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3. Housing for Rent

3.1. Overview

- 3.1.1. This section sets out GLA funding programme rules for homes for rent. This includes Affordable Rent (including London Affordable Rent), Social Rent, London Living Rent and Intermediate Rent homes. This section also sets out eligibility requirements and procedures that Investment Partners must follow in managing their existing rental stock.

Continuous Recording

- 3.1.2. Information on the lettings of homes for rent must be recorded on the government's [Continuous Recording \(CORE\) system](#).

Right to Acquire

- 3.1.3. The Right to Acquire provisions of the Housing and Regeneration Act 2008 apply to all dwellings built or acquired for the 'social rented sector' with public funding since 1 April 1997, unless exempted. It is a condition of grant funding that Investment Partners comply with this legislation. Further details on Right to Acquire can be found in the Housing for Sale section of the Capital Funding Guide.
- 3.1.4. The Right to Acquire provisions in the Housing and Regeneration Act 2008 require the GLA to notify grant recipients before giving grant that schemes will be regarded as publicly funded for Right to Acquire purposes.

3.2. Affordable Rent (including London Affordable Rent) and Social Rent

Context

- 3.2.1. Affordable Rent is a form of low-cost rental accommodation, as defined in Section 69 of the Housing and Regeneration Act 2008. Affordable Rent includes London Affordable Rent homes. Social Rent is also a form of low-cost rental accommodation, where rents are usually lower than Affordable Rent.
- 3.2.2. Rent levels for Affordable Rent and Social Rent are set in accordance with the Policy Statement on Rents for Social Housing issued by the government and the Rent Standard and Guidance issued by the Regulator of Social Housing.
- 3.2.3. The Affordable Homes Programme 2016-23 introduced a new product called London Affordable Rent. For legal and regulatory purposes, London Affordable Rent is an Affordable Rent product. Where the homes are funded with GLA grant, the landlord must be registered with the Regulator of Social Housing.

Rent setting

- 3.2.4. In accordance with the Policy Statement on Rents for Social Housing and the Rent Standard and Guidance, the maximum rental level for

Affordable Rent homes should be no more than 80 per cent of gross market rent (inclusive of service charges)¹.

- 3.2.5. The Mayor does not consider rents set at 80 per cent of market rent to be genuinely affordable for low-cost rented housing in most parts of London. As such, the GLA does not expect Investment Partners to maximise their financial capacity by charging rents at or as close as possible to 80 per cent of market rents.
- 3.2.6. Investment Partners should let London Affordable Rent homes at the applicable London Affordable Rent benchmark as calculable using the method defined in the Affordable Homes Programme 2016-23 funding contract and in line with national legislation and regulatory guidance. The weekly rent benchmarks from 2017/18 to 2022/23 are [published on the GLA website](#) and are not inclusive of service charges, which may be charged in addition. For subsequent years, providers should apply their own updates to the benchmarks in accordance with the Policy Statement on Rents for Social Housing and the Rent Standard and Guidance.
- 3.2.7. Rent policy for Social Rent is subject to the Policy Statement on Rents for Social Housing issued by the government and the Rent Standard and Guidance issued by the Regulator of Social Housing. Social Rent levels should be calculated according to a formula based on relative property values and relative local earnings.

Valuations

- 3.2.8. Where the GLA requests or requires Investment Partners to provide Affordable Rent rents as a percentage of market rent, Investment Partners should assess the market rent the individual property would achieve (inclusive of service charges) for an equivalent property in the Broad Market Rental Area in which the relevant property is located. In assessing whether the rent is no more than 80 per cent of the market rate, the individual characteristics of the property must be considered, such as its location and size.
- 3.2.9. For valuation purposes, the appropriate tenancy terms will normally reflect current practice in the market in which the property is situated, not the individual terms of the tenancy in question.
- 3.2.10. Specialist and supported housing, including extra care housing, often includes a range of services to support the needs of the client group. For this type of property, it may not be possible to identify a comparable market rent (inclusive of service charges) for an equivalent property of the relevant size and location. In such a case, Investment Partners should submit to the GLA a comparable market rent based on equivalent properties in alternative comparator areas. Where the GLA

¹ Prior to the introduction of the 2020 Rent Standard for the period 1 April 2016 to 1 April 2020, social housing rents were set and managed through the requirements of [the Welfare Reform and Work Act 2016](#). For issues arising during this period, Investment Partners may need to consult the Welfare Reform and Work Act 2016 and associated regulations to establish how the previous rules applied to their stock.

does not approve the Investment Partner's proposed comparable market rent, the Investment Partner must engage a valuer to identify comparable market rent data from areas outside the Broad Market Rental Area and determine the market rent that would be applicable.

Rent changes and re-lets

- 3.2.11. Once let, Affordable Rent homes (including London Affordable Rent homes) and Social Rent homes will be subject to the Policy Statement on Rents for Social Housing and the Rent Standard and Guidance and such changes to the statement, standard and guidance as made from time to time.
- 3.2.12. Investment Partners should re-let London Affordable Rent homes at the applicable London Affordable Rent benchmark as calculable using the method defined in the Affordable Homes Programme 2016-23 funding contract and in line with national legislation and regulatory guidance. Investment Partners wishing to charge more than the applicable London Affordable Rent benchmark on re-letting a London Affordable Rent home must seek approval from the GLA.

