

Appendix A – H&F Home Buy Allocation Scheme

Hammersmith & Fulham Council

Home Buy Allocation Scheme

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1. THE HOME BUY ALLOCATION SCHEME EXPLAINED

The Home Buy Allocation Scheme sets out the Council's overall approach to allocating intermediate homes available to applicants on the H&F Home Buy Register. These will be applicants who cannot afford to access open market housing in Hammersmith & Fulham and do not otherwise qualify to access affordable housing for rent that can be accessed under the Housing Allocation Scheme.

In more detail, the H&F Home Buy Allocation Scheme seeks to:

- Firstly, make clear to applicants seeking Home Buy opportunities what criteria needs to be met to access the H&F Home Buy register and what products are available.
- Secondly, make clear to developers and housing associations (also known as

Registered Providers) what the Council's approach to Home Buy is, particularly in respect of affordability.

- Thirdly, to align the Council's approach to allocating homes under the H&F Home Buy Scheme with the approach the Council has adopted for social housing, as set out in the Housing Allocation Scheme, with specific reference to Local Lettings Plans.

There are more detailed associated documents that address specific issues regarding registration and the kind of information that applicants need to provide the Council in order to access the H&F Home Buy Register. These are available from the Council's Home Buy team whose contact details can be found at the end of this document.

2. OUR INTERMEDIATE HOUSING PRODUCTS

The rationale for intermediate housing is a very simple one: it is for people who do not qualify for social housing and who cannot afford open market for sale housing. It is normally the case that the cost of intermediate housing will be lower than the cost of open market housing (including private rented housing) but higher than the cost of social rented housing.

2.1 Intermediate Housing benefits from three

characteristics; the rent on the home is discounted, the purchase cost of the home is discounted. and both the rent and the purchase cost of the home is discounted.

2.2 Service charges (e.g., cleaning and maintenance of communal and environmental areas; communal heating; management costs, etc) will be an additional cost,

making up total 'housing costs.'

2.3 As a guiding principle, the more the discount, the lower the housing cost. But this means the cost of providing the home is greater. Given the high house prices in Hammersmith & Fulham, the discount can be hundreds of thousands of pounds for one property, which means the subsidies involved or planning obligation

provided are a significant financial consideration for the contracted developer.

2.4 There are four main Intermediate Housing products, with a number of variations within each one:

2.4.1 Shared ownership: Applicants purchase on a leasehold basis paying between 25 and 75 per cent of the property value and pay a low rent on the remaining property value to a housing association. This means a tenancy will be created. The applicant is responsible for 100 per cent of the maintenance and is likely to pay service charges if the property is a flat. Purchasers can buy additional shares up to 100 per cent, known as 'staircasing', if their financial circumstances allow them to do so.

2.4.2 Intermediate Rent: These are homes, typically let by housing associations, at below market rent, thereby enabling tenants to save for a deposit. Rents are usually charged at up to

80 per cent of market levels. However, the Council will be seeking to demonstrate affordability for people on the H&F Home Buy Register and may seek to secure greater discounts.

2.4.3. Council Shared Equity:

Formerly known as Discount Market Sale, is an intermediate housing product where a newly built property is purchased at a discounted price with the unsold equity held by the Council in perpetuity. This can be achieved when the development is negotiated with the Council in its planning authority role, the discount is stipulated to try to help low and middle-income earners access the property ladder. The purchaser(s) buy the percentage of the property available after the discount with nothing to pay on the unsold equity. Should they decide to sell the property, it is sold at the same percentage at the prevailing market value, ideally to another prospective purchaser from the H&F Home Buy register.

2.4.4 Resales:

These are previously owned Shared Ownership or Council Shared Equity homes that were built and sold in the past and are now being resold by their current owners.

In summary, the Council is generally supportive of all the intermediate products described above. However, it will always seek to ensure that any intermediate housing product that is developed, is demonstrably affordable to those registered with the Council's Home Buy service and seeking intermediate housing and that prospective applicants will be able to afford to sustain the housing costs of living in the homes over the medium to long term.

