

## **APPENDIX B - SCRUTINY COMMITTEE**

### **AFFORDABLE HOUSING IN GARDEN COMMUNITIES DISCUSSION GROUP**

#### **1 What is the Purpose of this Paper?**

- 1.1 This paper sets out key considerations in relation to providing affordable housing in the proposed garden communities and suggests a way forward in reviewing the Uttlesford Housing Strategy.

#### **2 What are our Housing Objectives in the new Garden Communities?**

- 2.1 The housing objectives that were discussed at the Member Workshop are set out in the appendix 1 .
- 2.2 In summary the affordable housing objectives for the garden communities may be summarised as follows:
- to secure mixed and balanced communities from the start of the development linked with the timely delivery of social and physical infrastructure;
  - to ensure that affordable housing provision not only addresses people on the Uttlesford housing waiting list or those in Council or Housing Association properties, , but also delivers housing at suitable prices for local workers, families and older people wanting to stay near their existing community who cannot afford market housing; and
  - to bring forward homes that meet the needs of those who will have a long term need for affordable housing .

#### **3 What is the Local Housing Need in Uttlesford?**

- 3.1 Housing need can be classified into two main criteria. One uses the overall definition in the National Planning Policy Framework (NPPF), referring to all households whose needs cannot be met by the market, the other is more specifically focussed on those households who are in the highest need, and likely to be identified on the Uttlesford Housing Register.

#### **3.2 Calculating Affordable Housing Needs assessments**

- 3.2.1 The NPPF paragraph 61 and 62 set out how the 'size, type and tenure of housing needed for different groups in the community should be assessed and reflected in planning policies (including, but not limited to, those who require affordable housing, families with children, older people, students, people with disabilities, service families, travellers, people who rent their homes and people wishing to commission or build their own homes).
- 3.2.2 Where a need for affordable housing is identified, planning policies should specify the type of affordable housing required, and expect it to be met 'on-site'.
- 3.2.3 The NPPF uses the concept of Objectively Assessed Housing Need. In this context, housing need includes the housing requirements of those with the ability to satisfy those requirements in the housing market, as well those who cannot. This paper adopts the term Affordable Housing Need for those in the latter group.

- 3.2.4 'Affordable Housing need' refers to those households "whose needs are not met by the market (including housing that provides a subsidised route to home ownership and/or is for essential local workers);" and whose needs should be met by homes which comply with one or more of the definitions of affordable housing.(See Appendix 3)
- 3.2.5 In terms of affordable housing, need and demand are different because demand is really a 'want' and may not be the same as what is needed – i.e. a couple may *want* a two bedroom property but only *need* a one bedroom property. There is a duty on the local authority to meet need. In terms of open market housing, demand and need are driven by what can be afforded and there is a choice about how this need is met – i.e. an individual may only need a one bedroom house but want a four bedroom house. If they can afford it they can buy it.
- 3.2.6 The calculation of affordable housing need is intended to provide a short-term assessment to estimate the level of affordable housing required on an annual basis to meet need across a five year period. When considering the need for affordable housing in the garden communities, it will be important to look over a much longer timeframe, say 15-20 years. The affordable housing need assessment will need to consider:
- **Addressing historical accumulated affordable housing need** (i.e. the '**backlog**'). This backlog can be considered to be made up of a range of types of household in 'need' - from those in urgent need of housing i.e. without a current permanent home, to those who are living in overcrowded or substandard homes, and those who have an aspiration to live in non-market (social) housing but are not in urgent need of re-housing.
  - **Calculating annual net new need.** For the garden communities, this will need to address the principles set out in the Housing Objectives for the garden communities above. As with market housing there is an underlying level of demand as new households form and require a property. In the context of the current economy and the housing market a significant proportion of these newly forming households face significant challenges in gaining entry to market housing therefore driving demand for affordable housing. The household growth in Uttlesford is not primarily coming from new household formation but demographic pressure arising from people wanting to move into the district. As they move in because they can afford to, local house prices are forced up and, as stated, newly forming households face significant challenges generating affordable housing requirements.

In addition to new households, existing households also 'fall into' affordable housing need, as households circumstances change resulting in their current housing situation no longer being appropriate and a requirement for affordable housing arising. This needs to be balanced against the supply of affordable housing available in an area to meet these needs.

A unique circumstance arises when new garden communities are considered, in addition to these two standard considerations for the methodology for assessing affordable housing need:

- **A realistic requirement for affordable housing need** in the new garden communities will need to be predicted over a much longer time horizon, and should adapt to meet the employment needs of the new garden communities in alignment with the garden communities housing objectives as well as accommodating the wider District needs.

