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Title: Consultation Response to Intermediate Housing Consultation

### **Executive Summary**

On 5 August 2020, the Housing Committee noted the following standing delegation, which was agreed by the London Assembly at its Annual Meeting on 1 May 2013:

*That authority be delegated to Chairs of all ordinary committees and sub-committees to respond on the relevant committee or sub-committee's behalf, following consultation with the lead Members of the party Groups on the committee or sub-committee, where it is consulted on issues by organisations and there is insufficient time to consider the consultation at a committee meeting.*

Following consultation with party Group Lead Members, the Chair of the Housing Committee sent a response to the Mayor's Intermediate Housing Consultation.

### **Decision**

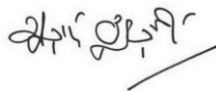
That the Chair, in consultation with party Group Lead Members, agrees the response to the Mayor's Intermediate Housing Consultation, as attached at **Appendix 1**.

### **Assembly Member**

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**

14/10/20

**Printed Name**

Murad Qureshi AM, Chair of the Housing Committee

## Decision by an Assembly Member under Delegated Authority

Notes:

1. The Lead Officer should prepare this form for signature by relevant Members of the Assembly to record any instance where the Member proposes to take action under a specific delegated authority. The purpose of the form is to record the advice received from officers, and the decision made.
2. **The 'background' section (below) should be used to include an indication as to whether the information contained in / referred to in this Form should be considered as exempt under the Freedom of Information Act 2000 (FoIA), or the Environmental Information Regulations 2004 (EIR). If so, the specimen Annexe (attached below) should be used. If this form does deal with exempt information, you must submit both parts of this form for approval together.**

### Background and proposed next steps:

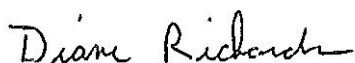
On 5 August 2020, the Housing Committee noted the following standing delegation, which was agreed by the London Assembly at its Annual Meeting on 1 May 2013:

*That authority be delegated to Chairs of all ordinary committees and sub-committees to respond on the relevant committee or sub-committee's behalf, following consultation with the lead Members of the party Groups on the committee or sub-committee, where it is consulted on issues by organisations and there is insufficient time to consider the consultation at a committee meeting.*

Following consultation with party Group Lead Members, the Chair of the Housing Committee sent a response to the Mayor's Intermediate Housing consultation.

### Confirmation that appropriate delegated authority exists for this decision

Signed by Committee Services



Date 9/10/20

Print Name: Diane Richards

Tel: 07925 353 478

### Financial implications

#### NOT REQUIRED

Signed by Finance

N/A

Date .....

Print Name

N/A

Tel: .....

### Legal implications

The Chair of the Economy Committee has the power to make the decision set out in this report.

Signed by Legal



Date 09/10/20

Print Name

Emma Strain, Monitoring Officer

Tel: X 4399

Additional information should be provided supported by background papers. These could include for example the business case, a project report or the results of procurement evaluation.

**Supporting detail/List of Consultees:**

Andrew Boff AM (Deputy Chair of the Housing Committee), Siân Berry AM and David Kurten AM.

**Public Access to Information**

Information in this form (Part 1) is subject to the FoIA, or the EIR 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 it has been approved or on the defer date.

**Part 1 – Deferral**

**Is the publication of Part 1 of this approval to be deferred? No**

Until what date: (a date is required if deferring)

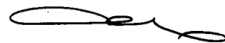
**Part 2 – Sensitive information**

Only the facts or advice that would be exempt from disclosure under FoIA or EIR should be included in the separate Part 2 form, together with the legal rationale for non-publication.

**Is there a part 2 form - No**

**Lead Officer/Author**

Signed



Date:  
09.10.20

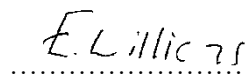
Print Name

**Sarah-Jane Gay**

Tel: x1328

Job Title

Countersigned by  
Director



Date:  
09.10.2020

Print Name

**Ed Williams**

Tel: x4399

09 October 2020

**Response to the Mayor of London's Consultation on Intermediate Housing****Introduction**

Intermediate housing is a key issue for the London Assembly Housing Committee (the Committee). Over the past few years the Committee has thoroughly investigated the affordability, delivery, and resident experience of affordable housing products, which will form the basis of this response. The Committee's past inquiries have raised concerns around the shared ownership model in particular, including issues around staircasing, leasehold extensions and service charges, as well as the affordability of intermediate rented homes. While there is room for improvement, the Committee believes that Intermediate Housing has a role to play in the delivery of a diverse housing stock that is needed to meet the diverse housing needs of Londoners.