There may be housing schemes and/or products that emerge but do not reflect the current descriptions in Section 2.4 above and/or Qualification & Priority criteria described in Section 4 below. Such schemes may be marketed separately by the Council.

3. INTERMEDIATE HOUSING PROVIDERS

There are only a few organisations that provide Intermediate Housing. They are principally:

3.1 Housing Associations –who have a strong record in delivering intermediate housing products. Organisations such as Notting Hill;

Peabody; Shepherds Bush; Catalyst and A2Dominion (not an exhaustive list) all have a track record of delivering intermediate housing in the Borough and nationally.

3.2 **Developers** – can also be housing associations, but if they are private developers, they usually contract a housing association to deliver the affordable housing element of the development. Historically, Developers have only directly delivered and sold the Council’s Shared Equity product.

3.3 **Hammersmith & Fulham Council** – in its ‘direct delivery’ role has a development programme of building new homes which will deliver a range of intermediate housing tenures alongside social rented housing.

The Council’s Home Buy service takes responsibility for nominating to all intermediate housing opportunities in the Borough. This will be structured through nomination agreements for all housing developments.

4. QUALIFICATION AND PRIORITY

4.1 When a property becomes available, H&F Home Buy will advertise the opportunities to applicants registered on the H&F Home Buy Register through its webpage.

4.2 Applicants will be able to register their interest with H&F Home Buy

online by logging into their applications. Once the property has been viewed and interest confirmed, H&F Home Buy will produce a prioritised shortlist. Successful applicants will receive purchase or rental offers either through the Council or the registered provider.

Given the demand for intermediate housing, we expect more people to express interest in schemes than the Council has available properties, so H&F Home Buy must prioritise which applicants will be given the opportunity to purchase.

QUALIFICATION

4.3 Regarding qualification for the H&F Home Buy Register and its products, applicants must:

1. Live or work within Hammersmith and Fulham
2. Be fully registered with H&F Home Buy Unit with an up-to-date online application
3. Not be a homeowner (Note: exceptions to this rule will be where an applicant who is currently in a recognised intermediate home ownership property and in need to move to a larger home). Such applicants will have to have commenced the sale process of their

existing home and must have at least reached the ‘exchange of contracts’ stage on the sale of the owned home before being considered for a Shared Ownership or Council Shared Equity property.

4. Have a household income not exceeding the income thresholds set out in this allocation scheme unless otherwise agreed in scheme-specific planning agreements¹.
5. Not be able to purchase a comparable property on the open market when utilising their whole available deposit and household income declared on the H&F Home Buy Register

¹ Except for some resale properties

application. Loans for income from a family member are permitted.

6. Be eligible under the Council's Housing Allocation Scheme.

PRIORITY

4.4 The Council follows government and local priorities when deciding who will be prioritised for Home Buy properties. Priority shall be given in the order listed below (the first two have joint priority):

1. Social tenants in either council housing or Registered Provider housing for example housing association accommodation, where the Council will gain the nomination of the vacated property. This will include council tenants on Secure tenancies or Assured housing association tenants or 5-year housing association tenants on Assured Shorthold tenancies but exclude intermediate rent properties
2. Homeless Working Households in Temporary Accommodation
3. Key Workers living or working in the borough, Including Armed Services (and Ex Armed Services) personnel (as defined in the Note below) living or previously living as an adult preferably for twelve consecutive months in the borough.
3. Disabled applicants who are wheelchair users (See Note 5.5 below)
4. Households **living** for twelve consecutive months in the Borough
5. Households **working** for twelve consecutive months in the Borough
6. Households living or working in the borough with an income not exceeding the income thresholds for Affordable Housing which are otherwise from time to time agreed by the Council in writing and permitted by the criterion set out in the Home Buy Allocation Scheme

7. Households with an income above the level specified in 8, will only be for resale of home ownership products

4.5 Households will be prioritised in order of need for the type or bedroom size of the property. For family-sized properties, households with a need, particularly with children, will be prioritised.