- 3.2.7 A key assumption, for plan making purposes, is that if there is an adequate supply of new homes which can be afforded by all households, then housing needs (both Affordable Housing Needs, and market housing needs and demands) will have been met at the end of the plan period, which in Uttlesford's case is 2033. When considering a garden community, this timeframe is considerable longer – 20-40 years.
- 3.2.8 Local Housing Registers are used as a key secondary data source in determining local affordable housing need, as part of the first bullet in 3.2.5 above referred to as 'backlog'. All household applications to register on the Housing Register are assessed and placed in one of five priority bands. This is based on an assessment of housing need, and whether or not the household has a local connection to the area.
- The bands are:
- Band A: Emergency Housing Need
  - Band B: High Housing Need
  - Band C: Medium Housing Need
  - Band D: Low Housing Need
  - Band E: No Housing Need<sup>1</sup>
- 3.2.9 Affordable housing needs assessments would usually include Bands A-D within the calculations. Those in Band E are excluded because they have been assessed as adequately housed in their current accommodation.

### **3.3 Affordable Housing Need resulting from homelessness**

- 3.3.1 'Affordable Housing Need'<sup>2</sup> is also defined in national guidance in regards to homelessness:
- 3.3.2 "Each local housing authority is required to consider housing needs within its area, including the needs of homeless households, to whom local authorities have a statutory duty to provide assistance."
- 3.3.3 The Housing (Homeless Persons) Act 1977, Housing Act 1996, and the Homelessness Act 2002, placed statutory duties on local housing authorities to provide free advice and assistance to households who are homeless or threatened with homelessness.  
<https://www.gov.uk/guidance/homelessness-data-notes-and-definitions>.
- 3.3.4 "A 'main homelessness duty' is owed where the authority is satisfied that the applicant is eligible for assistance." Has a local connection and in priority need.
- 3.3.5 The Homeless Reduction Act 2017 places full duties on LA's to prevent homelessness where someone is within 56 days of becoming homeless. The LA must provide each applicant with a personalised housing plan with realistic options to prevent or relieve their homelessness. Where the private rental sector is unaffordable on average incomes

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<sup>1</sup> Adequately housed but maybe paying significant amount of income on rent in private sector.

<sup>2</sup> <https://www.gov.uk/guidance/homelessness-data-notes-and-definitions>

affordable housing is often the only solution. The main cause of homelessness in Uttlesford is the ending of private rented tenancies.

- 3.3.6 The Council's Housing Register holds the applications for housing from those wanting to live in social housing, including those in most need, and housing is allocated through 'HomeOptions', the Councils Choice Based lettings scheme according to priority.
- 3.3.7 Households that are in housing need and cannot meet their housing costs based on household income are defined as:-
1. Homeless (not intentional) for individuals, couples or families
  2. Need to move due to health needs
  3. Unable to live in own home due to abuse or the threat of abuse
  4. Overcrowded or under occupying
  5. Non decent housing
  6. move for employment opportunities

### **3.4 Meeting the costs of housing for low income households**

- 3.4.1 To assist low income households with housing costs, the housing element of Universal Credit (UC) is awarded up to the Local Housing Allowance (LHA) but does not fully cover all private rental costs, if the household is allocated to a private landlord's accommodation. (see [Table 11](#))

### **3.5 Assessing affordability when considering affordable housing requirements for garden communities**

- 3.5.1 The existing approach to meeting the housing costs of low income households is through controlling rents - social rents, affordable rents and shared ownership types of tenure (with the construction costs generally subsidised by affordable housing grants), with any 'gap' between the subsequent rent and household incomes being met by housing benefit and the housing element of UC.<sup>3</sup>
- 3.5.2 Garden communities offer the opportunity also to explore the opportunities for alternative housing solutions, such as those being delivered by community-led housing groups as well as reducing construction costs and land prices, making the final house prices linked more closely to the cost of production.
- 3.5.3 To establish the appropriate rents which a household can afford it is necessary to look at the anticipated household incomes, as well as research into typical household costs and acceptable methodologies for assessing minimum income requirements.

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<sup>3</sup> In the past 8 years direct subsidy has been shifted away from bricks and mortar and on to individuals with low incomes. Over the same period housing costs have increased across all tenures. As a result, and as anticipated at the time, an increasing number of low income households became reliant on housing benefit to 'take the strain'.

[https://england.shelter.org.uk/\\_\\_data/assets/pdf\\_file/0009/436275/Bricksorbenefitsfullreport.pdf](https://england.shelter.org.uk/__data/assets/pdf_file/0009/436275/Bricksorbenefitsfullreport.pdf)

- 3.5.4 The assessment of affordability which is adopted in this paper looks at evidence based on the assumption that housing costs reach no more than 35% of income. This is a model of best practice suggested by Joseph Rowntree Foundation (JRF)<sup>4</sup>. Research for the London Housing Strategy<sup>5</sup> applies a 40% maximum for housing costs for low/middle income households (para 4.14 “Household income caps help set the eligibility criteria for intermediate affordable homes... The draft London Plan includes a further safeguard, stating that expenditure on housing costs should not exceed 40 per cent of net household income.”)
- 3.5.5 The evidence base for Uttlesford District Council local incomes and housing costs can be found in Appendix 2.

