Affordability Procedure

As part of North Tyneside Councils Letting Policy we can carry out an affordability assessment prior to any formal offer of accommodation to ensure a property is affordable to an applicant.

The introduction of the assessments is in line with the Lettings Policy Section 8 ‘Offers of Accommodation’ which states ‘All offers of accommodation are conditional upon the applicant continuing to meet the necessary criteria and qualification up to the point of signing a Tenancy or Occupancy agreement… In addition to this, North Tyneside Council (and its partner Landlords), will be entitled to carry out an affordability assessment to ensure that any tenancy offered will be sustainable’.

The affordability assessment is carried out on every applicant and assesses their individual circumstances whilst taking into account the type and size of property that they have been offered.

The financial assessment should always look at current circumstances and should not consider anticipated income unless there is proof of this increase and a timescale is reasonable i.e. an applicant cannot afford a property based on current circumstances but have secured employment which is due to start imminently.

The assessment takes into consideration all current income and calculates the expenditure based on the property which they are being offered. The only exception to this case is if an applicant is imminently due to have child and they would otherwise be charged an under occupancy charge. The application for a furniture pack should be completed alongside the affordability assessment to inform this costs aspect regarding the application for rehousing.

All applicants contacted to discuss an affordability assessment by North Tyneside Council must respond within 24 hours, failure to respond will be considered a refusal of the property which they are being offered. Applicants who are not available to be contacted to complete a financial assessment should be referred to the Empty Homes Team Leader to decide if we will wait for the applicant to be available for the assessment.

An affordability assessment can be carried out at any point following the offer of accommodation depending on when a property is due to be available to let.

# Exemptions

A financial assessment is not necessary if an applicant meets any of the following criteria:

* Their rent account is clear and has been for 6 months or more and they are moving to a property which is cheaper.
* Their rent account is clear and has been for 6 months or more and they are moving to a property which is the same cost.
* Their rent account is clear and has been for 6 months or more and they are moving to a property which is less than £5 per week more in rent per week.
* If an assessment has been carried out in the past 6 months, where the previous offer was affordable, and their circumstances have not changed and when the rent of the current offer is input the property remains affordable.

# Identifying who to assess

Each morning the matchmaking spread sheet should be ran to show any applicants which are sitting in match suggested and the keys are available for the property. The list of applicants waiting to be assessed should be circulated to all members of the Empty Homes Team. The applicants on the list should be assessed working from the top to the bottom of the list. The assessments should be done by each New Homes Officer on a patch basis. If a New Homes Officer does not have any assessments to do, they should assist the New Homes Officer with the most assessments. Once the list has been depleted the officers should work their way through assessments by the dates that the keys are due back, with the associated assessment being done for the keys which are due back soonest.

# The Assessment – Policy in Practice

At the point of offer, an applicant is emailed a standard offer email with the link to the Policy in Practice budgeting tool calculator. If a customer does not have an email address, a note is to be put on CRM at the point of offer to make the NHO aware to complete the calculator over the phone with the customer.

The calculator should take into consideration all current income and calculates the expenditure based on the property which the applicant is being offered. The only exception to this case is if an applicant is imminently due to have child and they would otherwise be charged an under occupancy charge. If an applicant has been given their MATB1 form, they are entitled to Discretionary Housing Payment and therefore may be assessed as though they receive the Housing Benefit or Universal Credit for their new family size, applicants should be directed to the section of the council website which gives instruction on completion of a DHP.

The calculation is to be returned within 48 hours by the applicant. If the calculator does not contain enough information from the customer, i.e. they have not detailed the new rent for the property or they have failed to provide information around their budget and outgoings, they should be contacted and asked to complete the calculator again within 24 hours. If the applicant has submitted the calculator twice and it is not accurate the offer can be removed, but the application should be checked to ensure the customer does not have a vulnerability which would mean they may struggle to complete it i.e. a learning difficulty.

Once this is returned the calculator should be cross referenced with the bank statements which the customer was asked to provide within 24 hours of the offer. Applicants on Universal Credit must also submit a screenshot of their benefit entitlement within 24 hours. This screenshot would normally entail 3 screens with the next monthly payment and date, any deductions and fines. When checking the bank statements, the following should be checked:

* The income – this should be the same as what the customer has provided on their calculator, if it is less, the lesser amount should be input.
* Any anomalies should be added to the calculator e.g. if the customer has spent money on takeaways but the calculator only states the minimum amount (£20 per adult per week) or if the customer has regularly gambled and this amount has not been input on the calculator.

When checking the calculator, the average boxes can be checked for gas and electricity, however, if the customer feels these amounts are high, they are able to submit lower amounts provided these do not fall below the following base amounts:

|  |  |  |
| --- | --- | --- |
| Property size and type | Gas cost weekly (minimum) | Electricity cost weekly (minimum) |
| Bedsit and 1 bed flat | 6.00 | 5.00 |
| 2 bed flat | 6.70 | 6.00 |
| 3 bed flat | 8.30 | 6.70 |
| 1 bed bungalow | 6.25 | 6.25 |
| 2 bed bungalows | 8.00 | 8.00 |
| 1 bed house | 8.00 | 6.50 |
| 2 bed houses | 8.70 | 7.85 |
| 3 bed houses | 10.00 | 8.00 |
| 4/5 bed house  | 10.85 | 11.80 |

A minimum amount of £2.50 per week per person should be applied for clothing, similarly a minimum amount of £2.00 per week for a mobile phone should be applied, this is due to customers requiring a mobile to be contacted by DWP in relation to Universal Credit claims. Agreement was made that no minimum amount should be applied for flooring or furnishing.

