



London Borough of Camden

Camden Affordable Rent Study:

Can the Affordable Rent tenure meet
housing needs in Camden?

Autumn 2011



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Camden Affordable Rent Study: Can the Affordable Rent tenure meet housing need in Camden? Executive Summary

Introduction

pod LLP were commissioned by Camden in summer 2011 to conduct research into the affordability of the Affordable Rent product within the Borough.

The ultimate purpose of the research was to determine the rent levels that may be deemed viable for homes let using the new Affordable Rent tenure, in order for these homes to meet at least an element of local housing need, as identified by Camden's Housing Needs Survey (HNS) and the Housing Needs Register (HNR).

The full report will enable the Borough to frame their allocations scheme, landlord policy, tenancy strategy and marketing of any Affordable Rent homes developed in the Borough appropriately, to ensure that such homes are used to optimum effect in meeting housing need, and inform planning decisions.

Methodology

In the report we used three main measures to look at affordability, in order to build up an accurate picture:

1. Stage 1 - Basic "static" median income using PayCheck data: The criterion being that rents should be no more than 40% of net household income in order to be deemed "affordable". Income is based on Paycheck gross household income research.
2. Stage 2 - Detailed Universal Credit and earnings (using the Annual Survey of Hours and Earnings or ASHE data) build-up of income. This also allows us to calculate what benefits households would be entitled to after the introduction of a cap on total benefits. The criterion for this stage is again that rents should be no more than 40% of net household income, although the household income data has been built up with more accuracy, and Housing Benefit is modelled in a more "dynamic" way.
3. Residual Income: This section takes a slightly different approach and looks at whether and, if so, by how much Residual Income changes if residents move from current accommodation to Affordable Rent on varying percentages of Market Rent in varying locations.

We have also applied some of the affordability findings and methods to the HNR and HNS data that we have extrapolated from the Council data.

We have looked at static measurement techniques (e.g., median income from PayCheck) when compared to dynamic (e.g., Residual Income). The dynamic measurement techniques that we use in Stages 2 and 3 incorporate the modelling of changes to Housing Benefit, and this is a very important consideration as Housing Benefit increases in many cases along with rental levels.

Some General Findings

Findings from the research include the following basic points, which will help to give context to the rest of the conclusions:

1. Due to the higher rent levels, satisfactory affordability will always be more difficult to achieve in the postcodes NW3, WC1, and to a slightly lesser extent NW1 (Fig. 1).
2. NW1 and N1 are the Borough postcodes that see the biggest concentration of new development over the next 15 years, whilst other postcodes have a relatively small amount of future development.
3. Camden is generally a high value Borough and for the larger units it's difficult to ensure affordability in terms of our basic criteria (rent being below 40% of net income) – even looking at median income levels (Fig. 2).

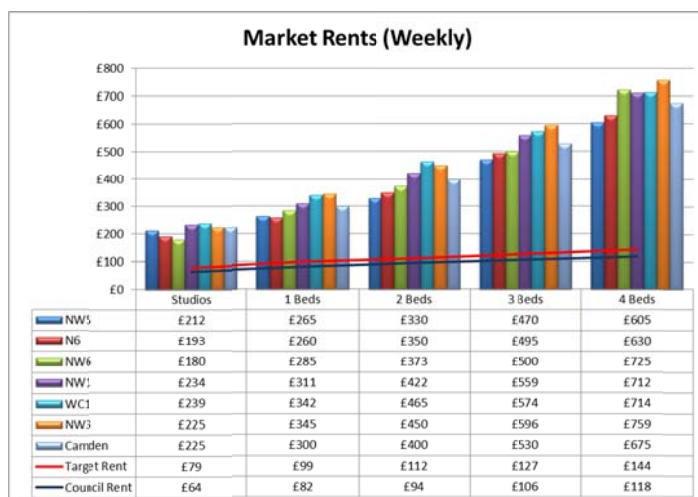


Fig. 1

4. People in work, even low paid work, will see **no change** to their weekly Residual Income, even if they take a property at 80% of market rent (*Fig. 3*). This is because they are not subject to the cap on welfare benefits.
5. Single unemployed people or those in very small families that are out of work will not generally be affected by the household benefit cap as their overall benefits should remain below this threshold, even with higher levels of Housing Benefit.
6. Using some standard rent assumptions (and therefore Housing Benefit assumptions) we have calculated Universal Credit and seen the effect that the benefit cap will have on unemployed households (*Fig. 4*).
7. In one of our detailed case studies, the total benefit cap is first breached by an unemployed couple with one child and rent levels at 80% market rent. The effect of the cap will be increasingly felt as family size (and total benefits) increases from this point on¹.
8. We have clearly seen that larger families will see their residual income severely affected by the total benefits cap if they are unemployed. The case study in *Fig. 5* shows a family with 6 children under a number of different earnings scenarios. The effect of unemployment on residual income can be clearly seen.
9. In terms of affordability, therefore, the story is very different for those in work and those out of work. This situation is exacerbated by Camden being a high value Borough.
10. It is difficult to find an affordability approach that will work for all categories of need in terms of the 3 and 4 bed homes.
11. The evidence here points to being able to charge higher rent levels for 1 and 2 bed homes, due to their avoidance of the cap.

Proportion of Equivalised Median Household Income Spent on Rent									
Studio									
	Net Inc.	MR	80% MR	70% MR	60% MR	50% MR	40% MR	30% MR	TR
N6	£29,081	34.5%	27.6%	24.2%	20.7%	17.3%	13.8%	10.4%	14.0%
NW1	£23,020	52.9%	42.3%	37.0%	31.7%	26.4%	21.1%	15.9%	17.7%
NW3	£29,378	39.8%	31.9%	27.9%	23.9%	19.9%	15.9%	11.9%	13.9%
NW5	£21,924	50.3%	40.2%	35.2%	30.2%	25.1%	20.1%	15.1%	18.6%
NW6	£27,975	33.5%	26.8%	23.4%	20.1%	16.7%	13.4%	10.0%	14.6%
WC1	£24,545	50.6%	40.5%	35.4%	30.3%	25.3%	20.2%	15.2%	16.6%
Camden	£23,819	49.1%	39.3%	34.4%	29.5%	24.6%	19.6%	14.7%	17.2%

1 Bed									
	Net Inc.	MR	80% MR	70% MR	60% MR	50% MR	40% MR	30% MR	TR
N6	£29,081	46.5%	37.2%	32.5%	27.9%	23.2%	18.6%	13.9%	17.7%
NW1	£23,020	70.3%	56.2%	49.2%	42.2%	35.1%	28.1%	21.1%	22.3%
NW3	£29,378	61.1%	48.9%	42.7%	36.6%	30.5%	24.4%	18.3%	17.5%
NW5	£21,924	62.9%	50.3%	44.0%	37.7%	31.4%	25.1%	18.9%	23.4%
NW6	£27,975	53.0%	42.4%	37.1%	31.8%	26.5%	21.2%	15.9%	18.4%
WC1	£24,545	72.3%	57.9%	50.6%	43.4%	36.2%	28.9%	21.7%	20.9%
Camden	£23,819	65.5%	52.4%	45.8%	39.3%	32.7%	26.2%	19.6%	21.6%

2 Bed									
	Net Inc.	MR	80% MR	70% MR	60% MR	50% MR	40% MR	30% MR	TR
N6	£29,081	62.6%	50.1%	43.8%	37.5%	31.3%	25.0%	18.8%	20.0%
NW1	£23,020	95.3%	76.3%	66.7%	57.2%	47.7%	38.1%	28.6%	25.2%
NW3	£29,378	79.7%	63.7%	55.8%	47.8%	39.8%	31.9%	23.9%	19.8%
NW5	£21,924	78.3%	62.6%	54.8%	47.0%	39.1%	31.3%	23.5%	26.5%
NW6	£27,975	69.3%	55.5%	48.5%	41.6%	34.7%	27.7%	20.8%	20.8%
WC1	£24,545	98.5%	78.8%	68.9%	59.1%	49.2%	39.4%	29.5%	23.7%
Camden	£23,819	87.3%	69.9%	61.1%	52.4%	43.7%	34.9%	26.2%	24.4%

3 Bed									
	Net Inc.	MR	80% MR	70% MR	60% MR	50% MR	40% MR	30% MR	TR
N6	£29,081	88.5%	70.8%	62.0%	53.1%	44.3%	35.4%	26.6%	22.6%
NW1	£23,020	126.3%	101.0%	88.4%	75.8%	63.2%	50.5%	37.9%	28.6%
NW3	£29,378	105.5%	84.4%	73.9%	63.3%	52.8%	42.2%	31.7%	22.4%
NW5	£21,924	111.5%	89.2%	78.0%	66.9%	55.7%	44.6%	33.4%	30.0%
NW6	£27,975	92.9%	74.4%	65.1%	55.8%	46.5%	37.2%	27.9%	23.5%
WC1	£24,545	121.6%	97.2%	85.1%	72.9%	60.8%	48.6%	36.5%	26.8%
Camden	£23,819	115.7%	92.6%	81.0%	69.4%	57.9%	46.3%	34.7%	27.6%

4 Bed									
	Net Inc.	MR	80% MR	70% MR	60% MR	50% MR	40% MR	30% MR	TR
N6	£29,081	112.7%	90.2%	78.9%	67.6%	56.4%	45.1%	33.8%	25.8%
NW1	£23,020	160.9%	128.7%	112.6%	96.5%	80.4%	64.3%	48.3%	32.6%
NW3	£29,378	134.4%	107.5%	94.1%	80.6%	67.2%	53.8%	40.3%	25.5%
NW5	£21,924	143.5%	114.8%	100.4%	86.1%	71.7%	57.4%	43.0%	34.2%
NW6	£27,975	134.8%	107.8%	94.3%	80.9%	67.4%	53.9%	40.4%	26.8%
WC1	£24,545	151.3%	121.0%	105.9%	90.8%	75.6%	60.5%	45.4%	30.6%
Camden	£23,819	147.4%	117.9%	103.2%	88.4%	73.7%	58.9%	44.2%	31.5%

Fig. 2

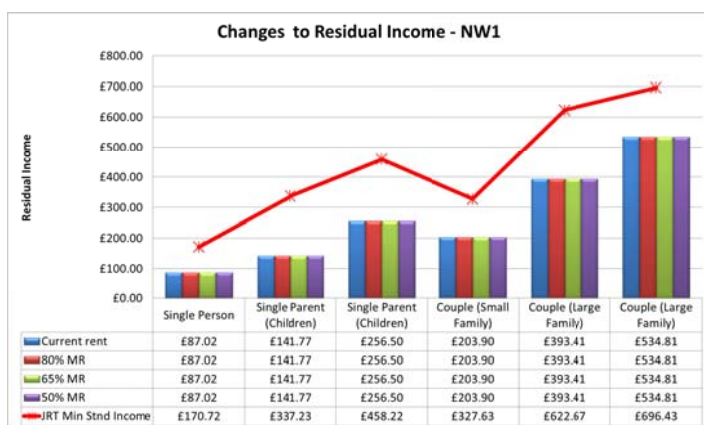


Fig. 3

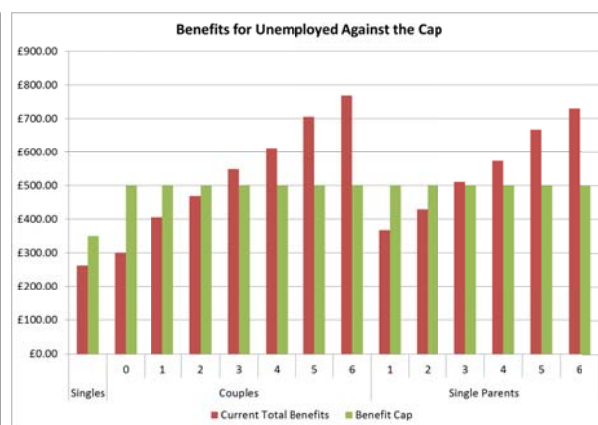


Fig. 4

Rent Levels

In terms of setting levels of market rent for the Affordable Rent product, we suggest that all rents be **capped** at the LHA levels, and where rents fall below the LHA we suggest the following levels:²

¹ There will be variations from one household to the next in terms of allowable benefits, and it should be noted that we have applied a number of different rent levels in our modelling which will directly affect housing benefit and therefore the total allowable amount. The total benefit cap will not be breached at 80% market rent for all unemployed couples with a single child.

² These suggested rent levels are a percentage of market rents as they stood in summer 2011 and will shift as and when market rents do so.

- Studio: A maximum of 80% of market rent for Camden, this equates to £780 pcm or £180 per week.
- 1 Beds: A range of 60% to 80% of market rents depending on postcode. As an average for the Borough, 70% of market rent, this equates to £910 pcm or £210 per week.
- 2 Beds: A range of 50% to 70% of market rents depending on postcode. As an average for the Borough, 60% of market rent, this equates to £1,040 pcm or £240 per week.
- 3 Beds: A maximum of 50% of market rents, this equates to £1,148 pcm or £265 per week.
- 4 Beds +: A maximum of 40% of market rents, this equates to £1,170 pcm or £270 per week.

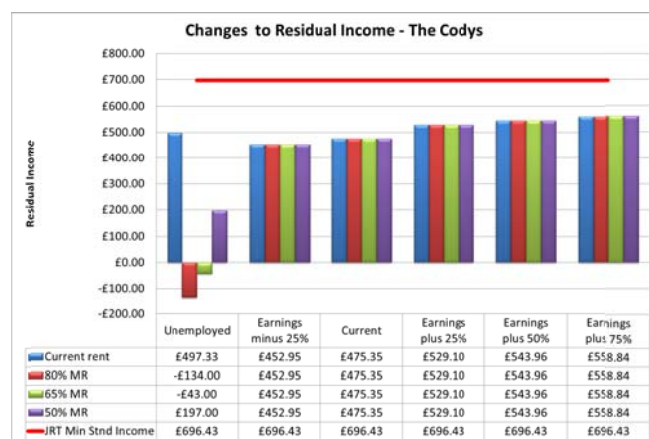


Fig. 5

The rents being set by the Registered Provider should take into consideration the level of market rent identified in this report, and may need to vary slightly the above percentages depending on the housing provision, its location and market value.

Whilst we have stated in the report that affordable rents could be charged up to 80% for 1 beds because the cap will not affect families living in these smaller units, and therefore Housing Benefit will allow the higher rents to be charged, the Council and other RPs should also consider the impact of higher affordable rents on households who earn the average median income. Higher rents are likely to mean that those who would not be dependent on Housing Benefit under the Target Rent regime may be under the Affordable Rent regime, due to the higher rent levels.

Meeting Housing Need

It is clear from analysis of the HNS and HNR that affordability will not be an issue at the above rent levels for the studio, 1 beds and 2 beds, and as a result the above levels of rent will be affordable to:

- Studio: 100% of the 4,265 applicants eligible for a studio on the HNR
- 1 beds: 100% of the 727 applicants eligible for a 1 bed on the HNR
- 2 beds: 100% of the 2,958 applicants eligible for a 2 bed on the HNR

However, because of the impact of the proposed benefit cap on unemployed and very low income households, affordability will be an issue for some families, and as a result the above levels of rent will be affordable to:

- 3 beds: 74% of the 916 applicants eligible for a 3 bed on the HNR, which equates to 678 applicants.
- 4 beds: 74% of the 448 applicants eligible for a 4 bed on the HNR, which equates to 332 applicants.
- 5 beds: 71% of the 194 applicants eligible for a 5 bed on the HNR, which equates to 138 applicants.

It is very difficult to make Affordable Rent work for all people within the surveys without lowering the % market rent levels for 3 and 4 bed homes significantly, possibly resulting in lower rents than for smaller homes – a situation that may be perceived as unfair.

The Demand for Affordable Rent

It is hard to predict demand for the Affordable Rent product. Whilst a move from Social Rent to Affordable Rent will potentially look affordable for those in work due to Housing Benefit increasing along with the increased rents, the tenants may choose to stay in their existing properties with lower rents. This could be due to perception issues – they may think that Affordable Rent levels will cost them more each week in real terms due to the problems with affordability that have been raised in the press. Or they may suspect that changes to the welfare system could see some form of cap applied to their high levels of Housing Benefit (Even though this doesn't appear to be the case under Universal Credit, it is possible that the caps set for LHA could be extended to affordable housing tenants at some stage).

There is also an issue of aspiration and expectation. It is likely that some people may aspire to get to an earnings situation where they are no longer eligible for Housing Benefit, and can move out of benefit dependency. At this point, they can retain all of their earnings increases. People may therefore wish to avoid a situation where they have higher rent levels to cover, keeping them within the benefit dependency zone for longer and reducing their residual income if they cease to be eligible for benefits.

Residents in work may have real concerns about being made redundant, and therefore becoming subject to the cap, once they have moved to a home with significantly higher rent levels. We have seen from our case study analysis that Residual Income changes hugely for larger families that become unemployed. This would appear to be such a dramatic change to circumstances that it's logically likely that some form of redundancy safety net may be introduced. However, this is not as yet detailed in any of the proposed welfare changes.

Another issue is that medium income households may be reluctant to move into benefit dependency when they are not currently in that situation. Affordable Rent could cause this as identified in section 8.5 of the assessment.

However, where Social Rent is in limited supply, for new applicants who can't afford market rent and for households moving from the private sector, Affordable Rent will be a more viable option and therefore demand, especially in an area such as Camden, is likely to be very high.

Also it is worth noting that LCHO may be a viable option for some households willing to move from high value areas, such as WC1, to lower value areas, such as N6. This does not mean however that the high value areas should be 'no go' areas for the Affordable Rent product, as not all households will be willing to move from a central location to a more remote area even if it does mean that they will own a home. In the high value postcodes, 1 and 2 bedroom properties are likely to be extremely desirable for more economically and socially mobile households.

Final Conclusions

We think that the Affordable Rent product could be aimed at the following groups:

1. Studio, 1 bed at 80%, and 2 beds above 60% of market rent: Medium income households with reasonable prospects of significant income increases.
2. Studio, 1 bed below 80%, and 2 beds below 60% of market rent: low to medium income households with limited prospects of significant income increases and no access to LCHO.

It is difficult for us to define a group that 3 and 4 beds could be aimed at because long-term sustainability will be determined by employment due to the benefit cap. We would suggest that the higher percentages of market rent be aimed at more secure households or those who are exempt from the benefit cap.

Ultimately, the Affordable Rent product would generally work for people in stable employment, particularly in terms of smaller families and singles, and hopefully the modelling built up throughout the report has demonstrated this. There are however, some significant areas of risk:

1. Currently unemployed families – we have seen in our case study modelling that the benefit cap can begin to affect families of around 2 children upwards, and the effect is increased dramatically the larger the family becomes.
2. Households where the earner is made redundant – currently there appears to be no safety net to protect households that experience redundancy. Therefore larger families in this situation would quickly become subject to the benefits cap, as Working Tax Credit falls away.
3. Potential changes to the welfare system – we cannot predict what, if any, changes may be made prior to the introduction of Universal Credit or afterwards, but many of the favourable affordability results rely on much higher levels of Housing Benefit being received by families with a household member in work.

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1. Introduction

1.1 Background and Context

pod LLP were commissioned by Camden to conduct research into the affordability of the Affordable Rent product within the Borough.

The ultimate purpose of the research is to determine the rent levels that may be deemed viable for homes let using the new Affordable Rent tenure, in order for these homes to meet at least an element of local housing need, as identified by Camden's Housing Needs Survey (HNS) and the Housing Needs Register (HNR).

This assessment identifies the proportions of those in housing need for whom Affordable Rent is likely to represent an affordable option, using affordability assessment methodologies. It also helps to identify the groups for whom Affordable Rent might be most appropriate – e.g., the highest need groups who are typically benefit-dependent and have secured either social housing or private sector accommodation through the Council's Private Renting Scheme, or lower need groups who might well be in employment and earning low or modest incomes, who rarely secure social housing, but would struggle to afford to rent market housing.

This report should enable the Borough to frame their allocations scheme, landlord policy, tenancy strategy and marketing of any Affordable Rent homes developed in the Borough appropriately, to ensure that such homes are used to optimum effect in meeting housing need, and inform planning decisions.

The Affordable Rent product is a new tenure launched by the Government and Homes and Community Agency and is the focus of the 2011-15 Affordable Housing Programme Framework launched in February 2011. This tenure allows Registered Providers to rent re-lets of existing stock and new supply at up to 80% of market rents, on shorter term tenancies if they choose, thereby minimising the need for grant subsidy. Affordable Rent has been launched to coincide with significant changes to the benefits system detailed within the Welfare Reform Bill. The main proposal is to bring all of the current, separately calculated social security benefits together within one simple payment known as Universal Credit, to which a single "withdrawal rate"¹ is applied. The proposed changes to the benefits system also see the introduction of a total household benefit cap (excluding child and council tax benefits), at £350 for a single person and £500 for a couple or family, for all those who are not working or are below the current Working Tax Credit threshold.

As you can appreciate, the increase in rents and the capping of benefits is going to make affordability an issue for some households. However, it is important to note that the problem of affordability around the benefit cap will not be limited to the Affordable Rent product alone and is likely to impact on existing tenants who rent homes under the Target Rent regime² and those who are in the private rented sector.

1.2 Methodology

In order to undertake this study, pod have applied a series of affordability assessment techniques to the collected data.

¹ This is the rate at which benefits are withdrawn for those individuals or households who are in work.

² The subsidised rent levels charged for those already in a Housing Association Property. This was the standard approach to Social Rent levels prior to the introduction of the "Affordable Rent" product. Council rent levels may often be below Target Rent, with an intention to move to (but not to exceed) Target Rent levels over time.

There are many ways to calculate and measure 'affordable' rent levels. Deciding what level of rent is affordable is a complex undertaking as there are many varying factors such as family size, distribution of income across household members, various tax codes and tax credits, as well as regional variations in the non-housing based cost of living such as transport costs.

As such, we do not feel that one basic affordability measure is a sufficient basis for strategic decisions.

We feel that the most effective approach to affordability is to build up a picture using a number of alternative methodologies, ideally using separate data sources. Findings can then be compared and interrogated, and the arising patterns studied in detail. We have in fact used a three staged approach, and the techniques we use are as follows:

Stage 1 - Basic Affordability Calculations

Using our researched rent and income data, we first undertake a basic comparison of rent when compared to net household income for all residents using PayCheck data.

Our starting point in terms of a viable affordable rent is that **rent should not exceed 40% of net household income**. This is line with Greater London Authority (GLA) guidance contained within the London Plan Annual Monitoring Report 2009/10 for "intermediate" housing, where rents are above Social (Target) Rent, but are affordable for households with an income of less than £64,000.

"...the annual housing costs, including rent and service charge, should be no greater than 40% of net household income"

From this initial research we determine some suggested rent levels for each unit size (1 bed through to 4 bed) – i.e., percentages of market rent that we would deem to be affordable using this initial criterion.

These suggested rent levels are then tested in our Stage 2 and 3 work. They may well not be the final rent levels suggested, but would be our starting position.

It is important to note that, at this stage, we look at affordability in general, broad brush terms, and this section does not specifically look at households in receipt of benefits. The PayCheck data includes all forms of household income including benefits, but it does not split the income out. It is therefore useful as a starting point, but does not allow detailed analysis and comparison by household size.

Whilst this is a basic approach, it is still very important, as the rents must be affordable for those on average incomes, and we can begin to identify initial levels of affordability which are later tested. We look specifically at households on benefits in detail within Stage 2 and 3.

One of the key outputs for this stage will be a set of initial "affordable" rents which we can then use for our Stage 2 Universal Credit calculations.

Stage 2 – Earnings data and Universal Credit predictions

This section uses the Annual Survey of Hours and Earnings (ASHE) as the primary data source, allowing us to look in more detail at earnings and calculate benefits levels for specific household examples. The median total household income used in Stage 1 includes benefits and this time we calculate benefits ourselves, allowing us to adjust for family size.

We undertake Universal Credit calculations³ for a selection of income ranges based on the ASHE median, median plus £5,000 and minus £10,000, and unemployed households. We run the calculations for a full range of household sizes, and this then allows us to see potential issues with regard to the introduction of the benefits cap.

We then take the median earnings level and start to build up a much more detailed picture of what a household's finances may look like when rents are charged at the levels identified in Stage 1.

We apply an equivalisation technique at this stage, which attempts to equate standard of living to income by family size, in order to better compare different sized households, and allow us to apply the same affordability criteria as detailed above for each household size – 40% of net income. In very basic terms, equivalisation accounts for the fact that larger households have higher costs associated with children. As stated above this may not be the most appropriate indicator of affordability for households on benefits, however it does help us validate the data and build levels of detail in our research.

Our initially suggested rent levels are checked against this more detailed breakdown, it should be noted that Stage 2 uses an entirely different data set to Stage 1, as we are beginning to build a more detailed picture of the impact of Affordable Rent.

Stage 3 – Residual Income calculations

In this section we look in detail at some case studies of real families currently within the Borough. We use changes to “Residual Income” as a further measure to assess affordability. Residual Income is defined as weekly household income remaining once rent has been paid and Housing Benefit (or housing costs under Universal Credit) received.

This section studies in detail the actual effect on people's weekly income if they were to move to the Affordable Rent tenure from current social rent or private rented sector accommodation. We feel this gives a practical aspect to the affordability assessments, and should complement the more abstract approaches taken in Stages 1 and 2. We use benefits calculators to model the effect Housing Benefit has on the new rent levels.

We also apply recent Joseph Rowntree research on income levels and minimum living standards to our sample.

³ Calculating how much Universal Credit households on specific income levels will be eligible to claim.

This stage allows us to look in detail at the locational⁴ effect of Affordable Rent, and, importantly, to model the impact of changes to earnings levels, allowing us to build up a much clearer picture of the effect of the benefit cap and when this affects families of various sizes.

Affordability Context

We then draw together the findings and principles from the Stages 1 – 3 and look at these within the context of Camden and apply the principle of the results to households in housing need in the Borough, as detailed within the Housing Needs Survey (HNS)⁵ and Housing Need Register (HNR)⁶ data sources.

This enables us to see the levels of affordability in context of housing need, and understand where rent levels are likely to exclude households in housing need, after which we are able to suggest appropriate rent levels.

We refer to Housing Benefit in a number of places in this report, and the way that Housing Benefit reacts to the Affordable Rent product is key to affordability issues. However, it should be noted that Housing Benefit as it is now will be subsumed within Universal Credit once this is introduced. To be technically correct therefore, we should refer to “the housing element within Universal Credit”, but it seems clearer and easier to continue to refer to this element as “Housing Benefit”, as the payment has the same effect and we are using terminology that is understood at present.

⁴ In terms of different postcodes.

⁵ The HNS is made up of data collected through personal interviews designed to cover a broad cross section of Camden residents of all tenure types and was originally carried out in 2003/04 and updated in 2008, surveying 1,500 households with the aim of assessing current and future housing need in Camden.

⁶ The HNR is made up of all applicants that have registered with Camden to apply for social housing.

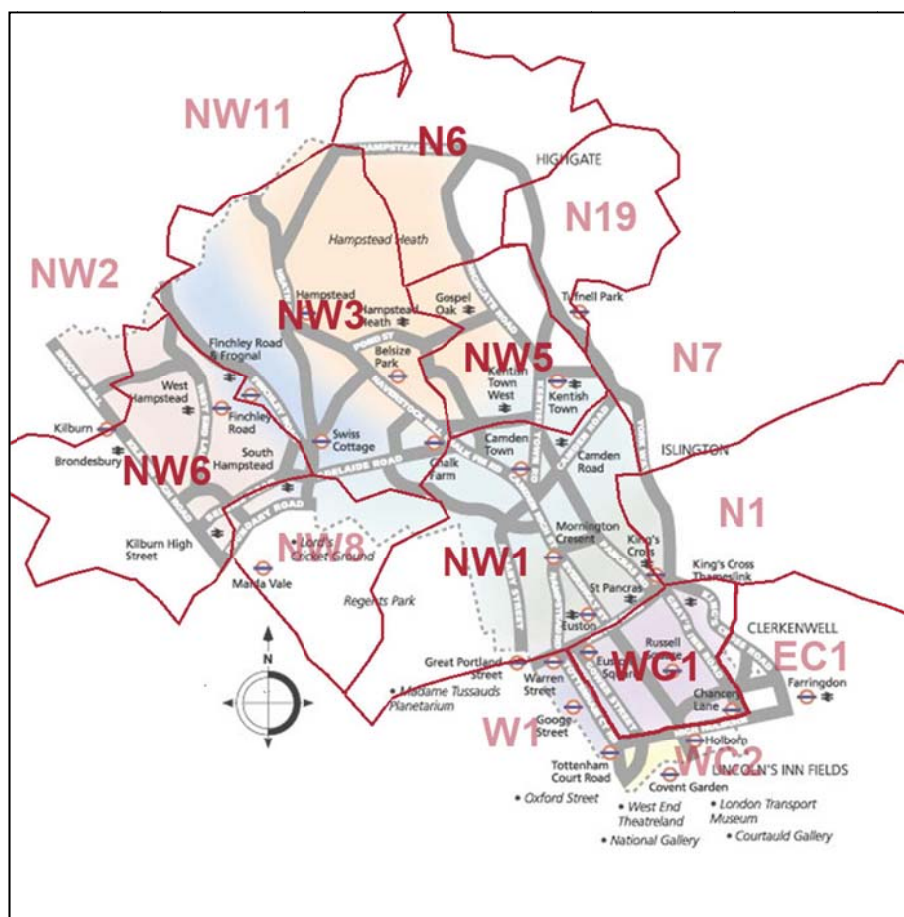
2. Rent Level Research and Basic Analysis

2.1 Market Rents in Camden by Postcode Area

As a starting point for our rent level research, we needed to identify the areas to be studied and how best to deal with value variations in what is an exceptionally diverse London borough.

There are six dominating postcodes in Camden, which have been illustrated on the following map. These postcodes are:

- N6
- NW1
- NW3
- NW5
- NW6
- WC1



Although a number of other postcodes do come into the Borough, they are all very marginal and values will not significantly differ for the Camden part of that postcode. For instance, we would not want findings for a

neighbouring postcode like N1⁷ to skew the results of NW1 as it effectively covers very little of the Borough, and therefore has the potential to alter the average values artificially.

In order to focus the approach and concentrate in the areas where the Affordable Rent product is likely to be delivered, we have excluded the marginal postcodes, and have concentrated on the six listed above.

2.2 Advertised Rental Values Compared to Lettings Rental Values

We initially used two recognised sources to identify market rent in these postcodes – on-line estate agent database searches via Find-a-Property.com and the Greater London Authority (GLA) Rent Map. The table below shows the average Find-a-Property rents and the median GLA Rent Map rents in July 2011 for each postcode per calendar month.

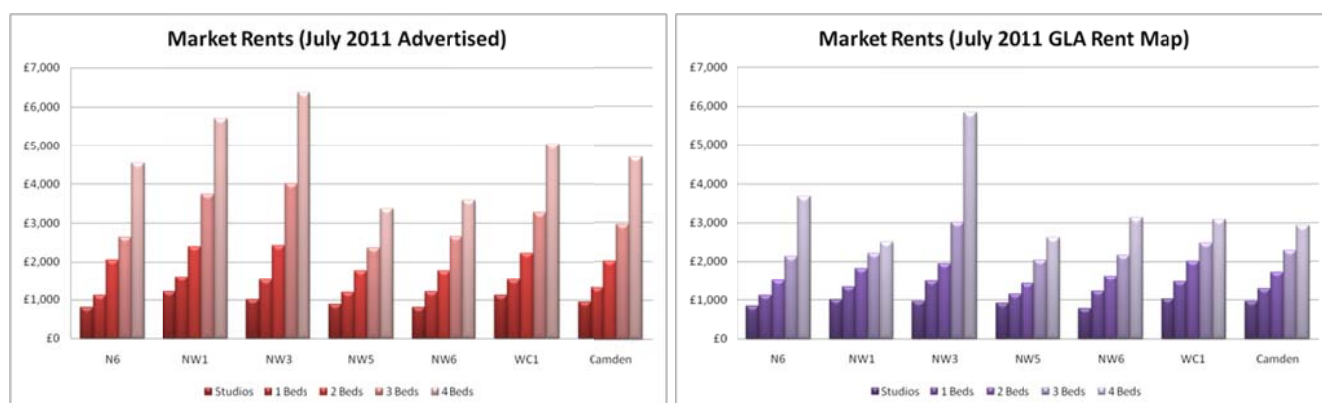
	Studio			1 Bed			2 Bed			3 Bed			4 Bed		
	Advertised	GLA Rent Data	% Var.	Advertised	GLA Rent Data	% Var.	Advertised	GLA Rent Data	% Var.	Advertised	GLA Rent Data	% Var.	Advertised	GLA Rent Data	% Var.
N6	£794	£836	-5.06%	£1,115	£1,127	-1.04%	£2,040	£1,517	34.47%	£2,634	£2,145	22.77%	£4,547	£3,683	23.45%
NW1	£1,202	£1,014	18.54%	£1,595	£1,348	18.35%	£2,394	£1,829	30.89%	£3,735	£2,210	68.98%	£5,709	£2,518	126.76%
NW3	£997	£975	2.26%	£1,516	£1,495	1.40%	£2,417	£1,950	23.92%	£4,009	£3,012	33.10%	£6,378	£5,850	9.03%
NW5	£876	£919	-4.64%	£1,182	£1,148	2.93%	£1,760	£1,430	23.08%	£2,366	£2,037	16.15%	£3,351	£2,622	27.82%
NW6	£798	£780	2.31%	£1,206	£1,235	-2.35%	£1,765	£1,616	9.17%	£2,659	£2,167	22.72%	£3,573	£3,142	13.73%
WC	£1,111	£1,035	7.39%	£1,517	£1,480	2.51%	£2,226	£2,014	10.51%	£3,256	£2,486	30.96%	£5,035	£3,094	62.73%
Camden	£947	£975	-2.84%	£1,318	£1,300	1.41%	£1,996	£1,733	15.14%	£2,957	£2,297	28.74%	£4,711	£2,925	61.07%

As we can see, there is some considerable deviation between the two measures –something we have found in previous research in this area⁸.

Find-a-Property looks at currently advertised values, whereas the GLA Rent Map collates let rent values over the past 12 months. In our experience, the GLA Rent Map generally tends to be slightly below advertised values, presumably because advertised values are sometimes inflated and because there is a slight time lag. Also the Rent Map uses median rather than mean figures, which are less prone to being skewed by anomalies.

In this case, there are variances both ways, although in general the GLA Rent Map is more often below the advertised values.

The following charts show the rent levels for all postcodes plus a Camden average.

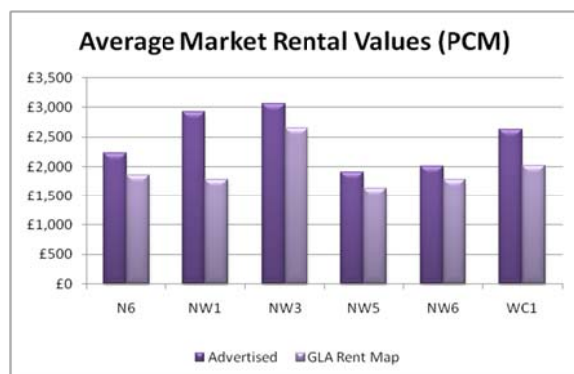


⁷ Whilst there are a number of planned developments in N1, the rental and income levels for the Camden part of the postcode will not differ greatly to NW1. In fact by looking at N1 values the data will be skewed as it is a lower value area to NW1. Any development in the Camden part of N1 will benefit in terms of valuation from the close proximity to NW1.

⁸ The rental figures for 'studio flats' are for self-contained studio flats rather than bedsits which may contain shared facilities. On the GLA Rent map data source, it is not clear whether the rental values for the 'studio flat' is for studio flats or bedsits. However, on the advertised rents the 'studio' data clearly relates to studio flats. There is not a significant difference between the sources in terms of rental levels, therefore we feel that the GLA Rent Map studio rental value is reliable to assess rental values for studio flats.

The advertised rents appear to be very high for 3 / 4 bed properties generally, although the GLA Rent Map values are extremely high for 4 beds in N6 and particularly 3 / 4 beds for NW3.

The chart below can be used to compare the average rent level for **all** unit sizes for each postcode. We can see that the largest anomaly between the two sources is for the postcode NW1, where the difference in the average is extreme. This is because the GLA Rent Map data appears to be very low for 3 and 4 bedroom properties. We address this later in section 2.4.



2.3 Market Rental Values Compared to LHA

The Local Housing Allowance (LHA) is the maximum level of Housing Benefit that a household living in the private rented sector can claim, based on the size of property they need and its location. The LHA is more commonly known as the Housing Benefit ceiling. It is important to note that Registered Providers (RPs) are not currently restricted by LHA levels and can charge rents that exceed even the LHA caps. Their residents will still be able to claim Housing Benefit. We feel however, that LHA is still an important indicator for affordability as RPs may be reluctant to exceed LHA levels, given concerns around future changes to the benefits system. Although it's currently the case that RP residents are not subject to LHA caps, if the Housing Benefit bill increases significantly, it is foreseeable that this may be reviewed in future by the Department for Work and Pensions (DWP), therefore building in extra levels of risk. It seems sensible therefore, to keep rents in line with or below the LHA cap.

LHA is calculated by the Valuation Office who collect evidence of rents charged in a locality for all property sizes and then select the 30th percentile value⁹. The following national maximum caps are then applied before the figures are released:

- 1 Bed Properties: £250
- 2 Bed Properties: £290
- 3 Bed Properties: £340
- 4 Bed Properties: £400

To clarify, LHA **cannot** exceed these caps, and where the 30th percentile would ordinarily be above these levels, the capped amount would be applied. Therefore when we refer to LHA or LHA level in this report please note that it's derived from the 30th percentile **or** the cap, whichever is the lower.

In Camden there are two Broad Rental Market Areas (BRMAs)¹⁰:

⁹ All LHA figures used in this report are set at the 30th percentile, or the cap, whichever is the lowest.

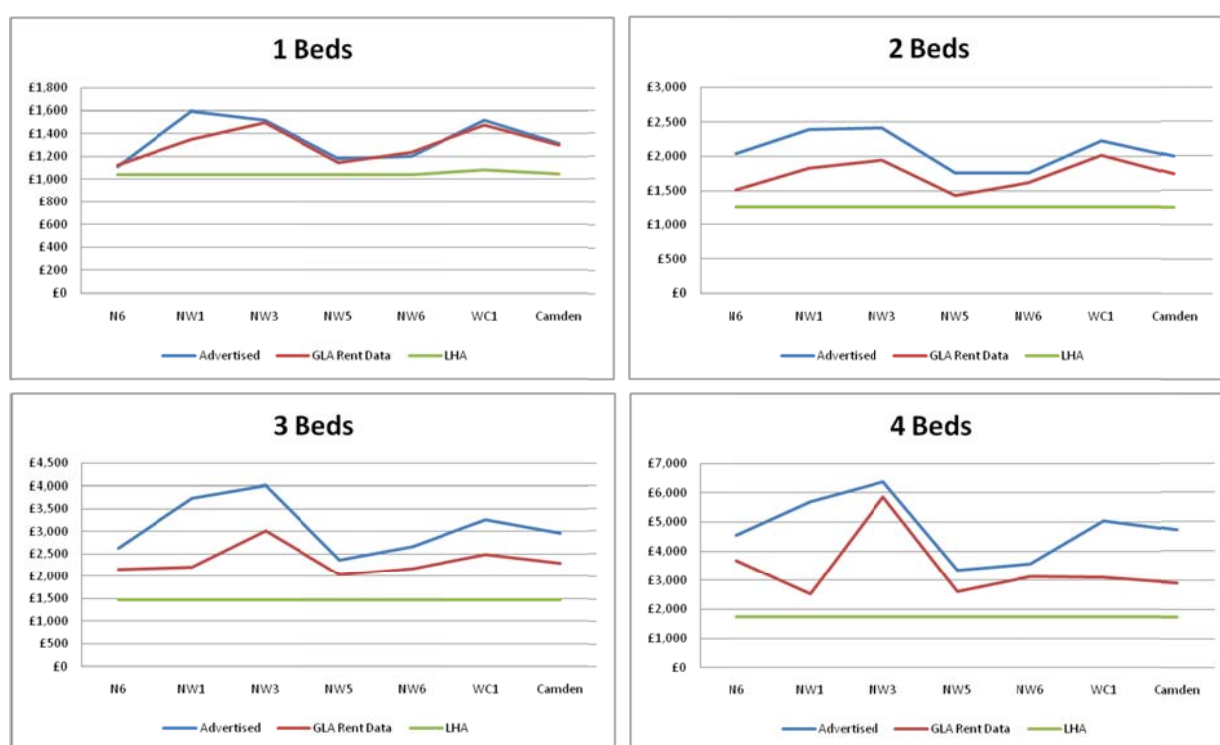
¹⁰ BRMAs are geographical areas across which LHA is calculated.

- Central London, which covers most of W1, WC1, WC2, EC1.
- Inner North London, which covers the remaining postcodes.

