

Models of Affordable Housing

Private Market rent	Amount of money a property would rent or lease for if it was available at this time according to the local market.
Discount Market Sale	Discount Market Sale (DMS) is a low cost home ownership product where a new build property is purchased at a discounted price. This discount is usually between 5% and 20% and the scheme is to help low and middle earners get onto the property ladder. However, there are a number of variations to these schemes typically where a Local Authority has provided land, and manages the homes which enables a greater discount to be provided e.g. 30% - 50%
Starter Homes	Proposed Starter Homes scheme to help applicants purchase a new-build home with a 20% discount. The maximum cost of a home offered via the Starter Homes scheme is proposed to be £250,000 outside London and £450,000 inside London. Thirty Local Authority areas across England are to receive funding from the £1.2bn "Starter Homes Land Fund" for new developments on brownfield sites. None of the areas announced are in London and the closest to Greenwich is the Ebbsfleet Development Corporation.
Shared Ownership	Shared ownership properties are sold through housing associations. You buy a stake of between 25% and 75% of the property, using a deposit and a mortgage. You then pay rent on the remaining share, which is owned by the local housing association.
Shared Equity	Shared Equity means that you buy a given equity share in a property with the aid of a mortgage – for example 75%; however, while the developer and/or Government or Local Authority own the remaining share you do not pay rent on it.
Discount Market Rent	The Discount Market Rent scheme offers homes to rent at typically 20% lower than comparable private market homes. This is sometimes referred to as Intermediate Rent, and is targeted at clients who would otherwise be renting in the private market.
Affordable Rent	Affordable rents were introduced by the Government to allow Registered housing providers, to charge up to 80% of the local market rent, inclusive of service charges for the homes they let. They differ from Intermediate Rent in that they are targeted at clients who are on the Local Authority Housing Register.
Social Rent	Previously "Affordable Rent" was considered to be properties let by RPs at "target rents" which are approximately 50% of the local market rents, without service charges. This policy was introduced from April 2002, and RPs were required to calculate and move towards rent convergence, actual rents were then increased to reach target rents, usually by 31 March 2012. These properties are often referred to as Social rented properties.
Capped rent	Further changes were made in the Mayor's Housing Covenant - funding prospectus for the 2015-2018 Affordable Housing programme. In this funding prospectus the GLA proposed a new differentiated split within the Affordable Rent product. This recognised the need for lower rents ('Capped rent'), for those in greatest need at 50% of local market value, which is considered to be in line with what were previously called target rents.
Discounted rent	The previous Mayor's Housing Covenant offered an option ('Discounted rent) for those whose other choice would be to depend on the private rented sector. These are provided at 80% of local market value in line with "affordable rents", and are likely to be superseded by current rent proposals.
London Affordable Rent	This is the rent setting proposal for London for the Affordable Homes Programme 2016 -2021. The current Mayor considers that rents set at 80% market rent are not genuinely affordable in London and therefore expects rent levels to be set significantly below this level. The starting point will be a benchmark figure set for 2017/8 and uprated each April by CPI +1%.
London Living Rent	London Living Rent is being introduced by the Mayor as an intermediate Affordable Housing Product, with rent levels being locally specified. When funded through the Affordable Housing Programme this will be a Rent to Buy product with sub market rents for a time limited period (up to 10 years) to assist households on average incomes to save for a deposit to purchase their own home. The GLA has calculated ward specific rent levels based on one third median gross household income for the local borough. London Living Rent levels will be published by the GLA on an annual basis. Eligibility for London Living Rent is restricted to existing private and social renters earning up to £60,000 and without sufficient savings to purchase a home in the local area.
Council rents	Local Authority rents tend to be lower than Housing Association rents at approximately 40% - 50% of market rents.