



# Submission

## Intermediate Rent Market Sounding Exercise

September 2023

[homelessconnect.org](https://homelessconnect.org)

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## Homeless Connect Response to Intermediate Rent Market Sounding Exercise

### Introduction

1. Homeless Connect has been working to prevent and alleviate homelessness in Northern Ireland since 1983. As a membership body, we represent organisations working with people experiencing homelessness or at risk of becoming homeless and provide direct support to service users through our projects.<sup>1</sup>

2. Homeless Connect is not responding to this exercise as a potential operator of the Intermediate Rent Scheme. As the representative body for the wider homelessness sector, it is not our role to directly act in such a capacity. Consequently, our submission will not seek to directly answer the questionnaire provided, but will instead provide some constructive insights from the perspective of the homelessness sector to the sounding exercise document.

### The Intermediate Rent Scheme

3. As an organisation, Homeless Connect supports the introduction of the Intermediate Rent Scheme in Northern Ireland. With rapidly rising rents in the Private Rented Sector<sup>2</sup>, this is a much-needed and timely intervention. It would be hoped that the scheme would help some households access high-quality, affordable housing which is suitable to their needs. It may also act as a homelessness prevention measure which very much is in accordance with the approach adopted by the Housing Executive in the Homelessness Strategy for 2022-27.<sup>3</sup>

4. While we are supportive of the objectives set out in the sounding exercise document published by the Department, one concern we have relates to the size of the intervention. We are fully cognisant of the fact that the figure of 300 homes will be directly related to the funding available to the Department through Financial Transactions Capital. However, in our estimation, the Department should look to expand this scheme beyond the 300 homes envisaged as soon as financial circumstances make this possible.

5. Over the last ten years, the number of households on the social housing waiting list has increased by 9.5% (from 41,356 in March 2013 to 45,292 households in June 2022); the number of households in housing stress has increased by 47.8% (from 22,414 to 33,310 households); and the number of households with homelessness status has increased by 115.1% (from 12,431 to 26,745 households).<sup>4</sup> There is no sign of a slow down or reversal in rapidly rising private rents across NI. With each month that passes, the situation appears to be deteriorating further and further. The intermediate rent scheme is one intervention, alongside others, which may make some difference through providing affordable access to high quality homes. For some households on the social housing waiting list, it may prove a possible option they wish to explore, especially if the properties are of a high quality and are well managed. It would further assist upstream by ensuring that low income households do not find themselves in a position where due to affordability concerns they are no longer able to afford to live in the Private Rented Sector.

6. It has to be acknowledged that while 300 homes is not a negligible number of homes, over a twenty five year period it remains a relatively small intervention compared to the size of the challenge that

Northern Ireland is facing. It seems likely to us that the intermediate rent scheme will be quickly over-subscribed if prevailing market conditions here continue. While in the short term we understand it is unlikely that additional funding will be forthcoming, we would urge the Department to explore every option available to increase the number of homes available through the Intermediate Rent Scheme as and when additional funding is made available.

## The Intermediate Rent Policy and Design Standards

7. Homeless Connect welcomes the high standards set out by the Department regarding the potential operator of the Intermediate Rent Scheme. It is important that the operator chosen to provide the Intermediate Rent Scheme is legally, financially and ethically competent to run the scheme.

8. The Department has evidently carefully considered the Homes for Intermediate Rent policy and Design Standards. In our view, it is important that the Department ensures that these are upheld by the operator who is selected to provide the scheme and that quality is not sacrificed for cost reasons. We know from our work with people with lived experience of homelessness that poor quality housing can be a factor which impacts on tenancy sustainment. One question we have in reading the Intermediate Rent Scheme Policy and Design Standards is the mechanism the Department envisages for ensuring that these standards are upheld. We would welcome clarification on this point.

9. It is noted that the Intermediate Rent Policy states the following regarding income levels for applicants for the scheme: “The applicant household’s net income must not exceed £30,000 for a single adult household and £40,000 for a two or more adult household.”<sup>5</sup> We understand the rationale for these figures in 2023. However, the policy does not appear to account for the potential impact of inflation over a twenty-five year period. At the time of writing, it is impossible to know what levels of inflation could be going forward. However, if the past is any guide, it is likely that inflation could have the effect of narrowing year on year who is able to access intermediate rent homes if no flexibility is built in to the scheme. £1 in 1998 is now worth £2.69 in 2023.<sup>6</sup> We would submit that the Department should look to account for the impact of inflation in the determination of the relevant income levels for accessing the intermediate rent scheme due to the length of time it is envisaged to last.

## Delivery Requirements

10. We note that the delivery requirements specify that the operator must operate at “scale” and that a proposal “is expected to cover more than one Local Government District and involve multiple sites.” We welcome this requirement. However, we would note that two local government districts is a relatively small number and we would hope that the scheme would go wider than this. We would further submit that the Department should consider whether the provider should be required to provide properties in both urban and rural areas. While many may perceive of challenges with housing affordability to be a primarily urban issue, challenges with housing affordability also impact on rural areas.

11. The Delivery requirements set out that “the homes will be a mix of 1,2 and 3 bedroom apartments and houses.” However, it then goes on to say that the “development mix may not be mandated.” In our estimation, it is important that the scheme provides a mix of suitable property sizes to suit households of different sizes and with different needs. We believe that the Department should give strong consideration to mandating a mix of property sizes for this intervention. While we can understand the rationale behind

allowing the proposer to outline a property mix, we are concerned that this may lead to a less than ideal mix of property sizes being adopted.

12. We want to make clear that we especially welcome the long-term vision behind the Intermediate Rent Scheme policy. Effective housing policy needs to think over long-time horizons and we commend the Department for thinking in these terms. Ideally, the Intermediate Rent Policy would have been accompanied by the Housing Supply Strategy which envisaged a 15 year time horizon. However, we appreciate that the collapse of the Executive has made this impossible.

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## References

<sup>1</sup> 'Homeless Connect' is a registered charity in Northern Ireland (charity number 103325)

<sup>2</sup> See Property Pal, "Northern Ireland Housing Market Update: Q2 2023," accessed 30 August 2023, <https://content.proper-typal.com/northern-ireland-housing-market-update-q2-2023/> which has recorded a 9.7% rise in private rents over the last year.

<sup>3</sup> Housing Executive, "Ending Homelessness Together Homelessness Strategy 2022-27," accessed 30 August 2023, <https://www.nihe.gov.uk/getattachment/73313718-aa0e-4aae-b122-6573dcab88c7/Ending-Homelessness-Together-Homelessness-Strategy-2022-27.pdf>

<sup>4</sup> Homeless Connect, "DfC Housing Bulletin shows a worsening picture," accessed 30 August 2023, <https://homelessconnect.org/dfc-housing-bulletin-shows-a-worsening-picture/>

<sup>5</sup> Department for Communities, Department for Communities intermediate Rent Policy, March 2023, accessed 30 August 2023, <https://www.communities-ni.gov.uk/sites/default/files/publications/communities/dfc-intermediate-rent-policy.pdf> p12

<sup>6</sup> See Inflation Tool, <https://www.inflationtool.com/>, accessed 30 August 2023.



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