Tenancy arrangements

- 3.2.13. Allocations and nominations processes for Affordable Rent homes (including London Affordable Homes) and Social Rent homes are expected to comply with the requirements set out in the Regulator of Social Housing's Tenancy Standard.

Right to Shared Ownership

- 3.2.14. The Right to Shared Ownership is a condition of grant funding for all Social Rent and Affordable Rent homes that are grant funded through the Affordable Homes Programme 2021-26.
- 3.2.15. This condition also applies to rented homes funded with Recycled Capital Grant Funding delivered outside the programme but within the Affordable Homes Programme 2021-26 funding period.
- 3.2.16. The Right to Shared Ownership does not apply to Social Rent and Affordable Rent homes:
- where the home is subject to the Right to Buy
 - in designated protected areas and rural exception sites
 - which are made available as supported and specialist homes for older, disabled and vulnerable people
 - where the scheme is managed as an almshouse
 - where the landlord is a co-operative housing association
 - where the landlord or freeholder is a Community Land Trust.

- 3.2.17. The main features of the scheme along with applicant and property eligibility can be found in [MHCLG's Right to Shared Ownership: initial guidance for Registered Providers](#).
- 3.2.18. Further information, including on grant recovery arrangements and the application process, are set out in the Grant Recovery and Housing for Sale sections of this guide.

3.3. London Living Rent

Context

- 3.3.1. London Living Rent homes are primarily targeted at middle-income households who are looking to build up savings for future shared ownership or outright purchase. London Living Rent homes funded by the GLA are a Rent to Buy product.
- 3.3.2. Unless homes benefit from the provisions detailed under the 'Pathways to home ownership' section below (as well as the rents being restricted to London Living Rent benchmark levels or below), the term London Living Rent homes should not be applied. Such homes would need to fall within one of the other rental tenures funded by the GLA in order to be eligible for GLA funding.

Rent setting

- 3.3.3. For rent setting purposes, London Living Rent within the Affordable Homes Programme 2016-23 is included within the definition of intermediate rent accommodation as defined by the Social Housing Rents (Exceptions and Miscellaneous Provisions) Regulations 2016 as amended by the Social Housing Rents (Exceptions and Miscellaneous Provisions) Regulations 2017.
- 3.3.4. The Regulator of Social Housing has confirmed that the Affordable Homes Programme 2021-26 is an intermediate rent accommodation enabling programme for the purposes of the Policy Statement on Rents for Social Housing and the Rent Standard and Guidance. As such, for rent setting purposes, London Living Rent homes funded through this programme are also included within the definition of intermediate rent accommodation.
- 3.3.5. Investment Partners may set rents (inclusive of service charges) for new tenancies at or below benchmarks set by the GLA, for the relevant ward and number of bedrooms, at the time of initial letting or re-letting. The GLA publishes these benchmarks, which are inclusive of service charges, on its website annually.
- 3.3.6. London Living Rent benchmarks are based on one-third of average local household incomes and adjusted in line with local house prices. They are also subject to a cap that reflects London Plan policy that housing costs for intermediate housing should not exceed 40 per cent of the net household income for the relevant form of intermediate homes as set out in the London Plan Annual Monitoring Report.
- 3.3.7. When setting rents for London Living Rent homes, Investment Partners are responsible for ensuring that London Living Rent benchmarks meet the National Planning Policy Framework's requirement that the cost of intermediate housing is at least 20 per cent below comparable market rates. Where this is not the case for a given ward, the Investment Partner should set rents below the benchmark, at a level that will satisfy this requirement.

- 3.3.8. During tenancies, London Living Rent rents may be increased annually by up to the rate of Consumer Price Index inflation each year, at the discretion of the landlord.

Eligibility

- 3.3.9. Eligibility for London Living Rent homes is restricted to households that meet all the following criteria:

- I. live or work in London;
- II. have a maximum gross household income that does not exceed the cap for intermediate rented housing that the Mayor sets in line with provision in the London Plan and updates in the London Plan Annual Monitoring Report;
- III. are not currently able to purchase a home (including through shared ownership) in the local area of the London Living Rent home, generally considered to be the ward; and
- IV. do not own any other residential property.

- 3.3.10. In exceptional cases, Investment Partners may waive the requirement that the applicants may not own any other residential property. This is allowed where the home a household owns does not meet the household's need (and couldn't be sold, to yield income that enables the household to afford housing that meets their needs), or the household will sell the home before being granted a tenancy for a London Living Rent home and, considering proceeds of this sale, is unable to secure housing that meets its needs. This is in line with provision for Investment Partners to sell shared ownership homes to owner occupiers in exceptional circumstances, as outlined in the Housing for sale section of the Capital Funding Guide.

