

GREATER LONDON AUTHORITY

REQUEST FOR MAYORAL DECISION – MD2706

Title: Intermediate Housing Consultation: Part 1 Consultation Response Report

Executive Summary:

In August 2020, a consultation to gain views on how the Mayor might help to build on the current role of intermediate housing in London was launched.

Approval is sought to introduce a number of policy interventions resulting from this consultation, the majority of which will be implemented through the Homes for Londoners: Affordable Homes Programme 2021-26. These interventions relate to fees and charges for shared owners, supporting the delivery of London Living Rent and eligibility for the tenure, the income eligibility threshold for intermediate housing, moving between shared ownership homes and conversion of shared key worker accommodation into intermediate homes.

Decision:

That the Mayor approves:

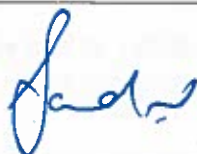
The introduction of policy interventions (outlined at 1.9), primarily through the Homes for Londoners: Affordable Homes Programme 2021-26, to ensure that intermediate housing in London is well-placed to support recovery from the impacts of COVID-19 and meet the housing needs of those Londoners who are unlikely to access homes at social rent levels.

Mayor of London

I confirm that I do not have any disclosable pecuniary interests in the proposed decision, and take the decision in compliance with the Code of Conduct for elected Members of the Authority.

The above request has my approval.

Signature:



Date:

19/11/20

PART I – NON-CONFIDENTIAL FACTS AND ADVICE TO THE MAYOR

Decision required – supporting report

1. Introduction and background

- 1.1 In August 2020, a consultation was launched to gain views on how the Mayor might help to build on the current role of intermediate housing in London, ensuring that this type of housing is well-placed to support recovery from the impacts of COVID-19 and meet the housing needs of those Londoners who are unlikely to access homes at social rent levels (“the Consultation”)¹. The Consultation was divided into the following sections:
- affordability and delivery
 - eligibility, prioritisation and allocation
 - supporting London’s key workers
 - improving data on intermediate housing
- 1.2 The Consultation document outlined that any changes to intermediate housing policy in London could be implemented through the Mayor’s planning powers or the next Affordable Homes Programme. The consultation closed on 11 October 2020.
- 1.3 As a result of the timescales within which the Government has requested that the GLA publishes its Funding Guidance for the Homes for Londoners: Affordable Homes Programme 2021-26 (“the new AHP”) (i.e. by the end of November 2020), it has not been possible to analyse and present recommendations in relation to all the questions asked in the Consultation before the launch of the new AHP. Instead, the GLA has focussed first on addressing those questions (“relevant questions”) which are considered to relate to the new AHP and these policy responses are contained in the Part 1 Consultation Response Report, which is attached to this decision form. However, the work to analyse and develop recommendations in response to the feedback received on the other questions in the consultation is ongoing. This will be the subject of a further Mayoral Decision, in the form of a Consolidated Consultation Response Report, which will follow in due course.
- 1.4 This decision approves, in light of the consultation exercise, the introduction of a number of policy interventions, primarily through the Homes for Londoners: Affordable Homes Programme 2021-26. Mayoral Decision 2707, which seeks approval for receipt of £4bn from the Government towards for the Homes for Londoners: Affordable Homes Programme 2021-26, is to be read alongside this Mayoral Decision.

Part 1 Consultation Response Report

- 1.5 The Part 1 Consultation Response Report (CRR) (Appendix 1) provides an analysis of the responses to the relevant questions in the consultation on intermediate housing and the GLA recommendations in response to these issues.
- 1.6 The Consultation, which ran from 4 August to 11 October 2020, attracted 69 responses, of which 65 came from organisations and 4 from individual members of the public. In addition, Talk London hosted a survey and discussion threads which focused on some of the questions in the consultation. There were 1,315 responses to the survey and 154 responses to the online discussions.
- 1.7 The Consultation document set out a range of issues and possible policy interventions which relate to intermediate housing and how it could be best implemented in London. The views of respondents

¹ https://www.london.gov.uk/sites/default/files/20200804_intermediate_housing_consultation_2020.pdf

were sought through a combination of both closed and open questions.

