



**South Hams
District Council**

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Deposit Guarantee, Cash Deposits and Rent in Advance Schemes Policy Document

1. BACKGROUND

- 1.1 The Council has a duty to provide suitable housing to accepted homeless households under section 193 of the Housing Act 1996. It also has a duty to prevent homelessness and offer advice and assistance to intentionally homeless households and non-priority households.
- 1.2 Suitable, affordable accommodation is in short supply and the Deposit Guarantee, Cash Deposits and Rent in Advance Schemes help households access the private rented sector as an option to prevent or relieve homelessness or as an alternative tenure for homeless households.
- 1.3 The Deposit Guarantee scheme will provide a legal guarantee to the landlord if the tenant damages the property during the life of the tenancy and/or there are rent arrears at the end of the tenancy. The amount of the repairs and/or rent arrears up to the value of the Guarantee which will not exceed two months rent and will be paid to the landlord if a claim is substantiated. All paid claims will be recovered from the tenant.
- 1.4 The Cash Deposit Scheme is to be used only where the landlord will not accept the Deposit Guarantee Scheme and will be limited to the equivalent of two months rent. Payments will be made direct to the landlord once the landlord has informed us into which of the three Deposit Protection Schemes the deposit will be paid into. The Cash Deposit will be recovered from the tenant at an affordable amount per week
- 1.5 The Rent in Advance scheme can be used as a stand alone payment or in conjunction with both deposit schemes. Where no other financial assistance is given by the authority the rent in advance will be limited to two months rent. In other cases the limited will be one months rent in addition to the other assistance given. In exceptional cases, where homelessness would result, this can be increased to two months with the agreement of the Housing Advice Manager. Payments will be made direct to the Landlord. The Rent in Advance will be recovered from the Tenant at an affordable amount per week.

1.6 This policy sets out the eligibility criteria and operation of the scheme.

2. KEY OBJECTIVES

2.1 To prevent or relieve homelessness

2.2 To provide homeless and potentially homeless households access to the private rented sector

2.2 To offer choice of tenure and landlord to homeless households

2.3 To minimise the use of temporary accommodation

2.4 To encourage private landlords to offer tenancies to homeless households

3. DEFINITIONS

3.1 Where the term 'landlord' is used within this document the term may apply to the landlord or the landlord's agent.

3.2 Local Connection is as defined in section 199 of the Housing Act 1996 (amended) with the exception of employment in the area which shall be defined as 3.3

3.3 To establish local connection to the area by employment the applicant shall either be self employed in the district or be in permanent paid employment and be contracted to work a minimum average of 16 hours a week.

4 POLICY

4.1 To be eligible for the scheme households must have an income of under 5X the prevailing Local Housing Allowance for the property and area .

4.2 Applicants will only be considered for properties that match their need in respect of bedspaces.

4.3 The following households will be eligible for assistance under any of the three schemes:

- Accepted homeless households whom the Council has a statutory duty to re-house under sections 188 and 193 of the Housing Act 1996
- Households threatened with homelessness with a local connection
- Households at risk of homelessness with a local connection
- Intentionally homeless households with a local connection
- Non-priority homeless households with a local connection
- Households nominated through the SHIRE scheme.
- Households housed under the Direct Lets Scheme

