



# Evidence Base for Tenancy Strategy

Report prepared on behalf of

**London Borough of Richmond upon Thames  
& Richmond Housing Partnership**

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# 1 Introduction

## 1.1 Objectives

1. There are two overarching objectives in developing the evidence base for a Tenancy Strategy within Richmond upon Thames:
  - To provide comprehensive and robust information for the Council's Tenancy Strategy which will underpin the Council's activities in guiding and influencing the provision and allocation of affordable housing within Richmond upon Thames.
  - To provide evidence to guide the future strategy of Richmond Housing Partnership (RHP), the main affordable housing provider within Richmond Borough, both in terms of new affordable housing provision and the best use of the existing stock.

## 1.2 The Role of the Council and Richmond Housing Partnership

2. The Council has a strategic role in ensuring those in housing need are able to access affordable housing and does so by maintaining a housing register, working with local housing associations, to enable development through its Housing Capital Programme and in making best use of the stock. The Council currently administers Housing Benefit and helps to enable low income working households access the private rented sector. The Council also has statutory duties to house those who are homeless and following the Localism Act will be able to discharge homelessness duty into the private rented sector.
3. The London Borough of Richmond upon Thames transferred its housing stock in July 2000 to Richmond Housing Partnership. It now relies on 33 housing associations operating within the authority area to meet the needs of residents requiring affordable housing, including RHP which owns and manages the majority of the stock, followed by Richmond Churches Housing Trust, Thames Valley and London and Quadrant. Private sector landlords also play a role in meeting housing need.
4. These responsibilities mean that the Council needs to understand housing need within Richmond upon Thames and use its powers to support the best use of affordable housing. This includes influencing the private rented sector and guiding the development of the most appropriate new affordable housing. The Council's housing team works with housing associations to ensure households in need (as reflected by Housing Register points), registered with the Council, access affordable housing. The Council also works with associations to ensure the most appropriate tenancies are offered, reflecting the needs of the particular household.
5. The Council's influence over *new* development of affordable housing largely lies within planning. Planning policy is used to guide the overall level, location, tenure, type and size of affordable housing that is delivered within the Borough.
6. However, the Council also has a housing capital programme and is able to directly contribute funds to the development of new affordable housing. It has much more influence over affordable housing provision therefore than in many other authorities.
7. Richmond Housing Partnership owns and manages 6,645 affordable homes for general needs and a further 1,922 leasehold properties for older people and 22 shared ownership homes. The vast majority of these are within Richmond Borough. It is a developing registered provider and has successfully won a bid to the HCA to deliver 148 new homes within the Borough under the Affordable Housing Programme 2011-15. RHP therefore needs to make the best use of the stock they own and manage and plan for the new development which is targeted towards priority needs.
8. The options available may include managing turnover of tenants through tenancy policies, providing incentives for households to downsize when appropriate, allowing conversion to different tenures

(including the new affordable rent tenure) and sales or disposals. To understand the best strategy to follow, the housing association needs to understand how far the homes it owns and manages are meeting the needs of existing and prospective tenants.

9. There is greater scope through new development to ensure that affordable housing meets the specific needs of those in priority housing need eg tenure, type and size and the level of rent and type of tenancies. However, there are constraints on what RHP and other housing associations can develop within the Borough under the new affordable housing programme, including the limitations that development viability will apply on specific sites, the scarcity of sites and high land values.

### 1.3 Report Approach and Outline

10. Overall, to deliver the evidence that the Council and RHP need to inform their activities, this study needs to analyse two key components:
  - The need or demand for affordable housing within Richmond upon Thames.
  - The supply of affordable housing.
11. The extent to which these two elements are in or out of balance will be reflected in the Housing Register, the price of rents and activities of landlords (housing association and private sector landlords) and will help to determine the nature of future strategies that the Council and RHP will need to put in place.
12. This research has involved the following analysis and fieldwork:
  - Analysis of the Council's Housing Register and the GLA's 'First Steps' register of intermediate households in Richmond upon Thames
  - Review of literature and key policy documents
  - Analysis of house prices, using Hometrack
  - Analysis of data on the social housing stock and re-lets
  - Three focus groups with Housing Register applicants, RHP tenants and other households in need (20 people in total attended the sessions)
  - Consultation with local estate agents (3 agents were visited and interviewed)
  - Interviews with officers in the Council, RHP and partner organisations (24 people were consulted)
13. Following the inception meeting with the Council and RHP, we identified four broad research questions which are the focus of this study. These are covered in separate sections of this report:
  - Section 2 examines the characteristics of the housing market that operates across the Borough and what drives the market. Section 2 considers:
    - the broad characteristics of the housing market that operates across the Borough
    - the price of open market housing in the Borough and the cost of purchasing
    - rental levels within the Borough
    - affordability
    - the impact of schools on house prices
  - Section 3 considers who is in housing need and what they need. Section 3 sets out:
    - The scale of housing need including from households on the Housing Register and 'intermediate' households and what they can afford
    - Evidence of the scale of overcrowding amongst those in need

- The scale of need from key groups, including young single people, families, older households and vulnerable people and the type of housing they require.
- Section 4 outlines the supply of affordable housing that is available to address housing needs within the Borough. Section 4 examines:
  - The scale and nature of the social housing stock in Richmond
  - The supply of properties through re-lets
  - Potential supply from homes currently under-occupied
  - The availability of affordable homes in the private rented sector
  - Key gaps in the stock and supply when compared to the needs identified in Section 3
- Section 5 considers the options for intervention, including
  - the nature of new build (tenure, type and size)
  - street purchases/ purchase and repair
  - finding solutions outside of the Borough
  - potential options about the use of the existing stock
  - the role of affordable rent in meeting need within the Borough.

## 2 The Housing Market within Richmond upon Thames

### 2.1 Drivers of Demand and Supply

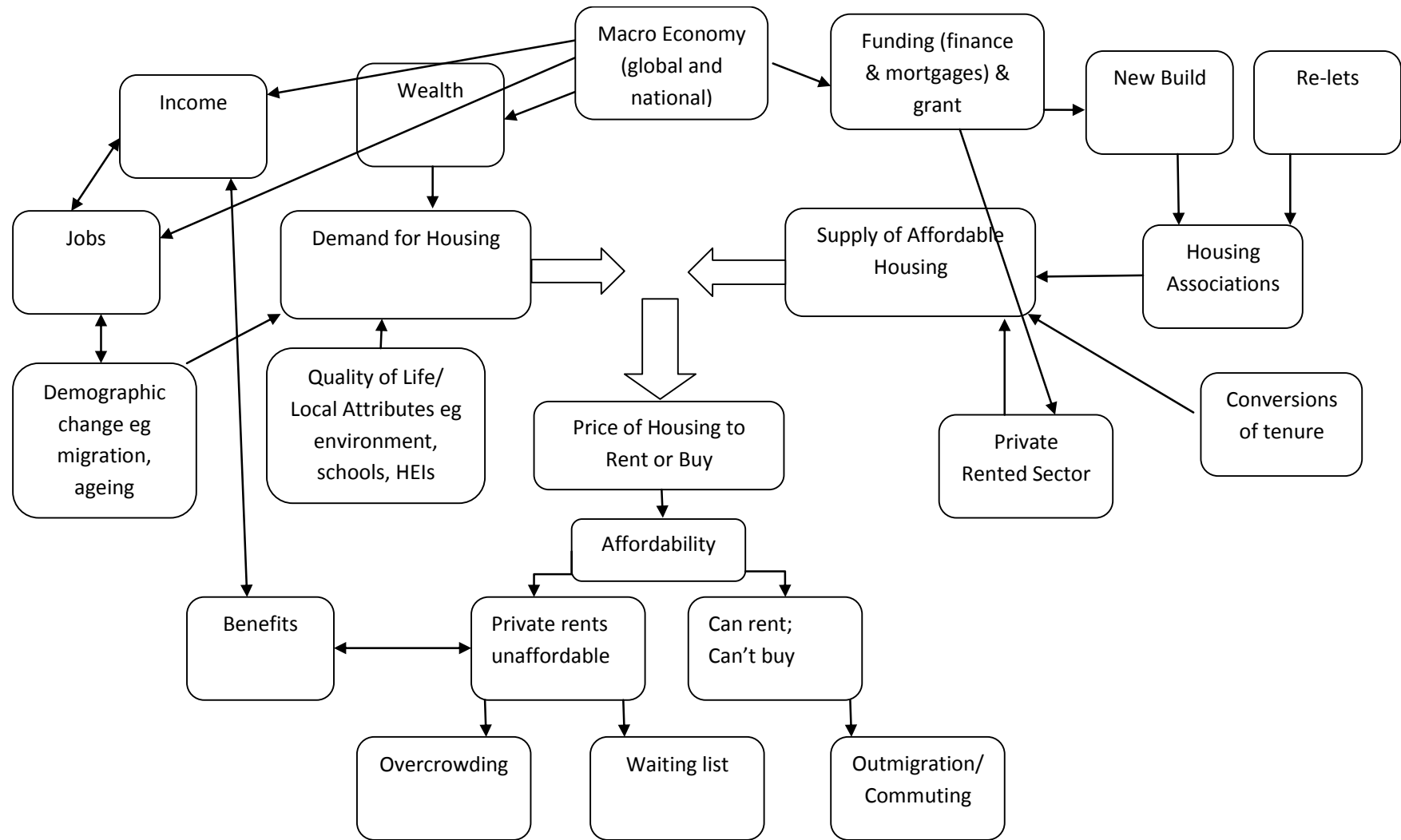
14. The housing market of any area is driven by a range of demand and supply factors. The same factors exist across the country but the way in which these factors operate differs considerably between different housing markets. Figure 1 illustrates these drivers in a conceptual diagram. It is this which gives rise to significant differences in housing markets across the country.
15. It is useful to set out broadly how a number of factors drive the market in Richmond upon Thames before considering the impact this has on prices, rents and affordability within the Borough. **All of these factors suggest that the pressure of demand within the housing market in the London Borough of Richmond upon Thames is unlikely to ease in the short or medium term.**
- Demographic pressures and household income: Richmond upon Thames experienced strong population and household growth over the last 10 years (a 9% increase in population 2001-2011) which has been driven largely by net in-migration to the Borough. Overall, there has been net in-migration to Richmond upon Thames from outside of the UK and net out-migration from Richmond to other parts of the UK, particularly the South East region. The largest proportional increase in population over the last 10 years was within the older age groups, with modest declines in the proportion of people in the 20-34 age group. Although the changing age profile is largely driven by ageing of the population, it also reflects the difficulty that younger people have in accessing affordable housing in the Borough.
  - The economy: London's position in the world economy is a strong driver of housing demand within the capital, including within Richmond upon Thames. London effectively operates as one large labour market and a significant proportion of people who live within the Borough commute into the capital for work (around 60%). **Those working in Central London are generally in higher paid jobs and are better able to purchase property within the Borough and generally able to outbid those who work within the Borough.** Connectivity to Heathrow and Central London by public and private transport is a key asset which enhances the competitiveness of the local economy and the attractiveness of Richmond upon Thames as a place to live. Furthermore, the quality of life offered by the Borough means that it is a place where people aspire to live. Richmond upon Thames has a significant river frontage, attractive town centres, a significant proportion of the Borough's land area is covered by parks (which gives the Borough a very distinctive character compared to other parts of London) and the quality of Richmond's primary schools and a number of high performing state secondary schools further boosts demand.
  - The key point is that Richmond upon Thames residential market is inherently tied to the wider London economy which itself is inherently tied to the global economy. **This means that residents within the Borough are competing for property in a global market place, where rising incomes and wealth push up the price of accommodation.** This growth in global wealth has also led to growth in the market for international properties. Estate agents active within the Borough estimate that around 20% of buyers are international.
  - These factors help to explain the strength of demand for residential property within the borough and in London as a whole and these factors have underpinned robust price growth – growth which sometimes seems disconnected from the lives and means of average households in the Borough.
  - Housing stock and new supply: The overall stock of housing in the Borough changes slowly as new supply accounts for less than 1% of total stock, in common with most authorities in the UK. Increases in new supply in line with planning targets are unlikely to impact on prices in the short to medium term. The London Plan target for Richmond upon Thames is for 245 new homes per annum. The imbalance between future household growth and future housing supply will support long term house price growth.
  - Expectations of households and investors: Housing is also an asset which means that demand reflects expectations about future price changes. Whilst expectations about house prices have moderated in the

UK as a whole, London and Richmond are different and there is less reason to believe that the pressure of demand, fuelled partly by expectations of future price rises, will ease in the future. Richmond is considered a safe place to invest.

- The availability of finance: Nationwide bank reported at the end of 2010 that the number of loans for home purchase in London had increased by 43% year on year, while the recovery in mortgage lending was less than 20% in every other UK region. Mortgage lending in London has bounced back strongly compared to the rest of the country and this is likely to apply within Richmond Borough. Prices have bounced back which has given lenders confidence to lend, assured that the risk of values slipping in London are low. The Council for Mortgage Lenders (CML) reported that four out of five first time buyers under 30 are thought to have received help from their parents with deposits, a trend which was noted by local agents.



Figure 2.1: Conceptual Framework



## 2.2 Characteristics of the Market

16. The majority of the housing stock in the Borough is owner occupied. The latest available data (Census 2001) found that 69% of homes were owned, 19% privately rented and 12% social rented. It is relevant to note that this is one of the smallest social rented sectors in London and therefore significantly constrains the ability of the Council and housing associations to meet housing need within the Borough. Furthermore, although local Census data for 2011 is not yet available, evidence at the national and regional level suggest a significant shift in tenure has occurred since 2001. The private rented sector has expanded at the expense of owner occupation and social renting. Cambridge University estimate that the PRS could now account for up to 34% of the housing stock in the Borough (although Census 2011 data will clarify this). The private rented market largely focuses on those with high incomes.

## 2.3 Prices and Rents

### 2.3.1 House Prices

17. Figure 2.2 examines current average prices within Richmond Borough and how these have changed over the last 5 years. Further detail on house prices is provided in Appendix 1. The average price is just over £500,000 and has increased by over one quarter in the last 5 years. This is despite the housing market downturn and fall in prices over 2008/09. Prices for each property size have, by and large, recovered to levels recorded before the downturn. **The housing market downturn has done little to improve the affordability of open market housing within Richmond upon Thames.**

18. Transactions – house sales – have fallen significantly since the market downturn and have not recovered to previous levels. Home owners are moving less frequently. This is likely to be a combination of uncertainty about future economic prospects and the fall in the number of first time buyers who are constrained by the availability of mortgages. The number of sales each year is around half the level it was in 2007 and this is particularly pronounced amongst the smallest properties, which are most affected by the constraints on first time buyers, with larger homes being traded more frequently.

19. Whilst movement of households in the social rented sector is affected by fundamentally different drivers, rising prices and falling sales levels in the open market will serve to further reduce the options available to tenants needing to move, particularly those on the margins of being able to afford to purchase.

20. Average prices in the Borough for 1 bedroom properties are around £245,000, rising steeply to £442,000 for a small family sized property (2 bedroom house). It is relevant to note that the prices of larger properties (2 bed house and larger) have increased to a greater extent over the last 5 years than one and two bedroom flats. This is an indication of the demand for these larger homes, relative to the available supply.

**Figure 2.2: Prices and Sales within Richmond Borough**

	Current average (Q1 2012)	Change over 5 years	% Change over 5 years	Transactions (sales)	% Change in Transactions over 5 years
1 bed Prices (Flat)	£245,200	£21,700	10%	144	-65%
2 bed Prices (Flat)	£337,300	£39,200	13%	395	-49%
2 bed Prices (House)	£441,900	£87,300	25%	217	-51%
3 bed Prices (House)	£529,000	£107,000	25%	527	-41%
4 bed Prices (House)	£805,700	£147,400	22%	332	-39%
Average	£502,000	£105,500	27%	332	-47%

Source: Hometrack, DTZ

21. The entry level (lower quartile) price for a property within the Borough is around £205,000. Given that there were only 144 sales of 1 bedroom flats within the Borough in the latest year there were only likely to have been around 35 properties available at these lower prices. Again, there is a significant difference

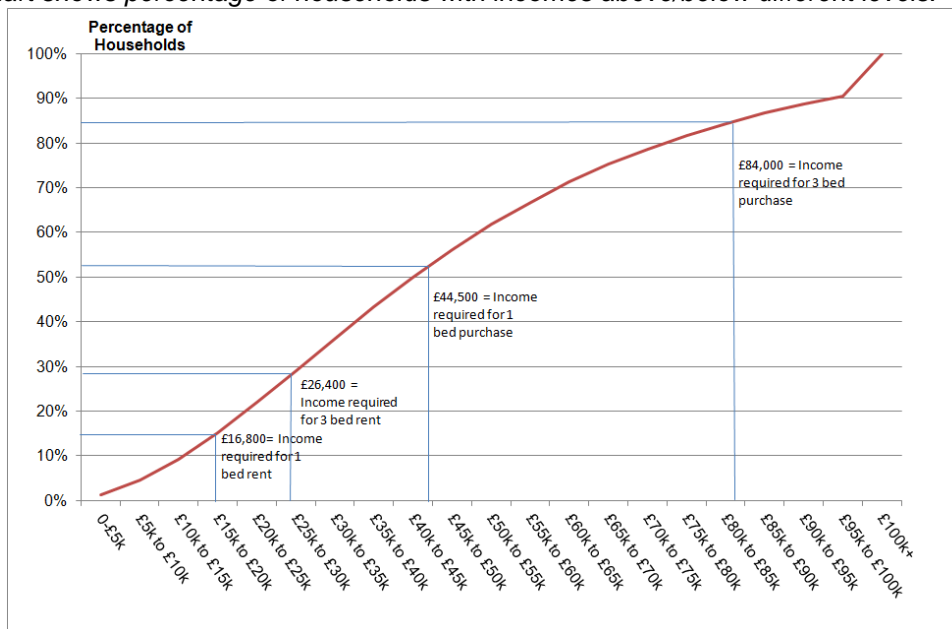
between the price of flats and houses, with the starting price for a 2 bedroom house at £345,000. Many of these lower quartile properties are focused in particular parts of the Borough – Whitton, Hampton and Heathfield. Appendix 1 provides further detail on the prices in specific wards. Agents emphasised the significance of good transport links to central London in driving differences in price and affordability, poorer quality housing stock in these areas and a greater concentration of social housing providing more affordable pockets of private housing.

## 2.4 Affordability

22. Previous research has emphasised the high cost of housing within Richmond upon Thames and significant problems of affordability for those wanting to access home ownership as well as other tenures. Figure 2.3 shows the large proportions of households (to the left of the blue lines) that are unable to afford different options within the market - **just over half of households in the Borough have insufficient incomes to buy one of the cheapest 1 bedroom properties.**

**Figure 2.3: Distribution of Household Incomes and Thresholds for Accessing the Market**

Chart shows percentage of households with incomes above/below different levels.



Source: DTZ, using Hometrack data

23. Based on house prices in the cheapest areas of the Borough:

- Households would need an **income of £44,500 or more to access a 1 bedroom property in the cheapest wards** (eg Hampton North and Whitton). This assumes they have sufficient savings or equity to fund a deposit of 10% of the purchase price (between £15-30,000 depending on the area).
- Current average earnings amongst Richmond residents are £41,000 (full time average earnings). This suggests that only those households with above average earnings would be able to afford a lower quartile property within the Borough. Households with more than one person earning are more likely to be able to afford to purchase in the open market.
- Households would need an income **of more than £56,000 to be able to afford a 2 bedroom property in the cheapest locations** within Richmond (Hampton North, Heathfield and Whitton).

- Individuals with earnings in the 75<sup>th</sup> percentile (average earnings of £60,000) would be able to afford a 2 bedroom flat in the cheaper wards in the Borough but they would not be able to afford a house, unless another member of the household was also earning. Again, households with above average, dual incomes are more likely to be able to afford to buy.
- Households would need an **income of more than £84,000 to afford a 3 bedroom property in the cheapest location** within Richmond (Heathfield). However, the income required to afford a 3 bedroom lower quartile property within almost all areas of the Borough is in excess of £100,000. **There are clear affordability implications for those requiring family sized accommodation.**

24. It is important to keep in mind in this analysis that the Borough of Richmond upon Thames is not a single housing market. Indeed, to some extent, London functions as a single housing and labour market, albeit with numerous sub-markets based on location or property types. This means that households living within Richmond have a wider market to choose from when considering a house purchase.
25. The majority of the wards neighbouring or geographically close to the Borough of Richmond upon Thames have average prices below those in Richmond Borough (apart from some wards in Hammersmith and Fulham and Kingston upon Thames). Lower average prices can be found in Spelthorne, Elmbridge and Hounslow. Average prices in the Hounslow wards adjacent to Richmond Borough are between £210-220,000 – less than half the average price of property within Richmond.
26. Figure 2.3 shows that it is cheaper for Richmond households to purchase a property in one of these wards than in any part of Richmond Borough. Although these wards are more affordable the income required to purchase a larger property rises sharply. Households will still need to have substantial incomes and/or savings to be able to afford a 2 bedroom property or larger. Prices of these properties are likely to remain out of reach for Richmond households on average earnings or below. The reality for households with children looking to purchase a family sized property is that both parents need to be earning a reasonable salary (around £30,000 each) or one member of the household needs to be earning substantially above average wages. These households also need to have a deposit, in the region of 10% of the purchase price. This equates to around £20,000. This is likely to be a barrier to many households, even where they may have sufficient earnings to afford a mortgage.

**Figure 2.4: Income Required to Purchase a Lower Quartile House Price in 5 Most Affordable Wards outside the Borough**

Neighbouring ward	Income Required to Purchase (assuming 10% deposit)				
	1 bed	2 bed flat	2 bed house	3 bed	4 bed
Hanworth, Hounslow	£32,175	£45,000	£58,500	£63,000	£78,825
Feltham West, Hounslow	£39,750	£46,500	£58,650	£67,500	£72,675
Hanworth Park, Hounslow	£41,250	£48,600	£54,000	£66,000	£79,500
Hounslow Heath	£42,446	£55,125	£64,500	£74,700	£82,500
Feltham North, Hounslow	£43,200	£48,000	£59,850	£67,500	£74,775

Source: Hometrack, DTZ

## 2.5 Rents

27. Analysis of the rental market within the Borough has been undertaken by Cambridge University in parallel with this research.<sup>1</sup> Figures 2.4 and 2.5 provide a summary of some of the key data and the implications of market rents for affordable rent levels and the income required to access these.

**Figure 2.5: Current Market Rental Prices (pcm) in Richmond Borough**

Size	Borough Average Market Rents	Income Required for Average Rent (spending 33% of gross income)	Income Required for Average Rent (spending 50% of gross income)	Income Required for 80% Affordable Rent (spending 50% of gross income)
1 bed	£1,450	£57,900	£34,800	£27,800
2 bed	£2,000	£70,900	£48,000	£38,400
3 bed	£2,560	£102,300	£61,400	£49,100
4 bed	£4,340	£173,400	£104,200	£83,400

Source: Cambridge Centre for Housing and Planning Research, based on Hometrack

28. Cambridge estimate that the private rented sector accounted for up to 34% of all homes in 2010 – equating to around 24,700 properties. The Census 2011 will further clarify this. Most of these are purpose built flats or flats converted from existing buildings. However, only 12% of these properties were let to households on housing benefit (around 3,000 households), compared to almost 40% at the national level. Although around one third of these properties become available for letting each year (based on almost 9,000 properties being advertised over the last year), **there are very limited numbers of private rented properties that fall within local housing allowance limits – particularly for larger properties.** Research by Cambridge University also found that for *new* properties coming onto the rental market, only 11.8% of one beds, 7.4% of two beds and 5.7% of three bed rental properties were at or below LHA levels.

