
Appendix 5

Broad Rental Market Area

In considering planning applications for mixed-tenure sites (market and affordable), regard will be had to the proposed affordability of any affordable housing to be provided in accordance with the following guidance.

Whilst Social Rented housing is tied to target rents, there is much greater flexibility in relation to the new Affordable Rent model, with rent levels that can be charged at anything up to 80% of market rents.

The guidance below sets out some guiding principles for RPs in setting Affordable Rent levels and in negotiating with private developers on the sale price to be paid for any affordable housing. The principles of rent levels relate directly to the Local Housing Allowance (LHA) rates and aim to ensure properties remain affordable to prospective tenants. This helps alleviate concerns around affordability and to also help distinguish between private sector rents and those set by RPs. The use of a sliding scale of LHA rates is intended to ensure a direct relationship is maintained between rent levels and property size.

In setting Affordable Rent levels and in negotiating with developers/applicants on the sale price to be paid for any affordable housing, RP's should be guided by the following principles:

Outer South West London Broad Rental Market Area (BRMA)

For one and two-bedroom properties, the Council expects that the gross rent (including service charges) should not exceed the lower of the following:

- 80% of the market rent, or
- 90% of the Local Housing Allowance cap¹ applying to the relevant property size for the month in which the property is to be first let

For three-bedroom properties, the Council expects that the gross rent (including service charges) should not exceed the lower of the following:

- 80% of the market rent, or
- 80% of the LHA cap applying to three-bedroom properties for the month in which the property is to be first let

¹ There are two sets of Local Housing Allowance rates relating to Elmbridge, one being the Outer South West London Broad Rental Market Area (BRMA) which covers a small part of the east of the Borough including The Dittons and Hinchley Wood; and Walton BRMA, which covers the majority of the Borough. The Valuation Office Agency is responsible for setting and publishing these rates on a monthly basis.

For properties with four or more bedrooms, the Council expects that the gross rent (including service charges) should not exceed the lower of the following:

- 80% of the market rent, or
- 70% of the LHA cap applying to four-bedroom properties for the month in which the property is to be first let

Walton BRMA

For one and two-bedroom properties, the Council expects that the gross rent (including service charges) should not exceed the lower of the following:

- 80% of the market rent, or
- 95% of the Local Housing Allowance cap applying to the relevant property size for the month in which the property is to be first let

For three-bedroom properties, the Council expects that the gross rent (including service charges) should not exceed the lower of the following:

- 80% of the market rent, or
- 85% of the LHA cap applying to three-bedroom properties for the month in which the property is to be first let

For properties with four or more bedrooms, the Council expects that the gross rent (including service charges) should not exceed the lower of the following:

- 80% of the market rent, or
- 70% of the LHA cap applying to four-bedroom properties for the month in which the property is to be first let