Affordable housing, including intermediate tenures, could be key to the capital's recovery from COVID-19, both in terms of meeting housing need and strengthening the economy through counter-cyclical affordable housebuilding. The Committee therefore welcomes the opportunity to respond to the Mayor's consultation, in order to ensure that intermediate housing is improved and delivers for Londoners now and in the future.

**Chapter 3: Affordability and delivery****Q2a. Should the GLA require housing providers to report on service charge levels at regular intervals?**

In 2019, the London Assembly Housing Committee held an investigation into affordable home ownership in London. The aim of the investigation was to take stock of the affordable housing market in London and to assess whether these types of homes were working for Londoners. As part of our inquiry, the Committee ran a survey and held an open forum to hear about the experiences of Londoners living in these homes. Through our investigation, we found that service charges and maintenance fees were a primary cause of concern for shared owners, who expressed dissatisfaction with the costs and quality of the service they received. Our investigation also found that when shared owners experienced issues with excessive service charges, they felt the ownership model created confusion and they struggled to identify the routes of redress. A theme that emerged from this was the marketing of shared ownership homes as 'ownership' which shared owners felt was underpinned by a complex legal structure that, in reality, was akin to a combination of assured tenancy, long lease and contract.

To address this concern and improve the experience of those living in shared ownership homes, the Committee recommends that the realities of the ownership model should be made clear prior to purchase, and the Mayor should publicly issue clear guidance material that outlines avenues of redress that shared owners can take if they are not satisfied with the services they receive. Housing associations should, in turn, direct shared owners to this information as part of

09 October 2020

**Response to the Mayor of London's Consultation on Intermediate Housing**

the information package at the time of purchase. These recommendations are detailed in a letter the Committee sent to the Mayor in March 2020.<sup>1</sup>

In our letter, the Committee recognised that the Mayor had limited powers to improve the affordability of existing shared ownership homes but welcomed his efforts to manage service charges through the establishment of the Shared Ownership Charter for Service Charges. Under the charter, housing providers are expected to set service charges at a realistic level and to review them on a regular basis. The Committee's investigation however, found that as the charter remained voluntary, it was not adhered to in practice.

In his response to the Committee's letter, dated August 2020,<sup>2</sup> the Mayor recognised that more could be done in this area. **To this end, the Committee believes that a service charge monitoring programme should be implemented to improve the effectiveness of the charter.** This would help housing associations acquire data on historic fees and provide prospective shared ownership buyers with enough information to help them understand and plan for future costs.

Alongside this, and as outlined in the Committee's letter to the Mayor in March 2020, **the Mayor should require housing associations to provide potential shared owners with a key features document** which should include, at the minimum, a five-year estimate of service charges and maintenance fees as well as information on historic charges. This document should be provided to prospective shared owners well in advance of purchase.

While the Mayor has responded that he has asked officers to look at expanding his Guide to Leasehold to shared ownership properties on his Homes for Londoners portal, the Committee believes that the Mayor must go further to ensure that Londoners can access clear, transparent information about their potential purchase. **The Mayor should therefore require housing associations to provide a key features document by making this a condition of funding.**

**Q2b. If so, should the GLA make this information available to the public?**

During the Committee's recent investigation into affordable housing, we found that shared owners were frustrated with the lack of transparency around service charges, with many often left without an explanation for the costs they had incurred. **The Committee therefore believes that the Mayor should make information on service charge levels publicly available.** This would ensure that this information is clear and accessible, improving the transparency of the process.