**Figure 2.6: Current Rental Prices (pcm) in Cheapest Wards<sup>2</sup>**

Size	Market Rents in Cheapest Wards	Income Required for Average Rent (spending 33% of gross income)	Income Required for Average Rent (spending 50% of gross income)	Income Required for 80% Affordable Rent (spending 50% of gross income)
1 bed	£700	£28,000	£16,800	£13,400
2 bed	£940	£37,600	£22,600	£18,100
3 bed	£1,100	£44,000	£26,400	£21,100
4 bed	£1,500	£60,000	£36,000	£28,800

Source: Cambridge Centre for Housing and Planning Research, based on [www.home.co.uk](http://www.home.co.uk)

29. **Average rental prices within the Borough confirm that the market is one which serves households on high incomes. It is focused towards high earning professionals and corporate lettings.** Assuming households spend up to a third of their income on rent, households within Richmond would need incomes in excess of £50,000 to afford an average rental property. In practice many households spend more than a third of their income on rent but nevertheless substantial incomes are required to access the private rented sector in the Borough.

30. Affordable rents set at 80% of average market rents do little to improve affordability of rental properties in the Borough as a whole. Incomes in excess of £27,000 would be required if affordable rents were set at

<sup>1</sup> Cambridge Centre for Housing and Planning Research (2012) Analysis of the private rented sector in Richmond and nearby

<sup>2</sup> Note that cheapest areas for different sized properties varies. Whilst Whitton ward has the cheapest rental prices across all properties, in Ham prices of 4 bed rental properties are closer to the Borough average

80% of the Borough average rent, assuming households **half** of their income on rent. Discussions with residents in the focus group sessions confirmed that most were spending 50% of their income (and some were spending more) on rents to be able to afford their property.

31. If affordable rents were set in relation to Borough average market rents they would not be affordable to households under the proposed benefit cap (£26,000). Even in the cheapest wards of the Borough, households needing more than 3 bedrooms will struggle to afford affordable rents set at 80% of market rents under the benefit cap. The reality is that the introduction of the benefit cap will set a limit on affordable rent levels, if they are to remain affordable to those on benefits. Figure 2.6 compares this limit to current LHA levels.

**Figure 2.7: Maximum Rent under LHA and Benefit Cap (pcm)**

Size	LHA (pcm)	Benefit Cap (assuming 50% of net income on rent)
1 bed	£725 - £995	£770-£1,080 (£175 pw)
2 bed	£900 - £1,250	£1,080 (£250 pw)
3 bed	£1,100 - £1,470	£1,080 (£250 pw)
4 bed	£1,300 - £1,730	£1,080 (£250 pw)

Source: DTZ, based on published LHA levels and proposed benefit caps of £18,500 for a single person household and £26,000 for other households

32. The Council’s analysis of affordable rents within the Borough found that:

- Affordable rents set at 80% of market rents were affordable under welfare benefits in 5 wards within the Borough. These correspond to the cheaper wards identified to purchase and rent earlier in this section.
- In 8 wards, affordable rents set at 60-80% of market rents are affordable under welfare benefits for 1 and 2 bed properties and at 50-60% for 3 bed properties.
- In 5 wards (Richmond North and South, Kew, Mortlake and Barnes) affordable rents set at 60% of market rents are affordable under welfare benefits for 1 and 2 bed properties but 3 bed properties remain unaffordable.

33. As with house prices, rents for larger properties have increased by a greater proportion than for smaller properties since 2004, which is suggestive of a **shortage of supply relative to demand for larger rental properties**.

34. Although there are properties available at significantly lower rents e.g. in Whitton and the wards to the West of the Borough and within Hounslow, these areas generally have limited private rental markets. The supply of private rented properties for lower income households is limited. This is further compounded by the reluctance of most agents and landlords to let to households in receipt of LHA who expressed views that:

- The LHA is too low to compete with market rents and has fallen relative to local rents in recent years. DTZ note that this is likely to be further compounded by the benefit cap which implies that households can spend less on their rent in future.
- Tenants lacked deposits and references and rents are paid in arrears. ‘Better tenants’ that were less likely to run into arrears were easily available in Richmond Borough. This is likely to be further compounded by the introduction of Universal Credit where payment of benefits goes direct to tenants, with landlords fearing potential risks around greater arrears.

## 2.6 Local Policy Context

35. There are a number of policies – both existing and emerging – that aim to address some of the issues identified above and to address need within the Borough. These include:

- A new housing allocations policy: this refers to the allocation of properties in the social housing sector determining the priority given to different households, depending on their housing needs. Specifically, it prioritises applicants who are living or working in the Borough. As well as prioritisation given to those with more urgent needs (eg homelessness, medical needs etc) the policy also gives greater priority to working households and/or those who make a community contribution as well as overcrowded households than given under the previous policy.
- Homelessness strategy: this policy prepares the ground for addressing homelessness in the Borough through greater use of the private rented sector. However, there is uncertainty over the extent to which this can be used, including placing households outside of the Borough, until the Government clarifies its position.
- Interim tenancy strategy: sets out the Council's interim position on fixed term tenancies in the social housing sector and emphasises the need to protect vulnerable households.
- Interim policy statement on Affordable Rent: sets out the Council's desire to ensure rents remain affordable to those in housing need accessing Affordable Rent properties, particularly for larger properties.
- Intermediate housing policy statement: gives priority for shared ownership to social rented tenants and those living or working in the borough on the housing register, providing they have incomes of under £64,000 (£74,000 for families needing 3 bedrooms or more).
- Housing capital programme: the Council invests its own funding to support priorities eg building of larger family properties and mitigating rents under the affordable housing programme to ensure they remain affordable to those in need.

### 2.6.1 Key Points

36. It is useful to draw out the following elements from the analysis:

- The average price for a 1 bedroom property within the Borough is around £245,000. Lower quartile 1 bedroom properties can be purchased for around £205,000 in the more affordable areas of the Borough.
- Households would need an income of around £44,500 to purchase one of the cheapest 1 bedroom properties in the Borough, assuming they spend one third of their income on housing costs.
- However, households would need an income in excess of £80,000 to purchase a family sized three bedroom home in one of the cheapest areas of the Borough. These prices are only likely to be affordable to households earning in excess of average incomes – either with both adults in a couple earning above the average for the Borough or one earner with a very high salary.
- There are more affordable properties within neighbouring Hounslow wards but households would still need an income in excess of £60,000 to afford a family sized home (3 bedrooms), and assuming they have a deposit (in the region of £20,000 assuming a 10% deposit) to access a mortgage.
- The rental market in the Borough appears to serve the same income groups. There are limited numbers of properties available to those on lower incomes, particularly those on housing benefit.
- The wards in the West of the Borough are more affordable both in terms of house prices and rents. However, the rental market in these wards is more limited than in other parts of the Borough eg Richmond centre.

- If affordable rents were set in relation to Borough average market rents they would not be affordable to households under the proposed benefit cap (£26,000). Even in the cheapest wards of the Borough, households needing more than 3 bedrooms will struggle to afford affordable rents set at 80% of market rents under the benefit cap. The reality is that the introduction of the benefit cap will set a limit on affordable rent levels, if they are to remain affordable to those on benefits.
- In this context it is unsurprising that a significant proportion of households living or working within the Borough are unable to afford to accommodate themselves without assistance or subsidy.



### 3 Characteristics of Households in Need

37. This section identifies the households who are unable to access housing within the open market. There are a number of different groups who are unable to meet their own needs within Richmond but they vary in terms of the severity of their need (and priority for assistance) and how much choice they have. Broadly, there are two groups of households unable to afford market housing within the Borough:
- **Households that cannot afford to rent.** They are either living in existing social housing, supported by housing benefit in the PRS, or with fragile living arrangements in poor quality accommodation or with friends or family on a temporary and insecure basis. There are 4,500 households in the Borough who have registered a need for social housing but the severity of their needs vary.
  - **Households that cannot afford to buy** and are stretching their finances to pay rents in the Borough. They have more choice eg moving outside of the Borough but over the long term the loss of this segment of the community has consequences for the labour market, public services and community cohesion.
38. The analysis in this section draws on two main data sources which provide information of the characteristics and circumstances of the two broad groups:
- The London Borough of Richmond upon Thames Housing Register
  - The GLA's 'First Steps' register of Richmond households interested in intermediate products
39. We also draw on qualitative information from three focus groups with households and interviews with 24 professionals from the Council, RHP, other Registered Providers and partner organisations.
40. The analysis identifies different types of households who are unable to access market housing without assistance. As far as is possible using the data available, we comment on:
- The size of property they need
  - The price/ cost of housing they could afford
  - The type and length of tenancy they need
  - The location of property they need

## 3.1 The Scale of Housing Need within Richmond

### 3.1.1 'Traditional' housing need

41. There are 4,495 on the London Borough of Richmond upon Thames' Housing Register who are either living or working within the Borough – they have a local connection. These households are predominately either existing social rented tenants needing to move or households living in the private rented sector. The Council's homelessness review found that 'being asked to leave' by a family member or relative was a key reason for homelessness and seeking assistance from the Borough Council. The vast majority of these households are unable to afford market housing and need subsidised rented accommodation. The scale of applications, compared to the availability of supply means that the Council has to prioritise applicants. This is achieved through the Council's allocation policy which awards points according to the severity of need or urgency of the household's housing situation.
42. Although the Council operates an open Housing Register which allows households living in other authority areas to register it is very unlikely that they will be allocated housing because they will be given insufficient priority under the allocation policy. When changes are implemented to the allocation policy in 2012, households not living or working in the Borough will be excluded from the housing register unless there are exceptional circumstances. The analysis in this section therefore excludes applicants not living or working in the Borough. Of the 4,495 households, 4,289 are residents of Richmond and 206 households work within the Borough but live outside of the Borough. Discussion with participants of the focus group give an indication of the type of households and circumstances that are in housing need and on the Housing Register (see Figure 3.1).

#### Figure 3.1: Examples of Typical Households on the Housing Register

*Single woman, under 50, working* – living with family member temporarily after relationship breakdown and home repossession. Needs one bedroom property.

*Single woman, aged 60+* - renting in the PRS but cannot afford rent even with housing benefit and being threatened by landlord's agent about rental increases. Needs one bedroom property, would consider sheltered.

*Young family, 2 children* – renting in PRS, overcrowded (lacking one bedroom), some problems with condition eg damp, father receiving ongoing medical treatment in hospital, currently unable to work so dependent on housing benefit. Need 3 bedroom property.

*Young family, single mother, 2 children* – living in temporary accommodation provided by Council after PRS tenancy ended, poor conditions cited including initial lack of cooking facilities and power. Need 2 bedroom property.

*Single man, under 50, out of work, previous mental health issues* – in RHP accommodation but recently lost housing benefit after receiving small inheritance, satisfied with home but would move if something more affordable available. Needs one bedroom property.

*Single man, 50-60, out of work due to health issues* – living in poor condition shared private rented sector, lack of heating/ unable to afford to heat room, unable to afford rent. Needs one bedroom property.

*Family, 3 children, working but receiving housing benefit* – renting a RHP property, overcrowded, lacking one bedroom.

*Single woman, under 30, working* – living in PRS house share after living at home with family in overcrowded RHP property, struggling with rent. Needs 1 bedroom property.

Source: focus group

43. Figure 3.2 shows that the Housing Register is dominated by single person households (46% of all applicants) and families with children (40% of all applicants). Figure 3.2 shows that around half of households on the Housing Register who have a local connection need a 1 bedroom property. A substantial proportion need a 2 bedroom property (31%) with the remaining 17% needing 3 bedrooms or more. Around one quarter of those households needing 1 bedroom properties are older people (aged 50+). These households are eligible for age-specific accommodation within the Borough, though not all of them have specifically registered for it or would consider it suitable for their needs.

**Figure 3.2: Housing Register Applicants by Household Type**

Household type	Number	%
Single Person	2,056	46%
Couple (without children)	467	10%
Families (singles and couples with children)	1,805	40%
Multi-adult (adults sharing)	60	1%
Other (Single pregnant and Under 18s)	107	2%
Total	4,495	100%

Source: Richmond Borough Council

**Figure 3.3: Housing Register Applicants by Size of Property Required**

	Number	%
1 bed	2,347	52%
2 bed	1,379	31%
3 bed	611	14%
4 bed	138	3%
5 bed	19	0%
7 bed	1	0%
Total	4,495	100%

Source: Richmond Borough Council

**Figure 3.4: Housing Register Applicants by Age and Size of Property Required**

	Under 50	50-59	60+	Total
1 bed	1,610	320	417	2,347
2 bed	1,173	137	69	1,379
3 bed	520	69	22	611
4 bed+	143	12	3	158
Total	3,446	538	511	4,495

Source: Richmond Borough Council

44. Given the scale of the Housing Register compared to the number of properties that become available for re-let it is useful to consider the characteristics of applicant households that are in highest need, as prioritised by the Housing Register points system. The Borough Council’s Housing Provision Team use a points threshold based system to identify households who are most likely to be allocated affordable housing. The points threshold varies according to the size of property required and reflects differences in the demand for and supply of different properties. Figures 3.5 and 3.6 show the number and proportion of applicants above, or 20% below the points threshold, for each property size<sup>3</sup>.

45. Overall, 45% of applicants who live or work in the Borough have been allocated sufficient points under the allocation policy to indicate a higher priority for housing – or are more likely than others to be housed.

<sup>3</sup> To understand the composition of those households meeting the points threshold as well as those near the threshold (who may be housed in the future) and for the purposes of this report all households with points either a) above the threshold or b) near the threshold (minus 20%) have been analysed and for this report are defined as ‘meeting the threshold’ or ‘high priority for re-housing’.

This does not mean that they will be offered a home imminently but that the needs of these households ensure they are more likely to be re-housed via the Housing Register. However, there are significant differences depending on age and the size of property required.

46. It is relevant to note that all applicants aged 60 and over have sufficient points to indicate they are likely to be allocated affordable housing. Those aged 50 and over are also more likely to have sufficient points to be allocated housing than those aged under 50. Overall, older applicants are more likely to access affordable housing than younger ones. This is largely, although not wholly, due to:
- The availability of age specific sheltered 1 bedroom housing – though there are some indications that re-lets within the sheltered stock are likely to fall over time as these properties are increasingly occupied by younger applicants (over the age of 50) and as life expectancy increases they will occupy these properties for longer.
  - Older applicants over the age of 65 are awarded additional points (and priority) under the Council's allocation policy.
47. We consider the specific needs of different groups in more detail in the rest of this section. Section 4 considers the stock and supply of affordable housing.

**Figure 3.5: Size Requirements by Age: Applicants Above Points Threshold<sup>4</sup>**

	Under 50	50-59	60+	Total
1 bed	550	157	417	1,124
2 bed	447	42	34	523
3 bed	258	23	11	292
4 bed+	93	7	2	102
Total	1,348	229	464	2,041

Source: Richmond Borough Council

**Figure 3.6: Size Requirements by Age: Applicants Above Points Threshold (%)**

	Under 50	50-59	60+	Total
1 bed	34%	49%	100%	48%
2 bed	38%	31%	49%	38%
3 bed	50%	33%	50%	48%
4 bed+	65%	58%	67%	65%
Total	39%	43%	91%	45%

Source: Richmond Borough Council

48. Figure 3.7: sets out the distribution of incomes of those on the Housing Register, where income information has been provided by the applicant. Under the Council's current allocation policy, households with incomes above £28,500 or savings above £55,000 are ineligible for assistance<sup>5</sup>, although they are permitted to register. Income data is self reported by applicants and is not verified by the Council until an offer of accommodation is about to be made at the point of approval. There are therefore serious caveats with income data extracted from Housing Registers. Nevertheless, this provides the best available source of data on the incomes of these households and allows us to make estimates of affordability for these households. Based on the prices and rents presented in Section 2 and assuming households spend up to one third of their income on rent or mortgage payments<sup>6</sup>, we estimate:
- A small number of households on the Housing Register (less than 1% of households) could afford to purchase a home on the open market on the basis of their incomes – highlighted green in Figure 3.7.

<sup>4</sup> Includes applicants slightly below points threshold (-20%), meeting points threshold or above

<sup>5</sup> This threshold will be raised to £40,000 income and £70,000 savings under the reviewed allocation policy when it is implemented in 2012

<sup>6</sup> This does not distinguish between households reliant on benefits and those who are earning and paying tax.

All of these households need either a 1 or 2 bedroom home. However, these households would also need a 10% deposit to purchase and this may be out of reach for some or all of these households.

- Almost 10% of households on the Housing Register could afford to purchase a home on the open market in the most affordable neighbouring areas of the Borough – highlighted yellow in Figure 3.7. The vast majority that could afford need a 1 or 2 bedroom home and would need savings for a deposit.
- A further 10% of households on the Housing Register could afford to rent in one of the cheapest areas of the Borough and neighbouring wards of adjacent Boroughs – highlighted in pink in Figure 3.7.
- 80% of households on the Housing Register are unable to afford to access suitable accommodation in the open market.
- This implies that there is scope for some households on the housing register to afford market prices which supports the case for considering household income if fixed term tenancies are introduced and when they are reviewed. This issue is considered further in Section 5 of this report.

**Figure 3.7: Affordability of Ownership and the Private Rented Sector to Housing Register Applicants**

Income ££	Number of Bedrooms Required					Total
	1	2	3	4	5+	
0-4,999	499	177	87	11	4	778
5,000-9,999	134	158	56	17	2	367
10,000-14,999	157	116	54	10	2	339
15,000-19,999	179	127	46	10	1	363
20,000-24,999	161	99	47	9		316
25,000-29,999	115	87	32	9	2	245
30,000-34,999	91	61	19	6	1	178
35,000-39,999	69	46	9	2		126
40,000-44,999	51	28	16	2		97
45,000-49,999	35	10	8			53
50,000-54,999	35	18	3			56
55,000-59,999	28	14	1			43
60,000-64,999	6	8	1			15
65,000-69,999	3	2	2	1		8
70,000-74,999	2	2	1			5
75,000-79,999	1	1				2
80,000-84,999		2				2
90,000-94,999	3					3
125,000-129,999	1					1
155,000-159,999		1				1
160,000-164,999	1					1
<b>Total</b>	<b>1,571</b>	<b>957</b>	<b>382</b>	<b>77</b>	<b>11</b>	<b>2,999</b>

Source: Richmond Borough Council – note that not all applicants provided income data so this represents a sample of Housing Register applicants equating to around half of all applicants

49. Discussions with households on the Housing Register through focus groups revealed that most did not perceive there to be much difference in affordability across the Borough. Most participants knew little about other areas of the Borough beyond their current neighbourhood. They also did not think that places outside of the Borough were sufficiently cheap enough to make a move worthwhile. These applicants were also less knowledgeable about their own housing costs, though some estimated they

were spending 50-60% of their income on rent. Two applicants were using other benefits to pay their rent in addition to housing benefit.

50. The Borough Council undertook more detailed analysis of the affordability of the new affordable rent tenure for those reliant on welfare benefits. This analysis calculated the amount of welfare benefits a household would need after housing costs and what they could prudently afford to spend on rent. The following points are relevant:
- At the Borough level, those on the Housing Register and reliant on welfare benefits would be able to afford 70% of market rents for 1 and 2 bedroom properties and 50% of market rents for three bedroom properties. However, this does not apply in all wards – Barnes, North and South Richmond, Kew and Twickenham Riverside remain unaffordable.
  - Very few working households on the Housing Register were able to afford 80% market rents; this was particularly true of those needing 3 bedroom properties.
  - The affordability of affordable rent varies significantly depending on the ward and reflects the pattern of prices and rents presented in Section 2, with Hampton, Heathfield, Whitton and RHP properties in Hounslow being most affordable under the affordable rent model.
  - The implications of the analysis of incomes and rents is that providers will need to adopt a scheme by scheme approach to setting rents, to ensure that they are affordable to those in housing need. Rents in higher value areas and for larger properties (eg 3 bed plus) will need to be subsidised to a greater extent to ensure that those in housing need can afford them.

### 3.1.2 Views on Location and Tenancies from Focus Group Participants

51. **Location:** Overall, in the focus group sessions most housing register applicants currently living in Richmond upon Thames expressed a desire to live in the vicinity of their existing home. This was also reflected in the interviews with housing professionals who described the Borough as relatively segmented and where households have a clear idea about where they want to live and a close attachment to their local area. At the same time, because of the limited supply of social rented properties, households that are inflexible about location are likely to reduce their likelihood of being re-housed. For Housing Register applicants, the key drivers on their aspirations about location were:
- Proximity to hospitals/ medical centres
  - Because they have a role as a carer
  - Children are at the local school
  - Family or friends live nearby and offer support
  - To remain or to be closer to work (and avoid transport costs)
52. Participants understood that they would generally need to be flexible to secure a home. However for a small number of applicants, the location of the property was critical. For example, for the family with one member receiving regular medical treatment at the hospital who also had children in a local school.
53. Consultation with lettings managers in the Borough and focus group sessions suggest that high expectations of the location, type and size of social rented home is a recurrent theme amongst customers. Recently there has been a slight increase in applicants on the Housing Register who have initially had concerns over the new build properties offered, and some complaints from households who have moved into new-build schemes (with the latter relating to the usual minor faults that arise on a new-build). Managers felt that the under-lying reasons for dissatisfaction for new build was on the size of rooms within a new build property or its location within a development, with many applicants who have resided in older private rented property or had grown up in older social housing stock (meeting Parker Morris standards) expecting similar room sizes. This is an issue of expectations, with all new affordable

housing meeting GLA space and design standards, all meeting the Housing Quality Indicator standard and the vast majority meeting Lifetime Homes standards.

54. Overall, amongst Housing Register applicants there was a general lack of knowledge about parts of the Borough beyond where they live or on the borders of the Borough – both in terms of the cost of housing and the nature of local neighbourhoods. These households may have been more willing to consider other neighbourhoods, including those outside of the Borough, if they were more aware of what was on offer and more familiar with alternative locations.
55. Less popular areas of social housing include an area in Hampton close to the travellers site (a number of prospective tenants have cited this as a reason for not moving to the area), and the high rise blocks in Heathfield (on the border with Hounslow). In the latter estates there are one bed homes and family maisonettes. The former are home to a high proportion of young people which is felt to affect the desirability of the area. Family maisonettes are also unpopular with families with children of a young age who do want to carry their child's pushchair upstairs. This is cited as a reason for not wanting a property across England or the basis for applications to move.
56. **Tenancy duration:** It is relevant to note that, amongst the participants of the focus group, Housing Register applicants were generally unaware of other affordable housing options that might be available to them eg shared ownership through First Steps and the introduction of affordable rent. However, there was a general concern about accommodation within the private rented sector because of the lack of security of tenure and several examples of landlords ending tenancies, often citing the need to do renovation work and a desire to let the property at a higher rent. Most of those households renting in the private rented sector were very satisfied with their property and location; the issues were the difficulty in affording the rent and lack of security and ongoing risk that the landlord would end the tenancy.
57. Only a few participants had strong views about the length of tenancy that should be offered by housing associations in the Borough. However it was clear that few had thought about this – time limited tenancies were not on their radar. No one argued that households should be given lifetime tenancies. But there was some discussion about whether a 5 year tenancy was long enough to encourage households to commit to the property and local area and this was felt to be very important for the sustainability of neighbourhoods and community cohesion. Some participants felt 10 years was long enough for tenants to feel they were there for the long term, whilst remaining flexible. There was general acceptance that households with very high incomes or those that were under-occupying their home would not have their tenancy renewed – providing there was an alternative for them to go to.

