



Housing & Land Directorate
Greater London Authority
169 Union Street
London
SE1 0LL

Email: housingstrategy@london.gov.uk

From: james.stevens@hbf.co.uk

Date: 7 October 2020

Greater London Authority: Consultation on Intermediate Housing

Thank you for allowing the HBF the opportunity to comment of the Greater London Authority's consultation on intermediate housing.

The Home Builders Federation (HBF) is the principal representative body of the house building industry in England and Wales and our representations reflect the views of discussions with our membership of national and multinational public limited companies, through to regional developers and small, local builders. Our members account for over 80% of all new housing built in England and Wales in any one year. Recent research by the Government has estimated that housebuilders have made a significant contribution to the nation's infrastructure, providing some £21 billion towards infrastructure of all types including affordable housing since 2005. In 2018/19 private sector housebuilders provided 49% of all affordable housing including 57% of all socially rented homes.

Chapter 3: Affordability and delivery

Q1. a) Should the GLA introduce a cap on the open market value of new shared ownership homes?

No. Since the Government's new First Homes policy will impose a price cap of £420,000 in London for the purchase of homes under this scheme, it would be sensible to allow scope for housing providers to be able to provide alternative routes to home ownership for those who may be ineligible under the First Homes scheme. This may include households who are either not first-time buyers, or those whose household income exceeds the £90,000 income threshold proposed under First Homes (see para. 51 of the Government's response to the consultation on First Homes).

Q1. b) What, if any, impact would this have on housing market recovery post Covid-19?

Allowing housing providers to experiment with different types of intermediate and discounted market sales products, as well as providing First Homes, will help support more households into owner occupation. As Sir Oliver Letwin observed, in his Independent *Review of Build Out*, one measure that is critical to increasing delivery is allowing a greater diversity of product types and tenures on sites to meet the varying needs of the public.

Allowing housing providers to have the flexibility in how they respond to market demands will help to sustain housing delivery and the public's changing needs. Conversely, imposing rigid policy

requirements may fail to reflect these preferences and saddle housing providers with products that they may find difficult to sell and rent.

The Government's new Affordable Housing Programme will require half of all affordable homes to be provided as affordable home ownership. To help achieve this ambition it would be wise to avoid imposing too many regulatory requirements on providers in London so that they are able to develop different products to meet the needs of households.

Q2. a) Should the GLA require housing providers to report on service charge levels at regular intervals?

Yes. Greater transparency over service charges would benefit the public and prospective purchasers. It would also help local authorities monitor the overall affordability of housing.

Q2. b) If so, should the GLA make this information available to the public?

Yes.

Q3. Should the GLA require affordable housing providers to publish a schedule of additional fees which may be charged to shared owners for specific services or transactions?

Yes. Greater transparency over additional fees that may be charged would benefit the public and prospective purchasers. It would also help local authorities monitor the overall affordability of housing.

Q4. What more could be done to improve the experience of those living in shared ownership?

The Government's decision to allow prospective purchasers of shared ownership homes to buy-in with an initial smaller stake of 10%, and to increase their stake by 1% increments, should increase the popularity of shared ownership homes.

Q5. What role should intermediate housing play in meeting housing need and supporting the housing market as part of the recovery from the impacts of Covid19?

See response to Q1(b) above. Intermediate housing could be important in the recovery to provide households with an alternative route to owner occupation. Giving housing providers the flexibility to develop products so that they can provide for these needs will also assist with cash-flow, supporting the construction of affordable rented products.

Q6. a) What role should intermediate rented homes play in London's affordable housing mix, as part of the recovery from the impacts of Covid-19?

Planning policy should still allow for the provision of more shared ownership / intermediate homes, in addition to First Homes when this is introduced, and in line with the Government's new Affordable Housing Programme and the outcome of any negotiations between the GLA and Government over how its £4b is to be prioritised.

We note that in its *Changes to the Current Planning System* consultation (MHCLG, August 2020), the Government proposes two broad approaches to the affordable housing element: i) where First Homes replaces all home ownership products up to 25%, and then any rental products are delivered in the same ratio; or ii) the local authority and developer can negotiate on the mix of the residual 75%.

After the initial 25% First Homes, our preference would be for the residual affordable housing to reflect the ratios included the Draft London Plan (Intend to Publish version), Policy H6, or the local

borough plan, subject to the latter having been adopted in the last five years. This would support the Government's favoured option 1.

However, we recognise that this could become very complex, owing to the layers of overlapping policy in London. Ideally, therefore, the local authority and developer should be free to negotiate the tenure of the remaining mix.