### 3.6 **Household Income Criteria for Affordable Housing Need related to either existing district residents or workers:**

- 3.6.1 At present in Uttlesford, using the Joseph Rowntree Foundation assumptions, in order to be able to genuinely afford the housing costs of renting a 3 bedroom home (costing of market rents of between £242 and £299 per week, depending on the location) a household will be spending between £12,584 and £15,548 per year on their rent, needing a household income of between £35,954 and £44,423 per annum. To put these incomes into context, 60% of residents earn less than £31,740 pa<sup>6</sup> and the average income in Uttlesford is £36,914<sup>7</sup>. These market rents cannot be genuinely afforded by at least 60% of resident in Uttlesford. [See Appendix 2 for further calculations].
- 3.6.2 If we consider the cost of buying with a 10% deposit and a mortgage, lowest priced properties (lowest 25%) were selling for £331,666 on average in March 2018. A joint income of nearly £100,000 would be required to satisfy a mortgagor, whilst current annual mortgage payments would be approximately £15,000<sup>8</sup>.

## 4 **Commentary on Existing Affordable Housing Policy in Uttlesford**

- 4.1 Social housing is allocated by Uttlesford District Council to households that are in affordable housing need and cannot meet their housing costs based on household income/eligibility for welfare assistance.

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4JRF Minimum Income Standard - <https://www.jrf.org.uk/report/minimum-income-standard-uk-2018>

5 [https://www.london.gov.uk/sites/default/files/2018\\_lhs\\_london\\_housing\\_strategy.pdf](https://www.london.gov.uk/sites/default/files/2018_lhs_london_housing_strategy.pdf) and [https://www.london.gov.uk/sites/default/files/2018\\_lhs\\_easy\\_read\\_fa.pdf](https://www.london.gov.uk/sites/default/files/2018_lhs_easy_read_fa.pdf) and Home Housing – Flexi-rent report.

<sup>6</sup> ONS Table 8 Home Geography

<https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/datasets/placeofresidencebylocalauthorityashetable8>

<sup>7</sup> Data from earning of people who live in the district

<sup>8</sup> Assuming annum interest at 5%, on £300,000 = £15,000.

- 4.2 In some cases, such as homelessness, households will be offered homes for which the rent is at “Affordable Rent” levels. [see Appendix 3 for definitions]. Uttlesford policy is to require Registered Providers/ Housing Associations to cap rents at Local Housing Allowance (LHA) levels, which will mean that the residents can claim their full housing costs within Housing Benefit allowances. However, if a resident is living in a privately rented home, their rent can be significantly above the LHA, which means there will be a shortfall. Households may experience financial hardship if they use their own resources to fill the shortfall. This is why the policy is that affordable rents should not exceed LHA levels. (see appendix 2 for calculations)
- 4.3 Financial support is available to assist residents in housing need to meet their housing costs in the private rented sector. The Council has a private rental deposit guarantee scheme<sup>9</sup> in operation and may provide the deposit for eligible households into the private rented sector.
- 4.4 The Council’s Allocations Policy states that to access the housing register, the local connection criteria used is a connection of no less than 3 years unless they can evidence that they used to live in the district and were forced to move away due to a lack of affordable housing.
- 4.5 The Council has a mix of accommodation including flats, houses and maisonettes suitable for families, couples or singles. Residents of flats or maisonettes, who wish to live in a house may apply for a house after they have lived in the flat or maisonette for 2 years providing they have zero rent arrears and no history of anti-social behaviour.
- 4.6 Low income households ineligible for the Council’s housing register may find their housing need met in the private rental sector. However, due to high property prices, such households may live outside of the district and commute to work. This could add additional travel time and expense. Recruiting staff or retaining them is an issue for existing employers, especially for low skilled, low paid jobs.

The spare bedroom supplement is national policy, requiring same sex children to share until they are 16 and opposite sex until they are 10. This is applied in Uttlesford.

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<sup>9</sup> <https://www.uttlesford.gov.uk/article/1928/The-Rent-Deposit-Guarantee-Scheme> It acts as a guarantee which is repayable if tenants do not keep the terms of the guarantee.