- 3.3.11. The GLA expects Investment Partners to adopt an equitable and targeted allocation process for all London Living Rent homes, having regard to regional and local eligibility criteria and making them available to Londoners whose needs are not adequately served by the commercial housing market. Investment Partners should also consider prospective tenants' ability and inclination to save, in line with paragraph 3.3.16 below.

- 3.3.12. Local authorities and housing providers may set eligibility or priority criteria additional to those specified in this section, for example, lower maximum income thresholds, for the first three months of marketing a London Living Rent home, in line with provision in London Plan policy H6. Investment Partners receiving grant through the Affordable Homes Programme 2021-26 that choose to set additional prioritisation criteria are required to state them publicly.

- 3.3.13. In relation to priority criteria, the Mayor strongly encourages Investment Partners to prioritise key workers, as outlined in his [Housing Policy Practice Note](#), 'Allocating intermediate homes to London's key workers' (published in December 2021) and the [Planning Practice Note](#), 'Prioritising Key Workers for Intermediate Affordable

Housing' (published in March 2024). Investment Partners are expected to use the list of key worker occupations included in the Housing Policy Practice Note, adding occupations or giving additional priority to occupations in line with local need. Investment Partners must advertise London Living Rent homes on the Homes for Londoners portal.

Tenancy arrangements

- 3.3.14. Investment Partners should make London Living Rent homes available to households on assured shorthold tenancies with a fixed term of at least three years.
- 3.3.15. Investment Partners may issue a tenancy with a fixed term shorter than three years if tenants move from one London Living Rent home to another part-way through a fixed term of tenancy, provided the combined length of both tenancies is at least three years.
- 3.3.16. London Living Rent homes should enable tenants to put themselves firmly on a path to home ownership. Investment Partners should consider prospective tenants' ability and inclination to save as part of their affordability assessment and to actively support tenants into home ownership. Investment Partners should also re-consider tenants' ability and inclination to save when deciding whether to extend a tenancy or issue a new one, when a fixed term ends.
- 3.3.17. If an Investment Partner chooses to extend a tenancy or offer tenants a new tenancy for the London Living Rent home they are already renting when the initial tenancy or fixed term ends, the Investment Partner should apply the eligibility criteria above, other than the maximum gross household income criterion (see criterion ii at paragraph 3.3.9). Instead, it should apply the threshold for affordable home ownership provided for in the London Plan and updated in the London Plan Annual Monitoring Report. Given this, an Investment Partner may extend a tenancy or offer a new tenancy to tenants whose income has exceeded the maximum gross household income for intermediate rent (but remains below the affordable home ownership threshold) since first let, as well as to tenants whose income remains below or at that level.
- 3.3.18. London Living Rent homes sold as shared ownership must be sold on the shared ownership model lease terms defined in the Affordable Homes Programme 2021-26 contract, meaning that it meets any applicable requirements as set out in Section four of the Capital Funding Guide and satisfies the definition of 'Shared ownership arrangements' as set out in Section 70 of the HRA 2008. GLA approval is required for selling homes on other terms, and approval will only be given in exceptional circumstances.
- 3.3.19. Where tenants seek to buy a share of their home on a shared ownership basis, providers should assess their eligibility to do so as per the relevant guidance set out in Section four of the Capital Funding Guide. London Living Rent tenants should be made aware at the point of entering a tenancy agreement that their eligibility for purchasing their

London Living Rent home on shared ownership terms is subject to these criteria.

- 3.3.20. Investment Partners should use London Living Rent homes to help as many households as possible over the lifetime of each home. Investment Partners should manage tenancies in a way they see fit and should prioritise stability for tenants. This can include supporting tenants to move from one London Living Rent home to another where moving would provide a home that better meets their needs.
- 3.3.21. If the first tenants of a London Living Rent home move out within 10 years of the initial letting (the 10-year period), Investment Partners should use the home to enable further Londoners to benefit from the London Living Rent home.
- 3.3.22. Investment Partners should manage tenancies in a way that ensures a London Living Rent home can be let for 10 years, unless the tenant buys the home before then. For example, if a tenant moved out of the home six years after the first let, then the Investment Partner might choose to issue a tenancy with a four-year fixed term, rather than one with a three-year fixed term, so that the end of the fixed term coincided with the end of the 10-year period.
- 3.3.23. Where a tenant of a London Living Rent home leaves within the final three years of the 10-year period, then the following will apply:
- I. If a tenant leaves 18 months or more before the end of the 10-year period, then the Investment Partner should let the home again (on the basis that the home is re-let with a three-year fixed term tenancy);
 - II. If a tenant leaves within 18 months of the end of the 10-year period, then the Investment Partner may, subject to the GLA's approval, sell the home on a shared ownership basis ahead of the end of the 10-year period. Doing so may require the GLA to waive grant recovery provisions (as set out in the Grant Recovery chapter of the Capital Funding Guide). The GLA's approval will be subject to the Investment Partner providing the following:
 - a. information demonstrating that the overall approach to letting the property up until this point had aspired to achieve
 - b. cost and income information to demonstrate (to the GLA's satisfaction) that the proposed early sale would not result in GLA grant over-compensating the Investment Partner if grant recovery was waived;
 - c. assurance that the home will be marketed in accordance with the requirements in the Capital Funding Guide.
- 3.3.24. An Investment Partner may choose to continue to let a London Living Rent home to current tenants after 10 years of first let where there are clear and compelling reasons why tenants have been unable to save towards a deposit. Where this is the case, the Investment Partner should consider whether tenants continue to meet the criteria for London Living Rent. If the Investment Partner assesses that London

Living Rent is no longer a suitable tenure for tenants, then the Investment Partner should support tenants with information and advice on accessing housing that better suits their needs and circumstances.

