

# L&Q Intermediate Rent Allocation Policy

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## 1 Purpose and Scope

- 1.1 Intermediate rent schemes are designed to provide affordable housing options for renters who are typically unable to afford full market rents but do not qualify for social housing. These schemes aim to support households who are working and seeking to save towards buying their first home, offering rents set below general market levels to make housing more accessible.
- 1.2 This policy sets out the principles that govern the allocation of homes that are part of the intermediate rent schemes L&Q offer. This includes London Living Rent, Intermediate Market Rent, and Rent to Buy. These products are intended for households with moderate incomes who can sustain rent payments while saving for a deposit, bridging the gap between social housing and open market housing.
- 1.3 This policy does not cover the allocation of general needs homes nor shared ownership. For more information on these, please refer to our Allocations and Lettings Policy and Shared Ownership Eligibility and Allocations Policy.

## 2 Legislation and Regulation

- 2.1 We always aim to meet our relevant legislative and regulatory obligations. Those relevant to this policy include, but are not limited to:
  - **The Homes England and Greater London Authority (GLA) Capital Funding Guides**

Defines funding rules and eligibility for intermediate rent schemes, ensuring consistency with national and regional affordable housing programmes.
  - **Mayor of London's Homes for Londoners Affordable Homes Programme 2016-21, 2021-26 or any subsequent Funding Programme**

Sets strategic priorities and income thresholds for intermediate products, under London's affordable housing delivery framework.
  - **Housing Act 1988**

Provides the statutory basis for Assured Shorthold Tenancies, which are the standard tenancy type for intermediate rent homes, ensuring security and clarity of rights for both landlords and tenants.
  - **Equality Act 2010**

The Act prohibits discrimination based on the nine protected characteristics. Please see section 13 for our Equality Impact Assessment for this policy.
  - **Immigration Act 2014**

The Act restricts access to housing by setting out eligibility rules based on immigration status, ensuring that only individuals with lawful and qualifying residence in the UK can be allocated housing.

## 3 Definitions

- 3.1 We set out in detail the types of tenures we offer in our Tenure Policy, but for the purpose of this policy, please see definitions of the intermediate products we currently offer below:
- 3.2 **Intermediate Market Rent (IMR)**- A government- backed scheme designed to help you save money by offering rental properties at a lower rate than the average market price. Homes under this scheme are often priced up to 80% of what you would expect to pay for a like for like property on the open market. With reduced monthly payments, you'll have more room to build up your savings towards a deposit for your first home.
- 3.3 **London Living Rent (LLR)**- Funded by the Mayor of London, LLR is a Government-backed scheme that enables you to increase your savings by renting at a discounted rate than you would expect to pay for a similar property on the open market. Rent is capped based on the size of the home and set in line with the local borough or ward. This helps you to save additional money each month, which can go towards buying a home through Shared Ownership or on the open market.
- 3.4 **Rent to Buy (RTB)**- Rent to Buy is a government scheme designed to transition you from a renter into a homeowner. Homes under the Rent to Buy scheme have subsidised rents, which means they are often priced at up to 80% of which you would expect to pay for a similar property on the open market. The aim of renting a home through Rent to Buy is to save the extra money you would be spending on renting privately to put towards your deposit to buy your home.

## 4 Eligibility and Suitability

- 4.1 **General Eligibility (All Intermediate Products)**
- 4.1.1 To be eligible for any of our intermediate housing products, you must:
- Have the right to rent in the UK (e.g. British/EU/EEA citizenship or a valid UK residency visa).
  - Be over the age of 18
  - Meet minimum income and affordability standards, which vary depending on the property and your household's financial circumstances.

- Be able to prove you can provide one month's rent in advance and five weeks' rent as a tenancy deposit.

4.1.2 Applicants who are married or in a civil partnership must make a joint application and therefore becoming joint tenants of the property. There may be exceptional circumstances where we will agree to a sole tenancy knowing the applicant is married or in a civil partnership, but these will be assessed on a case-by-case basis.

4.1.3 You must not:

- Own another residential property in the UK or abroad or be in the process of buying one.
- Have an adverse rental history (e.g. rent arrears or property damage).
- Have a history of financial issues such as bankruptcy, defaults, County Court Judgments (CCJs), or Individual Voluntary Agreements (IVAs).
- Give false or misleading information on your housing application form.

## **4.2 Additional Requirements by Product**

### **4.2.1 London Living Rent (LLR)**

You must:

- Live or work in London.

You must not:

- Have a household income that exceed the relevant GLA income threshold at the time of your application.
- Be able to afford a similar home on the open market or through Shared Ownership.

### **4.2.2 Intermediate Market Rent (IMR)**

You must:

- Have a formal tenancy (e.g. private rented sector) or live informally with family/friends due to housing cost pressures.
- Be able to afford 80% of the local market rent without assistance.

