

	<h2>Housing Committee</h2> <h3>26 June 2017</h3>
Title	Key Worker Housing
Report of	Commissioning Director Growth and Development
Wards	All
Status	Public
Urgent	No
Key	No
Enclosures	Appendix1 – Key Worker Housing Options in Barnet
Officer Contact Details	Paul Shipway, Strategic Lead Housing, Tel: 0208 3594924 e-mail: paul.shipway@barnet.gov.uk

Summary

This report sets out the housing options that are available for Key Workers in Barnet.

Recommendations

1. That the Committee Report is noted

1. WHY THIS REPORT IS NEEDED

- 1.1 At the meeting of 20th October 2016 the Housing Committee requested a report on key worker housing.

2. REASONS FOR RECOMMENDATIONS

- 2.1 The report is for noting by the committee.

3. ALTERNATIVE OPTIONS CONSIDERED AND NOT RECOMMENDED

- 3.1 Other alternative options have not been considered, as the report is for noting.

4. POST DECISION IMPLEMENTATION

- 4.1 The council will continue with its plans to increase the supply of housing, including homes that are affordable for key workers and other households on modest incomes.

5. IMPLICATIONS OF DECISION

5.1 Corporate Priorities and Performance

- 5.1.1 The provision of housing that is affordable for key workers supports the Council's corporate plan priorities to make sure that Barnet is a place of opportunity, where people can further their quality of life and where people are helped to help themselves
- 5.1.2 The Council's Housing strategy includes a priority; Delivery of homes that people can afford, which is supported by the provision of affordable properties that are suitable for key workers.

5.2 Resources (Finance & Value for Money, Procurement, Staffing, IT, Property, Sustainability)

- 5.2.1 There are no resource implications presented by the recommendation of this report.

5.3 Social Value

- 5.3.1 Not applicable

5.4 Legal and Constitutional Reference

- 5.4.1 Constitution, Part 3, Responsibility for Functions, Appendix A – sets out the terms of reference of the Housing Committee which includes:
- Housing Strategy (incorporating Homelessness Strategy)
 - Work with Barnet Homes, RSLs and social housing providers to ensure the optimum provision of housing and associated facilities for those who require social housing

- Commissioning of Environmental Health
- Promote the better integration of privately rented properties into the Borough's framework;
- All matters related to Private sector Housing including Disabled Facility
- Grants
- Housing licensing and housing enforcement.

5.5 Risk Management

5.5.1 There are no specific risks associated with the recommendation of this report.

5.6 Equalities and Diversity

5.6.1 Pursuant to section 149 of the Equality Act 2010 ("the Act), The Council has a duty to have 'due regard' to eliminating unlawful discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Act, advancing equality of opportunity between persons with a protected characteristic and those without, and foster good relations between persons with protected characteristics and those without.

5.6.2 The protected characteristics are age, race, disability, gender reassignment, pregnancy and maternity, religion or belief, sex and sexual orientation. The duty also covers marriage and civil partnership but to a limited extent.

5.6.3 A full Equalities Impact Assessment of the Council's Housing Strategy, which includes the priority *Delivery of homes that are affordable*, has been completed and identified that it will have an overall positive impact on all sections of Barnet's community; this was reported in full to the Housing Committee in October 2015.

5.7 Consultation and Engagement

5.7.1 A 12 week public consultation on the Council's Housing Strategy was undertaken between 6 January 2015 and 31 March 2015. The consultation included an online survey as well as presentations to the Housing Forum, Barnet Homes Performance and Advisory Group, and Barnet Landlords Forum. The outcome of this consultation was reported to the Housing Committee in October 2015 and taken into account in the final version of the Housing Strategy.

