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4 November 2021

## Elmbridge LHMA 2020 Update: Addendum

### Clarification of social rent requirement

The LHMA concludes that 71% of affordable housing need is for rented affordable tenures and 29% is for intermediate tenures which could include elements of home ownership.

The 71% is broken down in paragraph 20 of the Executive Summary and explained in more detail in paragraphs 4.22 to 4.38 and summarised in table 4.14. Paragraph 20 of the Executive Summary says:

*5% of need is from households which cannot afford even a social rent without increasing the share of their income which they devote to housing costs above 25%. A further 12% can only afford a rent up to 49% of the private sector lower quartile rent. 54% of households in need could afford a rent between 50% and 75% of the lower quartile private sector rent. The remaining 29% of affordable need is from people who could afford higher costs and would probably therefore be able to access intermediate tenure housing of various types.*

This methodology was based on a series of 'thresholds' that were discussed and agreed with the client. They were not tenure-specific, to reflect the variety of products under consideration. There is no formal definition of the monetary cost of social rents, which are based on a government determined formula, involving relative property values, relative local earnings and number of bedrooms. But if one considers that a standard social rent to be less than half of the lower quartile private sector rent, then the requirement is for 17% social rent.