## 5 What policy response is needed in the Garden Communities?

- 5.1 The National Planning policy Framework, revision was published on 24<sup>th</sup> July 2018, and Annex 2: Glossary (in Appendix 3) includes revised definitions for affordable housing, which will need to be taken account of in local plan making. These changes will impact on the ways in which affordable housing is considered in the round through housing policy as well.
- 5.2 – The scale of affordable housing in garden communities and other planned new homes growth should enable the different housing requirements of households to be addressed as mixed and balanced communities are created. A garden community housing will need to be delivered to meet all of the housing requirements of different households in order to achieve a mixed and balanced community over the long term.
- 5.3 Consideration is required as to how the council will provide access to this new “affordable garden community housing”. A garden community specific ‘affordable housing and economic assessment’ could be carried out to assess the incomes which are likely to exist in the new garden communities, to ensure that the most appropriate mix of price points for different housing tenures can be delivered.
- 5.4 Examples of other large scale new developments which have carried out demographic and income/employment assessments include Northstowe, in South Cambridgeshire, and North Essex Garden Communities.
- 5.5 Uttlesford’s projected employment analysis has been a part of the research for West Essex and East Hertfordshire, carried out by Hardisty Jones Associates<sup>10</sup>. This research and forecasting identifies a requirement for employment land, and further work would be required to forecast from this baseline, the respective incomes and percentages of the population earning at the different income rates, who will be requiring new homes in Uttlesford and specifically homes as part of the garden communities.
- 5.6 For the functioning economic market area of West Essex and East Hertfordshire, this work explores the additional jobs likely to be created during the plan period to 2033 as well as the kinds of employment sectors these jobs will be created in. The work identifies the need for approximately 20,000 additional jobs, for the whole area, to avoid residents having to commute out of the area. [Fig. 3.1].
- 5.7 The work takes account of the significant number of new jobs likely to be created at Stansted Airport. [para 3.4 below]. A further stage of this work would require analysis of the types of salaries which these jobs are likely to attract, in order to inform the forecasting of the price points required to meet the needs of households for affordable housing, so that the housing costs are kept at no more than 35% of household income.

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<sup>10</sup> West Essex and East Hertfordshire Assessment of Employment Needs (Hardisty Jones Associates, October 2017): <http://www.uttlesford.gov.uk/CHttpHandler.ashx?id=7277&p=0>



**Figure 3.1 Balancing Labour Supply and Demand in the FEMA 2011-33 (Moderated Baseline)**

<b>Labour Supply</b>	
Additional economically active population (2011-33) [A]	57,200
Allowance for frictional unemployment (3.8% <sup>11</sup> ) [B]	2,200
Additional resident workers (2011-33) [C = A - B]	55,000
Excess labour supply at 2011 <sup>12</sup> [D]	6,300
Total additional resident workers requiring jobs [E = C + D]	61,300
Out commuting (38.2%) [F]	23,400
<b>Total change in residents requiring jobs within the FEMA [G = E - F]</b>	<b>37,900</b>
<b>Labour Demand</b>	
Total additional jobs (Moderated Baseline) [H]	33,100
Filled by in commuters (28.7%) [I]	9,500
<b>Total available jobs for local residents [J = H - I]</b>	<b>23,600</b>
<b>Excess workers [K = G - J]</b>	<b>14,300</b>
<b>Additional job requirement [L = K / (1 - in-commuting rate)]</b>	<b>20,000</b>

<sup>11</sup> The rate of frictional unemployment is set at 3.8%. This is based on analysis of ONS Annual Population Survey data for the FEMA for the period 2004-2016. Over this period unemployment (ILO measure) has averaged 4.8%. When considering only the years before the economic downturn (2004-2007) and since recovery has been well established (2015-2016) the average is 3.8%. This is set as an assumption for unemployment in times of strong labour market performance.

<sup>12</sup> Unemployment in the FEMA was high at 2011 as a result of the economic downturn. If unemployment stood at a frictional rate of 3.8% an additional 6,200 residents would have been in employment at 2011.

### 3.4 Stansted Airport

There are well defined growth plans for Stansted Airport<sup>14</sup>. These have been subject to detailed econometric research<sup>15</sup> which formed the basis for the Stansted scenario within the HJA 2015 report. Planning permission has been awarded for expansion at Stansted to accommodate up to 35 million passengers per annum (mppa). Current passenger numbers are understood to be above the anticipated growth profile. The Sustainable Development Plan sets out an increase in passenger numbers to 35 mppa by 2025 and 45 mppa by 2030. The related increase in jobs is estimated to be around 10,000 jobs at the airport by 2030. Research by Oxford Economics identified a series of likely displacement effects in the wider FEMA, resulting in a net increase of some 8,750 jobs at FEMA level.

HJA analysis of the moderated EEFM baseline indicates some 2,000 additional jobs at Stansted are already included. The overall FEMA level uplift over the moderated baseline is therefore 6,750. This is again exceptional and outside the pattern of normal econometric forecasting. The increase will be spread over an extended period to 2030.