### 3.1.3 Views on Tenancies from Housing Professionals

58. It is relevant to note that Richmond Churches Housing Trust is considering the introduction of 10 year tenancies (plus 1 year probationary tenancy) for all new lettings of social and affordable rented properties for the reasons described above and a desire that all tenancies would be equal. Only those with existing lifetime tenancies would be able to retain them, to avoid the risk that existing tenants would decide not to transfer. Though the other housing associations consulted – RHP (the main provider) and Thames Valley Housing were planning on the basis of 5 year flexible tenancies (plus 1 year probationary tenancy) for affordable rented properties but with a strong expectation that these would be renewed after 5 years.
59. A number of concerns were raised around the introduction of fixed term tenancies and criteria for renewal or non-renewal at the end of the term:
  - RHP and the other main housing associations in the Borough agreed that higher turnover of tenants was not good from an efficiency point of view because of the cost involved in changing tenants – even though void periods were expected to be very limited. Fixed term tenancies would also require more active management from the associations, to keep on top of tenancy duration, endings etc.

- However, the providers felt that, in reality, even fixed term tenancies of 5 or 10 years would effectively be secure. They do not anticipate many households meeting criteria that would lead to non-renewal of the tenancy. They agreed that anti-social behaviour and arrears amongst tenants were actively managed throughout the tenancy and there were means to end a tenancy if necessary to address these issues. Fixed term tenancies would add little benefit. Of greater concern was the idea that tenancies would not be renewed if household incomes had increased beyond a certain threshold.
- Whilst interviewees could understand the principle of an income threshold they were concerned about having to implement and enforce it. One interviewee expressed the concern that housing associations were not fraud investigators and would not have the skills and expertise to properly verify changes in a household's income. They also raised the issue about households with multiple adults who were earning, including families with grown up children. Collectively, their incomes might exceed the threshold but it did not seem fair to assess their combined income in the same way. They thought that the idea of 'pay to stay' (proposed by Government) might be a better way to ensure those that can afford to pay more than a social rent do so.
- There was general agreement (by RHP, the Council and other interviewees) that secure or lifetime tenancies might be required for some households, particularly vulnerable people or older people whose circumstances and incomes were unlikely to change. This did not, however, mean these households were unsuitable for affordable rented homes – they may be as able, or even better able, to afford affordable rents than households as a whole. The tenure requirements of specific groups are considered further on in this section.
- There was a general view expressed that tenancies of existing tenants should be protected so as not to discourage transfers within the existing stock. The GLA are also concerned that Boroughs respect existing tenancies across boundaries so as not to preclude cross boundary moves.
- The option of short term (eg 2 year) tenancies was suggested by one or two interviewees and is included in the Borough Council's interim tenancy strategy to allow for exceptional circumstances. In general, providers could not see the benefit of this. Interviewees did suggest that short term tenancies of 2 years might be suitable where the housing association is planning renovation or renewal of the estate or housing stock, so that the landlord has greater control over the occupation of these properties.

### 3.1.4 Intermediate Households and Non-traditional Housing Need

60. There are additional households within the Borough who have not registered for social housing but they are unable to afford to purchase in the open market and may be struggling to afford to rent in the open market. It is more difficult to estimate the scale of this group, but previous research has suggested:
- The Borough's housing need survey in 2007 estimated that 30% of households within the Borough are unable to buy or rent in the open market.<sup>7</sup>
  - 58% of households aged 25-39 (the group wanting to purchase a home and start a family) are unable to afford a 2-3 bedroom property within the Borough.<sup>8</sup>
61. Using household income data for all households in Richmond Borough<sup>9</sup> and adjusting this for households in different tenures we have estimated the number of households in the social and private rented sectors who may be able to rent but are unable to buy.<sup>10</sup>
62. There are a number of important caveats with this analysis. By using data on the income of all households in the Borough and adjusting it by national level data on the incomes of social rented tenants

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7 London Borough of Richmond upon Thames Housing Strategy Evidence Base

8 Evidence base for Housing Strategy (2008)

9 Using CACI data presented in Hometrack (2010)

10 Using Survey of English Housing data (2010) which provides income data by tenure at the national level.



may over-estimate their incomes. Data from the Local Housing Assessment (2006) and housing register (2012) suggests incomes are substantially lower than those calculated to produce Figure 3.8. Figure 3.8 also does not take account of the size of property the household *needs*. This is likely to further reduce affordability. The information provided therefore provides an ‘indicator only’ of the potential market of those who may be interested in intermediate housing.

**Figure 3.8: Estimate of Households Unable to Buy within Richmond Borough**

	Total	Can't afford 1 bed rent	Can afford 1 bed rent but can't buy	Can buy 1 bed
Renters	34,600	4,500	13,300	16,800
Private Renters	24,700	2,300	8,400	14,000
Social Housing Tenants	9,900	2,200	4,900	2,800

Source: DTZ, using Hometrack and Survey of English Housing

63. There are around 24,700 households in the private rented sector. Around one third (8,400) of these households cannot afford to buy one of the cheapest 1 bedroom properties on the open market, despite being able to afford a market rent for the same type of property in the Borough. Taken together, **there are around 13,300 renters who can afford to rent a 1 bedroom property in the open market but cannot afford to buy**. It is important to note that we have only estimated their ability to access entry level rents and home ownership. Some of these households will need larger properties eg family sized accommodation. Nevertheless, this illustrates the potential scale of the intermediate market in the Borough.
64. Given the dynamics of the market within the Borough – with demand from the wealthiest pushing up prices – this is likely to be an expanding group of households as the threshold of homeownership (and private renting) is continually stretched. However, unlike many of the households on the housing register, this group is not facing a housing crisis and some households have choices within the market:
- Some may be able to afford home ownership outside of the Borough.
  - They may choose to carry on renting, affordably, but for longer than originally envisaged or as a trade off for remaining within the Borough.
  - There are also intermediate properties available, including shared ownership which may allow them to access a form of ownership within Richmond.
65. Others have more limited options, including workers who provide vital local services and need to live within the Borough. **Renting may not be a suitable long term option because of the cost and inability to save and moving outside of the Borough** would jeopardise their working arrangements and in the long term may affect the health of the local economy or public services. It is relevant to note that half of those who work within Richmond live outside of the Borough. The largest number commute in from Hounslow, which has the most affordable house prices and rents compared to other neighbouring Boroughs.<sup>11</sup> Richmond Borough relies heavily on Hounslow to provide workers in routine and semi-routine occupations. The Local Economic Assessment identified this as a weakness of and threat to Richmond’s economy.
66. Whilst it is difficult to quantify the needs of this group of households, this research has examined available data and consulted through a focus group a number of households who may be described as intermediate households or on the margins of housing need. Figure 3.9 provides examples of these households and their current housing situation.

<sup>11</sup> Local Economic Assessment (2010) Roger Tyms and Partners

**Figure 3.9: Examples of Intermediate & Non-Traditional Households in Need**

*Single man, under 30, working full time and 2<sup>nd</sup> job in evenings* – renting in PRS but through a contact so cheaper than market rent, desire to own but not enough savings and using earnings to support parents' rent

*Single man, under 30* – living at home with family, previously in shared properties, desire to rent or own when girlfriend returns from travelling and able to combine income.

*Single mother, 2 children* – living in housing association property but HA about to dispose of homes, has a partner who is earning so can afford more than a social rent.

*Single woman, under 30* – renting in PRS in Hounslow, desire to buy and renting expensive and preventing saving.

*Family, 2 children, working full time and additional evening and weekend work to stretch earnings* – living in PRS for 9 years but given notice by landlord and on margins of being able to afford PRS.

Source: focus group

67. Figure 3.10 onwards provide information on the characteristics of households in Richmond upon Thames who have registered their interest in intermediate products through First Steps. There is some overlap between these households and those on the Council's Housing Register but this is limited – just 28 applicants are either on the Council Housing Register or currently living in social rented accommodation. By and large, these intermediate households cannot afford to buy within the open market in the Borough but may be able to afford open market rents. There are currently 562 'intermediate' households interested in affordable housing within Richmond. This is not the whole population of intermediate households in the Borough; rather those that have actively registered an interest. Of this group, 97 (17%) are classified as key workers.
68. Figure 3.10 shows that around half of these intermediate households are single people (48%). The second largest group is couples (22%). This differs in profile to the Council Housing Register, where families account for one third of applicants.
69. Consultations with RHP suggest that the housing association has been 'inundated' with applications from key workers for their specific key worker schemes but many people are ineligible (they do not have the right job). For those key workers who are eligible, they have suggested that they are unable to afford what is on offer – an example of a recently available one-bed offered at £500 per month was rejected on this basis, despite the market equivalent at the time being around £800 per month.
70. The overwhelming demand from intermediate household groups is for one and two bedroom accommodation. Although it is important to note that substantial proportions of single people and couples would like 2 bedrooms rather than 1. They are expressing a preference for the size of home they would like rather than the size that meets their current basic needs. We consider further on in this section what these households are actually able to afford.

**Figure 3.10: Intermediate Households by Household Type and Size of Property Required**

Household type	1 bed	2 bed	3 bed	Total	%
Single Person	153	112	1	266	48%
Couple (without children)	34	85	2	121	22%
Families (singles or couples with children)	1	61	26	88	16%
Other (3 adults)	1	3	7	11	2%
Other (non descript)	24	33	8	65	12%
Total	213	294	44	551	100%

Source: First Steps

**Figure 3.11: Intermediate Households by Size of Property Required**

Household type	1 bed	2 bed	3 bed	Total
Single Person	58%	42%	0%	100%
Couple (without children)	28%	70%	2%	100%
Families (singles or couples with children)	1%	69%	30%	100%
Other (3 adults)	37%	51%	12%	100%
Other (non descript)	37%	51%	12%	100%
Total number	213	294	44	551
Total %	39%	53%	8%	100%

Source: First Steps

71. The majority applicants who have registered an interest in intermediate housing options are currently living within the private rented sector. There are a small number of social rented tenants who have registered – just 3% of all First Steps applicants. This implies that there is limited scope to free up social rented homes through the provision of intermediate housing. However, our analysis of the incomes of those on the Housing Register suggests a small proportion are on the margins of home ownership within the Borough so it is surprising that more of these households have not registered with First Steps. One housing association also reported small scale success in moving existing tenants into shared ownership. The Council currently prioritises existing housing association tenants for shared ownership opportunities, freeing up valuable affordable housing for households in need on the Housing Register.

**Figure 3.12: Intermediate Households by Current Tenure**

Current Tenure	Number	%
Private renting	337	60%
Social renting	16	3%
Owner occupiers	13	2%
Other (including living with family/ friends)	185	33%
Total	551	100%
<i>Of which, on Council Housing Register</i>	12	2%

Source: First Steps

72. Figure 3.13 sets out the range of incomes that intermediate households have. The largest proportion of applicants have incomes of £25,000-35,000. Based on a standard income multipliers used by the major banks, **these households would only be able to borrow around £100,000 for a mortgage. This is around half the level required to access one of the cheapest properties within the Borough.**

**Figure 3.13: Incomes of First Steps Applicants and Affordable Property Price**

	Number of households	Mortgage (3 x income)	Max property price
£15-20,000	35	£60,000	£66,000
£20-25,000	67	£75,000	£82,500
£25-30,000	101	£90,000	£99,000
£30-35,000	103	£105,000	£115,500
£35-40,000	70	£120,000	£132,000
£40-45,000	45	£135,000	£148,500
£45-50,000	34	£150,000	£165,000
£50-55,000	38	£165,000	£181,500
£55-60,000	46	£180,000	£198,000
£60-65,000	9	£195,000	£214,500
£65-70,000	5	£210,000	£231,000
£70-74,000	1	£222,000	£244,200

Source: First Steps, DTZ

73. It is interesting to note that many of these intermediate households have substantial savings and a reasonable proportion of households have sufficient savings to afford a 10% deposit on a lower quartile property within Richmond Borough. However, the barrier to accessing the open market for these households is the income they need to access a sufficient sized mortgage, assuming they borrow three times their income. Figures 3.14 and 3.15 compare the lower quartile property price for different sized homes in the Borough to the incomes that intermediate households have. Home ownership within Richmond is effectively out of the reach of households with incomes lower than £44,500 – which would allow access to one of the smallest and cheapest properties in the Borough. The choices for these households are constrained and may include:

- Renting in the private rented sector. Most intermediate households have sufficient incomes to rent within the Borough though the cost of renting is unlikely to leave them much capacity to save. They also do not have security of tenure. For some, this may be the price they are prepared to pay to live in an attractive area.
- Moving to a cheaper area (see below), though the majority of intermediate households identified would have to move beyond immediate neighbouring areas to find affordable home ownership. Transport links will also be a factor for some households who are working in the Borough or accessing work in other areas of London.
- Some may be able to draw on family resources – the bank of mum and dad – to boost the size of their deposit and reduce the amount they need to borrow to purchase a home.
- Some may choose to purchase smaller homes than they would like in order to get on the property ladder. However, some providers are concerned that these and shared ownership owners who stretch themselves to purchase small properties within the Borough are trapped and unable to move up to the next property size.
- A number of focus group participants described taking on extra work in the evenings and weekends to boost their income – though for some this was about making ends meet rather than allowing them to save for a deposit.

74. Even in the cheapest area of the Borough (illustrated below by Whitton ward but similar prices are found in Hampton North and Heathfield – see Figure 3.15) there are very few intermediate households who can afford a lower quartile property. Those that are able to afford need a 1 bedroom property (Figure 3.14). There is a clear demand, on the basis of the incomes and savings of these households, for intermediate housing products such as shared ownership which offer a more affordable route into home ownership.

**Figure 3.14: Income Required for Lower Quartile Property in Richmond Borough and Affordability for Intermediate Households**

Property sized required	Number of applicants	Price of LQ property	Deposit required (10%)	Income required to borrow	Number with deposit	Number with income	Number with both
<b>1 bed</b>	214	£205,000	£20,500	£61,500	24	0	0
<b>2 bed(average)</b>	295	£297,500	£29,750	£89,250	20	0	0
<i>2 bed flat</i>		£250,000	£25,000	£75,000	26	0	0
<i>2 bed house</i>		£345,000	£34,500	£103,500	15	0	0
<b>3 bed</b>	45	£365,000	£36,500	£109,500	6	0	0
<b>4 bed</b>	0	£583,750	£58,375	£175,125	0	0	0
<b>Unknown</b>	8						
<b>Total</b>	562				71	0	0

Source: First Steps, DTZ

**Figure 3.15: Income Required for Lower Quartile Property in Whitton and Affordability for Intermediate Households**

Property sized required	Number of applicants	Price of LQ property	Deposit required (10%)	Income required to borrow	Number with deposit	Number with income	Number with both
<b>1 bed</b>	214	£148,500	£14,850	£44,550	61	26	6
<b>2 bed(average)</b>	295	£288,125	£28,813	£86,438	22	0	0
<i>2 bed flat</i>		£222,500	£22,250	£66,750	33	0	0
<i>2 bed house</i>		£353,750	£35,375	£106,125	17	0	0
<b>3 bed</b>	45	£300,000	£30,000	£90,000	6	0	0
<b>4 bed</b>	0	£370,250	£37,025	£111,075	0	0	0
<b>Unknown</b>	8						
<b>Total</b>	562				117	26	6

Source: First Steps, DTZ

75. However, it is important to note that Richmond Borough is not a self contained housing market. Most households looking to purchase a property will consider a wider search area to find an appropriate property. The neighbouring Borough of Hounslow offers the most affordable properties in the immediate vicinity of Richmond. Figures 3.16-3.17 illustrate affordability in two of the most affordable wards in Hounslow. This demonstrates that a number of intermediate households interested in property within Richmond could afford to buy on the open market in the neighbouring Borough of Hounslow. These households have some choice within the housing market – they could access home ownership if they are prepared to move. **However, this would only be a solution for around 10% of these intermediate households.** The remainder are unable to afford home ownership on the open market even in more affordable neighbouring areas – despite having relatively healthy incomes.

**Figure 3.16: Income Required for Lower Quartile Property in Hanworth, Hounslow and Affordability for Intermediate Households**

Property sized required	Total number of applicants	Price of LQ property	Deposit required (10%)	Income required to borrow	Number with deposit	Number with income	Number with both
<b>1 bed</b>	214	107,250	10,725	32,175	71	93	27
<b>2 bed(average)</b>	295	172,500	17,250	51,750	65	57	19
<i>2 bed flat</i>	0	150,000	15,000	45,000	84	89	29
<i>2 bed house</i>	0	195,000	19,500	58,500	60	17	5
<b>3 bed</b>	45	210,000	21,000	63,000	6	6	2
<b>4 bed</b>		262,750	26,275	78,825	0	0	0
<b>Unknown</b>	8	0	0	0	0	0	0
<b>Total</b>	562				221	205	63

Source: First Steps, DTZ

**Figure 3.17: Income Required for Lower Quartile Property in Feltham West, Hounslow and Affordability for Intermediate Households**

Property sized required	Number of applicants	Price of LQ property	Deposit required (10%)	Income required to borrow	Number with deposit	Number with income	Number with both
1 bed	214	132,500	13,250	39,750	70	39	11
2 bed(average)	295	175,250	17,525	52,575	65	55	20
2 bed flat	0	155,000	15,500	46,500	68	80	23
2 bed house	0	195,500	19,550	58,650	60	18	5
3 bed	45	225,000	22,500	67,500	6	3	2
4 bed	0	242,250	24,225	72,675	0	0	0
Unknown	8	0	0	0	0	0	0
<b>Total</b>	<b>562</b>				<b>204</b>	<b>140</b>	<b>41</b>

Source: First Steps, DTZ

76. Whilst the number of intermediate households who can afford to purchase, even within the most affordable areas of the Borough and neighbouring Boroughs, is limited, these households are generally better able to afford to rent in the open market. Indeed, some are choosing to rent in the Borough because of quality of life factors, accessibility and other attributes. Many of these households are likely to be able to comfortably afford affordable rents. Figure 3.18 sets out the income households would require to rent affordably within Richmond upon Thames ie assuming they spend up to one third of their gross income on rent. In practice many are prepared to spend more than a third of their income on rent so the number and proportion able to afford may be somewhat higher than presented in previous figures. Focus group participants claimed to be spending at least 50% of their income on rent. We have presented data for the Borough as a whole and for the lowest priced wards (Heathfield, Whitton and Hampton).

**Figure 3.18: The Income Required to Afford Rental Options within Richmond (assuming households spend 33% of their gross income on rent)**

	Number of households	Income required for average rent	Income required for affordable rent (80%) based on average rent	Income required for average rent in lowest rent wards	Income required for affordable rent based on lowest rent wards
1 bed	213	£57,900	£46,300	£28,000	£22,400
2 bed	294	£79,900	£63,900	£37,600	£30,100
3 bed	44	£102,300	£81,800	£44,000	£35,200
Total	551				

Source: DTZ, based on Cambridge’s rental data and First Steps register

77. Figure 3.19 shows that the vast majority of intermediate applicants on First Steps’s register have insufficient incomes to afford average rents within the Borough as a whole. Affordable rents set at 80% of the Borough average do little to improve affordability. Only 5% of applicants could afford the property size they need at an 80% market rent. However, within the lower priced wards in the West of the Borough, a significant number of applicants can afford open market rents (53%) and this is increased to 73% of applicants under the affordable rent model. Affordability is better for those needing 1 and 2 bedroom properties than those needing 3 bedrooms. Nevertheless, this does indicate that some households would be able to afford affordable rents (set at 80% market rents) for 3 bedroom properties.

**Figure 3.19: Number of Intermediate Applicants who can Afford Rental Options within Richmond (assuming households spend 33% of their gross income on rent)**

	Number of Households	Number who can afford average rent	Number who can afford affordable rent	Number who can afford rent in lowest rent wards	Number who can afford AR in lowest rent ward
1 bed	213	13	25	135	182
2 bed	294	1	2	140	200
3 bed	44	0	0	17	21
Total	551	14	27	292	403

Source: DTZ, based on Cambridge’s rental data and First Steps register

**Figure 3.20: Percentage of Intermediate Applicants who can Afford Rental Options within Richmond (assuming households spend 33% of their gross income on rent)**

	Number of Households	Number who can afford average rent	Number who can afford AR	Number who can afford rent in lowest rent ward	Number who can afford AR in lowest rent ward
1 bed	213	6%	12%	63%	85%
2 bed	294	0%	1%	48%	68%
3 bed	44	0%	0%	39%	48%
Total	551	3%	5%	53%	73%

Source: DTZ, based on Cambridge’s rental data and First Steps register

78. The majority of these applicants are currently renting within the private rented sector (paying full rent) and are likely to find affordable rents an attractive prospect if these properties are available to them since this will reduce their rent and give them greater security of tenure. Participants in the focus group which included intermediate households and ‘non-traditional’ households were very interested in this option. **However affordable rent properties via the Housing Register will not be available to this group since it is intended for those in housing need.** In the Council’s view, the potential to use affordable rent for this group would have to be agreed by Cabinet and be provided through the intermediate element of new housing development, which should account for 20% of new affordable housing supply under the Council’s planning policy.

### 3.1.5 Views on Location and Tenancies amongst Intermediate Households

79. **Location:** On the whole, participants in the focus group who were ‘non-traditional’ households in need or intermediate households expressed more flexibility around where they could live. A number had looked at options outside of the Borough, including shared ownership in Croydon and Surrey. Many currently lived in Hounslow (although they were working in the Borough). They generally had wider horizons and were aware of the costs of renting and buying elsewhere. They were certainly not wedded to a particular location within Richmond upon Thames. However, many of these households were single and young and had more flexibility without being tied to schools etc. But they were all working within the Borough and so there was a limit to how far they could move given the distance and transport costs of commuting back in.

80. Single people, who were generally not Housing Register applicants, were more likely to have contemplated a move away and some had considered options elsewhere eg shared ownership within Croydon. The south and Home Counties were also expressed as possible alternatives but other London Boroughs were felt to be unaffordable.

81. **Tenancy duration:** A number of focus group participants expressed concerns about the security of their tenure within the private rented sector and were attracted to options which gave them greater security. Whilst most aspired to home ownership there were some (eg the applicants with families) who were

realistic that they would never be able to afford it and that renting was their only option. For all participants, the option to have a longer tenancy, even for a fixed term, was very attractive since they were all currently on assured shorthold tenancies in the private rented sector. In many respects, the length of tenancy and affordability of rent are linked. A common situation, described by a number of private rented tenants, was a landlord ending a tenancy after a long period and the household finding that the cost of a similar property in the market was beyond their reach.

### 3.2 Key Groups

82. Given the scale of need indicated by the size of the Council Housing Register, it is useful to drill down into the data to examine the characteristics of households in need and whether there are particular groups that merit priority. The research focuses on these households since the majority have little or no choice within the housing market and can only afford subsidised rents. The rest of this section considers:

- Applicants at the top of the Council's Housing Register
- Households living in overcrowded conditions – a particular concern for the Council and RHP
- The needs of different types of households, including:
  - o Single people
  - o Older people
  - o Families with children
  - o Vulnerable people

#### 3.2.1 Highest Priority Applicants

83. Generally, those households at the top of the council's Housing Register have multiple needs and have been awarded points under the allocation policy for a number of different reasons. This includes homeless households and those living in temporary accommodation that are considered urgent cases for re-housing.