5.8 Insight

5.8.1 Insight data on house prices, key worker incomes and vacancy rates in Barnet have been used in the report.

6. BACKGROUND PAPERS

6.1 Relevant previous decisions are shown in the table below.

Item	Decision	Link
Housing Committee, 27 October 2014	Decision Item 9- Housing Strategy	http://barnet.moderngov.co.uk/ieListDocuments.aspx?CId=699&MId=7936&Ver=4
Housing Committee. 27 April 2015	Decision item 10- Summary of Feedback Following Consultation on Draft Housing Strategy	http://barnet.moderngov.co.uk/ieListDocuments.aspx?CId=699&MId=7938&Ver=4
Housing Committee 29 June 2015	Decision item 7- Housing Strategy	http://barnet.moderngov.co.uk/ieListDocuments.aspx?CId=699&MId=8264&Ver=4
Housing Committee 19 October 2015	Decision item 9- Housing Strategy	http://barnet.moderngov.co.uk/ieListDocuments.aspx?CId=699&MId=8268&Ver=4
Council 20 October 2015	Decision item 12- Report of Housing Committee – Housing Strategy and Commissioning Plan	http://barnet.moderngov.co.uk/ieListDocuments.aspx?CId=162&MId=8340&Ver=4
Housing Committee 27 June 2016	Decision item 7 – Members Items	http://barnet.moderngov.co.uk/ieListDocuments.aspx?CId=699&MId=8628&Ver=4
Housing Committee 20 October 2016	Decision item 7 – referral from full council	http://barnet.moderngov.co.uk/ieListDocuments.aspx?CId=699&MId=8629&Ver=4
Housing Committee 20 October 2016	Decision item 9 – low cost home ownership in Barnet	http://barnet.moderngov.co.uk/ieListDocuments.aspx?CId=699&MId=8629&Ver=4

Appendix 1 - Key Worker Housing

1. Overview

As requested by Housing Committee, this report considers need to provide housing for key workers in the borough.

2. Housing Strategy

A key objective of the Council's Housing Strategy 2015 to 2025 is the delivery of homes that people can afford. The housing strategy recognises that the cost of owning or renting a home has become increasingly expensive making it increasingly difficult for lower income working households to find affordable accommodation in the borough, and sets out plans for addressing this in the longer term by increasing the supply of housing by 27,000 homes over the next 10 years, including affordable properties for rent and for sale.

3. Key Workers

There is no single definition of a key worker, but the Government¹ uses the following definition for tax purposes:

- nurses and other NHS staff,
- teachers in schools and in further education or sixth form colleges,
- police officers and some civilian staff in police forces,
- prison service and probation service staff,
- social workers, education psychologists, planners and occupational therapists employed by local authorities, and
- Whole time junior fire officers and retained fire fighters in some fire and rescue services.

However, it is arguable that the housing needs of other lower paid workers that are essential to a successful local economy should also be considered, for example, in lower paid health, construction, retail and catering occupations.

4. Key worker incomes

As the table below shows, key worker salaries are typically between £25,000 and £40,000 per annum including London weighting. This compares to an average household income of £42,817² in Barnet, which a key worker and their partner might reasonably expect to match or exceed if they are both working.

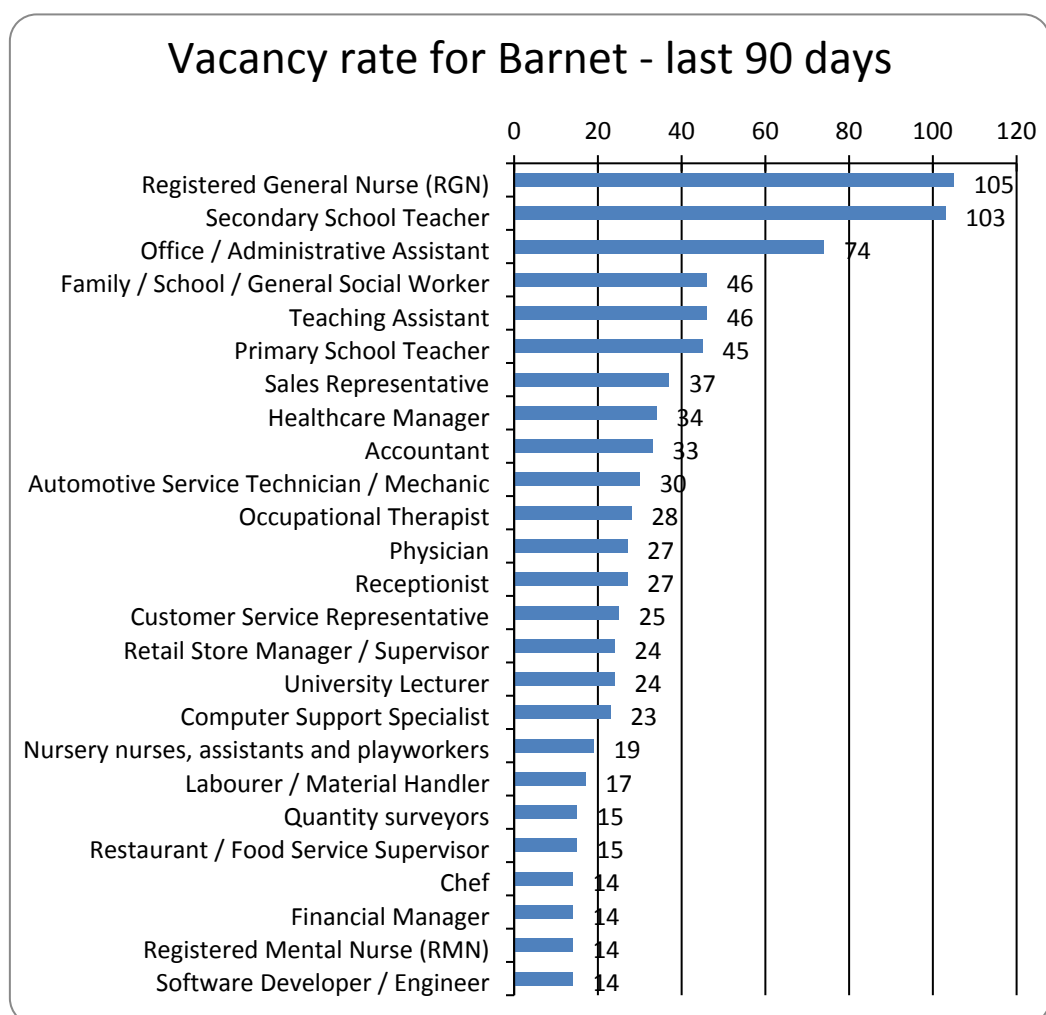
¹ <https://www.gov.uk/hmrc-internal-manuals/employment-income-manual/eim21735>

