

Report for: Cabinet 18th October 2016

Item number: 20

Title: Intermediate Housing Policy – Draft for Consultation

Report authorised by : Lyn Garner, Director of Regeneration, Planning and Development

Lead Officer: Mustafa Ibrahim, Head of Housing Commissioning, Investment and Sites

Ward(s) affected: All

Report for Key/

Non Key Decision: Key Decision

1. Describe the issue under consideration

The new Housing Strategy 2017 – 2022, due to be presented to Council for approval in November 2016, seeks to meet housing needs for households from a range of income groups. While the Council has a policy on the allocation of social housing, there is no approved policy setting out how we will allocate homes for the intermediate range of income groups. This report seeks approval to consult on a proposed policy for this. It also sets out some operational requirements that need to be considered in order that the policy, when approved, can be delivered effectively.

2. Cabinet Member Introduction

- 2.1 Haringey's new Housing Strategy reflects a challenging and dynamic housing world that requires strong leadership from the council and its partners, with new approaches and policies that continue to deliver the best possible options for those in housing need in this changed environment. At the heart of this is the need for mixed housing tenures, to provide choice, support aspiration and to help build strong mixed communities across the borough.
- 2.2 We know that many hard working Haringey residents are unlikely to qualify for our dwindling stock of social homes but are completely priced out by the open market. We have therefore been working hard to pro-actively increase the number of 'intermediate' homes, like shared ownership homes, which can provide a valuable option to those on low and middle incomes.
- 2.3 In overseeing an increase in intermediate homes, it is important that we ensure Haringey residents are at the front of the queue. This draft policy sets out our proposal to prioritise Haringey residents in order to help more local people find high quality homes at a price that they can afford.
- 2.4 This draft Intermediate Housing Policy is the first that Haringey has brought forward and seeks to set out a transparent approach to the allocation of

intermediate housing supply in the borough, which we are working with our partners to increase. It is recognition of the importance of providing housing for households of all income ranges, for those unable to access housing on the open market.

- 2.5 The draft policy sets out how we wish to prioritise, for homes that the council provides itself and for those provided by partners. It is therefore important that there is an open and constructive dialogue with partners, residents potentially affected by the policy and all stakeholders. We will therefore initiate formal consultation in the coming weeks to ensure these are the right priorities and we work together to ensure that local people benefit from this type of housing.

3. Recommendations

It is recommended that Cabinet:

- 3.1 Approves the draft Intermediate Housing Allocations Policy, set out at Appendix 2, for consultation prior to formal adoption in 2017.

4. Reasons for decision

- 4.1 Currently, the Council has no policy for allocating Intermediate housing, either for sale or for rent. Intermediate housing is becoming an increasingly important part of the housing offer, and this is emphasised in our new Housing Strategy. As the housing market becomes ever more difficult for households on a range of incomes to access, it is important that the Council takes all possible steps to influence the intermediate market to make sure it is really meeting the needs of Haringey residents.
- 4.2 The Council also wants to influence future provision, based on its analysis of the needs of Haringey residents, and this will be better targeted with more specific knowledge of the housing needs of households in the median range of incomes in the borough.
- 4.3 Finally, the Council is proposing to consult of a new Housing Allocations Policy which may limit those able to register, to people on lower income levels. It is important that the Council has an alternative offer to make to those who will no longer be able to access the Register for Social Housing. A new Intermediate Housing Allocations Policy is therefore required, in order to make it clear to applicants and partners, how intermediate housing in the borough is allocated.

5. Alternative options considered

- 5.1 The option was considered, of taking no proactive steps, and leaving Intermediate Housing to be allocated by external providers, as now. This was rejected, first because the new Housing Strategy makes it clear that Intermediate Housing will play an increasingly important part of the housing provision in the borough, and the Council needs to be sure that local Haringey residents benefit from it.
- 5.2 Secondly, there is a strategic imperative set out in the Housing Strategy, to meet the housing needs of households with a range of incomes who cannot

meet their needs in the open housing market. The Council also needs its own Intermediate Housing Policy because it is building new shared ownership units itself, and they need to be allocated in line with a published policy to ensure that there is a transparent and fair process to allocate these homes. This policy is important as it has the potential to enable social housing tenants to purchase homes, releasing units in the social housing sector, where households have incomes that enable them to access home ownership on a shared ownership basis.

