

Intermediate Housing

BRIEFING

The ongoing policy push for home-ownership at the expense of delivering the social rented homes London needs

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What is intermediate housing? Intermediate housing is deemed to be 'affordable housing', although this term is increasingly meaningless if we are really talking about affordability for households from the bottom half (by income) of Londoners.

There are ongoing debates about whether those accessing intermediate homes, particularly shared ownership are, like other leaseholders, actually long-term tenants. It is, though, a product that enables people to sell on.

It is developed with Government subsidy, in London via the London Mayor's office.

The London Mayor and boroughs monitor delivery of intermediate housing separate from home ownership. In the Government's published data, the tenure is simply counted as 'home-ownership'.

Intermediate housing covers a wide range of part-rent and part-buy products, some starting off as intermediate rented products (such as the London Mayor's 'London Living Rent') but with the expectation that the household will move on to owning their home.

At present the norm is that an initial percentage of 25% or more of the property can be bought, with the possibility of 'staircasing' to 100%.

The current Government is looking at allowing much smaller percentages to be bought, presumably just to increase the numbers of 'home-owners', regardless of how small the proportion of the property they might actually be 'owning'.

London Tenants Federation members have always seen the product as a 'con' since it is not affordable to low income households and facilitates 'queue jumping' for households who in the past had to join boroughs' housing waiting lists alongside lower income households. Shifting government resources to deliver intermediate housing means fewer resources remain for those needing social rented homes.

We note that households waiting to access a social rented home are specifically excluded from accessing London Living Rent homes, which are supposed to be the most 'affordable' intermediate housing type in London.

Assessed need and targets for intermediate housing in the London Plan: The targets set for intermediate housing in London have often been set at higher levels than the actual need identified by the London Mayor's office. The opposite, however, has consistently been the case for social rented homes.

To calculate the need for 'intermediate housing', planning authorities are supposed to assess the number of households that are unable to afford market homes to rent or buy, but who can afford more than social rented homes.

The Mayor’s 2017 Strategic Housing Market Assessment (SHMA), assessed need in that way, but also added for the first time (outside the guidance on this): *‘or they can afford market rents but are not satisfied with their current tenure and they expect to eventually buy their own home’*.

We don’t know by how much this change has inflated reported need for intermediate housing.

We suggest that this change may have something to do with 2016 election promises made to the ‘squeezed middle class’.

Table 1. sets out the assessment of need for intermediate housing in London since 2004 and the targets set in the London Plan. The latest (2017) available assessment of need for intermediate housing is 18% of the total need, while that for social rented homes is 47% of the total need.

Table 1.

