

DRAFT INTERMEDIATE HOUSING POLICY

1. PURPOSE

- 1.1 The Council's Housing Strategy has highlighted the importance of improving the social mix of Haringey, identifying its potential to build community cohesion and enhance individuals' life chances. Providing an adequate supply of affordable housing at a good standard is integral to achieving this ambition.
- 1.2 Haringey is seeking to encourage the development of a range of housing, to meet the needs of households on a range of incomes living in the Borough who have difficulty meeting their housing needs in the open market. This includes a range of tenures and values. Low cost home ownership provides an opportunity for households on median incomes to access home ownership at a lower level of income, than is required to buy on the open market.
- 1.3 Although Shared Ownership and other equity products form only 2% of the housing market in Haringey at present, there are plans which will see an increase in the numbers of low cost home ownership of various kinds, in the big building programmes for Wood Green and Tottenham.
- 1.4 It is important that Haringey residents and workers benefit from the opportunities that these developments present; and this policy sets out how we expect these homes to be marketed, and allocated. The policy needs to be open and transparent, and all partners need to support and co-operate with its implementation if the Council's ambition of meeting local housing needs is to be achieved.

2. DEFINITION OF INTERMEDIATE HOUSING

- 2.1 The National Planning Policy Framework 2012 indicates that Intermediate Housing (IH):
 - costs less than market housing
 - costs more than social rent (social housing in Haringey costs around 32% of market rent)
 - can include discount sale homes for ownership, shared-ownership, shared equity and intermediate rent
 - is provided to households whose needs are not met by the market, with eligibility set with regard to local incomes/house prices
- 2.2 The main Low Cost Intermediate Housing products covered by this Policy are:
 - **Shared Ownership (SO):** Applicants purchase a property on a leasehold basis from a housing association (HA) or local authority, paying between 25 and 75 per cent of the property value, and pay the HA or local authority a low rent on the remaining property value. The applicant is responsible for 100 per cent of the maintenance, and is likely to pay service charges if the

property is a flat. Purchasers can buy additional shares up to 100 per cent, known as 'staircasing', if their financial circumstances allow them to do so.

- **Shared equity/loan:** Applicants purchase the property outright with a conventional mortgage but with the assistance of a further loan, typically 20%, from a government body, which is also secured against the title of the property. Interest is not typically charged on the loan for an initial period. There are no regular capital repayments required on the loan but the amount repaid is based on the property value at the time of redemption, reflecting any increase or decrease in the value of the home.
- **Intermediate Rent (IR):** These are homes let at below market rent by HAs and other specialist providers. Rents are usually charged at up to 80 per cent of market levels. They are let on assured shorthold tenancies. In Haringey we do not include Intermediate rents within "Affordable rents" as set out above. These are rents which are higher than Affordable rents, but still below market rents. These are the rented properties that may be let on a separate Intermediate Housing Register.

2.3 Shared Ownership leases are regulated by the Homes and Communities Agency. It provides guidance on the appropriate lease clauses. Shared Ownership leases are not regulated under the Leasehold Reform Act 1967, and therefore do not provide the right to acquire the freehold on expiry of the lease. Shared Ownership owners are legally tenants under the Housing Act 1988, and therefore subject to possession action if they fail to pay the rent element of their housing costs.

3. ACCESS TO INTERMEDIATE HOUSING

3.1 Access to IH is currently through waiting lists held by individual Housing Associations. The Greater London Authority (GLA) has headline *eligibility* criteria for IH and individual boroughs are able to define eligibility more tightly through their planning agreements. The GLA also sets a headline *priority* order for IH and again individual boroughs are able to set their own local priorities. It is proposed that Haringey adopts the same eligibility criteria as the GLA. Applicants for Intermediate Housing (both shared ownership and intermediate rented housing) in the borough must comply with these criteria; no additional requirements are adopted.

3.2 The headline eligibility criteria included in GLA guidance states that applicants must:

- have a gross household income of no more than £90,000 per annum when eligible to purchase or to access Intermediate rented housing (it is likely that this figure will be updated from time to time).
- Be unable to purchase a suitable home to meet housing needs on the open market.
- Not already own a home or that a current home will have been sold before purchasing or renting an IH product.
- Applicants for shared ownership units are required to buy the largest possible share, that they are assessed as being able to afford.

3.3 The headline priority order for IH set by the GLA is as follows:

1. HA and council tenants, and armed forces personnel

2. Local priorities (which may vary from development to development)
3. Other eligible buyers

There is therefore no conflict between the GLA priorities, and local Haringey priorities. There is explicit recognition that local authorities will want to include local priorities within the priority order.

- 3.4 The affordability requirement for low cost home ownership is that the three cost elements (mortgage costs on the percentage share purchased, rent charged on the unsold equity and service charges) should not exceed 45% of the net income received by a household. To achieve this, providers will need to consider offering the lowest percentage share (normally 25%); the lowest possible percentage charged on the unsold equity and low service charges from the design and management arrangements for the scheme. The Housing Strategy recognises that shared ownership can be delivered at a range of prices and shares; and that therefore households on a different range of incomes will be able to access different size and priced products. Households with incomes between £30,000 - £40,000 will only be able to access smaller shares, and lower priced shared ownership whilst households on incomes between £40,000 and £90,000 will be able to access shared ownership at larger shares, and higher values. By providing priority based on the lower incomes, within each priority category, the proposed Intermediate Housing Policy will give priority for the lowest cost home ownership and smaller shares, to those who are able to afford this product.
- 3.5 All providers of IH in the borough will be expected to market their units to people registered to groups as specified by the council, in the first instance. The Council will expect providers to let Intermediate Rent units and sell Shared Ownership Units in accordance with the priorities set out in this policy.
- 3.6 The Council has developed a Priority Matrix in order to prioritise Haringey residents over non-Haringey residents, and non-Haringey residents who are working in the borough over those who work elsewhere in recognition of the contribution that workers in the borough make to Haringey. These are set out in more detail in the table below.

Proposed Priorities for both Low Cost Home Ownership and Intermediate rented housing:

1st	Haringey social housing tenant (including tenants in temporary accommodation who have been accepted by Haringey) and military personnel who have served within the last five years	If two or more applicants are social tenants then the household with the lowest income who can afford the property will take priority.	If still same, first to register an interest will have priority
2nd	Haringey resident affected by regeneration scheme either tenant or leaseholder	If two or more applicants are social tenants, then the household with the lowest income who can afford the property will take priority.	If still same, first to register an interest will have priority
3rd	Haringey resident	If two or more applicants are Haringey residents then the household with the lowest income who can afford the property will take priority.	As above
4th	Any other Haringey worker	If two or more applicants are Haringey workers then the household with the lowest income who can afford the property will take priority.	If still same, first to register an interest will have priority
5th	Resident in any other London borough	If still same, length of time working in London will have priority	If still same, first to register an interest will have priority

Affordability is defined as the household spending no more than 45% of their net income, on housing costs.