Pathways to home ownership

- 3.3.25. London Living Rent homes should enable tenants to put themselves firmly on the route to home ownership.
- 3.3.26. In most cases, tenants should be offered their current home on shared ownership terms at any time during the tenancy. If no tenant has taken up that right within ten years, the Investment Partner is expected to sell it to another eligible purchaser on a shared ownership basis and, where this is not possible, on the open market.
- 3.3.27. Where the tenant does not have the right to purchase the homes in which they live on a shared ownership basis, the landlord (or group companies), if they are also building shared ownership, will be expected to provide advice and assistance in relation to other shared ownership homes, should the tenant wish to purchase one.
- 3.3.28. In most cases, tenants should be offered the right to purchase their current home on shared ownership terms at any time during the tenancy. If no tenant has taken up that right by the end of the 10-year period, in most cases the Investment Partner should sell it to another eligible purchaser on a shared ownership basis.
- 3.3.29. Disposal of a London Living Rent home on the open market, or voluntarily to a tenant on shared ownership terms is a Relevant Event for grant recovery purposes. Further information on grant recovery is available at the Grant recovery sale section of the Capital Funding Guide.

3.4. Intermediate Rent

Context

- 3.4.1. Intermediate Rent housing is affordable housing, with rents below market levels, for middle-income households. Unlike London Living Rent, Intermediate Rent homes are intended to be used as rented homes indefinitely.

Rent setting

- 3.4.2. Intermediate Rent is identified in the government's Policy Statement on Rents for Social Housing as one of the categories of low cost rental accommodation that is exempt from the Regulator of Social Housing's Rent Standard. The government's Policy Statement defines Intermediate Rent for this purpose. This includes homes being funded "wholly or in part by public assistance under a programme identified by the Regulator as an intermediate rent accommodation enabling programme and any conditions under that programme regarding the circumstances in which the accommodation may be let as intermediate rent accommodation are satisfied." The Regulator of Social Housing has confirmed that the Affordable Homes Programme 2021-26 is an intermediate rent accommodation enabling programme for the purposes of the Policy Statement on Rents for Social Housing and the Rent Standard and Guidance.
- 3.4.3. Investment Partners bringing forward Intermediate Rent homes must ensure that the initial rent levels, service charges and approach to rent increases for such homes meet the requirements of the National Planning Policy Framework and the London Plan related to affordability. These requirements are as follows:
- I. The National Planning Policy Framework's requirement that rents (including service charges) are at least 20 per cent below market levels²; and
 - II. The London Plan's requirements on the affordability of intermediate housing³:
 - a. the rent is affordable to a range of households with incomes below the income threshold for intermediate rent (the London Plan makes provision for the threshold, with any updates included in the London Plan Annual Monitoring Report);
 - b. household housing costs do not exceed 40 per cent of the net household income threshold for intermediate rent (the London Plan makes provision for the threshold, with any updates included in the London Plan Annual Monitoring Report);
 - c. the local planning authority agrees that the homes are affordable.

² As set out in limb b Annex 2 – definition of 'Affordable Housing' - of the National Planning Policy Framework

³ As set out in Policy H6

- 3.4.4. The GLA will fund three different types of Intermediate Rent homes:
- 3.4.5. Key Worker Living Rent, with rents (including service charges) set at or below benchmarks set by the Mayor. These benchmarks are based on 40 per cent of the average net income of London's key worker households. <https://www.london.gov.uk/programmes-strategies/housing-and-land/renting-home/key-worker-living-rent-homes> This product was introduced by the Mayor in January 2026, and further details including benchmarks are available on the [Key Worker Living Rent Homes](#) section of the GLA website.
- Intermediate Rent at London Living Rent benchmarks, with rents (including service charges) set at or below London Living Rent benchmarks published annually by the GLA.
 - Other Intermediate Rent, where rents (including service charges) meet requirements on affordability set out in the National Planning Policy Framework and the London Plan.

Setting initial rents

- 3.4.6. At bidding stage, Investment Partners must confirm proposed rent levels and show how these meet the relevant requirements of the National Planning Policy Framework and the London Plan.
- 3.4.7. Possible approaches to setting rent levels and service charges include:
- 3.4.8. setting rents at the Key Worker Living Rent and service charge benchmarks (available on the [GLA's website](#))
- setting rents at London Living Rent benchmarks. The rent (including service charges) must not exceed the rent benchmarks published by the GLA
 - setting rents using a methodology that meets the relevant requirements of the National Planning Policy Framework, the London Plan and the GLA's Accelerating Housing Delivery Planning and Housing Practice Note published in December 2024 (Table 1 of the latter sets out suggested Intermediate Rent benchmarks for initial rents and service charges).
- 3.4.9. Investment Partners will be required to confirm their approach when entering funding bids on Open Project System.