The minimum amount we will allow an applicant to declare for food costs is £20 for an adult and £10 for a child. This includes applicants who advise they receive food as part of their work contract. If a child is an access child, this should be applied pro rata.

Where an applicant states that their income is subsidised by a payment made by a family member, this should not be taken into consideration as this cannot be guaranteed. The applicant must be able to meet the full rental costs and associated costs with their own income.

At present, whilst a self-serve triage assessment is being made, the first tab of the original sustainability assessment is to be completed to ascertain the applicants rag rating.

All assessments should be ‘saved as’ with the Title format: TS Assessment tool new- FIRST NAME SURNAME – APPLICATION REF in the above file in EDRMS and should be moved into the house file upon the tenancy start with the PDF from the Policy in Practice benefit calculator to evidence the affordability.

The assessment should take into consideration whether an applicant has arrears/debts and therefore whether their current tenancy is being sustained successfully. This information is used to identify whether an applicant requires support from our internal Tenancy Sustainment Team once the tenant has a tenancy. If an applicant is in rent arrears, the repayment cost is incorporated into the affordability assessment as a type of expenditure.

### Nil income

If an applicant has advised that they have nil income they must be advised to apply for Universal Credit as soon as possible. A property cannot be allocated to an applicant until we know how much they will receive and when they will receive it. There are two ways this can be confirmed by the applicant:

1. Requesting confirmation through their online journal
2. Requesting an advance payment or confirmation of how much they would receive if they were to request an advance payment (this amount is generally how much the applicant would receive on their first payment).

For both methods, proof must be provided to the New Homes Officer who is carrying out the financial assessment. The applicant will be given 24 hours to prove their entitlement before being skipped on the property for which they have been offered. If the applicant bids on another property and continues to be unable to provide proof of their entitlement this will be classed as a refusal.

### Universal credit

If an applicant is on Universal Credit or will be moved on to Universal Credit when they accept their new tenancy, they must have the following:

* A bank account – DWP will pay their first UC payment into another person’s account however, we must advise applicants that they must open their own bank account to receive payment for the second payment (Whilst DWP are being lenient on this situation, the applicant is still required to have their own bank account even if they are currently getting their UC into someone else’s account). If an applicant is required to open their account and will be having their first payment into another person account, this needs to be detailed on the new tenant visit note on Northgate. If they do not have a bank account and do not have another person who they can use the account of they should be given 24 hours to go and open a bank account. The applicant can be skipped if they cannot get a bank account within the 24-hour period, however, if the applicant bids again and still does not have a bank account this will be classed as a refusal. If an applicant states they are struggling to open an account due to lack of ID they should be referred to Moneywise in Byker as they have helped a number of applicants in this situation previously.
* 3 month’s pay slips if they are in work and will claim partial UC. If the applicant has only been in work a limited time, they must provide pay slips for the time which they have been employed. If the applicant is unable to produce their pay slips, they will not be granted UC and therefore their assessment should be conducted based solely on their wages. In this instance a New Homes Officer can ask for proof of the pay slips.
* A phone number - Applicants need to have their own phone number or if they are in a couple or family one phone number will suffice but it must be accessible to all applicants who will be claiming UC. If the applicant is a single applicant, they must have their own number. If they do not have their own number, they should be given 24 hours to obtain one and if they cannot obtain one within this time they should be skipped. If the applicant bids on another property and still does not have their own number, this should be considered a refusal.
* An email address – applicants should have their own email address if they are going onto Universal Credit. If they do not have their own email address, they should be given 24 hours to obtain one and if they cannot obtain one within this time they should be skipped. If the applicant bids on another property and still does not have their own email address this should be considered a refusal.

# Covid-19, furlough and UC increase

Many applicants have been put onto a furlough scheme during the COVID-19 epidemic, meaning their employment income has reduced to 65% of its original amount. When carrying out a financial assessment for an applicant who has been furloughed, their current income must be taken into consideration unless they can confirm they are to return to work with full pay within 2 weeks. Proof must be provided to confirm this within 48 hours of a financial assessment being carried out.

Due to an increase in the Universal Credit allowance for all claimants during this time, it is anticipated that applicants who are under 25 and have applied for a property where they are under-occupying will be able to afford a property that they previously would not have been able to. This increase in benefits is not currently confirmed as a permanent measure but is in place until April 2021. Due to this, all applicants who would ordinarily be unable to afford a property due to under-occupation must be advised of this at the point an affordability assessment is carried out.

# Failed assessments

If the property is not affordable the offer will not proceed, and this will **not** be considered a refusal of the property. Further advice and guidance should be given to allow the applicant to maximise their income and understand which properties are affordable. If an applicant continues to bid on similar sized and valued properties without any change in circumstances the bids will be processed as refusals.

If an applicant continues to bid on properties despite being given advice regarding waiting for a change in circumstances e.g. the end of an advance payment, their account can be suspended for North Tyneside Council for the period which they have been advised to wait before bidding again. The applicant should be notified of this in writing.

If an applicant fail’s their affordability assessment but offers to change an aspect of their outgoing expenses e.g. sell their car, we should seek evidence to ensure this aspect has changed, the assessment should then be updated, the applicant should be given 24 hours to do this.

If the assessment has been failed by a homeless applicant this case must be referred to the Housing Advice Team to decide if the offer of accommodation should proceed and if a Homeless Duty is applicable, if it can be relieved by offering the property.

# If the property is affordable

If the property is affordable and is available, an appointment should be made for the viewing at the earliest available time. If the property is not available yet, the applicant should be notified when the keys are due back and a calendar reminder should be used to prompt the New Homes Officer to book in the viewing and sign up the day that the keys are returned.