

## HEREFORDSHIRE'S RENT DEPOSIT SCHEME

Report By: HEAD OF STRATEGIC HOUSING SERVICES

### Wards Affected

County-wide

### Purpose

1. For Members to note how the Rent Deposit Scheme operates in Herefordshire.

### Financial Implications

2. The Council has a duty to provide assistance to households that are deemed to be homeless within 28 days by investigating their circumstances and where necessary providing temporary and more settled accommodation.
3. Taking the deposit and first month's rent as a model, a typical two bedroom need household will generally require a total payment of approximately £1200 to secure private accommodation. The deposit element is returnable to the Council, and the remaining loan is typically paid back at a rate agreed with the applicant.
4. By way of comparison the cost of providing temporary accommodation for a family of four in bed and breakfast is between £350 and £450 per week, much of which is non-recoverable expenditure.
5. It is proposed to continue to allocate funding towards the Rent/Deposit scheme in 2009/10. Within the current financial year budgetary pressures have required services to be focused on high priority householders with non-priority cases considered by reference to the Head of Strategic Housing. Payments of Rent Deposits are funded from the homelessness budget. As repayments of deposits are received these are treated as income to the section increasing the funding available for advances.

### Background

6. The Rent Deposit Scheme has been operating since 2006. Two budget headings have been used – the 'Rent Deposit Scheme' budget, and also some funds from the 'Homeless Prevention' budget. For the purposes of this report the figures are taken as an amalgam of the two budgets. See below under 'Who can be assisted' for further information on this point.
7. In the current financial year (2008/09) the Scheme has so far assisted 213 households into new private accommodation at a cost of approximately £187k.

### 8. The Scheme

- Provides financial assistance to households in danger of losing their homes within a 28 day period by supplying finances to pay for a deposit and the first month's rent on a privately let property

- Will provide the household with a home for at least six months
- Is delivered by the Housing Advice and Homelessness team within Strategic Housing Services
- Operates within an annual revenue budget

## **9. Who Can Be Assisted?**

Households (which may be single people), who

- Are registered as being in housing need on Home Point
- Are potentially Homeless within 28 days
- Have a priority housing need as defined in the homelessness regulations (would be funded from the 'Homeless Prevention' budget)
- Do not have a priority housing need as defined in the homelessness regulations (would be funded from the 'Rent Deposit Scheme' budget)
- Are deemed, following investigation, to have sufficient funds to financially sustain a tenancy at the given rental level
- At the current time, due to budget implications, the Council is only providing funds to non-priority applicants (Rent Deposit Scheme) under exceptional circumstances

## **10. How Does It Operate?**

- The scheme is operated by the Housing Advice and Homelessness Team, and specifically by the Homelessness Prevention team, who obtain all information, and carry out an initial financial assessment, through a home visit at the current accommodation where appropriate.
- Following a Home Visit and the drawing up of a documented 'Prevention Action Plan', the applicant and the Homeless Prevention Officer will work together to identify a suitable and affordable private rented property. There is no distinction drawn between properties found by the applicant and those found by the Homeless Prevention team
- Once a suitable property has been identified, the Homeless Prevention Officer will liaise between the applicant and the property owner (or their agent where applicable). Finance is offered according to the applicants need and will generally comprise some or all of:
  - The deposit required on the property
  - The first month's rent
  - Any administrative fee charged by the agent
- The monies are paid direct to the landlord or their agent
- Where appropriate, and with the applicants permission, the household is also referred to a tenancy support agency such as New Dawn or Shelter for floating support to assist them in managing their new tenancy. Note that there are a wide range of such support agencies within the county; some provide general support, while others provide more specialist assistance.
- The applicant and an officer on behalf of the Council sign a Loan Agreement. The applicant is expected to repay the sum for the month's rent and the administration fee. Historically the deposit has been held by the landlord and returned to the Council at the end of the tenancy. Because this has left a large amount of the

Council's resources tied up in deposits in the community, we are moving to making the whole sum a loan repayable by the applicant to the Council

- All such loans (rent and deposit) are interest free, and are repayable at affordable rates

### **Bond Scheme**

11. We are currently investigating the possibility of arranging a Bond Scheme rather than a deposit scheme. Under this, the month's rental is still paid to the landlord; however instead of a deposit being paid, the Council makes a Bond Agreement with the landlord. No money changes hands, but the landlord can claim damages against the Council should the applicant default on the rental payments; or cause damage to the property. The Bond is limited to an agreed sum, usually equal to the deposit that would otherwise have been paid. Adoption of this scheme generally would reduce the amount of the Council's money tied up in deposits for long-term tenancies, and thus enable the Council to assist more households. Landlords in Herefordshire have historically been reluctant to agree to such a scheme; however with the current economic conditions we have received some expressions of interest from estate agents in the area.

### **RECOMMENDATION**

**THAT the operation of the scheme is noted.**

### **BACKGROUND PAPERS**

- None identified