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<sup>1</sup> London Assembly Housing Committee, *Letter to the Mayor of London on affordable home ownership in London*, 25 March 2020, <https://www.london.gov.uk/about-us/london-assembly/london-assembly-publications/affordable-home-ownership-london>

<sup>2</sup> Mayoral response, 27 Aug 2020 <https://www.london.gov.uk/about-us/london-assembly/london-assembly-publications/affordable-home-ownership-london>

09 October 2020

**Response to the Mayor of London's Consultation on Intermediate Housing****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?**

As previously noted, our investigation indicated that shared owners were concerned with the lack of transparency with service charges, but also with the additional costs they incurred throughout their tenure, including maintenance costs, the administrative costs of staircasing and escalating fees. For this reason, **the Committee recommends that the Mayor should require housing associations to report publicly on service charges and maintenance costs for each block of shared ownership homes under its management** and to require housing associations to publish a key features document (as outlined above). This document should include a clear description of the ownership model; the length of the lease (including the fact that it may need to be extended should it approach 80 years and the associated fees); rent increase terms; the ground rent; maintenance fees; staircasing fees; permission fees; and any key restrictions on the lease such as owning pets or subletting. This would allow prospective shared owners to plan ahead when making a purchase.

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

In addition to complaints about service charges, another key theme that emerged from our investigation was around the length of leases and the cost of extension. The Committee heard from shared owners who expressed concerns that shared ownership leases, which are generally around 99 or 125 years, were not long enough and therefore required an extension during their period of ownership. Many were not aware of the fees required to extend the lease or even the requirement to do so until they approached their bank for a re-mortgage, at which point the lease had dropped to below 80 years and they were liable to pay a substantial marriage value payment to the freeholder.

Throughout the course of the Committee's investigation, it became apparent that shared owners require greater information and support to manage the lease extension process than they currently receive, with housing associations often relying on solicitors to provide this information. During our meeting in January 2020, we spoke to Peter Apps, News Editor at Inside Housing and a shared owner, who stated that the expectation to extend their lease was not explained to shared owners from the outset: "it seems to come completely out of the blue," he told us, "and there seems to be a kind of residual expectation in the sector, not just among housing associations but among landlords of leaseholders full stop, that people just have that money lying around to extend a lease. People do not. It will make people bankrupt and they will lose their homes."

To improve the experience of shared owners, the Committee has several recommendations on the issue of leases. **First, the Mayor should require housing associations to actively manage the lease extension process, including providing shared owners with support to ensure they are planning for lease extension at regular intervals and providing**

09 October 2020

**Response to the Mayor of London's Consultation on Intermediate Housing**

**clear information on the implications of not extending the lease. Second, the Mayor should require housing associations to report on an annual basis how many of their shared owners have 85 years or less remaining on their lease.** If the lease extension process is managed appropriately, then little to no shared owners should be in this position. **Finally, we encourage the Mayor to work with housing associations to explore the possibility of providing longer leases for shared owners.** In his response to the Committee, the Mayor indicated that while housing providers should monitor the number of homes which have 85 years or less remaining on the lease, they should not be required to report this information to the GLA, as the GLA does not have any remit to take action. The Committee asserts however that requiring housing providers to report on leases would increase accountability and transparency and urges the Mayor to re-examine this recommendation.

**Q5 and 6a. What role should intermediate housing and intermediate rented homes play in meeting housing need and supporting the housing market as part of the recovery from the impacts of Covid19?**

In August 2020, the Committee held a meeting on the impact of the COVID-19 crisis on housing in London with the Deputy Mayor for Housing and Residential Development as well as a range of industry experts. During the meeting, we heard from Rob Wall, Head of Policy at the National Housing Federation, who told us that anecdotal evidence suggested that shared ownership sales remained strong but that the impact of the virus and the recession was yet to be felt. The Deputy Mayor stated that the economic downturn, expected when the Government's Coronavirus Job Retention Scheme comes to an end in October 2020, will have a significant impact on the delivery of affordable homes.

In September 2020, the Committee heard more on this topic, as guests warned that economic uncertainty will be amplified over the coming months and years as the UK transitions out of the European Union and future waves of COVID-19 take effect. The impending crisis is already bringing significant challenges to the sector, as supply chains are affected, materials rise in cost, and development is slowed by social distancing measures. On top of this, early evidence suggests that demand for housing in London may fall as a result, with one in seven Londoners looking to move out of the capital as a result of the COVID-19 pandemic.<sup>3</sup> This may particularly affect products such as shared ownership, where the target market may start to seek housing outside of London, where they could afford to buy on the open market. For those who stay in London, as the impact of COVID-19 on employment and income is expected to worsen in the coming months, the Committee is concerned that shared ownership may not continue to be a viable housing product for some middle-income Londoners, as their incomes fall.