As a general principle, an applicant's household bedroom need will have more weight than that of an applicant who wants but doesn't need an additional bedroom irrespective of the priority grouping. Where an applicant (or applicants) is expecting a child, additional bedroom need will be considered after the second trimester of the pregnancy, with necessary evidence provided.

4.6 Within each priority band, applicants shall be prioritised in ascending order of their yearly gross income.

4.7 The Council has adopted the following definition of eligible armed (and ex-armed) services personnel as follows:

To be considered a priority, armed forces personnel must have completed basic phase one training and fall into one of the following categories:

- *Regular service personnel (including Military Provost Guards Service in the Army, Navy, Air Force)*

- *Clinical staff (excluding doctors and dentists)*
- *MoD Police Officers*
- *Uniformed staff in the Defence Fire Service*
- *Ex-regular service personnel (who have served in the Armed Forces for a minimum of **six years** and can produce a Discharge Certificate, or similar document). Applications must be within 12 months of discharge.*
- *The surviving partners of regular service personnel who have died in service may be eligible to be prioritised where they apply within 12 months of the date of being bereaved*
- *Individuals/Officers who have not completed basic training*

4.8 Where a unit has been allocated to a Council tenant living in LBHF (London Borough of Hammersmith and Fulham), the resultant void must be used in accordance with nomination agreements for social rented properties.

4.9 The Council reserves the right to change the prioritisation model and any other part of this Home Buy Allocation Scheme at any time without notice. This will be agreed by the Director of Housing responsible for Housing Options in consultation with the Cabinet Member for Housing.

4.10 There may be occasional schemes which have attracted specific funding which may require variations on the eligibility and qualifying criteria outlined above.

In addition, the following roles shall be prioritised for Intermediate Rent only:

- *Full Time Reserve Service (Full Commitment)*

5. SHORTLISTING

5.1 The Council currently has over **3,000** applicants on its Home Buy Register. This means that when schemes are marketed, they are often over-subscribed. The Council, as part of its shortlisting process will assess, the applicant's priority (as described in 4.4 above); their income; and their savings when considering who should be allocated a Home Buy opportunity. In the case of two bedrooms or more, priority will be given to households with children.

The Council will also be mindful of its statutory equality duties to ensure that a suitably wide range of the Hammersmith & Fulham community accesses Home Buy opportunities.

5.2 The Council acknowledges the Mayor of London's priority to facilitate greater choice, mobility, and flexibility for Londoners. The Council will work with ~~his~~ its representatives to ensure local and broader regional housing priorities

are met through the operation of this H&F Home Buy Allocation Scheme. Where intermediate housing is not nominated to a local resident/worker after an agreed period, this may lead to the operation of a "cascade" mechanism whereby such homes are available to applicants outside the Borough. Hammersmith & Fulham applicants will retain their local priority for the homes during the cascade period in line with the priorities set out

in this H&F Home Buy Allocation Scheme.

HOUSING FOR DISABLED APPLICANTS

5.3 The Council as part of its planning approach requires that *all new build dwellings should* meet the Accessible Housing Standards M4(2) and M4(3) approved by HM Government – The Building regulations 2010, 2015 edition incorporating 2016 amendments.

5.4 Where the Council has secured affordable housing for Home Buy purposes which is accessible (or adaptable) for wheelchair users, such housing will be marketed in the first instance to Home Buy applicants who have

indicated that they require such housing. The Council will seek to ensure that the marketing programme for such housing will be longer than that for general needs applicants.

