



# LLR Financial Qualification Assessment FAQs

L&Q



## **Q: How is my affordability assessed?**

**A:** Our assessments are carried out to ensure all tenants meet the London Living Rent eligibility criteria, which are:

- Your annual household income must not exceed £67,000
- You must live or work in London
- You must be unable to buy a home, including through Shared Ownership
- You must not own a residential property in the UK or overseas
- You must meet the minimum income required for your preferred property.

As part of the financial assessment, any member over the age of 18 will be considered part of the household. They will be required to provide documentation to enable an assessment of eligibility, affordability and financial stability.

## **Q: I meet the minimum income required, however, I have been advised that I do not meet affordability, why?**

**A:** Minimum income requirements should be used as a guide and can vary depending on a household's individual circumstances.

The minimum income is provided on the basis that alongside your monthly rent, you will have no other financial commitments apart from living expenses.

Salary deductions or financial commitments; for example, credit cards or loans, will be factored into your affordability assessment and may impact the minimum income requirement for your household. This means that in some instances, although you may meet the minimum income, you are unable to proceed based on affordability.

The target is for your monthly rent and financial commitments not to exceed 40%-45% of your monthly net income once all have been considered. The actual percentage will be dependent on the development you have applied for.

## **Q: I've recently started a new job. Can I still apply?**

**A:** As part of the financial assessment, you will be required to provide 3 months' payslips to evidence your income.

If you have changed employers within the last 3 months, your application may still be considered if you are able to supply two consecutive payslips from your previous employment and one full month's payslip from your new employer.

## **Q: I am due a pay rise, will my new salary be considered?**

**A:** Yes. We will assess your application using your new salary if you are able to supply at least one month's full payslip at the increased amount.

**Q: What income is taken into consideration during the affordability assessment stage, and what documentation will I need to provide?**

- A:**
- **Employed Income** – You must have 3 months' consecutive payslips from your previous or current employer
  - **Self-Employed Income** – A minimum of 2 years' SA302's and tax overviews are required for sole traders and Limited Company Directors (the average net profit of the last 2 years will be used)
  - **Fixed Term Contractors** – You must have a minimum of 3 months' payslips and a minimum of 12 months' remaining on your current contract at the time of the tenancy start date
  - **Zero Hour Contract Workers** – You must have a minimum of 6 months' consecutive pay slips available
  - **Pension Income** – Last 3 months' pay slip/statement
  - **Universal Credit Statement or Award Letter** – (Excluding the housing element)
  - **Disability Living Allowance** – Latest Annual Statement required
  - **Court Ordered Child Maintenance** – Copy of court order and evidence of payments received.

**Q: I receive bonuses and or commission payments. Will this income be considered?**

- A:** Overtime, bonuses, and commissions are examples of non-guaranteed income. These will be considered and calculated using the average amount over the last 3 months' consecutive payslips or, if paid annually, the latest 2 payment amounts.

When calculating this non-guaranteed income, 50% of the total will be taken into consideration.

**Q: Why is the income cap £67,000?**

- A:** London Living Rent is a government-funded scheme targeted at middle-income households working or living in London and looking to build up savings for a deposit to purchase a home. As part of the criteria set by the Greater London Authority (GLA) the maximum household is £67,000.

**Q: Do I need savings to qualify?**

- A:** As part of your financial assessment you will be required to provide evidence of all bank accounts and savings accounts held by your household. Your accounts will be reviewed to demonstrate that you have a minimum of 1 months' advanced rent and 5 weeks' rent as a tenancy deposit.

**Q: Why have I been advised I can purchase a property via Shared Ownership?**

**A:** During your financial assessment, your household's current financial position and ability to obtain a mortgage will be assessed using guidance from the Greater London Authority (GLA) and Homes England.

The London Living Rent scheme is designed for Londoners who wish to build a deposit to transition from renting to homeownership. In line with the criteria for the scheme, your household must not be able to purchase a property via Shared Ownership or on the open market.

**Q: What happens if I do not want to buy on Shared Ownership and would prefer to rent?**

**A:** To be eligible for London Living Rent, your household must not be able to purchase a property via Shared Ownership or on the open market.

If your household has been advised that they are able to purchase a property via Shared Ownership, unfortunately, your household will not qualify for the scheme.

**Q: Will County Court Judgement and, or Defaults affect my application?**

**A:** When applying for a London Living Rent home, you will be required to demonstrate a good credit history. We are unable to proceed with applications where members of the household have any of the following registered on their credit file:

- County Court Judgement
- Defaults which include late payments
- Individual Voluntary Arrangement (IVA)
- Credit agreement missed payments
- Bankruptcy.

We will ask that you provide a copy of your Checkmyfile credit report when you apply. Checkmyfile is a multi-agency credit report provider.

**Q: I am taking maternity/paternity leave. Will this impact my assessment?**

The financial assessment will review your current circumstances to ascertain suitability and affordability for the scheme. This will also entail an assessment of any impending changes to your financial circumstances which may impact on your households ongoing affordability.