**Figure 3.20: Highest Priority (250) Applicants on the Council's Housing Register**

Household Type	Number	Property Size Required				
		1 bed	2 bed	3 bed	4 bed	5 bed+
Single	79	81%	18%	1%	0%	0%
<i>Under 50</i>	53	74%	25%	2%	0%	0%
<i>50-60</i>	12	92%	8%	0%	0%	0%
<i>60+</i>	14	100%	0%	0%	0%	0%
Couple (no children)	17	65%	35%	0%	0%	0%
<i>Under 50</i>	7	43%	57%	0%	0%	0%
<i>50-60</i>	1	100%	0%	0%	0%	0%
<i>60+</i>	9	78%	22%	0%	0%	0%
Families	131	0%	53%	34%	9%	3%
<i>of which 3+ children</i>	28	0%	4%	43%	39%	14%
Multi adult	3	0%	100%	0%	0%	0%
Single pregnant	1	0%	100%	0%	0%	0%
Under 18	19	84%	16%	0%	0%	0%
<b>Total - Priority Applicants</b>	<b>250</b>	<b>36%</b>	<b>39%</b>	<b>18%</b>	<b>5%</b>	<b>0%</b>

Source: Richmond Borough Council, DTZ

84. Homelessness acceptances have risen sharply within the Borough in the last 2 years (2010-2012). Acceptances in 2011/12 were almost double those in 2010/11. Richmond Citizen's Advice Bureau has indicated that housing issues, including homelessness and threat of eviction, accounted for 2,000 of their cases last year (11% of their caseload). There were 255 homelessness acceptances in 2011/12. This



figure is likely to be close to the number of re-lets within the social housing stock in the Borough over the same period – suggesting that the available supply of affordable housing could be taken up entirely by households in crisis. Discussions with officers within the Borough Council and partner organisations revealed concern about rising homelessness and significant uncertainty about levels in the future, particularly because of the impact of welfare reform. Interviewees attributed part of the increase in homelessness to housing benefit changes and to household anticipating these changes and realising they will be unable to afford their rent.

85. Figure 3.20 identifies the top 250 households on the Housing Register. We have selected the top 250 since this broadly correlates with the number of re-lets within the social rented stock in the Borough last year, although the availability of affordable housing will vary from year to year and also depends on the volume of new completions. 189 of the ‘top 250’ are identified on the Housing Register as being homeless. A further 20 are high priority because they have applied for Sponsored Move – the scheme which rewards households for downsizing – and will therefore free up a much needed larger property for another household.
86. Over half of the highest priority applicants are families with children (131 of the top 250). Many of these are families in crisis and their high points indicate threat of or imminent homelessness, living in temporary accommodation and/or with additional space or medical needs. Around half of these families are waiting for a 2 bedroom property, although this includes families with two young children who are now required to share a bedroom up to the age of 10 and are therefore likely to need 3 bedrooms in the short to medium term. 47% of these high priority families need 3 or 4 bedroom properties.
87. The second largest group within the highest priority applicants is single people. Most of these are under the age of 50 and need 1 bedroom properties, though there is a small requirement for 2 bedrooms for some. This will be for exceptional circumstances, for instance to a live in carer or to accommodate bulky medical equipment where the person has medical needs or vulnerabilities.
88. Overall, analysis of the size requirements of those in high priority suggests that the largest proportion of households need 2 bedrooms (39%) with 36% needing 1 bedroom and 23% needing 3 or 4 bedrooms. This contrasts to the size requirements identified for all applicants on the Housing Register which suggests that over half need just 1 bedroom. **The needs of high priority applicants suggest a bias towards the need for larger properties.**

### 3.2.2 Overcrowded Households

89. Both Richmond Borough Council and Richmond Housing Partnership are particularly concerned about households living in overcrowded conditions. There are just over 1,000 overcrowded households on the Council’s Housing Register.<sup>12</sup> It is the most common reason for applying to the Council’s Housing Register, ahead of ‘being asked to leave’ current accommodation and ‘leaving the parental home’. Furthermore, RHP’s choice based lettings system for existing tenants is almost entirely taken up by households requesting a transfer because they need larger accommodation (169 applicants).<sup>13</sup>
90. The vast majority of overcrowded households on the Borough Council’s Housing Register are families with children (69% of overcrowding cases). One quarter of overcrowded cases are amongst single person applicants. These people are typically living with other households, sharing rooms with other adults or children or sleeping on sofas.
91. Overall, amongst overcrowded households, the greatest need is for larger properties with 39% needing 3 or 4 bedrooms and 36% needing 2 bedrooms. As with the size requirements of high priority applicants, this points to the need for properties with 2 or more bedrooms to meet the needs of households within the Borough.

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<sup>12</sup> This is not verified information but information provided by the applicant.

<sup>13</sup> Whilst 75% of RHP’s lettings are allocated to households on the Borough Council’s Housing Register, RHP retains 25% of re-lets for its own nominations and these are allocated to existing tenants needing to transfer.

92. However, not all households living in overcrowded conditions have sufficient points to indicate they are likely to be allocated affordable housing. Just being overcrowded is not enough to guarantee an applicant priority. Figure 3.22 shows that 50% of overcrowded households have points above the threshold to be actively considered for housing. Of these households, roughly equal thirds need 1 bedroom, 2 bedroom or 3 or more bedrooms.

**Figure 3.21: Overcrowded Households by Type of Household and Size of Property Required**

	Number	%	1 bed	2 bed	3 bed	4 bed	5 bed+
Single	251	25%	226	21	0	0	
<i>Under 50</i>	213	21%					
<i>50-60</i>	28	3%					
<i>60+</i>	10	1%					
Couple	32	3%	6	23	3	0	
<i>Under 50</i>	20	2%					
<i>50-60</i>	4	0%					
<i>60+</i>	8	1%					
Family	705	69%	2	297	299	91	16
Multi adult	14	1%	0	9	2	4	
Other	16	2%	0	14	2	0	
<b>Total</b>	<b>1,018</b>		<b>234</b>	<b>364</b>	<b>306</b>	<b>95</b>	<b>16</b>
<b>Percentage</b>		<b>100%</b>	<b>23%</b>	<b>36%</b>	<b>30%</b>	<b>9%</b>	<b>2%</b>

Source: Richmond Borough Council, DTZ

**Figure 3.22: Overcrowded Households Above Points Threshold**

	1 bed	2 bed	3 bed	4 bed	Total
Number of households	161	156	110	82	509
Percentage of all overcrowded applicants that are above threshold	69%	43%	36%	86%	50%
Percentage requiring property size	32%	31%	22%	16%	100%

Source: Richmond Borough Council, DTZ

93. **Location:** There are no specific factors which imply that overcrowded households have different needs in terms of location compared to households as a whole. However, with the majority of overcrowded households being families with children, there are likely to be constraints around the location of schools, for children at critical points in their education eg GCSE, or because of the need to attend a specialist school eg for children with learning difficulties. These concerns are reflected in the Council's allocation policy.

94. The conversion of existing stock to increase the space available to overcrowded households eg loft conversion or extension was cited by a number of interviewees as having had a positive contribution to resolving some overcrowding cases. Two overcrowded households in RHP accommodation in the focus group felt that not enough thought had been given to them making better use of their existing home in order for them to remain living there. The Council recently approved £750,000 for extensions, including loft conversion, to which RPs can bid for funding.

95. **Tenancy Duration:** Consultation with overcrowded households in the focus groups, and households in general within the focus groups, revealed a general consensus that tenants who were under-occupying their properties should be encouraged to move. These views are shared by the Council and providers within the Borough who wish to make best use of the stock of affordable housing in the Borough, for

example, the Council funds a Sponsored Moves scheme which rewards older households who wish to downsize.

96. RHP confirmed that existing tenants have been willing to give up their secure tenancies to access larger properties through affordable rent. This may signal that households in overcrowded conditions are prepared to trade off tenure security for the appropriate amount of space – though not all households are likely to make the same decisions. It could also signal that tenants are comfortable with fixed term tenancies of 5 years because they perceive that in reality they are secure and likely to be renewed.

### 3.2.3 Single Adults

97. The largest group of households on the Council Housing Register are single people, accounting for just over 2,000 of the 4,495 applications from those living or working within the Borough (46% of all applicants). Just over 1,400 of these single applicants are under the age of 50. Those aged over 50 are considered below since they are also eligible for specific over 50's accommodation or for those aged 60 and over for sheltered accommodation in addition to general needs rented properties. The majority of single applicants under the age of 50 are aged 35 or under. This is relevant because these households are only eligible for the shared room rate under the local housing allowance which means their only alternative to accessing affordable housing is to share a property in the private rented sector. For those entitled to housing benefit, the level they receive to rent in the private rented sector would not allow them to live as independent households in self contained accommodation.

98. RHP have cited higher demand from people currently living in the private rented sector (these are direct applicants to RHP rather than nominations from the council).

99. However, the majority of single person applicants are unlikely to access affordable housing because they do not have sufficient points to give them priority under the allocations process. Around 528 (37%) of the 1,400 single applicants under the age of 50 have points slightly below (-20%), meeting or above the threshold required for a 1 bedroom property. Of these 528 higher priority applicants, 288 are 35 or under (and therefore only eligible for shared room rate housing benefit in the private rented sector). 111 of these applicants are 25 or under (and may be at risk of losing housing benefit in future if ideas mooted by the current Government become reality).

**Figure 3.23: Single Applicants Under the Age of 50**

Age	Total	Above points threshold	%
25 and under	245	111	45%
26-35	520	177	34%
35-50	652	240	37%
Total	1,417	528	37%

Source: Richmond Borough Council, DTZ

100. All single applicants, with a small number of exceptions, require 1 bedroom or studio properties. Half of these people are 'young' single people, under the age of 35.

101. **Location:** There are no specific factors which imply that single households have different needs in terms of location compared to households as a whole. However, those that are vulnerable and/or elderly may have specific requirements which constrain their choice of location.

102. **Tenancy Duration:** There are no specific factors which imply that single households have different needs in terms of tenancy duration compared to households as a whole. The option of short term (eg 2 year) tenancies for young people whose circumstances might change quite rapidly if they find work, form relationships etc was suggested by one or two interviewees. However, one housing association in the Borough explained that most of the young people they housed were either care leavers or single mothers who would need support for longer than 2 years. It is not clear whether this applies across

associations in the Borough, though given that only those with high priority needs are likely to be housed it seems likely that many will have wider support needs.

### 3.2.4 Older People

103. It is useful to consider the needs of older people separately from other groups because there is specific accommodation available to those aged 50 and above. It is important to remember that many households aged over 50 will not consider older person accommodation as suitable for their life stage and most will be accommodated in general needs accommodation. This analysis of older people considers the needs of single and couple households aged 50 and above. There are numerous family households where the main applicant is aged over 50 but these households are considered separately in this section.

104. There are 639 single people over the age of 50 on the Borough Council’s Housing Register. This is just one third of all single applicants:

- 291 are aged 50-59
- 348 are aged 60 plus
  - o of which, 186 are aged 60-69
  - o of which, 89 are aged 70-79
  - o of which 73 are aged 80 plus

105. The vast majority of these single older applicants have sufficient points for age specific sheltered accommodation that there is a reasonable likelihood they will be offered housing of this type if available.<sup>14</sup> The ‘points threshold’ for sheltered housing is significantly lower than for all sizes of general needs accommodation, reflecting a better balance between the demand and supply of this accommodation. However, only 43% of single older households have sufficient points to access 1 bed general needs accommodation – 274 single households.

106. In recent years it is reported that applications to RHP for one bed housing have increased from people over the age of 55. This is felt to be a reflection of a number of factors; older population; relationship breakdown; ill-health including mental health and mortgage repossessions.

**Figure 3.24: Older Single Applicants**

Age	Total	> points threshold for age specific accommodation	> points threshold for 1 bed general needs	%
50-59	291	279	117	40%
60-69	186	186	75	40%
70-79	89	89	38	43%
80+	73	73	44	60%
	639	627	274	43%

Source: Richmond Borough Council, DTZ

<sup>14</sup> Those aged 50-59 would be eligible for specific under 60s older person accommodation but not sheltered housing unless they had a significant disability. Sheltered housing is generally for over 60s.

**Figure 3.25: Older Couple Applicants**

Age	Need 1 bed	Above points threshold	%	Above threshold for sheltered 1 bed	%	Need 2 beds	Above points threshold	%
Under 50	214	35	16%	n/a	n/a	94	29	31%
50-59	34	9	26%	31	91%	15	2	13%
60-69	42	14	33%	42	100%	16	4	25%
70-79	18	7	39%	18	100%	8	6	75%
80+	12	9	75%	12	100%	3	2	67%
	320	74	23%	103		136	43	32%

Source: Richmond Borough Council, DTZ

107. There are 467 couples on the Council’s Housing Register. Most (308) are under the age of 50, including a small number of households with a pregnant woman. 54 couple households are aged 50-59 and a further 105 are aged 60 plus, of which 42 are aged 70+ and 15 are aged 80+. There is a relatively modest demand for accommodation from older couples compared to other groups.

108. All older couple households have sufficient points to access 1 bedroom sheltered accommodation and are generally higher priority than couple households under the age of 50 – though it is important to note that points are also awarded for age. Whilst 16% of couple households aged under 50 are likely to access 1 bed general needs affordable housing the proportion is much higher amongst couples in the older age groups. This is likely to reflect increasing medical needs with age and, to some extent, time spent on the Housing Register.

109. **Location:** There is no reason why age per se should confer the need for a particular location within the Borough, or indeed priority for accessing affordable housing. However, old age is often accompanied by deteriorating health and mobility and the need for support. These may be compelling reasons for older people to express strong preferences for a particular location within the Borough. This could include:

- the need to access medical facilities to receive regular treatment
- the need to to access care/ support from relatives or carers
- to be close to services eg GP, shops etc for those with restricted mobility.

110. **Tenancy Duration:** There was a general view amongst interviewees (Council and Providers) that older applicants should be offered secure tenancies rather than fixed term tenancies of 5 or 10 years. The Council has specific priorities around helping older people in its Interim Tenancy Strategy. The main reason for this was the perception that their circumstances were unlikely to change. There are number of points to consider:

- The definition of older people: whilst a small number 50 year olds may have health or mobility issues associated with old age it is more likely to be those in more advanced old age that need additional support.
- Many of those aged 50-60 and even those aged over 60 continue to work. Retirement ages are changing and they are now also more flexible. This means that the income and life circumstances of many of those in the 50 plus age group will change over the life time of their tenancy.
- Continuing to provide secure tenancies to older people limits the opportunity to control under-occupancy within the housing stock. Associations currently rely on incentive schemes to allow older people that are under-occupying their home to downsize. This may be the appropriate way to manage under-occupancy but it would be prudent to consider other levers, particularly if the Council and RHP

want to tackle overcrowding more proactively. DTZ suggest that the Council and RHP consider the use of fixed term tenancies for older people who are under occupying their properties.

### 3.2.5 Families with Children

111. The second largest group on the Housing Register (which contains the largest proportion of people on the Housing Register) is families. There are 1,805 applicant families – which we define as single people or couples with one or more children. There are an additional 63 single pregnant women and 75 couples expecting a baby.

**Figure 3.26: Family Households and Size of Property Required**

Size of Property Required	Number	%
1 bed	17	2%
2 bed	1,051	58%
3 bed	585	32%
4 bed+	152	8%
Total	1,805	100%

Source: Richmond Borough Council. Note that the Housing Register data suggest some families need 1 bedroom. It is likely that they registered as a single or couple household and their circumstances have since changed. A small number of entries have not been updated.

**Figure 3.27: Family Households Above Points Threshold**

Size of Property Required	Number	%
1 bed	3	0%
2 bed	381	50%
3 bed	279	38%
4 bed+	96	13%
Total	759	100%

Source: Richmond Borough Council. Note that the Housing Register data suggest some families need 1 bedroom. It is likely that they registered as a single or couple household and their circumstances have since changed. A small number of entries have not been updated.

112. Figure 3.26 shows that the majority of families (58%) on the Housing Register need – or are entitled to – a two bedroom property. This includes families with two children of the opposite sex under the age of 10 where the children are expected to share a bedroom under the new allocations policy (2012) which will be implemented shortly. Amongst those families in higher priority need (with points above the threshold to indicate they are more likely to be considered for housing) there is significant requirement for 3 and 4 bedrooms (40% of families in higher priority need) although the largest absolute required is for 2 bedrooms.

113. **Location:** There were two main factors cited by family households in the focus groups which have particular constraints on their location within the Borough. These include:

- The need for children to be near their school – particularly those at critical points in their education or for those with specific educational needs. The Council's allocation policy reflects this by recognising the need for a specific location at critical points in a child's education ie GCSEs. At other times, the Council considers up to an hour in journey time acceptable for secondary school – which would allow access to any school within the Borough.
- The need to avert transport costs and to live close to work/ school – possibly justified by the extra outgoings for families with children (though this reason was cited by a range of applicants, not just those with children). This is not supported by the Council as all parts of the Borough are generally accessible within 1 hour – which is considered a reasonable journey time and reflective of the time and distance that many people in work have to commute.

114. It is relevant to note that family households in particular expressed that they had restricted their choice of locations on the Housing Register because of factors such as schools and local connections.

However, none of those consulted knew how likely they were to access housing or indeed how long they might have to wait. All felt that this information would be useful to them and would influence the action they take. For example:

- One family, living in temporary accommodation had not unpacked completely because they did not know whether they would have to move again in the short term – when in fact they could have been waiting for many months.
- Another family indicated that they might be prepared to consider moving out of Richmond if they were told they were likely to have to wait years to be accommodated. The implication being that, because applicants have limited information about how long they might have to wait for accommodation in Richmond upon Thames they do not actively consider other options. There is a need therefore to provide more information to applicants about the number of properties available each year and the likelihood of being re-housed, although this may have resource implications to the Council.

115. **Tenancy Duration:** There is one key factor which suggests that families with children may have a need for a particular length of tenancy – maintaining children within their current school at critical points in their education ie GCSEs. However, there is no compelling reason why this could not be managed through fixed term tenancies, provided the tenancy renewal criteria allow education and schooling to be taken into consideration.

### 3.2.6 Vulnerable People

116. There are a number of households on the Council's Housing Register who need support or care in addition to their need for accommodation. These households are often grouped together and described as 'vulnerable' but there are a range of different needs and circumstances within this group including:

- Young single pregnant women – some of whom may need support in the early stages of parenting
- Under 18s – including those in care and need support to live independently. The Council has a legal duty to these young people up to the age of 21 (or 25 if they are in full time education)
- People with health and medical needs, including those with learning disabilities, mobility problems and those with mental health problems.

117. There are 63 young single pregnant women on the Council's Housing Register. All of these households need two bedrooms, ready to accommodate a baby. Just over half have points indicating they are in higher priority need and have a greater likelihood of being offered housing. There are some specific schemes for vulnerable single pregnant women in the Borough where they receive accommodation based support and are housed with other pregnant women which provides a support network in the early stages.

118. There are 44 under 18 year olds on the Housing Register, most with points levels indicating higher priority need given the Council's legal duty to these people. All need 1 bedroom accommodation. As with single pregnant women, there are some specific schemes which support these young households to live independently and learn to manage a tenancy, budget etc. It is worth noting that some of these households are no longer under 18 – having been on the list for a number of years. Nevertheless, they may still need some support to live independently, depending on their circumstances. The Council funds a resettlement team which supports vulnerable households during their time in temporary accommodation, the transition to a tenancy and for 6 months after.

119. Although they are not necessarily vulnerable households, there are 60 multi-adult households on the Housing Register. These households can include single vulnerable people sharing a home or single people being supported by a carer. Only around one third of these households have points which indicate higher priority need however and most need a 2 bedroom property.

120. The council has recently changed its Fair Access to Care Services (FACS) criteria to substantial and critical. There is a fear from some that this may result in people who do not qualify for care as their

needs are not high enough, but who may find it difficult to live independently and manage a home, facing crisis. However, there is no evidence that this is the case at present.

**Figure 3.28: Households with Medical Needs**

	Total	1 bed	2 bed	3 bed	4 bed
<b>Single</b>	<b>375</b>	<b>358</b>	<b>16</b>	<b>0</b>	<b>0</b>
<i>U50</i>	199	187	11	0	0
<i>50-59</i>	61	58	3	0	0
<i>60+</i>	115	113	2	0	0
<b>Couple</b>	<b>45</b>	<b>39</b>	<b>5</b>	<b>0</b>	<b>0</b>
<i>U50</i>	8	6	2	0	0
<i>50-59</i>	10	7	2	0	0
<i>60+</i>	27	26	1	0	0
<b>Family</b>	<b>155</b>	<b>3</b>	<b>85</b>	<b>52</b>	<b>15</b>
<b>Single pregnant</b>	<b>4</b>	<b>0</b>	<b>4</b>	<b>0</b>	<b>0</b>
<b>2+ adults</b>	<b>19</b>	<b>0</b>	<b>17</b>	<b>2</b>	<b>0</b>
Total	598	400	127	54	15

Source: Richmond Borough Council

121. The largest group of vulnerable people is those with a medical need. There are 598 households on the Council's Housing Register with a reported medical need. This is not in addition to the households discussed so far. Figure 3.28 identifies those households with medical needs and demonstrates that medical needs are present across the range of households who have applied for housing. Medical needs can include disabilities (including the need for specially adapted properties), learning disabilities and mental health needs.

122. The majority of households (375) with medical needs are single households and these households are also most likely to have higher priority (being above the points threshold). There are also a substantial number of families (155) which contain a person or persons with medical needs, though only around half of these households have higher priority need, indicated by the number of points they hold.

**Figure 3.29: Households with Medical Needs Above Points Threshold**

		1 bed	2 bed	3 bed	4 bed
<b>Single</b>	<b>63%</b>	<b>62%</b>	<b>69%</b>	<b>0%</b>	<b>0%</b>
<i>U50</i>	44%	43%	55%	0%	0%
<i>50-59</i>	82%	81%	100%	0%	0%
<i>60+</i>	84%	84%	100%	0%	0%
<b>Couple</b>	<b>60%</b>	<b>67%</b>	<b>20%</b>	<b>0%</b>	<b>0%</b>
<i>U50</i>	38%	33%	50%	0%	0%
<i>50-59</i>	50%	71%	0%	0%	0%
<i>60+</i>	70%	73%	0%	0%	0%
<b>Family</b>	<b>48%</b>	<b>33%</b>	<b>46%</b>	<b>44%</b>	<b>73%</b>
<b>Single pregnant</b>	<b>50%</b>	<b>0%</b>	<b>50%</b>	<b>0%</b>	<b>0%</b>
<b>2+ adults</b>	<b>37%</b>	<b>0%</b>	<b>35%</b>	<b>50%</b>	<b>0%</b>
Total	58%	63%	46%	45%	73%

Source: Richmond Borough Council

123. As with all applications to the Housing Register, the information contained is that reported by the applicants. It is verified when the applicant has sufficient points to indicate they are likely to be housed and indeed when an accommodation offer is made. This is common to all Housing Registers since it would take considerable officer resource to verify all of the information on applications when in practice only a proportion are likely to be housed. Richmond Borough Council's housing team conducts interviews with applicant households and verifies applications when an applicant reaches the 'points threshold'.



124. At present, there are 96 applicant households where their medical needs have been verified and have been approved for re-housing and are awaiting a property. The largest number are single households requiring 1 bedroom accommodation and will need varying levels of support, with some needing specialised accommodation eg with overnight care or support and others able to live in mainstream housing but with floating support. Half of this group are elderly (60+) and may be suited to extra care accommodation or sheltered housing with floating support.<sup>15</sup>

**Figure 3.30: Households with Verified Medical Needs & approved for re-housing**

	Total	1 bed	2 bed	3 bed	4 bed
<b>Single</b>	<b>59</b>	<b>57</b>	<b>1</b>	<b>1</b>	<b>0</b>
U50	23	22	0	1	0
50-60	8	7	1	0	0
60+	28	28	0	0	0
<b>Couple</b>	<b>8</b>	<b>8</b>	<b>0</b>	<b>0</b>	<b>0</b>
U50	0	0	0	0	0
50-60	2	2	0	0	0
60+	6	6	0	0	0
<b>Family</b>	<b>27</b>	<b>0</b>	<b>12</b>	<b>9</b>	<b>6</b>
<b>Single pregnant</b>	<b>1</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>0</b>
<b>Multi-adult</b>	<b>1</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>0</b>
<b>Total</b>	<b>96</b>	<b>65</b>	<b>15</b>	<b>10</b>	<b>6</b>

Source: Richmond Borough Council, DTZ

125. There are 67 households on the Housing Register that include at least one person who uses a wheelchair (Figure 3.31). Around half of these applicants have points which indicate they are a high priority for housing. The largest proportion of this group needs a 1 bedroom property.

