

SOCIAL RENTED HOUSING INCOME THRESHOLDS POLICY

POLICY DESCRIPTION

1. The Social Rented Housing Income Thresholds Policy (hereafter 'the Policy') describes how Housing treats household income when (a) determining eligibility to apply for social housing and (b) determining the results of Reviews of Tenancy.

DEFINITION OF 'INCOME THRESHOLDS'

2. For the purposes of the Policy, household income is the *net weekly income* of a household. The income threshold is the maximum amount of money a household can receive and remain eligible for social housing. The Policy determines that this threshold should represent household need. 'Need' is calculated as the household's supplementary benefit requirement rate, plus housing costs.
3. 'Income' is defined as the net weekly income of a household. In this context, 'household' refers to the tenant (or applicant) and their partner, if they have one.
4. 'Net weekly income' is all income received by the tenant and their partner, if they have one, minus the following: tax and social insurance; occupational and other non-voluntary pension contributions; the cost of childcare (for hours paid while all parents are at work); outgoing court-awarded maintenance payments; Severe Disability Benefit; and Fostering Allowance. For the avoidance of doubt, interest paid on investments counts towards household income.

BROADER STRATEGIC AND/OR LEGAL CONTEXT

5. In devising the Policy, Housing has had regard to the goals and aims outlined in the States' 2013 Social Policy Plan (SPP), in particular the need to facilitate individual development and promote social equality, prevent homelessness and poverty, and promote economic independence.

LINKS TO OTHER POLICIES AND LEGISLATION

6. In calculating income thresholds, the Policy takes into account Social Security's Supplementary Benefit rates (SBP). The Policy affects the Review of Tenancy Policy, the Capital Sums Policy and the Allocations Policy.

SUMMARY OF THE EFFECT OF THE POLICY

7. Anyone wishing to live in social rented accommodation must have a household income below the relevant income threshold.
8. The income thresholds are calculated as follows:

Household SBP requirement rate
PLUS
Weekly allowance (fuel allowance and rates)
PLUS
Average private sector rental for appropriate property

9. Tenants who are in social housing, but whose income is found to exceed the relevant income threshold, will be asked to move out of social housing. The formula for determining eligibility takes into account average private sector rents, and therefore any household with earnings in excess of the income threshold can reasonably be expected to support itself in the private sector.

POLICY APPLICATION

10. The Policy is invoked at the point that someone applies for social housing. It will also apply when a tenant declares a change in household income, or when a review of tenancy is conducted.

CALCULATING HOUSEHOLD INCOME THRESHOLDS

REQUIREMENT RATE

11. A household is considered to have a need for an income which is at least equivalent to SPB long-term requirement rates for eligible adults in the household, and up to three children. Under the Policy, all dependent children will be considered to have an SPB requirement rate of a child under 16 in full time education. Where there are dependent children in the household, the cohabiting couple allowance will be used for the parent(s).

FUEL ALLOWANCE AND RATES

12. A fuel allowance will be given. Fuel allowance is paid for six months of the year, so in order to determine a weekly allowance, the allowance is calculated pro-rata over twelve months.
13. In addition, a sum equal to two-thirds of the pro-rata fuel allowance is added for rates.

PRIVATE RENTAL COSTS

14. In order to ensure that social housing is reserved for those who cannot support themselves in the private sector, the final element of household need is derived from private rental figures. These are supplied annually by the Policy and Research Unit.

15. The average weekly rent for a property which can adequately accommodate the household (up to three bedrooms) is added to the household's SPB requirement rate and the fuel allowance and rates calculation.

2017 HOUSEHOLD INCOME THRESHOLDS

2017 Supplementary Benefit long term weekly requirement rates:

Single householder	Cohabiting couple	Dependent
£173.83	£251.25	£70.71

2016 average local market private weekly rent¹:

One Bed	Two Bed	Three Bed
£210	£303	£413

2017 fuel allowance:

Weekly	Pro-rata
£26.03	£13.02

2017 rates allowance:

Weekly
£8.68

2017 social housing income thresholds:

Household composition	Weekly net threshold	Annual net threshold
Single, no children, 1 bed*	£410	£21,320
Single, no children, 2 bed*	£500	£26,000
Couple, no children, 1 bed*	£490	£25,480
Couple, no children, 2 bed*	£580	£30,160
1 child	£650	£33,800
2 children	£830	£43,160
3 or more children	£900	£46,800

