

Draft Intermediate Housing Policy

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1. Objective of the policy

Intermediate housing is targeted towards those who cannot afford market housing, but who are not a priority for social housing – ‘the squeezed middle’. It is a form of affordable housing considered appropriate for those households currently in the private rental market paying more than 30% of their income in rent. It provides an opportunity for those in Band C of the Council’s waiting list (i.e., non-priority) to access more affordable housing.

The policy applies to the following four types of intermediate housing:

Intermediate rent	
Discount Market Rent (DMR)	<p>Housing for rent at least 20 per cent below local market rent. The housing does not have to be owned or managed by the Council or a Housing Association (Build to Rent). The level of discount and the household income threshold for eligibility can vary. The Mayor of London’s preference is for discount market rent to be set at London Living Rent (LLR) levels.</p> <p>(https://www.london.gov.uk/what-we-do/housing-and-land/improving-private-rented-sector/london-living-rent)</p> <p><i>“The maximum rent levels for each ward in Greenwich for 2021-22 are at Appendix 1.”</i></p> <p>Policy H11 of the London Plan 2021 states: To follow the Fast-Track Route, Build to Rent schemes must deliver at least 35 per cent affordable housing, or 50 per cent where the development is on public sector land or industrial land appropriate for residential uses in accordance with Policy E7 Industrial intensification, co-location and substitution. The Mayor expects at least 30 per cent of DMR homes to be provided at an equivalent rent to London Living Rent with the remaining 70 per cent at a range of genuinely affordable rents.</p>
London Living Rent GLA product aimed at middle-income Londoners	<p>Rent is set at or below a third of local household incomes. Residents have the opportunity to save and purchase the home on a shared ownership basis within ten years. The maximum monthly rent for each ward in London is set by the GLA and updated annually. The maximum rent levels for each ward in Greenwich for 2021-22 are at Appendix 1.</p> <p>These types of schemes are sometimes known as “rent to buy” (https://hoa.org.uk/advice/guides-for-homeowners/i-am-buying/rent-to-buy/)</p>

Intermediate ownership	
Shared Ownership	Applicants buy a proportion of their home and pay a rent on the remaining share. The shares purchased are usually between 25 per cent and 75 per cent of the full price. Applicants are also required to put forward a deposit of at least 5% of the share they buy. Shared Owners have the <i>option of increasing their share of ownership in the property, which is known as staircasing</i> .
Discount Market Sale	Homes for sale at a discount of at least 20 per cent below local market value, with the discount to remain for future eligible households. Eligibility is based on local incomes and local house prices.

2. Eligibility criteria

2.1 Eligibility criteria for Discount Market Rent

The purpose of the eligibility criteria is to prioritise households on Band C of the Council's housing waiting list, particularly key workers.

Priority will be given to households who meet one or more of the following criteria:

- have lived in the Borough for five years at least one member of the household has been in permanent employment for at least 12 months,
- households with an income between £25,000 and £51,000; after a three-month marketing period, the London-wide income cap of £60,000 will apply
- Consideration should also be given to those households that are suffering from overcrowding.

Households meeting one or more of the above criteria, including suffering from overcrowding, will be eligible to register for an intermediate rental housing waiting list, which the Council will establish.

2.2 Eligibility criteria for Shared Ownership¹

Priority will be given to households that:

- Currently live or work in the Borough
- Do not own a property
- Have a household income of up to £71,000 (for one- and two-bedroom properties) or £88,000 (for three-bedroom properties); after three months of marketing the household income cap will be lifted to the GLA cap of £90,000 for any remaining available units.

¹ These eligibility criteria were adopted by the Council in 2015.

The proportion of disposable income required to meet the mortgage repayment, rent and service charge costs will be no more than 40%.

2.3 Eligibility criteria for Discount Market Sale

Priority will be given to households that:

- Currently live or work in the Borough
- Do not own a property
- Have a household income of up to £71,000 (for one- and two-bedroom properties) or £88,000 (for three-bedroom properties); after six months of marketing the household income cap will be lifted to the GLA cap of £90,000 for any remaining available units.²

3. Discount Market Rent Levels

The Council's preference is that intermediate rent levels are related to local incomes, rather than market rates. Where a development qualifies as a Build to Rent development, as set out in the London Plan 2021, the affordable housing offer should be provided at a genuinely affordable rent, preferably London Living Rent (LLR), which is derived from local household income levels. Appendix 1 shows current LLR levels for all wards in the Borough.

