



TONBRIDGE & MALLING BOROUGH COUNCIL

HOUSING SERVICES PROCEDURE NOTE

DEPOSIT BOND / RENT DEPOSIT / RENT IN ADVANCE SCHEME

INTRODUCTION

The rent deposit scheme is designed to assist eligible households to secure accommodation in the private sector, usually by way of a deposit bond. In exceptional circumstances, where a deposit bond is not acceptable to the landlord, the deposit will be made by way of an interest-free payment to the landlord, which is repayable by the tenant in weekly or monthly instalments. Additional payments to cover rent in advance or other fees or charges will also only be considered in exceptional circumstances.

ELIGIBILITY CRITERIA

Eligibility - General

In order for an applicant's eligibility under this scheme to be assessed, an interview with a Housing Options Officer will be arranged. The basic criteria for eligibility are as follows:

Applicants must be eligible to join the Council's Housing Register, whether or not they are actually included on the register. An applicant may be ineligible to join the housing register because:

- a) they are subject to immigration control within the meaning of the Asylum and Immigration Act 1996 (unless the Secretary of State has stated that they should be eligible for housing). This includes the following groups of people:
 - visitors who have limited leave to enter or remain in the UK, granted on the understanding that they will not get public funding;
 - people who have valid leave to enter or remain in the UK, which includes a condition that they will not get public funding;
 - asylum seekers;
 - most people who are not habitually resident in the UK, including certain people who are in the UK under sponsorship arrangements;

- illegal entrants;
 - people who have overstayed their leave; or
 - any other person from abroad who the Secretary of State has judged ineligible for housing; and/or
- b) the Council is satisfied that the applicant (or a member of the applicant's household) has been guilty of unacceptable behaviour serious enough to make that person unsuitable to be a tenant.

Eligibility – Financial considerations

Applicants must demonstrate that they have no other means of securing sufficient funds for a deposit, for example from a bank loan or overdraft, a social fund loan or grant, or assistance from family or friends.

Applicants will not be eligible for a deposit bond, rent deposit or rent in advance payment if they have any outstanding debts to the Council (including any previous rent deposit which has not been repaid in full).

Eligibility - Local Connection

Applicants must have a local connection with Tonbridge and Malling. For these purposes, applicants will have a local connection if at the date of application:

- they are currently resident within the borough, or were previously resident here for either 6 out of the last 12 months, or 3 out of the last 5 years;
- they are employed in the borough on a permanent basis;
- they have immediate family members (parents, brothers, sisters or adult children) who have lived in the borough for the last 5 years or more; or
- they have other special reasons for living in the borough, for example they are attending full time education here.

Where an applicant has a local connection to more than one authority they should apply to all relevant boroughs for assistance with rent deposit schemes, to maximise their chances of finding a suitable property.

Eligibility - Homelessness

Applicants must be homeless or threatened with homelessness in the near future, and have a priority need for accommodation. Applicants who are likely to be intentionally homeless or not in priority need will only be considered in exceptional circumstances.

Eligibility – Priority Need

Applicants must fall into one of the following categories of priority need:

- a) a pregnant woman or a person with whom she resides or might reasonably be expected to reside;
- b) a person with whom dependent children reside or might reasonably be expected to reside;
- c) a person who is vulnerable as a result of old age, mental illness or handicap or physical disability or other special reason, or with whom such a person resides or might reasonably be expected to reside;
- d) a person who is homeless or threatened with homelessness as a result of an emergency such as flood, fire or other disaster.
- e) a person aged sixteen or seventeen who is not a relevant child or a child in need to whom a local authority owes a duty under section 20 of the Children Act 1989;
- f) a person under 21 who was (but is no longer) looked after, accommodated or fostered between the ages of 16 and 18 (except where a person is a “relevant student” – a care leaver to whom section 24B (3) of the Children Act 1989 applies, who is in full time further or higher education and whose term time accommodation is not available during a vacation);
- g) a person who is vulnerable as a result of having been a member of Her Majesty’s regular naval, military or air forces;
- h) a person who is vulnerable as a result of;
 - (i) having served a custodial sentence,
 - (ii) having been committed for contempt of court or any other kindred offence, or
 - (iii) having been remanded in custody;
- l) a person who is vulnerable as a result of ceasing to occupy accommodation because of violence from another person or threats of violence from another person which are likely to be carried out.

NB: Details of any arrangement made to offer a deposit bond or rent deposit/rent in advance payment to applicants with no local connection, or who are likely to be intentionally homeless or not in priority need must be recorded on a file note in the customers file, signed by the Housing Options Officer and authorised by the Chief Housing Officer.