**Figure 3.31: Wheelchair Users on the Housing Register**

Number of bedrooms needed	Number of households on that include at least one wheelchair user	Of which meet the Richmond Housing Register points threshold*
Studio/1 – general needs	24	12
Studio/1 - sheltered	14	6
2	18	5
3	8	4
4	3	0
Total	67	27

Source: Richmond Borough Council

\* -20% below points threshold or meets point threshold

### 3.2.7 Specific Needs of Vulnerable Households

126. Discussions with housing professionals within the Borough, including allocations managers, provided further qualitative information about the needs of vulnerable households:

- **People with disabilities:** Although data on the housing register indicates that there are a number of households with people who use wheelchairs, of which around half have high priority for housing, interviews with allocations managers suggested that when an adapted property becomes available it can be difficult to find someone for whom the property would suit. This is achieved on a property-by-

<sup>15</sup> There is a sub register for households requiring a wheelchair accessible property and that applicants may not have to reach the points threshold to get offered these properties. Similarly there is a Supported Housing Panel where nominations may take place into supported housing without reaching the points threshold.

property basis and can include analysing the Housing Register, talking to social care and Occupational Therapists, analysing the list of Housing Register applicants that have not yet been verified. This could be because adaptations can be quite specific and therefore will simply not meet the needs of those who are waiting for a home, but it is also felt that the Council's disabled adaptations (using the Disabled Facilities Grant) process means that households are able to remain living in their own home ie they do not need to move. The waiting time for such an adaptation has been considerably reduced to an average of 14 weeks in Richmond upon Thames – shorter than in many other parts of the Country.

- **People with learning disabilities:** Shared supported accommodation, particularly for young people, was felt to be the best option by the housing professionals interviewed in the Borough. Providing this form of accommodation is part of the council's plan to deregister care homes (there is a list of around 200 people who will need to be re-housed). There are, however, different perceptions of what is needed in terms of tenure and location. Parents are keen for their children to live in a nice home, in a safe area; the private rented sector and affordable locations have proven not to match parents aspirations in the past, making it difficult to find suitable housing solutions.
- There are also plans to bring a number of people, currently residing out-of-borough, back to Richmond. This will not be possible or desirable for some, eg, those whose families have moved to live near them, or have made other connections in the area. It can be difficult to find suitable accommodation and there are examples of failures of tenancies as a result.
- There was a suggestion that homes for people with learning disabilities and those with a mental health need may need to be maintained on a more regular basis than other accommodation and that this would be a factor in selecting appropriate housing.
- **People with a mental health needs:** Concerns were raised specifically about people who are known to mental health services, reportedly needing accommodation options which allow them to 'step down' from receiving higher level services which are delivered in specific accommodation eg, within a hospital. There are also a number of young people known to services who are living with their parents but for whom this will not necessarily remain the best option, and may require suitable accommodation in the future.
- Council commissioning intentions are to enable a number of people currently living out-of-borough with complex needs (requiring 24/7 care) to return to Richmond. Once in Richmond the expectation is that a proportion of these people will be rehabilitated (this is hard to do when the person is out-of-borough) and 'stepping down' to the next form of housing/care/support package within two years. This is likely to be supported housing, but ultimately the hope is that a number of people can be supported to live independently in the community (in general needs accommodation) and receive floating support.
- Location can be important for people with mental health needs, both for the individual and for the community; the former's behaviour may impact on the latter and vice versa.
- **Families with a disabled child:** Parents feel they have to 'fight' the school system in order to gain the right education and support for their disabled child. This 'fight' will be a driver for households in this situation wanting to remain living in the same area when they have secured the education they think is needed.
- **Young people (including care leavers)** require affordable housing first and foremost. Home should also offer a place of safety [this was advised by a recent Ofsted inspection in London Borough of Richmond, informed by care leaver feedback]. Care leavers are often on their own without family support. For other young people this could be financial support or a roof over their head. They are often in low paid employment, even though some have been through higher education, and are unable

to meet the cost of rising rents. For care leavers there is unlikely to be a family connection so choice of location is unlikely to be based on this, but this would be a consideration for other young people.

- **Single people –with experience of homelessness and/or rough sleeping:** Affordable studio and one bedroom accommodation is needed to enable people to move on from existing hostel provision. There was a perception amongst some interviewees that a lack of move on accommodation was preventing homeless people from accessing hostel accommodation.
  - Although floating support is available, enabling vulnerable single people to establish and maintain a tenancy in the social rent or private sector, additional supported accommodation is also felt to be needed.
  - In terms of location, people want to live in areas they are familiar with and feel safe in (although in practice due to the shortage of affordable housing familiar locations are not always available). Stakeholders felt it is important that location does not contribute to a relapse in behaviours for example people who are recovering from drug use should not be located in an area where they are likely to come into contact with drug use by others.
127. **Location:** Vulnerable households are more likely than other households to have constraints on their location. Location is important to enable people to remain connected with their services and amenities that support their independence. Most of Richmond is felt accessible, but some stakeholders expressed views that perhaps the exception was Ham. A range of reasons were identified in the focus groups and interviews with housing professional in the Borough:
- The need to be close to medical facilities
  - The need to be close to a carer
  - The need to be close to specialist services eg mental health or learning disability services
  - The need to avoid isolation
  - The need to access specific accommodation eg schemes to support young single pregnant women or care leavers
  - The desire not to concentrate vulnerable people in particular locations in the general needs stock due to the risk of anti-social behaviour and failing tenancies. Housing managers in two housing associations advised of the need for local lettings plans to manage this issue.
  - There was a concern amongst some housing associations that vulnerable people were being placed in general needs stock without adequate support and that there was still a need for accommodation based support despite the move to floating support and personalised budgets.

128. **Tenancy Duration:** Overall, there was concern amongst interviewees within the Council and housing associations about the need to ensure vulnerable people are protected through their tenancies. This might mean awarding long term or secure tenancies to those who are likely to need continued support throughout their lives eg those with learning difficulties which mean they are unable to access work. This does not preclude these households, who may be dependent on benefits, from accessing affordable rented properties, providing they can afford the rent, since in some cases their incomes are unlikely to change over time and the interaction between benefits and work incentives may be less of a concern.

### 3.2.8 Key Points

129. It is useful to draw out the following elements from the analysis in Section 3:
- Amongst households in highest priority need on the Council's Housing Register the greatest need in absolute terms is for properties with 2 or more bedrooms. There is also a substantial need for 3-4 bedroom homes. The need for larger homes to address priority needs was reflected in the majority of interviews with housing professionals in the Borough. The needs of high priority applicants suggest a bias towards the need for larger properties.

- Those in highest priority need (the top 250 households on the Housing Register) are those with multiple needs and typically families or vulnerable people in housing crisis. The vast majority are defined as homeless. Homelessness within the Borough has risen sharply in the last 2 years and limits the ability of the Council and RHP to proactively address other housing needs.
- Over half of the highest priority applicants are families with children (131 of the top 250). Many of these are families in crisis and their high points indicate threat of or imminent homelessness, living in temporary accommodation and/or with additional space or medical needs. Of these high priority family households, 58% need 2 bedrooms and 40% need 3 or 4 bedroom properties.
- Overcrowding is the biggest reason for households registering for housing with the Council and for existing tenants requesting a transfer within RHP stock. Overcrowding does not guarantee a household priority for re-housing however and only around half of overcrowded households have points which would indicate they are more likely to be offered accommodation.
- 50% of overcrowded households have points above the threshold to be actively considered for housing. Of these households, roughly equal thirds need 1 bedroom, 2 bedroom or 3 or more bedrooms. The need for 1 bedroom properties as well as larger homes indicates that over-crowding is not just a problem of the lack of larger properties – in some circumstances it might be solved by providing a small property for a family member (eg grown up child or elderly relative) to move out to thus relieving pressure on the family home.
- There are a large number of single people on the housing register. However, the majority of applicants are unlikely to access affordable housing because they do not have sufficient points to give them priority under the allocations process. Only 528 (37%) of the 1,400 single applicants under the age of 50 have points above threshold required for a 1 bedroom property.
- The majority of households on the Housing Register cannot afford to rent or buy in the open market, though there is some scope for some households to afford more than a social rent.
- Amongst focus group participants on the Housing Register, knowledge about rent levels, how much of their income they spent on rent and more affordable options that might exist outside of the Borough were limited.
- Overall, amongst Housing Register applicants there was a general lack of knowledge about parts of the Borough beyond where they live or on the borders of the Borough – both in terms of the cost of housing and the nature of local neighbourhoods. These households may have been more willing to consider other neighbourhoods, including those outside of the Borough, if they were more aware of what was on offer and more familiar with alternative locations.
- Some households may continue to need secure tenancies to ensure they are adequately supported and protected. However, discussions with residents and housing professionals alike suggested that there is generally no compelling reason not to award fixed term tenancies in the future to most households, providing the mechanisms for renewing the tenancy are clear and fair. The objective for the housing associations in the Borough was that tenants *feel* secure and are therefore engaged in their local community and committed to their property, even if the tenancies themselves are more flexible.
- There is substantial interest in intermediate housing products within the Borough, particularly from young single people currently renting in the private rented sector. Many of these households would be willing and able to afford affordable rents, if this option was available to them. These households are, by and large, working within the Borough and many are doing more than one job to make ends meet or boost their income.
- Most intermediate households have sufficient incomes to rent within the Borough though the cost of renting is unlikely to leave them much capacity to save. They also do not have security of tenure. Even in the cheapest areas of the Borough (eg Whitton, Hampton North and Heathfield) there are very few

intermediate households who can afford a lower quartile property. Those that are able to afford need a 1 bedroom property. There is a clear demand, on the basis of the incomes and savings of these households, for intermediate housing products such as shared ownership which offer a more affordable route into home ownership.

- A number of intermediate households interested in property within Richmond could afford to buy on the open market in the neighbouring Borough of Hounslow. However, this would only be a solution for around 10% of these intermediate households. The remainder are unable to afford home ownership on the open market even in more affordable neighbouring areas – despite having relatively healthy incomes.

## 4 Affordable Housing Stock and Supply

130. This section identifies the supply of affordable housing available to address the needs identified in Section 3. It considers the stock of affordable housing - predominately social rented accommodation - within the Borough, the profile of re-lets that become available each year from this stock and how this relates to the need for different sizes of homes amongst those in housing need. This section also examines the supply of affordable homes through new development, the size of homes completed and comments on the future development pipeline within the Borough.

### 4.1 Stock

131. The London Borough of Richmond upon Thames transferred its housing stock in July 2000 to Richmond Housing Partnership. There are 33 housing associations owning and managing stock within the authority area, including Richmond Housing Partnership which owns and manages the majority of the stock. Overall, RHP has 6,645 rented homes and a further 22 shared ownership and 1,922 leasehold properties, including its stock within Hounslow (Figure 4.1 presents data on the stock in Richmond Borough). The second largest housing association within the Borough is Richmond upon Thames Churches Housing Trust with a stock of around 1,800 properties, followed by London and Quadrant and Thames Valley. RCHT is also the largest provider of supported housing within the Borough with 142 supported units.

**Figure 4.1: Total Social Rented Stock, by Housing Association in Richmond Borough**

	<b>Borough</b>	<b>RHP</b>	<b>RCHT</b>	<b>L&amp;Q</b>	<b>TV</b>	<b>Guinness</b>	<b>5 Largest</b>
General needs	8,502	5,751	1,360	488	248	155	8,002
<i>self contained</i>	8,430	5,751	1,353	488	248	155	7,995
<i>shared</i>	7	0	7	0	0	0	7
							0
Supported	330	0	142	52	0	0	194
Older Person	1,105	480	262	84	0	28	854
<b>Total</b>	<b>9,937</b>	<b>6,201</b>	<b>1,764</b>	<b>624</b>	<b>248</b>	<b>183</b>	<b>9,020</b>

Source: RSR 2011

132. RHP has broadly equal proportions of 1, 2 and 3 bedroom properties for general needs accommodation with an additional 450 older person properties, the vast majority of which are 1 bedroom sheltered units. Interestingly, the profile of the general needs stock corresponds to the profile of need amongst the high priority applicants (top 250 on the Housing Register) and overcrowded households. The profile of need on the Housing Register suggests the need for a higher proportion of 1 bedroom properties but it is important to remember that not all households are likely to access housing given the scale of demand in relation to supply. The need amongst the highest priority applicants (those with the most points) is for 2 bed and larger properties.

**Figure 4.2: Size and Type of RHP Stock in Richmond Borough**

	<b>General Needs</b>	<b>Older people</b>	<b>General Needs %</b>	<b>Older Person%</b>
1 Bed	1,949	440	35%	98%
2 Bed	1,904	11	34%	2%
3 Bed	1,621	0	29%	0%
4 Bed	148	0	3%	0%
5 Bed	6	0	0%	0%
<b>Total</b>	<b>5,628</b>	<b>451</b>	<b>100%</b>	<b>100%</b>

Source: RHP (May 2012)

133. However, although the profile of the stock of RHP properties in the Borough appears relatively balanced, what is important is the profile of properties that is actually available to meet need through re-lets.

## 4.2 Lettings

134. Focus group participants who were on the Housing Register and/or in RHP housing shared the view that there was not enough social rented housing, evident simply by the time they had waited for accommodation. They were, however, unable to say how often the type of home they needed became available in the areas they wanted or even the Borough as a whole.

135. In 2010/11, there were 371 lettings within the Borough to those on the Council's Housing Register. The majority (60%) of these homes were provided by RHP (Figure 4.4). Whilst this represents data from one year it is broadly reflective of the previous 3 years. Lettings data from the latest year (2011/12) is not yet confirmed and available for analysis but is of a similar scale to previous years.

136. The largest number and percentage of lettings within the Borough were 1 bedroom properties. Lettings of bed sits and 1 bedroom properties accounted for around half of all lettings in the social rented stock. Around one third of lettings were 2 bedroom properties but only 17% were 3 bed or larger. Lettings excluding older person specific accommodation were still biased towards smaller sized properties but with slightly higher proportions of 2 bedroom and 3 bedroom lets (see Figure 4.3).

**Figure 4.3: Lettings within the Borough in 2010/11**

	General Needs	Over 50	Over 60	Total lettings	% of all lettings	% excluding older person units
Bed Sit	23	4	4	31	8%	7%
1 bed	111	9	31	151	41%	35%
2 bed	121	1	3	125	34%	38%
3 bed	57	0	0	57	15%	18%
4 bed	6	0	0	6	2%	2%
5 bed	1	0	0	1	0%	0%
<b>Total</b>	<b>319</b>	<b>14</b>	<b>38</b>	<b>371</b>	<b>100%</b>	<b>100%</b>
%	86%	4%	10%			

Source: Richmond upon Thames Council

**Figure 4.4: Total Lettings by Size and by Housing Association (2010/11)**

	RHP	RCHT	Other	Total
Bed Sit	16	13	2	31
1 bed	106	30	15	151
2 bed	66	20	39	125
3 bed	28	1	28	57
4 bed	4	0	2	6
5 bed	1	0	0	1
<b>Total</b>	<b>221</b>	<b>64</b>	<b>86</b>	<b>371</b>
%	<b>60%</b>	<b>17%</b>	<b>23%</b>	<b>100%</b>

Source: Richmond upon Thames Council

137. There are some differences in the size of properties let by the two main housing associations in the Borough and the other associations, collectively. RCHT has a high proportion of bed sit lettings compared to RHP. In part this is driven by re-lets within its stock of supported housing but 161 of the association's 218 bedsits are general needs properties. The other housing associations in the Borough, accounting for around 23% of lettings in 2010/11 appear to have a higher proportion of 2 and 3 bed lettings than RHP and RCHT. This may reflect the fact that a range of housing associations has a small number of properties in the Borough and these are more likely to be individual houses or street

properties which yield larger lettings, rather than blocks of flats (with large numbers of smaller properties). It could also be due to the profile of new development amongst housing associations in the Borough in recent years (excluding RHP which has not been developing until very recently) which focuses on the delivery of family sized affordable housing.

**Figure 4.5: Percentage of Lettings by Size and by Housing Association (2010/11)**

	RHP	RCHT	Other	Total
Bed Sit	7%	20%	2%	8%
1 bed	48%	47%	17%	41%
2 bed	30%	31%	45%	34%
3 bed	13%	2%	33%	15%
4 bed	2%	0%	2%	2%
5 bed	0%	0%	0%	0%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
% of Borough total	60%	17%	23%	100%

Source: Richmond Council

138. Figures 4.6-4.7 focus on the size of RHP lettings over the last three years. These figures are different to those in the previous tables because RHP retain a proportion of lettings (25%) for their own transfer tenants. This data shows that the proportion of lettings of different sized properties within the RHP stock has been broadly consistent over the last 3 years. Around half of all re-lets are 1 bedroom properties, with up to one third 2 bedroom properties and around 20% being 3 bed or larger properties.

**Figure 4.6: RHP Lettings by Size of Property**

	2009/10	2010/11	2011/12
1 bed	114	126	131
2 bed	58	78	94
3 bed	36	45	61
4 bed	7	2	3
5 bed	1	0	0
<b>Total Lettings</b>	<b>216</b>	<b>251</b>	<b>289</b>

Source: RHP

**Figure 4.7: Percentage of RHP Lettings by Size of Property**

	2009/10	2010/11	2011/12
1 bed	53%	50%	45%
2 bed	27%	31%	33%
3 bed	17%	18%	21%
4 bed	3%	1%	1%
5 bed	0%	0%	0%
<b>Total Lettings</b>	<b>216</b>	<b>251</b>	<b>289</b>

Source: RHP

139. Amongst interviewees, there was a strong perception of a lack of larger properties in relation to need within the Borough. Most of those consulted thought that 2 and 3 bedroom properties were in shortest supply, though they were also concerned about potential pent up demand in 2 bedroom properties as a result in the recent change to the allocations policy.

140. There were also specific concerns about the short supply of homelessness and temporary accommodation provision in the Borough and a concern that the Council was relying too much on B&B accommodation, with obvious cost implications. Until the Government clarifies the position on discharging homelessness duties in the private rented sector it is making it more difficult for the Council to plan ahead to procure more accommodation of this kind. Over the last 2 years, officers cited the



relatively high level of new affordable housing completions as relieving the pressure on homelessness within the Borough as it allowed the Council to house people quickly. There is concern that new build in this year and future years is projected to be much lower and this will have an impact on the Council's ability to address homelessness.

141. It is useful to consider the profile of households in need to the profile of re-lets within the social rented stock in the Borough. This analysis gives an indication of where the greatest pressures lie. Figures 4.8-4.10 compare the number of households needing different sized homes with the profile of properties available through lettings in the Borough. The following observations can be made:

- Overall, there are 12 households waiting for every property that becomes available for re-let within the Borough. The scale of need far outweighs the supply of affordable housing (Figure 4.8).
- The greatest pressure is on 4 bedroom properties where there are 26 households waiting for each 4 bedroom property that becomes available. The pressure on 2 and 3 bedroom properties is even with 11 households waiting for each available property. There is relatively high pressure on 1 bedroom accommodation, though older households have access to a greater supply and the pressure is reduced particularly for those over 60 years of age.
- Given that need far outweighs supply it is more instructive to consider the needs of households in higher priority need. Amongst households with points indicating a higher level of need there are 5 households waiting for every property that becomes available for re-let in the Borough. Again, the greatest pressure is on 4 bedroom accommodation, followed by 1 bed and 3 beds.
- It is worth noting that the pressure on 1 bedroom general needs accommodation is reduced significantly (and falls below the pressure on larger properties) if older households (50 and 60 years plus) are restricted to accessing age specific accommodation. Of course this is not the case but it is useful to note since different types of accommodation can be provided for different age groups.
- Older households needing 1 bedroom properties have a better chance of accessing accommodation than younger households because of the existence of age specific sheltered schemes in addition to general needs accommodation. One provider operating within the Borough suggested that working households were accessing sheltered schemes because it is an easier route to securing accommodation, though this has implications for the schemes themselves eg whether overnight wardens can be justified etc.
- However, consultations with housing professionals in the Borough suggested that some sheltered accommodation was difficult to let (particularly bedsit accommodation with shared facilities) which means that the existence of this extra supply is not doing all it could to take the pressure off 1 bed general needs accommodation.

**Figure 4.8: Ratio of Households in Need to Re-Lets by Size of Property Required (All Applicants living or working in Borough)**

	General Needs	50+	60+
1 bed	18:1	16:1	13:1
2 bed	11:1	-	-
3 bed	11:1	-	-
4 bed	26:1	-	-
Total	12:1	-	-

Note: Figures for 50+ and 60+ households reflect the additional stock that they can access in addition to general needs 1 bed properties. Older applicants are also included in the 'General Needs' column.

**Figure 4.9: Ratio of Households in Need to Re-Lets by Size of Property Required (Applicants above points threshold)**

	All Applicants	50+	60+
1 bed	8:1	8:1	7:1
2 bed	4:1	-	-
3 bed	5:1	-	-
4 bed	17:1	-	-
Total	5:1	-	-

Note: Figures for 50+ and 60+ households reflect the additional stock that they can access in addition to general needs 1 bed properties. Older applicants are also included in the 'General Needs' column.

142. When the focus is on the highest priority applicants (top 250 on the Housing Register) the pressure on different sized accommodation appears relatively even, apart from 4 bedroom properties where the need still exceeds supply by a factor of two to one. Although there are sufficient lettings overall to meet the needs of the highest priority applicants there are still 2 households waiting for each 4 bedroom property available. This suggests that the Borough Council has significant difficulty finding accommodation for large families, even when they have very urgent need for re-housing. In contrast, there are two properties available for every 60+ older person or couple in highest priority need.

**Figure 4.10: Ratio of Households in Need to Re-Lets by Size of Property Required (Highest priority applicants)**

	All Applicants	50+	60+
1 bed	0.8	0.6	0.5
2 bed	0.8	-	-
3 bed	0.8	-	-
4 bed	2	-	-
Total	0.8	-	-

Note: Figures for 50+ and 60+ households reflect the additional stock that they can access in addition to general needs 1 bed properties. Older applicants are also included in the 'General Needs' column.

143. Interviews with housing professionals in the Borough revealed concern about the lack of 'good quality' accommodation for single people. The greatest concern was around accommodation for vulnerable single people and a shortage of specialist housing to meet their needs, coupled with problems experienced in housing these people in general needs stock without adequate support. Council officers disagreed with this view highlighting that vulnerable applicants are assessed as to whether general needs accommodation is suitable and would receive a support package from services such as mental health (if required) and the applicants met social care FACS criteria. Council officers also highlighted the work of the resettlement team which works to support vulnerable households prior to tenancy sign up and for up to six months after. Through the council's quota system access to social housing for those in supported housing has been much improved, although the lack of supply means that people can be living in supported housing for over a year longer than they need support.

144. A number of interviewees highlighted the difficulty in providing specialist housing for those with learning disabilities, mental health needs and other vulnerable groups, for the following reasons:

- Difficulty finding suitable properties, at the right price, which are capable of being converted into 4/5 flats to provide a cluster of units for floating support.
- RHP lack the experience in providing supported accommodation, though would be keen to do so working with the right partner.

