


Cabinet 24 March 2021	 TOWER HAMLETS
Report of: Karen Swift, Director of Housing & Regeneration	Classification: Unrestricted
Approval of new Intermediate Housing Policy	

Lead Member	Councillor Danny Hassell, Lead Member for Housing
Originating Officer(s)	Una Bedford, Strategy and Policy Officer (Place)
Wards affected	All Wards
Key Decision?	No
Reason for Key Decision	This report has been reviewed as not meeting the Key Decision criteria.
Forward Plan Notice Published	2 February 2021
Strategic Plan Priority / Outcome	Priority 2 - A borough that our residents are proud of and love to live in

Executive Summary

At Cabinet on 23rd September 2020, as part of the wider Allocations Scheme review, Cabinet approved the following recommendations to:

1. Approve officers' request to develop an Intermediate Housing Register.
2. Delegate the approval of the eligibility criterion for the first three months of marketing any new Intermediate Housing projects, (fully or partially funded by the GLA), to the Corporate Director; in consultation with the Mayor and Cabinet Member for Housing and Regeneration.

At the time that this approval was sought, the Council looked likely to rely on GLA funding for intermediate housing products. It has since become apparent that future Intermediate homes brought forward in the Borough by registered providers and developers may not be using GLA or any similar Government funding for such schemes.

With this in mind, the policy has been extended to apply to all new Intermediate Housing schemes built within the Borough, with the expectation that such schemes will be subject to a localised and council prescribed priority matrix for the initial first three months of marketing, irrespective of how schemes have been funded. The Intermediate Housing Policy will ensure that priority during this period is specifically ringfenced to those who live in the Borough (no minimum timescale) and those

who work in the Borough (provided they have worked in the Borough for the last six months).

The inclusion and application of the priority matrix to all new Intermediate Housing schemes, regardless of funding, also ensures alignment to the new Planning Obligations SPD. The SPD specifies that all s106 legal agreements will require new Intermediate Housing products to be marketed to Tower Hamlets residents for the initial first 3 months of marketing. Developers need to inform the Council when this limited marketing period begins. The Intermediate Housing Policy provides further specifics on the localised prioritisation which the new Planning Obligations SPD does not detail.

This means that there has been a material change to the decision approved at Cabinet in September 2020; that the Intermediate Housing Policy and localised priority matrix for the initial three months of marketing any new Intermediate homes, **will apply to all intermediate housing products built in the Borough, regardless of how these have been funded**, necessitating the need to seek further Cabinet for approval.

Work remains ongoing towards developing an IT system which will operate as a standalone system - independent from the Council and its Registered Provider Partners' Common Housing Register (CHR).

The IT solution (RAPID) currently in development which registered providers and developers will use is being designed specifically to ensure that the register is open to all qualifying applicants who either: i) live in the Borough or ii) have worked in the Borough for a minimum of six months. Once the initial three months of marketing any new intermediate housing schemes has ended, registered providers and developers will then market any remaining homes via the GLA's portal.

Recommendations:

The Cabinet is recommended to:

1. Approve the Intermediate Housing Policy and the localised priority matrix for the initial first three months of marketing all new Intermediate Housing Schemes within the Borough, irrespective of how these schemes have been funded.
2. Approve the delegation of authority to the Corporate Director of Place to amend the Intermediate Housing Register of Interest and the prioritisation for Intermediate Housing products, (during the initial three months of marketing), in line with Government and regional priorities.
3. To note the Equalities Impact Assessment as set out in Appendix 2.

1 REASONS FOR THE DECISIONS

- 1.1 The development of an Intermediate Housing Policy (IHP) and associated prioritisation/eligibility matrix will underpin the new Intermediate Housing

Register of Interest (IHRI) and will ensure that residents are the first in line to benefit when intermediate housing units become available.

- 1.2 In setting out an Intermediate Housing Policy to support the developing IHRI, the Council will further its commitment to develop and promote affordable housing within the Borough, as stated in the Council's Housing Strategy 2016-2021.
- 1.3 Currently, the Council does not have a policy in place to prioritise applicants for intermediate homes for sale or rent in the Borough during the initial first three-months of marketing any new Intermediate Housing Schemes built in the Borough. The prioritisation will be applied irrespective of whether such schemes have been developed with or without any GLA or Government financial support/funding. As the supply of intermediate housing is set to increase over the course of the next five years, it is imperative that the Council quantifies and agrees the qualifying criteria, income eligibility and the ranking of applicants.
- 1.4 The IHP sets out the order in which residents will be offered new intermediate home ownership projects, such as shared ownership, during the initial first three months of marketing. The same prioritisation matrix will be applied to those seeking intermediate rent products and can be used by the Council's partners to prioritise applicants for products such as London Living Rent homes.