The following table shows the LHA rates as at July 2011. These rates do not change significantly from month to month, although shared and 1 bed rates do vary. As you will note, Camden's levels are at the cap for 2 bedroom properties and larger (and 1 beds in Central London):

	Shared	1 Bedroom	2 Bedrooms	3 Bedrooms	4 Bedrooms
Central London	£ 121.19	£ 250.00	£ 290.00	£ 340.00	£ 400.00
Inner North London	£ 93.92	£ 240.00	£ 290.00	£ 340.00	£ 400.00

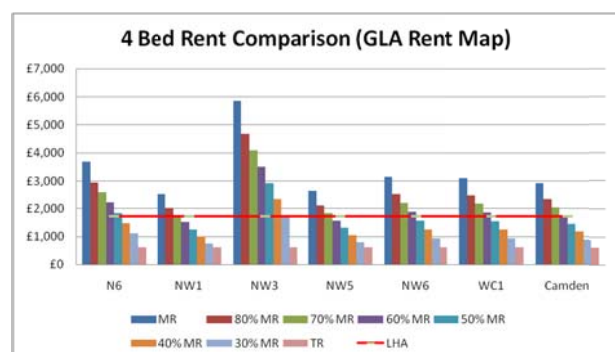
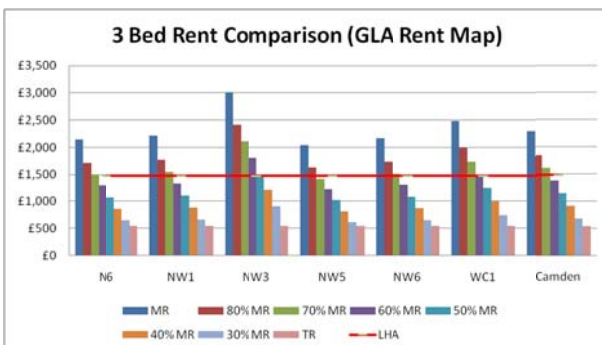
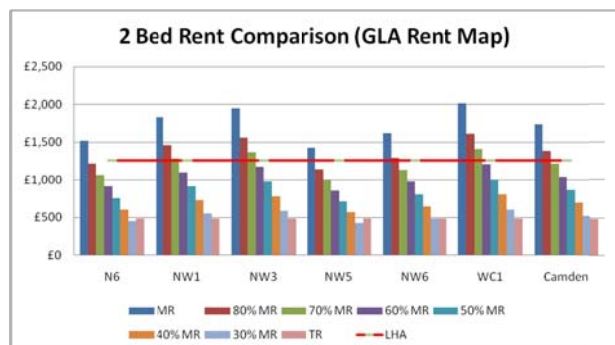
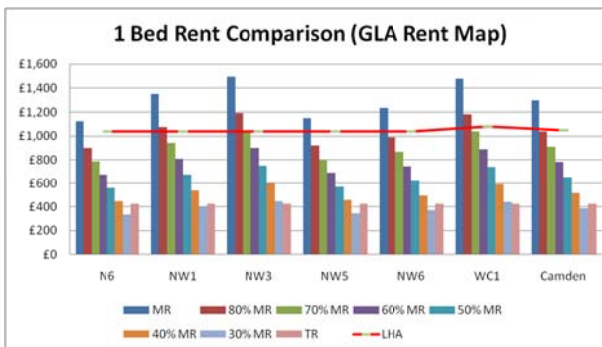
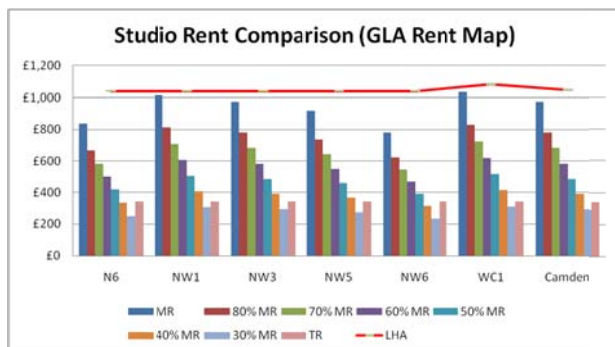
The following charts show the variation between advertised rents and GLA Rent Map rents. The variation is significant for larger family units. We have also plotted the current LHA levels for both of Camden's BRMAs, which are consistently below the market rents taken from either source.



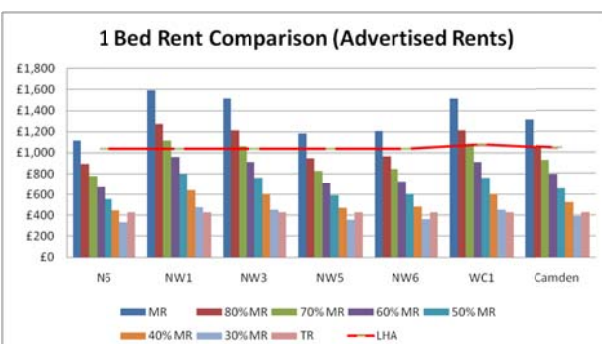
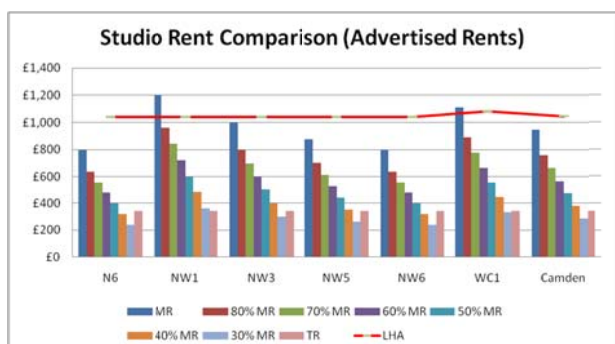
As LHA appears to be considerably below the market rent level for all of our levels above, we thought it may be helpful to compare LHA against a set of varying rent levels – market rent discounted by 10% amounts down to 30%, and also Target Rent. We have done this for both GLA Rent Map and advertised values by postcode.

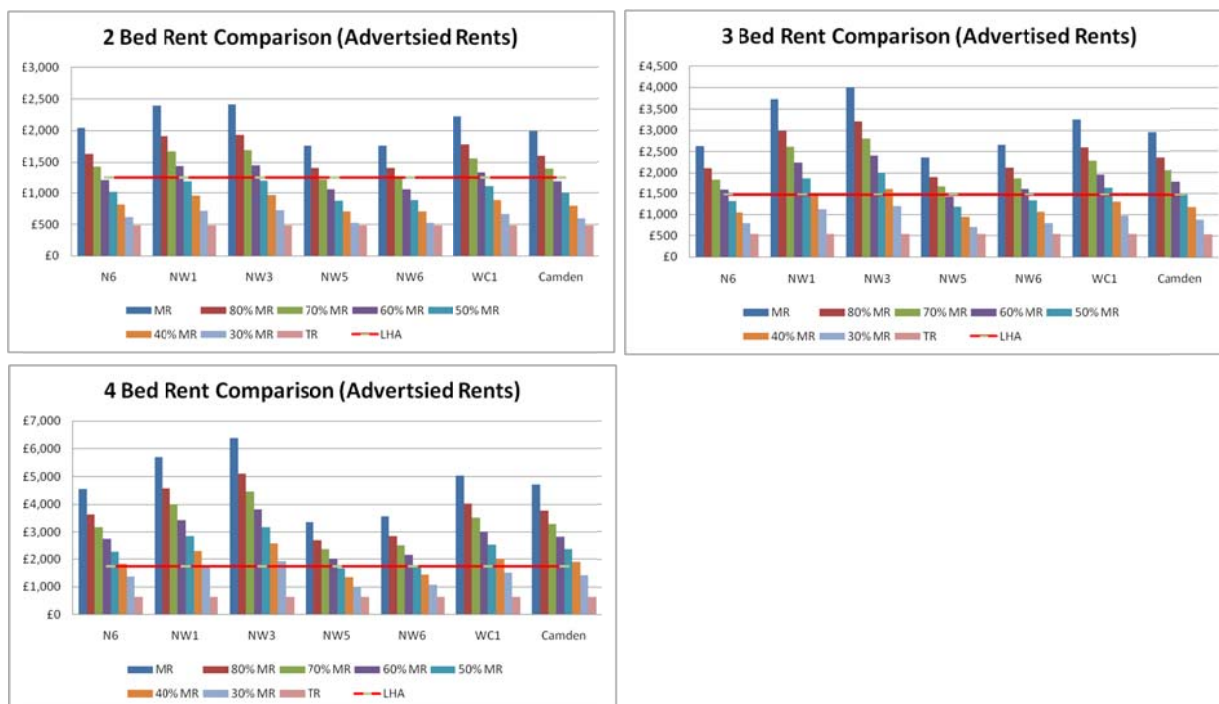
It should be noted that LHA, unlike the GLA Rent Map data, doesn't differentiate between studios and one beds.

GLA Rent Map Data Compared Against LHA (July 2011)



Advertised Rent Compared Against LHA (July 2011)





We can see that LHA does not vary in the same way that market rents do across postcodes. This is partly due to BRMAs being a much larger area than postcodes. The 2 BRMAs within the study area have very similar results as shown previously. Therefore LHA represents a different proportion of market rent in each postcode area and for each property type. A significant point to note for all postcode areas is that each increase in property size coincides with a reduction in LHA as a proportion of market rent.

2.4 Average Market Rents Used for this Report

We have considered the most appropriate rent-level data source to use, and there are arguments in favour of both sources. It could be said that using advertised values to assess rent levels would be closer to reality in the sense that RICS valuations need to be undertaken in determining rent levels for Affordable Rent properties and valuers will use current local market comparables at that point. Affordable Rents will need to be validated by a RICS valuation. However, there will also be definitions around what constitutes the local market. We feel therefore, that for individual schemes the advertised values may be a more appropriate approach, where local comparables can be researched. As we are dealing with postcode level values for the Borough however, we feel that using advertised averages can result in anomalies (particularly for larger sized homes) that affect the averages and may show an overly inflated rent level position. For this reason we use the GLA Rent Map values for this research.

With the GLA Rent Map data however, there are still some seemingly unusual results, particularly around the 3 and 4 bed homes in NW1, NW3 and N6. In order to get as accurate and realistic a position as possible, we have therefore made some amendments.

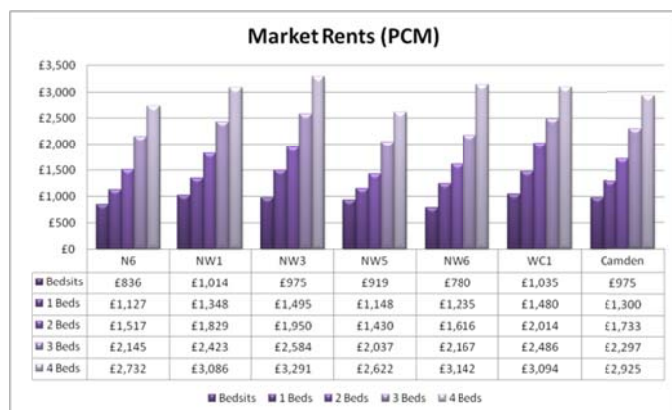
In these postcodes the increase in rental values between the different size properties was not consistent with other postcodes and the Borough average. The Borough average increase in rental values was 32.5% from 2 beds to 3 beds, and 27.3% from 3 beds to 4 beds. However the following was noted:

- NW1: The average rental values of the 3 beds increased by 20% and 4 beds increase by 20%.
- NW3: The average rental values 3 beds increase by 54% and the 4 beds increased by 94%.

- N6: The average rental values for 4 beds increase by 72%.

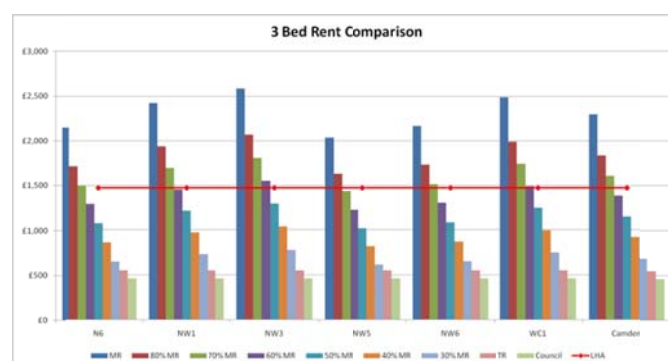
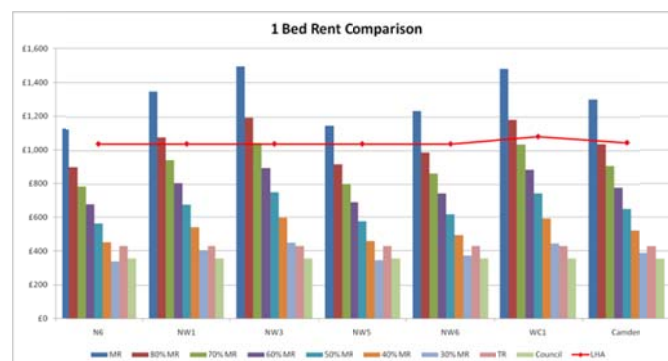
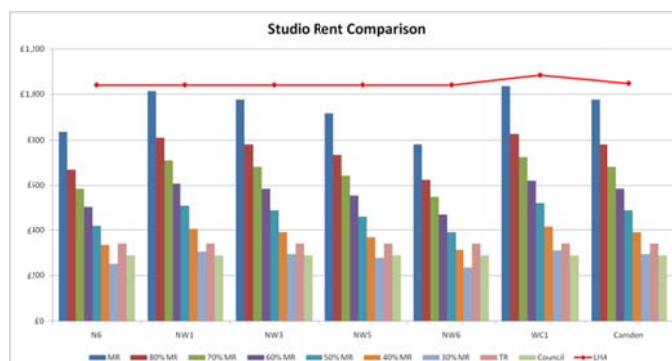
This could be for a variety of reasons, including larger properties being in greater or lesser supply in those areas. In order to produce results that are consistent, we have brought these in line with the Borough average.

The following table is a guide for average market rents in the postcode and the rent levels that we will use going forward in this report.



Rent Compared Against LHA (July 2011)

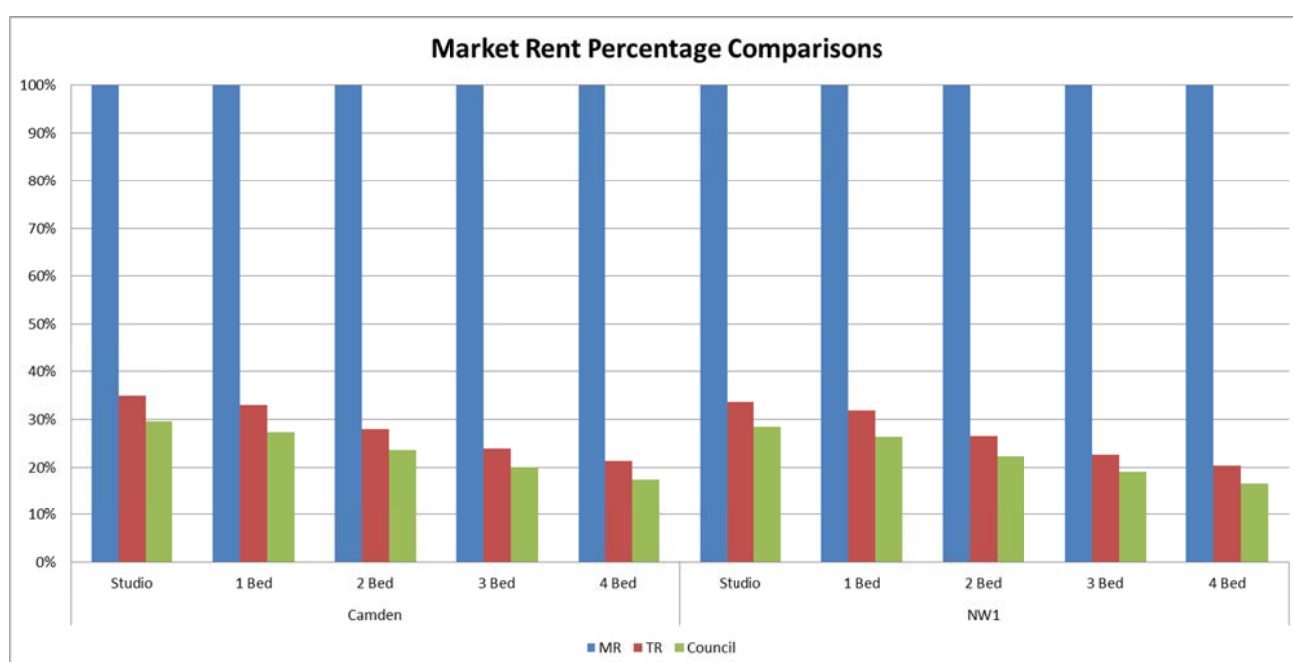
The following charts show these levels at various percentages of market rent, Target (Housing Association) Rents, and also Council rents in comparison with LHA levels.





It is important to recognise that the above figures are postcode wide averages, and there will therefore be a range of rental values within each postcode area. Whilst we have used postcodes, Camden's 2009 Affordable Housing Viability Study identifies localised value zones for market sale, and patterns are likely to be mirrored in the rental values. However, location dependent variations may not necessarily coincide with postcode boundaries.

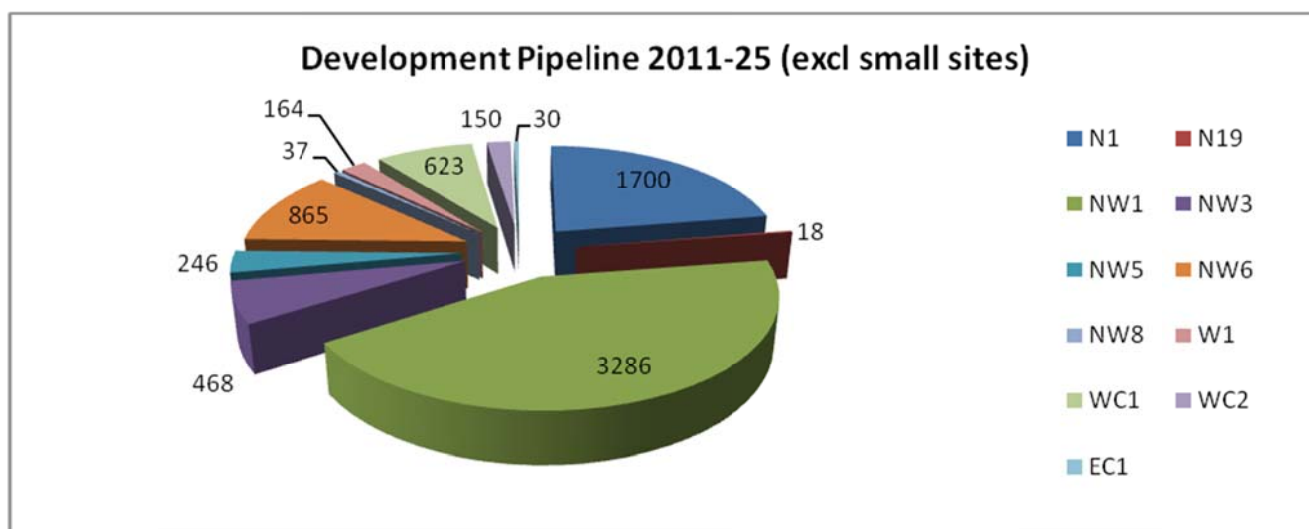
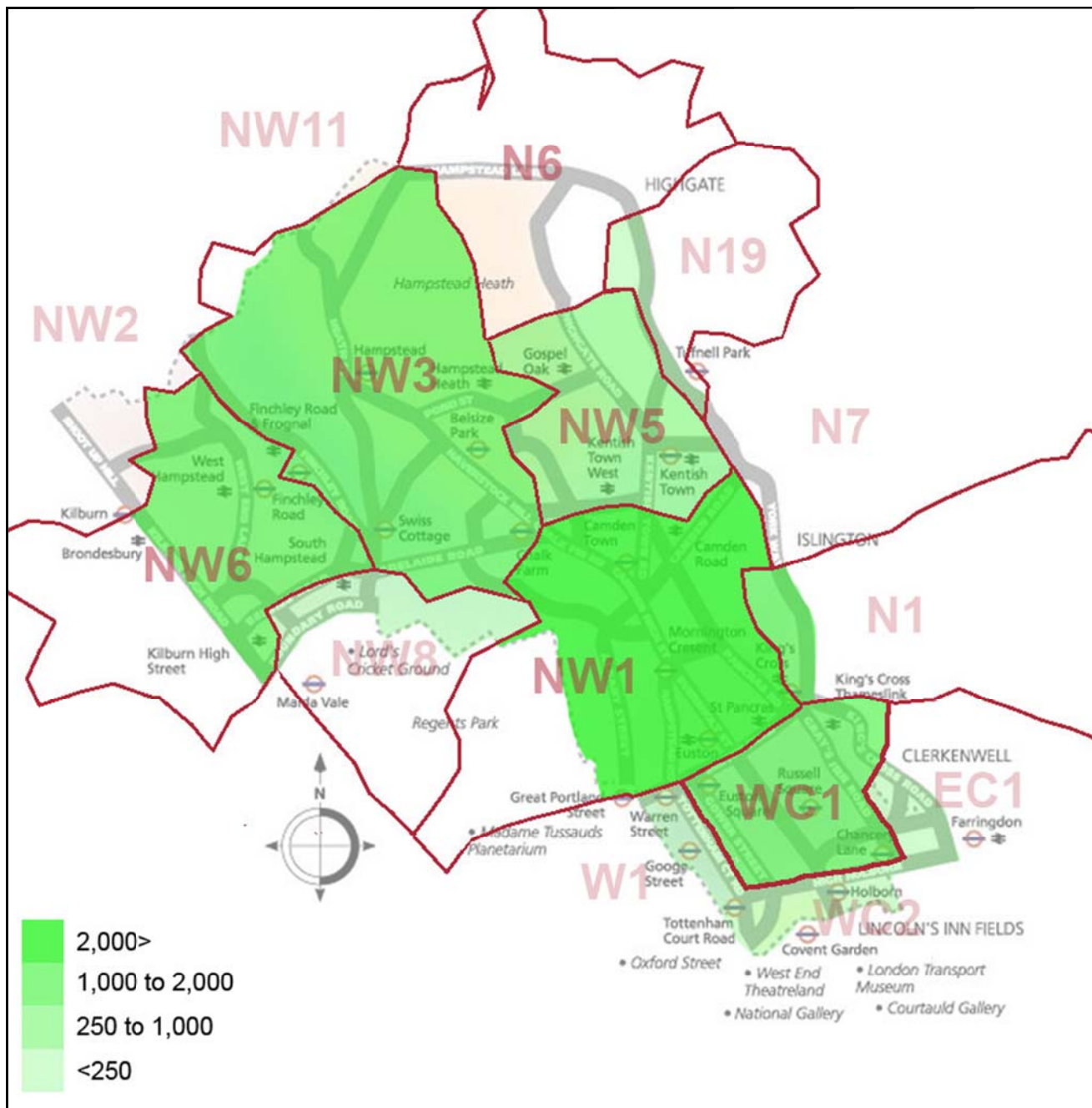
The chart below shows both target and council rent as a percentage of market rent for both the Camden average and NW1 postcodes. Appendix 1 shows the average Council and Target Rents, as September 2011.



2.5 Camden's Development Pipeline

Having analysed the Borough's housing trajectory, which identifies the development opportunities in the Borough over the next 15 years, we can see that there are approximately 7,500 new homes expected to be delivered in the Borough from 2010-25 (excluding small sites). This chart and map shows the split of these units across the postcodes, and we can see the predominance of new development in NW1, NW6 and N1.

We feel that this puts the issue of affordability into the context of where new homes will be delivered over the next 15 years.



2. Income Analysis

2.1 Average Household Income Levels and Distribution

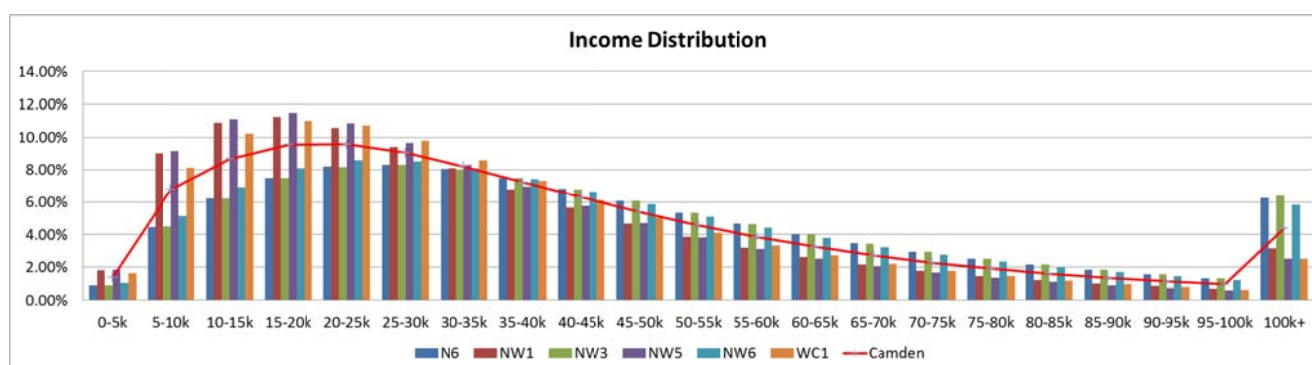
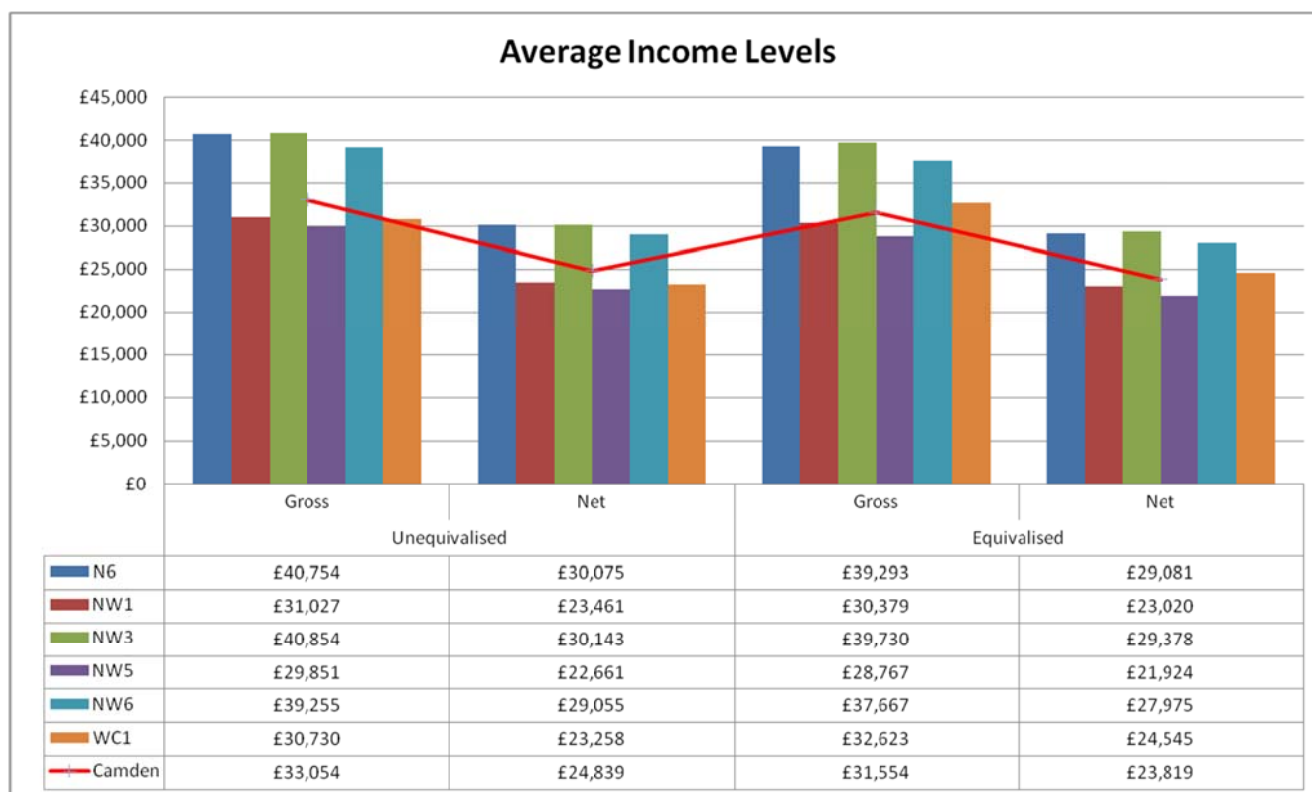
The ability of households to pay rent when there is one or more persons working will vary dependent on the income level of the household, while for unemployed households, Housing Benefit covers the majority of rental costs in most cases. In addition, for households with the same level of earned income, the affordability of various rent levels will vary depending on the makeup of the households, since the various child benefits/tax credits change based on how many children there are in a household and the ages of those children.

There are many different sources of data on income available, of differing levels of detail and reliability. We have used two of the main publicly available data sources on income, which are the ASHE and the PayCheck tables. This section provides some details on these sources and some basic analysis.

The PayCheck data provided by the London Borough of Camden details the following average unequivalised and equivalised household income levels for the postcodes identified in section 1. (We will talk more about the difference between unequivalised incomes and equivalised incomes later in section 5.3.) This data does include the receipt of benefits.

			Income Distribution %																				
	Unequiv. Median Income	Equiv. Median Income	0-5k	5-10k	10-15k	15-20k	20-25k	25-30k	30-35k	35-40k	40-45k	45-50k	50-55k	55-60k	60-65k	65-70k	70-75k	75-80k	80-85k	85-90k	90-95k	95-100k	100k +
N6	£40,754	£39,293	0.89	4.46	6.20	7.49	8.18	8.32	8.05	7.50	6.82	6.08	5.34	4.65	4.02	3.45	2.95	2.51	2.14	1.82	1.55	1.32	6.26
NW1	£31,027	£30,379	1.80	9.00	10.89	11.24	10.57	9.39	8.07	6.80	5.66	4.68	3.86	3.17	2.61	2.15	1.77	1.46	1.21	1.01	0.84	0.70	3.13
NW3	£40,854	£39,730	0.90	4.49	6.22	7.49	8.17	8.30	8.03	7.48	6.80	6.06	5.33	4.63	4.00	3.44	2.94	2.51	2.14	1.82	1.55	1.32	6.38
NW5	£29,851	£28,767	1.83	9.14	11.08	11.48	10.84	9.66	8.30	6.96	5.75	4.70	3.82	3.10	2.51	2.03	1.65	1.34	1.09	0.89	0.73	0.60	2.50
NW6	£39,255	£37,667	1.02	5.13	6.91	8.09	8.59	8.53	8.08	7.42	6.65	5.86	5.10	4.40	3.78	3.23	2.75	2.34	1.98	1.69	1.43	1.22	5.82
W1	£40,899	£43,342	0.73	3.71	5.50	7.08	8.08	8.49	8.38	7.92	7.23	6.45	5.65	4.89	4.19	3.57	3.03	2.55	2.16	1.80	1.52	1.29	5.79
Camden	£33,054	£31,554	1.36	6.80	8.67	9.54	9.57	9.04	8.20	7.24	6.28	5.37	4.56	3.85	3.24	2.71	2.27	1.91	1.60	1.34	1.13	0.95	4.36
Great Britain	£28,445	£26,518	1.58	7.27	12.00	13.37	12.52	10.76	8.84	7.08	5.60	4.40	3.44	2.69	2.11	1.66	1.31	1.04	0.82	0.66	0.52	0.42	1.92
London	£33,441	£30,168	1.10	5.45	9.68	11.54	11.49	10.44	9.01	7.56	6.23	5.09	4.13	3.34	2.71	2.19	1.78	1.44	1.17	0.96	0.78	0.64	3.26
Inner London	£32,588	£31,379	1.10	5.49	9.31	10.91	10.85	9.94	8.70	7.41	6.23	5.18	4.29	3.55	2.93	2.42	2.01	1.66	1.38	1.15	0.96	0.81	3.71
Outer London	£34,036	£30,507	1.05	5.25	9.40	11.37	11.47	10.53	9.16	7.72	6.38	5.22	4.24	3.44	2.78	2.25	1.83	1.49	1.21	0.99	0.81	0.67	2.73

The affordability criterion that has been set by Camden is 40% of net income, which is in line with guidance from the London Mayor and the GLA, and Camden's planning policy. Therefore, for the purpose of analysis, we have converted these gross income levels to net income. The following charts demonstrate the income variations between postcodes and compared to the Camden average, and the income distribution.



The above chart shows the distribution of income across the postcodes, compared to the Camden average. We will refer to this chart in the next section. However, at this time, we have made the following basic observations:

- N6: High median income, high distribution of high income earners, but below average rental values compared to other postcodes and the Borough average.
- NW1: Low median income, high distribution of low income earners, but above average rental values compared to other postcodes and the Borough average.
- NW3: High median income, high distribution of high income earners, above average rental values compared to other postcodes and the Borough average.
- NW5: Low median income, high distribution of low income earners, below average rental values compared to other postcodes and the Borough average.
- NW6: High median income, high distribution of high income earners, average rental values compared to other postcodes and the Borough average.
- WC1: Low median income, high distribution of low income earners, but above average rental values compared to other postcodes and the Borough average.

2.2 Average Earnings

Our second source of income data is the Office for National Statistics (ONS) ASHE.

The ASHE provides information about the levels, distribution and make-up of earnings and hours paid for employees within industries, occupations and regions.

The ASHE tables contain UK data on earnings for employees by gender and full-time/part-time work. Further breakdowns are also given, arranged by region, occupation, industry, and age-groups. These breakdowns are available for the following variables: gross weekly pay, weekly pay excluding overtime, basic pay including other pay, overtime pay, gross hourly pay, hourly pay excluding overtime pay, gross hourly pay, hourly pay excluding overtime, gross annual pay, annual incentive pay, total paid hours, basic paid hours and paid overtime hours.

For the purpose of this report we have used the Camden average for all employers for those who live in Camden.

Annual Pay by Place of Residence - Gross (£) - For All Employee Jobs 2010															
Description	Number of Jobs (000's)	Median	% Change	Mean	% Change	10	20	25	30	Percentiles					
						40	60	70	75	80	90				
Camden (Male)	31	£38,330	3.1	£75,374	12.3	15,939	22,985	24,985	27,591	32,043	48,447	60,136	x	x	x
Camden (Female)	27	£27,879	-2.7	£32,353	2.0	x	x	16,223	19,696	23,937	31,705	37,000	40,095	x	x
Camden (All)	58	£32,235	-4.0	£55,152	8.3	10,114	18,464	21,441	23,602	28,168	38,186	46,411	54,519	63,570	x
Inner London	875	£29,906	-0.3	£46,392	0.9	8,920	15,963	18,822	21,393	25,875	34,881	40,866	45,000	50,633	79,190
London	2,400	£27,762	-1.0	£37,344	-0.4	8,203	14,304	16,832	19,190	23,609	32,242	37,500	40,872	45,391	62,867
United Kingdom	21,319	£21,221	-0.4	£26,510	0.2	6,480	11,076	12,944	14,699	17,921	25,146	29,833	32,655	35,781	46,428
Great Britain	20,443	£21,342	-0.5	£26,703	0.1	6,537	11,153	13,015	14,800	18,000	25,300	30,000	32,810	35,980	46,675
England and Wales	18,484	£21,430	-0.5	£26,932	0.2	6,506	11,154	13,035	14,829	18,036	25,401	30,044	32,963	36,179	47,106
England	17,502	£21,575	-0.5	£27,186	0.2	6,504	11,184	13,086	14,892	18,147	25,547	30,276	33,155	36,460	47,598

Annual Pay by Place of Work - Gross (£) - For All Employee Jobs 2010															
Description	Number of Jobs (000's)	Median	% Change	Mean	% Change	10	20	25	30	Percentiles					
						40	60	70	75	80	90				
Camden (Male)	101	£38,500	0.5	£50,163	-0.7	18,403	24,142	27,176	29,590	33,597	43,124	48,850	53,693	59,948	x
Camden (Female)	86	£30,161	-0.3	£32,869	0.0	11,002	18,075	20,338	23,300	26,619	33,984	37,970	40,647	43,731	x
Camden (All)	187	£34,101	0.7	£42,176	-0.7	15,000	21,064	23,766	25,934	30,109	38,670	44,099	46,912	50,887	x
Inner London	1,734	£34,294	0.1	£49,034	-0.1	12,582	19,878	22,740	25,241	29,654	39,627	46,582	51,657	58,667	83,981
London	2,960	£29,997	0.0	£40,507	-0.2	9,266	15,938	18,577	20,955	25,646	34,866	40,597	44,653	49,344	70,678
United Kingdom	21,319	£21,221	-0.4	£26,510	0.2	6,480	11,076	12,944	14,699	17,921	25,146	29,833	32,655	35,781	46,428
Great Britain	20,652	£21,324	-0.4	£26,677	0.2	6,516	11,130	13,000	14,781	18,000	25,280	29,976	32,795	35,964	46,662
England and Wales	18,693	£21,403	-0.5	£26,901	0.3	6,486	11,139	13,016	14,813	18,019	25,366	30,012	32,925	36,141	47,044
England	17,732	£21,560	-0.5	£27,167	0.3	6,497	11,180	13,079	14,890	18,142	25,522	30,245	33,132	36,425	47,584

2.3 Using this Data

The PayCheck household income data will allow us to look at the affordability of Affordable Rent for the whole Borough population and gives us an initial idea of some potentially affordable levels of rent. However, this data does not allow us to address affordability for benefit dependent households. Neither does it look at affordability in terms of those in housing need.

The ASHE data however begins to help us build a picture of the impact of the Affordable Rent at various levels. As this is based on a specific Camden median of actual earnings rather than household income, we can then begin to apply benefits where appropriate for differing sized households and understand the impact of benefit dependent households.

4. Affordability Analysis: Stage 1

4.1 Affordability Findings Based on Median Income

As described in the methodology, we feel that building up the level of detail in stages for affordability analysis was the best way to deal with a fairly complex subject matter where there is no strictly definitive approach set out by the industry.

For our initial view of affordability, we have simply taken median household income levels from the PayCheck data in section 3.1, and applied our affordability criteria of rent not exceeding 40% of net household income.

As mentioned in our introduction, at this stage we look at affordability in general and our results do not specifically look at households in receipt of benefits. The PayCheck data includes all forms of household income including benefits, but it does not split the income out and therefore is of most use for some basic, initial affordability analysis. We will look at households in receipt of benefit in Sections 5 and 6.