- Uncertainty over the impact of welfare reforms on supported housing and service charges. It is unclear whether housing benefits (then Universal Credit) will be available to pay for the accommodation, the maintenance of the wider environment and the support. Registered providers are also concerned at the risk that this presents them with.
  - Although there are a number of people who receive health and care funding to help them meet their needs, this funding is assessed on an individual basis and not pooled by commissioners. The result can be that it is difficult to provide funding certainty to accommodation providers. Whilst pooling is likely to be introduced as a result of the new Clinical Commissioning Group, individual budgets paid directly to customers will always mean there is a degree of uncertainty about what funding is available to support someone to sustain their home.
145. The Borough has a number of smaller residential care homes which it is seeking to deregister, and replace with alternative models. The council currently has a number of voids in these homes. Some properties would be suitable for remodelling but this is difficult, particularly as people may still be living in them and are under license in residential accommodation rather than having a tenancy agreement.

### 4.3 New Build

146. The supply of affordable homes through new completions is included in the lettings data above since new homes automatically provide new lettings for RHP and the Council. Nevertheless, it is useful to examine the profile of new affordable homes to consider how far new development reflects the profile of housing need in the Borough.
147. The Borough has a target to deliver 245 new homes each year under London Plan (to 2021). This target covers market and affordable homes but the Borough's Core Strategy sets a strategic Borough wide target of 50% affordable housing through new development which, if delivered, would yield around 123 new affordable homes each year. In practice, far fewer have been delivered in some years and the numbers range from year to year depending on the schemes coming forward and their site specific circumstances.

**Figure 4.11: Social Rented New Build by Size**

Year	1	2	3	4	Total Social Rent	Total Affordable
2007/8	23	48	20	7	98	161
2008/9	5	77	22	5	109	183
2009/10	4	22	7	1	34	54
2010/11	28	22	25	0	75	85
2011/12	40	72	41	1	113	181

Source: Richmond Borough Council. Note figures provided by housing team differ from figures in AMR because of different methodology (planning count completion when whole site complete, housing count completion when home handed over to housing association)

**Figure 4.12: Intermediate New Build by Size**

Year	1	2	3	4	Total Intermediate	Total Affordable
2007/8	31	29	3	0	63	161
2008/9	45	18	10	1	74	183
2009/10	11	5	4	0	20	54
2010/11	4	3	3	0	10	85
2011/12	35	37	5	0	68	181

Source: Richmond Borough Council.

148. The majority of rented homes delivered over the last 5 years have been 2 bedroom properties. Two bedroom properties often dominate completion figures because they can be delivered as flats or houses and therefore lend themselves to most kind of sites. Discussions with development managers from four developing providers within Richmond highlighted the importance of site type (eg location, type, size etc) to the type of new affordable homes that could be delivered.
149. Relatively significant proportions of 3 bedroom properties have been delivered in the last 5 years – around one quarter of completions on average – despite the widely held perception that such properties are difficult to deliver. However, there are a number of factors explaining this:
- There was delivery on sites owned by the housing associations where they have more control over the product and where the land is effectively ‘free’ and therefore not constraining the mix of development to the same extent as on private (developer led) sites.
  - Some small local authority sites were sold and some released for affordable housing at nil land value.
  - Grant rates available from the HCA/GLA were much higher and the development of larger properties was further supported and subsidised by the Council's Housing Capital Programme.

**Figure 4.13: Social Rented New Build by Size (Percentage)**

Year	1	2	3	4	Total
2007/8	23%	49%	20%	7%	100%
2008/9	5%	71%	20%	5%	100%
2009/10	12%	65%	21%	3%	100%
2010/11	37%	29%	33%	0%	100%
2011/12	26%	47%	27%	1%	100%
<b>Average last 5 years</b>	<b>21%</b>	<b>51%</b>	<b>24%</b>	<b>3%</b>	<b>100%</b>

Source: Richmond Borough Council

150. In contrast, the majority of intermediate new homes have been 1 bedroom properties. Developing housing associations confirm that these smaller properties are easier to sell – largely because they are more affordable to those in the intermediate sector. They also reflect the household profile of the intermediate sector, outlined in Section 3, with most of those interested in intermediate products being single or couple households living in the private rented sector. Only 10% of intermediate homes delivered over the last 5 years were 3 bedroom properties. However, one housing association reported success in selling 4 three bed shared ownership properties rapidly as part of the Air Sea House scheme in Twickenham. It was felt that delivering this kind of affordable family accommodation in a location where it is difficult to buy (and within a good school catchment) contributed to rapid take up.

**Figure 4.14: Intermediate New Build by Size (Percentage)**

Year	1	2	3	4	Total
2007/8	49%	46%	5%	0%	100%
2008/9	61%	24%	14%	1%	100%
2009/10	55%	25%	20%	0%	100%
2010/11	40%	30%	30%	0%	100%
2011/12	45%	48%	6%	0%	100%
<b>Average last 5 years</b>	<b>52%</b>	<b>38%</b>	<b>10%</b>	<b>0%</b>	<b>100%</b>

Source: Richmond Borough Council.

151. It is unclear how many new affordable homes will be delivered within the Borough over the next 3 years. There are a number of reasons to believe new supply will be lower than in recent years, for the following reasons:

- RHP have a development programme of 148 homes to 2015 but are having difficulty identifying sites within the Borough that are capable of delivering within the time period. RHP expect to be able to secure 30-50 homes within the Borough on their existing land. These are based on a number of small sites rather than one or two large sites which means the effort to secure delivery is greater. Currently opportunities would indicate that a programme of up to 100 units will be delivered within the Borough but the remainder is likely to be delivered outside of the Borough (Kingston or Hounslow) to ensure that development goes ahead in time.
- Paragon also have a development programme under the current affordable housing programme, which is split between Richmond and Kingston. They expect that delivery within Richmond will be difficult but there is potential for 50-60 homes in the short term if sites can be brought forward quickly enough.
- Thames Valley has a programme of 400 homes within London and some capacity to deliver more if opportunities were available within the Borough.
- All developing providers emphasised the difficulty in finding sites. There were few large development sites and so all were relying on building up a package of small sites, particularly ex garage sites and infill opportunities to deliver. This made it challenging to build up economies of scale.
- The price of land within the Borough is prohibitively high for providers to compete in the open market with private developers and so the best opportunity for development is on associations' own land or sites made available by the Council. There are some sites where providers would be well placed to compete with private developers eg employment sites where a case may be made for change of use to affordable housing. However, developers have been successful at over-turning the Council's own restrictions that these sites deliver affordable housing and so are able to outbid providers for the sites.
- It is understood that the Council has a number of its own sites. Whilst it is not a large landowner compared to other Boroughs, these sites could make a significant contribution to delivering affordable housing over the short term. However, a number of interviewees felt that the sites that were held by the Council were not necessarily prioritised for affordable housing development because of the desire to maximise receipts from land disposals – even if this was not necessarily the best value for money in the longer term eg contributing to the need to procure more temporary housing at high cost.

#### 4.4 Private Rented Sector

152. The private rented sector also provides affordable housing within the Borough, to some extent, by:
- Housing those unable to afford to buy in the open market
  - Housing households supported by housing benefit
  - Providing properties directly to the Council for use as temporary accommodation to meet homelessness needs
153. Supply in the private rented sector is in addition to that available through lettings within the social rented sector. However, the evidence examined by Cambridge University and DTZ's analysis of rental affordability and discussions with those living in the PRS suggests that overall the sector plays a much more limited role in meeting housing need than in other areas of the Country. It is also a key reason for households joining the Council's Housing Register.
154. Our analysis of the income required to rent in the open market suggests that there is little difference between the income needed to afford rents in the Borough and the income needed to access home ownership. It is not apparent that the PRS serves a markedly different market. This makes it very difficult for 'intermediate households' (ie those unable to buy but able to afford more than a social rent) to live within the Borough affordably. The focus group session with these households revealed that most were spending in excess of half of their incomes on rent, taking on another job or commuting in from

neighbouring areas. Rising rents also contribute to the insecurity of tenure in the PRS. Landlords keen to capitalise on higher rents may end tenancies (or effectively force tenants out by rent increases) and the experience of this, or threat of it, is a key reason why households join the Council's Housing Register.

155. Unsurprisingly, therefore, the PRS in the Borough does not cater well for those on the lowest incomes.
156. Cambridge estimate that the private rented sector accounted for 34% of all homes in 2010 – equating to around 24,700 properties. However, only 12% of these properties were let to households on housing benefit (around 3,000 households), compared to almost 40% at the national level. Although around one third of these properties become available for letting each year (based on almost 9,000 properties being advertised over the last year), there are very limited numbers of private rented properties that fall within local housing allowance limits – particularly for larger properties.
157. The high cost of private rents in the Borough also feeds through into the cost of temporary accommodation, which the Council has to procure to address homelessness. Furthermore, cuts in housing benefit since April 2011 have led to some landlords moving out the sector. Lack of low cost private rented accommodation feeds directly into issues of quality of cheaper private rented sector homes. SPEAR, in its consultation response to the recent homelessness review, suggested that private landlords experience such high demand for their properties that there is no reason for them to offer their properties to those reliant on welfare benefits; those reliant on welfare benefits properties tend to be those with hard-to-let, low quality properties.
158. The council's procurement process of homes in the private rented sector for temporary accommodation is not felt to have affected the market (which was a view expressed by some focus group participants). Traditionally rents have been much lower than market as many of the landlords have leased their homes to the council for a considerable number of years. One third of the leased accommodation is due for re-tendering and cost is, however, expected to increase.
159. The Council has explored the use of the private rented sector as a housing option for people with a learning disability (in partnership with Golden Lane and Mencap). Despite the wider choice and speed at which people could be accommodated compared to accessing a social rented home, families were resistant to this tenure, feeling it is insecure. Housing benefit was also an issue (insufficient), particularly for young people, and it may prove problematic to find suitable accommodation if a live-in carer is required (an additional bedroom).
160. Property in the private rented sector is felt to be too expensive for young people (including care leavers), and cheaper homes in this sector are felt likely to be poor quality. There has however been some success in securing accommodation from landlords through a partnership with Centrepoin; floating support has provided reassurance to landlords that the young person will be assisted to maintain their tenancy.
161. Most private rented sector property is outside of the reach of single people on benefits as it is above Local Housing Allowance. Where this has been secured for people moving on from supported accommodation, this has been on the basis of a rent deposit scheme and SPEAR offers a tenant finder service, which vets customers and enables direct payment of housing benefit to the landlord. It is unclear if welfare reforms will enable the latter to continue and this 'carrot' may not be possible in the future.
162. At the same time, with the limited potential for new affordable housing supply, the Council may need to rely on the private rented sector to a greater extent in the future, including out of the Borough. Given the high rental prices and welfare reform which is driving down housing benefit levels it is difficult to see the PRS playing a greater role in providing affordable housing within the Borough. The introduction of the Localism Act, with provisions to allow Councils to place homeless households in the private rented sector, will give the Council greater flexibility in housing these households but it is likely that the most

affordable (and value for money) options will lie outside of the Borough boundaries eg cheaper rental areas of Hounslow and other neighbouring Boroughs.

## 4.5 Under Occupancy

163. Given the shortage of supply through re-lets, new build and within the private rented sector, both RHP and the Council are keen to examine whether the existing stock of social rented homes could be better used to meet need. A number of households are known to be under-occupying their social rented properties, whilst at the same time over 1,000 households, most with young children, are living in overcrowded homes. However, the scale of under-occupancy within RHP's stock and amongst the other housing associations in the Borough is largely unknown.
164. RHP are currently undertaking an audit of their properties to examine how their properties are occupied and this should reveal the extent of under-occupation and overcrowding amongst current tenants. In the meantime, it is only possible to comment on under-occupation where the tenant has expressed a desire to move or downsize.
165. It is important to highlight that the Council operates a Sponsored Moves scheme. The scheme is open to older households who wish to downsize and offers them a significant incentive (up to £7,500) to move to a smaller property and release a larger one. This has proven very popular – releasing around 30 homes each year as households choose to downsize. Given that it is the tenant's choice as to whether they downsize, the quality of the property they are offered and location is important. High quality new build schemes tailored to the needs of downsizers eg those providing extra care may provide extra incentive to move and in turn release much needed larger properties for those in housing need.
166. Overall, there are 149 households on the Council's Housing Register who are recorded as under-occupying their properties and wanting to downsize. The majority of these are single households who are occupying properties with 2 or more bedrooms, of which the largest proportion are older people (aged 60+). Similarly, of those couple households wanting to downsize, all but one are aged 60+. There are an additional number of family and multi-person households wanting to downsize and these are likely to be cases where grown up children have left home. It is unclear whether the changes to housing benefit (which reduce housing benefit paid to working age under-occupiers) is reflected in these figures or whether there is likely to be an increase in applications once these measures come into force and begin to affect the incomes of these households. Providers are also doing work to better understand the scale of under occupancy within their stock in the light of these changes.
167. Figure 4.15 shows that there is potential for the release of 149 larger homes within the existing stock, providing these households can be relocated to suitable smaller properties.

**Figure 4.15: Households Under Occupying Properties, Housing Register**

Household Type	Total	1 bed	2 bed
Single	90	90	-
<i>Under 50</i>	16	-	-
<i>50-60</i>	18	-	-
<i>60+</i>	56	-	-
Couples	13	13	-
<i>50-60</i>	1	-	-
<i>60+</i>	12	-	-
Family	35	31	4
Multi	11	1	-
<b>Total</b>	<b>149</b>	<b>135</b>	<b>4</b>

Source: Richmond Borough Council

168. Figure 4.16 presented data on RHP tenants who are under-occupying their properties. There is likely to be some overlap with Figure 4.15 as existing tenants can register with both RHP and the Council for

transfer. However, this data is useful as it shows the size of homes these households are occupying, as well as the size of home they need. Of the 56 RHP households who are known to be under-occupying and willing to downsize, 42 are living in 3 bedroom properties and 6 living in 4/5 bed properties. Whilst these are small numbers in the context of overall need, the release of these larger properties would significantly increase the number of lettings of larger properties which are currently very low. The largest numbers of these properties are within Richmond and Barnes – areas of the Borough where it is likely to be more difficult to deliver new supply of larger homes through the affordable rent model (Figure 4.17). In order to do this, RHP and the Council would need to find alternative accommodation in predominately 2 bedroom properties. The supply of larger properties by addressing under-occupation is inherently tied to the supply of smaller properties to allow downsizing.

**Figure 4.16: Households Under Occupying, RHP Tenants**

	<b>Occupy</b>	<b>Need</b>	<b>Net gain</b>
1 bed	0	12	-12
2 bed	8	38	-30
3 bed	42	5	37
4 bed	3	1	2
5 bed	3	0	3
<b>Total</b>	<b>56</b>	<b>56</b>	<b>0</b>

Source: RHP

**Figure 4.17: Location of Households Under Occupying, RHP Tenants**

<b>Location</b>	<b>Number</b>
<b>Richmond Borough</b>	<b>48</b>
Richmond	15
Barnes	14
Hampton	8
Twickenham	7
Teddington	4
<b>Hounslow Borough</b>	<b>8</b>
Feltham	5
Hounslow	3

Source: RHP

169. Discussions with Richmond Churches Housing Trust (2<sup>nd</sup> largest housing association) and Thames Valley Housing (4<sup>th</sup> largest) suggest that under-occupancy is also a concern for the other associations in the Borough. However, both had recently carried out work to establish the extent of under-occupation in their stock. Neither thought it was a big problem. Thames Valley estimate that 8% of their total stock is under-occupied and assume the same proportion applies to their stock in the Borough. Richmond Churches had identified 80 working age under-occupiers within their stock in the Borough. They are focusing on these households because of the changes coming in through welfare reform which will reduce their housing benefit levels. They are planning intensive engagement with these households in September 2012 to make them aware of the changes and to set out the options available. This could include downsizing but could also include taking in a lodger – with the latter having to potential to address other housing needs.



#### 4.5.1 Key Points

170. It is useful to draw out the following points from the analysis in Section 4:

- There are 12 households waiting for every property that becomes available for re-let within the Borough. The scale of need far outweighs the supply of affordable housing. Given that need far outweighs supply it is more instructive to consider the needs of households in higher priority need.
- Focus group participants who were on the Housing Register and/or in RHP housing shared the view that there was not enough social rented housing, evident simply by the time they had waited for accommodation. They were, however, unable to say how often the type of home they needed became available in the areas they wanted or even the Borough as a whole.
- Amongst interviewees, there was a strong perception of a lack of larger properties in relation to need within the Borough. Most of those consulted thought that 2 and 3 bedroom properties were in shortest supply, though they were also concerned about potential pent up demand in 2 bedroom properties as a result in the recent change to the allocations policy.
- The greatest *pressure* is on 4 bedroom properties. The pressure on 2 and 3 bedroom properties is relatively even. There is relatively high pressure on 1 bedroom accommodation in the general needs stock.
- Older households needing 1 bedroom properties have a better chance of accessing accommodation than younger households because of the existence of age specific sheltered schemes in addition to general needs accommodation.
- The pressure on 1 bedroom general needs accommodation is reduced significantly if older households (50 and 60 years plus) are restricted to accessing age specific accommodation and could indicate the potential to relieve pressure on general needs stock if suitable and attractive older person accommodation can be provided.
- Consultations with housing professionals in the Borough suggested that some sheltered accommodation was difficult to let (particularly bedsit accommodation with shared facilities) which means that the existence of age-specific supply is not doing all it could to take the pressure off 1 bed general needs accommodation.
- Interviews with housing professionals in the Borough revealed concern about the lack of 'good quality' accommodation for single people. The greatest concern was around accommodation for vulnerable single people and a shortage of specialist housing to meet their needs, coupled with problems experienced in housing these people in general needs stock without adequate support.
- New completions can make a significant difference to the supply of affordable homes available for letting in any one year. Discussions with developing providers indicated that developments on housing association or Council owned sites provided the best means of securing larger accommodation and in maintaining delivery generally.
- Evidence of under-occupancy is limited because at the moment it is only revealed by households registering a desire to move. RHP are currently undertaking a survey of their tenants to establish how properties are occupied and this will help to establish whether better use could be made of the existing stock. Changes to housing benefit which will reduce benefits paid to working age households who are under-occupying their properties could also lead to a greater demand for moves from existing tenants.
- Nevertheless, an important supply of larger family sized homes could be released by re-housing existing tenants who are currently interesting in downsizing and this gives the Council and RHP an opportunity to address the needs of high priority family households (who are not well catered for by the general flow of re-lets). There is a particular opportunity to release a number of larger properties in Richmond and Barnes if appropriate properties are provided or developed for those wishing to downsize (eg 2 bedroom properties).

## 5 Conclusions & Options for Intervention

171. This section addresses key questions posed by the Council and RHP. These can be summarised as follows:

- What is the scale and nature of housing need in the Borough?
- Who needs affordable housing?
- How can their needs best be met?
- What are the requirements for Tenancy Strategies
- How can the introduction of affordable rent and fixed term tenancies be managed?

172. These questions are relevant to both the Council and RHP but the two organisations may have different views on the emphasis placed on different solutions.

### 5.1 The scale and nature of housing need in Richmond

173. Overall, the housing market which covers the Borough is characterised by a shortage of supply in relation to excess demand. There has been a pattern of rising prices and rents over the long term, particularly for larger properties where there is evidence of more acute shortage in relation to demand. This process is driving the out-migration of younger households, in-commuting from neighbouring Boroughs to jobs in Richmond and polarisation of wealth within the Borough. This is much like the experience of the prime central London Boroughs but, in contrast to the London Boroughs of Westminster, Kensington and Chelsea and Camden, Richmond has a much smaller stock of social housing and is therefore more limited in what it can do to assist low income households. Furthermore, the private rented sector does not appear geared to accommodating those on housing benefit because landlords have a choice of tenants and better rents can be secured elsewhere, providing the property is of a suitable quality.

174. The nature of the housing market in the Borough means that only the wealthy can afford to buy a home. Households need incomes in excess of £45,000 to afford one of the smallest and cheapest properties in the Borough and this assumes they have a deposit of £20,000-£30,000. The private rental market largely serves the same community. **It is not a market orientated to those on low incomes or even working households on modest incomes, in contrast to the private rented market in the rest of the Country.**

175. The relationship between housing costs and incomes means that a proportion of residents are unable to meet their needs in the market:

- **Households that cannot afford to rent.** They are either living in existing social housing, supported by housing benefit in the PRS, or with fragile living arrangements in poor quality accommodation or with friends or family on a temporary and insecure basis. There are 4,500 households in the Borough who have registered a need for social housing but the severity of their needs vary.
- **Households that cannot afford to buy** are stretching their finances to pay rents in the Borough. They have more choice eg moving outside of the Borough but over the long term the loss of this segment of the community has consequences for the labour market, public services and community cohesion. There is a strong case for giving these households options within the Borough because of these impacts on the wider economy and society. Over 500 households are actively interested in accessing intermediate housing products in the Borough and there is a much wider population of households in the private rented sector who would be eligible.

176. The scale of need for affordable housing, indicated by these two groups far outweighs the supply of affordable housing in the Borough. In 2010/11, 371 affordable homes were let to households on the Council's Housing Register and this includes lettings to new affordable homes which were delivered

through new housing development. This level is broadly representative of lettings in recent years. In the same year, 7 new intermediate properties were delivered, though supply of these has been higher over the last 5 years, averaging around 40-50 per annum over the last 5 years.

177. In practice, given the scale of need, particularly from those unable to access accommodation in the open market, only those with the most urgent needs will be re-housed. This is a key tension that the Council and RHP have to manage. On the one hand, they have a duty to respond to households in crisis, including the homeless, those with health needs and multiple needs. On the other hand, there is the desire that affordable housing supports a range of people with different needs from the vulnerable to those on the margins of the market who provide a vital role in the economy and health of the local community.
178. These two objectives need not be mutually exclusive. By facilitating options for those on the margins of home ownership or private renting, the Council and RHP could release accommodation in the rented sector for those on lower incomes or with higher priority needs. Some of those on the margins of homeownership are living in the social rented sector. If there are attractive alternatives for these households to move on to this would release social rented accommodation for re-let. It needs to be acknowledged that this is a difficult thing to achieve but the potential benefit of more tenants using social housing as a stepping stone to other options could be significant.

## 5.2 Who needs affordable housing?

179. Figure 5.1 provides a summary of the key groups that have been examined as part of this research and some of the considerations around the housing requirements of these households. There are a range of households 'in need' ranging from those in the most urgent circumstances to those on the margins of the market. They have different needs in terms of the tenure, size and cost of home they require (summarised in Figure 5.1 and set out in detail in Section 3. The Council and RHP therefore need to prioritise who they assist:
- The Council's allocation policy already prioritises households by awarding points according to different needs so inherent in the analysis of 'high priority' applicants in Figure 5.1 are judgements that have been made about the importance of different needs.
  - There is some scope for RHP and other associations operating within the Borough to assist households outside of the Housing Register (RHP retain 25% of their re-lets for their own nominations although 100% of new build is nominated via the Housing Register) but the numbers are limited by the scale of re-lets within the stock.
  - The evidence analysed and discussions with stakeholders suggests that the Council and RHP need a longer term strategy for or vision for affordable housing and what it should be used for within the Borough. The Council's 2012 allocation policy provides the basis for this and the Council will also be developing a new Housing Strategy in 2013. In the light of the changes to the affordable housing landscape at the local and national level (eg welfare reform and affordable rent), the Council and RHP need to monitor the impact of policy changes and ensure that they are having the intended effect.

