

CONSULTATION

INTERMEDIATE RENT: DEVELOPMENT OF POLICY AND MODEL

Overview

Intermediate Rent is a private rental product, situated in terms of tenancy duration and rent cost between social and market private rentals. It is variously referred to as 'affordable rent', 'Mid-Market rent', and 'cost rental' in other neighbouring jurisdictions, and seeks to provide high quality, well managed, affordable homes for rent for tenants who cannot or do not wish to access home ownership and would be unlikely to attain sufficient points to have a realistic chance of accessing social housing in an area of choice. Models of this kind have been operational across the UK and Ireland for some time, but have yet to be provided in any formal way in the housing market here.

Why your views matter

Following a period of research, evidence gathering, and informal engagement, the Department has now developed an outline framework of proposals for the introduction of an Intermediate Rent model. The purpose of this consultation document is to set out these proposals and to seek your views on the proposed Intermediate Rent model framework. The Department intends to supplement this document with structured engagement with potential tenants and delivery partners to seek their specific views on the benefits or barriers for them with the proposed model.

<https://consultations.nidirect.gov.uk/dfc-psu/intermediate-rent-model-consultation>

The information you provide in completing this survey will be controlled and processed in line with Data Protection Legislation by the DfC and its Communications Unit. To find out more about how we handle your personal

information, DfC's Privacy Notice can be viewed online at www.communities-ni.gov.uk/dfc-privacy-notice.

In order to facilitate the survey, Citizen Space, which is not operated by DfC, is used as a data processor. Details of Citizen Space's privacy policy can be found online at www.delib.net/legal/privacy_policy.

Summary of Consultation Questions

Your response to the matters contained in this consultation, including the following questions, will help inform the Department's development of an Intermediate Rent product.

You do not need to answer all the questions provided. Please only respond to questions that you feel are relevant to you.

Further Information

In responding to this consultation please do not submit any sensitive personal data or information. You are under no obligation to provide personal details in responding to this consultation.

We will only use your information for the purposes of analysis of feedback to this consultation, and to contact you at your request to follow up on matters raised. Whether you are responding on behalf of an organisation or as an individual, please indicate if you consent for your identity to be made public, or otherwise. If at a future time you wish to withdraw your consent to your identity being published please contact the Department using the email/postal address details provided in the consultation document.

Q1: Are you responding as an individual or on behalf of organisation?

- As an individual
- On behalf of an organisation

Please confirm whether you are replying as an individual or submitting an official response on behalf of an organisation and provide:	
Your name	Aidan Campbell
Your position in organisation (if applicable)	Policy officer
The name of your organisation (if applicable)	Rural Community Network/Rural Residents' Forum
Your email address	aidan@ruralcommunitynetwork.org
Do you consent for your identity to be made public?	Yes/No (select as appropriate)

Q2: If you are responding as an individual, in which capacity are you completing these questions? (please tick one)

- From a tenant perspective
- From a landlord / housing provider perspective
- Other (please specify)

RCN facilitates a Rural Residents' Forum which highlights issues around provision of social housing services in rural communities. _____

Q3: If you are responding on behalf of an organisation, which of the following best describes you? Please leave blank if you are answering as an individual.

- Landlord / housing provider
- Property/letting agent
- Property developer
- Local Government/Council
- A housing sector representative body
- Charity dealing with housing issues

- Other (please specify)
-

Would an Intermediate Rent home be suitable for me?

The Department proposes that it will work with interested parties to develop a programme to supply Intermediate Rent homes offering secure, affordable, good quality, well managed homes to lower income households, at below market rents, in areas of choice. Prospective tenants will apply for an Intermediate Rent home in a similar way to other private rentals.

Q4: To what extent do you agree there is a need for the introduction of a new intermediate rental product as described?