These initial results can be seen in the following chart, which show rent at different levels of market rent as a proportion of household income:

Unequivilised Median Household Income										
Studio										
	Net Inc.	MR	80% MR	70% MR	60% MR	50% MR	40% MR	30% MR	RSL	
N6	£30,075	33.4%	26.7%	23.4%	20.0%	16.7%	13.3%	10.0%	13.6%	
NW1	£23,461	51.9%	41.5%	36.3%	31.1%	25.9%	20.7%	15.6%	17.4%	
NW3	£30,143	38.8%	31.1%	27.2%	23.3%	19.4%	15.5%	11.6%	13.6%	
NW5	£22,661	48.6%	38.9%	34.1%	29.2%	24.3%	19.5%	14.6%	18.0%	
NW6	£29,055	32.2%	25.8%	22.6%	19.3%	16.1%	12.9%	9.7%	14.1%	
WC1	£23,258	53.4%	42.7%	37.4%	32.0%	26.7%	21.4%	16.0%	17.6%	
Camden	£24,839	47.1%	37.7%	33.0%	28.3%	23.6%	18.8%	14.1%	16.4%	

Equivilised Median Household Income										
Studio										
	Net Inc.	MR	80% MR	70% MR	60% MR	50% MR	40% MR	30% MR	RSL	
N6	£29,081	34.5%	27.6%	24.2%	20.7%	17.3%	13.8%	10.4%	14.0%	
NW1	£23,020	52.9%	42.3%	37.0%	31.7%	26.4%	21.1%	15.9%	17.7%	
NW3	£29,378	39.8%	31.9%	27.9%	23.9%	19.9%	15.9%	11.9%	13.9%	
NW5	£21,924	50.3%	40.2%	35.2%	30.2%	25.1%	20.1%	15.1%	18.6%	
NW6	£27,975	33.5%	26.8%	23.4%	20.1%	16.7%	13.4%	10.0%	14.6%	
WC1	£24,545	50.6%	40.5%	35.4%	30.3%	25.3%	20.2%	15.2%	16.6%	
Camden	£23,819	49.1%	39.3%	34.4%	29.5%	24.6%	19.6%	14.7%	17.2%	

1 Bed										
	Net Inc.	MR	80% MR	70% MR	60% MR	50% MR	40% MR	30% MR	RSL	
N6	£30,075	45.0%	36.0%	31.5%	27.0%	22.5%	18.0%	13.5%	17.1%	
NW1	£23,461	68.9%	55.1%	48.3%	41.4%	34.5%	27.6%	20.7%	21.9%	
NW3	£30,143	59.5%	47.6%	41.7%	35.7%	29.8%	23.8%	17.9%	17.0%	
NW5	£22,661	60.8%	48.6%	42.6%	36.5%	30.4%	24.3%	18.2%	22.7%	
NW6	£29,055	51.0%	40.8%	35.7%	30.6%	25.5%	20.4%	15.3%	17.7%	
WC1	£23,258	76.4%	61.1%	53.4%	45.8%	38.2%	30.5%	22.9%	22.1%	
Camden	£24,839	62.8%	50.2%	44.0%	37.7%	31.4%	25.1%	18.8%	20.7%	

2 Bed										
	Net Inc.	MR	80% MR	70% MR	60% MR	50% MR	40% MR	30% MR	RSL	
N6	£30,075	60.5%	48.4%	42.4%	36.3%	30.3%	24.2%	18.2%	19.3%	
NW1	£23,461	93.5%	74.8%	65.5%	56.1%	46.8%	37.4%	28.1%	24.7%	
NW3	£30,143	77.6%	62.1%	54.3%	46.6%	38.8%	31.1%	23.3%	19.3%	
NW5	£22,661	75.7%	60.6%	53.0%	45.4%	37.9%	30.3%	22.7%	25.6%	
NW6	£29,055	66.8%	53.4%	46.7%	40.1%	33.4%	26.7%	20.0%	20.0%	
WC1	£23,258	103.9%	83.1%	72.7%	62.4%	52.0%	41.6%	31.2%	25.0%	
Camden	£24,839	83.7%	67.0%	58.6%	50.2%	41.9%	33.5%	25.1%	23.4%	

3 Bed										
	Net Inc.	MR	80% MR	70% MR	60% MR	50% MR	40% MR	30% MR	RSL	
N6	£30,075	85.6%	68.5%	59.9%	51.4%	42.8%	34.2%	25.7%	21.9%	
NW1	£23,461	123.9%	99.1%	86.8%	74.4%	62.0%	49.6%	37.2%	28.1%	
NW3	£30,143	102.9%	82.3%	72.0%	61.7%	51.4%	41.1%	30.9%	21.8%	
NW5	£22,661	107.9%	86.3%	75.5%	64.7%	53.9%	43.1%	32.4%	29.1%	
NW6	£29,055	89.5%	71.6%	62.6%	53.7%	44.7%	35.8%	26.8%	22.7%	
WC1	£23,258	128.3%	102.6%	89.8%	77.0%	64.1%	51.3%	38.5%	28.3%	
Camden	£24,839	111.0%	88.8%	77.7%	66.6%	55.5%	44.4%	33.3%	26.5%	

4 Bed										
	Net Inc.	MR	80% MR	70% MR	60% MR	50% MR	40% MR	30% MR	RSL	
N6	£30,075	109.0%	87.2%	76.3%	65.4%	54.5%	43.6%	32.7%	24.9%	
NW1	£23,461	157.8%	126.3%	110.5%	94.7%	78.9%	63.1%	47.4%	32.0%	
NW3	£30,143	131.0%	104.8%	91.7%	78.6%	65.5%	52.4%	39.3%	24.9%	
NW5	£22,661	138.8%	111.1%	97.2%	83.3%	69.4%	55.5%	41.6%	33.1%	
NW6	£29,055	129.8%	103.8%	90.8%	77.9%	64.9%	51.9%	38.9%	25.8%	
WC1	£23,258	159.6%	127.7%	111.7%	95.8%	79.8%	63.9%	47.9%	32.3%	
Camden	£24,839	141.3%	113.0%	98.9%	84.8%	70.7%	56.5%	42.4%	30.2%	

Equivilised Median Household Income										
1 Bed										
	Net Inc.	MR	80% MR	70% MR	60% MR	50% MR	40% MR	30% MR	RSL	
N6	£29,081	46.5%	37.2%	32.5%	27.9%	23.2%	18.6%	13.9%	17.7%	
NW1	£23,020	70.3%	56.2%	49.2%	42.2%	35.1%	28.1%	21.1%	22.3%	
NW3	£29,378	61.1%	48.9%	42.7%	36.6%	30.5%	24.4%	18.3%	17.5%	
NW5	£21,924	62.9%	50.3%	44.0%	37.7%	31.4%	25.1%	18.9%	23.4%	
NW6	£27,975	53.0%	42.4%	37.1%	31.8%	26.5%	21.2%	15.9%	18.4%	
WC1	£24,545	72.3%	57.9%	50.6%	43.4%	36.2%	28.9%	21.7%	20.9%	
Camden	£23,819	65.5%	52.4%	45.8%	39.3%	32.7%	26.2%	19.6%	21.6%	

2 Bed										
	Net Inc.	MR	80% MR	70% MR	60% MR	50% MR	40% MR	30% MR	RSL	
N6	£29,081	62.6%	50.1%	43.8%	37.5%	31.3%	25.0%	18.8%	20.0%	
NW1	£23,020	95.3%	76.3%	66.7%	57.2%	47.7%	38.1%	28.6%	25.2%	
NW3	£29,378	79.7%	63.7%	55.8%	47.8%	39.8%	31.9%	23.9%	19.8%	
NW5	£21,924	78.3%	62.6%	54.8%	47.0%	39.1%	31.3%	23.5%	26.5%	
NW6	£27,975	69.3%	55.5%	48.5%	41.6%	34.7%	27.7%	20.8%	20.8%	
WC1	£24,545	98.5%	78.8%	68.9%	59.1%	49.2%	39.4%	29.5%	23.7%	
Camden	£23,819	87.3%	69.9%	61.1%	52.4%	43.7%	34.9%	26.2%	24.4%	

3 Bed										
	Net Inc.	MR	80% MR	70% MR	60% MR	50% MR	40% MR	30% MR	RSL	
N6	£29,081	88.5%	70.8%	62.0%	53.1%	44.3%	35.4%	26.6%	22.6%	
NW1	£23,020	126.3%	101.0%	88.4%	75.8%	63.2%	50.5%	37.9%	28.6%	
NW3	£29,378	105.5%	84.4%	73.9%	63.3%	52.8%	42.2%	31.7%	22.4%	
NW5	£21,924	111.5%	89.2%	78.0%	66.9%	55.7%	44.6%	33.4%	30.0%	
NW6	£27,975	92.9%	74.4%	65.1%	55.8%	46.5%	37.2%	27.9%	23.5%	
WC1	£24,545	121.6%	97.2%	85.1%	72.9%	60.8%	48.6%	36.5%	26.8%	
Camden	£23,819	115.7%	92.6%	81.0%	69.4%	57.9%	46.3%	34.7%	27.6%	

4 Bed										
	Net Inc.	MR	80% MR	70% MR	60% MR	50% MR	40% MR	30% MR	RSL	
N6	£29,081	112.7%	90.2%	78.9%	67.6%	56.4%	45.1%	33.8%	25.8%	
NW1	£23,020	160.9%	128.7%	112.6%	96.5%	80.4%	64.3%	48.3%	32.6%	
NW3	£29,378	134.4%	107.5%	94.1%	80.6%	67.2%	53.8%	40.3%	25.5%	
NW5	£21,924	143.5%	114.8%	100.4%	86.1%	71.7%	57.4%	43.0%	34.2%	
NW6	£27,975	134.8%	107.8%	94.3%	80.9%	67.4%	53.9%	40.4%	26.8%	
WC1	£24,545	151.3%	121.0%	105.9%	90.8%	75.6%	60.5%	45.4%	30.6%	
Camden	£23,819	147.4%	117.9%	103.2%	88.4%	73.7%	58.9%	44.2%	31.5%	

We are looking for the percentages to be below 40%. Where they are, this means that the rent level would be affordable for people on or above median income, which it should be noted is only 53% to 61% within the postcodes that are included within this study. We will also concentrate on the equivalised income figures.

We can see that affordability problems are exacerbated for the larger homes.

For the 1 beds, we can see that the rent level of 65% market rent is the first point that the majority of affordability results come in below or around 40%. It's still difficult however to achieve affordability in terms of the postcodes NW1 and WC1, which require market rent levels to drop to 60%.

1 Bed														
Net Inc.	MR	80% MR	75% MR	70% MR	65% MR	60% MR	55% MR	50% MR	45% MR	40% MR	35% MR	30% MR	RSL Rents	Council
N6	£29,081	46.49%	37.19%	34.87%	32.54%	30.22%	27.89%	25.57%	23.25%	20.92%	18.60%	16.27%	13.95%	14.65%
NW1	£23,020	70.25%	56.20%	52.69%	49.18%	45.66%	42.15%	38.64%	35.13%	31.61%	28.10%	24.59%	21.08%	18.50%
NW3	£29,378	61.07%	48.85%	45.80%	42.75%	39.69%	36.64%	33.59%	30.53%	27.48%	24.43%	21.37%	18.32%	14.50%
NW5	£21,924	62.85%	50.28%	47.14%	44.00%	40.86%	37.71%	34.57%	31.43%	28.28%	25.14%	22.00%	18.86%	19.43%
NW6	£27,975	52.98%	42.38%	39.73%	37.08%	34.43%	31.79%	29.14%	26.49%	23.84%	21.19%	18.54%	15.89%	15.23%
WC1	£24,545	72.35%	57.88%	54.26%	50.64%	47.03%	43.41%	39.79%	36.17%	32.56%	28.94%	25.32%	21.70%	17.36%
Camden	£23,819	65.49%	52.40%	49.12%	45.85%	42.57%	39.30%	36.02%	32.75%	29.47%	26.20%	22.92%	19.65%	17.88%

For the 2 beds, affordability worsens in general, as would be expected with the higher rent levels. We can see that it's around the 55/50 % level that affordability starts to drop below our required levels, but again the postcodes NW1 and WC1 are problematic and we begin to see a possible requirement for a slightly altered approach in terms of these areas.

2 Bed														
Net Inc.	MR	80% MR	75% MR	70% MR	65% MR	60% MR	55% MR	50% MR	45% MR	40% MR	35% MR	30% MR	RSL Rents	Council
N6	£29,081	62.58%	50.07%	46.94%	43.81%	40.68%	37.55%	34.42%	31.29%	28.16%	25.03%	21.90%	18.77%	16.85%
NW1	£23,020	95.32%	76.26%	71.49%	66.73%	61.96%	57.19%	52.43%	47.66%	42.90%	38.13%	33.36%	28.60%	21.28%
NW3	£29,378	79.65%	63.72%	59.74%	55.76%	51.77%	47.79%	43.81%	39.83%	35.84%	31.86%	27.88%	23.90%	16.68%
NW5	£21,924	78.27%	62.62%	58.70%	54.79%	50.88%	46.96%	43.05%	39.14%	35.22%	31.31%	27.40%	23.48%	22.35%
NW6	£27,975	69.33%	55.47%	52.00%	48.53%	45.07%	41.60%	38.13%	34.67%	31.20%	27.73%	24.27%	20.80%	17.51%
WC1	£24,545	98.48%	78.78%	73.86%	68.93%	64.01%	59.09%	54.16%	49.24%	44.32%	39.39%	34.47%	29.54%	19.96%
Camden	£23,819	87.33%	69.86%	65.49%	61.13%	56.76%	52.40%	48.03%	43.66%	39.30%	34.93%	30.56%	26.20%	20.57%

For 3 beds, the same pattern is seen as expected. This time the affordable level drops down to around the 40% mark, although there are still difficulties making some postcodes work.

3 Bed														
Net Inc.	MR	80% MR	75% MR	70% MR	65% MR	60% MR	55% MR	50% MR	45% MR	40% MR	35% MR	30% MR	RSL Rents	Council
N6	£29,081	88.51%	70.81%	66.38%	61.96%	57.53%	53.11%	48.68%	44.26%	39.83%	35.40%	30.98%	26.55%	18.98%
NW1	£23,020	126.30%	101.04%	94.73%	88.41%	82.10%	75.78%	69.47%	63.15%	56.84%	50.52%	44.21%	37.89%	23.98%
NW3	£29,378	105.54%	84.43%	79.15%	73.88%	68.60%	63.32%	58.05%	52.77%	47.49%	42.22%	36.94%	31.66%	18.79%
NW5	£21,924	111.48%	89.18%	83.61%	78.03%	72.46%	66.89%	61.31%	55.74%	50.16%	44.59%	39.02%	33.44%	25.18%
NW6	£27,975	92.94%	74.35%	69.70%	65.06%	60.41%	55.76%	51.12%	46.47%	41.82%	37.18%	32.53%	27.88%	19.73%
WC1	£24,545	121.55%	97.24%	91.16%	85.09%	79.01%	72.93%	66.85%	60.78%	54.70%	48.62%	42.54%	36.47%	22.49%
Camden	£23,819	115.71%	92.56%	86.78%	80.99%	75.21%	69.42%	63.64%	57.85%	52.07%	46.28%	40.50%	34.71%	23.17%

As expected, the position is worse still for the 4 bed homes, and affordable levels move to our lowest position – 30% of market rent.

4 Bed														
Net Inc.	MR	80% MR	75% MR	70% MR	65% MR	60% MR	55% MR	50% MR	45% MR	40% MR	35% MR	30% MR	RSL Rents	Council
N6	£29,081	112.73%	90.18%	84.54%	78.91%	73.27%	67.64%	62.00%	56.36%	50.73%	45.09%	39.45%	33.82%	21.06%
NW1	£23,020	160.86%	128.69%	120.64%	112.60%	104.56%	96.52%	88.47%	80.43%	72.39%	64.34%	56.30%	48.26%	26.60%
NW3	£29,378	134.41%	107.53%	100.81%	94.09%	87.37%	80.65%	73.93%	67.21%	60.49%	53.77%	47.04%	40.32%	20.84%
NW5	£21,924	143.50%	114.80%	107.62%	100.45%	93.27%	86.10%	78.92%	71.75%	64.57%	57.40%	50.22%	43.05%	17.93%
NW6	£27,975	134.76%	107.81%	101.07%	94.33%	87.60%	80.86%	74.12%	67.38%	60.64%	53.90%	47.17%	40.43%	21.89%
WC1	£24,545	151.27%	121.01%	113.45%	105.89%	98.32%	90.76%	83.20%	75.63%	68.07%	60.51%	52.94%	45.38%	24.95%
Camden	£23,819	147.36%	117.89%	110.52%	103.15%	95.78%	88.42%	81.05%	73.68%	66.31%	58.94%	51.58%	44.21%	25.71%

In summary, this data shows how affordability is more difficult to achieve for larger units, but also how location specific differences between rent levels have a very significant effect.

In general we are beginning to see the difficulty of making the larger homes work within the Affordable Rent model and the 40% affordability criteria. We will return to this theme in section 5 of the report.

4.2 Affordability Based on Income Distribution

This set of tables show the percentage of the population who would be able to afford the following rents using the 40% affordability criterion. The information here is based on income distribution identified in section 3.1 and is based on unequivalised incomes.

Studio Affordability									
	Full Mkt Rent	80% Mkt Rent	70% Mkt Rent	60% Mkt Rent	50% Mkt Rent	40% Mkt Rent	30% Mkt Rent	RSL Rent	LA Rent
N6	56%	64%	73%	81%	88%	88%	95%	88%	95%
NW1	27%	39%	47%	57%	67%	78%	89%	78%	89%
NW3	49%	56%	64%	73%	81%	88%	95%	88%	95%
NW5	38%	56%	56%	66%	78%	89%	98%	89%	98%
NW6	62%	79%	79%	87%	94%	94%	99%	94%	99%
WC1	27%	40%	49%	58%	69%	80%	90%	80%	90%
Camden	40%	55%	64%	74%	83%	83%	92%	92%	92%

1 Bed Affordability									
	Full Mkt Rent	80% Mkt Rent	70% Mkt Rent	60% Mkt Rent	50% Mkt Rent	40% Mkt Rent	30% Mkt Rent	RSL Rent	LA Rent
N6	36%	49%	56%	64%	73%	81%	88%	88%	88%
NW1	15%	27%	32%	39%	47%	67%	78%	78%	78%
NW3	19%	36%	42%	49%	64%	73%	81%	88%	88%
NW5	25%	38%	46%	56%	66%	78%	89%	78%	89%
NW6	34%	46%	54%	70%	79%	87%	94%	87%	94%
WC1	11%	22%	27%	40%	49%	58%	69%	80%	80%
Camden	23%	40%	47%	55%	64%	74%	83%	83%	92%

2 Bed Affordability									
	Full Mkt Rent	80% Mkt Rent	70% Mkt Rent	60% Mkt Rent	50% Mkt Rent	40% Mkt Rent	30% Mkt Rent	RSL Rent	LA Rent
N6	19%	31%	42%	49%	64%	73%	81%	81%	88%
NW1	6%	12%	18%	27%	32%	47%	67%	67%	78%
NW3	9%	19%	26%	36%	49%	56%	73%	81%	88%
NW5	13%	25%	31%	46%	56%	66%	78%	78%	89%
NW6	17%	29%	40%	46%	62%	70%	87%	87%	87%
WC1	3%	7%	11%	17%	27%	40%	58%	69%	80%
Camden	9%	20%	28%	40%	47%	64%	74%	83%	83%

3 Bed Affordability									
	Full Mkt Rent	80% Mkt Rent	70% Mkt Rent	60% Mkt Rent	50% Mkt Rent	40% Mkt Rent	30% Mkt Rent	RSL Rent	LA Rent
N6	6%	13%	19%	31%	42%	56%	73%	81%	81%
NW1	3%	5%	7%	12%	18%	32%	47%	67%	67%
NW3	6%	8%	11%	19%	31%	42%	64%	81%	81%
NW5	4%	9%	13%	20%	31%	46%	66%	66%	78%
NW6	6%	14%	20%	29%	40%	54%	70%	79%	87%
WC1	2%	3%	6%	9%	17%	33%	49%	69%	69%
Camden	4%	8%	14%	20%	33%	47%	64%	74%	83%

4 Bed Affordability									
	Full Mkt Rent	80% Mkt Rent	70% Mkt Rent	60% Mkt Rent	50% Mkt Rent	40% Mkt Rent	30% Mkt Rent	RSL Rent	LA Rent
N6	6%	6%	9%	16%	26%	42%	56%	73%	81%
NW1	3%	3%	3%	6%	10%	18%	32%	57%	67%
NW3	6%	6%	6%	9%	16%	26%	49%	73%	81%
NW5	2%	3%	6%	9%	16%	31%	46%	66%	78%
NW6	6%	6%	6%	10%	17%	34%	54%	79%	87%
WC1	2%	2%	2%	5%	9%	17%	33%	58%	69%
Camden	4%	4%	5%	9%	16%	28%	47%	64%	74%

We have not stated what would be an acceptable level, but transposing our findings for the initial affordability work, we can see that even at the more “affordable” rent levels a low proportion of the population can afford the larger Affordable Rent homes. 4 beds at 30% of market rent are affordable for less than half of the population.

4.3 Initial Suggested Rent Levels

To move on to our Stage 2 affordability work, we need to make an initial assessment of viable rent levels, as the more complex modelling involved in the next stage requires a Housing Benefit assessment as part of the Universal Credit and current benefit regime calculations.

As such we have used findings from the initial affordability work, the income distribution and also LHA levels to come up with an initial set of rents that are affordable. We also needed to make sure that the rent levels suggested were sensibly stepped. In the past we have seen affordability results pushing rent levels for 4 beds below those of 3 beds (as an example) and this is not a sustainable approach.

Therefore the rent levels that we will be taking into our Stage 2 modelling are as follows:

- 1 beds – 65% MR
- 2 beds – 55% MR
- 3 beds – 45% MR
- 4 beds – 40% MR

We acknowledge that some of these rent levels, especially for the larger units, are above our affordability thresholds. We took into account all of the issues noted above, in particular the need for a sensible up-lift for each unit type. Please note that these are not yet our finally suggested rent levels, and these are merely to be used for the Stage 2 benefits calculations.

5. Affordability Analysis: Stage 2

For this stage we want to consider affordability using the same measurement criteria as before, 40% of net income, but we want to build up our model in more detail using separate data sources. We want to look at median earnings levels, rather than total household income, and then we want to apply benefits calculations to these. This will enable a much more accurate picture to be built up than that at Stage 1, with the model actually reflecting likely benefits allowances for various sized households. This also gives us the opportunity to model Universal Credit in detail, and consider varying earnings levels for the first time including unemployed scenarios.

Previously we have modelled all household sizes against the same basic net pre-equivalised household income, but this time we will equivalise the total income ourselves to allow more accurate affordability comparison between household sizes.

Equivalisation attempts to equate standard of living to income by household size – e.g., a childless couple on £20,000 net income will have more disposable income than a couple on the same income with four children and the related costs that this brings. Therefore, with equivalised data, the childless couple's income is worth more as their standard of living is higher. A discount rate (the McClements Scale) is applied to calculate the equivalised figures, with a discount per child, increasing as the child gets older (and costs more).

5.1 Universal Credit and the Total Household Benefit Cap

From October 2013, the Government intend to radically change the current benefits system and move to a new, apparently streamlined and simpler system known as Universal Credit.

The intention is for most current individual benefits to be amalgamated into one payment, which would be subjected to a flat withdrawal rate, the withdrawal rate being the percentage of benefits which are clawed back as claimants earn more. It is believed that one simple withdrawal rate of 65% would encourage people to work, and ensure that recipients of social security benefits would always be financially better off by moving into work and increasing their earnings thereafter. Currently, many separate benefits have differing withdrawal rates, the combination of which can sometimes result in withdrawal of up to 100%, creating poverty traps.

Universal Credit will be complicated however by the creation of the total household benefit cap, to be introduced at the same time, which will see benefits being capped at around £500 a week for families and couples, and £350 a week for single people. A number of exemptions from the cap have been set and the following statement comes from the Department of Work and Pensions (DWP) document, Household Benefit Cap: Equality Impact Assessment.

"Households which include a member who is in receipt of Working Tax Credit (WTC) will be excluded from the cap. This will increase the incentive for people to find employment because once they are in receipt of WTC their benefits will no longer be subject to the cap. Once customers have been migrated to or have claimed Universal Credit, WTC will no longer be available to them and another measure of being "in work" will be needed. The Department is still considering the best option to provide this. In addition, to the exemption for those in work, all households which include a member, including a child, receiving Disability Living Allowance or Constant Attendance Allowance will be exempt from this measure. This is in recognition of the extra costs

disability can bring. Finally, war widows will be excluded from the cap in line with the Government's commitment to offer special treatment to those who are serving in or who have served in, the Armed Forces and to their dependents in order to remove disadvantage and recognise sacrifice for those seriously injured or killed."

From this statement we can surmise that unemployed people will be subject to the cap, but people in work, even very low paid work, will be exempt. The threshold for receipt of Working Tax Credit (WTC) differs by household size but the following detail on eligibility comes from HM Revenue and Customs (HMRC):

Working Tax Credit is for people who are employed or self-employed (either on their own or in a partnership), who

- *usually work 16 hours or more a week*
- *are paid for that work, and*
- *expect to work for at least 4 weeks*

and who are

- *aged 16 or over and responsible for at least one child, or*
- *aged 16 or over and disabled, or*
- *aged 25 or over and usually work at least 30 hours a week*
- *aged 50 or over must have been unemployed and in receipt of benefits for 6 months leading up to the claim and work 16 hours per week or more*
- *aged 60 or over and work 16 hours per week or more*

Working Tax Credit is paid to the person who is working 16 hours or more a week. Couples, if both of them are working 16 hours or more a week, must choose which one of them will receive it. They cannot receive Working Tax Credit if they are not working.

So, in basic terms, it would appear that 16 hours paid work is the time threshold for WTC for over 16 year olds **only** if they are responsible for at least one child or are disabled. Otherwise, those aged 16-24 are ineligible. Those aged over 25 must work 30 hours a week if they aren't responsible for any children. The time threshold stays at 16 hours if they are responsible for children.

As we can see in the DWP statement, WTC will no longer exist under Universal Credit and a new measure of being "in work" is needed. The detail for this has yet to emerge, but it would seem sensible to assume that the new work exemption parameters and thresholds will be similar to those currently in place for Working Tax Credit. For the purpose of proceeding with this report we assume this to be the case. Please note that although the DWP have stated otherwise, in theory the new in-work cap exemption may not actually materialize for whatever reason (e.g., revised economic circumstances). This is unlikely to be the case, but as the detail has yet to be clarified, this caveat has to be made.

5.2 Universal Credit Predictions

We have calculated Universal Credit entitlement, based on the latest guidance, for varying household sizes and earnings levels (based on the median income for the ASHE data):

- Unemployed
- Median Borough earnings £32,235 gross, £24,281 net

- Median minus £10,000 £22,235 gross, £17,482 net
- Median plus £5,000 £37,235 gross, £27,682 net

We set the income sensitivities for the lower than median income level around the 25th percentile of income, and the above median income level, where we feel that affordability starts to become less of a problem. We feel this gives a good range to consider.

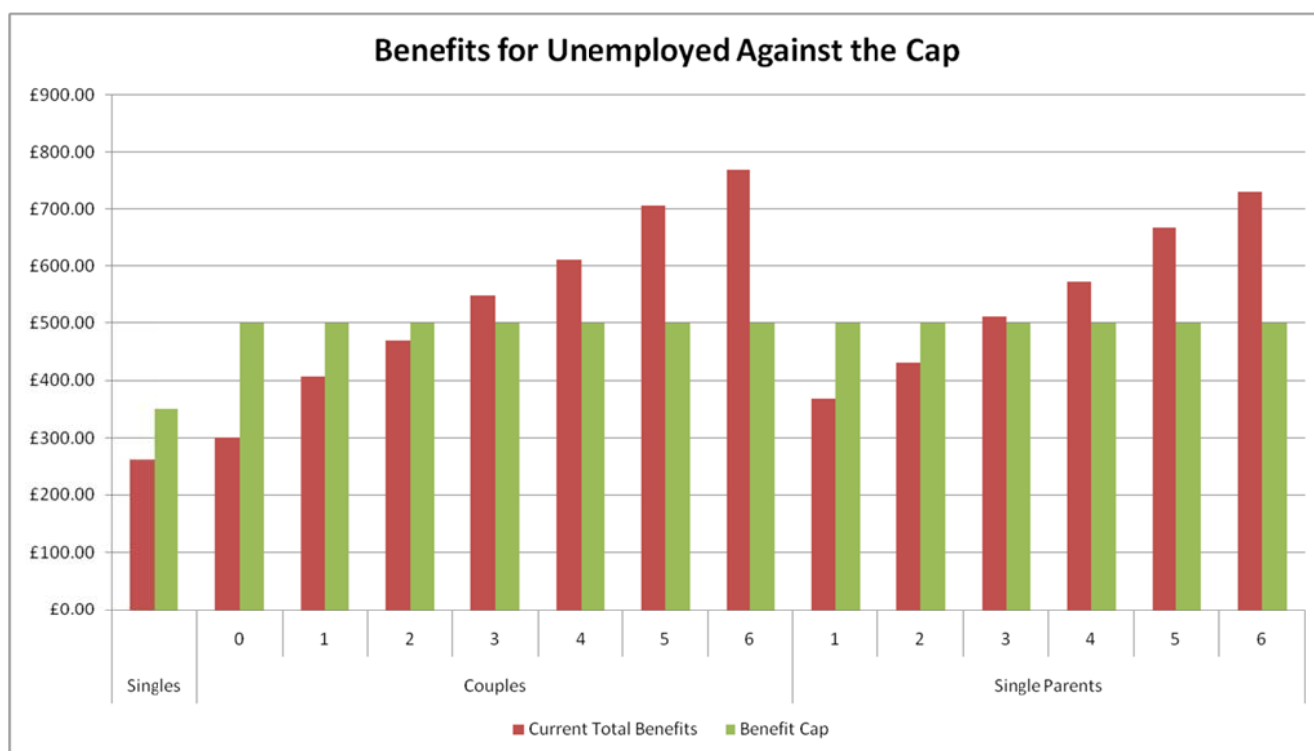
Universal Credit predictions are set out in the following chart. There are also results calculated for lone parents, and these are included as Appendix 2.

The purple columns show the total benefits under both the current system and Universal Credit. It can be seen in general that at these income levels the people in work will all financially benefit from the introduction of Universal Credit. We can deduce that this is mainly down to the more preferential withdrawal rate. However, we can also see that unemployed households will be subject to the household benefit cap, and will see their benefits reduced significantly. The largest family will see a reduction of £180. It should be noted that this reduction is based on a rent level of 40% market rent. If the rent were to be higher, the cap reduction would also be higher.

	Weekly Net Earnings (PW)	Subsumed into Universal Credit			Adjusted Rent	Housing Benefit	Outside UC		Universal Credit Forecast	Universal Credit Cap Reduction	Total Benefits			Variance between Current System and UC
		Income Support / Job Seeker Allowance	Working Tax Credit	Child Tax Credit			Council Tax Benefit	Child Benefit			Current System (2011/12)	Current System (2014/15)	Universal Credit (2014/15)	
Single >25														
Unemployed	£0.00	£65.38	£0.00	£0.00	£195.00	£195.00	£21.63	£0.00	£260.38		£262.50	£260.38	£260.38	£0.00
£22,235 earnings	£336.20	£0.00	£0.00	£0.00	£195.00	£33.34	£0.00	£0.00	£41.85		£34.71	£33.34	£41.85	£8.52
£32,235 earnings	£466.96	£0.00	£0.00	£0.00	£195.00	£0.00	£0.00	£0.00	£0.00		£0.00	£0.00	£0.00	£0.00
£37,235 earnings	£532.35	£0.00	£0.00	£0.00	£195.00	£0.00	£0.00	£0.00	£0.00		£0.00	£0.00	£0.00	£0.00
Couples / No Children														
Unemployed	£0.00	£102.62	£0.00	£0.00	£195.00	£195.00	£21.63	£0.00	£297.62		£300.95	£297.62	£297.62	£0.00
£22,235 earnings	£336.20	£0.00	£0.00	£0.00	£195.00	£60.79	£0.00	£0.00	£85.60		£62.96	£60.79	£85.60	£24.80
£32,235 earnings	£466.96	£0.00	£0.00	£0.00	£195.00	£0.00	£0.00	£0.00	£0.60		£0.00	£0.00	£0.60	£0.60
£37,235 earnings	£532.35	£0.00	£0.00	£0.00	£195.00	£0.00	£0.00	£0.00	£0.00		£0.00	£0.00	£0.00	£0.00
Couples / 1 Child														
Unemployed	£0.00	£102.62	£0.00	£59.79	£220.00	£220.00	£21.63	£18.29	£382.42		£405.87	£400.70	£400.70	£0.00
£22,235 earnings	£336.20	£0.00	£0.00	£18.37	£220.00	£124.05	£0.00	£18.29	£176.89		£168.67	£160.71	£195.18	£34.47
£32,235 earnings	£466.96	£0.00	£0.00	£0.00	£220.00	£50.99	£0.00	£18.29	£91.89		£78.75	£69.28	£110.18	£40.90
£37,235 earnings	£532.35	£0.00	£0.00	£0.00	£220.00	£8.49	£0.00	£18.29	£49.39		£36.25	£26.78	£67.68	£40.90
Couples / 2 Children														
Unemployed	£0.00	£102.62	£0.00	£109.43	£220.00	£220.00	£21.63	£30.36	£432.06		£468.40	£462.42	£462.42	£0.00
£22,235 earnings	£336.20	£0.00	£0.00	£68.01	£220.00	£131.03	£0.00	£30.36	£229.78		£239.78	£229.40	£260.14	£30.74
£32,235 earnings	£466.96	£0.00	£0.00	£0.00	£220.00	£90.23	£0.00	£30.36	£144.78		£132.66	£120.59	£175.14	£54.55
£37,235 earnings	£532.35	£0.00	£0.00	£0.00	£220.00	£47.73	£0.00	£30.36	£102.28		£90.16	£78.09	£132.64	£54.55
Couples / 3 Children														
Unemployed	£0.00	£102.62	£0.00	£159.07	£238.50	£238.50	£21.63	£42.43	£500.00	£0.20	£549.43	£542.63	£500.00	£-42.63
£22,235 earnings	£336.20	£0.00	£0.00	£117.65	£238.50	£156.50	£0.00	£42.43	£301.17		£329.39	£316.58	£343.60	£27.02
£32,235 earnings	£466.96	£0.00	£0.00	£38.81	£238.50	£122.75	£0.00	£42.43	£216.17		£216.79	£203.99	£258.60	£54.61
£37,235 earnings	£532.35	£0.00	£0.00	£0.00	£238.50	£105.47	£0.00	£42.43	£173.67		£162.58	£147.91	£216.10	£68.19
Couples / 4 Children														
Unemployed	£0.00	£102.62	£0.00	£208.71	£238.50	£238.50	£21.63	£54.50	£500.00	£49.84	£611.97	£604.34	£500.00	£-104.34
£22,235 earnings	£336.20	£0.00	£0.00	£167.29	£238.50	£163.48	£0.80	£54.50	£350.81		£400.50	£385.27	£405.31	£20.04
£32,235 earnings	£466.96	£0.00	£0.00	£88.45	£238.50	£129.73	£0.00	£54.50	£265.81		£287.91	£272.68	£320.31	£47.64
£37,235 earnings	£532.35	£0.00	£0.00	£49.02	£238.50	£112.85	£0.00	£54.50	£223.31		£231.61	£216.38	£277.81	£61.44
Couples / 5 Children														
Unemployed	£0.00	£102.62	£0.00	£258.35	£270.00	£270.00	£21.63	£66.58	£500.00	£130.98	£706.00	£697.55	£500.00	£-197.55
£22,235 earnings	£336.20	£0.00	£0.00	£216.93	£270.00	£201.95	£2.73	£66.58	£431.95		£503.11	£485.46	£498.53	£13.07
£32,235 earnings	£466.96	£0.00	£0.00	£138.09	£270.00	£168.20	£0.00	£66.58	£346.95		£390.52	£372.87	£413.53	£40.66
£37,235 earnings	£532.35	£0.00	£0.00	£98.66	£270.00	£151.33	£0.00	£66.58	£304.45		£334.22	£316.57	£371.03	£54.46
Couples / 6 Children														
Unemployed	£0.00	£102.62	£0.00	£308.00	£270.00	£270.00	£21.63	£78.65	£500.00	£180.62	£768.54	£759.27	£500.00	£-259.27
£22,235 earnings	£336.20	£0.00	£0.00	£266.57	£270.00	£208.93	£4.66	£78.65	£481.59		£574.23	£554.15	£560.24	£6.09
£32,235 earnings	£466.96	£0.00	£0.00	£187.73	£270.00	£175.18	£0.00	£78.65	£396.59		£461.63	£441.55	£475.24	£33.69
£37,235 earnings	£532.35	£0.00	£0.00	£148.30	£270.00	£158.30	£0.00	£78.65	£354.09		£405.33	£385.26	£432.74	£47.48

The rents in the above table are at the percentage levels set out in section 4.3 and have been applied to average Borough values.

The one thing that is clear is the effect the £500 per week overall benefit cap will have on unemployed households. The final column shows the amount by which the larger unemployed families on current benefits exceed the cap, and how this increases significantly with family size. The following charts make this very clear, based on our adjusted rent levels in section 4.3.



5.3 Equivalised Affordability Findings

As described above, we have combined our Universal Credit predictions with median earnings levels, and then equivalised the total household income to account for household size.

The Universal Credit calculations are relatively complex, and we only undertook these for specific rent levels already detailed. In order that we could look at the impact of all percentages of market rent, we have had to make Housing Benefit adjustments to ensure that these results were as accurate as possible. This assumes that the higher the rent, the greater the Housing Benefit. The adjustments are shown in the chart below as either a positive or negative alteration from the base position (HB Alterations columns).

The table below shows affordability as a percentage of income for the results for N6 and NW1¹¹, and there are some interesting points to note when compared to our original affordability findings. First, there is a noticeable smoothing of the affordability results, with much less difference between percentages of market rent. This is caused by the effect of Housing Benefit increasing and decreasing along with the rent levels, which is an important factor that wasn't picked up in the initial affordability modelling, as the Stage 1 work looked at average household income levels that included Housing Benefit for a mixture of rental levels.

¹¹ We used these two postcodes as the others were similar and these two demonstrated the extremes.

Second, even at very low levels of market rent the larger units, particularly the 4 beds, appear to have very poor affordability results. This is due to the heavy equivalisation discount factor for large families which affects total income considerably. The reasoning is that the more children a family have, the higher the amount of child related costs they would face. Therefore the McClements scale reflects that in the discounting to enable equal comparison in standard of living terms with smaller households. It could be argued that even RSL / Council rented properties would have poor affordability results for larger families who have a significant amount of child costs, where we applied equivalisation.

Please note we have included two separate results tables, with the second showing alternative household scenarios.

Due to the complexity of the Universal Credit modelling we initially focused on core family sizes and couples with children for this section. We have subsequently reviewed the Borough's Housing Allocations Policy and there are situations when families may be allocated homes outside of the more common scenarios depending on the ages and sexes of children within the households. We have therefore assessed the possible household variations and included a secondary table that details the variations. We feel that this covers all potential allocation scenarios, but the first table shows the most likely or usual of these.