*Bedroom need is determined by Housing

¹ Figures based on average Private Sector Rentals for Q4 2015 and Q1, Q2 and Q3 2016

CAPITAL

16. When assessing capital, any savings held by dependent children of the applicant or tenant/joint tenant and/or partner of the tenant are taken into account.
17. Household capital or assets [see the Capital Sums Policy] must be below the 'nest egg' thresholds determined with reference to the table below:

Household composition	Nest egg threshold
Single, no children, 1 bed	£10,660
Single, no children, 2 bed	£13,000
Couple, no children, 1 bed	£12,740
Couple, no children, 2 bed	£15,080
1 child	£16,900
2 children	£21,580
3 or more children	£23,400
Severe disability benefit claimants	See Paragraph 18

18. Tenants in receipt of Severe Disability Benefit have an amount equal to the benefit added to their weekly income threshold, and 26 x the Severe Disability Benefit allowance can be disregarded on top of their nest egg limits. This is to ensure that tenants who face additional costs as a result of their disability are not financial disadvantaged.
19. If it is discovered that a household has capital in excess of its nest egg, the Capital Sums Policy applies and the household will be taken through that process.
20. If an applicant's household capital exceeds the relevant threshold, they will invited to reapply when their assets have depleted to the nest egg threshold OR on a date calculated by Housing as per the formula below, whichever is the later.
21. The rate at which Housing assumes a prospective applicant's household capital assets to deplete ("the depletion rate") is based on the calculation below:

$$\text{Capital} - \text{Nest egg} = \text{EXCESS}$$
$$\text{EXCESS} / ((\text{Actual current weekly rent} + \text{household SBP requirement rate} + \text{weekly allowance (fuel allowance and rates)}) - \text{Weekly household income})$$

The calculation will determine the number of weeks that a family is expected to draw upon their capital before it depletes to the nest egg threshold. This will be clearly explained in writing to the applicant.

22. Re-applications will not be accepted before the date given in Housing's rejection letter unless due to unforeseen circumstances they have spent their savings more

quickly than anticipated. Such a decision is taken by the Operations Manager or their deputy in response to a written recommendation from the Allocations Officer. Details of every exception, suitably anonymised, must be appended to this policy so as to inform its development.

PROPERTY OWNERSHIP

23. Housing has an obligation to reserve its units of accommodation for those households who would struggle to manage in the private sector and for that reason will not generally accept applications from households who own, or have owned, a property.
24. Housing may accept an application from an ex-property owner if it is satisfied that the property was sold for one of the following reasons:
 - The applicant could not meet mortgage repayments (evidenced where possible by documentation from the bank)
 - The applicant part-owned the property with a former partner and the relationship broke down
 - The property was inherited and had to be sold to meet legal costs
 - The applicant part-owned the property with others and the decision was taken to sell
25. The applicant must provide Housing with any information required in order to decide whether to make an exception above the along lines.
26. Applicants who part-own property must provide details of the value of their share so Housing can factor it into the calculation of their capital assets.

DIVESTMENT

27. If Housing believes that a household has divested itself of capital or assets for the purposes of influencing the outcome of a Review of Tenancy or a social rented housing application, it will act as though the household still had access to the assets which it has divested itself of.
28. The same approach applies to divestment of income: if it appears to Housing that an applicant or a tenant has reduced their household income for the purposes of securing or retaining a tenancy, or obtaining a rent rebate larger than would otherwise be the case, it reserves the right to base the relevant assessment on pre-adjusted income.

APPEALS

29. In accordance with Housing's Appeals Policy, applicants can request an internal review of a decision if they have reasonable grounds on which to do so. The definition of 'reasonable grounds' is limited to situations where the household's

circumstances were not accurately recorded by Housing (but the applicant provided all information requested), or where they consider an error to have been made in calculations. This does not include situations where applicant does not agree with the decisions made, or where they feel the Policy is unfair.

30. In the event that the outcome of Housing's assessment is that an applicant does not meet the criteria because they are over the thresholds, the applicant has the right to make an appeal to the Housing Appeals Tribunal. Applicants are encouraged to request an internal review in the first instance; however they are not obliged to do so.

31. The Housing Appeals Tribunal will only overturn decisions where an error was made, or where due process was not followed.

This policy was last reviewed March 2017