- 1.8 The Part 1 CRR sets out the degree of agreement, partial/qualified agreement and disagreement to the relevant closed questions and reflects recurring themes that emerged from responses to each relevant question (closed and open). In relation to each of these questions, the Part 1 CRR outlines the recommended GLA response, including any potential policy recommendations, and explains the rationale for each. The majority of these recommendations will be reflected in the final design of the Homes for Londoners: Affordable Homes Programme 2021-26, whereas others are highlighted as needing further work and consideration, or implementation through different routes.

Proposed policy interventions

- 1.9 A summary of the proposed policy interventions recommended in the Part 1 CRR is outlined below.

i. Affordability and delivery

These proposed policy responses are designed to support the delivery and improve the affordability of intermediate housing in London:

Costs, fees and charges for shared owners

- The GLA will expect all investment partners in the new AHP to sign up to the principles of the existing Shared Ownership Service Charges Charter² and to commit to working with the GLA to develop a new and improved Charter, reflecting the new shared ownership model introduced by the Government.
- The GLA will work with investment partners to undertake research on service charges in London, including understanding the best categories to include in any data collection on service charges and how best to analyse, present and make use of this data. The new Charter could include commitments for partners to publish service charges data.
- The GLA will require all investment partners in the new AHP to:
 - publish details of additional fees and charges (other than service charges) for shared ownership homes on their websites. The new AHP Funding Guidance will outline the expectation that these charges should be reasonable and kept to a minimum.
 - provide a key features document to potential purchasers at the start of the marketing and sales period for all new shared ownership homes. In addition to the information already required through a key information document, as outlined in the shared ownership model lease, this key features document should also include detailed information on the tenure of a property and the length of any lease, as well as the full range of potential costs, including any expected service charges, permission fees and any other charges (including those relating to resales and lease extensions).

Supporting the delivery of London Living Rent homes

- The new AHP will operate on a competitive bidding rather than a fixed grant rate basis and so will be able to better reflect the costs of delivering of different affordable housing tenures, including London Living Rent (LLR).
- The London Living Rent benchmarks for 2021/22 will be capped at £1,400 a month.
- The GLA will expect investment partners to support LLR tenants into home ownership within ten years. Bids will be assessed accordingly and the GLA will seek to maximise the number of LLR homes that can be delivered through the programme, but partners are invited to discuss any flexibility they may require in this regard when bidding for funding through the new AHP.

² <https://www.london.gov.uk/what-we-do/housing-and-land/shared-ownership-charter-service-charges>

ii. Eligibility, prioritisation and allocation

These proposed policy responses are designed to ensure that intermediate homes in London are targeted towards those who would most benefit from them:

Income eligibility thresholds

- The GLA will continue to freeze income eligibility criteria for intermediate homes (£90,000 for shared ownership/other affordable home ownership and £60,000 for London Living Rent/other intermediate rent).

London Living Rent eligibility

- The GLA will extend eligibility for LLR homes funded through the new AHP to all those who live or work in London and who either have a formal tenancy (e.g. in the private rented sector) or who are living in an informal arrangement with family or friends as a result of struggling with housing costs.

Supporting shared owners to move between homes

- Do-it-yourself (DIY) shared ownership schemes will be eligible for funding through the new AHP (providing they meet the wider requirements of the programme).

iii. Supporting London's key workers

This proposed policy response is designed to outline how the Mayor might support improvements in quality of existing key worker accommodation in London:

Conversion of shared key worker accommodation into intermediate homes

- The GLA is open to discussing with partners options for funding the conversion of shared key worker accommodation to intermediate homes through the new AHP where it will result in net additional affordable homes and there is evidence of demand.

iv. Other policy interventions (not to be implemented through the new AHP)

- The GLA will not introduce a formal cap on the open market value of shared ownership homes funded through the new AHP, but will work over the coming months to identify any options for further strengthening existing planning guidance in this area.
- The GLA will consider any further improvements to the shared ownership resales process that are put forward by the Government in its upcoming consultation on the new shared ownership model, including how the process could be better explained to current and potential shared owners.
- The change in LLR eligibility referenced under section (ii) above will also apply to the Homes for Londoners: Affordable Homes Programme 2016-23 and this will be reflected in an update to the Capital Funding Guide.