Affordability Table for Camden - Equivalised via McClements - Median Earnings

N6

Unit Type	Children	Equivalisati on factor	Net Earnings	Weekly Net Earnings	Universal Credit Prediction	Total Income (Net)	Total Equivalised Income	Assumed Rents for UC	HB Alterations (see section 5.3)									
									MR	80%	70%	65%	60%	55%	50%	45%	40%	30%
1 Bed	0	1.00	£24,281.80	£466.96	£0.60	£467.56	£467.56	£195.00	£65.08	£13.06	-£12.94	-£25.95	-£38.95	-£51.96	-£64.96	-£77.96	-£90.97	-£116.98
2 Bed	1	0.83	£24,281.80	£466.96	£110.18	£577.14	£480.95	£220.00	£130.08	£60.06	£25.06	£7.55	-£9.95	-£27.46	-£44.96	-£62.46	-£79.97	-£114.98
2 Bed	2	0.71	£24,281.80	£466.96	£175.14	£642.10	£458.64	£220.00	£130.08	£60.06	£25.06	£7.55	-£9.95	-£27.46	-£44.96	-£62.46	-£79.97	-£114.98
3 Bed	3	0.63	£24,281.80	£466.96	£258.60	£725.56	£453.48	£238.50	£256.50	£157.50	£108.00	£83.25	£58.50	£33.75	£9.00	-£15.75	-£40.50	-£90.00
3 Bed	4	0.56	£24,281.80	£466.96	£320.31	£787.27	£437.37	£238.50	£256.50	£157.50	£108.00	£83.25	£58.50	£33.75	£9.00	-£15.75	-£40.50	-£90.00
4 Bed	5	0.47	£24,281.80	£466.96	£413.53	£880.49	£413.38	£270.00	£360.46	£234.37	£171.32	£139.80	£108.28	£76.75	£45.23	£13.71	-£17.82	-£80.86
4 Bed	6	0.41	£24,281.80	£466.96	£475.24	£942.20	£383.01	£270.00	£360.46	£234.37	£171.32	£139.80	£108.28	£76.75	£45.23	£13.71	-£17.82	-£80.86

N6

Unit Type	Children	Market Rent	Affordability	80% Market Rent	Affordability	70 % Market Rent	Affordability	65% Market Rent	Affordability	60% Market Rent	Affordability	55% Market Rent	Affordability	50% Market Rent	Affordability	45% Market Rent	Affordability	40% Market Rent	Affordability	30% Market Rent	Affordability
1 Bed	0	£260.08	49%	£208.06	43%	£182.06	40%	£169.05	38%	£156.05	36%	£143.04	34%	£130.04	32%	£117.04	30%	£104.03	28%	£78.02	22%
2 Bed	1	£350.08	57%	£280.06	52%	£245.06	48%	£227.55	47%	£210.05	45%	£192.54	42%	£175.04	40%	£157.54	38%	£140.03	35%	£105.02	29%
2 Bed	2	£350.08	59%	£280.06	54%	£245.06	51%	£227.55	49%	£210.05	47%	£192.54	45%	£175.04	42%	£157.54	40%	£140.03	37%	£105.02	31%
3 Bed	3	£495.00	70%	£396.00	65%	£346.50	62%	£321.75	60%	£297.00	58%	£272.25	56%	£247.50	54%	£222.75	51%	£198.00	48%	£148.50	41%
3 Bed	4	£495.00	71%	£396.00	67%	£346.50	64%	£321.75	62%	£297.00	60%	£272.25	58%	£247.50	55%	£222.75	53%	£198.00	50%	£148.50	43%
4 Bed	5	£630.46	81%	£504.37	78%	£441.32	75%	£409.80	74%	£378.28	73%	£346.75	71%	£315.23	69%	£283.71	66%	£252.18	64%	£189.14	57%
4 Bed	6	£630.46	85%	£504.37	82%	£441.32	80%	£409.80	78%	£378.28	77%	£346.75	75%	£315.23	74%	£283.71	72%	£252.18	69%	£189.14	63%

NW1

Unit Type	Children	Equivalisati on factor	Net Earnings	Weekly Net Earnings	Universal Credit Prediction	Total Income (Net)	Total Equivalised Income	Assumed Rents for UC	HB Alterations (see section 5.3)									
									MR	80%	70%	65%	60%	55%	50%	45%	40%	30%
1 Bed	0	1.00	£24,281.80	£466.96	£0.60	£467.56	£467.56	£195.00	£116.00	£53.80	£22.70	£7.15	-£8.40	-£23.95	-£39.50	-£55.05	-£70.60	-£101.70
2 Bed	1	0.83	£24,281.80	£466.96	£110.18	£577.14	£480.95	£220.00	£202.00	£117.60	£75.40	£54.30	£33.20	£12.10	-£9.00	-£30.10	-£51.20	-£93.40
2 Bed	2	0.71	£24,281.80	£466.96	£175.14	£642.10	£458.64	£220.00	£202.00	£117.60	£75.40	£54.30	£33.20	£12.10	-£9.00	-£30.10	-£51.20	-£93.40
3 Bed	3	0.63	£24,281.80	£466.96	£258.60	£725.56	£453.48	£238.50	£320.50	£208.70	£152.80	£124.85	£96.90	£68.95	£41.00	£13.05	-£14.90	-£70.80
3 Bed	4	0.56	£24,281.80	£466.96	£320.31	£787.27	£437.37	£238.50	£320.50	£208.70	£152.80	£124.85	£96.90	£68.95	£41.00	£13.05	-£14.90	-£70.80
4 Bed	5	0.47	£24,281.80	£466.96	£413.53	£880.49	£413.38	£270.00	£442.00	£299.60	£228.40	£192.80	£157.20	£121.60	£86.00	£50.40	£14.80	-£56.40
4 Bed	6	0.41	£24,281.80	£466.96	£475.24	£942.20	£383.01	£270.00	£442.00	£299.60	£228.40	£192.80	£157.20	£121.60	£86.00	£50.40	£14.80	-£56.40

NW1

Unit Type	Children	Market Rent	Affordability	80% Market Rent	Affordability	70 % Market Rent	Affordability	65% Market Rent	Affordability	60% Market Rent	Affordability	55% Market Rent	Affordability	50% Market Rent	Affordability	45% Market Rent	Affordability	40% Market Rent	Affordability	30% Market Rent	Affordability
1 Bed	0	£311.00	53%	£248.80	48%	£217.70	44%	£202.15	43%	£186.60	41%	£171.05	39%	£155.50	36%	£139.95	34%	£124.40	31%	£93.30	26%
2 Bed	1	£422.00	62%	£337.60	56%	£295.40	53%	£274.30	51%	£253.20	49%	£232.10	47%	£211.00	45%	£189.90	42%	£168.80	39%	£126.60	33%
2 Bed	2	£422.00	64%	£337.60	59%	£295.40	55%	£274.30	53%	£253.20	51%	£232.10	49%	£211.00	47%	£189.90	44%	£168.80	41%	£126.60	35%
3 Bed	3	£559.00	72%	£447.20	68%	£391.30	65%	£363.35	63%	£335.40	61%	£307.45	59%	£279.50	57%	£251.55	54%	£223.60	51%	£167.70	44%
3 Bed	4	£559.00	74%	£447.20	69%	£391.30	66%	£363.35	65%	£335.40	63%	£307.45	61%	£279.50	58%	£251.55	56%	£223.60	53%	£167.70	46%
4 Bed	5	£712.00	83%	£569.60	80%	£498.40	78%	£462.80	76%	£427.20	75%	£391.60	73%	£356.00	71%	£320.40	69%	£284.80	67%	£213.60	60%
4 Bed	6	£712.00	86%	£569.60	83%	£498.40	82%	£462.80	80%	£427.20	79%	£391.60	78%	£356.00	76%	£320.40	74%	£284.80	72%	£213.60	65%

Affordability Table for Camden - Equivalised via McClements - Median Earnings (Alternative Household Scenarios)

N6

Unit Type	Children	Equivalisati on factor	Net Earnings	Weekly Net Earnings £466.96	Universal Credit Prediction	Total Income (Net)	Total Equivalised Income	Assumed Rents for UC	HB Alterations (see section 5.3)									
									MR	80%	70%	65%	60%	55%	50%	45%	40%	30%
1 Bed	1	0.83	£24,281.80	£466.96	£59.19	£526.15	£438.46	£195.00	£65.08	£13.06	-£12.94	-£25.95	-£38.95	-£51.96	-£64.96	-£77.96	-£90.97	-£116.98
2 Bed	3	0.63	£24,281.80	£466.96	£226.08	£693.04	£433.15	£220.00	£130.08	£60.06	£25.06	£7.55	-£9.95	-£27.46	-£44.96	-£62.46	-£79.97	-£114.98
3 Bed	2	0.71	£24,281.80	£466.96	£207.66	£674.62	£481.87	£238.50	£256.50	£157.50	£108.00	£83.25	£58.50	£33.75	£9.00	-£15.75	-£40.50	-£90.00
3 Bed	5	0.50	£24,281.80	£466.96	£368.08	£835.04	£417.52	£238.50	£256.50	£157.50	£108.00	£83.25	£58.50	£33.75	£9.00	-£15.75	-£40.50	-£90.00
4 Bed	3	0.63	£24,281.80	£466.96	£304.05	£771.01	£481.88	£270.00	£360.46	£234.37	£171.32	£139.80	£108.28	£76.75	£45.23	£13.71	-£17.82	-£80.86
4 Bed	4	0.46	£24,282.80	£466.96	£358.79	£825.75	£382.29	£271.00	£359.46	£233.37	£170.32	£138.80	£107.28	£75.75	£44.23	£12.71	-£18.82	-£81.86
4 Bed	7	0.36	£24,281.80	£466.96	£493.53	£960.49	£344.26	£270.00	£360.46	£234.37	£171.32	£139.80	£108.28	£76.75	£45.23	£13.71	-£17.82	-£80.86

N6

Unit Type	Children	Market Rent	Affordability	80% Market Rent	Affordability	70 % Market Rent	Affordability	65% Market Rent	Affordability	60% Market Rent	Affordability	55% Market Rent	Affordability	50% Market Rent	Affordability	45% Market Rent	Affordability	40% Market Rent	Affordability	30% Market Rent	Affordability
1 Bed	1	£260.08	52%	£208.06	46%	£182.06	43%	£169.05	41%	£156.05	39%	£143.04	37%	£130.04	35%	£117.04	32%	£104.03	30%	£78.02	24%
2 Bed	3	£350.08	62%	£280.06	57%	£245.06	53%	£227.55	52%	£210.05	50%	£192.54	47%	£175.04	45%	£157.54	42%	£140.03	40%	£105.02	33%
3 Bed	2	£495.00	67%	£396.00	62%	£346.50	59%	£321.75	57%	£297.00	55%	£272.25	53%	£247.50	50%	£222.75	48%	£198.00	45%	£148.50	38%
3 Bed	5	£495.00	73%	£396.00	69%	£346.50	66%	£321.75	64%	£297.00	62%	£272.25	60%	£247.50	58%	£222.75	55%	£198.00	53%	£148.50	45%
4 Bed	3	£630.46	75%	£504.37	70%	£441.32	68%	£409.80	66%	£378.28	64%	£346.75	62%	£315.23	60%	£283.71	57%	£252.18	54%	£189.14	47%
4 Bed	4	£630.46	85%	£504.37	82%	£441.32	80%	£409.80	79%	£378.28	77%	£346.75	76%	£315.23	74%	£283.71	72%	£252.18	69%	£189.14	63%
4 Bed	7	£630.46	89%	£504.37	87%	£441.32	86%	£409.80	85%	£378.28	84%	£346.75	82%	£315.23	81%	£283.71	79%	£252.18	77%	£189.14	72%

NW1

Unit Type	Children	Equivalisati on factor	Net Earnings	Weekly Net Earnings £466.96	Universal Credit Prediction	Total Income (Net)	Total Equivalised Income	Assumed Rents for UC	HB Alterations (see section 5.3)									
									MR	80%	70%	65%	60%	55%	50%	45%	40%	30%
1 Bed	1	0.83	£24,281.80	£466.96	£59.19	£526.15	£438.46	£195.00	£116.00	£53.80	£22.70	£7.15	-£8.40	-£23.95	-£39.50	-£55.05	-£70.60	-£101.70
2 Bed	3	0.63	£24,281.80	£466.96	£226.08	£693.04	£433.15	£220.00	£202.00	£117.60	£75.40	£54.30	£33.20	£12.10	-£9.00	-£30.10	-£51.20	-£93.40
3 Bed	2	0.71	£24,281.80	£466.96	£207.66	£674.62	£481.87	£238.50	£320.50	£208.70	£152.80	£124.85	£96.90	£68.95	£41.00	£13.05	-£14.90	-£70.80
3 Bed	5	0.50	£24,281.80	£466.96	£368.08	£835.04	£417.52	£238.50	£320.50	£208.70	£152.80	£124.85	£96.90	£68.95	£41.00	£13.05	-£14.90	-£70.80
4 Bed	3	0.63	£24,281.80	£466.96	£304.05	£771.01	£481.88	£270.00	£442.00	£299.60	£228.40	£192.80	£157.20	£121.60	£86.00	£50.40	£14.80	-£56.40
4 Bed	4	0.46	£24,282.80	£466.96	£358.79	£825.75	£382.29	£271.00	£441.00	£298.60	£227.40	£191.80	£156.20	£120.60	£85.00	£49.40	£13.80	-£57.40
4 Bed	7	0.36	£24,281.80	£466.96	£493.53	£960.49	£344.26	£270.00	£442.00	£299.60	£228.40	£192.80	£157.20	£121.60	£86.00	£50.40	£14.80	-£56.40

NW1

Unit Type	Children	Market Rent	Affordability	80% Market Rent	Affordability	70 % Market Rent	Affordability	65% Market Rent	Affordability	60% Market Rent	Affordability	55% Market Rent	Affordability	50% Market Rent	Affordability	45% Market Rent	Affordability	40% Market Rent	Affordability	30% Market Rent	Affordability
1 Bed	1	£311.00	56%	£248.80	51%	£217.70	47%	£202.15	45%	£186.60	43%	£171.05	41%	£155.50	39%	£139.95	37%	£124.40	34%	£93.30	28%
2 Bed	3	£422.00	66%	£337.60	61%	£295.40	58%	£274.30	56%	£253.20	54%	£232.10	52%	£211.00	50%	£189.90	47%	£168.80	44%	£126.60	37%
3 Bed	2	£559.00	70%	£447.20	65%	£391.30	62%	£363.35	60%	£335.40	58%	£307.45	56%	£279.50	53%	£251.55	51%	£223.60	48%	£167.70	41%
3 Bed	5	£559.00	76%	£447.20	71%	£391.30	69%	£363.35	67%	£335.40	65%	£307.45	63%	£279.50	61%	£251.55	58%	£223.60	56%	£167.70	48%
4 Bed	3	£712.00	77%	£569.60	73%	£498.40	70%	£462.80	69%	£427.20	67%	£391.60	65%	£356.00	63%	£320.40	60%	£284.80	57%	£213.60	50%
4 Bed	4	£712.00	86%	£569.60	84%	£498.40	82%	£462.80	81%	£427.20	79%	£391.60	78%	£356.00	76%	£320.40	74%	£284.80	72%	£213.60	66%
4 Bed	7	£712.00	91%	£569.60	88%	£498.40	87%	£462.80	86%	£427.20	85%	£391.60	84%	£356.00	83%	£320.40	81%	£284.80	79%	£213.60	74%

We can see from the results above that the pattern is very similar, regardless of the postcode, although of course affordability is generally worse for the higher value area NW1.

Although affordability has been smoothed, it is noticeably worse for the larger units. This is due to the effect of equivalisation. Although we add in benefits, the discount rate for equivalisation ends up creating a net loss for the larger units – basically implying their child related costs are greater than their child-related benefits.

Under this equivalised measure it's going to be difficult to find comfortable affordability targets for 3 and particularly 4 bed homes and we may well end up with rent levels that decrease in monetary terms as unit sizes increase – a situation that it may be best to avoid.

This section has shown the affordability of the Affordable Rent levels for households specifically on benefit, taking into consideration the equivalisation of incomes, and assessing affordability as a percentage of income. We have also undertaken detailed Universal Credit calculations. What we can see from this part of the report is that there is likely to be minimal change in benefit calculations under the Universal Credit regime, that Housing Benefit will increase in line with increased rent levels, and that only unemployed households will be affected by the proposed benefit cap. The results show that the affordability levels are in line with those identified in Stage 1. However, due to Housing Benefit simply increasing to meet increased rents, using a standard percentage of household income criterion to assess affordability for benefit dependent households may not be the most appropriate measure. The next section therefore looks at affordability in an entirely different way.

6. Affordability Analysis: Stage 3

We have previously looked at affordability in terms of specific criteria – in this instance that in order for rent levels to be affordable, they should not exceed 40% of net household income.

As stated, there are various such affordability measures in current use, and there is an amount of subjectivity and judgement involved in these.

We have considered this issue in our previous work with London boroughs, and this has led us to look at an entirely different measure in terms of affordability – changes to “Residual Income”. As stated previously Residual Income is defined as weekly household income remaining once rent has been paid and Housing Benefit (or housing costs under Universal Credit) received. We saw the effect of alterations to Housing Benefit on our equivalised Stage 2 work, and noticed that our affordability results were beginning to alter less between rent levels as we layered on more detail.

Therefore, we want to understand what actually happens to people’s weekly finances. Will a couple currently in social housing be worse off if they move to an Affordable Rent home? If so, by how much? And will the size of their family affect this?

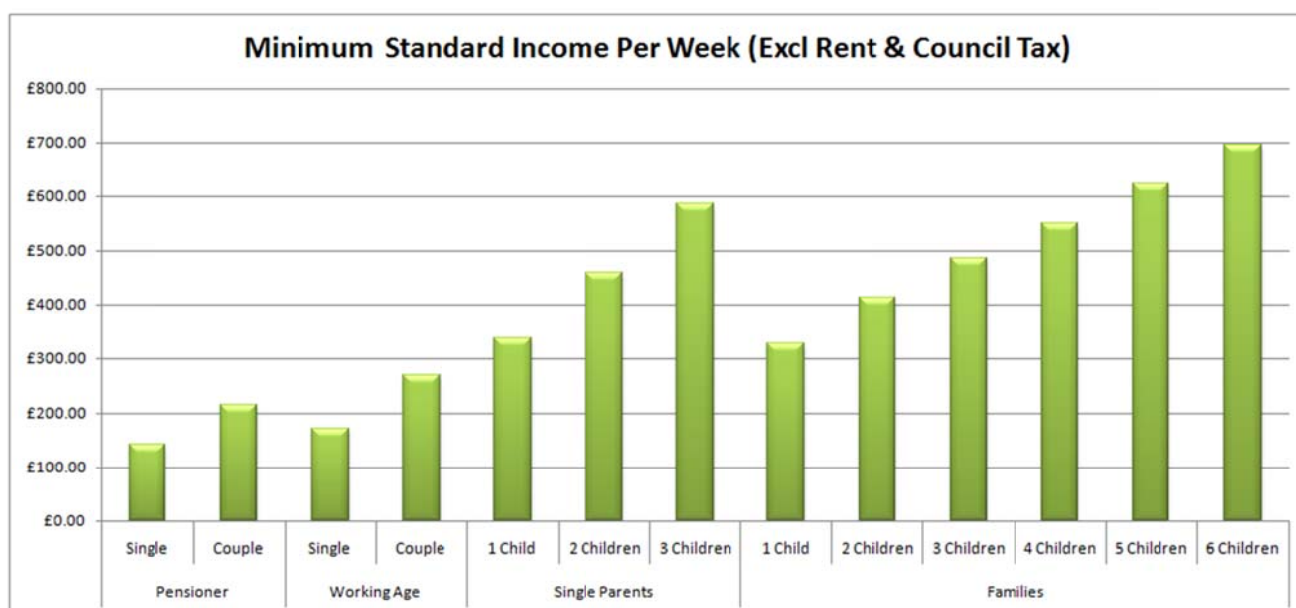
Previously we have been dealing with affordability concepts based in collective experience, but these did not tell us how a particular household might be affected financially.

In order to undertake this element of the project, we have worked with colleagues in the Council to collate case study information on real households currently in housing need (names and any identifying information have been removed), using their actual earnings and benefit payments within our models and applying them to their situations at the rental payments in the various tenures and areas.

Our main concern is to look at the changes to people’s Residual Income – will they be worse off under the new regime? We also felt it may be useful to look at some recent Joseph Rowntree Foundation (JRF) published data in terms of minimum living standards. The following quote comes from the JRF website in relation to this study:

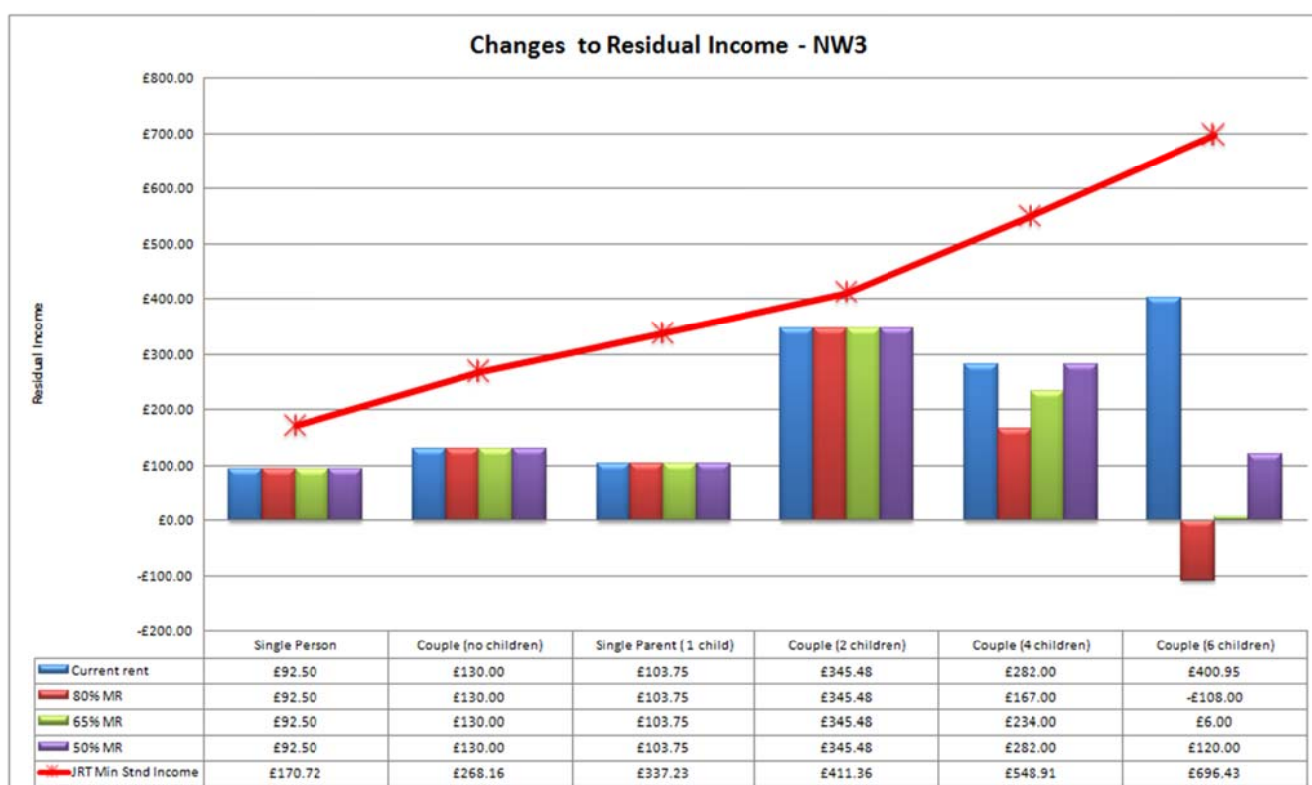
Our research on the Minimum Income Standard for the United Kingdom (MIS) has shown what members of the public think should be in a minimum household budget, to maintain an acceptable standard of living today.

The following chart has been extrapolated from the data and it shows the apparent minimum household budget excluding housing costs (in line with our “Residual Income”). These figures include food, clothing, utility bills, alcohol, travel costs, and child care.



This data is not essential to our research, and it may be coming from an idealistic point of view as it is based on public opinion. We felt that it was an interesting benchmark to add in, however.

6.1 Residual Income for Unemployed Households¹²



The chart above shows Residual Income for 6 unemployed households within NW3. (All other postcodes are included as Appendix 3, although the overall pattern is similar.)

¹² The current rent is for the household's current tenure, which may be Council, Housing Association or Private Rented Sector.

The blue column shows their current Residual Income, and the red, green and purple columns show what would happen if they moved to an Affordable Rent home let at 80%, 65%, and 50% of market rent respectively. The striking thing to note is that for the first four families studied there is **no change** to their Residual Income, regardless of the new rent level.

This can be explained by looking at the model calculations in some more detail (attached as Appendix 4). It can be seen that as the first four families are currently in receipt of Housing Benefit, then this will simply increase pound for pound to pay for the higher rent levels. The first three families are in receipt of a passported benefit (Job Seeker's Allowance or Income Support) so they are entitled to full Housing Benefit. As they are small households, their benefits are generally low, and even with the inclusion of Housing Benefit for 80% market rent, they remain below the £500 a week cap.

The fourth family are claiming Disability Living Allowance, which means that they would be exempt from the cap. It is important to note that if they were not exempt, then they would see a reduction in their benefits by around £80 a week.

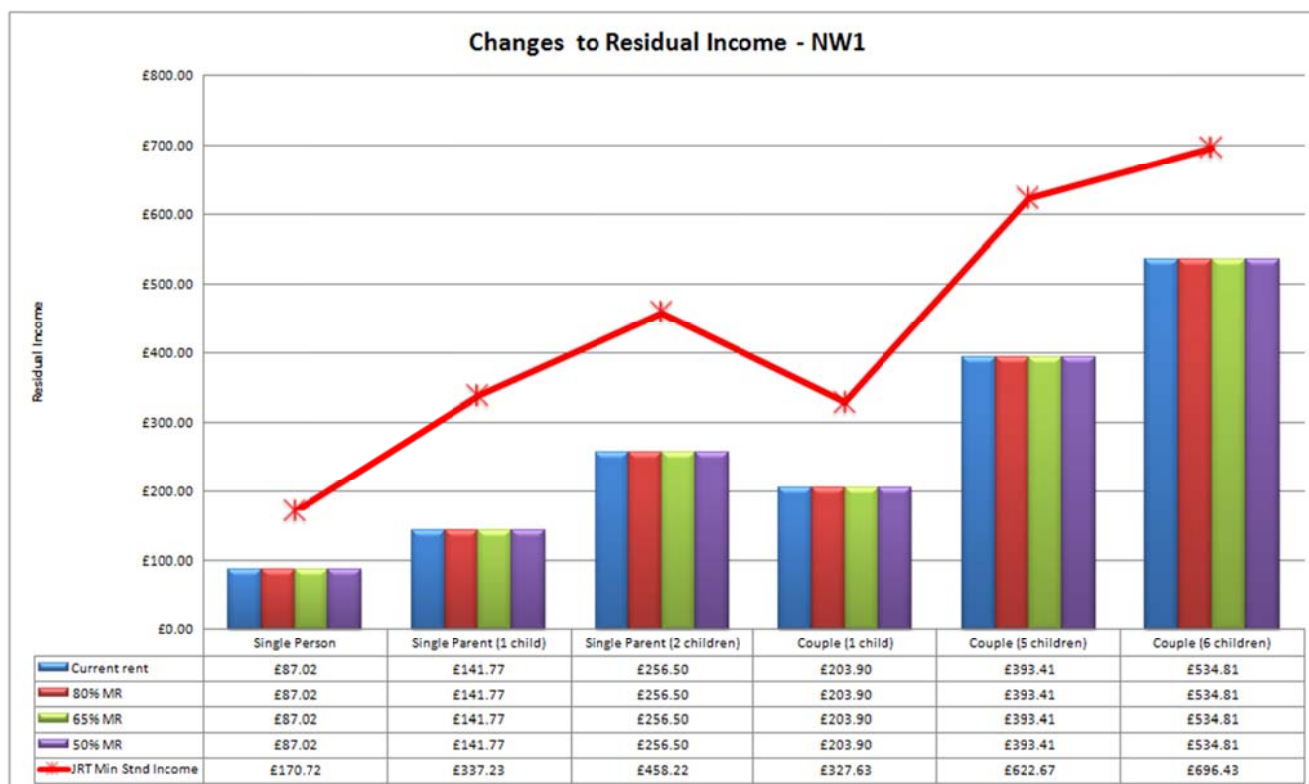
Another significant point to note about these first four families is that they are currently in a mixture of social rent and private rent homes with varied rents. This makes no difference to the change to their Residual Income if they move to Affordable Rent.

The interesting analysis comes in for the fifth and sixth families. The couple with four children are currently in a Council or Housing Association property. As their benefits are relatively high, they will hit the £500 cap limit for each level of market rent modelled. As expected, their Residual Income is therefore lowest for 80% market rent, as they have more rent to pay that's not covered by Housing Benefit. In the worst case scenario for this family, they will be left with £167 a week to live on. It's notable how much lower this is than the Joseph Rowntree minimum standard (the red line).

For the family with six children, the position is even more extreme. We can see that Residual Income moves in to a negative value for 80% market rent. This is basically because their rent alone is higher than the £500 cap. They would have to find £108 towards their rent by other means each week, and this leaves no money at all for food, etc. As these case study households are unemployed, we can see that this situation is completely unsustainable. The problem is improved by the lower levels of market rent, but it's still extremely problematic: for example, with rent at 65% of market rent, they have effectively no Residual Income. Even at 50% market rent, they only have £120 to get by on per week. To put this in context, they have eight mouths to feed from this weekly amount. We can see how far below the Joseph Rowntree standard this is.

The results for the other postcode are in the Appendices, but the general pattern remains. The postcode that we have chosen to analyse for this is one of the higher value areas: NW5. We can see that values are that much lower that the family with four children will fall below the cap for rent at 65% and 50% of market levels, making these rent levels viable. However, the position for the six child family is consistently difficult in all postcodes.

6.2 Residual Income for Low Earning Households



All of these households are on very low incomes ranging from £3,500 to £13,000 per year gross. The detailed composition of their earnings and benefits is detailed in Appendix 5.

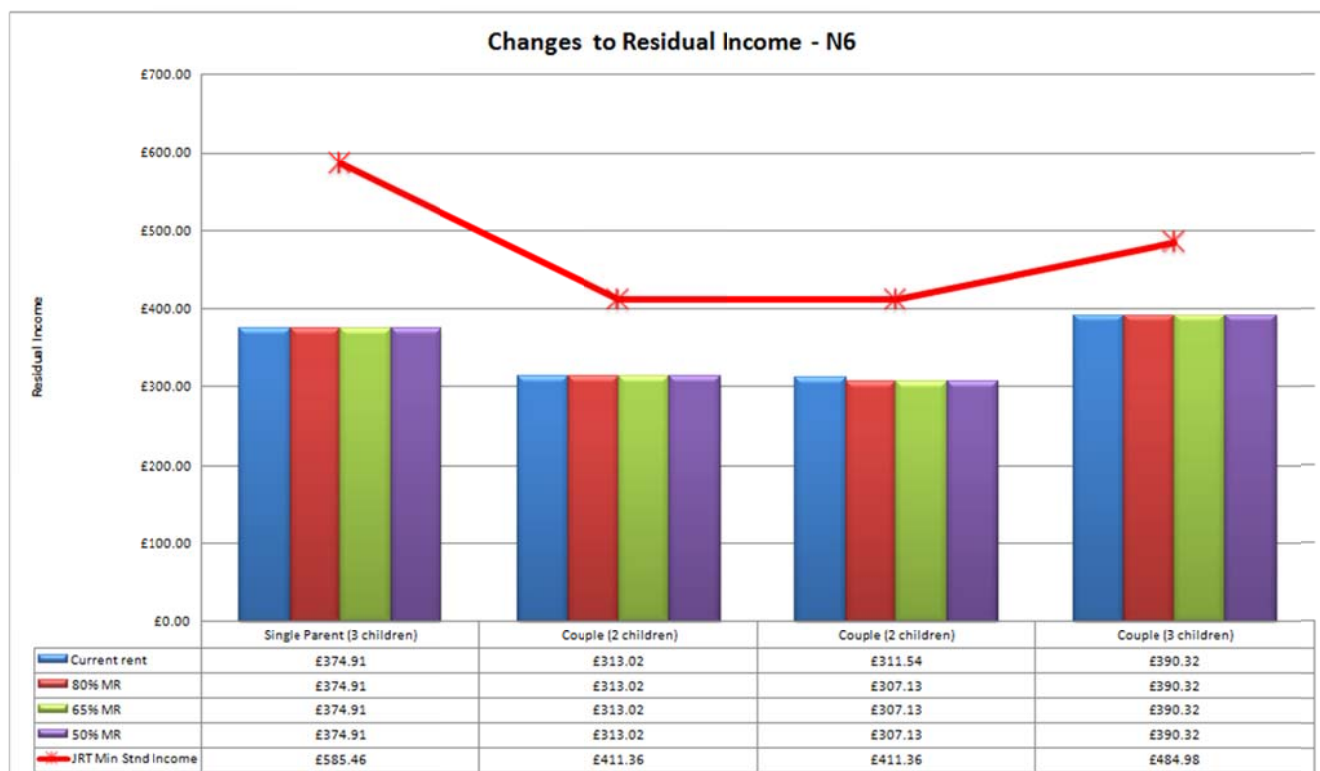
Our previous example for unemployed families saw a dramatic decrease in Residual Income for larger families if they were to move into Affordable Rent homes at any of the rent levels modelled. The first and most striking thing to note with this set of results is that there is **no change** to Residual Income for any family at any rent level.

The reasons for this are twofold. First, the smallest two families fall below the Working Tax Credit threshold as their earnings are extremely low (£5,500 pa, and £3,500 pa). However, their benefits are also very low, keeping them below the cap even on 80% market rent in the highest value postcode (NW3). It should be noted that we have modelled the cap at £350 for the single person case study.

Second, the four larger families are all claiming Working Tax Credit, meaning that they would be exempt from the household benefit cap. Their Housing Benefit is simply able to increase therefore, to match the new rent levels, whatever they may be.

The effect of the cap exemption for low earners is clearly enormous, and can be seen in its starkest form by comparing the six child family in this example with the six child unemployed family in the previous example. If there was no cap exemption, then this family would see their benefits cut by around £400 a week. So by earning £215 net a week, they also gain £400 a week in benefits. The new system has been designed like this to ensure that there are always incentives to work. However, when applied to large families the effect is extreme.

6.3 Residual Income for Medium Earning Families



These households range in earnings between £18,000 pa and £32,000 pa gross.

We can see a similar pattern to the low income earners. The cap exemption for working families means that Housing Benefit is able to effectively bridge the gap between current and future rent levels, whatever they may be.

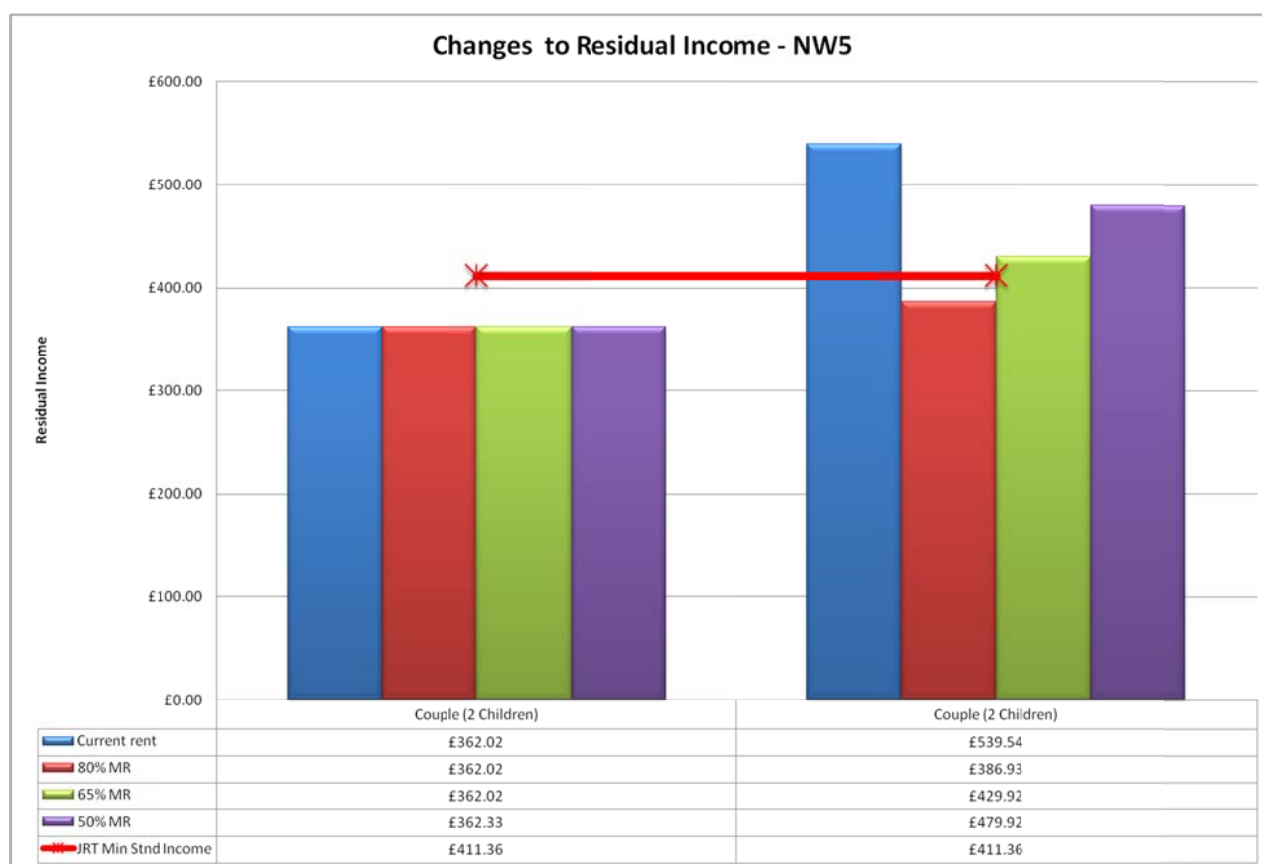
A point to note is that we are assuming for this exercise that all working families would be exempt from the cap, even those over the Working Tax Credit thresholds. There has been some confusion about this point in recent months as legislation has so far been unclear. The following clarification on this point was received from DWP:

"It has always been the policy intention that this exemption should cover those households who work sufficient hours to qualify for Working Tax Credit but whose high earnings result in a 'nil' award. When we have referred to households being in receipt of Working Tax Credit in a number of answers to Parliamentary Questions, this was understood to include those people who may qualify for Working Tax Credit but for the level of their earnings. We will make this clearer in future communications."

If the columns in the table above are studied carefully, there is an interesting point which at first appears to be a very slight anomaly. For the third family, we can see that their Residual Income drops by a small amount if they move from their current Council or Housing Association rented homes to Affordable Rent at any rent level. They lose around £4 a week, which is clearly insignificant in practical terms. The reason for this is not insignificant however, as the drop in income occurs because in their current situation they are just below the Housing Benefit threshold (by £4). If they move to a much higher Affordable Rent (and all other factors remain the same), they will have to find the first £4 of the higher rent because it is below the Housing Benefit threshold, but after that the increase will be covered by Housing Benefit.

6.4 Residual Income for Higher Earners – Theoretical Example

Our case studies stopped at earnings of £31,000, but in order to model in more detail the scenario described previously, families moving into Housing Benefit dependency, we have taken two of the families modelled previously and projected a 40% increase in their earnings.



We can see that there is no difference at all to the first family. Even with the higher earnings, they still receive Housing Benefit in their current (private rented) home and would continue to do so for 80% and 65% market rent. For 50% market rent, they **just** move out of Housing Benefit dependency, although the change to Residual Income is almost imperceptible as their income is only 31 pence over the threshold.

The effect is much more obvious for the family on higher earnings. They are out of Housing Benefit dependency for (almost) all rent levels, so once they move out of their current Council or Housing Association rented home, any increases in rent have to be found from their general income. If they move to an 80% market rent home, they do fall into the Housing Benefit dependency zone, but only just – they would receive around £6. The significance of this is that their Residual Income wouldn't get any lower than this if rents increased further, as the extra rent would be picked up by Housing Benefit.

6.5 Residual Income – Some Individual Case Studies

For this section we have taken some of our case studies, and looked at them in a little more depth, modelling what would happen if their earnings changed along the following lines:

- Became unemployed
- Decreased by 25%
- Increased by 25%
- Increased by 50%

- Increased by 75%

Family 1 – The Fords

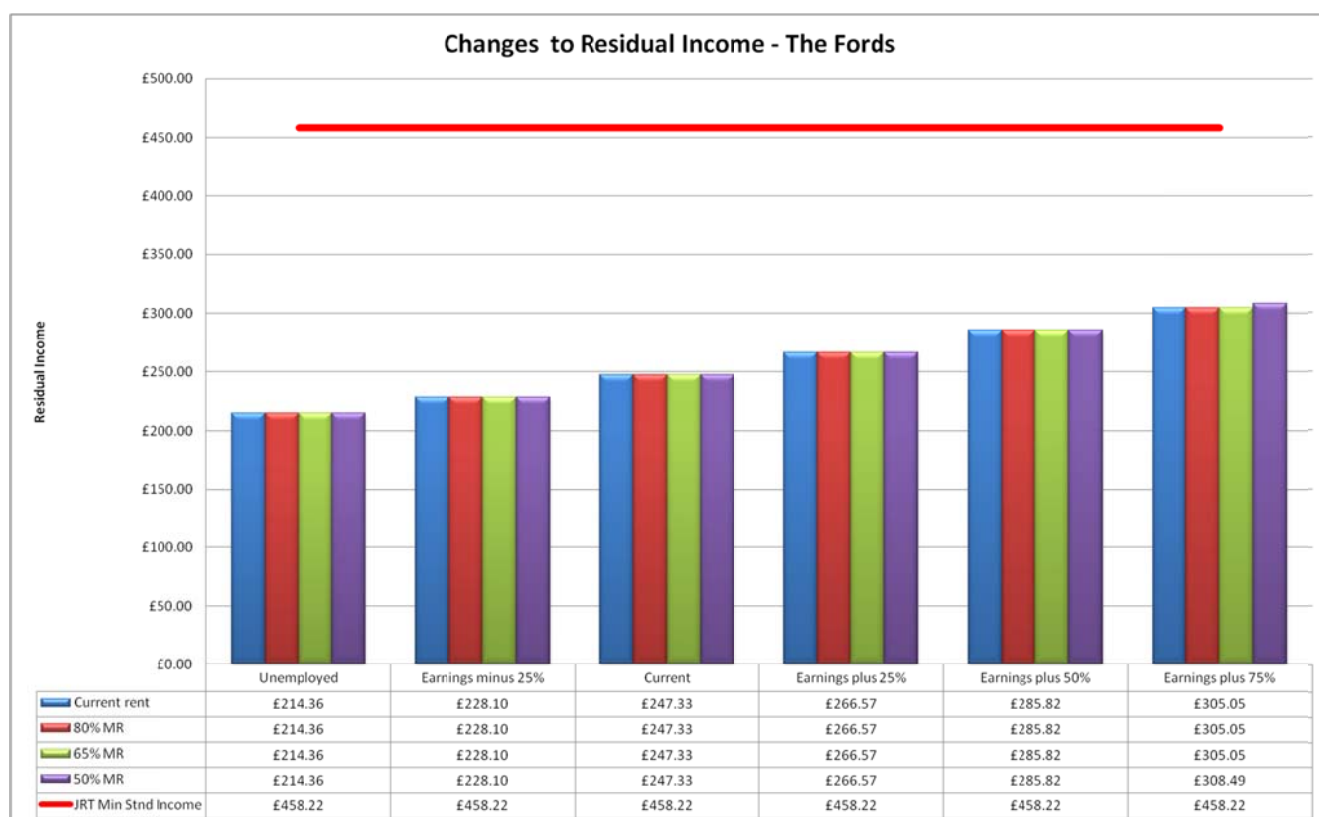
Summary

The Fords are a real family in Camden who are currently living in accommodation owned by a private landlord. The family consists of a single parent and two young children. They have wanted to move to a new home within Kentish Town for some time but now they are worried about the new rent levels. They know that they potentially may face a large rent increase under the new regime. What will that do to their Housing Benefit entitlements?

Ms Ford is in work and currently earns just under £17,000 a year. Currently over 60% of their total income including all benefits goes on rent. If the family move to even an 80% market rent home they would feel a drop in their rent level, so things may be easier.

She has calculated that their actual monthly income remaining **after** rent and Housing Benefit remains the same regardless of the rent they pay, as Housing Benefit will just alter accordingly. As they are currently in receipt of Working Tax Credit they also don't need to worry about the effect of the household benefit cap. Ms Ford's real concern is that she loses her job once they've moved. She has calculated however that even if this were to happen, and even if she were to take an 80% market rent home, she would still not be affected by the cap due to the small size of the family and the relatively low benefits when compared to large families.

Ms Ford thinks that an Affordable Rent home would be a good move for her and her family.



Family 1 household (we have called them The Fords) consists of a single parent and two children, both below three years old. The adult is in work and receives a gross weekly income of £323.38 (£16,815 a year).

At the current time, Family 1 are in receipt of £444.70 in benefits which include Housing Benefit, Child Tax Credit, and Working Tax Credit. It is worth noting that this is below the Total Household Benefit Cap, so they wouldn't see a reduction if they weren't eligible for Working Tax Credit.

Full income and benefits details are included in Appendix 6.

The current rent that this family pays is £380 a week, so Affordable Rent would be a reduction, even at 80% market rent in the highest value postcodes.