Despite these challenges, the Committee believes Intermediate Housing – both rented and shared ownership – will have a key role to play in meeting housing need as part of the recovery from COVID-19. At our informal meeting in September 2020, we heard that intermediate homes will be key to post-COVID-19 recovery, particularly in providing a safety net for

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<sup>3</sup> London Assembly, 2020. <https://www.london.gov.uk/press-releases/assembly/escaping-the-city-post-covid>

09 October 2020

**Response to the Mayor of London's Consultation on Intermediate Housing**

Londoners, and in encouraging many to stay in the capital. One guest outlined that while incomes may fall, there will likely still be demand for intermediate products as higher earners may now become middle earners.

This potential shift in affordability of target groups outlines how essential it is that intermediate products are delivered as part of a diverse portfolio of tenures, including social rented homes and innovative affordable products designed to meet specific local need. For example, in January 2020, we heard evidence from the London Borough of Camden, where the development of shared ownership is now discouraged due to these homes no longer being able to be delivered at a price that is affordable for those who earn between £30,000 to £40,000 a year. The Committee heard how Camden Council had planned to deliver 300 units of shared ownership through its Community Investment Programme, but these homes will now be Camden Living Rent.

As the effects of the crisis bed in, understanding the changing housing needs of Londoners will be essential to striking the right balance of tenure mix and flexibility. For this reason, **the Housing Committee supports the Planning and Regeneration Committee's recent recommendation that the Mayor should carry out a specific London Housing Survey**, rather than relying on a small sample of the English Housing Survey, so that City Hall can have a more robust understanding of London's households and their needs. This should operate on a longitudinal basis, so as to capture changing needs as the COVID-19 crisis develops.

In terms of economic recovery, the Committee heard from its September 2020 panel that building affordable housing is often the only way to sustain housebuilding in a crisis. In the years following the 2008 financial crash, the housebuilding industry came to a stop, with house building rates reaching new lows. Counter-cyclical investment helped to stimulate construction and maintain supply. For example, during this time, many developers benefited from funding initiatives such as 'Get Britain Building' to kickstart 'shovel-ready' sites. Housing associations were given additional grants to convert shared ownership homes that had not been sold to rent. This type of counter-cyclical investment into the affordable housing sector could help to kickstart the economy following the COVID-19 pandemic and help to bring forward the pipeline of affordable homes.<sup>4</sup> We note that the Mayor's Housing Delivery Taskforce has called on the Government to provide funding for a £1.33 billion tenure conversions programme and **urge the Mayor to continue to lobby for greater devolution in this area, particularly as the economic impact of COVID-19 becomes clearer.**

At the informal meeting in September 2020, we heard that if Londoners do seek to leave London and demand does substantially fall, there may be knock-on effects on the cost and delivery of intermediate homes as the value of land may also fall.

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<sup>4</sup> Affordable Housing Commission, 2020  
<https://www.affordablehousingcommission.org/news/2020/7/16/making-housing-affordable-after-covid-19-a-follow-up-report-from-the-affordable-housing-commission>



09 October 2020

**Response to the Mayor of London's Consultation on Intermediate Housing**

Finally, the COVID-19 pandemic has also brought into stark focus the issue of overcrowding in London, with research from Inside Housing highlighting the link between COVID-19 deaths and overcrowding.<sup>5</sup> **On 3 September 2020, the London Assembly passed a motion calling on the Mayor to review all planning and housing policies to tackle overcrowding.<sup>6</sup> The Committee believes that policy on intermediate housing should be reviewed as part of this,** and that the Mayor should ensure that intermediate products are delivered with a range of bedroom numbers to improve London's desperate need for family sized housing.

**Q6b. What more could the Mayor do to support delivery of London Living Rent homes?**

In our meeting in January 2020, the Committee was told that the GLA need to re-examine the grants system, which provides flexibility, but does not incentivise Living Rent products. **The Committee reiterates the recommendation it made earlier in the year to urge the Mayor to work with affordable housing providers to increase the delivery of London Living Rent where appropriate and consider additional incentives for London Living Rent such as higher rates of grant.**

Although the Committee notes that London Living Rent is a relatively new tenure and it may therefore be too early to draw substantive conclusions regarding the impact of the product and certainly its role in supporting London's housing recovery post-COVID-19, **the Committee nonetheless urges the Mayor to advocate for greater devolution of the affordable homes programme in order to allow greater flexibility on the allocation of different housing options.** This will help to meet changing housing needs and support the housing market as part of the recovery from the impact of COVID-19.