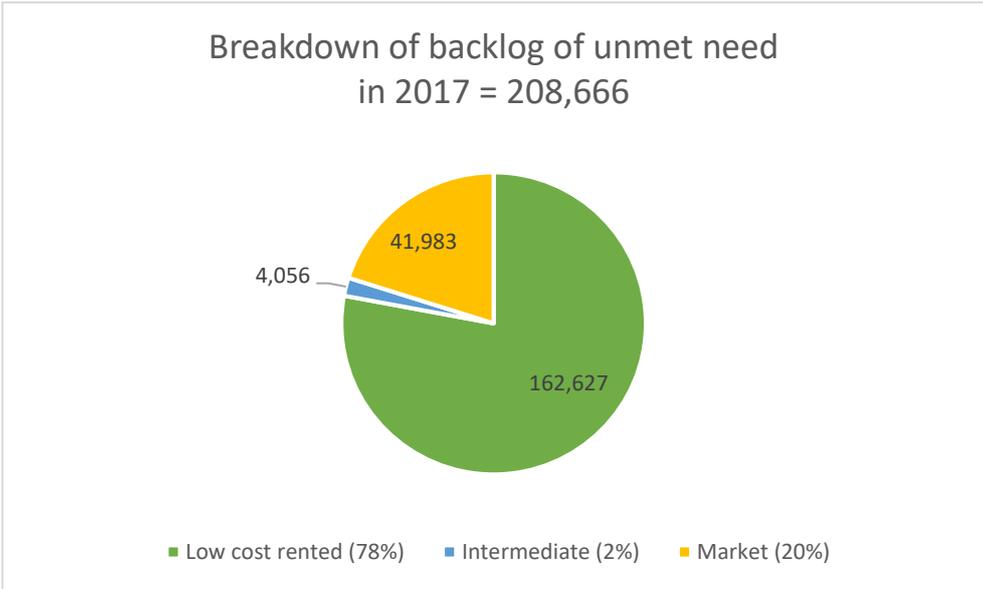
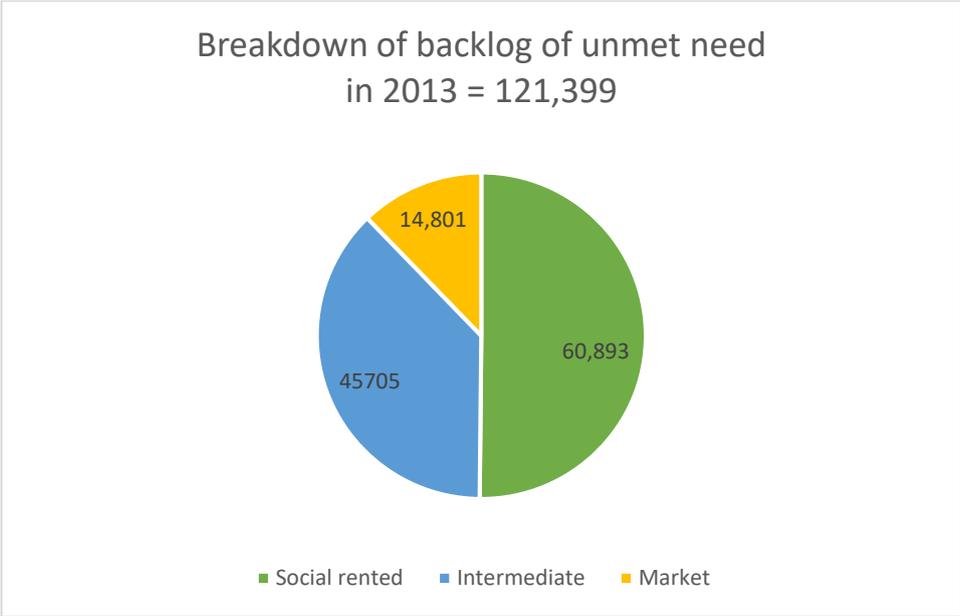
	Intermediate housing need	Targets set in London Plan
2004	London Housing Needs Survey – 7%	London Plan – 15%
2007	2007 SHMA – 11%	
2008		2008 London Plan – 15%
2011		2011 London Plan – 40% of a numerical target of 13,220 affordable homes - the equivalent of 16% of the total target.
2013	2013 London SHMA – 14%	
2014		2014 Further Alterations LP = 40% of a numerical target of 17,000, the equivalent of 16% of the total target.
2017	2017 SHMA – 18%	
2018		DRAFT NEW London Plan proposes 15% social rented, 15% intermediate and 20% determined by the boroughs.

Backlog of housing need by tenure: The London Plan housing targets are based on the number of newly forming households and a proportion each year of the ‘backlog’ or existing, unmet need – that is mostly households living with overcrowding or homeless households living in temporary accommodation.

The backlog of need for intermediate housing was identified as 45,705 in the 2013 SHMA. In the 2017 SHMA this had reduced to just 4,056.

At the same time the backlog of need for social rented homes had increased from 60,893 in 2013 to 162,627 in 2017.

Successive Mayors have increased the period of time that the backlog will apparently be addressed from 10 years while Ken Livingstone was Mayor to 20 years while Boris Johnson was Mayor and is now proposed to be 25 years in Sadiq Khan's Draft New London Plan.



