

8.3.10 Using the LHA caps and Market Rents detailed above the results of Southwark's assessment in SE17 is that the maximum affordable percentage of Market Rents are as follows:

Table 8.3: Affordable % of Market Rent in SE17 as per the Study

Unit	Affordable % of Market Rent
1 bed	67%
2 bed	72%
3 bed	70%
4 Bed	67%

Universal Credit (UC)

8.3.11 Southwark Council also assessed the impact of the impending Universal Credit system (from October 2013 UC will replace most current working age benefits) on the affordability of Affordable Rent units within the Borough. Here they made use of the South East London Housing Partnership figures which look at the level of benefits different sizes of households would be likely to receive if their income was solely from benefits.

8.3.12 Within the Study Southwark Council has adopted the maximum amount payable which is currently understood to be £350 per week for a single person and £500 per week for a couple/family household. From these weekly amounts they have removed all 'non-housing' benefits⁸. The results from the data used within the Study show that in general for Southwark smaller households receiving UC could potentially afford the higher proportions of market rent. However, as UC is a flat rate sum, for larger families a higher proportion of the total would be used up by child benefit thereby restricting their housing benefit and therefore the percentage of market rent they could afford to pay.

8.3.13 If the Market Rents detailed at 8.3.5 are assumed this general summary holds true in the most part for SE17 with all households excepting those with 3 or more children able to afford the higher levels of Affordable Rent (75-80%).

Shared Ownership

8.3.14 Under the London Plan 2011, regional policy seeks to ensure that new intermediate homes are affordable to households whose annual income is in the range £18,100-£61,400. For family homes the upper end of this range will be extended to £74,000 per annum.

8.3.15 Within their draft Affordable Housing SPD (June 2011) Southwark Council defines Shared Ownership as their main option for intermediate housing. In terms of affordability for Shared Ownership units within the Borough the SPD details that Southwark Council have adapted the London Plan income limits to create their own local affordability criteria. The adapted figures are within the wider intermediate housing income limits set by the GLA and represent the mid point between the household income below which households could qualify for a mortgage to purchase housing in the least expensive areas of the Borough.

8.3.16 The annual household income range mid-point for intermediate housing units will be updated annually to take into account changes to local house prices and income levels. We understand from Southwark's housing department that the current annual income thresholds are as follows:

Table 8.4: Southwark Council Intermediate affordability criteria

Unit	Annual Gross Income Threshold
1 bed	£31,074
2 bed	£36,716
3 bed	£42,621
4 Bed	£48,335

⁸ Housing element of UC is based on UC cap minus total claimed benefits excluding costs. Modelling data may change with further information and Government Policy Clarification.