**Q9c. What mechanisms already exist to support social tenants who want to access shared ownership homes to do so, and how effective are they?**

At the Committee's informal meeting in September 2020, we heard that some mechanisms exist to support social tenants who want access to shared ownership homes, with different local authorities operating different programmes.

Some councils, for example, allow renters to convert their rented home to shared ownership under the Social HomeBuy scheme. The scheme allows tenants to buy a share of their home at a discounted price, with rent paid on the remaining share. Those who qualify can buy a share of

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<sup>5</sup> Inside Housing, *The housing pandemic: four graphs showing the link between COVID-19 deaths and the housing crisis*, 29 May 2020, <https://www.insidehousing.co.uk/insight/insight/the-housing-pandemic-four-graphs-showing-the-link-between-covid-19-deaths-and-the-housing-crisis-66562>

<sup>6</sup> London Assembly, *Motion on Housing Overcrowding*, 3 September 2020, <https://www.london.gov.uk/motions/housing-overcrowding>

09 October 2020

**Response to the Mayor of London's Consultation on Intermediate Housing**

either 25%, 50% or 75% based on how much the property is valued on the market.<sup>7</sup> However, the Committee heard in its informal session that the take-up of this initiative is low.

**Considering the similarity of this scheme to the upcoming Right to Shared Ownership (RTSO), the Committee recommends that the Mayor assesses the outcomes of this scheme to anticipate the likely effects of RTSO. The Committee also recommends that the Mayor explore options for social tenants to access shared ownership in ways that maintain the stock of social housing.** This could be for example, exploring how schemes such as Second Step (see question 15b) could be offered to social tenants as well as current shared owners.

At the Committee's informal meeting, we also heard about Tenant Incentive Schemes, where tenants are offered a cash incentive (sometimes repayable) to move home. These operate in a variety of ways, some of which include supporting access to home ownership. For example, in 2013 Lewisham Council outlined their Cash Incentive Scheme which offers up to £44,000<sup>8</sup> as a grant if the council tenant is looking to buy a home on the open market.<sup>9</sup> Harlow Council runs an Incentive Scheme which offers financial support to existing council tenants wanting to move to a smaller council home.<sup>10</sup> **The Committee recommends that the Mayor explore offering such incentives to social tenants to support them to access intermediate housing as well as open market and social housing.**

**Q10a. Are there other examples of innovative models of affordable home ownership in London? Q10b. What could the GLA do to support delivery of these homes?**

Alongside the scheme mentioned in Q9c, other innovative models the Committee has identified include the home ownership model developed by the London Community Land Trust (CLT). Community land trusts are set up and run by local people to develop and manage homes. The London CLT delivers affordable homes through partnerships with developers as well as developing homes on directly purchased public land that has either been released at below market rates or nil value. The homes are targeted towards local people and are priced according to local incomes. This is calculated as the median income in the local area and is based on data published by the Office for National Statistics. The model allows for homes to be sold according to local earnings in perpetuity as part of a contract that homebuyers must sign. The homes are allocated on a range of criteria, including housing need and local connections – buyers must have a minimum of five years' connection to the borough and must also be able to prove that

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<sup>7</sup> Southwark Council, *Social Homebuy Scheme*, updated, <https://www.southwark.gov.uk/housing/council-tenants-services/social-homebuy-scheme?&article>

<sup>8</sup> Based on buying a 5 bed property.

<sup>9</sup> Lewisham Council, Cash Incentive Scheme <https://lewisham.gov.uk/-/media/files/imported/cash-20incentive-20scheme-20information-20sheet.ashx>

<sup>10</sup> Harlow Council, Tenant Moves Incentive Scheme <https://www.harlow.gov.uk/housing-and-garages/council-tenants/tenant-move-incentives-scheme>

09 October 2020

### Response to the Mayor of London's Consultation on Intermediate Housing

they have been priced out of the open market.<sup>11</sup> Local residents often play a key role in the design process through planning workshops.<sup>12</sup> The London CLT's pilot scheme at St. Clements, Mile End, was built in partnership with Linden Homes, Peabody and the GLA (the landowner).<sup>13</sup>