6. Background information

- 6.1 The Housing Strategy 2017 – 2022 provides a comprehensive picture of the housing challenges in Haringey, and the Council's over-arching plans to meet those challenges. Within the Housing Strategy, a role is identified for Intermediate Housing, which can meet the needs of households on a range of incomes, between £30,000 and £90,000 a year. A definition of the terms used in this report is provided in appendix 1.
- 6.2 The Strategy identifies that Haringey needs a range of housing to meet the requirements of different households in Haringey. The Strategy states: "This cannot just be a mix of homes across the borough; it needs to be mixed as much as possible within each neighbourhood, offering diversity in the type and size of home, the tenure and the value". The Strategy recognises that mixed housing tenures can provide opportunity for local people and support their aspiration to do the best they can for themselves and for their families.
- 6.3 The Housing Strategy identifies that encouraging mixed tenures across all areas of the Borough, will provide more diverse and balanced communities. Intermediate housing can provide an option for households in social housing tenures, who aspire to become home owners, but would prefer to move away from the estate where their current home is located.
- 6.4 A positive contribution may be made to the supply of affordable housing if households affected by the introduction of the Pay to Stay policy of charging market rents, to households on incomes over a certain income threshold (currently £40,000) can be encouraged to take up low cost home ownership options. These initiatives may release much needed social housing for those on lower incomes on the Housing Register. Tenancy Strategy changes are proposed that would mean that at the review of a tenancy, households whose incomes are above an agreed threshold are expected to move on to Intermediate Housing, either rented or owned depending on their financial circumstances.
- 6.5 Currently, Intermediate Housing makes up only 2% of the Borough's housing stock. (7% of the affordable housing stock). The definitions of the different types of housing available for sub market housing are set out in appendix 1, together with details of the current stock of Intermediate housing in the Borough.
- 6.6 For comparison, the level of intermediate housing in other North London boroughs is as follows:

<i>Borough</i>	<i>Units of Intermediate Housing (including development pipeline as at 2016)</i>	<i>Intermediate housing as a % of all affordable housing stock</i>
Camden	2,350	6%
Westminster	2,350	8%
Islington	2,250	5%
Haringey	2,191	7%

Camden, Westminster and Islington are much higher cost boroughs, but succeed in delivering a regular programme of Intermediate Housing. This demonstrates that there is scope to increase the supply of intermediate housing in Haringey, where costs are comparatively lower.

- 6.7 The current stock is relatively small, and the firm pipeline through traditional routes and partners is also growing at a relatively slow pace. However, this will change as a result of the big developments in the borough as part of the Housing Zone in Tottenham Hale, and the Regeneration Programmes in Tottenham and Wood Green. Planning policy requires that on sites of over ten units, 40% should be affordable housing. Of that affordable housing, the target is that 60% will be rented and 40% ownership products. This proportion of ownership/affordable homes is reversed in Tottenham. Therefore the supply of intermediate housing is forecast to grow significantly and be an important part of the supply of new homes in the borough. It is critical that participating partners who deliver these units work with the Council to ensure that these priorities are applied to all of this new supply. This policy sets out how the borough will ensure that the allocation of those homes is fair and transparent and the actions it proposes to take to ensure that local Haringey residents benefit from these changes.
- 6.8 Our knowledge of the demand for intermediate housing is not comprehensive, and mostly derived from registers of interest for this product, from residents through (a) our own Register of interest in shared ownership; and (b) registers held by other providers operating in Haringey. There are currently 433 expressions of interest on the Council's register of which 393 are Haringey residents. The incomes and savings of these households have not been verified. Centra Living, who are providing the sales and marketing of Haringey's own shared ownership units currently has 884 Haringey residents on their register of interest, for one of their own Haringey developments. Our knowledge of the demand for this product will be developed as we potentially build our own Register of applicants for Intermediate Housing.
- 6.9 In his manifesto, the new Mayor, Sadiq Khan promised to introduce a new form of tenure, with rents based on the London Living Rent which will be calculated at one third of the average income in an area. For Haringey, this would provide housing at rents of around £227 per week. There are currently no firm proposals in the GLA funding arrangements to deliver this (the Mayoral election is too recent to expect this) but it is likely that housing at these rent levels will be similar to Intermediate rented housing.

- 6.10 Most Intermediate Housing in Haringey is allocated through either the Mayor's First Steps Housing Portal or by the provider directly. The analysis of the take up of shared ownership in Haringey demonstrates that the current arrangements has led to mixed success in enabling local people to access both shared ownership, and intermediate rented housing. This does not meet as much of local housing need as the Council would wish. The proposed new Policy aims to ensure that local residents benefit from the provision of intermediate housing both rented and low cost ownership schemes in the borough in greater numbers.
- 6.11 Currently, both shared ownership and intermediate rented housing built by our Housing Association partners are allocated by them, in line with priorities set by the local authority, and usually captured in nomination or s106 agreements which are signed as part of the planning approval. The current priorities which are set out in the planning agreements are:
- Existing Haringey social tenants and serving military personnel
 - Haringey residents
 - Those with a work connection in Haringey
 - Other first time buyers in London; and
 - Existing shared owners.
- 6.12 Analysis of shared ownership schemes sold in Haringey in the last two years shows that there is scope to improve the proportion of shared ownership properties sold to residents with a Haringey connection.