We can clearly see here that for the current situation, the remaining income does not alter **at all** with the changes in rent. This tells us that Housing Benefit alters along with the rent pound for pound. This would be the case for as long as Housing Benefit is still claimable. In this case study, Housing Benefit is claimable in all earnings bands modelled.

We have modelled the benefit withdrawal rate for higher earnings levels purely on the current Housing Benefit rate (65%), which means that this should accurately reflect Universal Credit where all benefits are reduced using this consistent rate.

We can see that the family are still in benefit dependency for all scenarios, although if the earner's salary increases by 75%, and they move to a property at 50% market rent, then they will just move out of Housing Benefit, and their Residual Income will increase very slightly as a result as the rent reduction is greater than the benefit loss.

Family 2 – The Ackbars

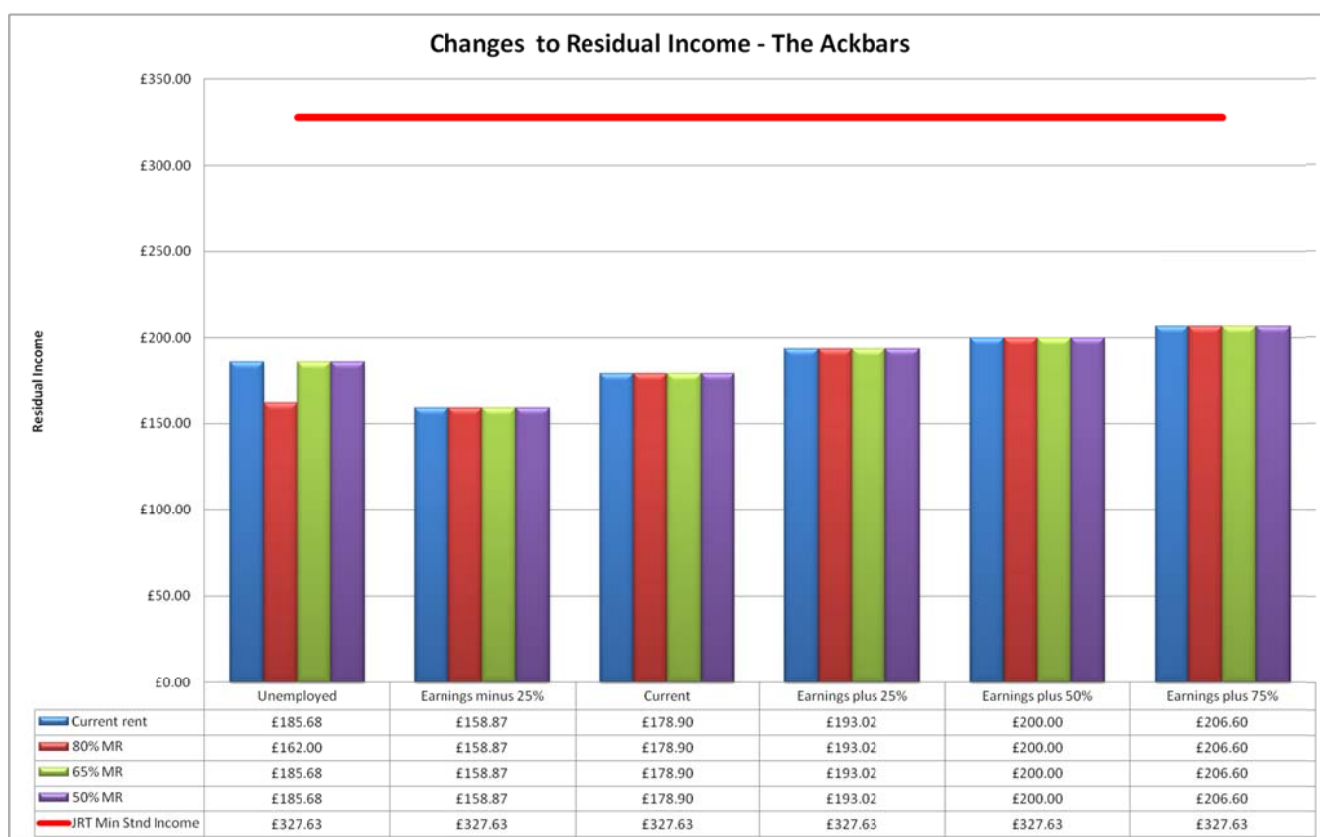
Summary

The Ackbars are a young couple in Camden with a five year old child. Mr Ackbar works in low-paid part time work, and earns just over £5,500 a year. Due to his income, the family also receives Working Tax Credit.

They would like to move to a bigger new build home, but are concerned about the rent levels – they currently live in a Housing Association home and the rent is low. They have calculated that the rent they would pay in King's Cross on an 80% market rent home would be more than their current total income, which gives real cause for concern. They know that Housing Benefit will increase along with rent however, so if everything else remains the same then it shouldn't be a problem.

They do realise that should Mr Ackbar be made redundant once they've moved to an 80% market rent home, then they would see their benefits capped – however, they would only be capped by around £20 as they are such a small family.

They therefore feel that a move to Affordable Rent would be a good one, and would remain viable even if their work situation changed.



Family 2 household (we have called them the Ackbars) consists of a two adults and one child, aged five years. One of the parents works and receives a gross weekly income of £111 (£5,772 a year).

At the current time, Family 2 are in receipt of £217.55 in benefits which include Housing Benefit, Child Tax Credit, and Working Tax Credit.

They currently live in a one bed property and the current rent paid is £102.25. They are now looking to move to a two bed home. Therefore they would face a rent increase under Affordable Rent.

Full income and benefits details are included in Appendix 7.

It should be noted that it's unlikely that the "current" position for the lower earnings band would actually result in lower Residual Income as lower earnings would likely be supported by Income Support.

We can see that the results are similar to Family 1, with Residual Income remaining unchanged while the earner remains in work. The difference in this scenario is that the effect of the benefit cap begins to be felt, although only marginally. For 80% market rent there is a benefits reduction of around £20, although the lower rent levels are unaffected.

We can deduce from this that the benefit cap begins to take effect for families with more than two children.

Family 3 – The Fishers

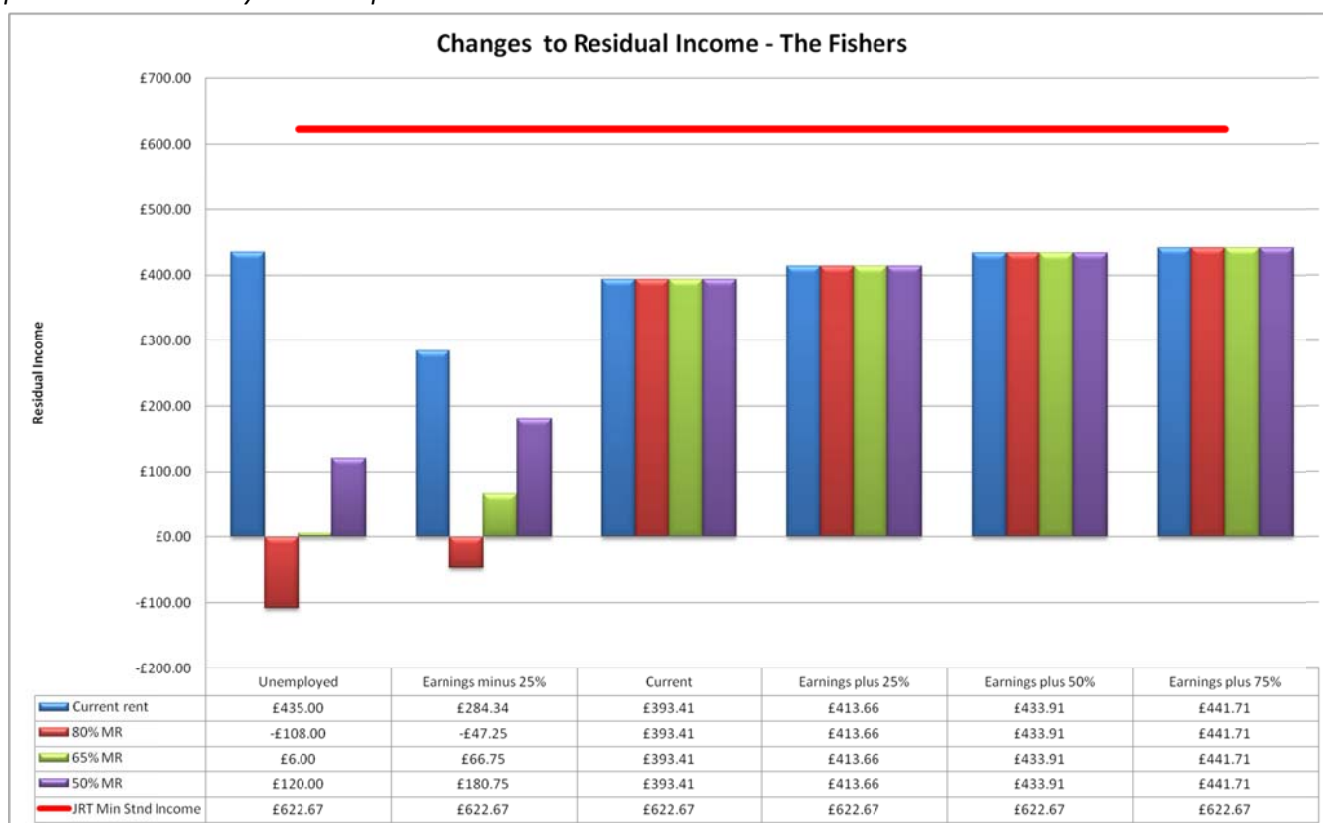
Summary

The Fishers are a family consisting of a couple with five children and they are looking to move into a new four bed home. Their current private sector rent is relatively high, and they are concerned about the 30th percentile LHA alteration and caps. Mr Fisher works two days a week earning close to minimum wage and earns around £4,200 a year.

They were concerned about new rent levels, but they've calculated that due to Mr Fisher's Working Tax Credit eligibility, their actual weekly financial position wouldn't change after rent and Housing Benefit – no matter what rent level they have to pay. If they were subject to the cap, then they would potentially face a large reduction, as their benefits are already very high. However, as long as Mr Fisher remains in work, then they'll be ok.

The problems really start if Mr Fisher is either made redundant, or is subjected to reduced hours. The benefits cap would kick in, and at higher levels of market rent (such as 80%), they could find that they are unable to cover rent in full – and this is before they think about any living costs such as food.

This makes moving to an Affordable Rent home a large risk at the moment, as the Fishers know a number of people that have been made redundant recently. Mr Fisher is confident that he could get more work, but it may take a few weeks or even months, and the financial consequence of the cap is so extreme that they would be placed in an instantly unviable position even at rents lower than 80% market rent.



Family 3 household (we have called them the Fishers) consists of a couple and five children, aged seven, 13, 15, 18, and 20 years old. One of the adults has a very low paid part-time job and receives a gross weekly income of £81.00 (£4,212 a year).

At the current time, Family 3 are in receipt of £754.71 in benefits which include Housing Benefit, Child Tax Credit, Working Tax Credit, and Job Seeker's Allowance.

The current rent paid by Family 3 is £375 to a private landlord, and they require a 4 bed home.

Full income and benefits details are included in Appendix 8.

We can see the same pattern as seen previously, Housing Benefit covering rent increases pound for pound across the board while the household remain in work. However, the benefit cap problem faced by large families is particularly evident here. As this family are on such a low income, we have modelled that a reduction in earnings would actually take them out of Working Tax Credit eligibility.

Family 4 – The Codys

Summary

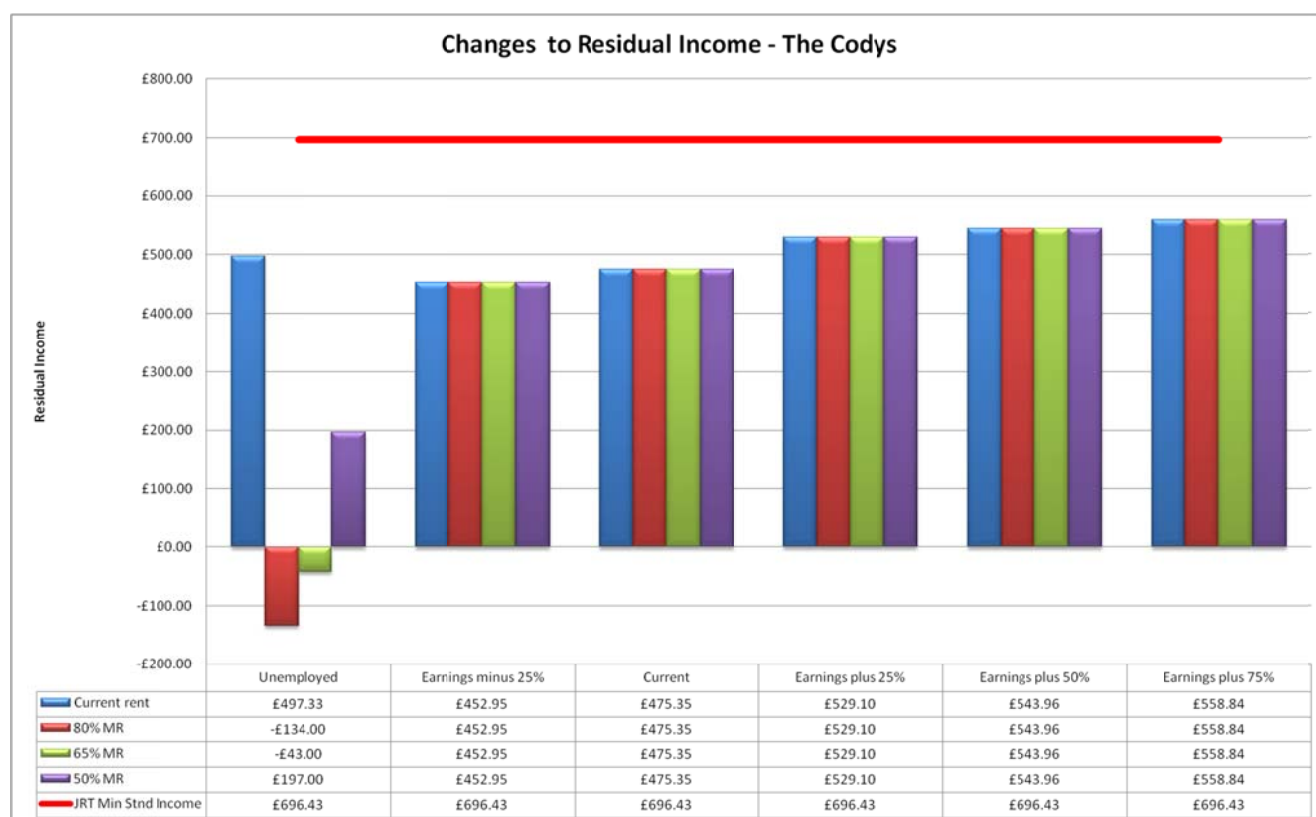
The Codys are a family with six children looking to move into a new build four bed home in Kentish Town. Mrs Cody works full time and earns £13,000 a year.

Like all of our other families, they receive Working Tax Credit.

They are currently paying Target Rent in a Housing Association four bed home but they need somewhere bigger. They are concerned about the new rent levels, but wonder if their earnings will help to ease this transition.

They have realised that Housing Benefit will help to pay for the extra rent they may face, as long as they stay in work. They have also calculated that if cap exemption was to fall away, their weekly income would be cut by around £190 a week.

If Mrs Cody was to be made redundant, then they would be subject to the cap and would not be able to afford to pay their rent along with other reasonable living costs, even on market rent levels as low as 50%. This makes moving to an Affordable Rent home feel like a huge risk.



Family 4 household (we have called them the Codys) consists of a couple and six children, a new born baby, and five others aged six, 11, 14, 15, and 17. One parent is in full time work and receives a gross weekly income of £250 (£13,000 a year).

At the current time, Family 4 are in receipt of £804 in benefits which include Housing Benefit, Child Tax Credit, and Working Tax Credit.

The current rent paid by Family 4 is £115.52 to a Housing Association, and they require a 4 bed home.

Full income and benefits details are included in Appendix 9.

A very similar pattern can be seen as to Family 3, with the exception that the lower earning band would still be applicable for Working Tax Credit.

It can be seen that Residual Income steps up slightly when earnings are increased by 25% and then flatten off thereafter. This is due to full Housing Benefit being payable up to the point where earnings are increased by 25%. After this, benefits are being withdrawn at the usual 65% rate.

6.6 Affordability for Households on Benefit

It is clear from this section that for benefit dependent households in work (even low paid work), the increase in rent levels has little or no impact as they are not subject to the benefit cap, and therefore it could be argued that on the face of it, Affordable Rent is a viable option for these people. Their Residual Income remains the same regardless of the rent simply because Housing Benefit increases to match the higher rents. When a household falls into unemployment the impact of the higher rents and the benefit cap can be seen especially for larger families. Whilst smaller families may be able to handle the capping of their benefits, larger families will not be able to handle the cap as the results show, their Residual Income sometimes falling into a negative position.

This situation is brought about by the fact that one benefit cap is applicable regardless of family size (excluding single people). Smaller families have much lower rates of benefits, giving them more headroom to allow an increase to Housing Benefit before they reach the cap. However, there's a longer term issue here, to do with the rate at which rents increase against any future benefit cap increase. We have seen that smaller families such as The Fords (family 1) would be below the total benefit cap, even with rent at higher percentages of market rent. However, for new families, there is the issue that if increases in the rental market out-strip increases in the average wage upon which the benefit cap is based, then there will be a decreasing amount of headroom over time (please note that this conclusion assumes that the benefit cap **will** remain linked to average wage, although this is unclear at present). Also, for households moving in now, rent will increase at up to RPI +0.5% p/a, which again could outstrip any benefit cap increases linked with average wage and may make rents increasingly unsustainable, potentially especially so for households whose tenancies are not flexible and whose rents are therefore not regularly rebased against current market levels. It is difficult to predict how these markets will behave in the future, especially given the recent turbulence, but we feel this is a point worth noting and considering as it represents a risk to future affordability.

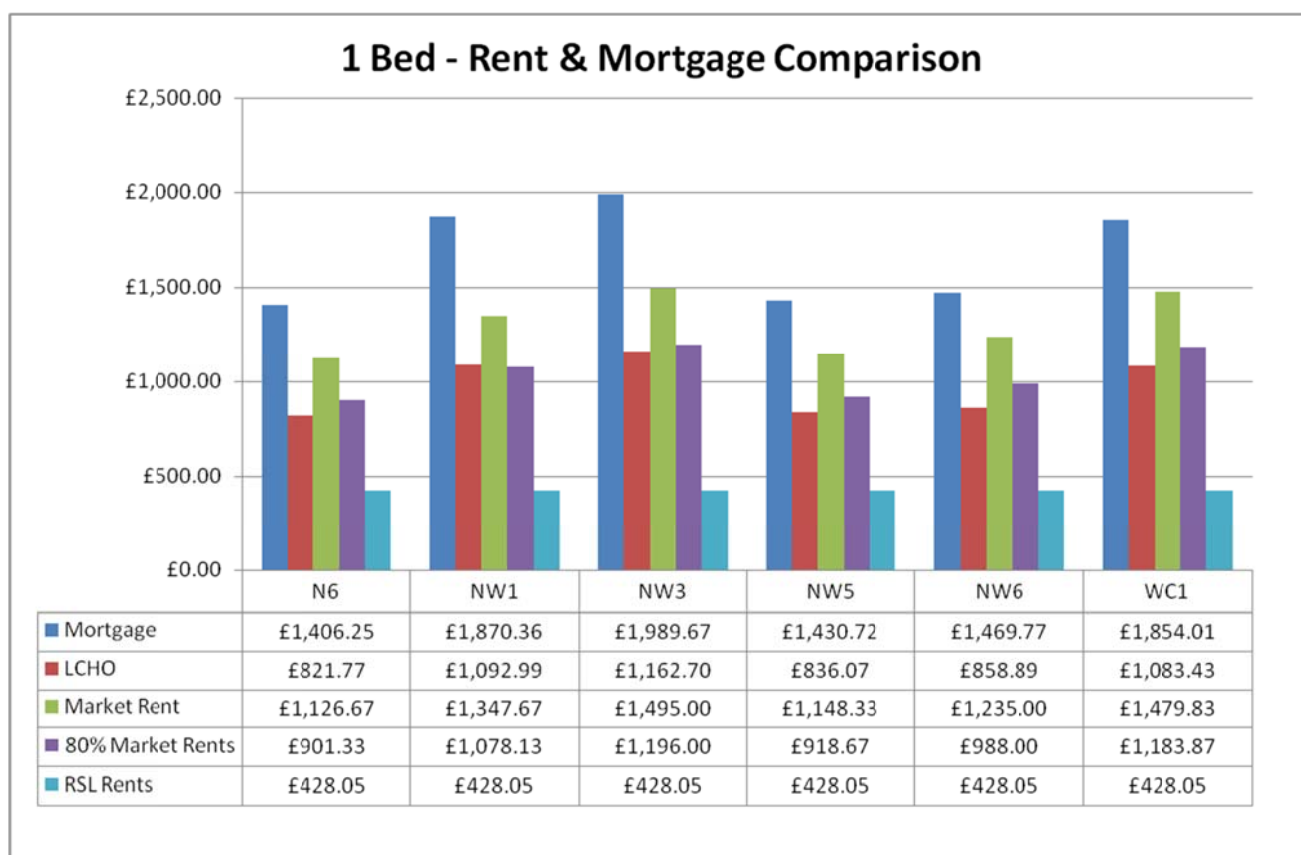
It is also important to recognise that the likely impact of the Affordable Rent product is that the Housing Benefit bill will rise, and that a number of households that would not have been dependent on Housing Benefit under the Target Rent regime, may become Housing Benefit dependent under the Affordable Rent regime.

There may also be an issue of long term sustainability in terms of LHA. The Affordable Rent framework allows rents to be increased at RPI+ 0.5%, and this may cause rents to increase above LHA levels. Whilst we have already identified that RPs are not subject to LHA at the moment, they may become subject to it in the future which would mean that the rents could be higher than the Housing Benefit payable on that property. At the moment this is not an issue because in theory they can charge rents higher than LHA and therefore benefits will rise to meet the increases.

7. Impact of Affordable Rent Product

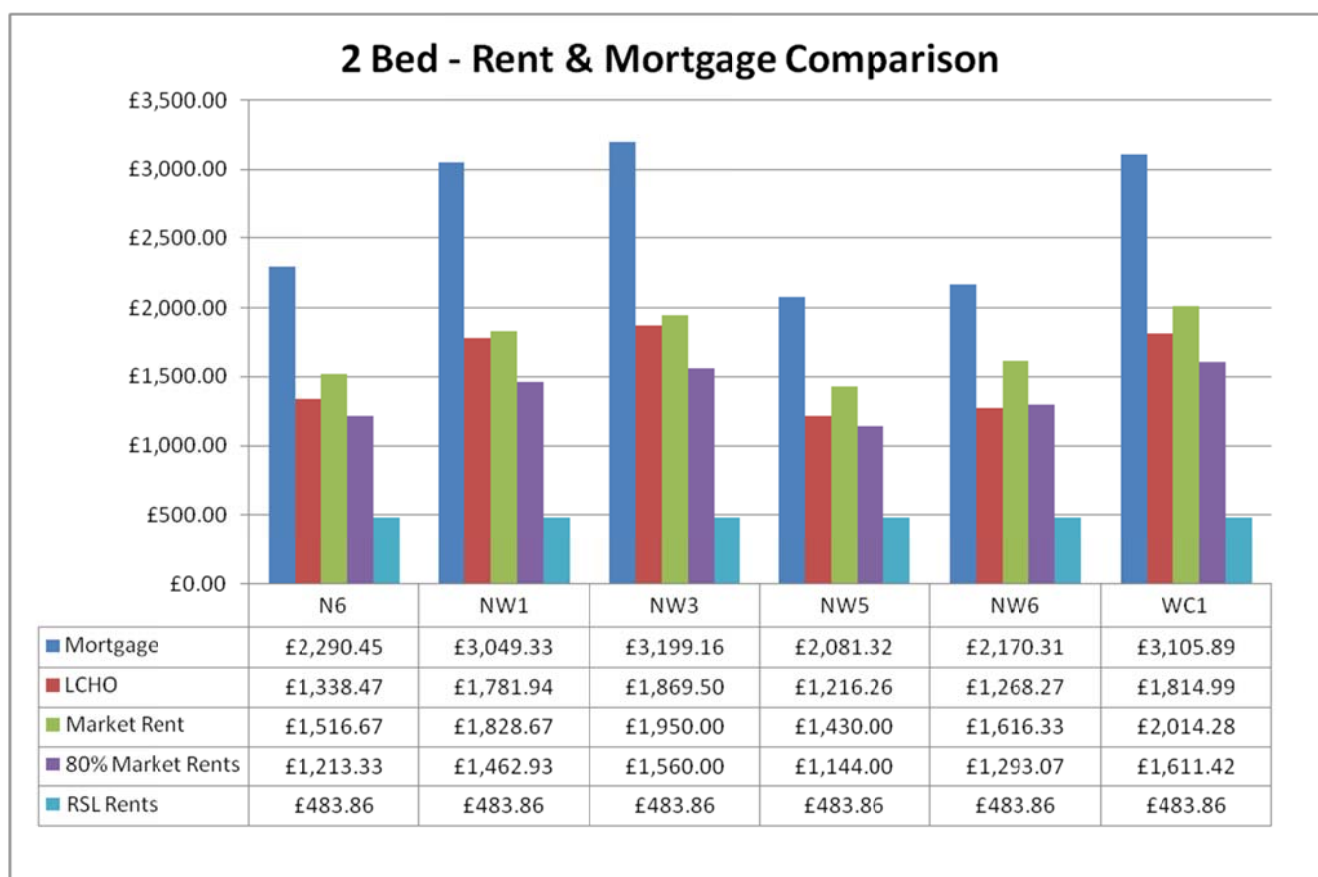
7.1 Mortgage Comparison

Given the increases in rents from social rents to up to 80% of market levels associated with moving to an Affordable Rent home, it is worthwhile looking at the differences between these higher rents, mortgages and shared ownership costs, to see if there are any anomalies, and also consider what other options may be available to residents.



For the purpose of this element of the report we have only looked at 1 and 2 bedroom properties, as given property values in Camden, it is unlikely that other options would be affordable for those in housing need. We also only look at Affordable Rent in terms of 80% of market, as this is the worst case scenario.

What is clear from the above chart is that purchasing a property on the open market is unlikely to be affordable for most people in housing need as the high property values make it unaffordable. However, on the 1 bed properties the cost of a low cost home ownership (LCHO) (where a buyer purchases a share of at least 25% and pays rent on the remainder) appears in all cases except NW1 to be more affordable than Affordable Rent within the same postcode. It is also apparent that LCHO may be a notably cheaper option in NW5, NW6 and N6 than Affordable Rent in NW1, NW3 and WC1. Therefore, single people in work and working couples in NW1, NW3 and WC1 that are faced with the offer of a property at 80% market rent may decide to take the cheaper option of buying a LCHO property in NW5, NW6 or N6, assuming they can pay the 10% deposit, and that the LCHO product is available.



The table above shows similar outcomes for 2 bed properties. LCHO is more expensive than Affordable Rent in most cases.

7.2 Housing Needs Analysis

We will now look at the impact of the Affordable Rent product at various levels against the data from Camden's Housing Needs Survey (HNS) and the Housing Needs Register (HNR).

The HNS is made up of data collected through personal interviews designed to cover a broad cross section of Camden residents of all tenure types and was originally carried out in 2003/4, surveying 1,500 households with the aim of assessing current and future need for affordable housing in Camden. The HNS identifies households who would need to spend more than 30% of their household income in order to afford market rent homes. We have used the 2008 updated data, which has rebased all of the household income levels, and we have not adapted this data in any way or increased household income levels to 2011 levels.

The National Statistics Office has reported overall wage inflation of approximately 2% since 2008, although it is unclear how this pattern translates from high to low earners and therefore whether it would be appropriate to apply the uplift to this sample, particularly with the effect of pay freezes and redundancies within organisations in the last few years coupled with general rises in the cost of living. We wanted to ensure that we were erring on the side of caution, whilst maintaining the integrity of the actual collated data. Also, although overall income has gone up somewhat since 2008, market rents have also increased and done so at a higher rate, so it's arguable that the proportion of households able to afford market rents may have decreased. We feel that uplifting the income may not alter the results of the report, for example on a net wage of £20,000 the increase will be £400, or £7.69 a week – which will generally not change any of the results in this section fundamentally.

The HNR is made up of all applicants that have registered with Camden to apply for social housing. It is important to note that applications to join the HNR are made by self-assessment and that information is not verified unless or until the applicant has a good chance of securing social housing. The HNR contains the data of 22,226 households. Prior to providing the HNR data, Camden sifted the data, reducing the number of household applicants to approximately 10,500 by only selecting applicants who joined the register in the last 36 months and removing the long term suspended applicants.

Both the HNS and the HNR are large databases of information, and therefore undertaking an affordability analysis on each entry is not practical, and in most cases is not possible due to the limitations of the data.

In terms of analysing both the HNS and HNR, we have sorted and grouped the data in terms of income bands, and then we have taken the research and analysis of the report so far and applied these to the grouped information.

In doing this we have made the following assumptions about affordability in order to make the data and results as useful as possible. These are general principles that have been derived from the combined conclusions of our three stage affordability analysis.

1. Rent Levels: The rent levels must fall within the LHA cap, otherwise this is flagged up and is treated as unaffordable. This is not an assumption we have made within the actual modelling before, although we have referred to issues with rent levels above LHA in a number of instances. The reasoning behind this is explained in more detail below the following table.
2. Income Levels: Where the income required to rent a property is in line with or above average household income for Camden (PayCheck), 40% of net income applies as the criteria of affordability.
3. The Benefit Cap: The benefit cap will only apply for those who are unemployed or below the Working Tax Credit threshold, therefore Housing Benefit in most cases will make up for any increases in rent.

The following table, which does not relate to the HNS or HNR data sets, shows in basic terms (and using the major assumptions outlined above) whether or not homes are affordable for each income band, and also whether affordability is dependent on Housing Benefit under the proposed benefit cap.

80% Market Rent	Current Benefit Regime						Universal Credit Regime					
	Studio	1 Bed	2 Bed	3 Bed	4 Bed	5 Bed	Studio	1 Bed	2 Bed	3 Bed	4 Bed	5 Bed
Job Seekers / Unemployed	Yes (HB)	Yes (HB)	Above LHA	Above LHA	Above LHA	Above LHA	Yes (HB)	Yes (HB)	Above LHA	Above LHA	Above LHA	Above LHA
£0-£5k	Yes (HB)	Yes (HB)	Above LHA	Above LHA	Above LHA	Above LHA	Yes (HB)	Yes (HB)	Above LHA	Above LHA	Above LHA	Above LHA
£5-£10k	Yes (HB)	Yes (HB)	Above LHA	Above LHA	Above LHA	Above LHA	Yes (HB)	Yes (HB)	Above LHA	Above LHA	Above LHA	Above LHA
£10-£15k	Yes (HB)	Yes (HB)	Above LHA	Above LHA	Above LHA	Above LHA	Yes (HB)	Yes (HB)	Above LHA	Above LHA	Above LHA	Above LHA
£15-£20k	Yes (HB)	Yes (HB)	Above LHA	Above LHA	Above LHA	Above LHA	Yes (HB)	Yes (HB)	Above LHA	Above LHA	Above LHA	Above LHA
£20-£25k	Yes (HB)	Yes (HB)	Above LHA	Above LHA	Above LHA	Above LHA	Yes (HB)	Yes (HB)	Above LHA	Above LHA	Above LHA	Above LHA
£25-£30k	Yes (HB)	Yes (HB)	Above LHA	Above LHA	Above LHA	Above LHA	Yes (HB)	Yes (HB)	Above LHA	Above LHA	Above LHA	Above LHA
£30-£40k	Yes	Yes (HB)	Above LHA	Above LHA	Above LHA	Above LHA	Yes	Yes (HB)	Above LHA	Above LHA	Above LHA	Above LHA
£40-£50k	Yes	Yes	Above LHA	Above LHA	Above LHA	Above LHA	Yes	Yes	Above LHA	Above LHA	Above LHA	Above LHA
£50-£55k	Yes	Yes	Yes	Above LHA	Above LHA	Above LHA	Yes	Yes	Yes	Above LHA	Above LHA	Above LHA
70% Market Rent	Current Benefit Regime						Universal Credit Regime					
	Studio	1 Bed	2 Bed	3 Bed	4 Bed	5 Bed	Studio	1 Bed	2 Bed	3 Bed	4 Bed	5 Bed
Job Seekers / Unemployed	Yes (HB)	Yes (HB)	Yes (HB)	Above LHA	Above LHA	Above LHA	Yes (HB)	Yes (HB)	No	Above LHA	Above LHA	Above LHA
£0-£5k	Yes (HB)	Yes (HB)	Yes (HB)	Above LHA	Above LHA	Above LHA	Yes (HB)	Yes (HB)	No	Above LHA	Above LHA	Above LHA
£5-£10k	Yes (HB)	Yes (HB)	Yes (HB)	Above LHA	Above LHA	Above LHA	Yes (HB)	Yes (HB)	Yes (HB)	Above LHA	Above LHA	Above LHA
£10-£15k	Yes (HB)	Yes (HB)	Yes (HB)	Above LHA	Above LHA	Above LHA	Yes (HB)	Yes (HB)	Yes (HB)	Above LHA	Above LHA	Above LHA
£15-£20k	Yes (HB)	Yes (HB)	Yes (HB)	Above LHA	Above LHA	Above LHA	Yes (HB)	Yes (HB)	Yes (HB)	Above LHA	Above LHA	Above LHA
£20-£25k	Yes (HB)	Yes (HB)	Yes (HB)	Above LHA	Above LHA	Above LHA	Yes (HB)	Yes (HB)	Yes (HB)	Above LHA	Above LHA	Above LHA
£25-£30k	Yes	Yes (HB)	Yes (HB)	Above LHA	Above LHA	Above LHA	Yes	Yes (HB)	Yes (HB)	Above LHA	Above LHA	Above LHA
£30-£40k	Yes	Yes	Yes (HB)	Above LHA	Above LHA	Above LHA	Yes	Yes	Yes (HB)	Above LHA	Above LHA	Above LHA
£40-£50k	Yes	Yes	Yes	Above LHA	Above LHA	Above LHA	Yes	Yes	Yes	Above LHA	Above LHA	Above LHA
£50-£55k	Yes	Yes	Yes	Above LHA	Above LHA	Above LHA	Yes	Yes	Yes	Above LHA	Above LHA	Above LHA
60% Market Rent	Current Benefit Regime						Universal Credit Regime					
	Studio	1 Bed	2 Bed	3 Bed	4 Bed	5 Bed	Studio	1 Bed	2 Bed	3 Bed	4 Bed	5 Bed
Job Seekers / Unemployed	Yes (HB)	Yes (HB)	Yes (HB)	Yes (HB)	Above LHA	Above LHA	Yes (HB)	Yes (HB)	Yes (HB)	No	Above LHA	Above LHA
£0-£5k	Yes (HB)	Yes (HB)	Yes (HB)	Yes (HB)	Above LHA	Above LHA	Yes (HB)	Yes (HB)	Yes (HB)	No	Above LHA	Above LHA
£5-£10k	Yes (HB)	Yes (HB)	Yes (HB)	Yes (HB)	Above LHA	Above LHA	Yes (HB)	Yes (HB)	Yes (HB)	Yes (HB)	Above LHA	Above LHA
£10-£15k	Yes (HB)	Yes (HB)	Yes (HB)	Yes (HB)	Above LHA	Above LHA	Yes (HB)	Yes (HB)	Yes (HB)	Yes (HB)	Above LHA	Above LHA
£15-£20k	Yes (HB)	Yes (HB)	Yes (HB)	Yes (HB)	Above LHA	Above LHA	Yes (HB)	Yes (HB)	Yes (HB)	Yes (HB)	Above LHA	Above LHA
£20-£25k	Yes	Yes (HB)	Yes (HB)	Yes (HB)	Above LHA	Above LHA	Yes	Yes (HB)	Yes (HB)	Yes (HB)	Above LHA	Above LHA
£25-£30k	Yes	Yes (HB)	Yes (HB)	Yes (HB)	Above LHA	Above LHA	Yes	Yes (HB)	Yes (HB)	Yes (HB)	Above LHA	Above LHA
£30-£40k	Yes	Yes	Yes (HB)	Yes (HB)	Above LHA	Above LHA	Yes	Yes	Yes (HB)	Yes (HB)	Above LHA	Above LHA
£40-£50k	Yes	Yes	Yes	Yes (HB)	Above LHA	Above LHA	Yes	Yes	Yes	Yes (HB)	Above LHA	Above LHA
£50-£55k	Yes	Yes	Yes	Yes	Above LHA	Above LHA	Yes	Yes	Yes	Yes	Above LHA	Above LHA
50% Market Rent	Current Benefit Regime						Universal Credit Regime					
	Studio	1 Bed	2 Bed	3 Bed	4 Bed	5 Bed	Studio	1 Bed	2 Bed	3 Bed	4 Bed	5 Bed
Job Seekers / Unemployed	Yes (HB)	Yes (HB)	Yes (HB)	Yes (HB)	Yes (HB)	Above LHA	Yes (HB)	Yes (HB)	Yes (HB)	No	No	Above LHA
£0-£5k	Yes (HB)	Yes (HB)	Yes (HB)	Yes (HB)	Yes (HB)	Above LHA	Yes (HB)	Yes (HB)	Yes (HB)	No	No	Above LHA
£5-£10k	Yes (HB)	Yes (HB)	Yes (HB)	Yes (HB)	Yes (HB)	Above LHA	Yes (HB)	Yes (HB)	Yes (HB)	Yes (HB)	Yes (HB)	Above LHA
£10-£15k	Yes (HB)	Yes (HB)	Yes (HB)	Yes (HB)	Yes (HB)	Above LHA	Yes (HB)	Yes (HB)	Yes (HB)	Yes (HB)	Yes (HB)	Above LHA
£15-£20k	Yes	Yes (HB)	Yes (HB)	Yes (HB)	Yes (HB)	Above LHA	Yes	Yes (HB)	Yes (HB)	Yes (HB)	Yes (HB)	Above LHA
£20-£25k	Yes	Yes (HB)	Yes (HB)	Yes (HB)	Yes (HB)	Above LHA	Yes	Yes (HB)	Yes (HB)	Yes (HB)	Yes (HB)	Above LHA
£25-£30k	Yes	Yes	Yes (HB)	Yes (HB)	Yes (HB)	Above LHA	Yes	Yes	Yes (HB)	Yes (HB)	Yes (HB)	Above LHA
£30-£40k	Yes	Yes	Yes	Yes (HB)	Yes (HB)	Above LHA	Yes	Yes	Yes	Yes (HB)	Yes (HB)	Above LHA
£40-£50k	Yes	Yes	Yes	Yes	Yes (HB)	Above LHA	Yes	Yes	Yes	Yes	Yes (HB)	Above LHA
£50-£55k	Yes	Yes	Yes	Yes	Yes	Above LHA	Yes	Yes	Yes	Yes	Yes	Above LHA
40% Market Rent	Current Benefit Regime						Universal Credit Regime					
	Studio	1 Bed	2 Bed	3 Bed	4 Bed	5 Bed	Studio	1 Bed	2 Bed	3 Bed	4 Bed	5 Bed
Job Seekers / Unemployed	Yes (HB)	Yes (HB)	Yes (HB)	Yes (HB)	Yes (HB)	Yes (HB)	Yes (HB)	Yes (HB)	Yes (HB)	No	No	No
£0-£5k	Yes (HB)	Yes (HB)	Yes (HB)	Yes (HB)	Yes (HB)	Yes (HB)	Yes (HB)	Yes (HB)	Yes (HB)	No	No	No
£5-£10k	Yes (HB)	Yes (HB)	Yes (HB)	Yes (HB)	Yes (HB)	Yes (HB)	Yes (HB)	Yes (HB)	Yes (HB)	Yes (HB)	Yes (HB)	Yes (HB)
£10-£15k	Yes	Yes (HB)	Yes (HB)	Yes (HB)	Yes (HB)	Yes (HB)	Yes	Yes (HB)	Yes (HB)	Yes (HB)	Yes (HB)	Yes (HB)
£15-£20k	Yes	Yes (HB)	Yes (HB)	Yes (HB)	Yes (HB)	Yes (HB)	Yes	Yes (HB)	Yes (HB)	Yes (HB)	Yes (HB)	Yes (HB)
£20-£25k	Yes	Yes	Yes (HB)	Yes (HB)	Yes (HB)	Yes (HB)	Yes	Yes	Yes (HB)	Yes (HB)	Yes (HB)	Yes (HB)
£25-£30k	Yes	Yes	Yes	Yes (HB)	Yes (HB)	Yes (HB)	Yes	Yes	Yes	Yes (HB)	Yes (HB)	Yes (HB)
£30-£40k	Yes	Yes	Yes	Yes	Yes (HB)	Yes (HB)	Yes	Yes	Yes	Yes	Yes (HB)	Yes (HB)
£40-£50k	Yes	Yes	Yes	Yes	Yes	Yes (HB)	Yes	Yes	Yes	Yes	Yes	Yes (HB)
£50-£55k	Yes	Yes	Yes	Yes	Yes	Yes (HB)	Yes	Yes	Yes	Yes	Yes	Yes (HB)
30% Market Rent	Current Benefit Regime						Universal Credit Regime					
	Studio	1 Bed	2 Bed	3 Bed	4 Bed	5 Bed	Studio	1 Bed	2 Bed	3 Bed	4 Bed	5 Bed
Job Seekers / Unemployed	Yes (HB)	Yes (HB)	Yes (HB)	Yes (HB)	Yes (HB)	Yes (HB)	Yes (HB)	Yes (HB)	Yes (HB)	Yes (HB)	No	No
£0-£5k	Yes (HB)	Yes (HB)	Yes (HB)	Yes (HB)	Yes (HB)	Yes (HB)	Yes (HB)	Yes (HB)	Yes (HB)	Yes (HB)	No	No
£5-£10k	Yes (HB)	Yes (HB)	Yes (HB)	Yes (HB)	Yes (HB)	Yes (HB)	Yes (HB)	Yes (HB)	Yes (HB)	Yes (HB)	Yes (HB)	Yes (HB)
£10-£15k	Yes	Yes (HB)	Yes (HB)	Yes (HB)	Yes (HB)	Yes (HB)	Yes	Yes (HB)	Yes (HB)	Yes (HB)	Yes (HB)	Yes (HB)
£15-£20k	Yes	Yes	Yes (HB)	Yes (HB)	Yes (HB)	Yes (HB)	Yes	Yes (HB)	Yes (HB)	Yes (HB)	Yes (HB)	Yes (HB)
£20-£25k	Yes	Yes	Yes	Yes (HB)	Yes (HB)	Yes (HB)	Yes	Yes	Yes (HB)	Yes (HB)	Yes (HB)	Yes (HB)
£25-£30k	Yes	Yes	Yes	Yes	Yes (HB)	Yes (HB)	Yes	Yes	Yes	Yes (HB)	Yes (HB)	Yes (HB)
£30-£40k	Yes	Yes	Yes	Yes	Yes	Yes (HB)	Yes	Yes	Yes	Yes	Yes (HB)	Yes (HB)
£40-£50k	Yes	Yes	Yes	Yes	Yes	Yes (HB)	Yes	Yes	Yes	Yes	Yes	Yes (HB)
£50-£55k	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes (HB)

It is worth noting that whilst we have assumed that rent levels should be capped at the LHA level, this does not mean that rents in reality cannot exceed LHA levels, as rents charged by Registered Providers (RPs) are not subject to the LHA restriction and can therefore exceed these levels. If a resident was then subject to rents higher than LHA, they wouldn't necessarily be unaffordable if the resident was in receipt of Housing Benefit. We feel that there may be a strong reluctance by RPs to exceed LHA levels however, due to concerns about affordability issues and the risks associated with charging higher rents and the non-direct receipt of Housing Benefit. Also it is clear that in many cases charging higher rents will increase the benefit bill and therefore this is an area that DWP may want to scrutinise in more detail in the future. It seems sensible therefore to keep rents below the LHA cap.