Generally, policy in London over the tenure of affordable homes required has become extremely complex. This is a consequence of having different policies in both the local plan and London Plan and then the added complication of policies specifying a multiplicity of tenure types. This really needs to be simplified by the Mayor acting with the London boroughs. The complexity of affordable housing requirements is holding back the delivery of small sites. Recent research by Lichfields on small site delivery in London has identified that planning permissions with mixed tenure requirements took an average of 71 weeks to agree compared to 56 weeks for permissions involving only intermediate homes.

Q6. b) What more could the Mayor do to support delivery of London Living Rent homes?

See response to Q6. a). The Mayor should maintain the tenure split in the Draft London Plan (Intend to Publish version) to allow London Living Rent to be provided at the same ratio.

Q7. a) What impact might the implementation of the Government's First Homes policy have in London?

The Government's First Homes scheme has the potential to help more households into owner occupation, including in some of the least affordable London boroughs.

Q7. b) What steps could the GLA take to minimise risks to affordable housing delivery, in particular homes at social rent levels, arising from this policy?

See response to Q6. a). The Mayor should maintain the tenure split in the Draft London Plan (Intend to Publish version) to allow social rented homes to be provided at the same ratio. The Draft London Plan requires a minimum of 30 per cent low cost rented homes, as either London Affordable Rent or Social Rent. Assuming the affordable housing element on a scheme is 40%, and 25% of this is provided as First Homes, the residual affordable housing should include 33% social rented homes, in line with the Draft Plan.

In due course, the Mayor may wish to commission new evidence to support a new version of the London Plan, and increase the social rented element.

We also recognise that the conclusion of the GLA's negotiations with Government over the London element of the Affordable Homes Programme may also have an influence over the future mix of affordable homes. This may require a focused Partial Review of the London Plan (Intend to Publish) version, to reflect these new requirements.

Q8. Would the proposals set out above be effective in ensuring that DMS homes are be secured in perpetuity?

National policy (NPPF 2019) requires that where public grant has supported the supply of discounted market homes, these are to remain at an affordable price for future eligible households. In its response to the First Homes consultation, the Government has stated that it will impose a restrictive covenant against the title of the property to ensure that the level of the original discount is passed onto to future purchasers.

Q9. a) What impact might the implementation of the Government's proposed Right to Shared Ownership scheme in London have on the delivery of affordable homes, in London, in particular homes at social rent levels?

No comment.

Q9. b) What steps could the Mayor take to mitigate any negative impacts of this policy?

No comment.

Q9. c) What mechanisms already exist to support social tenants who want to access shared ownership homes to do so, and how effective are they?

No comment.

Q10. a) Are there other examples of innovative models of affordable home ownership in London?

No comment.

Q10. b) What could the GLA do to support delivery of these homes?

We recommend that the GLA supports the Government's policy for First Homes once it is published in the Written Ministerial Statement and updated National Planning Policy Framework that is anticipated in the autumn. This will help remove any confusion among the London boroughs as to how this policy should be treated when assessing housing applications.

We also recommend that the GLA considers simplifying affordable housing policy across London to help improve housing delivery. We refer to the problem of the time it takes to agree affordable housing obligations in our response to question 6(a).

Chapter 4: Eligibility, prioritisation and allocation

Q11. Should the income eligibility criteria for intermediate housing in London should be frozen at current levels?

The consultation explains that the household income cap for intermediate housing is £90,000 (see box 4). This is the same as the cap proposed for the First Homes scheme. We have no evidence to question these caps. We consider that the cap should be maintained at the level of £90,000 for other intermediate housing products to provide other routes to owner occupation for those who might be unable to access First Homes, especially if First Homes are exhausted on a scheme in a location where the prospective purchaser would like to live.

Q12. a) What evidence is there of households staircasing to a 100 per cent share of shared ownership homes within a year of purchase?

We have no information on this, but staircasing to 100% within a year must be a rarity. If a household was in a position to do this, then it is more likely that they would buy outright in the first instance to save on interest payments. This is unlikely to be a major issue.

Q12. b) If so, what factors may be driving this?

No comment.

Q12. c) Should this be disincentivised and, if so, what measures should the GLA take to achieve this?

No comment.

Q13. Should local authorities be required to implement an intermediate housing waiting list and/or allocations policy as a condition of setting additional prioritisation criteria for the first three months of marketing new intermediate homes?

No. As has been established by the London Plan, London is treated as a single housing market area, and households will need or want to move to live in different locations in the capital. Establishing a waiting list or allocations policy for intermediate housing could cause delay to the sale/letting of homes, militating against housing delivery in London.

We note that in its consultation on First Homes, the Government will allow local authorities to set specific local connection restrictions provided they are able to evidence the necessity and viability of these restrictions. However, to avoid the risk of First Homes remaining unsold, the Government expects that any local restriction will apply for three months only from when the property goes on sale. The GLA should copy this approach for other types of intermediate homes.

