



Halton
Housing

Policy

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Affordability Policy

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1. Introduction

- 1.1 This Policy aims to ensure tenancy sustainability by evidencing that an applicant's income is enough to cover their housing costs, and that the decisions made can be duly demonstrated in accordance with clause 6.3.3 outlined in the Property Pool Plus Sub Regional Choice Based Lettings Scheme Policy.
- 1.2 These clauses provide Halton Housing (HH) with the ability to make informed decisions using its own independent assessment criteria when assessing suitability of a property allocation.
- The aim of this Policy is to allow HH to demonstrate and evidence property allocation decisions using appropriate affordability assessment tools.
 - The Teams who will implement the use of this Policy are the Neighbourhood Allocations Team and the Money Advice and Welfare Benefits Team.

2. Policy Statement

- 2.1 The aim of this policy is to focus on the customer and what they can afford to pay for their housing costs to ensure it is sustainable. The concerns are that some applicants do not have the financial resources to afford the rent, with associated housing costs in order to sustain their tenancies within our homes. Consequently, customers who cannot afford to pay their rent may, in a short period of time:
- Relinquish their tenancy by voluntarily giving us notice of relinquishment
 - Abandon the property without providing prior notice
 - Have their tenancy terminated following legal action being taken against them
- 2.2 The affordability criteria are designed to help prevent HH from enabling a new customer to sign for a tenancy when following a financial assessment it is clearly demonstrated that they do not have the necessary income to sustain the tenancy.
- 2.3 This Policy aims to give clear guidelines for circumstances where we will either accept, defer or refuse to house an applicant because of their current financial situation.
- 2.4 Information on applicants' income/financial circumstances - as part of the application process customers are required to confirm their income and, where

applicable, their assets, for example any equity in their home. This information is gathered from the applicant as part of a pre-tenancy interview to assess if the applicant meets the affordability threshold. HH may gather additional evidence e.g. bank statements or obtain a credit report to confirm the customers' current financial status and undertake a financial assessment with a Neighbourhood Allocations Advisor to ascertain affordability and assess if their income can be maximised, and any existing debts managed.

- 2.5 The approach taken will depend on the applicant's individual circumstances as follows:

Customer has no income

- 2.6 In some circumstances it is conceivable that a potential applicant has no income which may exclude the option of housing. Examples include:
- Not working and not entitled to receive any forms of welfare benefits or no recourse to public funds.
 - Is not in receipt of any Universal Credit or Housing benefit, however it needs to be established whether an application is pending and awaiting approval. In this case an application may be deferred upon evidence of such.

Insufficient income to meet housing costs including rent and utilities

- 2.7 This would include cases where because of a low income an applicant is unable to afford the rental commitment on a specific property. This may be as a result of a reduction of benefits, sanctions or any other welfare reforms that are in force at the time of the financial assessment. Consequently, they may have insufficient income to enable them to live in the property without suffering financial hardship. Where an applicant/s can evidence that full housing costs will be awarded by way of Universal Credit or Housing Benefit, they would not be refused an offer of a property.
- 2.8 An assessment is needed to confirm that any income including benefit entitlement is enough to cover the cost of renting a home and paying utilities. It would be deemed to be not affordable if there is a shortfall of over 5% of the income in comparison to expenditure.
- 2.9 For the assessment, the actual rental for the specific property will be used. If the specific rental amount is not available, then the average NROSH rents for (HH) homes will be used. In calculating the financial costs of setting up and running a home (including electricity, gas, water etc.) an average monthly cost will be applied and reviewed annually subject to the inevitable changes in power costs' (refer to appendix 1).

Applicant has expenditure which exceeds their income

- 2.10 Where an applicant has enough income but because of their level of expenditure cannot afford the financial commitments of running a home, and there is no likelihood of this changing in the near future, a referral will be made to the Welfare and Money Advice Team to support with budget management. In addition, credit checks may identify an applicant who has a low credit rating and is likely to struggle to maintain future contractual rental payments.
- 2.11 If any of the above are identified during the affordability checks, the Neighbourhood Allocations Team will make the applicant aware of affordability concerns, initiating the following actions:-
- Referral to HH Welfare Benefit Money Advice Team to review income and expenditure to identify if there are opportunities to increase income and potentially reduce expenditure.
 - Offer a referral to internal and/or external support agencies.
 - Offer advice and information on improving the applicant's credit rating.
 - Assess if these financial circumstances can be resolved immediately (within seven days) or medium term (within six months) or if longer term (within 12 months).
 - If following a re-assessment if there are changes that can be undertaken within seven days, the applicant needs to provide evidence of the changes as soon as possible so another assessment can be made.
 - If the changes require medium term improvement, these will be set out to the applicant with the action required and the timescale with which to meet the requirements for improvements.
 - If any applicants are refused accommodation based on nil income as predetermined above, all actions will be confirmed in writing to the applicant, including details of how to appeal against our decision in accordance with the Property Pool Plus Choice Based Lettings Policy.

3. Roles and responsibilities

- 3.1 The Director of Customer Experience has responsibility to ensure this policy is followed within Halton Housing and managed appropriately.
- 3.2 The relevant Senior Managers have responsibility for ensuring that Halton Housing are compliant with Legislative / Regulatory requirements and good practice.

4. Regulatory and/or Legal Compliance

4.1 This Policy links into the following legislation:

- Welfare Reform Act 2012
- Rent Act 1977
- Protection from Eviction Act 1977
- Landlord and Tenant Act 1987
- Housing Act 1988 (as amended by the Housing Act 1996)
- Disability Discrimination Act 1995
- Equality Act 2010
- Homelessness Reduction Act 2017

5. Diversity Considerations

5.1 A Stage 1 Equality Impact Assessment has been completed. This confirmed that a Stage 2 EIA is not required.

6. Links to Strategies, Policies and Associated Documents

6.1 This Policy is linked to one of the six main priorities within our Corporate Plan and focusses on our:

- Customer Focus

6.2 Policies and Procedures associated with this include:

- Affordable Rent Policy
- Property Pool Plus Choice Based Lettings Policy
- Diversity Policy
- Rent Collection Payment & Debt Recovery Policy
- Affordability Rents Process Briefing Notes

7. Appendix A

[2023 Average cost of living income and expenditure May 23](#)

7.1 The attached document shows averages and have been rounded up and down to the nearest pound. They may require more detailed calculations if there are concerns about affordability.

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- 7.2 The figures are applicable from May 2023 and do not reflect any subsequent changes in costs. **For any updates on these figures contact the WBMA team.**
- 7.3 The council tax rates do not reflect any assistance with council tax; currently all households have to pay approximately 20% of council tax costs.



Translations available on request by phoning 0303 333 0101 or
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