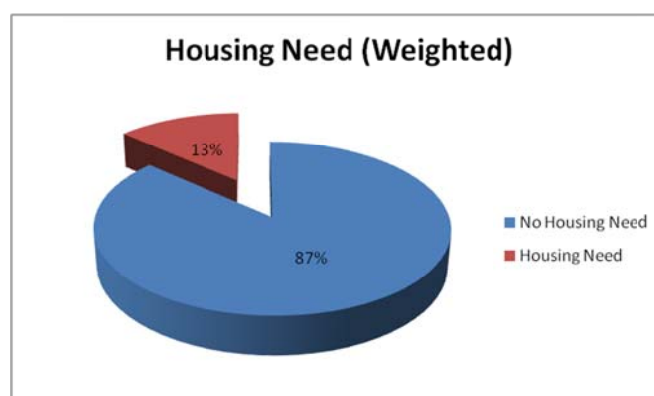
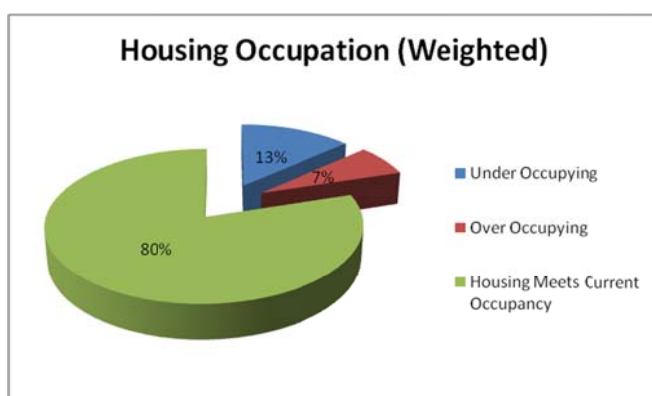
7.3 Housing Needs Survey

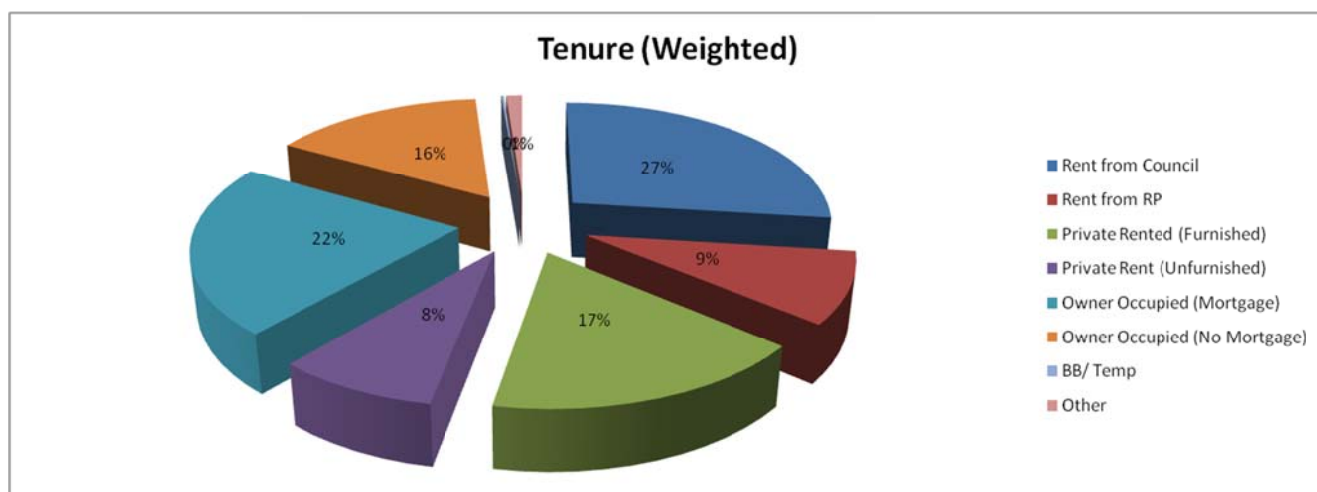
The following table shows the results of the HNS data, for those in Housing Need, sorted into income brackets.

		TO No.	Income Bands								
			£0-£5k	£5k-£10k	£10k-£15k	£15k-£20k	£20k-£25k	£25k-£30k	£30k-£40k	£40k-£50k	£50k+
1 Bed Property Requirement	Unemployed/Not Working	4	4	0	0	0	0	0	0	0	0
	Retired Households	4	4	0	0	0	0	0	0	0	0
	Sick / Disabled	1	1	0	0	0	0	0	0	0	0
	Student	0	0	0	0	0	0	0	0	0	0
	Working - Part Time	0	0	0	0	0	0	0	0	0	0
	Working - Full time	0	0	0	0	0	0	0	0	0	0
2 Bed Property Requirement	Unemployed/Not Working	8	8	0	0	0	0	0	0	0	0
	Retired Households	1	1	0	0	0	0	0	0	0	0
	Sick / Disabled	1	1	0	0	0	0	0	0	0	0
	Student	1	1	0	0	0	0	0	0	0	0
	Working - Part Time	0	0	0	0	0	0	0	0	0	0
	Working - Full time	9	1	2	2	1	0	1	1	1	0
3 Bed Property Requirement	Unemployed/Not Working	6	4	1	1	0	0	0	0	0	0
	Retired Households	0	0	0	0	0	0	0	0	0	0
	Sick / Disabled	2	2	0	0	0	0	0	0	0	0
	Student	0	0	0	0	0	0	0	0	0	0
	Working - Part Time	0	0	0	0	0	0	0	0	0	0
	Working - Full time	4	1	0	1	0	0	0	2	0	0
4 Bed Property Requirement	Unemployed/Not Working	5	4	1	0	0	0	0	0	0	0
	Retired Households	0	0	0	0	0	0	0	0	0	0
	Sick / Disabled	5	5	0	0	0	0	0	0	0	0
	Student	1	1	0	0	0	0	0	0	0	0
	Working - Part Time	1	1	0	0	0	0	0	0	0	0
	Working - Full time	3	0	0	0	0	0	2	1	0	0
		56									

We will not provide an in depth analysis of the HNS data itself, as the 2008 updated HNS Report covers this analysis (<http://www.camdendata.info/AddDocuments1/Forms/DispForm.aspx?ID=74>). However, we have provided some charts in order that the results can be viewed in context.

The HNS has been weighted, by applying the weighting the results are as follows.





We have taken our assumptions from section 7.2 and applied them to both the unweighted results and the weighted results from the HNS data. We have used average Camden rent levels from section 2.4 to assess this data.

The following table shows the results in terms of percentage of surveyed individuals that could afford the Affordable Rent product at each percentage of market rent. We have shown the data for both unweighted and weighted results.

Please note that we have assessed all “housing need” cases in terms of whether bedroom entitlement is in line with that set out in Camden’s Allocations Policy, and we have updated results accordingly where discrepancies have occurred (12 entries). This was an important exercise as the HNS uses a more generous bedroom standard than the Council’s Allocations Policy and we needed to ensure that our conclusions on affordability were based around the size of property that those seeking affordable housing would actually be entitled to.

As you can see the results for either the weighted or unweighted results do not differ drastically. The post benefit cap results show the following¹³:

- 1 beds are affordable to 100% of the HNS at 80% of market rent.
- 2 beds are affordable to 100% of the HNS at 60% of market rent.
- 3 beds are affordable to 100% of the HNS at 30% of market rent
- 4 beds are not affordable to 100% of the HNS at any of the identified levels, this is due to the issues with the benefit cap and unemployed larger families.

We have looked at those in the survey that have been identified as having a ‘housing need’, as it is these households that are likely to be seeking affordable housing – and therefore more likely to move into Affordable Rent homes. The following identifies those in housing need:

- 1 beds: 9 entries in HNS data, representing 20.5% of the Borough's households in need, once weighting is applied.
- 2 beds: 20 entries in HNS data, representing 30% of the Borough's households in need, once weighting is applied.
- 3 beds: 12 entries in HNS data, representing 22% of the Borough's households in need, once weighting is applied.
- 4 beds: 15 entries in HNS data, representing 27.5% of the Borough's households in need, once weighting is applied.

¹³ We have checked and amended the data where necessary to ensure that all data complies with the Allocations Policy.

The overall results are as follows:

Unweighted Housing Needs Survey Output (Households in Housing Need)

	Pre-Benefit Cap						Post Benefit Cap					
	80%	70%	60%	50%	40%	30%	80%	70%	60%	50%	40%	30%
1 Bed	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
2 Bed	0%	100%	100%	100%	100%	100%	18%	40%	100%	100%	100%	100%
3 Bed	0%	0%	100%	100%	100%	100%	0%	0%	42%	55%	55%	100%
4 Bed+	0%	0%	0%	100%	100%	100%	0%	0%	0%	27%	58%	58%

Weighted Housing Needs Survey Output (Households in Housing Need)

	Pre-Benefit Cap						Post Benefit Cap					
	80%	70%	60%	50%	40%	30%	80%	70%	60%	50%	40%	30%
1 Bed	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
2 Bed	0%	100%	100%	100%	100%	100%	18%	35%	100%	100%	100%	100%
3 Bed	0%	0%	100%	100%	100%	100%	0%	0%	36%	55%	55%	100%
4 Bed+	0%	0%	0%	100%	100%	100%	0%	0%	0%	41%	58%	58%

As you will note the above results for the entire sample are very similar to the results for those in 'housing need'.

7.4 Housing Needs Register

As mentioned, Camden supplied us with data for approximately 10,500 applicants. It is worth noting this information is not verified unless, or until, the applicant has a good chance of securing social housing. It is therefore unsurprising that the data provided appeared to have a number of inconsistencies in the income and benefit information recorded. We therefore feel that the data should only be used as a guide.

The anomalies in the income data meant that we had to use our judgment and reduce the number of entries further. Examples of this include full-time employed applicants who reported no income data.

Also, the data included applicants with a housing need of 5+ bedroom properties. Because our study has only dealt with properties up to 4 bedrooms (due to problems with rent data for larger homes and the effect of significant anomalies), we decided to exclude applicants with a requirement above 5 bedrooms. We feel that as a principle, affordability issues worsen for larger homes and 6 + bedroom properties may need to be looked at in isolation if there is a lot of need for this size of home.

In total we excluded approximately a further 1,000 applicants from the data.

The following table shows the results of the HNR data sorted into income brackets.

	Studio		1 Bed		2 Bed		3 Bed		4 Bed		5 Bed		Total
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	
Job Seekers / Unemployed	1,733	18.23%	129	1.36%	647	6.80%	197	2.07%	103	1.08%	53	0.56%	2,862
£0-£5k	700	7.36%	76	0.80%	231	2.43%	37	0.39%	15	0.16%	3	0.03%	1,062
£5-£10k	669	7.04%	163	1.71%	748	7.87%	176	1.85%	51	0.54%	9	0.09%	1,816
£10-£15k	474	4.99%	117	1.23%	510	5.36%	195	2.05%	94	0.99%	33	0.35%	1,423
£15-£20k	280	2.94%	77	0.81%	345	3.63%	153	1.61%	91	0.96%	58	0.61%	1,004
£20-£25k	129	1.36%	48	0.50%	209	2.20%	79	0.83%	51	0.54%	24	0.25%	540
£25-£30k	105	1.10%	41	0.43%	117	1.23%	49	0.52%	24	0.25%	8	0.08%	344
£30-£40k	100	1.05%	48	0.50%	88	0.93%	28	0.29%	15	0.16%	3	0.03%	282
£40-£50k	37	0.39%	18	0.19%	39	0.41%	2	0.02%	4	0.04%	2	0.02%	102
£50-£55k	38	0.40%	10	0.11%	24	0.25%	0	0.00%	0	0.00%	1	0.01%	73
9,508	4,265	44.86%	727	7.65%	2,958	31.11%	916	9.63%	448	4.71%	194	2.04%	9,508

We have taken our assumptions from section 7.2 and applied to the results above. We have used average Camden rent levels from section 2.4 to assess this data.

The following table shows the results in terms of percentage of household applicants on the HNR that could afford the Affordable Rent product at each percentage of market rent.

Housing Needs Register Output

	Pre-Benefit Cap						Post Benefit Cap					
	80%	70%	60%	50%	40%	30%	80%	70%	60%	50%	40%	30%
Studios	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
1 Bed	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
2 Bed	1%	100%	100%	100%	100%	100%	1%	70%	100%	100%	100%	100%
3 Bed	0%	0%	100%	100%	100%	100%	0%	0%	74%	74%	74%	100%
4 Bed	0%	0%	0%	100%	100%	100%	0%	0%	0%	74%	74%	74%
5 Bed	0%	0%	0%	0%	100%	100%	0%	0%	0%	0%	71%	71%

The post benefit cap results show the following:

- Studios are affordable to 100% of the HNR at 80% of market rent.
- 1 Beds are affordable to 100% of the HNR at 80% of market rent.
- 2 beds are affordable to 100% of the HNR at 60% of market rent.
- 3 beds are affordable to 100% of the HNR at 30% of market rent
- 4 and 5 beds are not affordable to 100% of the HNR at any of the identified levels. This is due to the issues with the benefit cap and unemployed larger families.

We have prioritised this data according to points awarded to applicants, which indicate their priority for social housing as dictated by the Council's allocation scheme. The results shown are similar to that of the entire data set.

Housing Needs Register Output (Priority Points 1 - 250)

	Pre-Benefit Cap						Post Benefit Cap					
	80%	70%	60%	50%	40%	30%	80%	70%	60%	50%	40%	30%
Studios	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
1 Bed	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
2 Bed	1%	100%	100%	100%	100%	100%	1%	71%	100%	100%	100%	100%
3 Bed	0%	0%	100%	100%	100%	100%	0%	0%	75%	74%	74%	100%
4 Bed	0%	0%	0%	100%	100%	100%	0%	0%	0%	75%	74%	74%
5 Bed	0%	0%	0%	0%	100%	100%	0%	0%	0%	0%	74%	71%

Housing Needs Register Output (Priority Points 251 - 500)

	Pre-Benefit Cap						Post Benefit Cap					
	80%	70%	60%	50%	40%	30%	80%	70%	60%	50%	40%	30%
Studios	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
1 Bed	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
2 Bed	1%	100%	100%	100%	100%	100%	1%	70%	100%	100%	100%	100%
3 Bed	0%	0%	100%	100%	100%	100%	0%	0%	75%	74%	74%	100%
4 Bed	0%	0%	0%	100%	100%	100%	0%	0%	0%	75%	74%	74%
5 Bed	0%	0%	0%	0%	100%	100%	0%	0%	0%	0%	73%	71%

Housing Needs Register Output (Priority Points 501+)

	Pre-Benefit Cap						Post Benefit Cap					
	80%	70%	60%	50%	40%	30%	80%	70%	60%	50%	40%	30%
Studios	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
1 Bed	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
2 Bed	1%	100%	100%	100%	100%	100%	1%	72%	100%	100%	100%	100%
3 Bed	0%	0%	100%	100%	100%	100%	0%	0%	71%	74%	74%	100%
4 Bed	0%	0%	0%	100%	100%	100%	0%	0%	0%	70%	74%	74%
5 Bed	0%	0%	0%	0%	100%	100%	0%	0%	0%	0%	66%	71%

7.5 Housing Needs Analysis

Both the HNS and the HNR analysis show that the smaller units at higher percentages of market rent are affordable to every household identified as having a 'housing need' or seeking to secure social housing. Affordability at the higher levels of market rent becomes more of an issue as the units increase in size. This is a consequence of the proposed total household benefit cap and the impact it will have on unemployed households and those who do not qualify for Working Tax Credit, and also the effect of Affordable Rent levels moving above LHA.

We feel that this section gives some useful wider context to the more detailed affordability modelling undertaken previously. The data is not without its weaknesses as pointed out previously, and it clearly doesn't allow the detailed scenario testing that we have seen before. This is in part due to the fluid nature of the benefits system and the fact that Housing Benefit increases with rent.

For the pre-benefit cap results we can see that Affordable Rent is either 100% or 0% affordable in every study, for every home size. This is because of the effect of uncapped Housing Benefit increasing up to the LHA level. If the rents are below LHA therefore, they are affordable for everyone and if rents are above LHA they are deemed unaffordable.

Once we apply the total benefit cap, we see more in the way of varying percentages from the 2 beds onwards, as some households from the HNS and HNR will be subject to the cap and others will not.

8. Conclusion

8.1 Summary of the Approach

In this report we have used three main measures to look at affordability:

1. Stage 1 - Basic “static” median income using PayCheck data: The output being assessed on the basis that rents should be no more than 40% of net household income.
2. Stage 2 - Detailed Universal Credit and earnings (using ASHE data) build up of income: The output being assessed on the basis that rents should be no more than 40% of net household income, although this household income data has been built up with more accuracy, and Housing Benefit is modelled in a more “dynamic” way.
3. Residual Income: The output being assessed on the basis of whether or not Residual Income changes if residents move from current accommodation to Affordable Rent

We have also applied some of the affordability findings and methods to the HNR and HNS data that we have extrapolated from the Council data.

8.2 Summary of Findings

Before we suggest a set of potential rents, we will state some of the main findings:

1. The location effect – Satisfactory affordability will always be more difficult to achieve in the postcodes NW3, WC1, and to a slightly lesser extent NW1, and whilst affordability should be looked at in terms of a percentage of rent, it should also be considered in monetary terms.
2. NW1 and N1 are the Borough postcodes that see the biggest concentration of new development over the next 15 years, whilst other postcodes have a relatively small amount of future development.
3. Camden is generally a high value Borough and for the larger units it’s difficult to get affordability to work in terms of our basic criteria – even looking at median income levels.
4. We have looked at static measurement techniques (e.g., median income from PayCheck) when compared to dynamic (e.g., Residual Income). The dynamic measurement systems incorporate changes to Housing Benefit, and this is an important consideration as Housing Benefit increases as rental levels increase.
5. We have seen that people in work, even low paid work, will see no change to their weekly Residual Income, even if they take a property at 80% of market rent.
6. We have seen that single unemployed people or those in very small families that are out of work will not generally be affected by the household benefit cap as their overall benefits should remain below this threshold.
7. In one of our case studies (Family 2), the total benefit cap is first breached by an unemployed couple with one child at 80% market rent, and therefore the effect of the cap will be increasingly felt as family size (and total benefits) increases from this point on¹⁴.
8. We have clearly seen that larger families will see their residual income severely affected by the total benefits cap if they are unemployed.
9. In terms of affordability, therefore, the story is very different for those in work and those out of work. This situation is exacerbated by Camden being a high value Borough.

¹⁴ There will be variations from one household to the next in terms of allowable benefits, and it should be noted that we have applied a number of different rent levels in our modelling which will directly affect housing benefit and therefore the total allowable amount. The total benefit cap will not be breached at 80% market rent for **all** unemployed couples with a single child.

10. It is difficult to find an affordability approach that will work for all categories of need in terms of the 3 and 4 bed homes.
11. The evidence here points to being able to charge higher rent levels for 1 and 2 bed homes, due to their avoidance of the cap.

8.3 Rental Levels

In terms of setting levels of market rent for the Affordable Rent product, we suggest that all rents be capped at the LHA levels, and where rents fall below the LHA we suggest the following levels¹⁵:

- Studio: A maximum of 80% of market rent for Camden, this equates to £780 pcm or £180 per week.
- 1 Beds: A range of 60% to 80% of market rents depending on postcode. As an average for the Borough, 70% of market rent, this equates to £910 pcm or £210 per week.
- 2 Beds: A range of 50% to 70% of market rents depending on postcode. As an average for the Borough, 60% of market rent, this equates to £1,040 pcm or £240 per week.
- 3 Beds: A maximum of 50% of market rents, this equates to £1,148 pcm or £265 per week.
- 4 Beds +: A maximum of 40% of market rents, this equates to £1,170 pcm or £270 per week.

The rents being set by the RP should take into consideration the level of market rent identified in this report, and may need to vary slightly the above percentages depending on the housing provision, its location and market value.

Whilst we have stated that affordable rents could be charged up to 80% because the cap will not affect families living in these smaller units, and therefore Housing Benefit will allow the higher rents to be charged, the Council and other RPs should also consider the impact of higher affordable rents on households who earn the average median income, as higher rents are likely to mean that those who would not be dependent on Housing Benefit under the Target Rent regime may be under the Affordable Rent regime, due to the higher rent levels.

8.4 Meeting Housing Need

It is clear from analysis of the HNS and HNR that affordability will not be an issue at the above rent levels for the studio, 1 beds and 2 beds, and as a result the above levels of rent will be able to be offered to:

- Studio: 100% of the 4,265 applicants eligible for a studio on the HNR
- 1 beds: 100% of the 727 applicants eligible for a 1 bed on the HNR
- 2 beds: 100% of the 2,958 applicants eligible for a 2 bed on the HNR

However, because of the impact of the proposed benefit cap on unemployed and very low income households, affordability will be an issue for some families, and as a result the above levels of rent will be affordable to:

- 3 beds: 74% of the 916 applicants eligible for a 3 bed on the HNR, which equates to 678 applicants.
- 4 beds: 74% of the 448 applicants eligible for a 4 bed on the HNR, which equates to 332 applicants.
- 5 beds: 71% of the 194 applicants eligible for a 5 bed on the HNR, which equates to 138 applicants.

As we can see from the charts in Section 7, it is very difficult to make Affordable Rent work for all people within the surveys without lowering the % market rent levels for 3 and 4 bed homes significantly, possibly resulting in lower rents than for smaller homes – a situation that may be perceived as unfair.

¹⁵ These suggested rent levels are a percentage of market rents as they stood in summer 2011 and will shift as and when market rents do so.
pod llp Autumn 2011

8.5 The Demand for Affordable Rent

It is hard to predict demand for the Affordable Rent product. Whilst a move from Social Rent to Affordable Rent will potentially look affordable for those in work due to Housing Benefit increasing along with the increased rents, the tenants may choose to stay in their existing properties with lower rents. This could be due to perception issues – they may think that Affordable Rent levels will cost them more each week in real terms due to the problems with affordability that have been raised in the press. Or they may suspect that changes to the welfare system could see some form of cap applied to their suddenly high levels of Housing Benefit (even though this doesn't appear to be the case under Universal Credit – it is more likely that the LHA caps could be extended to affordable housing tenants at some stage).

There is also an issue of aspiration and expectation. It is likely that some people may aspire to get to an earnings situation where they are no longer eligible for Housing Benefit, and can move out of benefit dependency. At this point, they can retain all of their earnings increases. People may therefore wish to avoid a situation where they have higher rent levels to cover, keeping them within the benefit dependency zone for longer.

Residents in work may have real concerns about being made redundant, and therefore becoming subject to the cap, once they have moved to a home with significantly higher rent levels. We can see from our case study analysis in Stage 3 that Residual Income changes hugely for larger families that become unemployed. This would appear to be such a dramatic change to circumstances that it's logically likely that some form of redundancy safety net may be introduced. However, this is not as yet detailed in any of the proposed welfare changes.

Another issue is that medium income households may be reluctant to move into benefit dependency when they are not currently in that situation. Affordable Rent could cause this as we have seen.

However, where Social Rent is in limited supply, for new applicants who can't afford market rent and for households moving from the private sector, Affordable Rent will be a more viable option and therefore demand, especially in an area such as Camden, is likely to be very high.

Also it is worth noting that LCHO may be a viable option for some households willing to move from high value areas, such as WC1, to lower value areas, such as N6. This does not mean however that the high value areas should be 'no go' areas for the Affordable Rent product, as not all households will be willing to move from a central location to a more remote area even if it does mean that they will own a home. In the high value postcodes, 1 and 2 bedroom properties are likely to be extremely desirable for more economically and socially mobile households.

We think that the Affordable Rent product could be aimed at the following groups:

1. Studio, 1 bed at 80%, and 2 beds above 60% of market rent: Medium income households with reasonable prospects of significant income increases.
2. Studio, 1 bed below 80%, and 2 beds below 60% of market rent: low to medium income households with limited prospects of significant income increases and no access to LCHO.

It is difficult for us to define a group that 3 and 4 beds could be aimed at because long-term sustainability will be determined by employment due to the benefit cap. We would suggest that the higher percentages of market rent be aimed at more secure households or those who are exempt from the benefit cap.

Ultimately, the Affordable Rent product would generally work for people in stable employment, particularly in terms of smaller families and singles, and hopefully the modelling built up throughout this report has demonstrated this. There are however, some significant areas of risk:

1. Currently unemployed families – we have seen in our case study modelling that the benefit cap can affect families of around 2 children upwards, and the effect is increased dramatically the larger the family becomes.
2. Households where the earner is made redundant – currently there appears to be no safety net to protect households that experience redundancy. Therefore larger families in this situation would quickly become subject to the benefits cap, as Working Tax Credit falls away.
3. Potential changes to the welfare system – we cannot predict what, if any, changes may be made prior to the introduction of Universal Credit or afterwards, but many of the favourable affordability results rely on much higher levels of Housing Benefit being received by families.

9. Appendices

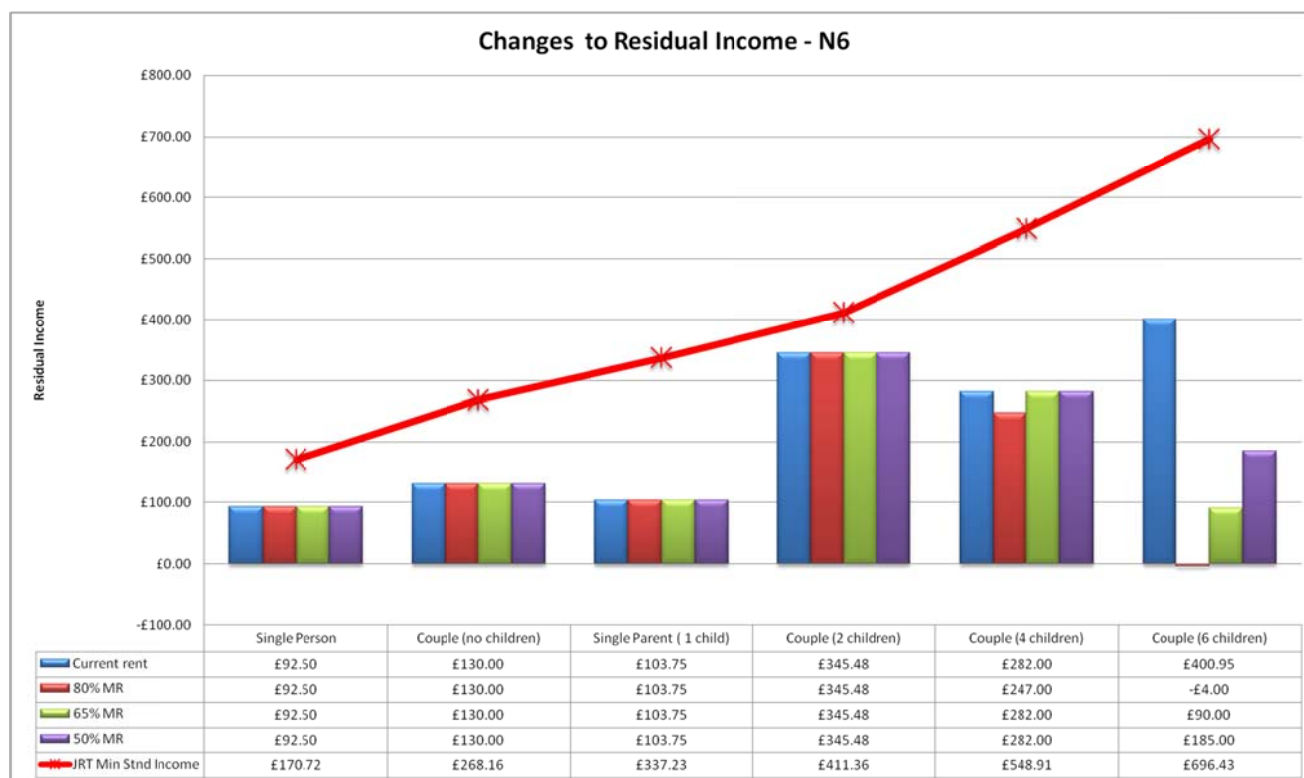
9.1 Average Council & Target Rents for Camden

	Rents Per Week					Rents Per Month				
	Studio	1 Beds	2 Beds	3 Beds	4 Beds	Studio	1 Beds	2 Beds	3 Beds	4 Beds
Target Rent	£78.56	£98.78	£111.66	£126.60	£144.30	£340.43	£428.05	£483.86	£548.60	£625.30
Council Rent	£64.48	£81.92	£94.21	£106.15	£117.76	£279.41	£354.99	£408.24	£459.98	£510.29

9.2 Lone Parent Universal Credit Prediction

	Weekly Net Earnings (PW)	Subsumed into Universal Credit			Adjusted Rent	Housing Benefit	Outside UC		Universal Credit Forecast	Universal Credit Cap Reduction	Total Benefits			Variance between Current System
		Income Support / Job Seeker Allowance	Working Tax Credit	Child Tax Credit			CTB	Child Benefit			Current System (2011/12)	Current System (2014/15)	Universal Credit (2014/15)	
Lone Parent 18+ / 1 Child														
Unemployed	£0.00	£65.38	£0.00	£59.79	£220.00	£220.00	£21.63	£18.29	£345.17		£367.42	£363.46	£363.46	£0.00
£22,235 earnings	£336.20	£0.00	£0.00	£18.37	£220.00	£109.59	£0.00	£18.29	£152.65		£153.42	£146.25	£170.93	£24.68
£32,235 earnings	£466.96	£0.00	£0.00	£0.00	£220.00	£36.53	£0.00	£18.29	£67.65		£63.51	£54.82	£85.93	£31.11
£37,235 earnings	£532.35	£0.00	£0.00	£0.00	£220.00	£0.00	£0.00	£18.29	£25.15		£30.78	£18.29	£43.43	£25.15
Lone Parent 18+ / 2 Children														
Unemployed	£0.00	£65.38	£0.00	£109.43	£220.00	£220.00	£21.63	£30.36	£394.81		£429.95	£425.17	£425.17	£0.00
£22,235 earnings	£336.20	£0.00	£0.00	£68.01	£220.00	£116.57	£0.00	£30.36	£205.54		£224.54	£214.94	£235.90	£20.96
£32,235 earnings	£466.96	£0.00	£0.00	£0.00	£220.00	£75.77	£0.00	£30.36	£120.54		£117.42	£106.13	£150.90	£44.76
£37,235 earnings	£532.35	£0.00	£0.00	£0.00	£220.00	£33.27	£0.00	£30.36	£78.04		£74.92	£63.63	£108.40	£44.76
Lone Parent 18+ / 3 Children														
Unemployed	£0.00	£65.38	£0.00	£159.07	£238.50	£238.50	£21.63	£42.43	£462.95		£510.98	£505.39	£505.39	£0.00
£22,235 earnings	£336.20	£0.00	£0.00	£117.65	£238.50	£142.04	£0.00	£42.43	£276.93		£314.15	£302.13	£319.36	£17.23
£32,235 earnings	£466.96	£0.00	£0.00	£38.81	£238.50	£108.29	£0.00	£42.43	£191.93		£201.55	£189.53	£234.36	£44.83
£37,235 earnings	£532.35	£0.00	£0.00	£0.00	£238.50	£91.02	£0.00	£42.43	£149.43		£147.33	£133.45	£191.86	£58.41
Lone Parent 18+ / 4 Children														
Unemployed	£0.00	£65.38	£0.00	£208.71	£238.50	£238.50	£21.63	£54.50	£500.00	£12.59	£573.52	£567.10	£500.00	£-67.10
£22,235 earnings	£336.20	£0.00	£0.00	£167.29	£238.50	£149.02	£0.00	£54.50	£326.57		£385.26	£370.82	£381.07	£10.26
£32,235 earnings	£466.96	£0.00	£0.00	£88.45	£238.50	£115.27	£0.00	£54.50	£241.57		£272.66	£258.22	£296.07	£37.85
£37,235 earnings	£532.35	£0.00	£0.00	£49.02	£238.50	£98.39	£0.00	£54.50	£199.07		£216.37	£201.92	£253.57	£51.65
Lone Parent 18+ / 5 Children														
Unemployed	£0.00	£65.38	£0.00	£258.35	£270.00	£270.00	£21.63	£66.58	£500.00	£93.73	£667.55	£660.31	£500.00	£-160.31
£22,235 earnings	£336.20	£0.00	£0.00	£216.93	£270.00	£187.50	£0.00	£66.58	£407.71		£487.87	£471.00	£474.28	£3.28
£32,235 earnings	£466.96	£0.00	£0.00	£138.09	£270.00	£153.75	£0.00	£66.58	£322.71		£375.28	£358.41	£389.28	£30.88
£37,235 earnings	£532.35	£0.00	£0.00	£98.66	£270.00	£136.87	£0.00	£66.58	£280.21		£318.98	£302.11	£346.78	£44.67
Lone Parent 18+ / 6 Children														
Unemployed	£0.00	£65.38	£0.00	£308.00	£270.00	£270.00	£21.63	£78.65	£500.00	£143.38	£730.09	£722.02	£500.00	£-222.02
£22,235 earnings	£336.20	£0.00	£0.00	£266.57	£270.00	£194.47	£0.66	£78.65	£457.35		£558.98	£539.69	£536.00	£-3.70
£32,235 earnings	£466.96	£0.00	£0.00	£187.73	£270.00	£160.72	£0.00	£78.65	£372.35		£446.39	£427.10	£451.00	£23.90
£37,235 earnings	£532.35	£0.00	£0.00	£148.30	£270.00	£143.85	£0.00	£78.65	£329.85		£390.09	£370.80	£408.50	£37.70

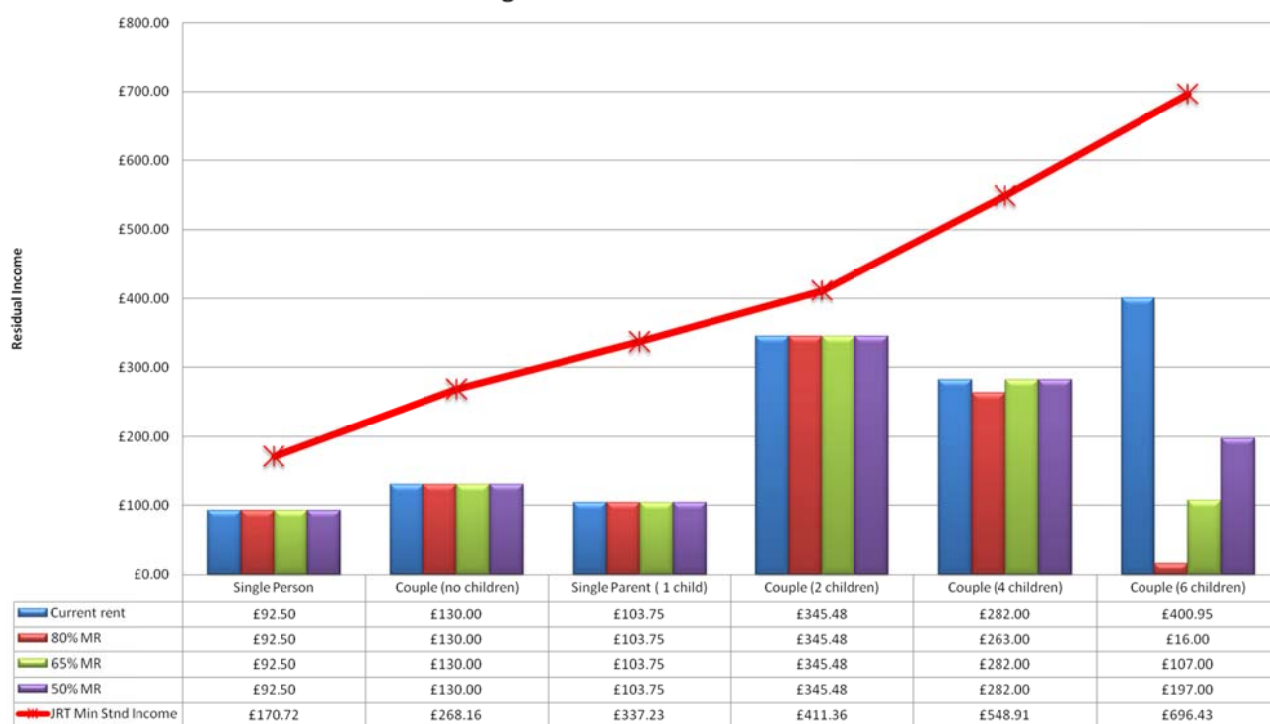
9.3 Residual Income for Unemployed Households (Excluding NW3)



Changes to Residual Income - NW1



Changes to Residual Income - NW5



Changes to Residual Income - NW6



Changes to Residual Income - WC1



9.4 Residual Income for Unemployed Households Model Calculations

	Case Study 1	Case Study 2	Case Study 3	Case Study 4	Case Study 5	Case Study 6
	Single Person	Couple (No Children)	Single Parent (Children)	Couple (Small Family)	Couple (Large Family)	Couple (Large Family)
Children	0	0	1	2	4	6
Beds	1	0	1	2	2	4
Income						
JSA	£67.50	£40.00			£105.00	£105.95
IS			£65.45			
Child Benefit			£20.30	£33.70	£60.50	£87.30
Child Tax Credit (CTC)				£99.39	£150.00	£295.00
Incapacity benefit				£150.00		
Child Benefit disregard			-£20.30	-£33.70	-£60.50	
ESA		£90.00				
DLA				£68.80		
Council Tax Benefit	£25.00		£19.15	£27.29	£27.00	
Weekly Income	£67.50	£130.00	£84.60	£318.19	£255.00	£488.25

Applicable Amount (2011)

Personal Allowance	£67.50	£105.95	£67.50	£105.95	£105.95	£105.95
Family Premium		£17.40	£22.20	£17.40	£17.40	£17.40
Dependant allowance - 1			£62.33	£62.33	£62.33	£62.33
Dependant allowance - 2				£62.33	£62.33	£62.33
Dependant allowance - 3					£62.33	£62.33
Dependant allowance - 4					£62.33	£62.33
Dependant allowance - 5						£62.33
Dependant allowance - 6						£62.33
Disability Premium						
Total	£67.50	£123.35	£152.03	£248.01	£372.67	£497.33
Excess Income	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00
Taper - 65%	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00