5.5 Applicants who are wheelchair users will receive priority for accommodation which is wheelchair adapted/adaptable. A disabled applicant who uses a wheelchair at the time of application should be capable of independent living, allowing for any funded package of care and

support. In the event that such accommodation is not allocated to a disabled applicant who uses a wheelchair, the Council may give priority to applicants who have moderate or severe disabilities (including learning disabilities) and be capable of independent living, allowing for any funded package of care and support. The Council may seek advice from its independent medical advisor to assess the severity of need to inform its decision.

6. AFFORDABILITY AND INCOME

6.1 It is important that applicants have sufficient income and saving to not only be able to access the Home Buy products that the Council has available, but also to have the resources to sustain the occupancy of the allocated home. This means to be able to pay the housing costs, e.g., mortgage, rent, service charges and living expenses, in a managed fashion.

AFFORDABILITY

6.2 As guiding principles, a successful applicant will need to:

- be in sustainable employment
- have the necessary savings for any deposit required (dependent on the Home Buy product)
- have sufficient income to meet the housing (and associated) costs of

sustaining occupation of the Home Buy product

6.3 Affordability is based on the total monthly housing cost not exceeding 40% of net household income, where net household income shall not exceed 70% of gross household income. Housing costs are made up of monthly mortgage costs (where applicable), rent and service charges.

MINIMUM INCOME FLOOR AND MAXIMUM INCOME CAP LEVEL

6.4 Eligibility for intermediate housing is defined largely in relation to income and ability to purchase a suitable home without assistance. The maximum income that a household can earn and still qualify for the Home Buy Register is £60,000 for rent, £90,000 for purchase. This income level should be considered as 'income ceiling.' The income ceiling is drawn from the

Mayor of London's Annual Monitoring Report.

6.5 This means the maximum income Home Buy applicants can have if they are

seeking to access products available under the H&F Home Buy Allocation Scheme is £90,000. The one exception to this limit would be Priority 8 identified in Section 4.3 of this scheme.

7. AFFORDABILITY BANDS FOR H&F HOME BUY PRODUCTS

7.1 The tenure, type, and supply of intermediate housing for Home Buy purposes come from a number of sources and circumstances and it is therefore not possible to be certain about what will be available at a particular time. However, the Council is committed to increasing the supply and choice of intermediate housing as part of its wider objective to realise its regeneration and growth ambitions for its residents and workers.

7.2 Where the Council is working with a private developer and/or a housing association on a scheme, the Council will seek to facilitate the delivery of Intermediate Housing which will be affordable to applicants on incomes bands set out below:

1. 1/3 affordable to households on gross incomes of up to £32,102
2. 1/3 affordable to households on gross incomes of up to £48,208
3. 1/3 affordable to households on gross incomes of up to £55,957

7.3 The reasoning behind the affordability bands is that: The Council is keen to support as broad a range as possible of income earners to access Home Buy opportunities. If the affordable housing concerned were only available to households on income at the Mayor of London's income cap of £90,000 as described in Section 6.4. This would clearly be restricting access to households in lower paid employment, particularly those who are currently resident in social rented housing. The Council is particularly keen to encourage these cohorts of need to access intermediate housing opportunities available under the Home Buy Allocation Scheme.

7.4 In addition, the Council will seek the mid-point of these income bands when negotiating with developers and housing associations which are set out in brackets above.

7.5 The Council will review these income bands in the spring of each financial year with a view to uplifting them using the Office for National Statistics (ONS)

Average weekly Earnings index (regular pay).

7.6 Homes available to buy under Shared Ownership are usually available to purchase at a minimum equity purchase of 25% of their open market value with a rental payment due on the remaining 75% of the unowned equity, with additional payment due for service charges. With the high open market values in Hammersmith & Fulham, the Council will expect developers to minimise the rental payment on the unowned equity (i.e., that part owned by the housing association which the occupier pays rent on) as well as service charges. This will help keep the monthly housing cost outgoing to a minimum, as close as possible to the income bands described in Section 6.2, but the Council recognises that this will continue to be challenging, as it is elsewhere in central London locations.