- Strongly Agree
- Agree
- Neither agree nor disagree
- Disagree
- Strongly disagree

We would be particularly interested in your views around the potential benefits or potential disadvantages of an Intermediate Rent model:

There is a need for an intermediate rent option in rural communities. In many of the Housing needs tests carried out in rural communities by the Housing Executive over the past 5 years the need for affordable housing as well as social housing is identified. Unfortunately, if housing need tests do lead to the development of new social homes, it is often the case that those with little to no points will not be allocated a home. Although the Housing Executives promotes the concept of mixed tenure housing in rural areas, Housing Associations are yet to achieve a new rural build (SHDP) scheme which also includes an intermediate housing element. Private rented sector rents have risen dramatically across NI and the private rented sector is often the only option in many rural areas. An intermediate rent would provide an option for people who cannot afford or do not want to purchase a home and who are unlikely to be able to access social housing.

Q5: To what extent do you agree with the proposed application process outlined?

- Strongly Agree
- Agree

- Neither agree nor disagree
- Disagree
- Strongly disagree

Please outline your reasons:

RRF are concerned that the income bands suggested for eligibility for intermediate rent may be too high and may still exclude households that can't access social housing. RRF would be interested to learn more about how the suggested income bands were set. It is reasonable that prospective tenants will be chosen on a first come first serve basis initially and will be subject to an affordability assessment. A robust housing management system will be needed to manage the assessment and allocation process in a fair and transparent way. One potential issue could be if a challenge is received from someone who has been unsuccessful in obtaining an intermediate tenancy. Will there be an appeals process for applicants?

Q6: To what extent do you agree with the listed household descriptions which are likely to benefit most from Intermediate Rent homes?

- Strongly Agree
- Agree
- Neither agree nor disagree
- Disagree
- Strongly disagree

Please outline the reasons for your response:

RRF believes that this model maybe particularly relevant for people who live in rural communities that have not applied for social housing as none is available in their area of choice or because they know that they are unlikely to have the level of points required to access social housing. It may also benefit those in the private rented sector who are spending more than 25-30% of their income on housing costs and those who have had a change in circumstances but that will depend on level of intermediate rent set.

How will Intermediate Rent levels be set and reviewed?

The Department proposes that Intermediate Rents will initially be set at up to 80% of market rent for the same type and size of property within the same geographical area. Regular rent reviews will operate, and an agreed uprating formula will be used to determine rent increases.

Q7: Based on evidence and research it is proposed that Intermediate Rents are initially set at up to 80% of local market rents for similar types and sizes of properties. Do you agree this proposal would be reasonable and attractive?

	Yes	No
Reasonable	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Attractive	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

Please outline the reasons for your response:

This level of intermediate rent may be attractive to rural households renting in the PRS as rents are so high and any reduction is a help to struggling households. However, RRF is concerned that tenants will still be forced to pay a significant proportion of their income in rent. In many rural communities in areas of high housing demand in council areas such as:

Mid Ulster/Armagh Banbridge, Craigavon/Newry Mourne & Down/Causeway Coast & Glens rent on a family home in the PRS can be an average of £600 per month. A 20% discount will still this mean this level of rent costing £480 per month, an annual outlay of £5,760 on rent.

For those households at the bottom of the suggested income eligibility band for intermediate rent i.e. earning £18,000 per annum any annual rent costs over £4,500 represents more than 25% of their household income. So in these higher demand areas the intermediate rent model proposed may not meet the policy intention to reduce housing costs below the 25% of overall income target.

We discussed the intermediate rent proposals with social security benefit advisors in South Tyrone Empowerment Project. They raised the concern that although these tenants would still be eligible to apply for benefits but their benefit entitlement would be calculated after housing costs are taken in to account rather than before housing costs are taken into account – therefore there is a danger that the lower intermediate rent would impact on their entitlement. This potential negative impact needs to be explored further and considered in detail in design of the scheme.

Q8: Do you agree with the proposed uprating arrangements?

- Yes
- No

Q9: Do you consider an alternative uprating approach would work better to ensure Intermediate Rent offers affordability to tenants and viability to the programme operator?

- Yes
- No

Please outline the reasons for your response:

income eligibility criterion.

What will the Eligibility Criteria be for an Intermediate Rent tenancy?

Q10: To what extent do you agree with the proposed initial income bands for accessing an Intermediate Rent home?

- Strongly Agree
- Agree
- Neither agree nor disagree
- Disagree
- Strongly disagree

Please outline the reasons for your response:

RRF believes that the income bands need to be reduced to include a wider range of households who are suffering housing affordability issues in the private rented sector.