- 4.4 Where households do not meet the above criteria, each case will be judged on its merits and entry into the scheme must be agreed by the Housing Advice Manager.
- 4.5 The Options Officers must be satisfied that the risk of homelessness is genuine where the scheme is used as a tool to prevent homelessness.
- 4.6 Applicants will not be accepted onto the scheme if there were problems with a previous tenancy guaranteed under this or the previous schemes or they owe the Council money for damages and/or rent arrears where the council has either paid a deposit previously or provided a guarantee that has been called upon, unless they have maintained a repayment plan for at least 3 months prior to a further application. In these cases the approval of the Housing Advice Manager must be obtained before the applicant can be accepted on to the scheme.
- 4.7 Further applications from applicants who has already been accepted onto the scheme who wish to move to another property will only be considered if the applicant has maintained the repayment plan for the original loan.
- 4.8 The use of these schemes will not be limited to accommodation within the South Hams District Council area.
- 4.9 The initial fixed term of the tenancy should wherever possible be for at least 12 months.
- 4.10 The rent must be set at an acceptable level for the type and size of property.
- 4.11 The maximum liability for the Deposit Guarantee will be the equivalent of two month's rent.
- 4.12 The Cash Deposit Scheme is to be used only where the landlord will not accept the Deposit Guarantee Scheme and will be limited to the equivalent of two months rent. Payments under this scheme cannot be made until the landlord has confirmed which of the three Deposit Protection Schemes the deposit will be paid into.
- 4.13 The Rent in Advance scheme will be limited to two months rent if no other financial assistance is required from the authority to secure the tenancy. If used in conjunction with the Deposit Guarantee or Cash Deposit Schemes the amount of rent in advance will not exceed one months rent. In exceptional cases, where homelessness would result, this can be increased to two months with the agreement of the Housing Advice Manager.
- 4.14 The Options Officer will complete income and expenditure details with all applicants to ensure that they can afford the monthly rent. The applicant must also complete a repayment agreement and agree an affordable weekly repayment.

415. Applicants who are accepted for the rent in advance or cash deposit schemes must agree to an appointment with the debt advisor to ensure that income is maximised and a budgeting plan set up.
- 4.16 Once it has been established that the household is eligible for the scheme and can afford the monthly rent payments, an inspection of the property will be carried out and an inventory made of the contents and condition. Photographs will also be taken to illustrate the condition of the property at the time of letting. A copy will be sent to the landlord for their records.
- 4.17 The property must be in acceptable condition and meet fire, furnishings, gas and electrical standards. A check must be made with Environmental Health to ensure that there are no known outstanding problems with the property.
- 4.18 Landlords must agree to notify the Housing Advice Team before taking any legal action to recover the property and will be expected to show what actions they have taken to try to resolve any tenancy issues including rent arrears.
- 4.19 Once the Council is satisfied that all requirements have been met the Guarantee will be issued or the payments released to the landlord. All parties must sign the relevant agreements confirming their acceptance of the terms and conditions contained therein. A copy will be provided to both tenant and landlord.
- 4.20 Options Officers will ensure that a claim for Housing Benefit is submitted and wherever possible ensures that the claim is fast tracked to ensure prompt payment and minimise risk of arrears accruing.

5 CLAIMS AGAINST THE DEPOSIT GUARANTEE

- 5.1 If at the end of the tenancy the landlord wishes to make a claim against the deposit guarantee for damages, they must contact the Council so that an inspection may be carried out, preferably on the last day of the tenancy but certainly before the property is re-let. Both landlord and tenant should be present at the inspection wherever possible. Photographs must be taken to compare with ones taken at the outset.
- 5.2 If the Council agrees that a claim may be made, the landlord must provide estimates or invoices within 28 days.
- 5.3 In order to make a claim for rent arrears the landlord must have advised the Housing Advice Team as soon as problems were encountered with rent payments in order for the Council to have an opportunity to resolve the issue.
- 5.4 If at the end of the tenancy and, despite the Housing Advice team's intervention, there are still rent arrears the landlord may make a claim against the deposit guarantee. This must be made in writing within 28 days and include proof of the arrears and copies of all relevant correspondence with the tenant.

- 5.5 The tenant should be advised of any claim being made.
- 5.6 Once claims have been verified payment will be made to the landlord.
- 5.7 The total payment made for both damages and rent arrears will not exceed the value of the deposit guarantee.
- 5.8 All paid claims will be recovered from the tenant.
- 5.9 Payments will be closely monitored and departmental debt recovery procedures followed for any unpaid amounts.

6 DIVERSITY AND EQUAL OPPORTUNITIES

- 6.1 South Hams District Council is committed to reflecting the full diversity of the community it serves and to promoting equality of opportunity for everyone.
- 6.2 The Council will not conduct business with landlords or letting agents who are unprepared to conform to these standards.
- 6.3 This policy and all associated documentation and leaflets can be made available in large print, Braille, tape format or in any other languages, on request.

7 MONITORING AND REVIEW

- 7.1 The policy will be monitored regularly and reviewed annually