2. Objectives and expected outcomes

- 2.1 Introduction of these policy interventions will ensure that intermediate housing in London is well-placed to support recovery from the impacts of COVID-19 and meet the housing needs of those Londoners who are unlikely to access homes at social rent levels.
- 2.2 In accordance with the conditions of the £4bn funding settlement agreed with the Government for the Mayor's Homes for Londoners: Affordable Homes Programme 2021-26, there is a requirement

that 47 per cent of the 35,000 homes delivered under the programme support households into home ownership. The policy interventions recommended through the Part 1 CRR and approved through this decision represent the Mayor seeking to make best use of his limited powers in relation to shaping intermediate housing in London.

3. Equality comments

- 3.1 The proposed policy interventions outlined in the Part 1 CRR have been subject to an Equality Impact Assessment (EqIA) (Appendix 2).
- 3.2 The Mayor's approach to intermediate housing forms one part of his overall approach to housing in the capital and this assessment should be read in conjunction with the equalities section of the 2018 London Housing Strategy Impact Assessment (LHSIA)³.
- 3.3 That assessment notes that the balance of affordable housing tenures represents a balance between meeting different forms of need and maximising the overall delivery of affordable homes, within the context of national policy and available funding. It also identifies the mitigations that have been put in place through the Mayor's wider housing policies against any potential negative impacts of the balance of affordable housing tenures on those who share particular protected characteristics, and relations between those who share characteristics and those who do not. The housing challenges in London that the London Housing Strategy seeks to address and the impacts of that strategy which the LHSIA assesses remain salient and relevant. The proposals put forward through the Part 1 CRR aim to further mitigate against any potential negative impacts of the balance of affordable housing tenures, within the context of national policy and available funding.
- 3.4 The EqIA undertaken in relation to these proposed policy interventions highlights that they are designed to support the delivery and improve the affordability of intermediate housing, and to therefore benefit Londoners who are most in need of affordable housing, in particular intermediate homes. These interventions should benefit households who may struggle with housing costs due to disadvantage associated with their protected characteristics, who are also identified as being in intermediate housing need. A summary of the assessment of the equality impacts of these interventions is set out below:
- Improving the affordability and accessibility of intermediate housing could help to ensure continued demand for these homes, and thereby help to maintain or increase intermediate housing supply. This could benefit some groups who are in intermediate housing need whose shared protected characteristics may mean that they are more likely to struggle with housing costs in the private rented sector. Data suggests that this could include households in the target market for intermediate homes⁴, but who are currently less likely to be shared ownership purchasers. This includes households headed by someone of Black Asian and Minority Ethnic (BAME) or mixed ethnicity background, as well as households including someone with a disability.
 - Improving the affordability of intermediate housing, as well as ensuring eligibility is targeted at the groups most in need of intermediate homes, should help to widen access to intermediate housing for those groups with particular protected characteristics who are more likely to struggle with housing costs, but who fall within the target market. This could benefit some groups who are in intermediate housing need whose protected characteristics may mean that they are more likely to struggle with housing costs in the private rented sector. This includes those groups who

³ https://www.london.gov.uk/sites/default/files/2018_lhs_impact_assessment_fa.pdf

⁴ Households living in the private rented sector in London earning between £30,000 and £90,000 are deemed to be in the target market for intermediate housing. This is because those earning between £30,000 and £90,000 are identified in *Housing Research Note 5: Intermediate Housing: the evidence base* as being most likely to be in some form of intermediate housing need or aspiration

appear to already be benefitting from intermediate homes, such as younger people and women, as well as those who could potentially benefit in future such as households including someone with a disability, and/or households including someone of a BAME or mixed ethnicity background who have a household income of between £30,000 and £90,000.

- For households which share some particular characteristics and would be unlikely to afford intermediate housing, and would be more suited to homes at social rent levels, maintaining and potentially increasing intermediate housing supply could indirectly benefit them as it also helps to ensure continued delivery of homes at social rent levels via cross-subsidy. This includes households headed by someone with a BAME or mixed ethnicity background, as well as households including someone with a disability.

3.5 In designing and implementing these policy changes, diligent consideration has been given to the need to need to eliminate discrimination, harassment, victimisation and any other conduct prohibited by the Equality Act 2010, and to advance equality of opportunity between persons who share a relevant protected characteristic (race, disability, gender, age, sexual orientation, religion or belief, pregnancy and maternity and gender reassignment) and persons who do not share it and foster good relations between persons who share a relevant protected characteristic and persons who do not share it (section 149 of the Equality Act 2010) as set out in the EqIA.