APPLICATION

General

Applicants must have no other way of securing the money for a deposit, i.e. friends and family cannot or will not lend them the money, they are

not eligible for or have been refused an overdraft or bank/personal loan, they are not eligible for or have been refused a Social Fund loan and they don't have any savings.

The applicant must complete a Deposit Bond/Rent Deposit/Rent in Advance application form. This application form is to be used for all applications, including deposit bond, cash deposit or rent in advance.

Eligible applicants are entitled to a Bond of equivalent value of up to one month's rent (or four weeks if rent is due weekly), or the maximum amount of Local Housing Allowance (LHA) for the person's bed need in that area, whichever is the lower amount. Where a Bond is not acceptable, a cash payment for the equivalent amount will be paid to the landlord as a deposit, to secure private rented accommodation.

Additional payments to cover rent in advance or other fees or charges will only be considered in exceptional circumstances.

Applicants in receipt of Income Support or Job Seekers Allowance should approach the Department of Works and Pensions (DWP) to apply for a Budgeting/Crisis Loan or Community Care Grant to cover any additional payments such as rent in advance if necessary. Claims to DWP can be made by telephone on 0845 6088580.

NB: Details of any arrangement made to provide a Bond or cash deposit for an amount higher than the equivalent value of one month's rent (or four weeks if rent is due weekly) or to make payments in respect of rent in advance or other fees and charges must be recorded on a file note in the customers file, signed by the Housing Options Officer and authorised by the Chief Housing Officer.

Maximum amounts

The maximum amount of the Deposit Bond or Rent Deposit payment is the equivalent of one calendar month (or four weeks) rent as a deposit, plus (in exceptional circumstances) the equivalent of one calendar month (or four weeks) rent in advance. Properties within Tonbridge and Malling fall into one of three broad market rental areas (High Weald, Maidstone or Medway & Swale) and the amount of LHA payable varies between the three. Some applicants will seek rented accommodation outside the borough, where different LHA rates will apply. Although the actual amount advanced for a rent deposit will vary according to the LHA area, the absolute maximum for properties within the borough will be the equivalent of the rate for High Weald (as at January 2009):

1 bedroomed property 4 weeks @ £144.23 = £576.95 (or £625 pcm)
2 bedroomed property 4 weeks @ £183.46 = £733.84 (or £795 pcm)
3 bedroomed property 4 weeks @ £230.77 = £923.08 (or £1,000 pcm)
4 bedroomed property 4 weeks @ £346.15 = £1,384.60 (or £1,500 pcm)

The LHA rates are updated monthly. The Housing Options Officer should check that the prevailing rate as at the tenancy start date is used to determine the amount of the advance.

Single applicants under the age of 25 should be advised that Local Housing Allowance is usually restricted to the amount allowed for a room with shared facilities.

Where an applicant is to be offered a Deposit Bond:

Eg. Applicant requires 2 bedroomed property @ Maidstone LHA rate of £150 per week (Correct as at January 2009).

Maximum deposit bond agreed = £650, minimum payments to the landlord over 12 months are £12.50 per week or £54.17 per calendar month.

NB: Where a repayment period of 12 months would cause exceptional hardship, the repayment period can be extended to 18 months where authorised by the Chief Housing Officer

Where an applicant is to be offered a cash deposit:

Eg. Applicant requires 2 bedroomed property @ Maidstone LHA rate of £150 per week (Correct as at January 2009).

Maximum deposit advanced = £650, minimum repayments to TMBC over 18 months are £8.33 per week or £36.11 per calendar month.

With the addition of maximum rent in advance of £650, total amount advanced = £1,300, minimum repayments to TMBC over 18 months are £16.67 per week or £72.22 per calendar month, *or £12.50 per week or £54.17 per calendar month over 24 months (where this has been agreed).*

Once the maximum amount to be advanced has been agreed, a repayment schedule must be drawn up to ensure that the advance is repaid as soon as possible over a maximum period of 18 months.

NB: Where the advance includes an additional payment in respect of rent in advance, or where a repayment period of 18 months would cause exceptional hardship, the repayment period can be extended to 24 months where authorised by the Chief Housing Officer

Application – General Procedure

The applicant must complete and sign the Deposit Bond/Rent Deposit/Rent in Advance application form and provide the necessary documents to verify their eligibility for the scheme. The Housing Options Officer must complete all relevant parts of the Deposit Bond/Rent Deposit/Rent in Advance Scheme Checklist, and ensure that certified copies of original documents are placed on the applicants file. These documents will include proof of ID for all members of the household (birth certificate, passport, driving licence etc), proof of current address(es) and proof of income (wage slips, last 2 months bank statements, proof of benefit entitlement etc).