Q14. a) Should the GLA publish best practice guidance on allocation of intermediate housing and intermediate waiting lists?

An updated document on affordable housing policy in London, reflecting First Homes, would be beneficial. This would be very helpful if the GLA decides not to update the London Plan policy.

Q14. b) If yes, is there anything in addition to the list above which should be covered by the guidance?

Yes. The document should cover First Homes and explain how the Draft London Plan policies relating to affordable housing, especially Policy H6 - Tenure Mix – are to be interpreted.

Q15. a) What are the challenges facing shared owners who wish to move to a more appropriate home?

No comment.

Q15. b) What more could be done to support shared owners who need to move to another shared ownership home?

No comment.

Chapter 5: Supporting London's key workers

Q16. a) Should the GLA should define a 'core' list of key worker occupations for use in intermediate housing allocation policies, and should local authorities be able to identify additional key worker groups, where there is evidence of local need?

No. The concept of 'key worker' can be divisive. Any list of occupations deemed critical to the delivery of public services is likely to be incomplete and has the potential to overlook equally critical but unglamorous occupations, such as cleaners, shop workers, security guards, white van delivery drivers, tele-workers, the self-employed etc.

Establishing an exclusive list of occupations could militate against the supply of intermediate homes.

Q16. b) If yes, which occupations should be included in a 'core' list of key workers for use in intermediate housing allocation policies?

All workers are important. Anyone who is on a lower income that means that they need an intermediate home because they cannot afford to access owner occupation outright, but who does not wish to rent, is a key worker. The key determinant of eligibility should be income not occupation.

Q16. c) What evidence should be required to define an occupation as a key worker for the purpose of intermediate housing allocations?

No comment.

Q17. a) If local authorities utilise the three-month prioritisation period for new intermediate homes, should they be required to include the 'core' list of key worker occupations in their prioritisation criteria, or should this be optional?

No comment.

Q17. b) Are there any other measures which the GLA should consider to ensure key workers can access intermediate homes?

No comment.

Q18. What evidence is available on: a) the scale and quality of existing shared key worker accommodation in London; and

b) the extent to which this accommodation meets housing need for key workers?

No comment.

Q19. Should the GLA explore options to support housing providers to convert shared key worker accommodation into self-contained intermediate homes, where there is demand for this?

No comment.

Q20. a) Should the Mayor publish guidance for public sector bodies on his affordable housing investment and planning policies?

Yes. See our response to Q14 above. The publication of a single source document, covering all aspects of affordable housing policy in London, would be beneficial.

Q20. b) If yes, is there anything in addition to the list above which should be covered by the guidance?

The document should address First Homes and explain how this will be implemented and how the Draft London Plan policies will be amended and interpreted to accommodate this.

Chapter 6: Improving data on intermediate housing

Q21. a) What data is currently captured outside CORE by housing providers on intermediate rent, and on the occupations of intermediate housing occupants?

No comment.

Q21. b) Should CORE capture data on all types of intermediate homes, and on the occupations of those purchasing or renting these homes?

No. Data on the number of intermediate homes supplied might be useful but data on the occupations of these residents seems unnecessary and intrusive.

Q21. c) What data is currently captured outside of CORE on the protected characteristics of those to whom intermediate homes are sold or let? Should data on all protected characteristics be collected by CORE?

Other than meeting income eligibility criteria, data should not be collected on residents. This is intrusive and also regressive. All households should be treated equally regardless of race/gender/orientation/religion otherwise the GLA runs the risk of operating a hierarchy of vulnerability. This will lead to a situation whereby some households will be deemed less worthy of consideration even though their financial circumstances are similar.

Q21. d) Is there any additional data not referenced above which should be captured by CORE?

No comment.

Q22. a) Should data be collected on all intermediate housing stock across London, including that owned by local authorities?

It would be helpful to know how many intermediate homes are available and are being provided across London.

Q22. b) What data is currently collected by housing providers on staircasing transactions?

No comment.

Q22. c) How could this be captured more systematically?

No comment.

Q22. d) Should more data be captured on the tenure that shared owners move into if they leave their shared ownership property?

No. As this is a private matter. It is difficult to see how this could be lawfully collected.

Q22. e) Are there any barriers to collecting this data?

See response to Q22 d).

Q23. a) What data is available, in addition to that outlined in this consultation and accompanying Housing Research Note, that could inform the GLA's assessment of the equalities impacts of the proposals set out in this consultation?

No comment.

Q23. b) Do you have any other comments or feedback on how the proposals set out in this consultation may impact on groups with protected characteristics?

No comment.

We hope these comments are useful. HBF would be very happy to meet with the GLA to discuss any aspect of these representations.

Yours faithfully

James Stevens, MRTPI
Director for Cities
Email: james.stevens@hbf.co.uk
Tel: 0207 960 1623