1. **Background and introduction**

   a. East London Housing Partnership members have been considering the impact of the Affordable Rent model in East London. The successful providers were announced on 14 July 2011. The London programme comprises 16,130 units – East London can therefore expect a minimum of 3,226 Affordable Rent units to be brought forward.

   b. As this is an entirely new product, additional analysis is required to assess the affordability of these new units.

   c. This document sets out a brief for an affordability calculator which could be used online by homeseekers to assess whether a home that they would consider bidding for would be affordable and a complementary rent assessment toolkit which local authority officers could use to assess the affordability of proposed developments.

   d. This brief has been prepared with Choice Homes UK, the Choice Based Lettings Provider for most of the local authorities in East London as they will be part of the selection process and will provide scrutiny of the technical capacity of the customer facing ‘affordability calculator’. The customer facing element is available at [http://www.ellcchoicehomes.org.uk/Data/ASPPages/1/48.aspx](http://www.ellcchoicehomes.org.uk/Data/ASPPages/1/48.aspx).

   e. Providers are invited to submit bids in line with the arrangements set out in Paragraph 3 on Page 4 of this brief.
2. Brief for the toolkit and calculator

a. To produce a ‘front of house’ calculator to be used by homeseekers to assess whether they could afford to live in a property as advertised.

b. To produce a ‘back office’ rent assessment toolkit based on a set of affordability criteria, using pre-agreed real life and current case studies. This will have the added benefit of enabling borough staff to assess rent levels being proposed by RPs for new developments with a robust affordability justification as part of the planning process which would include an assessment the how many households represented within a number of data sets held by local authorities (including Housing Register, HB/CTB Records, Ward Residents, Neighbourhood Residents, Vulnerable Residents etc).

c. The toolkit would have the ability to produce clear graphically illustrated results including:
   i. Rent comparisons for each unit type on a specific scheme with average advertised rental values on a post-code or ward level.
   ii. Rent comparisons for each unit type on a specific scheme with LHA levels
   iii. Affordability analysis with easily identifiable traffic light results.
   iv. Benchmarking against Local Authority data to determine what percentage of the those in housing need can afford the units and illustrate what level of housing need is being met.

d. The toolkit would ensure that the following groups would be considered and would highlight where risks of inability to pay rent will quickly escalate if circumstances change:
   i. The unemployed, subject to the total household benefits cap
   ii. People on low earnings, in receipt of Working Tax Credit
   iii. People on median earnings, outside of the Working Tax Credit thresholds

e. LA officers would be able to input a range of data sets to provide comparators for assessing affordability.

f. The toolkit will contain specific postcode data and will therefore allow for variations in values within the borough. For income data, it will use the GLA commissioned 2009 Pay Check data, however this can be replaced with specific borough data and will be able to be localised to wards for example, providing that this data is available.

g. For the calculator element: Homeseekers would be invited to provide the following information
   i. Weekly and Monthly Household Income from earnings
   ii. Weekly and Monthly Household Income from benefits
   iii. Weekly and Monthly Household Income from tax credits
   iv. Weekly and Monthly Household Income from savings and investments
   iv. No. Adults
   v. No. Children and their ages
   vi. Weekly regular expenditure (eg maintenance payments; debt payments etc)
2. Brief for the toolkit and calculator

h. The calculator would provide the following information:
   i. Overall assessment of affordability - providers are invited to provide options for how this would be assessed and communicated to homeseekers.
   ii. The total monthly housing costs.
   iii. The amount of disposable income remaining after housing costs.
   iv. The likely changes to disposable income if circumstances change eg homeseeker gains/losses work/wages.
   v. The likely changes to all of the above should the benefit cap be triggered.
   vi. Any other information the provider believes would be useful to the homeseeker.

j. The calculator would have to be compatible with the software used by Choice Homes UK.

k. The calculator would have to be user friendly and be capable of being downloaded onto all relevant borough (and other) web pages for use by homeseekers.

l. The provider must provide a dummy version of the toolkit and calculator for testing by the client prior to providing the final version. This dummy version must be presented at a meeting with the client and then available for the client to test.

m. The provider must provide the dummy version within 20 working days of the appointment and the final version within 20 working days of receiving formal written feedback from the client.
3. Provider information

a. Providers are invited to submit their proposals in line with this specification to Rachel Blake, ELHP Manager, rachel.blake@elhp.org.uk. Proposals must be received by 10am, 12 September 2011. Interviews would take place on 26 or 28 September 2011.

b. Proposals must include:

i. Screenprints of the appearance of the calculator
ii. Evidence that the provider has an understanding of:
   • affordability calculations and assumptions
   • capacity to undertake related benefits/tax credits modelling
iii. Plan and methodology for implementation (including timescales)
iv. Cost of delivery (plus cost for annually updating the calculator and toolkit)

c. Proposals will be assessed on the basis of:

i. Quality of the affordability modelling (20%)
ii. User friendliness (40%)
iii. Compatibility with software used by Choice Homes UK (5%)
iv. Methodology for implementation (10%)
v. Cost (25%)

d. Written proposals will be assessed by a panel of representatives from East London Housing Partnership and Choice Homes UK and providers may be invited to interview.

Rachel Blake
ELHP Manager
19 Aug 2011