4. Other considerations

a) Key risks and issues

4.1. *Risk: The policy priorities in relation to intermediate housing set out by the GLA are overly onerous and partners are unable to satisfy requirements.*

Mitigation: In developing these policy interventions, the GLA has carefully considered the results of the intermediate housing consultation and the impact of the totality of the requirements of the new AHP against the market conditions facing delivery partners. The shift to competitive bidding to better reflect the level of grant needed for schemes in the programme will enable development and also justify a more interventionist approach from the GLA.

4.2. *Risk: The policy changes do not enable the GLA to better meet the housing needs of those Londoners who are unlikely to access homes at social rent levels.*

Mitigation: In developing these policy interventions the GLA has carefully considered the results of the intermediate housing consultation and worked to identify the most effective and practical approaches to ensure that intermediate housing meets the needs of Londoners. This is in the context of the Mayor having limited powers in this area, with significant requirements and constraints placed on the capital funding available for the new AHP.

4.3. *Risk: The policy changes do not enable intermediate housing in London to be well-placed to support recovery from the impacts of COVID-19.*

Mitigation: In developing these policy interventions the GLA has carefully considered the results of the intermediate housing consultation, including responses relating to the impact of the current economic and public health context on housing delivery, in particular affordable housing.

b) Links to Mayoral strategies and priorities

4.4. The Mayor's London Housing Strategy sets out policies to increase London's housing supply, in particular genuinely affordable homes. Policies 4.1 B and C focus on the Mayor's work to ensure that intermediate homes are genuinely affordable to Londoners, in particular through the delivery of

London Living Rent and supporting shared ownership homes which have a focus on ensuring the affordability of service charges.

- 4.5. This Mayoral Decision should be read in conjunction with MD 2707 which seeks approval for the receipt of a £4bn funding settlement from Government to be allocated through the Homes for Londoners: Affordable Homes Programme 2021-26. In return, the Mayor must commit to supporting the delivery of at least 35,000 affordable housing starts in London between April 2021 and March 2026. Government requires that 47 per cent of these homes should be for affordable home ownership.
- 4.6. *Inclusive London*, the Mayor's Equality Diversity and Inclusion Strategy sets out an aspiration to ensure all Londoners have a good quality home at a price they can afford, and recognises that increasing the supply of genuinely affordable homes will help those particularly affected by London's housing crisis. Distributing AHP funding, with affordable housing tenures designed to be genuinely affordable to Londoners, is a major tool that the Mayor has to directly increase the number of affordable homes in London.

c) Impact assessments, consultations and conflict of interest

- 4.7. This decision approves the result of a consultation process.
- 4.8. The proposed policy interventions outlined in the Part 1 Consultation Response Report have been subject to an Equality Impact Assessment (EqIA) (Appendix 2).
- 4.9. There are no conflicts of interest to note from any of the officers involved in the drafting or clearance of this decision form.

5. Financial comments

- 5.1 This decision requests approval for the introduction of a number of policy interventions resulting from a consultation through the Homes for Londoners: Affordable Homes Programme 2021-26. There are no direct financial implications arising from the introduction of these interventions.

6. Legal comments

- 6.1 Section 30 of the Greater London Authority Act 1999 (as amended) ("GLA Act") gives the Mayor a general power to do anything which he considers will further one or more of the principal purposes of the GLA. The principal purposes, as set out in section 30(2), are: (a) promoting economic development and wealth creation in Greater London; (b) promoting social development in Greater London; and (c) promoting the improvement of the environment in Greater London.
- 6.2 Given the above, the GLA's housing and regeneration functions contained in Part 7A of the GLA Act and section 34 of that Act, which allows the Mayor to do anything which is calculated to facilitate, or is conducive or incidental to, the exercise of any of his functions (including his functions under section 30), and section 333A(3)(b), (4) and (10), the GLA is empowered to provide financial assistance for the purpose of the recipient providing affordable housing, including intermediate housing, and impose requirements in respect of the same as are set out in this report.
- 6.3 In determining whether or how to exercise the power conferred by section 30(1) of the GLA Act, the Mayor must:

- (i) have regard to the effect that these decisions will have on the health of persons in Greater London, health inequalities between persons living in Greater London, the achievement of sustainable development in the United Kingdom and climate change and its consequences (sections 30(3-5) of the GLA Act; and
- (ii) pay due regard to the principle that there should be equality of opportunity for all people (section 33 of the GLA Act).