**Figure 5.1: Summary of Housing Needs and Considerations on Size, Affordability and Tenancies**

Need Group	Scale of need	Size of Home Required	Affordability	Tenancy considerations
<b>Housing Register applicants</b>	<b>4,495 in Borough</b>	<b>Half need 1 bed</b>	<b>At least 80% cannot afford market rent or purchase (likely to be higher because of deposit requirements)</b>	<b>No compelling reason why fixed term tenancies cannot become default</b>
<b>Highest Priority applicants</b>	<b>Top 5% of list, largest number are homeless families</b>	<b>1/3 need 1 bed; 2/3s need 2 bed or larger</b>	<b>As above (not specifically analysed)</b>	<b>Most are families or vulnerable single people and may need secure tenancy for particular time-period.</b>
<i>Overcrowded households</i>	<i>Over 1,000, around 50% with other needs eg medical</i>	<i>2 bed or larger with significant, largest proportion (39%) needing 3 or 4 bedrooms</i>	<i>As above (not specifically analysed)</i>	<i>As above</i>
<i>Homeless households</i>	<i>Around 200 accepted last year</i>	<i>As for high priority applicants</i>	<i>As above (not specifically analysed) and benefit dependent</i>	<i>As above</i>
<i>Vulnerable people - single people with medical needs</i>	<i>375 reported 200 people with learning disabilities who need housing following de-reg of care homes</i>	<i>1 bedroom with small number needing 2 beds</i>	<i>Higher dependency on benefits</i>	<i>Dependent on likelihood of needs/ vulnerability changing</i>
<i>Vulnerable people – young single mums and U18s</i>	<i>Just over 100</i>	<i>2 beds for single mums, 1 bed for U18s.</i>		<i>As above</i>
<i>Older people</i>	<i>750 singles and couples aged 50+</i>	<i>1 bedroom</i>	<i>Not specifically analysed. Incomes more likely to be fixed – pension or benefits</i>	<i>As above</i>
<b>Intermediate applicants</b>	<b>550 actively interested in the Borough</b>		<b>Largest % have incomes of £25-35k</b>	<b>Desire for home ownership or greater security of tenure</b>
<i>Singles and Couples</i>	<i>Two thirds</i>	<i>1-2 bedroom</i>		<i>Discounted rental products likely to be attractive as most currently renting privately</i>
<i>Families</i>	<i>One third</i>	<i>2 bedroom plus</i>		
<i>Key workers</i>	<i>Just under 100</i>	<i>As above</i>		

Source: Section 3

180. DTZ would identify the following criteria in determining who should access affordable housing in the future – a question which is inherently tied to what shape the affordable housing sector should take:

- **The need to respond to housing crisis, acute housing needs and protect the needs of the most vulnerable households.** There is a question about the extent to which this can only be done through

the social housing stock, or whether the private rented sector can play a greater role in housing the homeless.

- **The need to keep developing new affordable housing. Given the scale of need a key priority, if not the key priority, should be on maintaining supply.** This signals the need for continued use of the Council's and RHP's land assets and Housing Capital Programme to make sites stack up and to ensure rents are affordable to those in need. Intermediate housing and possibly even market housing for rent or sale may also need to play a part in new development to make sites stack up, regardless of whether these properties can be justified on the basis of priority need.
- **The need to give existing and new tenants greater choice and options over their housing future.** DTZ would suggest that more could be done to create *positive* turnover within the existing stock by providing alternative options for tenants to move to if they are able to afford more than a social rent. There may also be immediate actions that can be taken to increase the marketing of shared ownership properties to existing tenants.
- Related to this, RHP and the Council have a desire to **make better use of the existing stock of housing, particularly to address overcrowding.** In order to achieve this, they need to encourage and facilitate movement of existing tenants. This is unlikely to be achieved by just providing more of the same and with a focus on only addressing the needs of highest priority/vulnerable households. There is a case for a targeted approach to new development, where opportunities permit, in order to release homes within the existing stock that are needed for high priority households.
- The extent to which other policy objectives around mixed and stable communities can be supported by developing a particular mix of housing. Discussions with housing management officers in the main housing associations within the Borough revealed a concern for managing lettings and interventions to ensure neighbourhoods were sustainable (and desirable) over time.
- How far local economic considerations should play a part in affordable housing policy. This is a question for the Council since it is about the relative weight it chooses to place on different objectives eg how far it is prepared to accept out-migration of working households on modest incomes and the fact that the Borough's economy is dependent on in-commuters from neighbouring Boroughs. This pattern is only likely to increase over time. There are some specific schemes within the Borough which are available only to key workers (occupations defined by providers). Given the scale of the local workforce that lives outside of the Borough (half of the Borough's workers), DTZ would question the appropriateness of current provisions for key workers and specifically whether 'key workers' should be defined by a much wider set of criteria rather than a specific list of occupations to access current schemes. The Council's intermediate policy statement is now focused on income criteria rather than occupation but there are still schemes within the Borough that are limited to key workers and there is a case for widening access to these properties.

### 5.2.1 What are the needs of existing customers (RHP tenants) and how much emphasis should be placed upon meeting these?

181. Analysis of the Housing Register and households who have expressed an interest in intermediate housing includes a proportion of households who already live in social housing – existing tenants. The data examined through this research has only examined these existing tenants who need or want to move. There is a much larger population of tenants who are adequately housed; a proportion of which may no longer need subsidised rents.
182. It is difficult to distinguish any specific needs of those existing tenants who applied to the Housing Register since it is not possible to extract data on this group as distinct from Housing Register applicants as a whole. However, discussions with RHP officers suggest that the main reason for existing tenants needing to move is overcrowding. There are over 1,000 overcrowded households on the Housing Register. Evidence provided by RHP shows there are around 50 overcrowded households in RHP

properties that are specifically being considered for extensions or conversions to make their existing property fit their current needs. The most acute need appears to be the need to create 4 bedroom properties for households who are severely overcrowded with multiple needs, including health conditions.

183. Conversely, there are a number of households who need or want to move because they are under-occupying their property. There are 169 of these households on the Council's Housing Register, a further 80 working age under-occupiers in Richmond Churches properties and around 20 (8% of households) in Thames Valley properties. There is a concern therefore about whether best use is being made of the existing stock and whether more could be done to address the needs of existing tenants if properties could be allocated more efficiently.
184. DTZ would draw out the following points about the needs of existing tenants, where these are known to either the Council or RHP:
- There is an acute need for 4 bedroom properties to meet the most urgent needs of those in overcrowded conditions.
  - There is a need for suitable 1 and 2 bedroom properties to allow downsizing of under-occupiers ie the release of larger properties is tied to the availability of smaller ones.
185. There are also likely to be existing tenants who are not in housing need and no longer need subsidised rents. At present, little is known about the scale of this group. RHP's tenant survey (carried out in parallel to this research) will provide more information on this group, in terms of their circumstances, occupancy levels and incomes. There is an argument that these households should remain in social housing and that it should house households on a range of incomes to encourage stable and mixed communities. On the other hand, there is an opportunity cost associated with these households remaining in social rented accommodation. They are receiving a significant subsidy through a low (subsidised rent) regardless of whether they receive housing benefit or not. By remaining in social rented accommodation when they could afford to pay more (eg a private rent for the size of home they need) they are preventing other more needy households from accessing it. There is an argument therefore for a wider strategy which assesses the needs of existing tenants and the extent to which they still need subsidised rents. However, there are a number of complexities with this:
- Higher incomes may not be sustained over time and may only reflect earnings at a particular point in time, particularly where earners are self employed eg builders, plumbers etc
  - Risk of disincentive to increase incomes. The introduction of Universal Credit should address this risk where households receive benefits but it will not affect working households.
  - Practicalities of determining at what point households can afford to move out of social rented housing and how they can be encouraged or required to do so eg through length of tenancies and management of renewals
  - The need to distinguish between older and working age households. The latter (where on housing benefits) will be affected by reductions in housing benefit where they are under-occupying their homes. Older people will not be affected by these changes and will not face pressure to move, though some may *choose* to do so eg because a smaller property is easier to maintain and because of the incentives offered by the Council's Sponsored Moves scheme.
  - Providing options for these households to move on to eg affordable rent or shared ownership. The Council's Intermediate Housing Policy Statement gives highest priority to households in social rented homes who want to access shared ownership. In DTZ's view, it is right that these products are actively targeted at those in social rented housing to ensure that there are options for tenants to 'move up' to and to ensure that intermediate housing has a positive effect on addressing priority need in the Borough by helping to release much needed rented stock.

### 5.3 How can their needs best be met?

186. Based on the analysis of housing needs and discussions with residents and housing professionals in the Borough, we would summarise the need for the following types of accommodation:
- 2 bedroom homes for rent are in greatest demand overall among higher priority households
  - Larger homes for rent (3 and 4 beds) are needed for families in acute housing need
  - Increased homelessness/ temporary accommodation provision; it is recognised that this may need to be found outside the Borough
  - Quality single person accommodation for vulnerable people eg clusters of 4/5 self contained homes suitable for accommodation based or floating support
  - 1 and 2 bedroom properties for downsizing households
  - Intermediate products (shared ownership or rental) which are suitable for households moving out of social rent as well as those on the margins of accessing home ownership
187. There are a range of different options for maximising the supply of these types of homes, but some may be more suited to particular types or sizes of properties than others. These include:
- New supply
  - Purchase and repair and extensions
  - Tackling under-occupancy
  - Greater use of the private rented sector
188. There are also other interventions which could help to address some needs but which do not involve development or interventions related to the stock:
- Clearly communicate to all customers how often social rented homes become available to let, and in which areas. Lack of information is potentially disempowering people to take action to meet their own housing needs. Customers who have little knowledge are more likely to contact the council and RHP on a regular basis; these transactions will have a cost. Some may choose to move further afield to access affordable housing if they realise how long they are likely to wait within the Borough.
  - Communicate the reason for empty homes within social housing stock. Visible empty homes do little to encourage people to take action to meet their own needs. A number of residents expressed concern about empty properties where they live, but discussions with housing associations revealed that there were specific plans in place eg to refurbish properties within a certain block which involved emptying properties in advance.
  - Provide customers with neighbourhood profiles to inform their decisions about where to live. Customers may consider alternative locations if they are aware of the amenities and services on offer here. Some interviewees felt that the Borough Council was limiting the opportunities of residents to access affordable housing by not participating in a sub regional choice based lettings scheme with neighbouring Boroughs. It is important to note that, at present, no such scheme exists within the South West London area – unlike other parts of London eg West sub-region. Such a scheme would inevitably open the route for some non-residents to access affordable housing but this could be managed and one argument is that the benefit for Richmond residents would outweigh these issues. The converse view (from experience of sub regional nominations to boroughs such as Croydon and Lambeth) has been these sub regional properties have been difficult to nominate to, with many households wishing to remain in the borough due to factors such as good schools and the high quality environment in Richmond upon Thames.

- Develop specific information for tenants who are facing a relationship breakdown. With relationship breakdown increasing across the country, and as a main reason for homelessness, it is important that the effect of this on a household's housing circumstances is understood before decisions are taken. The focus groups highlighted that for men leaving their family in particular, there is really no option of alternative affordable and suitable (for children) accommodation. Welfare reforms will make it more of a challenge for this household group to find accommodation.

### 5.3.1 New supply

189. On balance, DTZ consider that the delivery of new affordable homes should be the priority for the Council, RHP and other housing associations in the Borough. It is only new supply which adds to the overall stock and given the shortage of affordable housing in relation to need the best way to make inroads into addressing these needs is to provide more affordable housing. New supply also provides the opportunity to make better use of the existing stock. New supply provides new lettings and allows the Council and RHP to re-house transfer tenants - thus freeing up existing social rented homes for other households. New supply has also had an important role to play in directly addressing homelessness in the Borough. Again, by providing new lettings it allows the Council and housing associations to act quickly to house people in priority need.
190. The urgency of needs and limited choices available to those households at the top of the Council's housing register would suggest that priority needs to continue to be given to the provision of subsidised rental accommodation. **Priority needs indicate that the supply of larger homes (2 or more bedrooms) needs to be boosted, attention also needs to be given to 4 bedroom properties where the availability through re-lets is limited.**
191. However, there are a number of factors that the Council and RHP will need to consider in deciding the appropriate type and size of homes through new development:
- It is more difficult to provide larger homes through new supply, particularly under the affordable rent regime where grant is very limited but housing associations need to cap the rents especially on larger 3 and 4 bedroom properties to ensure they remain affordable to those in need (and under LHA / welfare benefit cap limits). This effectively limits affordable rents to £175 per week for 1 bed properties and £250 per week for 2, 3 and 4 bed homes.
  - The type of site will limit the Council and RHP's influence over the type and size of new build. Discussions with development managers suggested that on developer led sites it was difficult to secure anything other than 1 and 2 bedroom properties because of the mix of market housing that was being provided and the tendency for higher densities on larger sites.
  - There is evidence of a need for intermediate products within the Borough. There are households who cannot afford to buy within the Borough and those on the margins of affording market rents. This is particularly evident in the pattern of commuting in to the Borough from neighbouring areas where it is cheaper to live. These workers are key to the functioning of the Richmond economy but most are not defined as 'key workers'. However, the Council and RHP need to consider how much priority should be given to providing this accommodation given that the needs of these households are less urgent and most have other (limited) choices.
192. The key limitation on new development appears to be the availability of development sites within the Borough. Based on discussions with housing association development managers, Council officers and other professionals. There are a number of aspects to this:
- Site availability: the supply of development land within the Borough is limited. There are few large sites which offer opportunities for large scale development. The Borough is constrained because of historic green space and the Thames Riverside – and this is reflected in the housing targets for the Borough. Where large sites exist they are largely in private ownership. Developing providers within the Borough generally have to work with portfolios of small sites eg garage sites and other infill



opportunities. Whilst it is more difficult to secure economies of scale on these sites they do provide important opportunities to deliver larger homes since they are under the association's control and ownership. This type of development is not without its difficulties however. Parking issues related to planning were cited by a number of interviewees as holding back development of garage or infill sites and some schemes had been delivered without parking which limited who they could be let to (eg being unsuitable for some young families).

- Land values: land values are very high within the Borough which makes it very hard for housing associations to compete for sites on the open market with private developers. There was thought to be more opportunity to secure ex-employment sites where a change of use may be appropriate for affordable housing. However, development managers within housing associations in the Borough suggested that the objective of 100% affordable housing was not always successfully applied and so in practice developers could outbid them on these sites.
- Whilst there are few Council owned sites, a number of interviewees felt that more could be done to make these available for affordable housing development. One interviewee suggested that the Council undertake a review of its own landholdings. In some cases, known Council owned sites were slow to come forward. This was a particular issue under the new affordable housing programme which requires delivery on site by 2015 or the loss of grant. There was also felt to be some tension within the Council between the objective to deliver affordable housing and the desire to maximise receipts from the sale of Council owned land. **DTZ would recommend that the Council consider the prioritisation of Council landholdings for affordable housing.**
- Related to this, DTZ would question whether sites currently allocated for employment uses within the Borough present the best use of land supply. It is important to note that we have not reviewed the availability of sites for any uses, or undertaken an employment land review, but the difficulty expressed by interviewees in securing sites for affordable housing and the fact that half of those who work in the Borough commute in from outside would suggest that greater priority could be given to housing the Borough's workforce. There could however be tensions between priorities as the Council also seeks to protect employment floorspace to support a strong local economy, as set out in the Local Development Framework. It is the role of the Council to ensure the appropriate balance between these objectives is struck.
- Suitable sites for supported housing: a related issue is the limited availability of opportunities to deliver supported housing. Where development opportunities were available to deliver 4/5 self contained units, eg through the conversion of an existing larger property, these were unlikely to be secured by housing associations competing with private developers or buyers in the open market. This is partly because the level of rent an association can charge on supported 1 bed units. Viability may be improved by letting at affordable rents, providing these households can afford higher rents.
- Re-development opportunities on existing estates: there are opportunities for infill on existing RHP estates and the potential for redevelopment on some eg Butts Farm (in Hounslow) and RHP's estate in Ham. However, these are longer term opportunities and will not necessarily increase overall supply, though they are likely to provide opportunities to deliver a better mix and quality of social housing.
- The borough has a number of smaller residential care homes which it is seeking to deregister, and replace with alternative models. The council currently has a number of voids in these homes. Some properties would be suitable for remodelling for use by other households. This is difficult at present as people may still be living in them but may be an option to boost supply in the longer term.
- Development opportunities outside of the Borough: the perceived limited availability of housing sites within the Borough is driving developing housing associations to consider opportunities in adjacent Boroughs in order to deliver their current programme – where grant is provided on

condition of delivery by 2015. All of the associations based in the Borough have a desire to build in Richmond upon Thames as a first priority and claimed to have the financial capacity to do so. It is the availability of development sites that is the main constraint. Discussion with RHP has confirmed that current opportunities would indicate that for the current programme total of up to 100 units will be delivered within the borough but the remainder may need to be built elsewhere.

- Limited immediate development opportunities within the Borough will mean that RHP need to consider building new homes in adjacent Boroughs. There are a number of advantages for RHP although the position for the Council is more mixed:
  - o This will allow RHP to meet the HCA timetable for delivery of grant funding schemes by 2015 (provided immediate opportunities can be secured)
  - o Prices, rents and land values are cheaper which will allow RHP to compete more effectively for development sites and to deliver accommodation at more affordable rents for tenants. The most affordable neighbouring wards (all Hounslow) are Hanworth, Feltham West, Hanworth Park, Hounslow Heath and Feltham North.
  - o If opportunities can be found on existing estates (stock transfer land) then in specific circumstances this has allowed the Council to nominate from the housing register to these properties.
  - o Discussions with development managers in four associations (including RHP) suggested there were more immediate opportunities for development in Hounslow and Kingston. Specific examples of recent developments in these Boroughs were given, including a 21 unit development of 4-5 bedroom houses (by Richmond Churches Housing Trust).
- The risks with this approach are that sites delivered outside of the Borough will not be available to meet housing needs within Richmond upon Thames and nominations are likely to benefit the host Borough, unless existing tenants transfer within the RHP stock (most new developments provide 100% of nominations to the host borough, but RPs gain 25% nomination rights to re-lets). It is worth noting that this would free up accommodation within the stock in the Borough however so could have a net positive effect on supply.
- Viability: the issue of viability of affordable housing delivery was raised by development managers, specifically in relation to the introduction of a CIL charging schedule. Development managers in the housing associations in the Borough were concerned that, if an overall CIL charge was set too high, the affordable housing element on a scheme would be flexed (and reduced) to ensure a development remained viable.
- Control: it is also worth noting that the developing providers within the Borough are only dependent on grant from the affordable housing programme to a limited extent. Some will have the capacity to deliver affordable housing without grant in the future. This is very positive for the Borough as it removes some of the uncertainty around affordable housing development post 2015. However, it does imply that the Council (and GLA) will have more limited influence of the location and nature of new affordable housing in the Borough in the future; unless it continues to use its own resources (financial and land) to influence the development of particular types of affordable housing.
- The Council is currently mapping public sector land in the Borough and this will be critical to ensuring that Council, RP and other public sector land is identified and used for development. The reduction or removal of HCA grant in the future could also be made up by the Council's Housing Capital Programme and use of RP assets to assist the viability of new affordable housing development.

### 5.3.2 Purchase and repair and extensions

193. Purchase of homes on the open market and refurbishment of these properties has been cited as a way of boosting the supply of affordable homes in the Borough. Around 10 properties per annum have been secured through this route. Discussions with housing professionals in the Borough raised a number of points about this form of supply:

- Financially, the purchase of existing properties compares well to new build if purchases can be made for around £200k (which is equivalent to entry level properties in the Borough). This can also be justified where the property is ex-Right to Buy and where RHP are already responsible for maintaining communal grounds and other properties in the area. The advantage of targeting purchase and repair to ex-RTB homes is that this would have the benefit of improving the wider neighbourhood for existing tenants as well.
- However, these properties are few and far between and the association would be competing with private buyers on the margins of home ownership (a group which the Council and RHP wish to assist).
- Furthermore, purchase of existing properties does not add to the overall stock of housing, though DTZ would argue that adding to the affordable stock is a worthwhile exercise (even if it means reducing the stock in other tenures) because of the erosion of the social rented stock in the Borough through Right to Buy.
- On balance, our discussions suggest that RHP and the other associations should continue to take up the best opportunities for purchase and repair, where value for money of doing so compares favourably to new build. **We would suggest a focus on taking up opportunities that might be more difficult to deliver through new build eg larger homes or large properties suitable for conversion into self contained supported units.**

194. Extensions and loft conversions of existing social rented properties have been popular amongst existing tenants as a way of acquiring more space without needing to move. There has been an incentive to provide extensions including loft conversions because the Council has provided a specific grant for this purpose, most recently £750,000 grant to RPs agreed at June 2012 Cabinet. A number of points were raised by stakeholders (including RHP tenants) during this study:

- There are 50 households in RHP properties where the potential for an extension to the existing property is possible, according to current information from RHP. The most acute need is for 4 bed properties with some households living in severely overcrowded 2 bedroom properties at present. Whilst there are a number of existing tenants living in overcrowded conditions where an extension would be possible, consideration needs to be given to whether these households are higher priority for assistance than those on the Council’s housing register – or whether investment would be better spent elsewhere to assist needier households.
- RHP will need to weigh up whether new large properties (including 4 beds) can be developed in the short term, depending on the sites and opportunities available. **If it is not possible to deliver larger properties then it may make sense to invest in extensions and conversions of existing properties, particularly to create 4 bedroom properties which are least likely to come up through re-lets.** The expansion of the stock of larger properties could be an objective in itself.
- Ensure the approach taken to extensions is achieving the best outcomes; it is possible that a more creative approach centred on the customer is needed. For example, if an immersion tank means it is impossible to convert a loft, a conversation with the customer may reveal that the tank makes household bills unaffordable – an alternative source of heating and conversion may improve the customer’s life considerably, whilst saving money from the move/void/re-let process and contributing to addressing fuel poverty and carbon saving. It would be valuable to review existing applications to identify where this might apply.

### 5.3.3 Tackling under-occupancy

195. Figure 5.1 presents data on RHP tenants who are under-occupying their properties. Of the 56 RHP households who are known to be under-occupying and willing to downsize, 42 are living in 3 bedroom properties and 6 living in 4/5 bed properties. Whilst these are small numbers in the context of overall need, the release of these larger properties would significantly increase the number of lettings of larger properties which are currently very low. The largest numbers of these properties are within Richmond and Barnes – areas of the Borough where it is likely to be more difficult to deliver new supply of larger homes through the affordable rent model. In order to release these properties, RHP and the Council would need to find alternative accommodation in predominately 2 bedroom properties. The supply of larger properties by addressing under-occupation is inherently tied to the supply of smaller properties to allow downsizing.

**Figure 5.1: Households Under Occupying, RHP Tenants**

	Occupy	Need	Net gain
1 bed	0	12	-12
2 bed	8	38	-30
3 bed	42	5	37
4 bed	3	1	2
5 bed	3	0	3
Total	56	56	0

Source: RHP

**Figure 5.2: Location of Households Under Occupying, RHP Tenants**

Location	Number
<b>Richmond Borough</b>	<b>48</b>
Richmond	15
Barnes	14
Hampton	8
Twickenham	7
Teddington	4
<b>Hounslow Borough</b>	<b>8</b>
Feltham	5
Hounslow	3

Source: RHP

196. Addressing occupancy levels within the existing stock provides an opportunity to release larger properties for households in priority need and to ensure that existing tenants can afford their rent and are able to manage in their own homes. There are a number of options for making better use of the existing stock which could help meet the needs of existing tenants and release properties to address new needs:

- **Extending the existing sponsored moves scheme:** around 20 households each year have taken up the incentives offered to downsize. However, the scheme is focused on older households. There is likely to be appetite amongst other households to downsize given these incentives and this might be justified in particular where it releases a 4 bedroom property. Furthermore, incentives may not be required for some working age households given the reduction in benefit they will experience for under-occupying, though a package of support could be offered eg assistance with moving, advice etc.
- New affordable housing development: **consider whether a proportion of the new homes completed could focus on what is required to meet the needs of existing tenants**, with the benefit that by re-housing these households another property will be released to meet other needs. Whether this can be justified depends on whether the household itself has a priority need or whether

by releasing the home they currently occupy the needs of another household could be met. The advantage of new build is that it adds to the stock of affordable housing.