Q11: It is proposed that income can come from a variety of sources e.g. earned income, interest on savings, private pension income as well as housing related benefits. To what extent do you agree these and other types of income should be considered when accessing an Intermediate Rent home?

- Strongly Agree
- Agree
- Neither agree nor disagree
- Disagree
- Strongly disagree

Please outline the reasons for your response and give examples of any other incomes sources which should be considered:

Q12: Do you think the level of savings held by prospective tenants should be considered as part of eligibility and / or an affordability assessment when applying for an Intermediate Rent home?

- Yes
- No

Please outline the reasons for your response:

Within the eligibility criteria for an Intermediate Rent home, priority may be given to prospective tenants subject to certain circumstances. Examples of these circumstances include:

- ***Currently live or work in the local area (for example within a 15 mile radius of the dwelling);***
- ***Have close family connections living within the same neighbourhood;***
- ***Lack security of tenure in their current home;***
- ***Are on the waiting list for social housing.***

Q13: Do you agree consideration should be given to additional eligibility criteria in such circumstances?

Yes

No

Please outline the reasons for your response:

There may be merit for consideration of additional eligibility criteria for prospective intermediate rent tenants. The inclusion of an eligibility criteria re. close family connections in the same neighbourhood may be welcomed by many in rural communities where social housing is in very short supply. It may enable lower income households to remain in a rural community where they have strong family ties or close to where they work. This additional criterion could give these households priority over others living elsewhere who want to relocate but may have alternative options. However, one unintended consequence of this criterion is that it may be considered discriminatory against migrants who will not have those close family connections in NI. Therefore the inclusion of a criteria to allow people to have additional consideration for intermediate rent if they are connected to a community through their workplace is essential to guard against this potential discrimination.

Would tenants need to provide references, a deposit or a guarantor?

The Department proposes that in line with other private tenancies, Intermediate Rent tenants will provide references and can build up a

Q14: For other private rentals it is common for landlords to ask for references and deposits. To what extent do you agree with the approach to references as outlined for Intermediate Rent tenancies?

- Strongly Agree
- Agree
- Neither agree nor disagree
- Disagree
- Strongly disagree

Please outline the reasons for your response:

The need for a reference from a previous landlord may discriminate against young people and other first-time renters and should not be considered as a pre-requisite for access to the intermediate rent scheme.

Q15: To what extent do you agree with the proposal that a tenancy deposit should be applicable to Intermediate Rent homes (instead of the need for a guarantor), which can be gathered over the initial period of the tenancy where the tenant requests that?

- Strongly Agree
- Agree
- Neither agree nor disagree
- Disagree
- Strongly disagree

Please outline the reasons for your response:

Agree that a deposit that can be accumulated over the initial period of the tenancy would be a better option than a guarantor that many people may not be able to secure.

How long would an Intermediate Rent Tenancy Last for?

The Department proposes that Intermediate Rent tenancies would be offered for a duration of (up to) 5 years. Tenancies will be reviewed and may be renewed. Where a tenant moves on, the programme operator will work with them as they transition to a new home.

Q16: What advantages and challenges can you identify for Intermediate Rent tenancies of (eg up to) five years in duration with an opportunity to renew?

Advantages:

Much more secure tenure for tenants who require it and particularly important for families with children who may struggle to stay in an area of high housing demand with potential disruptive impacts on children’s education if they are forced to change schools.

Opportunity to renew allows further security if tenants wish to remain in this type of home.

Challenges:

With 50,400 PRS households are paying 25% or more of their income on rent with 20,000 of these spending more than 40% of their household income on housing costs consideration will need to be given to a fair housing management approach to allocations. Demand is likely to massively exceed supply if a small number of initial homes are to be provided under the scheme in a pilot phase.

It is unclear whether a tenant could be evicted if after the 5 years, their financial circumstances have changed (e.g. if their income no longer falls within the threshold) in order to free the property up for another household who could benefit from and is eligible for intermediate rent.

Q17. To what extent do agree with the Department’s proposal that Intermediate Rent tenancies should be subject to review with an opportunity to renew after the initial tenancy term?