During its evidence session, the Committee heard that the difficulty in implementing such innovative models is in acquiring land. However, as the GLA has a record of delivering homes in this space, including the Mayor's £38m London Community Housing Fund, **the Committee believes that the Mayor could further support the delivery of these homes by providing additional funds and better access to GLA owned land, to ensure that innovative models of home ownership can be developed by CLTs.**

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<sup>11</sup> London CLT, *Community Land Trust Financing, Understanding the diversity of models in Europe*, September 2019, [https://f3ca62c7-764c-461c-bce8-5c58e9221e33.filesusr.com/ugd/9b1760\\_2a006b6743614ac5b4fd9908e60c5e52.pdf](https://f3ca62c7-764c-461c-bce8-5c58e9221e33.filesusr.com/ugd/9b1760_2a006b6743614ac5b4fd9908e60c5e52.pdf)

<sup>12</sup> World Habitat, *New life for old hospital shows affordable housing is possible in UK capital*, 25 May 2016, <https://world-habitat.org/news/press-releases/new-life-for-old-hospital-shows-affordable-housing-is-possible-in-uk-capital/>

<sup>13</sup> London CLT, *Briefing*, undated, [https://f3ca62c7-764c-461c-bce8-5c58e9221e33.filesusr.com/ugd/9b1760\\_bc69adeebb8a40f18ee22763e73c0ff2.pdf](https://f3ca62c7-764c-461c-bce8-5c58e9221e33.filesusr.com/ugd/9b1760_bc69adeebb8a40f18ee22763e73c0ff2.pdf)

09 October 2020

## Response to the Mayor of London's Consultation on Intermediate Housing

### Summary of recommendations

#### Chapter 3: Affordability and delivery

1. A service charge monitoring programme should be implemented to improve the effectiveness of the Shared Ownership Charter for Service Charges.
2. The Mayor should require housing associations to provide potential shared owners with a key features document. The Mayor should require housing associations to provide this by making it a condition of funding.
3. The Mayor should make information on service charge levels publicly available.
4. The Mayor should require housing associations to report on service charges and maintenance costs for each block of shared ownership homes under its management.
5. The Mayor should require housing associations to actively manage the lease extension process, including providing shared owners with support to ensure they are planning for lease extension at regular intervals and providing clear information on the implications of not extending the lease.
6. The Mayor should require housing associations to report on an annual basis how many of their shared owners have 85 years or less remaining on their lease.
7. The Mayor should carry out a specific London Housing Survey.
8. The Committee urge the Mayor to continue to lobby for greater devolution in the Affordable Homes Programme.
9. The London Assembly has passed a motion calling on the Mayor to review all planning and housing policies to tackle overcrowding. The Committee believes that policy on intermediate housing should be reviewed as part of this.
10. The Mayor should work with affordable housing providers to increase the delivery of London Living Rent where appropriate and consider additional incentives for London Living Rent such as higher rates of grant.
11. The Mayor should assess the outcomes of the Social HomeBuy scheme to anticipate the likely effects of the Right To Shared Ownership scheme.
12. The Mayor should explore options for social tenants to access shared ownership in ways that maintain the stock of social housing.
13. The Mayor should explore offering incentives to social tenants to support them to access intermediate housing as well as open market and social housing.
14. The Mayor could further support the delivery of CLT led intermediate home ownership, by providing additional funds and better access to GLA owned land.

09 October 2020

**Response to the Mayor of London's Consultation on Intermediate Housing****Chapter 4: Eligibility, prioritisation and allocation****Q12a. What evidence is there of households staircasing to a 100 per cent share of shared ownership homes within a year of purchase?**

During our investigation into affordable housing in January 2020, we heard from Dr Alison Wallace, an academic at the University of York who has conducted research into shared ownership. Dr Wallace told the Committee that reliable data on staircasing is lacking but that all the evidence to date suggests that it is quite a low rate. This may be an affordability issue, but the Committee also heard from shared owners who made an active choice not to staircase because full home ownership was either not an aspiration for them or they were concerned about the impact on future resales.

**Q12c. Should this be disincentivised and, if so, what measures should the GLA take to achieve this?**

Given that our investigation found a significant proportion of shared owners did not staircase at all, it is likely that the proportion of homeowners who do staircase to 100 percent within a year of purchase is negligible. Any intervention may create disproportionate administrative burdens for the GLA.