- 5.8 New affordable homes will be provided by Registered Providers (HA's) at LHA levels, and this may mean that existing residents in affordable housing need will move from existing settlements to new Garden Communities.
- 5.9 Affordable housing provision in the garden communities is able to focus on the 'bricks and mortar' subsidy. *"By definition, supply subsidises help increase the supply of available accommodation, including that at sub-market rents. This lowers costs and reduces the need for an additional, usually means-tested benefit, and in doing so avoids the work disincentives associated with housing allowances and reduces the cost of housing benefit."*<sup>11</sup>

<sup>11</sup> Shelter report 2012,

[https://england.shelter.org.uk/\\_data/assets/pdf\\_file/0009/436275/Bricksorbenefitsfullreport.pdf](https://england.shelter.org.uk/_data/assets/pdf_file/0009/436275/Bricksorbenefitsfullreport.pdf)



- 5.10 Access to the quantum of affordable housing which will become available through the garden communities is unprecedented in Uttlesford , and will need to be managed. However, as quoted above, once constructed, and offered for low rent, in perpetuity, there should be no additional welfare benefits required for the individual household.
- 5.11 A new system to assess eligibility for access to the new types of rented homes, kept at rents no more than 35% of incomes, will require consideration of some of the following issues:
- Mechanisms to demonstrate that each households' needs cannot be met by the open market, whilst working in permanent employment in the district. Generally, these are households with combined incomes below 'entry income' level for market rent for the appropriate household type.
  - Based on the calculations in appendix 2, examples of employees with permanent employment within the District would fall within this category in the following work fields:
    - Administrator/receptionist
    - Baggage Handler at airport
    - Care assistant at residential care home.
  - Age and size of household, may lead to consideration of family/single status and a minimum age for support.
  - Specific housing for people in permanent employment within Uttlesford district
  - Specific housing for older people could include more shared space, addressing issues of loneliness as well as meeting needs which are currently not met by the market.
- 5.12 Under the existing housing allocations policy, workers seeking to move closer to their place of work if they have a lower connection to the district than 3 years would be unable to benefit from the rented housing delivered in the Garden Communities. This may be a barrier to local employers' ability to attract new staff.
- 5.13 The Garden Communities have the potential to meet the affordable housing needs of current applicants on the housing register. There are approximately 1,000 applicants, who in theory could be housed within three years (with the Garden Communities being delivered at the full rate) However, affordable housing need continues to rise for three reasons. Firstly, because of the disparity between rents and incomes, secondly, due to population growth and demographics, family breakdowns and newly forming households and thirdly, the rise in the number no fault evictions from applicants living in the private sector.
- 5.14 An active approach to advertising the availability of new homes to be let as affordable and social housing, will be required over many months before they become completed, to avoid the risk of insufficient tenants applying for affordable rented homes. If they occur, these voids would affect cash-flow, but also prevent the settlements from achieving a balanced population in terms of incomes, ages, household types and diversity the Council wishes to support.

- 5.15 An active approach to encourage existing households who are under-occupying (wishing to down-size/'right-size') or over-crowded, to move to new homes in the new Garden Communities, may be useful as a District-wide strategy to release existing properties to others on the Housing Register, for example freeing up flatted accommodation for families new to affordable housing tenancies.
- 5.16 The spare bedroom supplement is national policy, requiring same sex children to share until they are 16 and opposite sex until they are 10. A specific design space standard requirement as part of the Garden Communities policy could require larger bedroom sizes to incorporate sufficient space for storage and space for homework.

## **6 Proposed New Policy for the Housing Strategy in relation to Garden Communities**

- 6.1 In the light of the consideration set out in this report it is recommended that the Housing Strategy is revised, in relation to the new Garden Communities, as follows:
- 6.1.1 Change the eligibility criteria of the allocations policy and to create a new 'Intermediate' Housing Register, which accepts applications from all existing employees within Uttlesford District on permanent contracts for the Councils' 'Intermediate' Housing Register and associated affordable housing, providing the household can evidence that they cannot afford private rented housing within 35% (gross) of their total weekly household income (with welfare support if they are eligible) but can afford the weekly rental at LHA rates. In the case of the two Garden Communities that adjoin the district boundary, then consideration should be given to enable permanent employees within the immediate vicinity access to the affordable housing provision.
- 6.1.2 Allowing over occupation for families with opposite sex children below the age of 10.<sup>12</sup>
- 6.1.3 Investigate alternative intermediate home ownership products not delivered by HA partners. For example, models that link housing costs to local median income with a resale covenant in place to permanently be delivered in this way and therefore, affordable in perpetuity.

## **7 Conclusions**

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<sup>12</sup> To prevent a needless 2<sup>nd</sup> move once eldest child reaches 10 years if they are opposite sex. Families would have to meet an affordability check.

- 7.1 There is a strong case for planning over a longer time horizon in garden communities for a mix of homes which will be made available for households “whose needs are not met by the market”.
- 7.2 Some of these homes can be offered on the ability to pay, and a new form of Intermediate Housing Type Register should be created, whilst some will need to be allocated by the Council on the basis of the existing Allocations Policy and restricted through the Housing Register.
- 7.3 The affordable housing needs to be met within the new Garden Communities will continue to change over time, and the strategy for adapting to this will need to be flexible and mesh with the strategy for providing market focussed homes in order to maximise the opportunities present by the delivery of new Garden Communities aiming to achieve the full range of Garden Communities Objectives.