2 ALTERNATIVE OPTIONS

- 2.1 If an IHP is not in place to underpin the Council's local priorities during the first three months of marketing any new Intermediate Housing Schemes, the intention behind the development of a new IHRI will be lost. Registered Providers and developers will not have clear direction on the Council's intended local prioritisation rendering the concept of a separate IHRI void.
- 2.2 Not implementing an IHRI will prevent the Council from utilising the opportunity for residents to have 'first dibs' on any new affordable housing schemes as they become more prevalent. The IHRI will assist residents and those who work in the Borough who may wish to pursue home ownership but could not afford to make that step on the conventional housing market or afford to purchase a council home under the Right to Buy.
- 2.3 Failing to utilise this prerogative afforded to local authorities within the GLA's Affordable Homes Programme will mean that Registered Providers and developers will continue to offer these homes in the first instance to the wider London pool of prospective buyers. By ensuring that local priority is given during the initial first three months of marketing any new Intermediate Housing schemes to those with an established link to the Borough, (not just existing social housing tenants, but those residents who are often adult children residing with their parents in the Borough as well as those residents who are privately renting), the Council will be maximising a source of

affordable housing available to residents who want to remain within the Borough and therefore close to family, friends and established support networks.

3 DETAILS OF THE REPORT

- 3.1 The Intermediate Housing Policy has been written to support and strengthen the new IHRI when it comes into operation. The Policy sets out the guiding principles for Registered Providers and developers to ensure that residents within the Borough benefit from having priority during the initial three months or marketing any new Intermediate Housing Schemes built within the Borough.
- 3.2 The intention behind the development of the IHRI and the supporting IHP was to provide an alternative affordable housing solution to existing social housing tenants placed in Band 3 of the Common Housing Register. The recent review of the Allocations Scheme originally sought the approval from Cabinet to remove existing social housing tenants under the age of 50 from Band 3 of the CHR. (These are applicants who are 'adequately housed' without any priority housing need' who wish to move to another location or want a different shaped layout of accommodation). Although Cabinet decided against this decision, it is still of critical importance that the Council meets its commitment to develop and promote affordable housing within the Borough, as stated in the Council's Housing Strategy 2016-2021.
- 3.3 There remains intense demand on Band 3 of the Common Housing Register, which also includes the adult children of existing social housing tenants who reside with their parents and private renters who pay a considerable amount of their income towards meeting their housing needs.
- 3.4 An increasing number of residents are struggling to find or maintain a place to live in Tower Hamlets. This is due to the increased costs of buying and renting in the Borough, while average incomes have simply not kept pace with these changes. Consequently, the private rented sector (PRS) has become the most realistic option for our residents, with many households unable to access home ownership or social housing.
- 3.5 The supply of social housing in the Borough is impacted by several factors, including the continuing take-up of the Right to Buy. Households on low to middle incomes cannot access social housing as demand outstrips supply.
- 3.6 Intermediate Housing provides a potential mechanism to release more affordable homes to our Borough's residents and provides an opportunity to alleviate the increasing pressures on the Borough's finite supply of social housing. Officers are therefore seeking approval from Cabinet of the Intermediate Housing policy which will underpin the new IHRI as an additional route for residents who are seeking affordable housing. The policy will ensure that the Council has the mechanisms in place to create and utilise mobility throughout all housing stock within the Borough. This policy will provide clear

guidance to Registered Providers and developers of the Council's expectation that our residents are offered any new Intermediate Housing products before other non-residents.

- 3.7 At present, the Council does not have a formal policy in place to register and prioritise who gets these intermediate homes for sale or rent within the Borough. As the supply of intermediate housing is set to increase over the course of the next five years, it is essential that the principles to be applied to the qualifying criterion, income eligibility and prioritisation of applicants are considered and agreed.
- 3.8 Officers propose to use the following prioritisation for applicants in the first three months of marketing any new Intermediate Homes with applicants who are social housing tenants given the greatest priority:
- a) **Existing social housing tenants** (living in accommodation owned by the Council or a Registered Provider as registered pursuant to Sections 111-115 Housing and Regeneration Act 2008 in Tower Hamlets and wholly releasing accommodation which the Council has nomination rights to.
 - b) **Armed Forces personnel¹** (serving military personnel and former members of the British Armed Forces discharged within the last 2 years). The group includes armed forces personnel who have completed basic (phase 1) training and who fall into one of the following categories:
 - Regular service personnel (including Military Provost Guards Service in the Army, Navy, Air Force)
 - Clinical staff (excluding doctors and dentists)
 - MoD police officers
 - Uniformed staff in the Defence Fire Service
 - Ex-regular service personnel (who have served in the Armed Forces for a minimum of six years and can produce a Discharge certificate, or similar document). Applications must be within 12 months of discharge. The surviving partners of regular service personnel who have died in service may be eligible to be prioritised where they apply within 12 months of the date of being bereaved.
 - c) Any Tower Hamlets resident
 - d) Non-Tower Hamlets residents who have been working in the Borough for the past six months.