**Q15a. What are the challenges facing shared owners who wish to move to a more appropriate home?**

The Committee's evidence session in September 2020 raised a number of challenges that shared owners face in moving to a more appropriate home.

Among these, is that those who have a greater stake in the property may find it harder to sell their shared ownership home, as it is more expensive for buyers to purchase a greater share. Additionally, housing providers often have the exclusive right to market the property for the duration of a nomination period (generally around 8-12 weeks depending on the contract). When this nomination period ends, if the housing provider fails to find a buyer, the property can be sold on the open market. However, the new buyer will need to fulfil eligibility for shared ownership, which limits the pool of potential buyers.

Further, it has come to the Committee's attention that many Londoners living in leasehold properties are unable to move or re-mortgage their homes due to the unavailability of an external wall fire review form (EWS1). These forms are often requested by lenders to ensure the fire safety of buildings and are required to be completed before mortgage funds are released. While this problem reaches beyond the intermediate housing sector, as shared ownership homes are leasehold, we have heard from residents of these properties who have found themselves incurring significant financial losses and essentially becoming trapped in their properties.

**The Housing Committee, joint with the Fire Resilience and Emergency Planning Committee, has written to the Mayor asking him to raise this issue with the housing**

09 October 2020

**Response to the Mayor of London's Consultation on Intermediate Housing****sector in London and to continue lobbying the Government to improve the EWS1 process.**

Other challenges shared owners face in moving include leasehold extensions and marriage payments. These are covered in detail in the Committee's response to Q3 above.

**Q15b. What more could be done to support shared owners who need to move to another shared ownership home?**

At the informal meeting in September 2020, the Committee heard from guests about *Second Steps*, a scheme run by Southern Home Ownership, which allows existing shared owners to sell their property and purchase a new home on the open market, under the terms of the Shared Ownership initiative. The scheme is available to residents from Southern Housing Group and other housing associations and only freehold properties are eligible with the maximum purchase price of the new property being capped at £600,000. Southern Housing purchases the new property and the shared owner purchases a share between 25-75% from the Group, paying rent at a discounted rate on the share the resident does not own.<sup>14</sup> **The Committee recommends that the Mayor examine the outcomes of the Second Steps scheme to assess its suitability for extension.**

**Summary of recommendations****Chapter 4: Eligibility, prioritisation and allocation**

15. The Mayor should work with the housing sector in London to improve the EWS1 process and continue lobbying the Government on this issue.
16. The Mayor should examine the outcomes of the Second Steps scheme to assess its suitability for extension.

**Chapter 5. Supporting London's key workers****Q16a. Should the GLA 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?**

The COVID-19 pandemic has highlighted the way in which London relies on an entire ecosystem of workers, from hospital staff to retail workers, delivery drivers and cleaners. This has brought new focus on the housing needs of such essential workers and the Committee believes

<sup>14</sup> Southern Housing Group, *Introducing Second Steps*, undated, <https://www.shareto-buy.com/news/southern-home-ownership-introducing-second-steps/>

09 October 2020

## Response to the Mayor of London's Consultation on Intermediate Housing

it is right to explore options for supporting key workers to access homes appropriate to their needs and incomes.

However, as the Committee found in its recent informal session in September 2020, while such a list could potentially provide clarity and help in defining a target demographic to deliver homes to, it would inevitably lead to the exclusion of some groups and need to be constantly updated in order to meet the changing understanding of what roles are constituted as 'key'. Some roles that are now considered essential during the COVID-19 pandemic may slip through the net for inclusion on a key workers list. For example, a list that included TfL staff, could risk excluding agency workers who work on the transport network. Similarly, taxi and PHV drivers have formed a key part of the COVID-19 response but may be excluded as they are self-employed. One way to mitigate such a risk would be to review the list periodically and add more occupations. However, this would mean that eventually, the list would become all encompassing, and thus redundant for allocation purposes. This would repeat the challenges seen in earlier definitions and iterations of key worker housing policy, as outlined in the background information provided in the consultation.