To follow the fast-track route, (30% LLR/70% genuinely affordable) the Council's expectation is that genuinely affordable rents will comprise London Affordable Rent, or equivalent and/or social rent.

4. Build to Rent development

Homes must be held as Build to Rent under a covenant for at least 15 years.

The Council will require Discount Market Rent units to be completed and occupied in advance of occupation of Open Market Dwellings.

Section 106 agreements, which are a legally binding contract that allows the local planning authority to create a restriction or obligation that is associated with the granting of planning permission, will include a provision to allow a clawback amount payable to the Council for the provision of affordable housing in the event that market rented units are sold within the covenant period.

² The initial marketing period for Discount Market Sale is longer because the 40% eligibility restriction does not apply

5. Monitoring

5.1 Build to Rent developments

Developers will be required, six months before occupation, to provide a Lettings Plan and a Residential Management Plan demonstrating that there is proper and professional and on-site management of the development, and how the DMR units are to be managed and maintained, including the quality and service standards to be achieved.

Once letting of the DMR Units commences, thereafter every three (3) months until full occupation of the DMR Units, a summary report will be provided to the Council detailing, in relation to each of the DMR Units, the profession of the tenant (so as to meet the Eligible Person criteria), the Local Market Rents being charged, the rent being paid by the tenant, the start date and length of tenancy, the declared annual gross income of the tenant and any other relevant information that may be agreed with the Council from time to time

After full occupation of the DMR Units, an annual summary report will be provided to the Council detailing, in relation to each of the DMR Units, the profession of the tenant (so as to meet the Eligible Persons criteria), the Local Market Rents being charged, the rent being paid by the tenant, the start date and length of tenancy, the declared annual gross income of the tenant, all tenancies terminated in the period since the last report and the reasons for the tenancies ending (insofar as it is known), and any other relevant information that may be agreed with the Council from time to time.

5.2 Shared Ownership

Registered Providers will be required, six months before occupation, to provide a Sales and Marketing Plan with details of open market values, value of percentage share, service charges, income requirements, deposit requirements, staircasing restrictions and mortgage payments.

Once marketing of the Shared Ownership Units commences, thereafter every six (6) months until full occupation of the Shared Ownership Units, a summary report will be provided to the Council detailing, in relation to each of the Shared Ownership Units, the profession of the household members (so as to meet the Eligible Person criteria), the declared annual gross income of the household, the deposit provided, and how the 40% of disposable income criterion has been achieved.

For future developments, once Shared Ownership Units have been fully occupied, an annual summary report will be provided to the Council detailing, in relation to the Shared Ownership Units, the number of sales and/or staircasing applications, together with relevant information on household income and occupation. For existing developments, the Council will agree a voluntary scheme with Registered Providers.

Appendix 1

2021/22 Ward-level London Living Rent maximum rent benchmarks

Ward name	One bedroom	Two bedrooms	Three bedrooms	Four bedrooms	Five bedrooms	Six bedrooms
Abbey Wood	£791	£879	£967	£1,055	£1,143	£1,231
Blackheath Westcombe	£1,015	£1,128	£1,240	£1,353	£1,400	£1,400
Charlton	£861	£956	£1,052	£1,148	£1,243	£1,339
Coldharbour and New Eltham	£801	£890	£980	£1,069	£1,158	£1,247
Eltham North	£815	£906	£996	£1,087	£1,178	£1,268
Eltham South	£840	£933	£1,027	£1,120	£1,213	£1,307
Eltham West	£1,032	£1,146	£1,261	£1,376	£1,400	£1,400
Glyndon	£805	£895	£984	£1,074	£1,163	£1,253
Greenwich West	£1,055	£1,173	£1,290	£1,400	£1,400	£1,400
Kidbrooke with Hornfair	£825	£917	£1,009	£1,100	£1,192	£1,284
Middle Park and Sutcliffe	£865	£961	£1,057	£1,153	£1,249	£1,345
Peninsula	£1,132	£1,258	£1,384	£1,400	£1,400	£1,400
Plumstead	£755	£839	£923	£1,007	£1,091	£1,174
Shooters Hill	£801	£890	£979	£1,068	£1,157	£1,246
Thamesmead Moorings	£773	£859	£945	£1,031	£1,117	£1,203
Woolwich Common	£904	£1,005	£1,105	£1,206	£1,306	£1,400
Woolwich Riverside	£1,002	£1,113	£1,224	£1,335	£1,400	£1,400