- Strongly Agree
- Agree
- Neither agree nor disagree
- Disagree
- Strongly disagree

Please outline the reasons for your response:

There should be an opportunity to renew after the initial tenancy term. Our concern is that due to the shortage of housing across all tenures in rural communities in NI is that intermediate rent tenants will have no opportunity to move to a home in their area of choice when their initial tenancy period ends.

Q18: As an initial Intermediate Rent tenancy comes to an end, please rate your preferred option (1-3) around next steps from the following list:

- 1 Reapplication and eligibility checks if tenant wishes to remain in property
- 2 Tenancy renewed without need for eligibility checks on agreement of tenant and landlord

2 Option to have a rolling tenancy

No option to extend the tenancy, tenant to leave property at end of initial tenancy

Other (Please specify below)

What Tenancy Support and Management Services will be available?

The Department proposes that Intermediate Rent tenants will have available a network of support services, provided either directly through the programme operator or through other organisations, to help support them to maintain their tenancy.

Q19: To what extent do you agree with the suggested approach of Intermediate Rent programme operators offering support services to tenants?

- Strongly Agree
- Agree
- Neither agree nor disagree
- Disagree
- Strongly disagree

Please outline the reasons for your response:

Agree that tenants would benefit from support services though these don't necessarily need to be provided directly by the intermediate rent organisation. These services could support tenants to consider home ownership, other tenancy options or application for social housing to ensure that the small stock of intermediate rent homes is being targeted appropriately at people who can benefit most from them.

Q20: What type of tenancy support services, if any, would you suggest are appropriate to be delivered to Intermediate Rent tenants?

Examples may include how to access benefits advice services, advice around avoiding or managing arrears, advice on how to access healthcare or educational services.

Please outline the reasons for your response:

Intermediate Rent Programme Operator

The Department proposes that the Intermediate Rent programme should be delivered by a single programme operator, either a standalone charity established for this purpose or a housing association subsidiary, with housing experience, and dedicated to Intermediate Rent delivery.

Q21: Do you agree with the proposal that a single entity should be appointed with responsibility to act as Intermediate Rent programme operator in delivering Intermediate Rent homes?

- Yes
- No

Please outline the reasons for your response:

The programme operator must have experience of housing management and have sufficient resources in place to support a new and growing programme. Expertise will be required for many roles ranging from planning, policy, finance and housing management

Regulating an Intermediate Rent Programme Operator

The Department proposes that specific regulatory arrangements, complementing the Private Rented Sector regulatory regime, should be applicable to the Intermediate Rent programme operator to provide appropriate governance, and to provide confidence to attract private

Q22: To what extent do you agree with the Department’s analysis of the regulatory arrangements for an Intermediate Rent programme operator?

- Strongly Agree
- Agree
- Neither agree nor disagree
- Disagree
- Strongly disagree

Q23: Are there any additional regulatory matters which the Department should seek to apply to delivery arrangements?

Please outline any additional regulatory matters which should be considered:

RRF is concerned that homes developed under this programme will fully become the asset of the programme operator at the end of the loan term. We need to ensure that that these homes are kept in public ownership and cannot revert to the operator after FTC loan finance is paid off. An asset lock on the homes created by this policy is required.

Delivering a Core Intermediate Rent Framework

The Department proposes that a core framework model, informed by input from key statutory bodies, will provide an effective model for the delivery of much needed Intermediate Rent homes of good design and quality in areas of identified need.

Q24: To what extent do you agree that the programme operator should be involved in developing the specification for Intermediate Rent Homes (this may include eg the location, rent setting, and the quality standard)?

- Strongly Agree
- Agree
- Neither agree nor disagree
- Disagree
- Strongly disagree

Please outline the reasons for your response:

We agree that a core framework model should be developed which will include clear guidance on where and when intermediate rental properties can be provided. As stated earlier the Housing Executive/Housing Associations have yet to achieve a new rural build scheme (SHDP) which includes an intermediate housing element. Consideration should be given as to how delivery agents could be encouraged to deliver in rural areas where the need is for a small number of units.