**The Committee recommends that focus for intermediate housing allocation policies should be on income**, targeting support to intermediate earners, rather than on arbitrary definitions of key workers. This by extension would include a substantive majority of essential workers, many of whom are on this level of income, and provide clarity that very low-income earners who are key workers should be allocated social rented housing, rather than key worker intermediate housing. **The GLA should thus avoid imposing a 'core' list.**

**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?**

Guests at the Committee's informal meeting in September 2020 felt strongly that any available funds would be better utilised to increase supply of affordable housing rather than reconfiguring existing accommodation. It was suggested that housing providers should assess if conversion was suitable for their stock and local needs, and where appropriate, work on developing financial models for conversion themselves.

### Summary of recommendations

#### Chapter 5: Supporting London's key workers

17. The Committee recommends that focus for intermediate housing allocation policies should be on income - the GLA should thus avoid imposing a 'core' list of key workers.

09 October 2020

**Response to the Mayor of London's Consultation on Intermediate Housing****Chapter 6: Improving data on intermediate housing****Q21a. What data is currently collected by housing providers on staircasing transactions?**

The Committee believes improved information is vital in understanding staircasing trends (such as fast staircasing to 100%, raised above in Q12a) and assessing whether shared ownership is an effective vehicle for full home ownership. In our evidence gathering session in September 2020, the Committee found the mechanism through which housing data is collected, the COntinuous REcording of social housing lettings and sales data (CORE) could go much further in collecting meaningful data on staircasing transactions. Guests told us that housing associations themselves collect a variety of data such as the number of customers staircasing every year and the amount staircased, as well as data on arrears, performance and satisfaction. While guests outlined that it is likely that all housing associations that deliver shared ownership collect this data (bearing in mind that differences across stock size will affect data collection), it is not currently standardised across the sector and vital insights are missed.

**The Committee recommends that housing associations should be required to collect and report staircasing data alongside additional data on arrears, the satisfaction of shared owners and the performance of this tenure type. The Committee would like to reiterate its call for the Mayor to require housing associations to report annually on staircasing sales (including those to less than 100% ownership), which should be broken down by year of original sale and should be made public.** We welcome that this question has been put forward for public consultation.

Furthermore, **the Committee would like to reiterate its recommendation that the Mayor should require housing associations to survey shared owners on a three-yearly basis to identify barriers and motivations for shared owners who are not staircasing.** This would help improve programme design. While the Mayor is of the view that staircasing data should be a priority over this information, the Committee wishes to restate the importance of such data in providing valuable insights into the performance of the shared ownership model.

**Q21b. Should more data be captured on the tenure that shared owners move into if they leave their shared ownership property?**



09 October 2020

**Response to the Mayor of London's Consultation on Intermediate Housing**

Alongside data on staircasing, the Committee believes understanding the tenure types that shared owners move into once they leave the scheme is crucial in determining whether shared ownership is a viable route to full home ownership. As outlined in our letter in March 2020, **the Mayor should require housing associations to report annually on the tenure type(s) that shared owners who sell their property are moving into.** We welcome that this question has been put forward for public consultation.

**Summary of recommendations****Chapter 6: Improving data on intermediate housing**

18. The Committee recommends that housing associations should be required to collect and report staircasing data alongside additional data on arrears, the satisfaction of shared owners and the performance of this tenure type.
19. The Committee reiterates its call for the Mayor to require housing associations to report annually on staircasing sales (including those to less than 100% ownership), which should be broken down by year of original sale and should be made public.
20. The Mayor should require housing associations to survey shared owners on a three-yearly basis to identify barriers and motivations for shared owners who are not staircasing.
21. The Mayor should require housing associations to report annually on the tenure type(s) that shared owners who sell their property are moving into.

**Conclusion**

COVID-19 has exposed massive inequalities in the housing market and the economic impact of the pandemic looks set to last for years to come. Intermediate housing has the potential to play a key role in supporting the economic recovery and meeting housing need in London. However significant challenges remain with products such as shared ownership, including cost barriers to entry, issues with service charges and staircasing, and a lack of clarity and transparency around the shared ownership model.

In order to address these challenges, it is crucial that the GLA work alongside local authorities, housing providers and residents to implement a range of reforms to improve intermediate housing products. However, the Housing Committee believe that creating a core list of key workers for use in the allocation of intermediate housing should not be included in a suite of reforms, and instead allocation should be focused on income.

The Committee welcomed the opportunity to respond to this consultation and will continue to work with the Mayor to develop an intermediate housing sector that delivers for Londoners' diverse housing needs.