CURRENT RENTS

Weekly Rent Charge	£100.63	£288.13	£350.00	£262.03	£114.51	£324.13
Less 65% excess	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00
Weekly Benefit (HB)	£100.63	£288.13	£350.00	£262.03	£114.51	£324.13
Gross Income pre HB	£92.50	£130.00	£103.75	£345.48	£282.00	£488.25
Total weekly gross income	£193.13	£418.13	£453.75	£607.51	£396.51	£812.38
Total Benefits for cap	£168.13	£418.13	£415.45	£580.22	£369.51	£812.38
Cap reduction	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00
Total weekly gross income - capped	£193.13	£418.13	£453.75	£607.51	£396.51	£812.38
Residual Income	£92.50	£130.00	£103.75	£345.48	£282.00	£488.25

80% MARKET RENT

N6						
Weekly Rent Charge	£208.00	£154.00	£208.00	£280.00	£280.00	£504.00
Less 65% excess	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00
Weekly Benefit (HB)	£208.00	£154.00	£208.00	£280.00	£280.00	£504.00
Gross Income pre HB	£92.50	£130.00	£103.75	£345.48	£282.00	£488.25
Total weekly gross income	£300.50	£284.00	£311.75	£625.48	£562.00	£992.25
Total Benefits for cap	£275.50	£284.00	£273.45	£598.19	£535.00	£992.25
Cap reduction	£0.00	£0.00	£0.00	£0.00	£35.00	£492.25
Total weekly gross income - capped	£300.50	£284.00	£311.75	£625.48	£527.00	£500.00
Residual Income	£92.50	£130.00	£103.75	£345.48	£247.00	£40.00

NW1

Weekly Rent Charge	£249.00	£187.00	£249.00	£338.00	£338.00	£570.00
Less 65% excess	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00
Weekly Benefit (HB)	£249.00	£187.00	£249.00	£338.00	£338.00	£570.00
Gross Income pre HB	£92.50	£130.00	£103.75	£345.48	£282.00	£488.25
Total weekly gross income	£341.50	£317.00	£352.75	£683.48	£620.00	£1,058.25
Total Benefits for cap	£316.50	£317.00	£314.45	£656.19	£593.00	£1,058.25
Cap reduction	£0.00	£0.00	£0.00	£0.00	£93.00	£558.25
Total weekly gross income - capped	£341.50	£317.00	£352.75	£683.48	£527.00	£500.00
Residual Income	£92.50	£130.00	£103.75	£345.48	£189.00	£-70.00

CURRENT RENTS

Weekly Rent Charge	£100.63	£288.13	£350.00	£262.03	£114.51	£324.13
Less 65% excess	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00
Weekly Benefit (HB)	£100.63	£288.13	£350.00	£262.03	£114.51	£324.13
Gross Income pre HB	£92.50	£130.00	£103.75	£345.48	£282.00	£488.25
Total weekly gross income	£193.13	£380.00	£353.75	£607.51	£396.51	£812.38
Total Benefits for cap	£168.13	£380.00	£315.45	£580.22	£369.51	£812.38
Cap reduction	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00
Total weekly gross income - capped	£193.13	£380.00	£353.75	£607.51	£396.51	£812.38
Residual Income	£92.50	£91.87	£3.75	£345.48	£282.00	£488.25

65% MARKET RENT

N6						
Weekly Rent Charge	£169.00	£125.00	£169.00	£228.00	£228.00	£410.00
Less 65% excess	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00
Weekly Benefit (HB)	£169.00	£125.00	£169.00	£228.00	£228.00	£410.00
Gross Income pre HB	£92.50	£130.00	£103.75	£345.48	£282.00	£488.25
Total weekly gross income	£261.50	£255.00	£272.75	£573.48	£510.00	£898.25
Total Benefits for cap	£236.50	£255.00	£234.45	£546.19	£483.00	£898.25
Cap reduction	£0.00	£0.00	£0.00	£0.00	£0.00	£398.25
Total weekly gross income - capped	£261.50	£255.00	£272.75	£573.48	£510.00	£500.00
Residual Income	£92.50	£130.00	£103.75	£345.48	£282.00	£90.00

NW1

Weekly Rent Charge	£202.00	£152.00	£202.00	£274.00	£274.00	£463.00
Less 65% excess	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00
Weekly Benefit (HB)	£202.00	£152.00	£202.00	£274.00	£274.00	£463.00
Gross Income pre HB	£92.50	£130.00	£103.75	£345.48	£282.00	£488.25
Total weekly gross income	£294.50	£282.00	£305.75	£619.48	£556.00	£951.25
Total Benefits for cap	£269.50	£282.00	£267.45	£592.19	£529.00	£951.25
Cap reduction	£0.00	£0.00	£0.00	£0.00	£29.00	£451.25
Total weekly gross income - capped	£294.50	£282.00	£305.75	£619.48	£527.00	£500.00
Residual Income	£92.50	£130.00	£103.75	£345.48	£253.00	£37.00

CURRENT RENTS

Weekly Rent Charge	£100.63	£288.13	£350.00	£262.03	£114.51	£324.13
Less 65% excess	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00
Weekly Benefit (HB)	£100.63	£288.13	£350.00	£262.03	£114.51	£324.13
Gross Income pre HB	£92.50	£130.00	£103.75	£345.48	£282.00	£488.25
Total weekly gross income	£193.13	£380.00	£353.75	£607.51	£396.51	£812.38
Total Benefits for cap	£168.13	£380.00	£315.45	£580.22	£369.51	£812.38
Cap reduction	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00
Total weekly gross income - capped	£193.13	£380.00	£353.75	£607.51	£396.51	£812.38
Residual Income	£92.50	£91.87	£3.75	£345.48	£282.00	£488.25

50% MARKET RENT

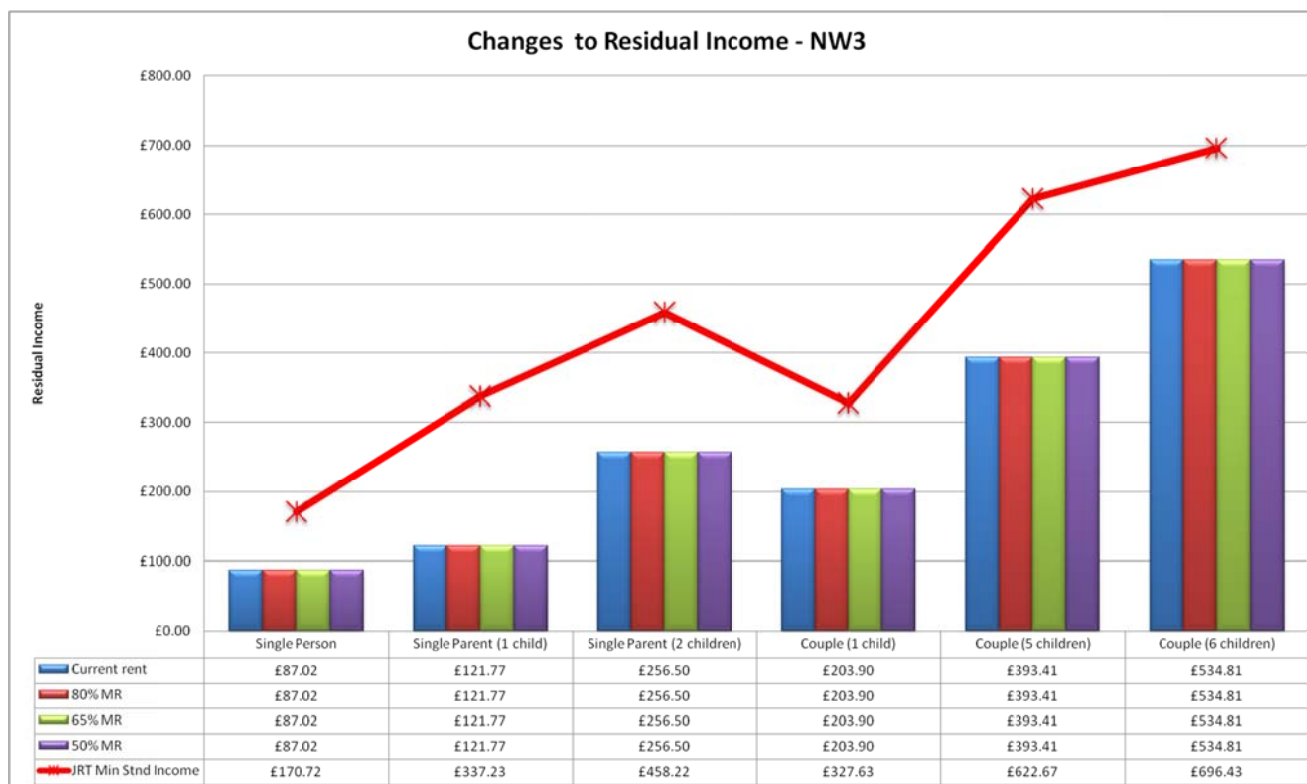
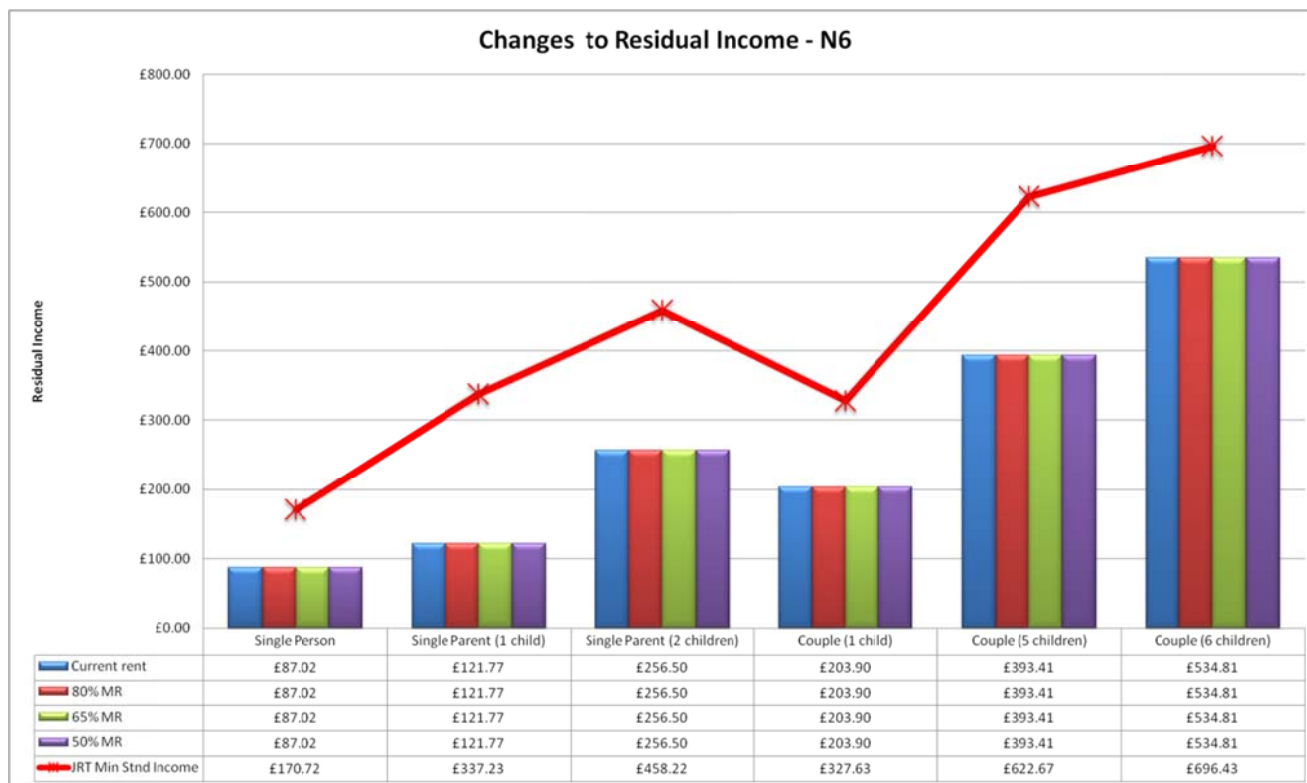
N6						
Weekly Rent Charge	£130.00	£97.00	£130.00	£175.00	£175.00	£315.00
Less 65% excess	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00
Weekly Benefit (HB)	£130.00	£97.00	£130.00	£175.00	£175.00	£315.00
Gross Income pre HB	£92.50	£130.00	£103.75	£345.48	£282.00	£488.25
Total weekly gross income	£222.50	£227.00	£233.75	£520.48	£457.00	£803.25
Total Benefits for cap	£197.50	£227.00	£195.45	£493.19	£430.00	£803.25
Cap reduction	£0.00	£0.00	£0.00	£0.00	£0.00	£303.25
Total weekly gross income - capped	£222.50	£227.00	£233.75	£520.48	£457.00	£500.00
Residual Income	£92.50	£130.00	£103.75	£345.48	£282.00	£185.00

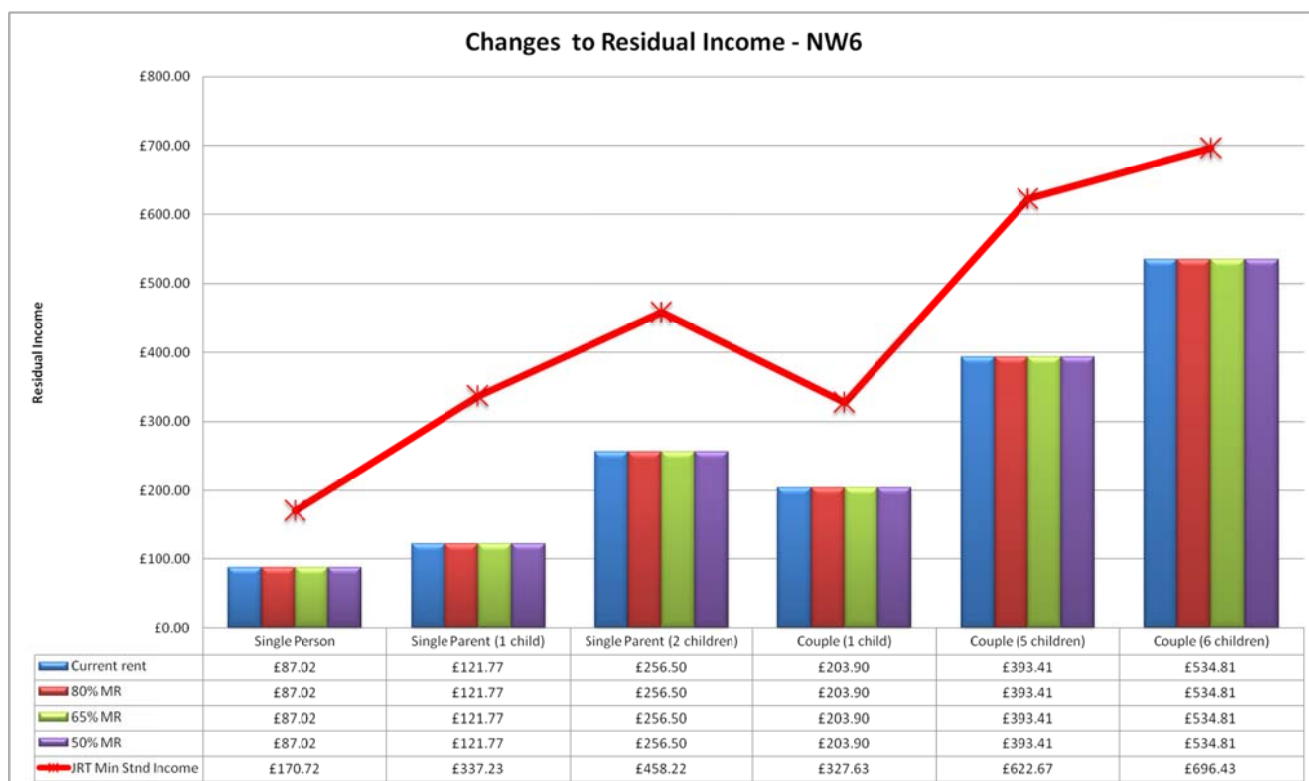
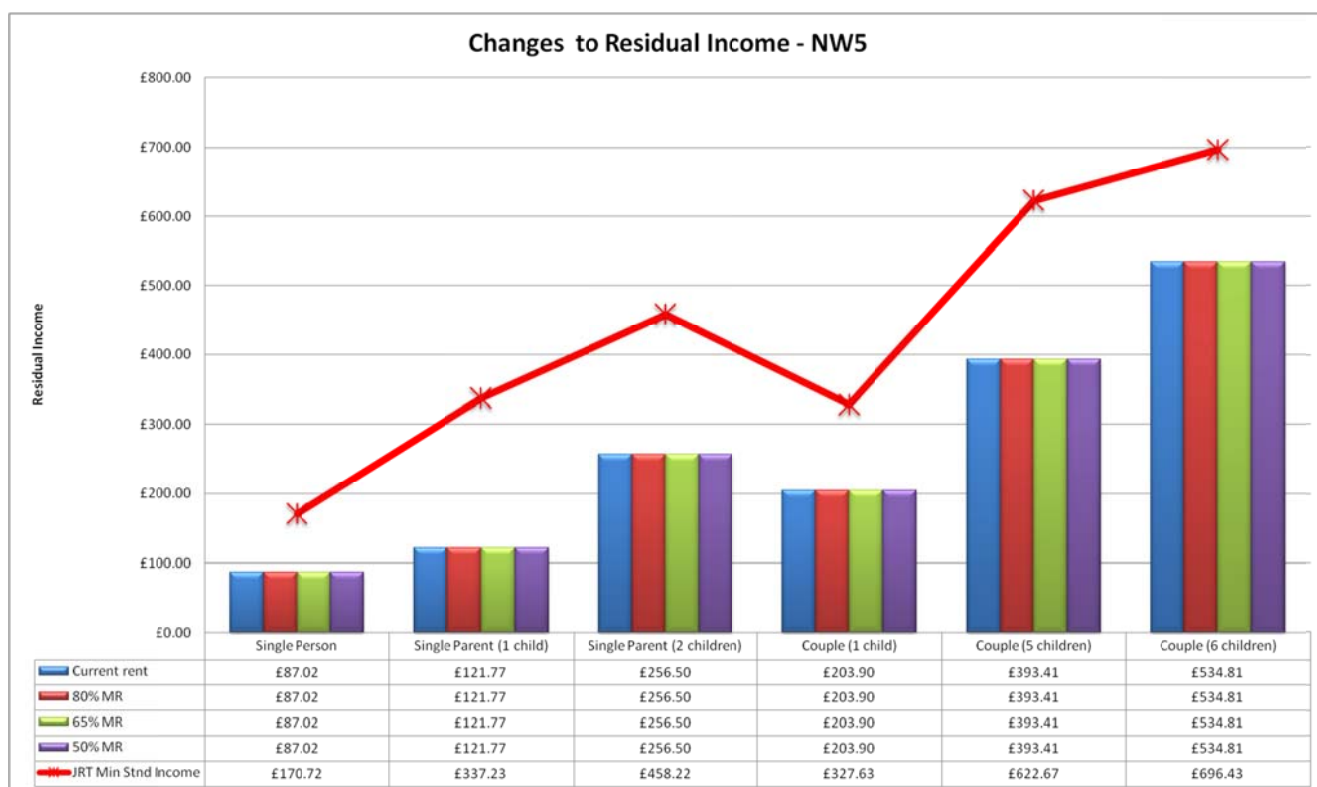
NW1

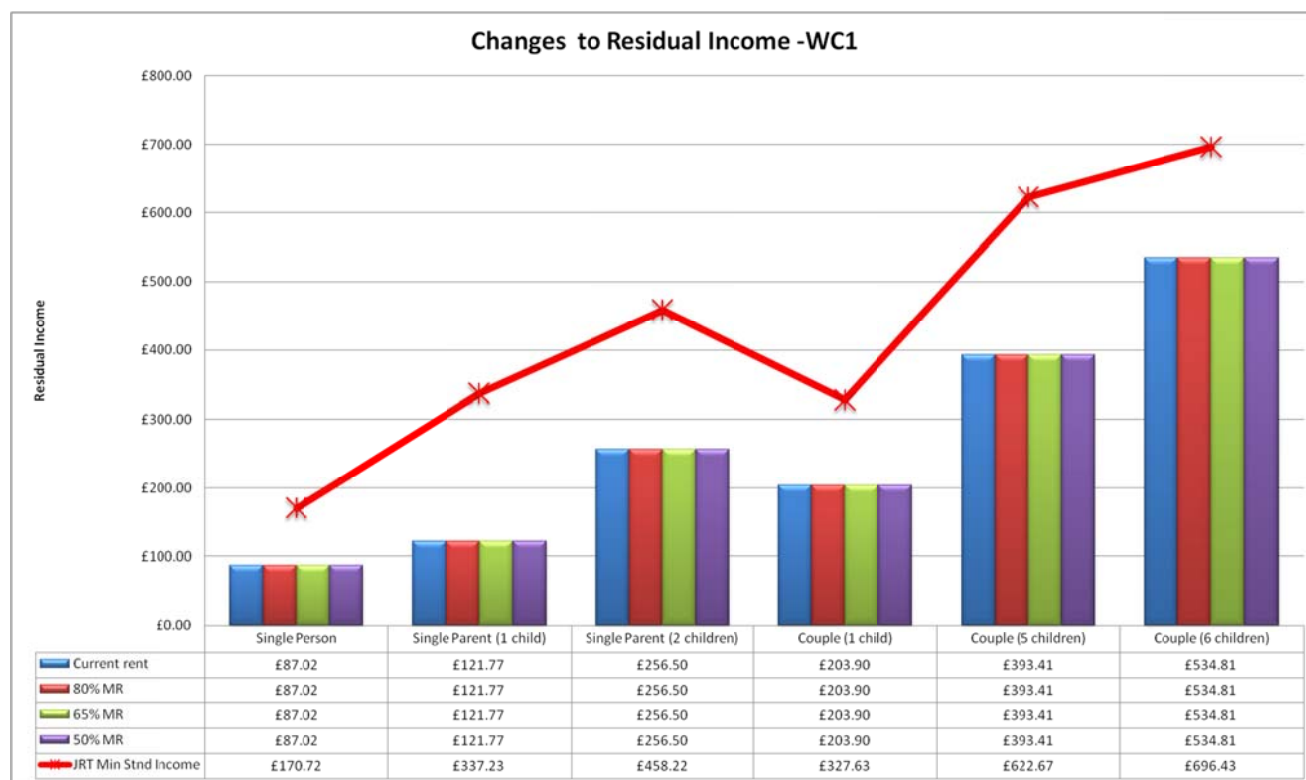
Weekly Rent Charge	£156.00	£117.00	£156.00	£211.00	£211.00	£356.00
Less 65% excess	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00
Weekly Benefit (HB)	£156.00	£117.00	£156.00	£211.00	£211.00	£356.00
Gross Income pre HB	£92.50	£130.00	£103.75	£345.48	£282.00	£488.25
Total weekly gross income	£248.50	£247.00	£259.75	£556.48	£493.00	£844.25
Total Benefits for cap	£223.50	£247.00	£221.45	£529.19	£466.00	£844.25
Cap reduction	£0.00	£0.00	£0.00	£0.00	£0.00	£344.25
Total weekly gross income - capped	£248.50	£247.00	£259.75	£556.48	£493.00	£500.00
Residual Income	£92.50	£130.00	£103.75	£345.48	£282.00	£144.00

NW3							NW3							NW3						
Weekly Rent Charge	£276.00	£180.00	£276.00	£360.00	£360.00	£608.00	Weekly Rent Charge	£224.00	£146.00	£224.00	£293.00	£293.00	£494.00	Weekly Rent Charge	£173.00	£113.00	£173.00	£225.00	£225.00	£380.00
Less 65% excess	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	Less 65% excess	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	Less 65% excess	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00
Weekly Benefit (HB)	£276.00	£180.00	£276.00	£360.00	£360.00	£608.00	Weekly Benefit (HB)	£224.00	£146.00	£224.00	£293.00	£293.00	£494.00	Weekly Benefit (HB)	£173.00	£113.00	£173.00	£225.00	£225.00	£380.00
Gross Income pre HB	£92.50	£130.00	£103.75	£345.48	£282.00	£488.25	Gross Income pre HB	£92.50	£130.00	£103.75	£345.48	£282.00	£488.25	Gross Income pre HB	£92.50	£130.00	£103.75	£345.48	£282.00	£488.25
Total weekly gross income	£368.50	£310.00	£379.75	£705.48	£642.00	£1,096.25	Total weekly gross income	£316.50	£276.00	£327.75	£638.48	£575.00	£982.25	Total weekly gross income	£265.50	£243.00	£276.75	£570.48	£507.00	£868.25
Total Benefits for cap	£343.50	£310.00	£341.45	£678.19	£615.00	£1,096.25	Total Benefits for cap	£291.50	£276.00	£289.45	£611.19	£548.00	£982.25	Total Benefits for cap	£240.50	£243.00	£238.45	£543.19	£480.00	£868.25
Cap reduction	£0.00	£0.00	£0.00	£0.00	£115.00	£596.25	Cap reduction	£0.00	£0.00	£0.00	£0.00	£48.00	£482.25	Cap reduction	£0.00	£0.00	£0.00	£0.00	£0.00	£368.25
Total weekly gross income - capped	£368.50	£310.00	£379.75	£705.48	£527.00	£500.00	Total weekly gross income - capped	£316.50	£276.00	£327.75	£638.48	£527.00	£500.00	Total weekly gross income - capped	£265.50	£243.00	£276.75	£570.48	£507.00	£500.00
Residual Income	£92.50	£130.00	£103.75	£345.48	£167.00	£-£108.00	Residual Income	£92.50	£130.00	£103.75	£345.48	£234.00	£6.00	Residual Income	£92.50	£130.00	£103.75	£345.48	£282.00	£120.00
NW5							NW5							NW5						
Weekly Rent Charge	£212.00	£170.00	£212.00	£264.00	£264.00	£484.00	Weekly Rent Charge	£172.00	£138.00	£172.00	£215.00	£215.00	£393.00	Weekly Rent Charge	£133.00	£106.00	£133.00	£165.00	£165.00	£303.00
Less 65% excess	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	Less 65% excess	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	Less 65% excess	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00
Weekly Benefit (HB)	£212.00	£170.00	£212.00	£264.00	£264.00	£484.00	Weekly Benefit (HB)	£172.00	£138.00	£172.00	£215.00	£215.00	£393.00	Weekly Benefit (HB)	£133.00	£106.00	£133.00	£165.00	£165.00	£303.00
Gross Income pre HB	£92.50	£130.00	£103.75	£345.48	£282.00	£488.25	Gross Income pre HB	£92.50	£130.00	£103.75	£345.48	£282.00	£488.25	Gross Income pre HB	£92.50	£130.00	£103.75	£345.48	£282.00	£488.25
Total weekly gross income	£304.50	£300.00	£315.75	£609.48	£546.00	£972.25	Total weekly gross income	£264.50	£268.00	£275.75	£560.48	£497.00	£881.25	Total weekly gross income	£225.50	£236.00	£236.75	£510.48	£447.00	£791.25
Total Benefits for cap	£279.50	£300.00	£277.45	£582.19	£519.00	£972.25	Total Benefits for cap	£239.50	£268.00	£237.45	£533.19	£470.00	£881.25	Total Benefits for cap	£200.50	£236.00	£198.45	£483.19	£420.00	£791.25
Cap reduction	£0.00	£0.00	£0.00	£0.00	£19.00	£472.25	Cap reduction	£0.00	£0.00	£0.00	£0.00	£0.00	£381.25	Cap reduction	£0.00	£0.00	£0.00	£0.00	£0.00	£291.25
Total weekly gross income - capped	£304.50	£300.00	£315.75	£609.48	£527.00	£500.00	Total weekly gross income - capped	£264.50	£268.00	£275.75	£560.48	£497.00	£500.00	Total weekly gross income - capped	£225.50	£236.00	£236.75	£510.48	£447.00	£500.00
Residual Income	£92.50	£130.00	£103.75	£345.48	£263.00	£16.00	Residual Income	£92.50	£130.00	£103.75	£345.48	£282.00	£107.00	Residual Income	£92.50	£130.00	£103.75	£345.48	£282.00	£197.00
NW6							NW6							NW6						
Weekly Rent Charge	£228.00	£144.00	£228.00	£298.00	£298.00	£580.00	Weekly Rent Charge	£185.00	£117.00	£185.00	£242.00	£242.00	£471.00	Weekly Rent Charge	£143.00	£90.00	£143.00	£187.00	£187.00	£363.00
Less 65% excess	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	Less 65% excess	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	Less 65% excess	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00
Weekly Benefit (HB)	£228.00	£144.00	£228.00	£298.00	£298.00	£580.00	Weekly Benefit (HB)	£185.00	£117.00	£185.00	£242.00	£242.00	£471.00	Weekly Benefit (HB)	£143.00	£90.00	£143.00	£187.00	£187.00	£363.00
Gross Income pre HB	£92.50	£130.00	£103.75	£345.48	£282.00	£488.25	Gross Income pre HB	£92.50	£130.00	£103.75	£345.48	£282.00	£488.25	Gross Income pre HB	£92.50	£130.00	£103.75	£345.48	£282.00	£488.25
Total weekly gross income	£320.50	£274.00	£331.75	£643.48	£580.00	£1,068.25	Total weekly gross income	£277.50	£247.00	£288.75	£587.48	£524.00	£959.25	Total weekly gross income	£235.50	£220.00	£246.75	£532.48	£469.00	£851.25
Total Benefits for cap	£295.50	£274.00	£293.45	£616.19	£553.00	£1,068.25	Total Benefits for cap	£252.50	£247.00	£250.45	£560.19	£497.00	£959.25	Total Benefits for cap	£210.50	£220.00	£208.45	£505.19	£442.00	£851.25
Cap reduction	£0.00	£0.00	£0.00	£0.00	£53.00	£568.25	Cap reduction	£0.00	£0.00	£0.00	£0.00	£0.00	£459.25	Cap reduction	£0.00	£0.00	£0.00	£0.00	£0.00	£351.25
Total weekly gross income - capped	£320.50	£274.00	£331.75	£643.48	£527.00	£500.00	Total weekly gross income - capped	£277.50	£247.00	£288.75	£587.48	£524.00	£500.00	Total weekly gross income - capped	£235.50	£220.00	£246.75	£532.48	£469.00	£500.00
Residual Income	£92.50	£130.00	£103.75	£345.48	£229.00	£-£80.00	Residual Income	£92.50	£130.00	£103.75	£345.48	£282.00	£29.00	Residual Income	£92.50	£130.00	£103.75	£345.48	£282.00	£137.00
WC1							WC1							WC1						
Weekly Rent Charge	£273.00	£191.00	£273.00	£372.00	£372.00	£571.00	Weekly Rent Charge	£222.00	£155.00	£222.00	£302.00	£302.00	£464.00	Weekly Rent Charge	£171.00	£119.00	£171.00	£232.00	£232.00	£357.00
Less 65% excess	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	Less 65% excess	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	Less 65% excess	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00
Weekly Benefit (HB)	£273.00	£191.00	£273.00	£372.00	£372.00	£571.00	Weekly Benefit (HB)	£222.00	£155.00	£222.00	£302.00	£302.00	£464.00	Weekly Benefit (HB)	£171.00	£119.00	£171.00	£232.00	£232.00	£357.00
Gross Income pre HB	£92.50	£130.00	£103.75	£345.48	£282.00	£488.25	Gross Income pre HB	£92.50	£130.00	£103.75	£345.48	£282.00	£488.25	Gross Income pre HB	£92.50	£130.00	£103.75	£345.48	£282.00	£488.25
Total weekly gross income	£365.50	£321.00	£376.75	£717.48	£654.00	£1,059.25	Total weekly gross income	£314.50	£285.00	£325.75	£647.48	£584.00	£952.25	Total weekly gross income	£263.50	£249.00	£274.75	£577.48	£514.00	£845.25
Total Benefits for cap	£340.50	£321.00	£338.45	£690.19	£627.00	£1,059.25	Total Benefits for cap	£289.50	£285.00	£287.45	£620.19	£557.00	£952.25	Total Benefits for cap	£238.50	£249.00	£236.45	£550.19	£487.00	£845.25
Cap reduction	£0.00	£0.00	£0.00	£0.00	£127.00	£559.25	Cap reduction	£0.00	£0.00	£0.00	£0.00	£57.00	£452.25	Cap reduction	£0.00	£0.00	£0.00	£0.00	£0.00	£345.25
Total weekly gross income - capped	£365.50	£321.00	£376.75	£717.48	£527.00	£500.00	Total weekly gross income - capped	£314.50	£285.00	£325.75	£647.48	£527.00	£500.00	Total weekly gross income - capped	£263.50	£249.00	£274.75	£577.48	£514.00	£500.00
Residual Income	£92.50	£130.00	£103.75	£345.48	£155.00	£-£71.00	Residual Income	£92.50	£130.00	£103.75	£345.48	£225.00	£36.00	Residual Income	£92.50	£130.00	£103.75	£345.48	£282.00	£143.00

9.5 Residual Income for Low Income Households (Excluding NW1)







9.6 Residual Income for Unemployed Households Model Calculations – The Fords

CURRENT RENTS

Weekly Rent Charge	£380.00	£380.00	£380.00	£380.00	£380.00	£380.00
Less 65% excess	£0.00	£25.51	£61.24	£96.97	£132.70	£168.43
Weekly Benefit (HB)	£380.00	£354.49	£318.76	£283.03	£247.30	£211.57
Gross Income pre HB	£214.36	£253.61	£308.57	£363.55	£418.52	£473.49
Total weekly gross income	£594.36	£608.10	£627.33	£646.57	£665.82	£685.05
Total Benefits for cap	£380.00	£397.73	£362.00	£326.27	£290.54	£254.81
Cap reduction	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00
Total weekly gross income - capped	£594.36	£608.10	£627.33	£646.57	£665.82	£685.05
Residual Income	£214.36	£228.10	£247.33	£266.57	£285.82	£305.05

80% MARKET RENT

N6						
Weekly Rent Charge	£280.00	£280.00	£280.00	£280.00	£280.00	£280.00
Less 65% excess	£0.00	£25.51	£61.24	£96.97	£132.70	£168.43
Weekly Benefit (HB)	£280.00	£254.49	£218.76	£183.03	£147.30	£111.57
Gross Income pre HB	£214.36	£253.61	£308.57	£363.55	£418.52	£473.49
Total weekly gross income	£494.36	£508.10	£527.33	£546.57	£565.82	£585.05
Total Benefits for cap	£494.36	£297.73	£262.00	£226.27	£190.54	£154.81
Cap reduction	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00
Total weekly gross income - capped	£494.36	£508.10	£527.33	£546.57	£565.82	£585.05
Residual Income	£214.36	£228.10	£247.33	£266.57	£285.82	£305.05

NW1						
Weekly Rent Charge	£249.00	£249.00	£249.00	£249.00	£249.00	£249.00
Less 65% excess	£0.00	£25.51	£61.24	£96.97	£132.70	£168.43
Weekly Benefit (HB)	£249.00	£223.49	£187.76	£152.03	£116.30	£80.57
Gross Income pre HB	£214.36	£253.61	£308.57	£363.55	£418.52	£473.49
Total weekly gross income	£463.36	£477.10	£496.33	£515.57	£534.82	£554.05
Total Benefits for cap	£463.36	£266.73	£231.00	£195.27	£159.54	£123.81
Cap reduction	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00
Total weekly gross income - capped	£463.36	£477.10	£496.33	£515.57	£534.82	£554.05
Residual Income	£214.36	£228.10	£247.33	£266.57	£285.82	£305.05

NW3						
Weekly Rent Charge	£276.00	£276.00	£276.00	£276.00	£276.00	£276.00
Less 65% excess	£0.00	£25.51	£61.24	£96.97	£132.70	£168.43
Weekly Benefit (HB)	£276.00	£250.49	£214.76	£179.03	£143.30	£107.57
Gross Income pre HB	£214.36	£253.61	£308.57	£363.55	£418.52	£473.49
Total weekly gross income	£490.36	£504.10	£523.33	£542.57	£561.82	£581.05
Total Benefits for cap	£490.36	£293.73	£258.00	£222.27	£186.54	£150.81
Cap reduction	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00
Total weekly gross income - capped	£490.36	£504.10	£523.33	£542.57	£561.82	£581.05
Residual Income	£214.36	£228.10	£247.33	£266.57	£285.82	£305.05

NW5						
Weekly Rent Charge	£264.00	£264.00	£264.00	£264.00	£264.00	£264.00
Less 65% excess	£0.00	£25.51	£61.24	£96.97	£132.70	£168.43
Weekly Benefit (HB)	£264.00	£238.49	£202.76	£167.03	£131.30	£95.57
Gross Income pre HB	£214.36	£253.61	£308.57	£363.55	£418.52	£473.49
Total weekly gross income	£478.36	£492.10	£511.33	£530.57	£549.82	£569.05
Total Benefits for cap	£478.36	£281.73	£246.00	£210.27	£174.54	£138.81
Cap reduction	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00
Total weekly gross income - capped	£478.36	£492.10	£511.33	£530.57	£549.82	£569.05
Residual Income	£214.36	£228.10	£247.33	£266.57	£285.82	£305.05

NW6						
Weekly Rent Charge	£228.00	£228.00	£228.00	£228.00	£228.00	£228.00
Less 65% excess	£0.00	£25.51	£61.24	£96.97	£132.70	£168.43
Weekly Benefit (HB)	£228.00	£202.49	£166.76	£131.03	£95.30	£59.57
Gross Income pre HB	£214.36	£253.61	£308.57	£363.55	£418.52	£473.49
Total weekly gross income	£442.36	£456.10	£475.33	£494.57	£513.82	£533.05
Total Benefits for cap	£442.36	£245.73	£210.00	£174.27	£138.54	£102.81
Cap reduction	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00
Total weekly gross income - capped	£442.36	£456.10	£475.33	£494.57	£513.82	£533.05
Residual Income	£214.36	£228.10	£247.33	£266.57	£285.82	£305.05

WC1						
Weekly Rent Charge	£273.00	£273.00	£273.00	£273.00	£273.00	£273.00
Less 65% excess	£0.00	£25.51	£61.24	£96.97	£132.70	£168.43
Weekly Benefit (HB)	£273.00	£247.49	£211.76	£176.03	£140.30	£104.57
Gross Income pre HB	£214.36	£253.61	£308.57	£363.55	£418.52	£473.49
Total weekly gross income	£487.36	£501.10	£520.33	£539.57	£558.82	£578.05
Total Benefits for cap	£487.36	£290.73	£255.00	£219.27	£183.54	£147.81
Cap reduction	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00
Total weekly gross income - capped	£487.36	£501.10	£520.33	£539.57	£558.82	£578.05
Residual Income	£214.36	£228.10	£247.33	£266.57	£285.82	£305.05

CURRENT RENTS

Weekly Rent Charge	£380.00	£380.00	£380.00	£380.00	£380.00	£380.00
Less 65% excess	£0.00	£25.51	£61.24	£96.97	£132.70	£168.43
Weekly Benefit (HB)	£380.00	£354.49	£318.76	£283.03	£247.30	£211.57
Gross Income pre HB	£214.36	£253.61	£308.57	£363.55	£418.52	£473.49
Total weekly gross income	£594.36	£608.10	£627.33	£646.57	£665.82	£685.05
Total Benefits for cap	£380.00	£397.73	£362.00	£326.27	£290.54	£254.81
Cap reduction	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00
Total weekly gross income - capped	£594.36	£608.10	£627.33	£646.57	£665.82	£685.05
Residual Income	£214.36	£228.10	£247.33	£266.57	£285.82	£305.05

65% MARKET RENT

N6						
Weekly Rent Charge	£228.00	£228.00	£228.00	£228.00	£228.00	£228.00
Less 65% excess	£0.00	£25.51	£61.24	£96.97	£132.70	£168.43
Weekly Benefit (HB)	£228.00	£202.49	£166.76	£131.03	£95.30	£59.57
Gross Income pre HB	£214.36	£253.61	£308.57	£363.55	£418.52	£473.49
Total weekly gross income	£442.36	£456.10	£475.33	£494.57	£513.82	£533.05
Total Benefits for cap	£442.36	£245.73	£210.00	£174.27	£138.54	£102.81
Cap reduction	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00
Total weekly gross income - capped	£442.36	£456.10	£475.33	£494.57	£513.82	£533.05
Residual Income	£214.36	£228.10	£247.33	£266.57	£285.82	£305.05

NW1						
Weekly Rent Charge	£202.00	£202.00	£202.00	£202.00	£202.00	£202.00
Less 65% excess	£0.00	£25.51	£61.24	£96.97	£132.70	£168.43
Weekly Benefit (HB)	£202.00	£176.49	£140.76	£105.03	£69.30	£33.57
Gross Income pre HB	£214.36	£253.61	£308.57	£363.55	£418.52	£473.49
Total weekly gross income	£416.36	£430.10	£449.33	£468.57	£487.82	£507.05
Total Benefits for cap	£416.36	£219.73	£184.00	£148.27	£112.54	£76.81
Cap reduction	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00
Total weekly gross income - capped	£416.36	£430.10	£449.33	£468.57	£487.82	£507.05
Residual Income	£214.36	£228.10	£247.33	£266.57	£285.82	£305.05