- 6.4 In taking the decisions requested, the Mayor must also have due regard to the Public Sector Equality Duty; namely the need to eliminate discrimination, harassment, victimisation and any other conduct prohibited by the Equality Act 2010, and to advance equality of opportunity and foster good relations between persons who share a relevant protected characteristic (race, disability, gender, age, sexual orientation, religion or belief, pregnancy and maternity and gender reassignment) and persons who do not (section 149 of the Equality Act 2010). These matters will also need to be taken into account when preparing the funding guidance for the Homes for Londoners: Affordable Homes Programme 2021-26 and when assessing specific bids for funding proposals and entering into funding agreements.
- 6.5 In respect of paragraphs 6.3 and 6.4, the Mayor should have regard to section 3 above.
- 6.6 In addition to the above, where the Mayor is proposing to use the power conferred in section 30(1) of the GLA Act, the Mayor must consider consulting in accordance with section 32 of the GLA Act (see paragraph 4.7 above). The Mayor will need to consult in accordance with section 32 of the GLA Act, as appropriate, prior to entering into any funding agreements.
- 6.7 Further legal comments in respect of the Homes for Londoners: Affordable Homes Programme 2021-26 are set out in MD2707.

7. Planned delivery approach and next steps

- 7.1. The policy interventions approved by this decision relate to the consultation questions relevant to Homes for Londoners: Affordable Homes Programme 2021-26 and the majority will be implemented through the new AHP which starts in April 2021. The Funding Guidance for this programme will reflect these policy interventions and is expected to be published in late November 2020, subject to Mayoral approval.
- 7.2. The work to analyse and develop recommendations in response to the feedback received on the other questions in the consultation is ongoing. This will be the subject of a further Mayoral Decision, in the form of a Consolidated Consultation Response Report, which will follow in due course.

Appendices and supporting papers:

Appendix 1 – Part 1 Consultation Response Report

Appendix 2 – Equality Impact Assessment

Public access to information

Information in this form (Part 1) is subject to the Freedom of Information Act 2000 (FOI Act) and will be made available on the GLA website within one working day of approval.

If immediate publication risks compromising the implementation of the decision (for example, to complete a procurement process), it can be deferred until a specific date. Deferral periods should be kept to the shortest length strictly necessary. **Note:** This form (Part 1) will either be published within one working day after approval or on the defer date.

Part 1 Deferral:**Is the publication of Part 1 of this approval to be deferred? Yes**

If YES, for what reason: It should not be published until the Funding Guidance for Homes for Londoners: Affordable Homes Programme 2021-26 is published (expected to be 23 November).

Until what date: 23 November 2020 (TBC)

Part 2 Confidentiality: Only the facts or advice considered to be exempt from disclosure under the FOI Act should be in the separate Part 2 form, together with the legal rationale for non-publication.

Is there a part 2 form – No

ORIGINATING OFFICER DECLARATION:

Drafting officer to confirm the following (✓)

Drafting officer:

Ellen Storrar has drafted this report in accordance with GLA procedures and confirms the following: ✓

Sponsoring Director:

Rickardo Hyatt has reviewed the request and is satisfied it is correct and consistent with the Mayor's plans and priorities. ✓

Mayoral Adviser:

Tom Copley has been consulted about the proposal and agrees the recommendations. ✓

Advice:

The Finance and Legal teams have commented on this proposal. ✓

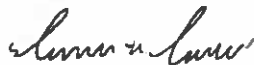
Corporate Investment Board

This decision was agreed by the Corporate Investment Board on 9 November 2020.

EXECUTIVE DIRECTOR, RESOURCES:

I confirm that financial and legal implications have been appropriately considered in the preparation of this report.

Signature



Date

12 November 2020

Enver Enver on David Gallie's behalf

CHIEF OF STAFF:

I am satisfied that this is an appropriate request to be submitted to the Mayor

Signature



Date

11 November 2020