Delivery of intermediate, social and affordable rent homes 2005-17. Table 2 shows that only 13% of the homes delivered in London from 2005 to 2017 were social rented, 12% were intermediate and 2% were for affordable rent.¹

Table 2

	Total homes delivered	Social rent homes delivered	Social rent homes as a % of total delivery	Social & affordable rent homes delivered	Social & affordable rent homes as a % of homes delivered	Intermediate homes delivered	Intermediate homes as % of homes delivered
Barking and Dagenham	6145	953	16	1431	23	996	16
Barnet	14435	2026	14	2403	17	823	6
Bexley	4196	484	12	764	18	644	15
Brent	14850	2607	18	2834	19	1532	10
Bromley	8617	1233	14	1275	15	535	6
Camden	11291	1189	11	1241	11	942	8
City of London	1403	26	2	26	2	0	0
Croydon	17858	2891	16	3702	21	1558	9
Ealing	12549	1704	14	1779	14	1530	12
Enfield	6430	1157	18	1333	21	864	13
Greenwich	14094	2530	18	2695	19	2027	14
Hackney	18286	2087	11	2404	13	2821	15
Hammersmith & Fulham	8863	722	8	771	9	1568	18
Haringey	8865	1350	15	1549	17	1504	17
Harrow	6743	455	7	544	8	1065	16
Havering	6802	1238	18	1806	27	841	12
Hillingdon	10416	1278	12	1356	13	560	5
Hounslow	11063	1640	15	1783	16	2237	20
Islington	20346	2580	13	2580	13	2007	10
Kensington & Chelsea	2740	474	17	485	18	166	6
Kingston upon Thames	4466	398	9	487	11	144	3
Lambeth	16322	2203	13	2466	15	1936	12
Lewisham	14378	1728	12	1890	13	1395	10
Merton	5908	818	14	870	15	667	11
Newham	16994	2360	14	2699	16	2912	17
Redbridge	6393	506	8	616	10	569	9
Richmond upon Thames	4789	704	15	710	15	282	6
Southwark	20810	2544	12	2793	13	2751	13
Sutton	5809	650	11	712	12	520	9
Tower Hamlets	26392	5334	20	6124	23	3267	12
Waltham Forest	7791	819	11	1674	21	1378	18
Wandsworth	17809	798	4	984	6	2473	14
Westminster	12102	1596	13	1613	13	635	5
LONDON	367483	49084	13	56401	15	43149	12

While the London Plan targets for intermediate homes have not been 100% met, delivery was more than 80% of the target for intermediate homes, while delivery of social rented homes was just 55% of the target for new social housing.

We have highlighted in table 2 the boroughs where more intermediate housing than social and affordable rent homes were built between 2005 and 2017: Hackney, Hammersmith & Fulham, Haringey, Harrow, Newham and Wandsworth.

In an additional four boroughs (Barking & Dagenham, Redbridge, Southwark and Waltham Forest) more intermediate than social rented homes were delivered.

¹ Our data sources are the London Plan Annual Monitoring Reports (2 to 14) <https://www.london.gov.uk/what-we-do/planning/implementing-london-plan/monitoring-london-plan>

Who can access intermediate housing? Currently households with incomes of up to £90,000 (i.e. those in the top 10-15% of incomes) can access intermediate shared ownership housing. Households with incomes of up to £60,000 can access intermediate rented homes such as London Living Rent homes.

We carried out some research into the affordability of Sadiq Khan's London Living Rent, which he deemed to be 'genuinely affordable' to middle income households. We compared the Mayor's 2018/19 benchmark London Living Rents for each London ward at different bedroom sizes to a third of the equivalised median income levels².

Equivalisation³ is a standard methodology that adjusts household income to account for the different financial resource requirements of different household sizes. It is used by bodies such as the Office of National Statistics. The equivalised median income in London is just £536 a week or £2,322.66 pcm. A third of this monthly income is £774.14

Our analysis showed that in only 23% of London's 632 wards were one-bedroom London Living Rent homes affordable. In 10% of wards two-bedroom homes were affordable, three-bedroom homes were affordable in only 2% of wards and just four wards (0.6%) were affordable for four-bedroom homes.

We found London Living rent unaffordable in all wards in ten London boroughs. There is more detail on this in [our briefing](#).

LSE's Bert Provan's ['Help to Buy' mainly helps the Privileged](#) is also worth a read.

² House of Commons Library Briefing Paper-Household incomes by region –April 2018 (based on DWP data). <https://researchbriefings.parliament.uk/ResearchBriefing/Summary/CBP-8191>

³<https://www.ons.gov.uk/peoplepopulationandcommunity/personalandhouseholdfinances/incomeandwealth/compendium/familyspending/2015/chapter3equivalisedincome>