## Appendix 1

### Objectives of Garden Communities

- Mixed and balanced Communities
- (including mixed tenures, ages, ethnicity and income)
- Provision to support Vulnerable People;
- (including people with learning difficulties, people with mental health issues and people with physical disabilities)
- The opportunity for health lifestyles;
- Good access to work
- Good leisure, recreation and community facilities
- Places where people live out of choice rather than necessity
- Housing for local workers
- (especially workers who cannot afford to live in the district)
- Houses and places that are well managed in the long term
- Phasing and programming designed to meet these objectives throughout the delivery period
- Full engagement by the community in the planning, delivery and management of the place
- Improved quality in housing design and construction
- High environmental sustainability
- Future proofing for changes in lifestyle
- An approach that takes account of the needs of the whole district

## Appendix 2 – evidence base

### Private Rented Sector

The current open market rent levels in the district are given below. These figures are compared for Uttlesford district and the three main towns of Saffron Walden, Great Dunmow and Stansted. Prices are highest in Stansted, this may be due to the proximity to the airport or A120/M11 junction.

**Table 1 Entry level private rental sector homes by main settlements.**

Property Size	Uttlesford	Saffron Walden	Great Dunmow	Stansted
1 Bed	£155	£149	£150	£172
2 Bed	£190	£189	£173	£205
3 Bed	£242	£238	£251	£299
4 Bed	£323	£337	£311	£367

Source: Hometrack June 2018

Best practice highlighted by JRF suggests that housing costs can be afforded by households on low incomes when the rents are no more than 35% of their income (excluding benefits). For middle income households, their requirements for non-housing costs (e.g. transport, food, clothing) can be met if their housing costs are no more than 40% of their income.

Table 2 below provides data for the entry level<sup>13</sup> private rented housing with the annual rent charged and the incomes of low skilled jobs, based on current (June 2018) job adverts that are reflective of the local economy of Uttlesford. Roles include unskilled workers such as baggage handlers, care assistants and warehouse and distribution workers. In addition, skilled workers include a nursery nurse and qualified nurse.

The data in shows the percentage of income spent by a single person seeking to meet their housing need in an entry level, one bedroom flat within the private rented sector. An annual rent of £8,088 would be 40% of a baggage handlers' income compared to a care assistant who would need to spend 54% of their income. A worker in the warehouse and distribution sector would spend 50% of their income on the same property.

**Table 2 Income compared to rental costs**

Job Title	Income PA.	RPS Rent pw	Annual PRS Rent	% of income
Care assistant*	£15,114	£155	£8,088	54
Warehouse assistant	£16,224	£155	£8,088	50
Nursery Nurse	£18,000	£155	£8,088	45
Baggage Handler	£20,020	£155	£8,088	40

\*not qualified

<sup>13</sup>

Data is the lowest 30% of open market rents

The residual income after rent is also given. Costs such as council tax, utilities, insurance, transport, heating, food and clothing would need to be deducted from this figure. A care assistant would have the lowest residual amount left after housing costs amounting to £135 pw, followed by the warehouse assistant (£156) and the baggage handler with £230. Given the rural location of Uttlesford, it is likely that such roles would need access to their own private transport.

**Table 3 Low skilled jobs compared to average Uttlesford RPS rents**

Job Title	Income PA.	RPS Rent pw	Annual PRS Rent	% of income	Weekly Residual income after rent
Care assistant	£15,114	£155	£8,088	54	£135
Warehouse assistant	£16,224	£155	£8,088	50	£156
Baggage Handler	£20,020	£155	£8,088	40	£230

Skilled jobs in the caring and education sector are given below. A qualified nurse with one year's experience would attract an income of £22,128. This would still require 37% of their income to pay for a one bed flat in the private rented sector. A qualified nursery nurse would spend 45% of their income on housing costs.

**Table 4 Skilled jobs compared to Uttlesford PRS rents**

Job Title	Income PA.	RPS Rent pw	Annual PRS Rent	% of income	Weekly residual income after rent £
Nursery Nurse	£18,000	£155	£8,088	45	191
Nurse#	£22,128	£155	£8,088	37	270

#RGN +1 years experience

Evidence in this paper has used the calculation of housing costs being no more than 35% of a households' income. Data in **Error! Reference source not found.** shows the levels of income required for households to meet their housing costs based on the number of bedrooms needed.

For housing costs to be no more than 35%, a household would need to earn £26,867, rising to £55,987 for a 4 bed property. Although it is assumed that there would be 2 incomes for family sized properties, these incomes may be based on one full time income and one part time income.

It should be remembered that these figures are based on entry level rents in the private sector and it should not be assumed that such properties are available when need arises.

**Table 5 Private sector rents and the household income needed to meet housing costs for Uttlesford District.**

Property Size	Uttlesford Entry level (30th percentile) open market rents (pw)	lowest private rents per annum	Income needed if housing costs no more than 35% of income
1 Bed	£155	£8,060	£23,029
2 Bed	£190	£9,880	£28,229
3 Bed	£242	£12,584	£35,954
4 Bed	£323	£16,796	£47,989

Source: Hometrack June 2018

The following tables, provide data on entry level open market rents with incomes required for the main settlements of Saffron Walden, Great Dunmow and Stansted.

