eligibility criteria and priority

Eligibility criteria are in place 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.

#### 3.1 GLA eligibility criteria

All London local authorities are required to have policies that are in general conformity with the Mayor's London Plan and Housing Strategy. These set out the GLA eligibility criteria for intermediate housing, including income caps which are updated yearly in the London Plan Annual Monitoring Report and are based primarily on household income. In 2017, the criteria were updated as follows:

From April 2017 the costs, including service charges of intermediate ownership products such as London Shared Ownership and Discounted Market Sale (where they meet the NPPF and London Plan definition of affordable housing), should be affordable to households on incomes of £90,000 or less. From April 2017 the costs, including service charges 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.

The monitoring review goes on to specify:

Local planning authorities should seek to ensure that intermediate provision provides for households with a range of incomes below the upper limit, and provides a range of dwelling types in terms of a mix of unit sizes (measured by number of bedrooms), and that average housing costs, including service charges for Shared Ownership and Discounted Market Sale are affordable by households on annual incomes of £56,200 pa. On this basis, average housing costs, including service charges, would be about £1,311 a month or £303 a

week (housing costs at 40% of net income, net income being assumed to be 70% of gross income). For intermediate rent products average housing costs, including service charges should be affordable by households with annual incomes of £41,200, resulting in housing costs of £11,536 a year or £961 a month and £222 a week.

### 3.2 Haringey eligibility criteria

Intermediate Housing for ownership will be limited to applicants with a gross household income of less than £90,000, but targeted at households with a maximum income of £40,000 for 1 and 2 bed properties, and £60,000 for larger properties.

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 Haringey's 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, they 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.

### 3.3 Haringey's priority households

The Council is clear that local residents should benefit from new affordable housing to rent or to own in the borough, and the priorities and marketing bands below are in place to ensure this. Robust mechanisms will be put in place to monitor and enforce these.

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

#### **Priority One:**

- Haringey social housing tenants, including Housing Association tenants where Haringey has nominations rights to that property
- Households on the housing register
- Households who are required to move because of estate renewal, including leaseholders and freeholders who are unable to purchase properties on the open market
- Children of Haringey social housing tenants who are currently living with their parents

#### **Priority Two**

- Members of the armed forces
- Applicants who live or work in the borough

#### **Priority Three**

- Any other applicants living or working in another London borough.

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.

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

Key workers are not given specific priority in Haringey, since this policy statement is not seeking to prescribe the value of different workers to the borough. However, as provided for below, employer-supported housing is welcome.

### 3.4 Marketing intermediate housing

This policy statement 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
Band 1	Pre-completion and 3 months post -completion	Those living or working in Haringey with a maximum annual income of £40,000 for 1 and 2 bed properties and £60,000 for larger properties.
Band 2	3-6 months post completion	Those living or working in London with a maximum annual income of £60,000.
Band 3	From 6 months post completion	Those living or working in London with a maximum annual income of £90,000.

Therefore, it is expected that on all new developments, pre completion marketing will be solely to Band 1, as will all marketing for the first three months after completion. At this point the cascade will kick in, to market to Band 2 for the next three months. If the property is still unsold six months after completion, it should cascade to Band 3. The Council will monitor and enforce compliance with this marketing to ensure as many intermediate opportunities as possible are taken up by existing local residents.

### 3.5 Affordability for individual properties

Appendix C of the Housing Strategy 2017-22 sets out that housing is affordable if the housing costs represent less than 40% of a household's net income. 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.

## 4. Affordability and tenure mix

The Council requires a minimum of 40% of new housing across the borough to be affordable as set out in the Local Plan policy SP2 and the Housing Strategy. It also requires that the tenure mix of this new affordable housing should be 60% Social Rent/Affordable Rent and 40% intermediate housing products.

However, the Local Plan and Housing Strategy are also clear that an appropriate tenure mix within specific areas, as well as across the borough is important, taking into account the existing tenure mix in these areas.

In Tottenham nearly 40% of existing homes are Social Rent, well above the borough average and the average for either London as a whole or inner London. In contrast, the West of the borough, defined as the wards of Alexandra, Crouch End, Fortis Green, Highgate, Hornsey, Muswell Hill and Stroud Green, has a significantly lower proportion of Social Rent; at 15% much lower than the borough average and less than half the proportion found in Tottenham.

To seek to achieve a more mixed and sustainable tenure mix across the borough, Local Plan policy SP2 should be flexed to address the local circumstances. In Tottenham, a higher portion of intermediate housing will be sought (in accordance with policy AAP3 of the Tottenham Area Action Plan), while in the west of the borough, a higher proportion of Social Rented/Affordable Rented housing will be sought, having regard to the achievement of the overall borough-wide 60:40 tenure split target.

## 5. Products

### Intermediate housing products

The Council is seeking a wide range of housing products aimed at different housing needs, including products to suit different household incomes, different household types and sizes and different ages. In particular, the Council is keen to promote a variety of intermediate housing products across the borough. These include properties for ownership, including shared ownership and shared equity and properties to rent.

The Council is keen to see shared ownership that is affordable to local residents, either by reducing the initial share, or by reducing the rent that is paid on the unsold share. At the same time the Council recognises that there is value in broadening the affordability of shared ownership, to meet the needs and fit the household circumstances of people at different stages of their life. This can see shared ownership properties with a range of initial shares and different rents on the unsold equity, to suit both households with lower levels of savings but higher incomes and those with higher savings but lower incomes.

Shared equity products can be particularly suitable for those who have capital from the sale of a property, either due to a move within or from a regeneration area, or due to a move to a smaller property.

The Council is particularly keen to see more intermediate rented products being delivered, as it can be very difficult to make shared ownership viable and affordable for many potential applicants in Haringey, particularly those in the east of the borough. Intermediate rented products can be suitable to a wider range of Haringey residents than intermediate ownership products, and the Council is keen to see an increase in the delivery of products such as London Living Rent.

The Council is keen to support build to rent developments, although these rented homes are not normally intermediate housing. The affordable offer on build to rent developments should normally be a discounted market rent offer with rents set at the equivalent to London Living Rent rather than other forms of intermediate home ownership or general needs rented.

Other intermediate products are also welcome - including options for co-housing, co-living, etc - where the prices or rents are explicitly set at sub-market levels and where there are means to ensure the homes are retained for intermediate use in perpetuity and/or any subsidy in these schemes is recycled for affordable housing should they cease to be intermediate units.

### **Other products**

Intermediate housing is a clearly defined product. However, there are a number of other low cost market housing products that the Council would also encourage in the borough. These are not provided for in this policy statement, as they are not explicitly intermediate housing. However, the Council will work with partners to bring these developments forward.

These may include low-cost market housing such as HMOs, co-housing or co-living options at low, but not intermediate, rent; and other homes that are cheaper than market homes due, for example, to being smaller, having lower fit-out standards, or other mechanisms.

As noted above, the Council does not prioritise key workers for intermediate housing. However, employer led housing developments are strongly encouraged in Haringey, and the Council welcomes initiatives from employers bringing forward land or other assets to develop housing for their employees. The Council is keen to work with, and offer support to, employers seeking to develop these schemes, particularly public sector employers providing essential local services, for example schools, health facilities or other public agencies wishing to develop housing on their land holdings which could in part provide housing opportunities for their staff.