Rent increases

- 3.4.10. At bidding stage, Investment Partners must confirm the methodology for increasing rents (including service charges).
- 3.4.11. The GLA stipulates a specific methodology by which Investment Partners should increase rents (including service charges) for Intermediate Rent homes at Key Worker Living Rent and for Intermediate Rent at London Living Rent benchmarks:

- 3.4.12. for rents set at the Key Worker Living Rent and service charge benchmarks, the approach to rent increases is set out in the Planning and Housing practice note on Key Worker Living Rent homes on the [GLA's website](#).
- 3.4.13. for rents set at London Living Rent benchmarks, rent can be increased by no more than the percentage increase in CPI over the 12-month period which ends three calendar months prior to the relevant rent increase date.
- 3.4.14. For Other Intermediate Rent homes, the methodology by which Investment Partners will increase rents (including service charges) must be agreed with the GLA and set out in Open Project System. In this case, partners must show that rents (including service charges) will continue to meet the relevant requirements of the National Planning Policy Framework, the London Plan and note the GLA's Accelerating Housing Delivery Planning and Housing Practice Note.
- 3.4.15. Investment Partners will be required to confirm their methodology for rent increases when entering funding bids on Open Project System.

Re-lets

- 3.4.16. When Investment Partners re-let Intermediate Rent homes, they should set rents (including service charges) as follows:
- 3.4.17. for rents set at the Key Worker Living Rent and service charge benchmarks, the approach to rent increases is set out in the Planning and Housing practice note on Key Worker Living Rent homes on the [GLA's website](#).
- for rents set at London Living Rent benchmarks (including service charges) should be reset to the most recent London Living Rent benchmark for the ward and size of home as [published by the GLA](#), or;
 - for rents set at other levels, homes can continue to be let at the rent (including service charges) levels that have been reached through agreed increases, as long as they continue to meet the relevant requirements set out in the National Planning Policy Framework and London Plan and note the GLA's Accelerating Housing Delivery Planning and Housing Practice Note.
- 3.4.18. Investment Partners will be required to confirm their methodology for re-lets when entering funding bids on Open Project System.

Eligibility

- 3.4.19. Eligibility for Intermediate Rent homes is restricted to households that meet all the following criteria:
- I. live or work in London;

have a maximum gross household income that does not exceed the cap for intermediate rented housing that the Mayor sets in line with provision in the London Plan and updates in the London Plan Annual Monitoring Report);

- II. are not currently able to rent or purchase a home (including through shared ownership) in the area where the home is located; and
- III. do not own any other residential property.

3.4.20. In exceptional cases, Investment Partners may waive the requirement that the applicants may not own any other residential property. This is allowed where the home a household owns does not meet the household's need (and couldn't be sold, to yield income that enables the household to afford housing that meets their needs), or the household will sell the home before being granted a tenancy for a London Living Rent home and, considering proceeds of this sale, is unable to secure housing that meets its needs. This is in line with provision for Investment Partners to sell shared ownership homes to owner occupiers in exceptional circumstances, as outlined in the Housing for sale section of the Capital Funding Guide.

3.4.21. The GLA expects Investment Partners to adopt an equitable and targeted allocation process for all Intermediate Rent homes, having regard to regional and local eligibility criteria, and making them available to Londoners whose needs are not adequately served by the commercial housing market.

3.4.22. Local authorities and housing providers may set eligibility or priority criteria additional to those specified in this section, for example lower maximum income thresholds for the first three months of marketing an Intermediate Rent home, in line with provision in London Plan policy H6. Investment Partners receiving grant through the Affordable Homes Programme 2021-26 that choose to set additional prioritisation criteria are required to state them publicly.

3.4.23. In relation to priority criteria for all types of Intermediate Rent homes, Investment Partners are expected to prioritise key workers, as outlined in the [Housing Policy Practice Note](#), 'Allocating intermediate homes to London's key workers' (published in December 2021) and the [Planning Practice Note](#), 'Prioritising Key Workers for Intermediate Affordable Housing' (published in March 2024). Investment Partners are expected to use the list of key worker occupations included in the Housing Policy Practice Note, adding occupations or giving additional priority to occupations in line with local need.

3.4.24. Investment Partners must advertise Intermediate Rent homes on the Homes for Londoners portal.

Tenancy arrangements

- 3.4.25. Investment Partners should make Intermediate Rent homes available to households on periodic secure, periodic assured or assured shorthold (excluding periodic assured shorthold) tenancies.
- 3.4.26. The GLA does not require Investment Partners to make occupation conditional on tenants continuing to meet the eligibility or priority requirements (for example meeting the household income threshold or being in a key worker occupation) set by the housing provider, or as part of planning permission to develop the home, throughout the tenancy.
- 3.4.27. The GLA expects that Investment Partners will not make Intermediate Rent homes available to tenants to purchase on a shared ownership basis. However, Investment Partners may choose to offer tenants opportunities to purchase another home on a shared ownership basis.