<i>Scheme</i>	<i>Housing Association</i>	<i>Number of units</i>	<i>Percentage sold to households with a Haringey connection</i>
Isobel Place	Newlon	68	46%
Artizan Place	Sanctuary	21	71%
West Green Road	NHHT	43	58%
Watsons Road	NHHT		48%
Rivers Apartments	Newlon	48 units (not all sold at this point)	43%
Skylark Apartments	Viridian	21	33%

- 6.13 The proportion of shared ownership homes bought by local residents varies considerably and this suggests that different approaches to marketing, sales and values will make a difference to the proportion of units that can be accessed by local households. However, the differences in the proportion of Haringey residents who were successful in buying into shared ownership schemes will be part of the consultation exercise, with the providers. The tenure of successful purchasers of the 246 units provided for analysis shows that 70% were living in the private rented sector, 24% with family and friends, 2% were previously home owners, and only 5% had previously been living in social housing.
- 6.14 Households of different ethnic groups did purchase the properties in these schemes in proportions different to those in the overall population. 20% of

respondents refused to provide their ethnicity in the monitoring data provided by the housing associations. These have been removed from the figures, and percentages set out below. The table below therefore reflects the purchasers of 196 shared ownership units in the past 2 years from different ethnic groups, and compared to the proportion of households from different ethnic groups in the Borough population.

<i>Ethnicity</i>	<i>Borough residents</i>	<i>Bought Shared ownership</i>
White British	34.7%	45%
White Other	25.8%	26%
BAME	39.5%	29%
Total	100%	100%

- 6.15 The income ranges of those purchasing shared ownership units in Haringey in the last two years varied from £18,000 at the lower end (single person household) up to £75,000. Households put down deposits varying from £3,400 at the lower end, up to £150,000 at the upper end.
- 6.16 The Council has entered into the shared ownership market, by directly building and providing shared ownership through its own programme. 13 units of shared ownership will be completed from October 2016. The Council has entered into a contract with Centra Living, part of Circle Housing Association to market and sell these properties. Haringey will have final approval of all purchasers as part of the process and will ensure that Haringey residents benefit from these developments.
- 6.17 However, of the low cost affordable homes that we do obtain through our programme delivered by our housing association partners, it is possible to introduce measures which may increase the proportion of homes accessed by local Haringey residents. Work on practical measures in preparation for the introduction of the policy in April 2017 will start immediately in order to ensure that the Policy is implemented smoothly, and is effective. One of these measures is the development of a Register for Intermediate Housing, building on the expressions of interest that we have received so far. This will complement the Social Housing Register, and enable those on higher incomes, to register for Intermediate products which may better meet their needs.
- 6.18 In conclusion on shared ownership, the current stock and supply pipeline has an important role to play in providing housing for a range of households on median incomes. This report is setting out ways in which the Council can promote its availability to local people, and ensure that they benefit from the programmes that are underway in the borough, and any future programmes. Appendix 2 sets out a proposed Allocations Policy for these intermediate units, both intermediate rented and shared ownership, and approval is sought to consult on the Policy.
- 6.19 The practical arrangements for the allocation of Intermediate rented housing and Low Cost Home Ownership housing will be developed during the period of

consultation, and will be reported to Cabinet when the consultation closes. There are links to the council's Allocations Policy, which is under review and also subject to consultation at the same time as this policy. If following consultation, the Council decides to introduce an income threshold above which households on higher incomes are not entitled to be on the Housing Register, an alternative will need to be offered, in the form of Intermediate Housing.

- 6.20 Maintaining a Register for Intermediate Rented and Intermediate Low Cost Home Ownership will be important for future developments of Intermediate Housing in the borough, and particularly if the Council makes the decision to exclude higher income households from the general needs Housing Register.
- 6.21 A public consultation is planned with particular focus on seeking the views of our housing association partners, and those likely to be affected. The following consultation events will be undertaken:
- A focus group of tenants and applicants on the Register whose incomes are above the potential threshold for shared ownership – this is a small number that will lend itself to a focus group approach.
 - A survey of households who have bought shared ownership housing in the past two years.
 - Consultation meetings with Housing Association partners,
 - A leaflet summarising the policy, and a questionnaire will be used throughout the consultation exercise, and will be posted on the Council's website.
- 6.22 Once the consultation on the Intermediate Housing Policy has been completed, it will be brought to Cabinet for final approval in 2017. A recommendation on the way forward for the implementation, including a decision on the arrangements for a separate register will also need to be made at that time.

7. Contribution to strategic outcomes

- 7.1 Priority 5 of Haringey's Corporate Plan states:

"We will build more council owned homes while working with partners to provide greater numbers of affordable housing, while increasing the overall supply, including more shared ownership housing to help low and middle income earners get on the property ladder."

