

# RUSS Church Grove Project

## Revised Affordability Criteria – finalised for one-to-one interviews

JBA 24/06/16

### Context

The revised affordability criteria set out below were proposed in a paper from JBA / Management Team to the RUSS June Board for ratification (see '*RUSS financial check v4 JB*').

RUSS's Board ratified the revised affordability criteria with one amendment, which was to set a lower income limit for rented dwellings at 50% of the applicant's household income, rather than one third of household income as proposed. This change has been incorporated below. See minutes of June 2016 Board meeting for a record of this decision.

### Revised Affordability Criteria

The revised affordability criteria are as follows:

Pool	Lower Income Limit	Upper Income Limit
<b>1 – 1-bed shared equity</b>	Determined by Parity Trust <sup>1</sup> view on whether household can afford to raise a mortgage on the property they have applied for.	Pegged to GLA income caps for 'Intermediate Housing' (which inc. shared ownership) <sup>2</sup> for any property, regardless of dwelling size. Currently set at a gross household income of £90,000/annum.
<b>2 – 2-bed shared equity</b>	Determined by Parity Trust <sup>1</sup> view on whether household can afford to raise a mortgage on the property they have applied for.	Pegged to GLA income caps for 'Intermediate Housing' (which inc. shared ownership) <sup>2</sup> for any property, regardless of dwelling size. Currently set at a gross household income of £90,000/annum.
<b>3 – 1-bed shared ownership</b>	Determined by Parity Trust <sup>1</sup> view on whether household can afford to raise a mortgage on the property they have applied for.	Pegged to GLA income caps for 'Intermediate Housing' (which inc. shared ownership) <sup>2</sup> for any property, regardless of dwelling size. Currently set at a gross household income of £90,000/annum.
<b>4 – 2-bed shared ownership</b>	Determined by Parity Trust <sup>1</sup> view on whether household can afford to raise a mortgage on the property they have applied for.	Pegged to GLA income caps for 'Intermediate Housing' (which inc. shared ownership) <sup>2</sup> for any property, regardless of dwelling size. Currently set at a gross household income of £90,000/annum.
<b>5 – 3-bed shared ownership</b>	Determined by Parity Trust <sup>1</sup> view on whether household can afford to raise a mortgage on the property they have applied for.	Pegged to GLA income caps for 'Intermediate Housing' (which inc. shared ownership) <sup>2</sup> for any property, regardless of dwelling size. Currently set at a gross household income of £90,000/annum.
<b>6 – 4-bed shared ownership</b>	Determined by Parity Trust <sup>1</sup> view on whether household can afford to raise a mortgage on the property they have applied for.	Pegged to GLA income caps for 'Intermediate Housing' (which inc. shared ownership) <sup>2</sup> for any property, regardless of dwelling size. Currently set at a gross household income of £90,000/annum.

<sup>1</sup> **Parity Trust** have been commissioned by RUSS to assess the likelihood of each household being able to raise a mortgage for the property they have applied for. This required each household to declare income and savings and provide evidence for those in a financial check administered by Parity Trust.

<sup>2</sup> The **GLA** set out income caps for applicants accessing intermediate homes (which it considers 'shared ownership' to be) in paragraph 3.62 of the 2015 London Plan and states that these will be updated on an annual basis in the London Plan Annual Monitoring Reports (AMR) – see <https://www.london.gov.uk/what-we-do/planning/implementing-london-plan/monitoring-london-plan>. The latest AMR was published in March 2016 and is available here <https://www.london.gov.uk/sites/default/files/amr12.pdf> [accessed 24.06.16] - this sets a single threshold figure of £90,000 regardless of dwelling size.

		regardless of dwelling size. Currently set at a gross household income of £90,000/annum.
<b>7 – 1-bed social rent</b>	Determined by London Borough of Lewisham eligibility criteria and nomination process <sup>3</sup> .	Determined by London Borough of Lewisham eligibility criteria and nomination process <sup>3</sup> .
<b>8 – 4-bed social rent</b>	Determined by London Borough of Lewisham eligibility criteria and nomination process <sup>3</sup> .	Determined by London Borough of Lewisham eligibility criteria and nomination process <sup>3</sup> .
<b>9 – affordable rent</b>	Set by RUSS at 50% of the applicant's gross household income. This is therefore to be determined on a household-by-household basis prior to interview.	Set at the median household income for residents of the London Borough of Lewisham <sup>4</sup> . Currently £27,601/annum (gross income per earner).

<sup>3</sup> As part of the Development Agreement relating to the Church Grove site, RUSS entered into a Nominations Agreement with the **London Borough of Lewisham**, granting them the right to select and nominate applicants for 5 'social rented' dwellings to be built at Church Grove. The Council's selection process therefore determines the lower and upper income caps for Pools 7 and 8.

<sup>4</sup> Median incomes are recorded in the Annual Survey of Hours and Earnings (ASHE), published annually by the Office for National Statistics (ONS) and available at: <http://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/bulletins/annualsurveyofhoursandearnings/previousReleases> [accessed 24.06.16]

The most current data available is the 2015 provisional results, available here: <http://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/bulletins/annualsurveyofhoursandearnings/2015provisionalresults> [accessed 24.06.16]. The specific Table of data to reference is 'Table 8.7a Annual pay - Gross (£) - For all employee jobs: United Kingdom'.