3.5. Repair – Overview

General

3.5.1. The GLA's affordable homes programmes aim to increase new supply. As such, funding for works to existing affordable rental housing stock will be made only in the most exceptional circumstances. The GLA will not usually agree to allow the use of recycled grant for the funding of repairs. It does not provide funding for works to local authority owned stock.

Existing housing stock

3.5.2. Works to existing rental stock consists of:

- I. Major Repairs and
- II. Re-improvements.

Major Repairs

3.5.3. As a general rule the GLA expects Investment Partners to fund repairs to their existing stock through their business plans. However, it will in exceptional cases consider funding Major Repairs in respect of eligible homes (see section on eligible homes below) which are essential for the property to remain habitable and where the Investment Partner can demonstrate it has no access to resources of its own (including RCGF) to undertake the work.

3.5.4. Major repairs are repairs that do not fundamentally change the nature of the property in a way that would enable a landlord to charge a different rent. Even if the tenant is required to be re-housed on an interim basis whilst the major repairs are completed, it is expected that the tenant would return to the property on the same tenancy terms.

3.5.5. As the works undertaken will not result in an increased rent, there would be no additional rental income to fund the works or to fund any loan repayments. Where the Investment Partner is able to demonstrate it cannot use its own resources, RCGF, and is unable to afford to pay for the Major Repair by taking out a loan, it may be possible for the cost of the works to be covered by grant. However, any excessive or Non-Qualifying Costs must be paid for by the Investment Partner. Please see section below on eligible and ineligible works.

Re-improvements

3.5.6. Re-improvements are works to property in the Investment Partner's ownership which were originally produced with public sector funding. Re-improvement work can be improvements or conversions sufficient to justify a change in rent. If no rent change is justifiable, the work is likely to be classed as Major Repairs. While re-improvements are works to an Investment Partner's existing stock, they are not classified as repairs. The requirements and criteria for re-improvements are detailed in Section two of this Capital Funding Guide.

Key Features

3.5.7. Where the GLA considers funding Major Repairs schemes on an exceptional basis, the following characteristics will apply.

Fixed Grant

3.5.8. Grant will be payable on up to 100 per cent of eligible costs declared in the offer. However, once funding is agreed, grant is fixed.

Payment

3.5.9. Grant is required to be claimed and then paid following Practical Completion.

3.5.10. Where payment on completion would put an Investment Partner in severe financial difficulty, a limited facility to release payment in tranches may be available. The GLA will consider individual requests on a case-by-case basis.

3.5.11. In certain circumstances, an Investment Partner may undertake a range of repair and improvement activities under a single building contract. Where the GLA considers funding such activities on an exceptional basis, it may favourably consider applications from the Investment Partner for grant for the eligible works in such combined schemes where it is practicable and cost effective for the works to be carried out at the same time.

3.5.12. The GLA will scrutinise the proposed works to ensure that they are realistic, reasonable and represent value for money.

3.5.13. Depending on the degree of scrutiny at offer stage the GLA may require supporting documents to be submitted.

Eligible Homes

3.5.14. Not all homes are eligible for Major Repairs funding. Details of eligible and ineligible homes are described below.

3.5.15. As many homes will be ineligible for GLA funding, Investment Partners must account for and fund their own 'major repairs' provision within their business plans.

Eligible Works

3.5.16. Categories of work which the GLA may consider funding in exceptional circumstances are set out below.

Non-Qualifying Costs

3.5.17. Not all works and costs will be eligible for grant funding, and these will be required to be funded by the Investment Partner.

3.5.18. The term Non-Qualifying Cost relates to any capital costs of ineligible works.

Asset Management

- 3.5.19. IPs should deliver effectively managed resources as expected in the [Regulator's Governance and Financial Viability Standard](#). This will involve a business plan which covers:
- I. The management of assets;
 - II. Obtaining the finance required to maintain assets; and
 - III. An assessment of the risks to delivering the plan.
- 3.5.20. Any queries should be referred to the Regulator of Social Housing.

Eligible Homes

- 3.5.21. Except where stated in this section, all rental homes would be eligible for Major Repairs funding, if they were funded under pre-1988 Housing Act procedures.
- 3.5.22. The above includes property funded under the pre-1988 Housing Act Supported Housing Procedures which were eligible for Special Needs Management Allowance (SNMA)/Supported Housing Management Grant (SHMG) and were funded by Housing Association Grant.

Ineligible Homes

- 3.5.23. The following types of homes are ineligible for Major Repairs funding:
- I. Temporary Empty Homes/Temporary Social Housing schemes.
 - II. Any property transferred from a public sector body to an Investment Partner on or after 1 April 1989.
 - III. Any property owned by a local authority.
 - IV. Homes produced out of the following internal Investment Partner funds:
 - a. Disposal Proceeds Fund.
 - b. Recycled Capital Grant Fund.
 - V. All pilot mixed funding schemes approved in 1987/88 and 1988/89 including Challenge, Job Movers and Homeless Families schemes;
 - VI. Homes funded under the Tariff, Non-Tariff, and Cash Programme procedures (i.e. funded after April 1989), except supported housing schemes which also received an SNMA/SHMG approval under the Special Needs Funding/Supported Housing Arrangements introduced in April 1991 and 1995;
 - VII. All grant funded Affordable Home Ownership homes; and

VIII. Homes developed by the Investment Partner without any form of public subsidy, market rent schemes, privately-funded home ownership schemes unless the homes are let at social rent levels.