² Insert reference

Profession	Range Inc. London Weighting
Police Constable ³	£26,577 to £40,374
Midwife ⁴	£30,247 to £39,708
Nurse	£26,032 to £35,225
Teacher	£26,139 to £42,077
Social Worker	Up to £40,625
Planner	£26,700 - £39,900
Fire fighter	£25,860 to £33,261

5. Retention and Recruitment

An important factor in understanding how much of an impact high housing costs are having on key worker is the ability of employers to recruit staff. The following data shows information about vacancy rates across some of the key worker categories.



³ <https://www.metfriendly.org.uk/services/police-finance-information/police-pay/>

⁴ <https://www.healthcareers.nhs.uk/about/careers-nhs/nhs-pay-and-benefits/agenda-change-pay-rates>

6. Housing Options for Key Workers

Specific housing schemes for Key Workers have largely disappeared, as the Government's approach has been to open up low cost home ownership to a wider group of people with eligibility based primarily on income levels. Shared ownership schemes are now available to households with incomes of up to £90,000 in London and £80,000 elsewhere.

Historically a shared ownership scheme for key workers has been delivered in Barnet. The scheme was funded by the Homes and Communities Agency (prior to their powers being transferred to the GLA). Unfortunately the lease on these properties prohibited anyone living in the properties who was not a key worker, as a result the housing association were unable to sell these properties. Although key workers were interested they showed a strong preference for general needs shared ownership where there was no lease restrictions and waited for these to become available in the adjoining block. Eventually the designated key worker scheme was transferred to general needs shared ownership.

Surrey County Council has successfully delivered a number of key worker schemes. The Council took an innovative approach to key worker living by encouraging employers (such as the health sector) to enter into shared equity arrangements with housing associations to provide accommodation for key staff. The housing association provided shared ownership housing for employees, as well as rented accommodation, subsidised by the employer. This arrangement is unlikely to work in Barnet as employers are unable to commit resources to subsidise housing for their employees.

Home Ownership

The Housing Committee received a report in October 2016 which set out the low cost home ownership options which are available to households on a range of incomes in Barnet, including key workers.