Rents range from 7,800 to £19,058 whilst households would need to earn £25,796 for a one bed property, rising to £58,471 for a 4 bed property. It is acknowledged that couples and families may have two incomes, but it is assumed these incomes may be based on one full time income and one part time income.

The level entry rents in the private rented sector for Stansted are higher than for Saffron Walden or Great Dunmow. This may be due to the demand for properties from workers associated with the airport or the M11/A120 corridor.

**Table 6 Private sector rents and the household income needed to meet housing costs - Saffron Walden**

Property Size	Entry level open market rents (pw) - Saffron Walden	lowest private rents per annum	Income needed if housing costs no more than 35% of income
1 Bed	155	£8,060	£23,029
2 Bed	190	£9,880	£28,229
3 Bed	238	£12,359	£35,310
4 Bed	337	£17,541	£50,118

Source: Hometrack June 2018

**Table 7 Private sector rents and the household income needed to meet housing costs - Great Dunmow**

Property Size	Entry Level open market rents (pw) - Great Dunmow	lowest private rents per annum	Income needed if housing costs no more than 35% of income
1 Bed	£150	£7,800	£22,286
2 Bed	£173	£8,996	£25,703
3 Bed	£251	£13,052	£37,291
4 Bed	£311	£16,172	£46,206

Source: June 2018



**Table 8 Private sector rents and the household income needed to meet housing costs - Stansted**

Property Size	Entry Level (30%) PRS Rents pw - Stansted	Rents per annum	income needed if housing costs no more than 35% of income
1 bed	172	£8,944	£25,554
2 bed	205	£10,660	£30,457
3 bed	299	£15,548	£44,423
4 bed	367	£19,058	£54,451

Source: June 2018

### Residents in need of housing assistance

The following table compares the range of Local Housing Allowance<sup>14</sup> levels with the private rents and the short fall between the two figures. The shortfall for a 2 bed property is up to £36 per week or £156 per calendar month.

**Table 9 Comparison of Local Housing Allowance (UDC wide) with private sector rents.**

Property size	LHA £ pw	Private Rental pw	Difference pw.	
1 Bed	£127-£137	£149-£172	£22 -	£35
2 Bed	£141-£169	£189-£205	£36 -	£48
3 Bed	£173-£204	£238-£299	£65-	£95
4 Bed	£231 -£288	£337-£367	£79 -	£106

To show demand for affordable housing, the number of households rehoused using local housing allowance rents is given below. The figures have risen each year amounting to a total of 1,600. If the number of new homes had not been delivered, the additional 1,600 households would have been added to the councils' housing register.

**Table 10 Number of households housed using local allowance rents**

	Housing Association	Local Authority	Totals
2014/15	104	178	282
2015/16	150	191	341
2016/17	208	230	438
2017/18	223	247	470
2018 (April to July)	69	0	69
Total	754	846	1600

<sup>14</sup> Government welfare payment to assist with housing costs

Table 11 below shows a comparison of open market rents against 80% (OMV) and open market rents compared to the local housing allowance. These figures are based on averages of Uttlesford Open Market Rents and Local Housing Allowance.

A two bedroom property is £190 per week from the private rental sector. 80% of that property (the amount affordable rent can be set at) is £152. The difference between the private rent charged and the LHA to pay it, is £38 per week.

The same property would have a short fall of £30 if a resident was reliant on welfare benefits to meet their housing costs.

**Table 11 Comparison of Open Market Rents with 80% OMV and Local Housing Allowance**

Difference of OMR and 80% OMR and OMR and LHA rates. -Uttlesford (avg)			
Property Size	Open Market Rents	80% of Open Market Rents	Difference pw.
1 Bed	£155	£124	£31
2 Bed	£190	£152	£38
3 Bed	£242	£194	£48
4 Bed	£323	£258	£65
Property Size	Open Market Rents	LHA Rates	Difference pw.
1 Bed	£155	132	£23
2 Bed	£190	160	£30
3 Bed	£242	192	£50
4 Bed	£323	258	£65

Examples of alternative, intermediate rent approaches and justification of the need for rents to be capped at approx. 35% for low and middle income households:

Vancouver example - Co-operative Housing Federation of BC (CHF BC) and the Community Land Trust. Use 30% of income - <https://www.vancouverisawesome.com/2018/07/11/coop-pricing-vancouver/> or <https://www.chf.bc.ca/faqs/>

London School Economics presentation on PRS and affordability - <http://www.lse.ac.uk/International-Inequalities/Assets/Documents/Slides/Private-Renting-Presentation-III-Seminar-14-11-17.pdf>