3.5.24. Large Scale Voluntary Transfer (LSVT) landlords that received stock transfers prior to 31 March 1996 are not eligible in principle to receive Major Repairs funding regardless of when these homes were originally funded.

Repair - Major Repairs - Eligible Works

3.5.25. Should the GLA consider in exceptional cases that it would be appropriate to fund major repairs this section defines the types of work that would normally be acceptable.

3.5.26. The repaired or replaced systems and components paid for by Major Repairs funding must have a (remaining) life of at least 15 years, once works are completed.

Establishing Eligibility

3.5.27. It is not possible to give a definitive list of works that might qualify for funding, and Investment Partners will be required to contact their GLA Area Manager to discuss the likelihood of whether their proposed works might be eligible for funding. The main consideration for the GLA is whether the repairs are required as a direct consequence of something other than routine maintenance needs.

3.5.28. An example of where the same work may and may not qualify for major repair funding is the replacement of kitchen base units. The routine replacement of units, for example following wear and tear, is considered routine or cyclical maintenance and therefore not eligible for major repair funding. However, where those units have been damaged beyond reasonable repair and are required to be replaced as a consequence of a failed damp proof course (which in itself is eligible for major repair funding), the cost of their replacement could qualify for funding. Therefore, the main 'grey area' to be considered is whether the need for the repairs arises as a direct consequence of something else rather than from routine maintenance needs.

Categories of Work

3.5.29. Works essential for the property to remain habitable are as follows:

- I. Major works arising from structural or environmental deterioration;
- II. Replacement or repairs to services or features; or
- III. Works arising from legislative changes occurring after completion of the original development or rehabilitation work.

- 3.5.30. In some instances, tenants will need to be temporarily re-housed to enable major repairs to be carried out. The necessity to vacate homes can indicate the urgency or priority of the works.

Standards and Types of Work

- 3.5.31. The types of Major Repair Works are:

I. Structural Works

These are defined as works essential to safeguard the basic functions of stability and weather resistance in the main structural elements of a dwelling i.e. in floors, walls and roofs. Examples of major repairs works falling within this category include:

- a. Underpinning and reconstruction of foundations
- b. Rebuilding load-bearing walls including retaining walls
- c. Damp proof course works and associated reduction of external ground levels
- d. Treatment of wet or dry rot or insect attack
- e. Tanking or lining to prevent moisture penetration
- f. Lining and insulation in cases of severe condensation
- g. Replacing roof/floor timbers, roof decks and covering
- h. Re-pointing, re-rendering and re-cladding external load-bearing walls

II. Secondary elements

Extensive works (but not cyclical maintenance) to secondary elements of the structural envelope of a dwelling such as:

- a. Stairs
- b. Non-load-bearing walls
- c. Balconies
- d. Windows and external doors
- e. Chimneys
- f. Parapets and gutters

III. But excluding:

- a. Internal doors
- b. Fittings
- c. Finishes and equipment
- d. These works must be essential to preserve the weather resistance of the building or the security of the tenants and/or their possessions.

IV. Site Works

Site works around the dwelling or dwellings that are essential to the safety, security and protection of the tenants. Examples of works in this category include:

- a. Replacement or reconstruction of unstable boundary walls, fences and retaining walls
- b. Replacement or reconstruction of steps, paving, hard standings, un-adopted footpaths and roads damaged by subsidence or collapse
- c. Removal of trees affected by disease or storm
- d. Demolition of unsafe out-buildings including garages

V. Service Installations

These are works to building services that have reached the end of their useful life such that the basic amenities of sanitation, health and safety in a dwelling could be seriously impaired. Works in this category comprise renewal of installations including:

- a. Gas, water and electricity supplies
- b. Drainage above and below ground
- c. Heating and ventilation (in cases of severe condensation renewal or provision of heating, ventilation, dehumidification and insulation in accordance with the BRE Digest 297 (formerly Building Research Establishment) will be eligible)
- d. Lifts; fire alarm, warden call, security and emergency lighting systems
- e. External windows and doors replacement
- f. Certain types of external works e.g. resurfacing roads and paved areas

VI. Investigations

Works required to investigate, report, expose and prepare for any of the above categories of major repairs works can be approved by the GLA. This category of works also includes preventive treatments to areas under threat as a result of defects undergoing major repairs.

VII. Consequential Works

Works that are consequential upon major repairs works in the above categories. This includes works of reinstatement

or making good to finishes and fittings (including decorations, internal doors and equipment) unavoidably damaged to an extent that has significant adverse effect on their function or longevity in the course of, or in connection with, major repairs works.

