

Affordability Policy

Who is this for?	Colleagues, residents, and prospective residents
Document status	Draft
Date created	June 2023
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To be reviewed	March 2026
Policy Owner	Director of Housing
Other related documents	Lettings Policy Income recovery and arrears policy Mutual exchange procedure Arrears procedure Rent setting policy Tenancy policy Vulnerable residents policy Home standard

1. Policy statement

Our purpose is to give residents a firm foundation on which to build their lives. Our vision is a safe, comfortable and affordable home for every household. This policy aims to ensure that applicants to settle secure a home that is affordable for them. We seek to support residents with the impact that financial hardship has on their quality of life and their ability to sustain their tenancy. We are committed to ensuring that residents have the best possible start when they move into their home.

An equality impact assessment has been completed as part of this policy review.

Feedback from residents

As part of this policy review, we gained feedback from residents through our settle voice platform. Residents commented that the document was clear, concise and understandable. Two of the points raised that have led to policy amendments are:

- a performance indicator on payments made during the first 8 weeks of the tenancy
- that any welfare benefits are in place and to remain in contact with residents - offering support if required

The policy has been adjusted to reflect these points.

2. Key principles

- ensure an offer of a settle home is financially viable; seeking to maximise income
- minimise arrears by ensuring payment plans with residents are affordable
- identify vulnerability early so appropriate support and advice can be provided
- take a fair and consistent approach when refusing any applicant based on affordability.

3. Objectives

- maximise income to achieve target on arrears performance and delivery of good quality landlord services
- ensure every resident's home is affordable and they can sustain their tenancy
- improving the services through effective use of data and resident feedback
- support residents with their move to Universal Credit (UC) under managed migration.

4. Policy actions

The policy actions will be included as objectives in the directorate plan until the next policy review:

- carry out affordability assessments with applicants to determine household income and expenditure - ensuring the tenancy is financially viable;
- where we refuse an applicant based on affordability, provide the local authority with evidenced based data so that they understand the reason for the decision and are able to support the applicant
- reduce arrears by supporting universal credit claimants with higher volumes of arrears and new tenants on universal credit
- strengthen our partnership working and stakeholder relationships to ensure we evidence decisions and good outcomes for new tenants.
- support tenants to make the right decisions when mutually exchanging; assessing all cases where a tenant will be subject to bedroom tax.
- assess residents to ensure they can sustain their tenancy's when they move to a new affordable rented home, when mutually exchanging to an affordable rent, or where they are under occupying
- ensure residents make initial rent payment at sign up to support sustaining their tenancy
- expand the remit so that we can support additional groups we identify who may struggle in the first year of their tenancy.

5. Desired outcomes

- reduced arrears levels and contact from the income team during the first year of the tenancy
- high pass rates on affordability checks completed, with onward support from the local authority for anyone who fails the assessment
- affordability assessments completed with all residents moving into new affordable rented homes, when mutually exchanging to an affordable rent, or where they are moving to downsize
- reduce arrears for existing universal credit claimants (who signed a tenancy in 23/24) and minimise arrears for new tenants on universal credit
- increase remit of affordability checks to additional groups to reduce arrears in the first year of a tenancy.

6. Performance indicators

- 100% affordability assessments completed within 2 working days.
- 100% of new tenants on affordable rents make a payment at sign up
- 95% pass rate on affordability checks completed.

- 3x checks completed in first 12 weeks with new tenants on UC
- 20% arrears reduction for existing UC claimants (who signed tenancy's in 23/24) and minimise arrears for new tenants on universal credit
- monitor new affordable rent tenancies for the first 8 weeks to ensure rent payments and UC payments are made.

7. Key legislation

- Local Authority legislation for Housing Allocations and Nominations
- Common Housing Allocation Policy
- Equality Act 2010.
- Data Protection Act 1998.
- Human Rights Act 1998.
- Rent arrears Policy and Procedure
- Homelessness Prevention Act 2002
- Regulator of Social Housing Rent Standard

8. Review

This policy will be reviewed every two years or sooner if there are changes in legislation.