



THE ASSESSMENT OF AFFORDABILITY FOR SOCIAL HOUSING TENANTS

A PROTOCOL FOR LOCAL AUTHORITIES AND REGISTERED PROVIDERS

1. Context

- 1.1 The roll-out and consequential impact of Welfare Reform has raised the issue of affordability for potential social housing tenants. Alongside this, is recognition of the local authorities' statutory homelessness duties and how this can be met in circumstances where potential tenants may not be able to afford the rent.
- 1.2 The local housing authority may adopt a financial threshold as part of their Allocation Scheme, which is usually based on an applicant's income, savings and other investments. If the applicants financial circumstances are above the threshold for the local authority's Allocations Scheme, they may not be entitled to register.
- 1.3 It is important to note social rents are low in comparison to affordable and market rents.
- 1.4 This protocol aims to give some shared principles for registered providers and local authorities with regard to:
 - *Ensuring potential tenants can afford to pay the rent and live in the properties offered to them*
 - *Ensuring tenancy sustainability and reducing repeat homelessness*
 - *Maximising opportunities to assist with the discharge of homelessness duty*

2. Who will undergo an affordability assessment?

- 2.1 It is proposed all nominated applicants on local authorities' housing registers and transferees within landlords' stock may be subject to an affordability assessment by the housing provider at the point of nomination.
- 2.2 It may also be prudent for tenants undergoing a mutual exchange to have an affordability assessment. A mutual exchange could not be refused on the grounds of affordability, but the tenants would have a financial health check on what their new home would cost them.



3. What will be included in the affordability assessment?

- 3.1 Using an appropriate affordability tool, all income, expenditure and savings should be considered and assessed, including priority and non-priority debts. All household income will be taken into account, including all adult household members. Caution should be used however when including adult children's or lodger's contributions as these living arrangements may be temporary.
- 3.2 The financial assessment would be benchmarked against the average social / affordable rent for particular types of property.
- 3.3 For all household members subject to the affordability assessment, a benefit calculator should be used to:
- a) *Establish the applicant's eligibility for benefits*
 - b) *Estimate the amount of housing benefit or the housing element of Universal Credit expected, and to*
 - c) *Maximise income.*
- 3.4 For tenants who are transferring, their previous rent account management should be taken into consideration in accordance with the registered providers allocations and / or exclusions policy.

4. When should the affordability assessment take place?

- 4.1. It is proposed a self-help tool is developed that can be accessed via the Kent Homechoice website. This would enable applicants to have a clear expectation of their ability to afford the type of rent levels of the properties they will be able to bid for. Registration on a local authority waiting list does not mean automatic ability to pay rent.
- 4.2 However, circumstances will inevitably change between the point of registration and point of offer. Registered providers would then undertake an affordability assessment at the point of shortlist/nomination.

5. How should the affordability assessment be undertaken?

- 5.1 The assessment will be based on proof of income and outgoings provided, for example using wage slips, benefit entitlement and bank statements. It is recommended the assessment should include all debts as they might have a significant impact on expenditure.
- 5.2 The assessment should be made prior to formal offer and based on the property and its location. Just because an applicant is not able to afford a particular



property this should not mean a blanket 'no' for other property types or locations. If the applicant is assessed as high risk of not being able to afford the property, the offer of the property in question will be withdrawn.

- 5.3 The assessment should be flexible enough to identify those applicants who, with some support in realigning their budget, could afford the property.
- 5.4 If the registered provider is minded to refuse an applicant on the grounds of affordability then a conversation will take place with the relevant Local Housing Authority prior to any decision being formalised.