English Housing Survey - [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/627683/Housing\\_Cost\\_and\\_Affordability\\_Report\\_2015-16.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/627683/Housing_Cost_and_Affordability_Report_2015-16.pdf)

mehr als wohnen example - <https://psh.urbamonde.org/#/en/community/2> and [http://premiobaffarivolta.ordinearchitetti.mi.it/portfolio\\_page/18\\_hunziker-areal-housing-cooperative-mehr-als-wohnen/](http://premiobaffarivolta.ordinearchitetti.mi.it/portfolio_page/18_hunziker-areal-housing-cooperative-mehr-als-wohnen/)

### **Appendix 3 – extract from the National Planning Policy Framework, defining ‘Affordable Housing’**

#### **Annex 2: Glossary**

**Affordable housing:** housing for sale or rent, for those whose needs are not met by the market (including housing that provides a subsidised route to home ownership and/or is for essential local workers); and which complies with one or more of the following definitions:

a) **Affordable housing for rent:** meets all of the following conditions: (a) the rent is set in accordance with the Government’s rent policy for Social Rent or Affordable Rent, or is at least 20% below local market rents (including service charges where applicable); (b) the landlord is a registered provider, except where it is included as part of a Build to Rent scheme (in which case the landlord need not be a registered provider); and (c) it includes provisions to remain at an affordable price for future eligible households, or for the subsidy to be recycled for alternative affordable housing provision. For Build to Rent schemes affordable housing for rent is expected to be the normal form of affordable housing provision (and, in this context, is known as Affordable Private Rent).

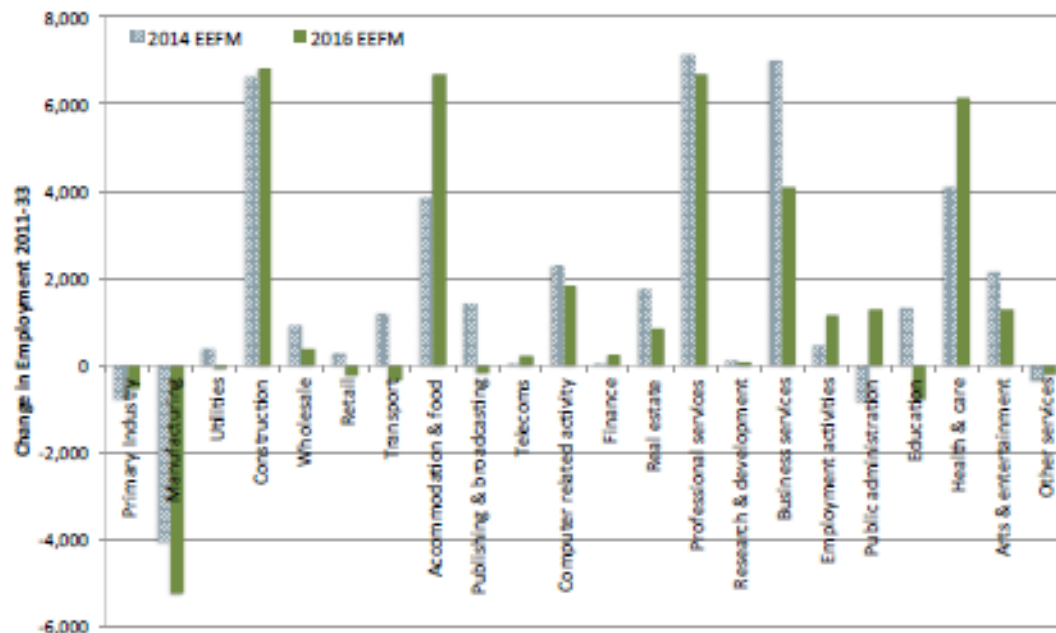
b) **Starter homes:** is as specified in Sections 2 and 3 of the Housing and Planning Act 2016 and any secondary legislation made under these sections. The definition of a starter home should reflect the meaning set out in statute and any such secondary legislation at the time of plan-preparation or decision-making. Where secondary legislation has the effect of limiting a household’s eligibility to purchase a starter home to those with a particular maximum level of household income, those restrictions should be used.

c) **Discounted market sales housing:** is that sold at a discount of at least 20% below local market value. Eligibility is determined with regard to local incomes and local house prices. Provisions should be in place to ensure housing remains at a discount for future eligible households.

d) **Other affordable routes to home ownership:** is housing provided for sale that provides a route to ownership for those who could not achieve home ownership through the market. It includes shared ownership, relevant equity loans, other low cost homes for sale (at a price equivalent to at least 20% below local market value) and rent to buy (which includes a period of intermediate rent). Where public grant funding is provided, there should be provisions for the homes to remain at an affordable price for future eligible households, or for any receipts to be recycled for alternative affordable housing provision, or refunded to Government or the relevant authority specified in the funding agreement.

Appendix 4 – Sectoral employment analysis from the October 2017 ‘West Essex and East Hertfordshire Assessment of Employment Needs. Final Report’ by Hardisty Jones Associates

**Figure 2.8 Comparing FEMA Level Forecast Sectoral Employment Change in the 2014 and 2016 EEFM**



Source: HJA based on EEFM