Designing, Delivering and Funding a Financially Viable Model

The Department proposes that a model based around the established practice (a blended approach between the social development and shared ownership delivery models) should broadly apply to a new Intermediate Rent

Q25: Do you agree with the use of primarily Financial Transactions Capital loan funding to support the delivery of a supply of Intermediate Rent homes?

- Yes
- No

Please give reasons for your response:

If FTC is used to support the delivery of Intermediate rent homes, the Department must give further consideration as to whether this could have a differential impact in rural areas. RRF has been lobbying to encourage housing associations to deliver more social new build schemes within a reasonably attractive funding regime. Despite the availability of HAG the target for new build social housing in rural communities has been missed in 6 of the last 7 years. Small scale rural developments may not be perceived as financially attractive or a higher risk for tenancy allocation than larger urban schemes. Intermediate rent policy must address this issue from the outset by setting a minimum number of intermediate rent homes to be delivered across rural communities in the pilot phase.

Q26: To what extent do you agree with the methodology outlined to calculate the costs to subsidise Intermediate Rent development?

- Strongly Agree
- Agree
- Neither agree nor disagree

- Disagree
- Strongly disagree

Please outline the reasons for your response:

Delivering Intermediate Rent Homes – Construction, Development and Standards

The Department proposes that Intermediate Rent homes should meet the minimum statutory construction and quality standards, with opportunity for additional requirements as necessary.

Q27: It is the Department’s view that all Intermediate Rent Homes will be required to meet the statutory building standards and statutory housing fitness standard as a minimum. Do you think that additional design and construction standards should apply to Intermediate Rent homes?

- Yes
- No

Please outline your reasons why:

In light of spiralling fuel poverty rates and the imminent introduction of climate change legislation it would show leadership if DfC insisted that homes provided meet additional design and construction standards to ensure they are as close to zero carbon as they can be.

Q28: Do you have any other data, evidence or information to help shape the development and delivery of an Intermediate Rent model that have not been captured elsewhere in this document?

RRF believes the intermediate rent model should include a commitment to developing intermediate rent homes in rural settlements in the pilot phase so any additional challenges of providing intermediate rental homes in rural areas are identified. The Rural Unit of the NIHE will be able to provide evidence of need for affordable housing in many rural settlements where they have undertaken housing need tests over the past 5 years.

There is a concern that Intermediate rent housing will be used to reduce numbers on the social housing waiting list but will only recycle the tenant for as long as they remain in an intermediate tenancy. The opportunity to 'save the deposit' to buy or for a market rent in the PRS ignores the reality that many people have insufficient weekly surplus from low earnings to save a deposit over a number of years and even then how do those tenants transition back to private rented sector to pay the increased rent once off the 'intermediate tenancy'. Unless legislation is introduced to regulate rents in the private rented sector intermediate rent models will not deal with the housing affordability crisis.

Q29: Do you agree with the proposed outcomes identified as a way to identify the success of the programme?

- Yes
- No

Q30: Do you wish to propose additional outcomes for consideration?

RRF wishes to propose that an additional outcome be included to map the provision of intermediate housing. The Housing Executive has evidenced the need for intermediate housing across rural NI through its programme of housing need tests. The Department must ensure that this need is addressed in rural communities by ensuring that any provider must make provision for intermediate housing in rural communities.

The Department has prepared and published an equality screening in relation to the content of the matters contained in this paper, available at:

<https://www.communities-ni.gov.uk/dfc-equality>

Q31: There are nine equality categories defined under Section 75 of the Northern Ireland Act 1998. Do you think that introducing an Intermediate Rent programme in Northern Ireland would impact on people from the Section 75 groups differently? If yes, please provide details.

Yes

No

Q32: Do you hold any additional data or evidence which the Department should consider on the potential impacts in respect of rural needs and data protection impacts?

We do not hold any data but the Housing Executive has extensive data from its rolling programme of housing needs tests that can evidence need for affordable housing across a wide range of rural towns and villages.

Thank you for completing this consultation questionnaire.

Your response should be sent by email to

AffordableRentBranch@communities-ni.gov.uk or by post to the address below by Friday 14th January 2022.

Intermediate Rent Consultation
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