VIII. Health and safety

From time to time suspected health hazards arise from particular materials used in building. In addition, changing circumstances may lead to measures being required to address personal safety concerns of tenants within the building. Proposals appropriate to dealing with such cases as major repairs can only be assessed on their merits. Investment Partners should consult their Area Manager in the first instance.

IX. Damage not covered by insurance claims

In exceptionally inclement weather conditions, such as flood or storm, buildings can suffer unusual damage. Where such risks are uninsurable, consideration will be given to using major repairs funds in cases requiring extensive renewal.

X. Emergency Repairs

In some circumstances substantial repairs will be necessary because of extensive vandalism or damage or neglect by tenants. Where the costs of such works are not recoverable through insurance or charges to the tenant they can be considered for major repairs funding. In such cases the GLA will need to be satisfied that the Investment Partner has taken all reasonable steps to secure the property and/or to recover any costs. Emergency major repairs are works carried out as a matter of the utmost urgency, such as on receipt of a Dangerous Structure Notice from a local authority or health authority. As with other major repairs, Investment Partners are expected to explore all aspects of liability. Emergency work must be strictly limited to what is immediately necessary, and where possible, permanent reinstatement must be carried out as a separate project.

Where possible, we will actively assist with emergencies by giving in principle, oral approval, prior to full approval of the project.

Additional Major Repair Provision

3.5.32. Previously referred to as minor miscellaneous works, the following types of work are also classified as major repairs where such work to Investment Partners' homes is required usually to meet statutory requirements and address health hazards:

- I. Asbestos removal;
- II. Fire Precautions;
- III. Dealing with lead in drinking water; and
- IV. Dealing with radon.

Asbestos Works

3.5.33. Funding can be paid to cover the cost of the treatment of hazards arising from asbestos in building materials.

3.5.34. The list below contains information on asbestos used in the manufacture of domestic consumer products such as kitchen appliances and heating equipment and makes a number of key points which must be satisfied:

- I. Dangers from asbestos in buildings are likely to arise only when asbestos is damaged, either accidentally or during maintenance or repair.
- II. In general, undisturbed materials in good condition present little risk but once the presence of asbestos material has been determined it is important to distinguish the type of asbestos and the potential for fibre release.
- III. Asbestos materials which are sound, undamaged and not releasing dust must be undisturbed. A system of management must be introduced involving regular inspection and labelling.
- IV. Frequently the most appropriate action will be to leave the material in place and to seal or encapsulate it.
- V. When it is not possible to seal an asbestos material effectively and it is likely to release dust, the Investment Partner must seriously consider removing it completely.
- VI. It will generally be more cost effective to undertake work on asbestos as part of a programme of general refurbishment or maintenance than to undertake such work separately. Any programme of work on asbestos must therefore take account of other planned work and factors such as the availability of suitable contractors and temporary re-accommodation of tenants whilst work is being carried out. It is important that there must be adequate liaison with tenants.
- VII. Asbestos removal must be performed only by licensed contractors. Demolition involving any form of asbestos is subject to relevant health and safety legislation. Asbestos waste is classified as a controlled waste to be disposed of only at licensed sites.

Fire Precautions

- 3.5.35. These are works recommended by the relevant Fire Authority to upgrade existing fire precautionary measures, or install new services as defined by the Fire Authority. Investment Partners should follow the professional advice of the Fire Authority, although they are not strictly obliged in statute to do so.

Lead in Drinking Water

- 3.5.36. Funding can be provided to cover the costs of replacing existing, or installing new pipe work due to the presence of lead in drinking water. In certain circumstances, the only solution to this problem will be to carry out replacement works of varying degrees. In many cases, attendant health risks associated with lead will be of paramount importance. Eligible works include the replacement, installation or re-routing of pipe work.
- 3.5.37. For further information please refer to the [Drinking Water Inspectorate's \(DWI's\) A-Z search facility](#). The DWI also provides various helpful leaflets.

Radon

- 3.5.38. Radon is a natural radioactive gas that results from the decay of small amounts of uranium present in soils and rocks. Where the gas seeps out of the ground in to the open air there is little or no danger, but where it escapes from underlying soil in to dwellings a build up of radon could become a health hazard. Radon has no taste, smell or colour. Special equipment is needed for detection.
- 3.5.39. For detailed information prior to any action Registered Providers are advised to seek guidance from [Public Health England](#). Public Health England provides advice on matters of radiation protection and has carried out various surveys in order to monitor levels of Radon. Further advice can also be found on the [BRE website](#).
- 3.5.40. The cost of remedial works to existing dwellings contaminated by Radon may be eligible for funding subject to the Investment Partner obtaining a survey report from the Health Protection Agency indicating that the remedial works are necessary. Only survey reports from the Health Protection Area will be considered for eligibility purposes. Where the Health Protection Area considers that a radon survey of an existing dwelling is unwarranted, funding will not be available.

Ineligible Works

- 3.5.41. The following are not eligible for Major Repairs funding:
- I. Re-improvements;
 - II. Day-to-day maintenance;
 - III. Cyclical maintenance;
 - IV. Aids and adaptations; and

- V. Works required because of the Investment Partner's neglect and inefficiency