You must not:

- Have a household income that exceeds the relevant GLA income threshold at the time of your application.

- Be able to afford a similar home on the open market through outright sale.

### 4.2.3 Rent to Buy (RTB)

There is no maximum household income criteria set for Rent to Buy. However, eligibility is restricted to those who are currently unable to raise a deposit to purchase a property. To be eligible you must:

- Be a first-time buyer.
- Be in full-time employment.
- Intend to purchase a home at the time of application.

### 4.2.4 Employee and Related Applicant Checks

We are able to sell and let housing to employees, board members and people connected to them. Such applicants are referred to as connected persons. A connected person may be:

- an L&Q employee or Board member;
- the child, stepchild, parent, step-parent, co-parent, spouse, domestic partner, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law or sister-in-law of an L&Q employee/Board member;
- any person (other than a tenant or an employee) sharing the household of an L&Q employee/Board member;
- a close friend or business colleague of an L&Q employee/Board member; or an entity which is owned or controlled by someone who falls into these categories.

If you are classed as a connected persons, there may be further conditions you have to meet in your application to ensure there is no advantage given.

## 5 Financial Assessments

- 5.1 If you are applying for an IMR scheme your financial suitability will be verified via an external referencing agency. Prior to this we will complete financial checks where you will be asked to provide documentation so we can check eligibility.
- 5.2 If you are applying for a LLR or RTB scheme, alongside meeting the eligibility criteria outlined in section 4, you must also complete a financial assessment to confirm eligibility for the scheme. Subject to the scheme, you will be deemed eligible if you can demonstrate that you are currently unable to purchase a home outright or via

shared ownership at the relevant development. Also, that you have the capacity to save toward a deposit to purchase a home, either outright or through the L&Q Shared Ownership programme, within the life of the tenancy.

- 5.3 Affordability levels for LLR and RTB will be determined by an independent financial assessor. We will also carry out our own affordability assessment to confirm that you cannot currently afford to purchase a home, are likely to be eligible for a mortgage in the future based on your financial conduct and have sufficient disposable income each month to save towards a deposit. Eligibility criteria may vary according to local authority and planning requirements.

## **6 Viewings and Prioritisation of Applicants**

- 6.1 If you meet the eligibility criteria and are successful in the financial assessment where it applies, we will proceed with organising a viewing of the property. Please see below how we prioritise eligible applicants who have expressed interest:

### **6.2 London Living Rent and Intermediate Market Rent**

- 6.2.1 We aim to give you the choice in selecting your preferred property, however offers will ultimately be based on suitability and priority.
- 6.2.2 Where there are multiple applications for a specific property, we will prioritise applicants using a scoring system, unless specific priority conditions are set out in the planning obligations.
- 6.2.3 If you are a Ministry of Defence personnel, you will be prioritised where:
- You have completed your basic (phase 1) training, and you are one of the following:
    - regular service personnel (including Navy, Army and Air Force);
    - clinical staff (with the exception of doctors and dentists);
    - ministry of Defence Police Officers;
    - uniformed staff in the Defence Fire Service.
  - You are 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 documentation) as proof, where you apply within two years (24 months) of the date of discharge from service; or
  - You are the surviving partner of regular service personnel who have died in service, where you apply within two years (24 months) of the date of bereavement.

## **6.3 Rent to Buy**

- 6.3.1 For Non-Grant Funded S106 Homes we aim to give you a choice in selecting your preferred property. However, where specific prioritisation criteria are set out in the planning conditions, these will be observed.
- 6.3.2 For properties delivered via Homes England Grant funding they will be offered on a first come, first served basis (see 6.3.3). Exceptions apply where homes are being delivered in either a National Park, Area of Outstanding Natural Beauty or on a rural exception site. In most cases this will be agreed by the local authority and set out in a Section 106 agreement or through other formal means. The agreement is likely to stipulate that priority will be given to applicants with some form of connection to the local area. Additionally, the agreement will also likely include a cascade system to identify in order the next areas and / or criteria for the priority of applicants that will apply.
- 6.3.3 For schemes where demand exceeds supply or during initial launches, homes will generally be allocated on a first-come, first-served basis. For this you must submit an Expression of Interest within the defined period. This will only be considered if you have an accepted application, meet eligibility and affordability criteria, and provide any required financial assessments or documentation. Expressions received outside the specified timeframe or from applicants who do not meet these conditions will not be considered.