- 7.2 Haringey's Housing Strategy 2017-2022 seeks to deliver the housing priorities defined in Haringey's Corporate Plan, with four strategic objectives as follows:

Objective 1 – Achieve a step change in the number of new homes built

Objective 2 – Improve support and help to prevent homelessness

Objective 3 – Drive up the quality of housing for all residents

Objective 4 – Ensure that housing delivers wider community benefits

- 7.2 The strategy provides a broad strategic direction for housing in the borough, but delivery of its objectives will be achieved through a range of housing related sub-strategies and policies. The Intermediate Housing Policy discussed in this report is one of these sub-strategies/policies and provides the detail to support achievement of strategic outcomes, in particular:

- Supporting the development of strong mixed communities
- Increasing affordable housing supply and encouraging mixed tenures

8. Statutory Officers comments (Chief Finance Officer (including procurement), Assistant Director of Corporate Governance, Equalities)

Finance and Procurement

- 8.1 Any additional activity for the Council arising from this report e.g. the maintenance of an intermediate housing register will be expected to be contained within existing staffing and budgetary resources.
- 8.2 The costs of consultation will also be met from existing budgets.
- 8.3 The Council currently has only one intermediate scheme due to be implemented which is the introduction of shared ownership units on its Phase 1a new build programme. Any other forms of intermediate offer by the Council will need to be subject to a separate business case.

Legal

- 8.4 The Council's obligation to have and allocate housing according to an Allocation Scheme complying with Part VI of the Housing Act 1996 does not apply to allocations of its own stock other than on introductory or secure tenancies; the Council is free to adopt a policy for the allocation of Intermediate Accommodation without reference to the obligations in that Act – although any policy is subject to the usual public law obligations.
- 8.5 The Council is proposing to carry out a consultation on a new Intermediate Housing Policy. In carrying out that consultation the Council must adhere to the following set of general principles endorsed by the Supreme Court:
- That consultation must be at a time when proposals are still at a formative stage;
 - That the proposer must give sufficient reasons for any proposal to permit intelligent consideration and response;
 - That adequate time must be given for consideration and response; and
 - That the product of consultation must be conscientiously taken into account in finalising any statutory proposals
- 8.6 In order to achieve the necessary degree of fairness, the obligation is to let those who have a potential interest in the subject matter know in clear terms what the proposal is, and exactly why it is under positive consideration, telling them enough (which may be a good deal) to enable them to make an intelligent response. The obligation, although it may be quite onerous, goes no further than this.

Equality

- 8.7 The Council has a public sector equality duty under the Equalities Act (2010) to have due regard to tackle discrimination and victimisation of persons that share

the characteristics protected under S4 of the Act (age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation); advance equality of opportunity between people who share those protected characteristics and people who do not; and foster good relations between people who share those characteristics and people who do not.

- 8.8 An Equalities Impact Assessment is currently in preparation. The Intermediate Housing Policy is seeking to ensure that the stock of intermediate housing that is provided within this borough, is allocated in line with a transparent and fair policy. Some analysis of the way in which schemes have been purchased in the past, has shown some discrepancy in the way in which different groups benefit. It is assumed that these differences are driven largely by income levels, but may also be related to marketing and promotion of these schemes. This report proposes that the Intermediate Housing Policy is subject to consultation and that measures to ensure that households at the lower income levels are able to benefit are considered as part of the consultation process. This will provide a better basis for ensuring that groups with protected characteristics such as women headed households, and households from BME groups are able to access intermediate housing when it is available.
- 8.9 The proposed policy will be subject to consultation with three groups in particular: housing association partners, households who have registered for shared ownership but not yet bought; and households who have recently bought shared ownership homes. It is proposed to ask housing associations about their current operations, and difficulties in enabling households in lower incomes groups to access shared ownership housing. In particular, their efforts to market to Haringey households, and the reasons why they have not enabled higher proportions of local households to purchase shared ownership, will be investigated. This will take the form of a structured survey and face to face meetings. There will be a survey of households who have registered an interest in shared ownership, to better understand their knowledge and awareness of shared ownership, their experience in trying to buy and the barriers that are preventing them being successful. A follow up survey, with successful purchasers of shared ownership, may be undertaken if required to supplement this.

9. Use of Appendices

Appendix 1 – Definitions of Products and Stock of Intermediate Housing in Haringey 2016

Appendix 2 Intermediate Housing Allocations Policy (Draft)

10. Local Government (Access to Information) Act 1985

Background papers:

Report of the Centre for London on Shared Ownership

<http://centreforlondon.org/publication/fair-to-middling-report-of-the-commission-on-intermediate-housing/>

The Haringey Strategic Housing Needs Assessment

<http://www.haringey.gov.uk/planning-and-building-control/planning/planning-policy/local-plan/local-plan-evidence-base>