¹ As a signatory to the Armed Forces Covenant, the Council have undertaken a commitment to ensure that Members of the Armed Forces community should have the same access to social housing and other housing schemes as any other citizen, and not be disadvantaged by the requirement for mobility while in Service. As such, Service Personnel should have priority status in applying for government sponsored affordable housing schemes and Service leavers should retain this status for a period after discharge. This is requirement further reiterated in both National and GLA Guidance on shared home ownership.

- 3.9 After the initial three months of marketing, other qualifying applicants may apply as prescribed within the GLA's Affordable Homes Programme (the wider net of London Applicants who meet the eligibility criterion as per the GLA).
- 3.10 The IT system (RAPID) currently in development which registered providers and developers will use for the initial first three months of marketing any new intermediate homes or schemes built within the Borough will be open to all qualifying applicants who either: i) live in the Borough or ii) have worked in the Borough for a minimum of six months. Once the initial three months of marketing any new intermediate housing schemes has ended, registered providers and developers will then market any remaining homes via the GLA's portal.
- 3.11 There is no set minimum income for intermediate homes. Each scheme will however have its own valuation and costs. Applicants will be required to show that they have the financial means for the home to be affordable to them.
- 3.12 The GLA's London Plan and subsequent Annual Monitoring reports set out the financial criteria to be applied for all Intermediate housing products. At present, these are set out as follows:
- For shared and home ownership products, applicants must have an annual household income which does not exceed £90,000.
 - For intermediate rent products, applicant's gross household income must not exceed £60,000.

These income bands will be reviewed periodically to remain in line with any future revisions made by the GLA.

4 EQUALITIES IMPLICATIONS

- 4.1 Officers have consulted widely and informally with key stakeholders on the draft Intermediate Housing Policy including CHR partners, the developer's sub-group and with non-preferred developers. This has served to shape the final version of the policy which is submitted for the approval of Cabinet.
- 4.2 The Equality Analysis has demonstrated that residents who identify with any number of the protected characteristics will not be adversely or negatively impacted by the adoption of a localised priority matrix during the initial three-months of marketing any new Intermediate Housing schemes in the Borough. It will ensure that our residents and those who have committed to working in the Borough (having done so for a minimum of the last six months) get the first opportunity to be considered for these homes before these homes are offered out to a wider London based applicant source.

5 OTHER STATUTORY IMPLICATIONS

5.1 This section of the report is used to highlight further specific statutory implications that are either not covered in the main body of the report or are required to be highlighted to ensure decision makers give them proper consideration. Examples of other implications may be:

- Best Value Implications,
- Consultations,
- Environmental (including air quality),
- Risk Management,
- Crime Reduction,
- Safeguarding.
- Data Protection / Privacy Impact Assessment.

5.2 No other statutory implications.

6 COMMENTS OF THE CHIEF FINANCE OFFICER

6.1 There are no material financial implications directly emanating from this report which seeks approval of the intermediate housing policy. This policy aims to provide a mechanism for prioritising intermediate housing from clients in band 3 of the common housing register. This policy will not have an impact on the amount of rent collected.

7 COMMENTS OF LEGAL SERVICES

7.1 This report seeks the approval of the Mayor in Cabinet for the Council's Intermediate Housing Policy. The policy has been developed to underpin the Council's Intermediate Housing Register of Interest which is being established to assist the Council to meet its commitment to develop and promote affordable housing in the Borough. This is pursuant to the GLA's affordable housing programme. The policy is necessary to enable the Council to set priorities and criteria for applications to the register of interest for intermediate housing products. Subsequently allocations and nominations for these housing products will be made in accordance with the Council's Allocations scheme. The policy set out in this report has been drafted in accordance with the Council's statutory obligations and government guidance and reflect its priorities for managing its housing stock.

Linked Reports, Appendices and Background Documents

Linked Report

- None

Appendices

- Intermediate Housing Policy January 2021
- Equality Assessment Intermediate Housing Policy

Background Documents – Local Authorities (Executive Arrangements)(Access to Information)(England) Regulations 2012

- None

Officer contact details for documents:
N/A