## **7 Financial Duty and Tenancy**

### **7.1 All Intermediate Products**

- 7.1.1 You must provide one month's rent in advance and five weeks' rent as a tenancy deposit.
- 7.1.2 You are also responsible for:
- Paying rent monthly
  - Covering utility bills such as electricity, gas and water

### **7.2 London Living Rent**

- 7.2.1 An initial 3 years Assured Shorthold Tenancy (AST) will be given, with an option to renew at the end of the term, for up to ten years.
- 7.2.2 The amount that you pay will depend on the location of the home you are renting. To ensure that LLR continues to offer the best possible affordable option for renters in London, the Mayor publishes benchmark London Living Rent levels for every neighbourhood in the capital, which are updated annually. These are based on a

third of average local household incomes and adjusted for the number of bedrooms in each home. In most boroughs this will be a significant discount to the market-level rent.

- 7.2.3 If you are unable to purchase the property after the 10-year period, your tenancy will not be renewed, and the property will revert to L&Q's ownership for reallocation.
- 7.2.4 Should your circumstances change within your tenancy term, such as your income, you will be required to inform us.
- 7.2.5 During the tenancy period, we may contact you periodically to discuss your progress toward home ownership. While there is no fixed saving requirement, we encourage tenants to use the rent discount to build a deposit.
- 7.2.6 Following the end of the tenancy, whilst we hope you will be in a position to purchase a home, we cannot guarantee that you will be able to purchase the property that you are renting.

### **7.3 Intermediate Market Rent**

- 7.3.1 These tenancies are offered on a 12-month AST.
- 7.3.2 Rental prices will vary depending on the location of the home. Intermediate Rents are set at no more than 20% below local market rate for a similar property in the area.
- 7.3.3 Your rent will remain fixed during the tenancy. Two months before renewal, we will contact you to confirm the new rent, which will remain at 20% below local market rates.
- 7.3.4 We do not determine a fixed monthly saving as part of the IMR tenancy. IMR is a stepping stone to homeownership, so it is recommended that the savings that you make from the discounted rent is put towards the deposit for your first home.
- 7.3.5 IMR homes are not available for purchase. However, if you are ready to buy, L&Q offers a range of affordable home ownership options

### **7.4 Rent To Buy**

- 7.4.1 An initial 2-year AST will be given.
- 7.4.2 As the Rent to Buy product has been designed with home ownership in mind, the use of short-term tenancies is in line with expectations of an intermediate product that is a stepping stone into home ownership within a relatively short timescale.
- 7.4.3 The rent you pay on a Rent to Buy property is set at no more than 20% below the market rent for a similar property on the open market.



- 7.4.4 We understand that circumstances can change over your tenancy term therefore there is no obligation to buy your Rent to Buy home with us. After your tenancy has come to an end if you cannot buy the home you have rented, you will be required to move out of the property.

## **8 Monitoring and Controls**

- 8.1 We will monitor the following to ensure compliance and effectiveness of this policy:
- Accuracy of data submitted through CORE reporting for new lettings and sales.
  - Verification of household income against eligibility thresholds using evidence provided.
  - Correct application of any prioritisation or scoring mechanisms for allocations.
  - Occupancy levels of Intermediate Rent homes to meet corporate targets.
  - Accuracy of rent calculations in line with GLA requirements and funding conditions.

## **9 Equality, Diversity and Inclusion**

- 9.1 Under the Equality Act 2010 we have a responsibility to have due regard to the need to eliminate discrimination and promote equality of opportunity. Therefore, where appropriate, and in line with our responsibilities under the Equality Act 2010, we may consider reasonable adjustments to our standard policy.
- 9.2 For more information on how we can support residents and make reasonable adjustments, please refer to our Supporting Residents with Additional Needs Policy

## **10 Communication**

- 10.1 This policy will be published on the L&Q website.
- 10.2 We will publish this policy internally for colleagues to access, along with associated procedures, processes and guidance.
- 10.3 Useful information on Intermediate Market Rent, London Living Rent and Rent to Buy is also available on the L&Q Homes website.
- 10.4 Complaints regarding the application of this policy, will be managed in line with our Complaints Policy.

## 11 Policy controls sheet

**Date of approval:** 04/12/2025

**Approved by:** Customer Group

**Effective date:** 04/12/2025

**Next Review date:** 05/12/2028

**Policy owned by:** Customer Service and Revenue Director

**Associated documents:** 01 Intermediate Rent- Application SOP, 01.02 Intermediate Rent- Financial Assessment SOP, 01.03- Intermediate Rent- Viewing SOP, 02.01 Intermediate Rent- Move in SOP, London Living Rent Allocations SOP, Rent to Buy SOP, Right to Buy (NW) SOP

Main change	Key points
Introduction of a New Intermediate Rent Allocation Policy.	<ul style="list-style-type: none"><li>• This policy combined existing policies on London Living Rent and Rent to Buy.</li><li>• It also introduces our existing approach to Intermediate Market Rent.</li></ul>
Reviewed by: The Policy Team	
Approved by: Customer Group	