NW3						
Weekly Rent Charge	£224.00	£224.00	£224.00	£224.00	£224.00	£224.00
Less 65% excess	£0.00	£25.51	£61.24	£96.97	£132.70	£168.43
Weekly Benefit (HB)	£224.00	£198.49	£162.76	£127.03	£91.30	£55.57
Gross Income pre HB	£214.36	£253.61	£308.57	£363.55	£418.52	£473.49
Total weekly gross income	£438.36	£452.10	£471.33	£490.57	£509.82	£529.05
Total Benefits for cap	£438.36	£241.73	£206.00	£170.27	£134.54	£98.81
Cap reduction	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00
Total weekly gross income - capped	£438.36	£452.10	£471.33	£490.57	£509.82	£529.05
Residual Income	£214.36	£228.10	£247.33	£266.57	£285.82	£305.05

NW5						
Weekly Rent Charge	£215.00	£215.00	£215.00	£215.00	£215.00	£215.00
Less 65% excess	£0.00	£25.51	£61.24	£96.97	£132.70	£168.43
Weekly Benefit (HB)	£215.00	£189.49	£153.76	£118.03	£82.30	£46.57
Gross Income pre HB	£214.36	£253.61	£308.57	£363.55	£418.52	£473.49
Total weekly gross income	£429.36	£443.10	£462.33	£481.57	£500.82	£520.05
Total Benefits for cap	£429.36	£232.73	£197.00	£161.27	£125.54	£89.81
Cap reduction	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00
Total weekly gross income - capped	£429.36	£443.10	£462.33	£481.57	£500.82	£520.05
Residual Income	£214.36	£228.10	£247.33	£266.57	£285.82	£305.05

NW6						
Weekly Rent Charge	£185.00	£185.00	£185.00	£185.00	£185.00	£185.00
Less 65% excess	£0.00	£25.51	£61.24	£96.97	£132.70	£168.43
Weekly Benefit (HB)	£185.00	£159.49	£123.76	£88.03	£52.30	£16.57
Gross Income pre HB	£214.36	£253.61	£308.57	£363.55	£418.52	£473.49
Total weekly gross income	£399.36	£413.10	£432.33	£451.57	£470.82	£489.05
Total Benefits for cap	£399.36	£202.73	£167.00	£131.27	£95.54	£59.81
Cap reduction	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00
Total weekly gross income - capped	£399.36	£413.10	£432.33	£451.57	£470.82	£489.05
Residual Income	£214.36	£228.10	£247.33	£266.57	£285.82	£305.05

WC1						
Weekly Rent Charge	£222.00	£222.00	£222.00	£222.00	£222.00	£222.00
Less 65% excess	£0.00	£25.51	£61.24	£96.97	£132.70	£168.43
Weekly Benefit (HB)	£222.00	£196.49	£160.76	£125.03	£89.30	£53.57
Gross Income pre HB	£214.36	£253.61	£308.57	£363.55	£418.52	£473.49
Total weekly gross income	£436.36	£450.10	£469.33	£488.57	£507.82	£527.05
Total Benefits for cap	£436.36	£239.73	£204.00	£168.27	£132.54	£96.81
Cap reduction	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00
Total weekly gross income - capped	£436.36	£450.10	£469.33	£488.57	£507.82	£527.05
Residual Income	£214.36	£228.10	£247.33	£266.57	£285.82	£305.05

CURRENT RENTS

Weekly Rent Charge	£380.00	£380.00	£380.00	£380.00	£380.00	£380.00
Less 65% excess	£0.00	£25.51	£61.24	£96.97	£132.70	£168.43
Weekly Benefit (HB)	£380.00	£354.49	£318.76	£283.03	£247.30	£211.57
Gross Income pre HB	£214.36	£253.61	£308.57	£363.55	£418.52	

9.7 Residual Income for Unemployed Households Model Calculations – The Ackbars

CURRENT RENTS

Weekly Rent Charge	£102.25	£102.25	£102.25	£102.25	£102.25	£102.25
Less 65% excess	£0.00	£0.00	£0.00	£13.63	£26.60	£38.86
Weekly Benefit (HB)	£102.25	£102.25	£102.25	£88.62	£75.65	£63.39
Gross Income pre HB	£185.68	£158.87	£178.90	£206.65	£226.60	£245.46
Total weekly gross income	£287.93	£261.12	£281.15	£295.27	£302.25	£308.85
Total Benefits for cap	£102.25	£177.87	£170.15	£156.52	£143.55	£131.29
Cap reduction	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00
Total weekly gross income - capped	£287.93	£261.12	£281.15	£295.27	£302.25	£308.85
Residual Income	£185.68	£158.87	£178.90	£193.02	£200.00	£206.60

80% MARKET RENT

N6	£280.00	£280.00	£280.00	£280.00	£280.00	£280.00
Weekly Rent Charge	£280.00	£280.00	£280.00	£13.63	£26.60	£38.86
Less 65% excess	£0.00	£0.00	£0.00	£13.63	£26.60	£38.86
Weekly Benefit (HB)	£280.00	£280.00	£280.00	£266.37	£253.40	£241.14
Gross Income pre HB	£185.68	£158.87	£178.90	£206.65	£226.60	£245.46
Total weekly gross income	£465.68	£438.87	£458.90	£473.02	£480.00	£486.60
Total Benefits for cap	£280.00	£355.62	£347.90	£334.27	£321.30	£309.04
Cap reduction	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00
Total weekly gross income - capped	£465.68	£438.87	£458.90	£473.02	£480.00	£486.60
Residual Income	£185.68	£158.87	£178.90	£193.02	£200.00	£206.60

NW1	£338.00	£338.00	£338.00	£338.00	£338.00	£338.00
Weekly Rent Charge	£338.00	£338.00	£338.00	£13.63	£26.60	£38.86
Less 65% excess	£0.00	£0.00	£0.00	£13.63	£26.60	£38.86
Weekly Benefit (HB)	£338.00	£338.00	£338.00	£324.37	£311.40	£299.14
Gross Income pre HB	£185.68	£158.87	£178.90	£206.65	£226.60	£245.46
Total weekly gross income	£523.68	£496.87	£516.90	£531.02	£538.00	£544.60
Total Benefits for cap	£523.68	£413.62	£405.90	£392.27	£379.30	£367.04
Cap reduction	£23.68	£0.00	£0.00	£0.00	£0.00	£0.00
Total weekly gross income - capped	£500.00	£496.87	£516.90	£531.02	£538.00	£544.60
Residual Income	£162.00	£158.87	£178.90	£193.02	£200.00	£206.60

NW3	£276.00	£276.00	£276.00	£276.00	£477.00	£608.00
Weekly Rent Charge	£276.00	£276.00	£276.00	£13.63	£26.60	£38.86
Less 65% excess	£0.00	£0.00	£0.00	£13.63	£26.60	£38.86
Weekly Benefit (HB)	£276.00	£276.00	£276.00	£262.37	£450.40	£569.14
Gross Income pre HB	£185.68	£158.87	£178.90	£206.65	£226.60	£245.46
Total weekly gross income	£461.68	£434.87	£454.90	£469.02	£677.00	£814.60
Total Benefits for cap	£276.00	£351.62	£343.90	£330.27	£518.30	£637.04
Cap reduction	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00
Total weekly gross income - capped	£461.68	£434.87	£454.90	£469.02	£677.00	£814.60
Residual Income	£185.68	£158.87	£178.90	£193.02	£200.00	£206.60

NW5	£212.00	£212.00	£212.00	£212.00	£376.00	£484.00
Weekly Rent Charge	£212.00	£212.00	£212.00	£13.63	£26.60	£38.86
Less 65% excess	£0.00	£0.00	£0.00	£13.63	£26.60	£38.86
Weekly Benefit (HB)	£212.00	£212.00	£212.00	£198.37	£349.40	£445.14
Gross Income pre HB	£185.68	£158.87	£178.90	£206.65	£226.60	£245.46
Total weekly gross income	£397.68	£370.87	£390.90	£405.02	£576.00	£690.60
Total Benefits for cap	£212.00	£287.62	£279.90	£266.27	£417.30	£513.04
Cap reduction	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00
Total weekly gross income - capped	£397.68	£370.87	£390.90	£405.02	£576.00	£690.60
Residual Income	£185.68	£158.87	£178.90	£193.02	£200.00	£206.60

NW6	£228.00	£228.00	£228.00	£228.00	£400.00	£580.00
Weekly Rent Charge	£228.00	£228.00	£228.00	£13.63	£26.60	£38.86
Less 65% excess	£0.00	£0.00	£0.00	£13.63	£26.60	£38.86
Weekly Benefit (HB)	£228.00	£228.00	£228.00	£214.37	£373.40	£541.14
Gross Income pre HB	£185.68	£158.87	£178.90	£206.65	£226.60	£245.46
Total weekly gross income	£413.68	£386.87	£406.90	£421.02	£600.00	£786.60
Total Benefits for cap	£228.00	£303.62	£295.90	£282.27	£441.30	£609.04
Cap reduction	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00
Total weekly gross income - capped	£413.68	£386.87	£406.90	£421.02	£600.00	£786.60
Residual Income	£185.68	£158.87	£178.90	£193.02	£200.00	£206.60

WC1	£273.00	£273.00	£273.00	£273.00	£459.00	£571.00
Weekly Rent Charge	£273.00	£273.00	£273.00	£13.63	£26.60	£38.86
Less 65% excess	£0.00	£0.00	£0.00	£13.63	£26.60	£38.86
Weekly Benefit (HB)	£273.00	£273.00	£273.00	£259.37	£432.40	£532.14
Gross Income pre HB	£185.68	£158.87	£178.90	£206.65	£226.60	£245.46
Total weekly gross income	£458.68	£431.87	£451.90	£466.02	£659.00	£777.60
Total Benefits for cap	£273.00	£348.62	£340.90	£327.27	£500.30	£600.04
Cap reduction	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00
Total weekly gross income - capped	£458.68	£431.87	£451.90	£466.02	£659.00	£777.60
Residual Income	£185.68	£158.87	£178.90	£193.02	£200.00	£206.60

CURRENT RENTS

Weekly Rent Charge	£102.25	£102.25	£102.25	£102.25	£102.25	£102.25
Less 65% excess	£0.00	£0.00	£0.00	£13.63	£26.60	£38.86
Weekly Benefit (HB)	£102.25	£250.00	£250.00	£88.62	£75.65	£63.39
Gross Income pre HB	£185.68	£158.87	£178.90	£206.65	£226.60	£245.46
Total weekly gross income	£287.93	£408.87	£428.90	£295.27	£302.25	£308.85
Total Benefits for cap	£102.25	£325.62	£317.90	£156.52	£143.55	£131.29
Cap reduction	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00
Total weekly gross income - capped	£287.93	£408.87	£428.90	£295.27	£302.25	£308.85
Residual Income	£185.68	£306.62	£326.65	£193.02	£200.00	£206.60

65% MARKET RENT

N6	£228.00	£228.00	£228.00	£228.00	£228.00	£228.00
Weekly Rent Charge	£228.00	£228.00	£228.00	£13.63	£26.60	£38.86
Less 65% excess	£0.00	£0.00	£0.00	£13.63	£26.60	£38.86
Weekly Benefit (HB)	£228.00	£228.00	£228.00	£214.37	£201.40	£189.14
Gross Income pre HB	£185.68	£158.87	£178.90	£206.65	£226.60	£245.46
Total weekly gross income	£413.68	£386.87	£406.90	£421.02	£428.00	£434.60
Total Benefits for cap	£228.00	£303.62	£295.90	£282.27	£269.30	£257.04
Cap reduction	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00
Total weekly gross income - capped	£413.68	£386.87	£406.90	£421.02	£428.00	£434.60
Residual Income	£185.68	£158.87	£178.90	£193.02	£200.00	£206.60

NW1	£274.00	£274.00	£274.00	£274.00	£274.00	£274.00
Weekly Rent Charge	£274.00	£274.00	£274.00	£13.63	£26.60	£38.86
Less 65% excess	£0.00	£0.00	£0.00	£13.63	£26.60	£38.86
Weekly Benefit (HB)	£274.00	£274.00	£274.00	£260.37	£247.40	£235.14
Gross Income pre HB	£185.68	£158.87	£178.90	£206.65	£226.60	£245.46
Total weekly gross income	£459.68	£432.87	£452.90	£467.02	£474.00	£480.60
Total Benefits for cap	£459.68	£349.62	£341.90	£328.27	£315.30	£303.04
Cap reduction	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00
Total weekly gross income - capped	£459.68	£432.87	£452.90	£467.02	£474.00	£480.60
Residual Income	£185.68	£158.87	£178.90	£193.02	£200.00	£206.60

NW3	£224.00	£224.00	£224.00	£224.00	£388.00	£494.00
Weekly Rent Charge	£224.00	£224.00	£224.00	£13.63	£26.60	£38.86
Less 65% excess	£0.00	£0.00	£0.00	£13.63	£26.60	£38.86
Weekly Benefit (HB)	£224.00	£224.00	£224.00	£210.37	£361.40	£455.14
Gross Income pre HB	£185.68	£158.87	£178.90	£206.65	£226.60	£245.46
Total weekly gross income	£409.68	£382.87	£402.90	£417.02	£588.00	£700.60
Total Benefits for cap	£224.00	£299.62	£291.90	£278.27	£429.30	£523.04
Cap reduction	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00
Total weekly gross income - capped	£409.68	£382.87	£402.90	£417.02	£588.00	£700.60
Residual Income	£185.68	£158.87	£178.90	£193.02	£200.00	£206.60

NW5	£172.00	£172.00	£172.00	£172.00	£306.00	£393.00
Weekly Rent Charge	£172.00	£172.00	£172.00	£13.63	£26.60	£38.86
Less 65% excess	£0.00	£0.00	£0.00	£13.63	£26.60	£38.86
Weekly Benefit (HB)	£172.00	£172.00	£172.00	£158.37	£279.40	£354.14
Gross Income pre HB	£185.68	£158.87	£178.90	£206.65	£226.60	£245.46
Total weekly gross income	£357.68	£330.87	£350.90	£365.02	£506.00	£599.60
Total Benefits for cap	£172.00	£247.62	£239.90	£226.27	£347.30	£422.04
Cap reduction	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00
Total weekly gross income - capped	£357.68	£330.87	£350.90	£365.02	£506.00	£599.60
Residual Income	£185.68	£158.87	£178.90	£193.02	£200.00	£206.60

NW6	£185.00	£185.00	£185.00	£185.00	£325.00	£471.00
Weekly Rent Charge	£185.00	£185.00	£185.00	£13.63	£26.60	£38.86
Less 65% excess	£0.00	£0.00	£0.00	£13.63	£26.60	£38.86
Weekly Benefit (HB)	£185.00	£185.00	£185.00	£171.37	£298.40	£432.14
Gross Income pre HB	£185.68	£158.87	£178.90	£206.65	£226.60	£245.46
Total weekly gross income	£370.68	£343.87	£363.90	£378.02	£525.00	£677.60
Total Benefits for cap	£185.00	£260.62	£252.90	£239.27	£366.30	£500.04
Cap reduction	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00
Total weekly gross income - capped	£370.68	£343.87	£363.90	£378.02	£525.00	£677.60
Residual Income	£185.68	£158.87	£178.90	£193.02	£200.00	£206.60

WC1						
Weekly Rent Charge	£222.00	£222.00	£222.00	£222.00	£373.00	£464.00
Less 65% excess	£0.00	£0.00	£0.00	£13.63	£26.60	£38.86
Weekly Benefit (HB)	£222.00	£222.00	£222.00	£208.37	£346.40	£425.14
Gross Income pre HB	£185.68	£158.87	£178.90	£206.65	£226.60	£245.46
Total weekly gross income	£407.68	£380.87	£400.90	£415.02	£573.00	£670.60
Total Benefits for cap	£222.00	£297.62	£289.90	£276.27	£414.30	£493.04
Cap reduction	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00
Total weekly gross income - capped	£407.68	£380.87	£400.90	£415.02	£573.00	£670.60
Residual Income	£185.68	£158.87	£178.90	£193.02	£200.00	£206.60

9.8 Residual Income for Unemployed Households Model Calculations – The Fishers

CURRENT RENTS

Weekly Rent Charge	£375.00	£375.00	£375.00	£375.00	£375.00	£375.00
Less 65% excess	£0.00	£0.00	£0.00	£0.00	£0.00	£12.45
Weekly Benefit (HB)	£375.00	£375.00	£375.00	£375.00	£375.00	£362.55
Gross Income pre HB	£435.00	£284.34	£393.41	£413.66	£433.91	£454.16
Total weekly gross income	£810.00	£659.34	£768.41	£788.66	£808.91	£816.71
Total Benefits for cap	£375.00	£598.59	£687.41	£687.41	£687.41	£674.96
Cap reduction	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00
Total weekly gross income - capped	£810.00	£659.34	£768.41	£788.66	£808.91	£816.71
Residual Income	£435.00	£284.34	£393.41	£413.66	£433.91	£441.71

80% MARKET RENT

N6						
Weekly Rent Charge	£280.00	£280.00	£280.00	£280.00	£280.00	£280.00
Less 65% excess	£0.00	£0.00	£0.00	£0.00	£0.00	£12.45
Weekly Benefit (HB)	£280.00	£280.00	£280.00	£280.00	£280.00	£267.55
Gross Income pre HB	£435.00	£284.34	£393.41	£413.66	£433.91	£454.16
Total weekly gross income	£715.00	£564.34	£673.41	£693.66	£713.91	£721.71
Total Benefits for cap	£715.00	£503.59	£592.41	£592.41	£592.41	£579.96
Cap reduction	£215.00	£3.59	£0.00	£0.00	£0.00	£0.00
Total weekly gross income - capped	£500.00	£560.75	£673.41	£693.66	£713.91	£721.71
Residual Income	£220.00	£280.75	£393.41	£413.66	£433.91	£441.71

NW1

Weekly Rent Charge	£338.00	£338.00	£338.00	£338.00	£338.00	£338.00
Less 65% excess	£0.00	£0.00	£0.00	£0.00	£0.00	£12.45
Weekly Benefit (HB)	£338.00	£338.00	£338.00	£338.00	£338.00	£325.55
Gross Income pre HB	£435.00	£284.34	£393.41	£413.66	£433.91	£454.16
Total weekly gross income	£773.00	£622.34	£731.41	£751.66	£771.91	£779.71
Total Benefits for cap	£338.00	£561.59	£650.41	£650.41	£650.41	£637.96
Cap reduction	£0.00	£61.59	£0.00	£0.00	£0.00	£0.00
Total weekly gross income - capped	£773.00	£560.75	£731.41	£751.66	£771.91	£779.71
Residual Income	£435.00	£222.75	£393.41	£413.66	£433.91	£441.71

NW3

Weekly Rent Charge	£608.00	£608.00	£608.00	£608.00	£608.00	£608.00
Less 65% excess	£0.00	£0.00	£0.00	£0.00	£0.00	£12.45
Weekly Benefit (HB)	£608.00	£608.00	£608.00	£608.00	£608.00	£595.55
Gross Income pre HB	£435.00	£284.34	£393.41	£413.66	£433.91	£454.16
Total weekly gross income	£1,043.00	£892.34	£1,001.41	£1,021.66	£1,041.91	£1,049.71
Total Benefits for cap	£1,043.00	£831.59	£920.41	£920.41	£920.41	£907.96
Cap reduction	£543.00	£331.59	£0.00	£0.00	£0.00	£0.00
Total weekly gross income - capped	£500.00	£560.75	£1,001.41	£1,021.66	£1,041.91	£1,049.71
Residual Income	£-108.00	£-47.25	£393.41	£413.66	£433.91	£441.71

NW5

Weekly Rent Charge	£212.00	£212.00	£212.00	£212.00	£376.00	£484.00
Less 65% excess	£0.00	£0.00	£0.00	£0.00	£0.00	£12.45
Weekly Benefit (HB)	£212.00	£212.00	£212.00	£212.00	£376.00	£471.55
Gross Income pre HB	£435.00	£284.34	£393.41	£413.66	£433.91	£454.16
Total weekly gross income	£647.00	£496.34	£605.41	£625.66	£809.91	£925.71
Total Benefits for cap	£212.00	£435.59	£524.41	£524.41	£688.41	£783.96
Cap reduction	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00
Total weekly gross income - capped	£647.00	£496.34	£605.41	£625.66	£809.91	£925.71
Residual Income	£435.00	£284.34	£393.41	£413.66	£433.91	£441.71

NW6

Weekly Rent Charge	£228.00	£228.00	£228.00	£228.00	£400.00	£580.00
Less 65% excess	£0.00	£0.00	£0.00	£0.00	£0.00	£12.45
Weekly Benefit (HB)	£228.00	£228.00	£228.00	£228.00	£400.00	£567.55
Gross Income pre HB	£435.00	£284.34	£393.41	£413.66	£433.91	£454.16
Total weekly gross income	£663.00	£512.34	£621.41	£641.66	£833.91	£1,021.71
Total Benefits for cap	£228.00	£451.59	£540.41	£540.41	£712.41	£879.96
Cap reduction	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00
Total weekly gross income - capped	£663.00	£512.34	£621.41	£641.66	£833.91	£1,021.71
Residual Income	£435.00	£284.34	£393.41	£413.66	£433.91	£441.71

WC1

Weekly Rent Charge	£273.00	£273.00	£273.00	£273.00	£459.00	£571.00
Less 65% excess	£0.00	£0.00	£0.00	£0.00	£0.00	£12.45
Weekly Benefit (HB)	£273.00	£273.00	£273.00	£273.00	£459.00	£558.55
Gross Income pre HB	£435.00	£284.34	£393.41	£413.66	£433.91	£454.16
Total weekly gross income	£708.00	£557.34	£666.41	£686.66	£892.91	£1,012.71
Total Benefits for cap	£273.00	£496.59	£585.41	£585.41	£771.41	£870.96
Cap reduction	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00
Total weekly gross income - capped	£708.00	£557.34	£666.41	£686.66	£892.91	£1,012.71
Residual Income	£435.00	£284.34	£393.41	£413.66	£433.91	£441.71

CURRENT RENTS

Weekly Rent Charge	£375.00	£375.00	£375.00	£375.00	£375.00	£375.00
Less 65% excess	£0.00	£0.00	£0.00	£0.00	£0.00	£12.45
Weekly Benefit (HB)	£375.00	£375.00	£375.00	£375.00	£375.00	£362.55
Gross Income pre HB	£435.00	£284.34	£393.41	£413.66	£433.91	£454.16
Total weekly gross income	£810.00	£659.34	£768.41	£788.66	£808.91	£816.71
Total Benefits for cap	£375.00	£473.59	£562.41	£562.41	£687.41	£674.96
Cap reduction	£25.00	£0.00	£0.00	£0.00	£0.00	£0.00
Total weekly gross income - capped	£785.00	£534.34	£643.41	£788.66	£808.91	£816.71
Residual Income	£410.00	£159.34	£268.41	£413.66	£433.91	£441.71

65% MARKET RENT

N6						
Weekly Rent Charge	£228.00	£228.00	£228.00	£228.00	£228.00	£228.00
Less 65% excess	£0.00	£0.00	£0.00	£0.00	£0.00	£12.45
Weekly Benefit (HB)	£228.00	£228.00	£228.00	£228.00	£228.00	£215.55
Gross Income pre HB	£435.00	£284.34	£393.41	£413.66	£433.91	£454.16
Total weekly gross income	£663.00	£512.34	£621.41	£641.66	£661.91	£669.71
Total Benefits for cap	£228.00	£451.59	£540.41	£540.41	£540.41	£527.96
Cap reduction	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00
Total weekly gross income - capped	£663.00	£512.34	£621.41	£641.66	£661.91	£669.71
Residual Income	£435.00	£284.34	£393.41	£413.66	£433.91	£441.71

NW1

Weekly Rent Charge	£274.00	£274.00	£274.00	£274.00	£274.00	£274.00
Less 65% excess	£0.00	£0.00	£0.00	£0.00	£0.00	£12.45
Weekly Benefit (HB)	£274.00	£274.00	£274.00	£274.00	£274.00	£261.55
Gross Income pre HB	£435.00	£284.34	£393.41	£413.66	£433.91	£454.16
Total weekly gross income	£709.00	£558.34	£667.41	£687.66	£707.91	£715.71
Total Benefits for cap	£274.00	£497.59	£586.41	£586.41	£586.41	£573.96
Cap reduction	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00
Total weekly gross income - capped	£709.00	£558.34	£667.41	£687.66	£707.91	£715.71
Residual Income	£435.00	£284.34	£393.41	£413.66	£433.91	£441.71

NW3

Weekly Rent Charge	£494.00	£494.00	£494.00	£494.00	£494.00	£494.00
Less 65% excess	£0.00	£0.00	£0.00	£0.00	£0.00	£12.45
Weekly Benefit (HB)	£494.00	£494.00	£494.00	£494.00	£494.00	£481.55
Gross Income pre HB	£435.00	£284.34	£393.41	£413.66	£433.91	£454.16
Total weekly gross income	£929.00	£778.34	£887.41	£907.66	£927.91	£935.71
Total Benefits for cap	£929.00	£717.59	£806.41	£806.41	£806.41	£793.96
Cap reduction	£429.00	£217.59	£0.00	£0.00	£0.00	£0.00
Total weekly gross income - capped	£500.00	£560.75	£887.41	£907.66	£927.91	£935.71
Residual Income	£6.00	£66.75	£393.41	£413.66	£433.91	£441.71

NW5

Weekly Rent Charge	£172.00	£172.00	£172.00	£172.00	£306.00	£393.00
Less 65% excess	£0.00	£0.00	£0.00	£0.00	£0.00	£12.45
Weekly Benefit (HB)	£172.00	£172.00	£172.00	£172.00	£306.00	£380.55
Gross Income pre HB	£435.00	£284.34	£393.41	£413.66	£433.91	£454.16
Total weekly gross income	£607.00	£456.34	£565.41	£585.66	£739.91	£834.71
Total Benefits for cap	£172.00	£395.59	£484.41	£484.41	£618.41	£692.96
Cap reduction	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00
Total weekly gross income - capped	£607.00	£456.34	£565.41	£585.66	£739.91	£834.71
Residual Income	£435.00	£284.34	£393.41	£413.66	£433.91	£441.71

NW6

Weekly Rent Charge	£185.00	£185.00	£185.00	£185.00	£325.00	£471.00
Less 65% excess	£0.00	£0.00	£0.00	£0.00	£0.00	£12.45
Weekly Benefit (HB)	£185.00	£185.00	£185.00	£185.00	£325.00	£458.55
Gross Income pre HB	£435.00	£284.34	£393.41	£413.66	£433.91	£454.16
Total weekly gross income	£620.00	£469.34	£578.41	£598.66	£758.91	£912.71
Total Benefits for cap	£185.00	£408.59	£497.41	£497.41	£637.41	£770.96
Cap reduction	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00
Total weekly gross income - capped	£620.00	£469.34	£578.41	£598.66	£758.91	£912.71
Residual Income	£435.00	£284.34	£393.41	£413.66	£433.91	£441.71

WC1

Weekly Rent Charge	£222.00	£222.00	£222.00	£222.00	£373.00	£464.00
Less 65% excess	£0.00	£0.00	£0.00	£0.00	£0.00	£12.45
Weekly Benefit (HB)	£222.00	£222.00	£222.00	£222.00	£373.00	£451.55
Gross Income pre HB	£435.00	£284.34	£393.41	£413.66	£433.91	£454.16
Total weekly gross income	£657.00	£506.34	£615.41	£635.66	£806.91	£905.71
Total Benefits for cap	£222.00	£445.59	£534.41	£534.41	£685.41	£763.96
Cap reduction	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00
Total weekly gross income - capped	£657.00	£506.34	£615.41	£635.66	£806.91	£905.71
Residual Income	£435.00	£284.34	£393.41	£413.66	£433.91	£441.71

CURRENT RENTS

Weekly Rent Charge	£375.00	£375.00	£375.00	£375.00	£375.00	£375.00
Less 65% excess	£0.00	£0.00	£0.00	£0.00	£0.00	£12.45
Weekly Benefit (HB)	£375.00	£375.00	£375.00	£375.00	£375.00	£362.55
Gross Income pre HB	£435.00	£284.34	£393.41	£413.66	£433.91	£454.16

9.9 Residual Income for Unemployed Households Model Calculations – The Codys

CURRENT RENTS

Weekly Rent Charge	£115.52	£115.52	£115.52	£115.52	£115.52	£115.52
Less 65% excess	£0.00	£0.00	£0.00	£8.85	£36.46	£64.09
Weekly Benefit (HB)	£115.52	£115.52	£115.52	£106.67	£79.06	£51.43
Gross Income pre HB	£497.33	£452.95	£475.35	£537.95	£580.42	£622.93
Total weekly gross income	£612.85	£568.47	£590.87	£644.62	£659.48	£674.36
Total Benefits for cap	£115.52	£368.52	£321.42	£359.67	£332.06	£304.43
Cap reduction	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00
Total weekly gross income - capped	£612.85	£568.47	£590.87	£644.62	£659.48	£674.36
Residual Income	£497.33	£452.95	£475.35	£529.10	£543.96	£558.84

80% MARKET RENT

Weekly Rent Charge	£280.00	£280.00	£280.00	£280.00	£280.00	£280.00
Less 65% excess	£0.00	£0.00	£0.00	£8.85	£36.46	£64.09
Weekly Benefit (HB)	£280.00	£280.00	£280.00	£271.15	£243.54	£215.91
Gross Income pre HB	£497.33	£452.95	£475.35	£537.95	£580.42	£622.93
Total weekly gross income	£777.33	£732.95	£755.35	£809.10	£823.96	£838.84
Total Benefits for cap	£277.33	£533.00	£485.90	£524.15	£496.54	£468.91
Cap reduction	£277.33	£0.00	£0.00	£0.00	£0.00	£0.00
Total weekly gross income - capped	£500.00	£732.95	£755.35	£809.10	£823.96	£838.84
Residual Income	£220.00	£452.95	£475.35	£529.10	£543.96	£558.84

NW1

Weekly Rent Charge	£338.00	£338.00	£338.00	£338.00	£338.00	£338.00
Less 65% excess	£0.00	£0.00	£0.00	£8.85	£36.46	£64.09
Weekly Benefit (HB)	£338.00	£338.00	£338.00	£329.15	£301.54	£273.91
Gross Income pre HB	£497.33	£452.95	£475.35	£537.95	£580.42	£622.93
Total weekly gross income	£835.33	£790.95	£813.35	£867.10	£881.96	£896.84
Total Benefits for cap	£338.00	£591.00	£543.90	£582.15	£554.54	£526.91
Cap reduction	£0.00	£91.00	£0.00	£0.00	£0.00	£0.00
Total weekly gross income - capped	£835.33	£699.95	£813.35	£867.10	£881.96	£896.84
Residual Income	£497.33	£361.95	£475.35	£529.10	£543.96	£558.84

NW3

Weekly Rent Charge	£608.00	£608.00	£608.00	£608.00	£608.00	£608.00
Less 65% excess	£0.00	£0.00	£0.00	£8.85	£36.46	£64.09
Weekly Benefit (HB)	£608.00	£608.00	£608.00	£599.15	£571.54	£543.91
Gross Income pre HB	£497.33	£452.95	£475.35	£537.95	£580.42	£622.93
Total weekly gross income	£1,105.33	£1,060.95	£1,083.35	£1,137.10	£1,151.96	£1,166.84
Total Benefits for cap	£1,105.33	£861.00	£813.90	£852.15	£824.54	£796.91
Cap reduction	£605.33	£361.00	£0.00	£0.00	£0.00	£0.00
Total weekly gross income - capped	£500.00	£699.95	£1,083.35	£1,137.10	£1,151.96	£1,166.84
Residual Income	£-108.00	£91.95	£475.35	£529.10	£543.96	£558.84

NW5

Weekly Rent Charge	£484.00	£484.00	£484.00	£484.00	£484.00	£484.00
Less 65% excess	£0.00	£0.00	£0.00	£8.85	£36.46	£64.09
Weekly Benefit (HB)	£484.00	£484.00	£484.00	£475.15	£447.54	£419.91
Gross Income pre HB	£497.33	£452.95	£475.35	£537.95	£580.42	£622.93
Total weekly gross income	£981.33	£936.95	£959.35	£1,013.10	£1,027.96	£1,042.84
Total Benefits for cap	£981.33	£737.00	£689.90	£728.15	£700.54	£672.91
Cap reduction	£631.33	£0.00	£0.00	£0.00	£0.00	£0.00
Total weekly gross income - capped	£350.00	£936.95	£959.35	£1,013.10	£1,027.96	£1,042.84
Residual Income	£-134.00	£452.95	£475.35	£529.10	£543.96	£558.84

NW6

Weekly Rent Charge	£228.00	£228.00	£228.00	£228.00	£400.00	£580.00
Less 65% excess	£0.00	£0.00	£0.00	£8.85	£36.46	£64.09
Weekly Benefit (HB)	£228.00	£228.00	£228.00	£219.15	£163.54	£151.91
Gross Income pre HB	£497.33	£452.95	£475.35	£537.95	£580.42	£622.93
Total weekly gross income	£725.33	£680.95	£703.35	£757.10	£943.96	£1,138.84
Total Benefits for cap	£228.00	£481.00	£433.90	£472.15	£616.54	£768.91
Cap reduction	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00
Total weekly gross income - capped	£725.33	£680.95	£703.35	£757.10	£943.96	£1,138.84
Residual Income	£497.33	£452.95	£475.35	£529.10	£543.96	£558.84

WC1

Weekly Rent Charge	£273.00	£273.00	£273.00	£273.00	£459.00	£571.00
Less 65% excess	£0.00	£0.00	£0.00	£8.85	£36.46	£64.09
Weekly Benefit (HB)	£273.00	£273.00	£273.00	£264.15	£222.54	£190.91
Gross Income pre HB	£497.33	£452.95	£475.35	£537.95	£580.42	£622.93
Total weekly gross income	£770.33	£725.95	£748.35	£802.10	£1,002.96	£1,129.84
Total Benefits for cap	£273.00	£526.00	£478.90	£517.15	£675.54	£759.91
Cap reduction	£0.00	£26.00	£0.00	£0.00	£0.00	£0.00
Total weekly gross income - capped	£770.33	£699.95	£748.35	£802.10	£1,002.96	£1,129.84
Residual Income	£497.33	£426.95	£475.35	£529.10	£543.96	£558.84

CURRENT RENTS

Weekly Rent Charge	£115.52	£115.52	£115.52	£115.52	£115.52	£115.52
Less 65% excess	£0.00	£0.00	£0.00	£8.85	£36.46	£64.09
Weekly Benefit (HB)	£115.52	£115.52	£115.52	£106.67	£79.06	£51.43
Gross Income pre HB	£497.33	£452.95	£475.35	£537.95	£580.42	£622.93
Total weekly gross income	£612.85	£568.47	£590.87	£644.62	£659.48	£674.36
Total Benefits for cap	£115.52	£503.00	£455.90	£359.67	£332.06	£304.43
Cap reduction	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00
Total weekly gross income - capped	£612.85	£568.47	£590.87	£644.62	£659.48	£674.36
Residual Income	£497.33	£452.95	£475.35	£529.10	£543.96	£558.84

65% MARKET RENT

Weekly Rent Charge	£228.00	£228.00	£228.00	£228.00	£228.00	£228.00
Less 65% excess	£0.00	£0.00	£0.00	£8.85	£36.46	£64.09
Weekly Benefit (HB)	£228.00	£228.00	£228.00	£219.15	£191.54	£163.91
Gross Income pre HB	£497.33	£452.95	£475.35	£537.95	£580.42	£622.93
Total weekly gross income	£725.33	£680.95	£703.35	£757.10	£771.96	£786.84
Total Benefits for cap	£228.00	£481.00	£433.90	£472.15	£444.54	£416.91
Cap reduction	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00
Total weekly gross income - capped	£725.33	£680.95	£703.35	£757.10	£771.96	£786.84
Residual Income	£497.33	£452.95	£475.35	£529.10	£543.96	£558.84

NW1

Weekly Rent Charge	£274.00	£274.00	£274.00	£274.00	£274.00	£274.00
Less 65% excess	£0.00	£0.00	£0.00	£8.85	£36.46	£64.09
Weekly Benefit (HB)	£274.00	£274.00	£274.00	£265.15	£237.54	£209.91
Gross Income pre HB	£497.33	£452.95	£475.35	£537.95	£580.42	£622.93
Total weekly gross income	£771.33	£726.95	£749.35	£803.10	£817.96	£832.84
Total Benefits for cap	£274.00	£527.00	£479.90	£518.15	£490.54	£462.91
Cap reduction	£0.00	£27.00	£0.00	£0.00	£0.00	£0.00
Total weekly gross income - capped	£771.33	£699.95	£749.35	£803.10	£817.96	£832.84
Residual Income	£497.33	£425.95	£475.35	£529.10	£543.96	£558.84

NW3

Weekly Rent Charge	£494.00	£494.00	£494.00	£494.00	£494.00	£494.00
Less 65% excess	£0.00	£0.00	£0.00	£8.85	£36.46	£64.09
Weekly Benefit (HB)	£494.00	£494.00	£494.00	£485.15	£457.54	£429.91
Gross Income pre HB	£497.33	£452.95	£475.35	£537.95	£580.42	£622.93
Total weekly gross income	£991.33	£946.95	£969.35	£1,023.10	£1,037.96	£1,052.84
Total Benefits for cap	£991.33	£747.00	£699.90	£738.15	£710.54	£682.91
Cap reduction	£491.33	£247.00	£0.00	£0.00	£0.00	£0.00
Total weekly gross income - capped	£500.00	£699.95	£969.35	£1,023.10	£1,037.96	£1,052.84
Residual Income	£6.00	£205.95	£475.35	£529.10	£543.96	£558.84

NW5

Weekly Rent Charge	£393.00	£393.00	£393.00	£393.00	£393.00	£393.00
Less 65% excess	£0.00	£0.00	£0.00	£8.85	£36.46	£64.09
Weekly Benefit (HB)	£393.00	£393.00	£393.00	£384.15	£356.54	£328.91
Gross Income pre HB	£497.33	£452.95	£475.35	£537.95	£580.42	£622.93
Total weekly gross income	£890.33	£845.95	£868.35	£922.10	£936.96	£951.84
Total Benefits for cap	£890.33	£646.00	£598.90	£637.15	£609.54	£581.91
Cap reduction	£540.33	£0.00	£0.00	£0.00	£0.00	£0.00
Total weekly gross income - capped	£350.00	£845.95	£868.35	£922.10	£936.96	£951.84
Residual Income	£-43.00	£452.95	£475.35	£529.10	£543.96	£558.84

NW6

Weekly Rent Charge	£185.00	£185.00	£185.00	£185.00	£325.00	£471.00
Less 65% excess	£0.00	£0.00	£0.00	£8.85	£36.46	£64.09
Weekly Benefit (HB)	£185.00	£185.00	£185.00	£176.15	£288.54	£406.91
Gross Income pre HB	£497.33	£452.95	£475.35	£537.95	£580.42	£622.93
Total weekly gross income	£682.33	£637.95	£660.35	£714.10	£868.96	£1,029.84
Total Benefits for cap	£185.00	£438.00	£390.90	£429.15	£541.54	£659.91
Cap reduction	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00
Total weekly gross income - capped	£682.33	£637.95	£660.35	£714.10	£868.96	£1,029.84
Residual Income	£497.33	£452.95	£475.35	£529.10	£543.96	£558.84

WC1

Weekly Rent Charge	£222.00	£222.00	£222.00	£222.00	£373.00	£464.00
Less 65% excess	£0.00	£0.00	£0.00	£8.85	£36.46	£64.09
Weekly Benefit (HB)	£222.00	£222.00	£222.00	£213.15	£136.54	£99.91
Gross Income pre HB	£497.33	£452.95	£475.35	£537.95	£580.42	£622.93
Total weekly gross income	£719.33	£674.95	£697.35	£751.10	£916.96	£1,022.84
Total Benefits for cap	£222.00	£475.00	£427.90	£466.15	£589.54	£652.91
Cap reduction	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00
Total weekly gross income - capped	£719.33	£674.95	£697.35	£751.10	£916.96	£1,022.84
Residual Income	£497.33	£452.95	£475.35	£529.10	£543.96	£558.84

CURRENT RENTS

Weekly Rent Charge	£115.52	£115.52	£115.52	£115.52	£115.52	£115.52
Less 65% excess	£0.00	£0.00	£0.00	£8.85	£36.46	£64.09
Weekly Benefit (HB)	£115.52	£250.00	£250.00	£106.67	£79.06	£51.43
Gross Income pre HB	£497.33	£452.95	£475.35	£537.95	£580.42	£622.93
Total weekly gross income	£612.85	£702.95	£725.35	£644.62	£659.48	£674.36
Total Benefits for cap	£115.52	£503.00	£455.90	£359.67	£332.06	£304.43
Cap reduction	£0.00	£3.00	£0.00	£0.00	£0.00	£0.00
Total weekly gross income - capped	£612.85	£699.95	£725.35	£644.62	£659.48	£674.36
Residual Income	£497.33	£584.43	£609.83	£529.10	£543.96	£558.84



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