7.7 The Council will consider different ways of making available intermediate housing for people on the income

bands described above and will welcome innovative approaches from developers which achieve that objective.

7.8 As is clear from the above, the Council's approach is based on the income affordability, and is not based on the market value of the property concerned. This is an important distinction. If the Council were to stipulate that all Home Buy products for sale (i.e., excluding Intermediate Rent opportunities) were to be priced at 50% of market value in the higher priced areas of the borough, then it is possible that very few homes would be affordable for applicants, even those on the higher income bands. What in effect happens is that applicants purchase a part of the home and have the use of the

remainder. Some Home Buy Products such as Shared ownership offer opportunities for applicants to buy the remainder at some point in the future as income and wealth increases which may happen as people's circumstances change.

7.9 Each scheme on which the Council works with a developer and/or housing association will vary. There may be circumstances where it is not financially viable for intermediate housing to be built which can be accessed by applicants on each of the income bands identified in Section 7.2.

7.10 In calculating affordable **Intermediate Rents**, developers should

have regard to the Mayor of London's *London Rents Map* (which uses up to date housing cost information from the Valuation Office Agency) when calculating what intermediate rents (which will include service charges) are intended to be charged and their relationship with the income bands described above.

7.11 For **Intermediate Rent** schemes, the Council expects housing costs (rent and services charges) to be no greater than 80% of local market rental costs (i.e., including service charges) and should be lower than this, given the high housing costs in Hammersmith & Fulham and should be affordable to applicants on the income bands set out in Section 7.2.

8. LOCAL LETTINGS PLANS

8.1 The Housing Allocation Scheme (Dec 2012) gave the Council authority to adopt Local Lettings Plans (LLPs) in accordance with government guidance. Any updated Scheme is likely to continue to feature the Council using this power. The purpose of LLPs is to adopt a different approach to lettings in an area where the Council wishes to achieve certain

objectives, such as meeting specific housing needs, which may include alleviating overcrowding.

8.2 This approach may include allocating affordable homes Assured Shorthold tenancies. The intention is to create an opportunity for working households to save money on their housing costs in order to access the Intermediate Housing at some future

point. This is part of the Council's wider '*The change we will bring together in housing.*' The Council will be exploring other ways of achieving this objective.

8.3 Separate qualification criteria will apply to those persons on the H&F Home Buy Register who qualify for an allocation under a Local Lettings Plan.

8.4 More detail on the Council's approach to Local Lettings Plans can be found in the Housing Allocation Scheme and consultation will take place on

individual proposed Local Lettings Plan proposals.

8.5 Home Buy applicants will be asked to make clear whether they wish to be

considered for a Local Lettings Plan opportunities when they apply or are refreshing their current application.

9. INVESTIGATION OF FRAUD: OFFENCES RELATED TO INFORMATION GIVEN OR WITHHELD BY APPLICANTS

9.1 Any applicant seeking to obtain accommodation by making a false or misleading statement or by withholding relevant information or by failing to inform the Council of any material change in

circumstances is liable to have his/her application cancelled. Prosecution will be considered where it appears to the Council that a criminal offence has been committed.

10. ACTS OF VIOLENCE AND AGGRESSION TO HAMMERSMITH & FULHAM COUNCIL EMPLOYEES

10.1 Acts of violence and aggression to employees will not be tolerated by the Council and any applicant who threatens

or uses violence towards any Council employee or contractor will be removed from the Home Buy register immediately.

11. HOW TO REGISTER FOR HOME BUY

11.1 To register with the Council for accommodation under the H&F Home Buy Allocation Scheme, the first point of enquiry is H&F Home Buy website to appraise of further information available.

10.2 To speak with one of our Home Buy specialists, or for help with finding an independent financial advisor:

Call 020 8753 6464

www.lbhf.gov.uk/homebuy

E-mail h&fHomeBuy@lbhf.gov.uk

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