

Intermediate Housing Policy Statement

Housing

8 January 2018

Intermediate Housing Policy Statement London Borough of Richmond upon Thames

December 2017

Introduction

1. This policy statement outlines the Council's position with regards to firstly, the prioritisation of applicants for intermediate housing, secondly, the income eligibility range for applicants to intermediate housing schemes in the Borough and thirdly, the role of Registered Providers (RPs) in providing Intermediate Housing in the L.B.Richmond

Prioritisation of Applicants

2. The Priority Cascade reflects Members' commitments to support the most vulnerable whilst also providing opportunities for moderate to medium income working households to access intermediate rent and low cost home ownership opportunities.
3. The Priority Cascade for applicants in L. B. Richmond upon Thames is:

Priority 1 – Housing Association Tenants residing in L.B Richmond and members/former members of the Armed Forces.

Priority 2 – Households living in L.B. Richmond with an assessed priority for social housing who are able and wish to purchase low cost housing.

Priority 3 – L. B. Richmond residents and workers who are:

- First time buyers.
- Meet the income criteria set by the Council. (See point 7).
- **Or** existing intermediate housing residents & those living in market housing who can demonstrate they are overcrowded and can also evidence that they do not have the financial resources to access appropriately sized market housing in the borough.

4. Within each priority band, where two applicant households have applied for the same scheme, priority will be assigned in order of gross salary (the lower household income applicant receives greater priority); and lastly in order of date of application.
5. If sales are not achieved to the priority groups above within set timescales set out in the Intermediate Housing Marketing Statement, that any cascade to sell remaining homes to those who may, for instance, be non-resident/non-working in the Borough, must be agreed with the Council. In addition, existing owners of overcrowded intermediate housing need to co-ordinate a sale and purchase of the old/new Intermediate Property. This is because they cannot have a legal interest in two properties at the same time.

Income Eligibility for Applicants

6. With regard to the range of income for intermediate housing, there is an upper cap on salaries set by the GLA of £90,000 per annum for shared ownership and £ 60,000 per annum for intermediate rent. Beyond this households are not eligible for intermediate housing.
7. The Council expects however that 2/3rds of scheme applicants will have an income up to £47,000 per annum, and that these households are prioritised.

Role of Registered Providers

8. Registered Providers are to consider this guidance when bidding for sites to ensure that the homes delivered meet the priorities.
9. Furthermore, with respect to shared ownership housing, RPs are expected to ensure that some units are affordable to those on lower incomes (£19,000 per annum upwards for working households) through *lower equity shares*. A guiding principle is that 40% of equity across a development should be sold.
10. RPs across London have contracts to deliver new intermediate housing developments under the GLA Housing Investment Programme 2015-2018 and the Homes for Londoners Affordable Homes Programme 2016-2021. 'First Steps' is the official intermediate housing programme from the GLA offering a range of intermediate housing products.
11. In Richmond Borough the majority of intermediate housing schemes are shared ownership schemes. However, there are a handful of intermediate rent properties which are targeted at key workers.
12. To register and apply for Intermediate Housing Opportunities in the Borough, applicants must use the 'Homes for Londoners' website. This will allow applicants and RPs to liaise directly when new schemes become available. In April 2018, this is scheduled to be handled by a new website which will perform the same function. The council will update this statement appropriately closer to the time.
13. It is the responsibility of the RPs to demonstrate that Richmond Borough residents and workers (see point 3) are prioritised for rehousing opportunities and that they meet the income criteria (points 6 & 7) set by the Council. The RPs must also agree a local marketing plan with the Council who wish to see this submitted at least 3 months prior to the marketing of the scheme in question. (For schemes with greater than 15 or more units).
14. Shared ownership schemes allow an applicant to initially buy between 25% and 75% of the equity of a home. Subsidised rent is payable on the remainder of the equity with scope to staircase i.e. to buy increasingly more equity in the future right up to outright ownership.
15. Intermediate rent properties have rents set at 60% to 80% of market rents.

16. The GLA's Affordable Housing and Viability Supplementary Planning Guidance (SPG) document has proposed a new product called London Living Rent (LLR). LLR is intended to be affordable to gross annual household incomes of £60,000 per annum and let for up to ten years at intermediate rent levels. During this period households save for a deposit to enter home ownership. At the end of the ten years, if the household has not exercised the option beforehand, the existing tenant has to purchase the property on shared ownership terms or terminate their tenancy.
17. Whilst the Council is supportive of the product as a way of households to access low cost home ownership, it has some objections. The Council has argued that there should be no cliff edge from rent-to-purchase. The GLA have agreed these properties should be marketed locally for an exclusive three month period prior to cascading wider to Pan London nominations.
18. LLR homes in the Borough will be expected to be subject to the same intermediate housing market statement as other intermediate products, save the household income cap of £ 60,000 per annum.
19. The Council will support, subject to planning requirements being met, innovative forms of housing which help support the delivery of intermediate housing.