- Development of older person specific, including shared ownership housing: there are examples of very successful older person specific accommodation in the Borough. The experience of the extra-care scheme at Dean Road in Hampton suggests that there is unmet demand for ownership in this type of scheme.
- Intermediate products: new development of intermediate housing, including shared ownership and/or affordable rent (as a specific intermediate product and not necessarily capped at LHA levels) could provide opportunities for existing tenants to move. This is more likely to be successful where the households both needs to move and has sufficient income to afford these options. However, in the longer term, the introduction of fixed term tenancies could provide these households with greater impetus to consider other options.
- Review information sharing between the council and Registered Providers; the current position whereby the council ‘owns’ potential customer data and providers ‘own’ existing customer data and information about the housing supply is a barrier to making best use of the existing stock.
- **Consider holding events where existing social housing tenants who have expressed a need to change their housing circumstance can meet**, with a view to enabling exchanges and better use of under-occupied/over-crowded homes. Such events have been successful elsewhere, primarily because tenants are able to talk about their neighbourhood and home, dispelling myths about particular neighbourhoods, space standards, proximity to amenities. Events should be for all social housing tenants, and not just RHP tenants, to enable moves across stock within Richmond upon Thames. Consideration should also be given to involving adjoining boroughs.

#### 5.3.4 The Private Rented Sector

197. The private rented sector provides a source of affordable accommodation for the Council to address some of the needs of households on the housing register however the supply of these properties is limited, as evidenced in Section 2. There are also concerns about the short supply of homelessness and temporary accommodation provision in the Borough and a concern about the use of B&B accommodation which has more serious cost implications for the Council. Until the Government clarifies the position on discharging homelessness duties in the private rented sector it is difficult for the Council to plan ahead to procure more accommodation of this kind. There are a number of issues with this:

- The high cost of private rents in the Borough also feeds through into the cost of temporary accommodation. One third of the leased accommodation is due for re-tendering and cost is expected to increase.
- Furthermore, cuts in housing benefit since April 2011 have led to some landlords in the Borough moving out the segment of the market which provides for low income households on housing benefit.
- Lack of low cost private rented accommodation feeds directly into issues of quality of cheaper private rented sector homes. SPEAR suggested that private landlords experience such high demand for their properties that there is no reason for them to offer their properties to those reliant on welfare benefits; SPEAR also suggest that (for those reliant on welfare benefits) properties in the private rented sector tend to be those with hard-to-let, low quality properties.
- **Given the cost and limited availability of private rented accommodation within the Borough the Council needs to consider whether properties can be found outside of the Borough** that are suitable for meeting the needs of those on the housing register and homeless households.
- Consideration will need to be given to the needs of vulnerable households, where location and tenancy duration may be important to meeting their needs.

- The Council will also be ‘competing’ with other London Boroughs for accommodation in cheaper neighbouring areas. This raises the risk that rents could be bid up and increase the cost to the Council and tenants.

## 5.4 What are the Requirements for Tenancy Strategies?

198. Local housing authorities are required to publish a tenancy strategy by April 2013. This is legislated for in the Localism Act 2011. The tenancy strategy must set out the matters to which the registered providers of social housing in the district are to have regard in formulating their tenancy policies.

### 5.4.1 Tenancy policies

199. From April 2012 all registered providers (including local authority landlords) can choose to introduce fixed term or flexible tenancies<sup>16</sup>. These tenancies could be as short as two years but this should be an exception<sup>17</sup>; the usual length is expected to be five years. Providers can of course choose to continue offering ‘lifetime’ tenancies.

200. Regulation<sup>18</sup> requires that all registered providers should publish a tenancy policy from April 2012. These policies must describe:

- the kinds of tenancies they grant
- the circumstances in which they will grant a tenancy of a particular kind
- where they grant tenancies for a certain term, the lengths of the terms, and
- the circumstances in which they will grant a further tenancy on the coming to an end of an existing tenancy.
- the exceptional circumstances where they will use tenancy terms of less than five years
- the approach to vulnerable people, recognising age, disability, illness, children etc
- the advice or assistance that will be available should the tenancy not be reissued.

201. Providers must also have a policy which describes when and how they will use the ‘affordable rent’ product. Although the original intention of the tenancy strategy was simply to provide guidance on the use of fixed term tenancies, there is nothing in legislation to suggest that it cannot provide guidance on the ‘affordable rent’ product and this is recommended as good practice.

202. Providers should ‘have regard’ to local authority tenancy strategies in developing their tenancy policy. Although to ‘have regard’ is not defined in statute, case law suggests that it means more than a tick box exercise; registered providers should:

- Be actively informed of the direction provided by the tenancy strategy, and
- Be able to evidence that they have considered the content, even if they choose not to follow it, and
- Consider the tenancy strategy every time they review their policies.

203. Registered providers who have signed a HCA contract to develop affordable rent homes with (and without) subsidy have been able to use fixed term tenancies on affordable rent homes since 2011. There is a common misconception that affordable rent homes have to be let on fixed term tenancies; this is not the case. They can be let on lifetime tenancies; it is a choice.

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<sup>16</sup> Fixed term tenancies will be issued by registered providers; flexible tenancies for a fixed term will be issued by local authorities

<sup>17</sup> There is no definition of ‘exception’ but legal challenge is expected to the use of fixed term tenancies in circumstances that are clearly not exceptional eg, two year fixed term tenancies for single people or for properties that are part of an asset management plan and will be sold/refurbished within a two year period

<sup>18</sup> The HCA’s Regulatory Framework for Social Housing in England from April 2012 requires Registered providers to publish clear and accessible policies which outline their approach to tenancy management

## 5.4.2 Process of developing a tenancy strategy

204. The process of developing a tenancy strategy must:
- Have due regard to the authority's allocation policy and homelessness strategy ie, be compatible with and contribute to objectives stated by these documents
  - Have due regard to the Mayor's housing strategy for London ie be compatible and contribute to objectives stated by this document.
  - Include consultation with Registered Providers, as a minimum providing them with a reasonable period of time to consider a draft document.
  - Include consultation with other stakeholders (local authorities in London must consult the GLA but otherwise the government will not prescribe who these 'stakeholders' are but they are those stakeholders you would typically include in consultation on the allocation policy).
205. It is expected that strategies will be reviewed at least every five years. This is not legislated for but it is an expectation stated in DCLG's impact assessment
206. Bearing in mind that tenancy policies should be in place 'from 2012', whilst the tenancy strategy is not required until 2013, it is important for authorities to publish their strategy as soon as possible, as London Borough of Richmond has done through an interim statement.

## 5.4.3 Other process and content considerations

207. As decisions on fixed term tenancies and the affordable rent product lie with Registered Providers, the development process and publication of the tenancy strategy should be viewed as an opportunity to influence and inform those decisions to ensure they contribute to the local authority's housing and wider community objectives. It would be advisable for the strategy to:
- Describe the factors that the council thinks are important to consider in making decisions about tenancy length and the Affordable Rent product
  - State a preferred minimum length of fixed term tenancies, having considered pros and cons from a range of perspectives and for different households
  - Describe what the council thinks should be in place in order for the impact of local decisions to be managed to contribute to shared ambitions
208. In more detail the strategy could:
- Describe the role of social and affordable housing in the Borough ie, what objectives does it contribute to eg, community plan objectives, regeneration of town centres, reducing homelessness etc.?
  - Express considerations and preferences for fixed term tenancies for specific household groups. Typically these include households with a disabled household member; families with children (school age and younger); people over working age; single and childless couples of working age; lower income households not in receipt of housing benefit. The council may want to consider expressing a preference and/or considerations that should be borne in mind for other groups that are important to achieving the council's objectives eg, care leavers, people with a learning disability, people with a long-term mental health issue.

- Make it clear that the relevant provisions of the Equality Act 2010<sup>19</sup> have been met in the process of developing the tenancy strategy, and that there is an expectation that Registered Providers will follow suit in developing their tenancy policies.
- Consider the potential impact of the affordable rent product and fixed term tenancies on communities if introduced 'en-masse' in an area
- Make a statement about the proportion of social rent that the council wishes to see remain in an area
- Require that consideration is given to specific local matters such as community/'village' plans, and regeneration priorities, in making decisions about the use of the affordable rent model)
- Indicate the change in circumstances in which the council understands tenancies may not be reissued eg, financial, household composition, housing need related to health and wellbeing
- Make a statement about the use of fixed term tenancies to address anti-social behaviour; this is considered inappropriate and may be subject to legal challenge as there are many other – specifically designed – tools available to address this, including the use of starter/probationary tenancies
- Describe what the council thinks should be in place to enable the use of fixed term tenancies and the affordable rent product to contribute to local objectives eg, quality customer information and advice; information sharing between organisation; regular monitoring; involvement of other agencies in the process of tenancy review eg, health and social care worker; early notice of decisions not to reissue the tenancy in order to prevent homelessness etc.

## 5.5 Managing the Introduction of Affordable Rent and Fixed Term Tenancies

209. It is important to keep in mind that the majority of new supply coming forward in the affordable housing sector is the new affordable rent product. Affordable rent is intended to cater for the same households as social rent – those in housing need on the Council's Housing Register. However, the flexibilities allowed with this product including the ability to set rents at up to 80% of market rents and to introduce shorter term fixed tenancies have raised concerns from the Council and local providers about who can or should access affordable rent. In terms of the groups identified within the Borough:

- Not all households in need on the Council's Housing Register are able to afford affordable rents set at 80% of market rents on the basis of their incomes, this issue is particularly important in high priced market areas such as Barnes, Richmond and Kew . This is considered in detail in Sections 2 and 3. Further, distinction needs to be made between those dependent on benefits (housing benefit) and working households who meet their rent out of their own earnings.
- Whilst providers have the flexibility to set rents at 80% of market levels, in practice most are also limiting rents to the current local housing allowance limits and considering the welfare benefits cap. They are also not introducing affordable rents on larger properties (3 and 4 bedrooms) because there is limited or no scope to increase rents from current levels whilst remaining within local housing allowance limits.
- This means that households who receive housing benefit to pay their rent will be able to afford affordable rents, although it may mean claiming more housing benefit than they currently do.

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19 The Equality Act 2010 requires the public body to pay due regard to the need to:

- Eliminate unlawful discrimination
- Advance equality of opportunity between people who share a protected characteristic and people who do not share it
- Foster good relations between people who share a protected characteristic and people who do not share it

The HCA's 'Regulatory framework for social housing in England from April 2012' also reminds providers that it is essential to understand tenants' needs, including those within the equality strands



- The picture is more complicated for working households not claiming housing benefit. For those that are living in social rented accommodation and benefiting from subsidised rent the increased rents associated with affordable rent will have an immediate negative impact on their incomes. For those that are living in the private rented sector and paying full market rents, affordable rents will have an immediate positive impact on their incomes.

### 5.5.1 Rents

210. The evidence presented in this report suggests the following about affordable rents within the Borough:

- **To remain affordable to households on benefits (the majority of housing register applicants), affordable rents need to be set in relation to LHA levels and in the future, benefit caps<sup>20</sup>. The latter implies a limit of £250 per week rent (£1,080 per month) on 2, 3 and 4 bed properties, assuming households receiving the maximum level of benefit (£26,000) spend up to half of their income on rent and £175 per week (£770 per month) on 1 bed properties (taking account of the £18,500 benefit cap for single people).**
- Compared to average rents in the Borough as a whole, this implies that affordable rents will be 50% or less of market rents for 2 bedroom properties or larger.
- The Council's analysis of the incomes of those on the housing register and rent levels in different wards shows that the **affordability of affordable rent varies significantly depending on the ward**, with Hampton North, Heathfield and Whitton being most affordable under the affordable rent model. However, this does not apply in all wards – with a significant number remaining unaffordable.
- **Very few working households on the housing register are able to afford 80% market rents; this was particularly true of those needing 3 bedroom properties.**
- The vast majority of intermediate applicants on First Steps's register have insufficient incomes to afford average rents within the Borough as a whole and affordable rents set at 80% of the Borough average do little to improve affordability. Only 5% of applicants could afford the property size they need at an 80% market rent.
- However, within the lower priced wards in the West of the Borough, a significant number of intermediate applicants can afford open market rents (53%) and this is increased to 73% of applicants under the affordable rent model. Affordable rent would not however be available to these households as these properties are for households in housing need and allocated via the Housing Register. Registered Providers could consider developing Affordable Rent properties as part of their intermediate housing provision.
- Affordability is better for intermediate households needing 1 and 2 bedroom properties than those needing 3 bedrooms. Nevertheless, this does indicate that some intermediate households would be able to afford affordable rents (set at 80% market rents) for 3 bedroom properties.

211. Across the Borough there will be significant variations between property types and locations over the level at which affordable rents can be set in relation to market rents whilst remaining affordable to those in housing need. **Average rental prices in the borough confirm that the market is one which serves households on high incomes and focuses on high earning professionals and corporate lets. The particular nature of the Richmond market needs to be considered when setting Affordable Rent levels.** However, there is a risk in setting out specific rental limits (eg percentage of market rents that affordable rents must not exceed) in policy since they may not always remain appropriate as the market or funding environment changes. **DTZ suggest that an approach to affordable rents which is linked**

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<sup>20</sup> Appendix 2 provides further detail on the implications of proposed welfare reform, including the Universal Credit and benefit caps.

**to LHA limits (and benefit cap levels in the future<sup>21</sup>) may be more appropriate. This rent would need to be inclusive of any service charge.**

212. The Council and Providers will need to consider how far rents might increase over time and whether this would take them above LHA/welfare benefit limits. **If affordable rents are increased annually by RPI + 0.5% there is a risk, if the base rent is set too close to the LHA limit or benefit cap, that rents will exceed LHA or welfare cap limits during the course of the tenancy.** Housing benefit (and eventually Universal Credit) will be increased in line with CPI rather than RPI in future. There needs to be enough 'headroom' in affordable rents in relation to LHA levels to allow rental growth without exceeding LHA limits/welfare cap limits.
213. DTZ would suggest that the Council set out in policy criteria along the following lines:
- 80% of new affordable housing needs to be affordable to those in housing need. Households in housing need are typically those on the housing register and unable to afford suitable housing in the open market.
  - Rents in these homes need to be affordable in relation to the incomes of households in need (eg within housing benefit (LHA) limits and in future remaining affordable under the benefit cap eg no more than 50% of welfare income).
  - Rents should remain affordable ie within these limits throughout the lifetime of the tenancy. This will involve taking account of likely rent increases in relation to increases in Housing Benefit.
  - If Providers plan to set rents on new affordable homes which are unaffordable to those in housing need (in excess of housing benefit (LHA) limits or 50% of the benefit cap) then the Council may define this as intermediate housing, as part of the 20% intermediate element of affordable housing delivery.
214. It will be important to monitor the impact of the new affordable rent tenure in terms of:
- the number of new affordable rented homes delivered or existing homes converted to affordable rent
  - the applicants who take up affordable rent, their characteristics and incomes, their previous tenure and the type of tenancies that are awarded by providers.
  - it would also be useful to monitor the levels of re-lets within the existing stock of affordable homes and whether any changes occur as a result of the introduction of affordable rent.
215. **Monitoring will help the Borough Council and providers to determine whether rents are being set at affordable levels and whether the type of tenancies offered are appropriate.**

## 5.5.2 Tenancies

216. There were a number of views expressed about the use of fixed term tenancies:
- Social housing should be used to meet need – if the need does not exist then the home should be made available for another household in need
  - The use of fixed term tenancies will contribute towards addressing the sense of entitlement some customers appear to feel
  - There will be customer benefits from regular contact with the registered provider, for example unmet needs may be identified
  - More needs to be done to enable alternative options for households whose circumstances do change and may not be reissued with a tenancy at the end of the fixed term.

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<sup>21</sup> Up to 50% of benefits spent on rent seems to be broadly accepted by the Council, Providers and residents as the limit of affordability.

217. The most effective way of determining the most appropriate length of tenancy for a household type is to consider the pros and cons from different perspectives:
- *The customer.* The primary interests of this group are security of tenure, stability and affordability in the long term. The ability to move within and outside the social and affordable rent housing market may be of interest to some customers.
  - *The council in its strategic housing role.* The primary interests of the council are to meet the need and demand for social and affordable housing and to achieve the vision for their area (this includes sustainable neighbourhoods and communities), making the best use of resources.
  - *The registered provider.* The primary interests of providers are to meet the need for social and affordable housing, to enable sustainable neighbourhoods and communities, and to manage sustainable, not-for-profit, businesses.
  - *Other interested parties* eg, health and social care, advice agencies etc. Primary interests include improved health and wellbeing, reducing inequalities and disadvantage and economic resilience and growth.
218. These interests should be considered in light of the type of housing that is available eg, general needs family and non-family housing, accessible<sup>22</sup> and adapted housing, and long term specialist housing eg, sheltered housing and extra care.
219. Given the extreme shortage of accommodation in the Borough, consultees generally felt that fixed term tenancies were a good thing, on the basis that they will bring much needed homes back into use, particularly to address over-crowding. This view is on the assumption that:
- household circumstances will change and, in particular, households will either reduce in size (needing smaller accommodation), or households will be able to afford to live somewhere else.
  - tenants will benefit from regular contact with their registered provider eg, unmet needs could be identified.
  - alternative, suitable and affordable, accommodation options for households to move into should their tenancy not be re-issued.
220. A number of concerns were raised by Providers about the introduction of fixed term tenancies and criteria for renewal or non-renewal at the end of the term:
- RHP and the other main housing associations in the Borough agreed that higher turnover of tenants was not good from an efficiency point of view because of the cost involved in changing tenants – even though void periods were expected to be very limited. Fixed term tenancies would require more active management from the associations, to keep on top of tenancy duration, renewals etc.
  - Providers felt that, in reality, even fixed term tenancies of 5 or 10 years would effectively be secure. They do not anticipate many households meeting criteria that would lead to non-renewal of the tenancy. They agreed that anti-social behaviour and arrears amongst tenants were actively managed throughout the tenancy and there were means to end a tenancy if necessary to address these issues. RHP confirmed that existing tenants have been willing to give up their secure tenancies to access larger properties through affordable rent. This may signal that households in overcrowded conditions are prepared to trade off tenure security for the appropriate amount of space – though not all households are likely to make the same decisions. It could also signal that tenants are comfortable with fixed term tenancies of 5 years because they perceive that in reality they are secure and likely to be renewed.

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22 General needs accessible ie, ground floor, lift accessed, non-older person bungalows

- There was general agreement (by RHP, the Council and other interviewees) that secure or lifetime tenancies might be required for some households, particularly vulnerable people or older people whose circumstances and incomes were unlikely to change. This did not, however, mean these households were unsuitable for affordable rented homes – they may be as able, or even better able, to afford affordable rents than households as a whole.
- There was a general view expressed that tenancies of existing tenants should be protected so as not to discourage transfers within the existing stock. The GLA are concerned that Boroughs respect existing tenancies across boundaries so as not to preclude cross boundary moves.
- The option of short term (eg 2 year) tenancies was suggested by one or two interviewees and is included in the Borough Council's interim tenancy strategy (in exceptional circumstances such as anti social behaviour). In general, providers could not see the benefit of this. Interviewees did suggest that short term tenancies of 2 years might be suitable where the housing association is planning renovation or renewal of the estate or housing stock, so that the landlord has greater control over the occupation of these properties.
- It is relevant to note that a number of focus group participants (potential and existing tenants) felt that 10 year tenancies were more suitable because it would encourage households to commit to the property and area.

221. There is no consensus on the appropriate length of a fixed term tenancy. For this reason, **DTZ see no reason why 5 year tenancies cannot be set as the default tenancy length** (with 1 year probationary period for new tenants as is the case now). Furthermore, **DTZ consider that providing the renewal criteria and process is fair, there appears no reason why all types of households should be given these tenancies.**

222. There was concern amongst interviewees within the Council and housing associations about the need to ensure vulnerable people are protected through their tenancies. This might mean awarding longer term tenancies to those who are likely to need continued support throughout their lives eg those with learning difficulties which mean they are unable to access work. This does not preclude these households, who may be dependent on benefits, from accessing affordable rented properties, providing they can afford the rent, since in some cases their incomes are unlikely to change over time and the interaction between benefits and work incentives may be less of a concern. However, there may be affordability concerns for other vulnerable people eg care leavers who are working but on low wages.

223. The research has identified a number of factors that should be considered in managing the introduction of fixed term tenancies and in particular the process of reviewing tenancies:

- **Income: Where household incomes have increased to the extent that they can afford to access market housing, the Council and RHP should consider not renewing the tenancy or charging higher rents.** This raises a number of issues:
  - o Whether the cost of purchasing or renting is the appropriate threshold. The income threshold for accessing private rented properties would seem more appropriate but will leave many households with limited scope to save for home ownership.
  - o **Income thresholds would need to be set for different sized properties**, rather than a single income threshold, particularly because of the high cost of larger properties within the Borough.
  - o Whether the income threshold should be set in relation to the cheapest rental properties in the Borough or average. The former would raise the risk that there are insufficient properties available for households to access given the limited supply in the most affordable areas.
  - o How to implement and enforce an income threshold. Some providers expressed the concern that housing associations were not fraud investigators and would not have the skills and expertise to properly verify changes in a household's income.

- There may be households with multiple adults who were earning, including families with grown up children. Collectively, their incomes might exceed the threshold but it might not be fair to assess their combined income in the same way.
- On balance, providers appeared more in favour of a 'pay to stay' arrangement rather than ending a tenancy based on income.
- *Community stability and mix*: The use of fixed term tenancies and /or the affordable rent model could contribute to the polarisation of low income and/or vulnerable households within neighbourhoods. Stakeholders and focus group participants described the negative effect that allocating new homes en masse to a particular household group has had on existing communities and sustainability; fixed term tenancies and the affordable rent model have potential to have a similar effect, particularly if introduced at the same time within an area.
- *People leaving care*: Stability is very important to enabling people leaving care, who have already faced considerable change in their lives, to establish a connection with the local area, to enable them to function as well as possible and to 'break the cycle' often experienced by care leavers in later life. Change can be very unsettling.
- *Families with children*: For families with disabled children (learning disability, physical disability, sensory impairment) it is very important to them to be able to access education that meets their child's needs. It may have taken a long time to find a school/college that is able to provide and a move from this would have a detrimental effect on the child and family.
- *Older people - single and couples*: Proximity to support networks – family and friends – is important, particularly if older people are to remain living in their own home for longer. This should be a consideration for both the older person and the people who provide care and support eg, their family. There was a view amongst some interviewees that older applicants should be offered secure tenancies rather than fixed term tenancies. The main reason for this was the perception that their circumstances were unlikely to change and that vulnerable people need to be protected. There are number of points to consider however:
  - Whilst a small number 50 year olds may have health or mobility issues associated with old age it is more likely to be those in more advanced old age that need additional support.
  - Many of those aged 50-60 and even those aged over 60 continue to work. Retirement ages are changing and they are now also more flexible. This means that the income and life circumstances of many of those in the 50 plus age group will change over the life time of their tenancy.
  - Continuing to provide secure tenancies to older people limits the opportunity to control under-occupancy within the housing stock. Associations currently rely on incentive schemes to allow older people that are under-occupying their home to downsize. This may be the appropriate way to manage under-occupancy but it would be prudent to consider other levers, particularly if the Council and RHP want to tackle overcrowding more proactively.
- *People with a health and/or care need*: With no hospitals in Richmond, and reliance on public transport, it is important to households who have a regular need to visit a hospital or other health service for a specific treatment to be able to access this easily. **The process of tenancy review should involve other professionals, family and carers, who are assisting the tenant to live independently**, and it should consider the impact on health and wellbeing eg, mental health.