General needs shared ownership is prioritised for people living and working in the borough, and the following example of shared ownership in Barnet shows that this is affordable for key workers based on the income levels set out in section 4 above:

Example – 1 bed flat Stonegrove

Purchase Price	£320,000
30% Share	£96,000
Deposit@ 5%	£4,800
Mortgage Required	£91,200
Income Required (Mortgage divided by 3⁵)	£30,000

⁵ Lower income to loan value used to take account of rental payments due in addition to mortgage

The other main option for accessing low cost home ownership is the Government's Help to Buy Equity Loan scheme, an example of which is provided below, and which will be affordable for some key worker households:

Example – New build flat in Colindale

Purchase Price	£450,000
Deposit (5%)	£22,500
Government Loan (40%)	£180,000
Mortgage Required	£247,500
Income Range Required based on mortgage from 3.5 to 4.5 times income	£55,000 - £70,714

Key workers can also benefit from the Help to Buy ISA scheme, which provides a government contribution of £50 for every £200 saved up to a maximum of £3,000, which can then be used towards the cost of buying a home of up to £450,000 in London or £250,000 elsewhere, and can be used in conjunction with other schemes such as shared ownership and Help to Buy.

Rented Accommodation

Key workers would not generally qualify for social or affordable rented housing, unless they fell into a reasonable preference category under the Council's Housing Allocations scheme, and their income was below the median level in the borough for their household size.

Key workers are more likely to rely on the private rented sector for rented homes, and the table below shows monthly rents for different sizes of property in Barnet produced by the Valuation Office Agency covering 12 months to September 2016.

Barnet	Average	Lower quartile	Upper quartile
Room	£648	£550	£700
Studio	£888	£798	£990
1 Bed	£1,135	£1,001	£1,248
2 Bed	£1,450	£1,257	£1,560
3 Bed	£1,970	£1,650	£2,080
4 Bed	£3,687	£2,253	£4,100
All	£1,693	£1,150	£1,800

The average rent for a 2 bedroom property is £1,395 per month. For a couple with 1 child on an average Barnet Income of £42,817, net pay is likely to be about

£2,900 per month⁶, meaning that the average rent for a 2 bedroom property will represent 50% of disposable income, with no entitlement to Housing Benefit.

A similar household comprising two key workers with one child might enjoy a higher income in the region of £55,000. In this example, net pay is likely to be about £3,644⁷, which would mean that the average two bedroom rent of £1450 would represent 40% of disposable income.

A newly qualified single teacher earning £26,139, with a student loan might expect a net pay of about £1680 per month, meaning that the average monthly cost of £648 renting a room in Barnet would be about 39% of disposable income, whilst the average monthly rent of £884 for a studio flat would be 53% of disposable income.

7. Next Steps

The council's approach to key worker housing has been to increase the supply of housing, including affordable dwellings and provide more homes for people on moderate incomes.

The London Mayor has recently announced his affordable housing delivery programme, which includes a rental new product which could be particularly suitable for key workers. The London Living Rent programme will aim to deliver rented accommodation based on one third of local incomes. For Barnet this would mean rents for a two bedroom flat ranging from £744 in Burnt Oak to £1,117 in Golders Green, significantly lower than the current average rent across the borough of £1,395. The council could seek to establish a programme of delivering London Living Rent Homes with the support of grant from the mayor.

In addition, the Barnet Group is developing plans to establish a local lettings agency, which could provide an opportunity to help more key workers to access the private rented sector directly.

Shared ownership will continue to be available to households with incomes of up to £90,000, and the Council could consider using lower local threshold incomes which could be applied for the first three months of marketing to improve access for lower income households.

The Council is already a key partner in the One Public Estate (OPE) Programme. This is a joint Local Government Association and Cabinet Office Government

⁶ Example used, both earning, £25,000 and £17,817 respectively, net pay after tax and national insurance would be £1,680 and £1,273 respectively, total £2,953 <http://www.thesalarycalculator.co.uk/salary.php>

⁷ Example used, both earning, £30,000 and £25,817 respectively, net pay after tax and national insurance would be £1,964 and £1,680 respectively, total £3,644 <http://www.thesalarycalculator.co.uk/salary.php>

Property Unit (GPU) Programme to encourage better economic use of public land and property held by local authorities and public sector partners. This programme could present an opportunity for the Council to bid for funding, secure additional land, or manage housing on behalf of the Government's One Public Estate Office with key partners from the health sector. A number of sites have been identified and are being looked at as part of this programme in Barnet which may deliver affordable housing suitable for key workers.

The Council's Housing strategy includes a priority to deliver homes that people can afford, which is supported by the provision of affordable properties that are suitable for key workers. This can best be achieved by increasing the supply of homes, including affordable housing in the borough, which the Council is doing so through its development pipeline, and wider plans for regeneration and growth across the borough.