The Housing Options Officer must complete a detailed financial statement with the applicant to ensure that repayments are affordable, and advise the applicant of the consequences of failing to keep to the terms of the repayment agreement.

Application – Deposit Bond

If the applicant is eligible to be considered for a Deposit Bond:

Once a suitable property has been identified, the Housing Options Officer must contact the landlord to verify that:

- **the property is a suitable size for the applicant's household**
- **the rent level is within LHA rates**
- **a deposit bond is acceptable**
- **the property has smoke detectors and a current gas safety certificate and electrical safety certificate where appropriate (copies to be obtained for the file)**
- **a detailed inventory has been taken (a copy to be obtained for the file)**
- **wherever possible, the tenancy should be for a minimum period of 12 months**

The Housing Options Officer shall then refer the details to the Private Sector Housing Team, together with copies of the gas safety certificate (and electrical safety certificate where issued) and inventory, to arrange an inspection. Once the Private Sector Housing Team are satisfied that the property is suitable for the applicant, the Deposit Bond application must be passed to the Housing Needs and Strategy Manager for authorisation, except in those cases where the Chief Housing Officer must authorise the Bond.

The amount of the Deposit Bond will depend on:

- **the size of the property the household requires, i.e. a single person or couple with one child would require a two bedroomed property and would therefore only be assisted to secure a two bedroomed home, (unless a larger property was offered at an equivalent or lower rent within LHA rates)**
- **the weekly or monthly rent liability**

The Deposit Bond is only valid for the fixed period of the tenancy ie six or twelve months. During the period of the tenancy, the tenant is expected to make regular payments to the landlord, or set aside sufficient monies where the landlord is not willing to accept payments. This is to ensure that the Bond can be replaced with a cash deposit at the end of the fixed term of the tenancy. If the landlord agrees that the tenant can continue in occupation at the end of the fixed term, whether or not a further tenancy is granted, the landlord must request a further Bond if required. Any payments made by the tenant towards a deposit will be deducted from the amount requested. A further Bond, for some

or all of the original amount, will usually only be agreed if the tenant has not made sufficient payments during the course of the tenancy to replace the Bond with a deposit and there have been no problems with the conduct of the tenancy.

Once the Bond has been agreed, the Housing Options Officer gives one copy of the Deposit Bond Scheme Terms and Conditions to both the landlord and the tenant, together with a copy of the relevant Deposit Bond Scheme agreement. The landlord and tenant must each sign the appropriate agreement, which is then countersigned by the Housing Options Officer. The originals are kept on the applicant's file and a copy given to the landlord and tenant.

The Housing Options Officer shall send an e-mail to the Accounts team, detailing the amount and duration of the Bond, and keep a copy of the e-mail on the file.

Details of the Bond must be entered on the spreadsheet "Deposit Bonds.xls" which is held at I:/House/Admin/Housing Options/Rent Deposit Bond Scheme Feb 09 onwards

Once the tenancy start date is known, the Housing Options Officer shall diarise a date 6 weeks after the start of the tenancy to make a telephone call to both the tenant and the landlord to:

- check whether the tenant is making regular Bond instalment payments as agreed
- check whether the tenancy is running smoothly, with no issues that could lead to a potential claim being made against the Bond
- verify any changes in circumstances

Application – Rent Deposit and/or Rent in Advance

If the applicant is eligible to be considered for a cash payment in respect of a Rent Deposit and/or Rent in Advance:

Once a suitable property has been identified, the Housing Options Officer must contact the landlord to verify that:

- the property is a suitable size for the applicant's household
- the rent level is within LHA rates
- the property has smoke detectors and a current gas safety certificate and electrical safety certificate where appropriate (copies to be obtained for the file)
- a detailed inventory has been taken (a copy to be obtained for the file)

The Housing Options Officer must then refer the details to the Private Sector Housing Team, together with copies of the gas safety certificate (and electrical safety certificate where issued) and inventory, to arrange

an inspection. Once the Private Sector Housing Team are satisfied that the property is suitable for the applicant, the Rent Deposit/Rent in Advance application must be passed to the Housing Needs and Strategy Manager for authorisation, except in those cases where the Chief Housing Officer must authorise the payment.

The amount of the Rent Deposit and/or Rent in Advance will depend on:

- **the size of the property the household requires, i.e. a single person or couple with one child would require a two bedroomed property and would therefore only be assisted to secure a two bedroomed home(unless a larger property was offered at an equivalent or lower rent within LHA rates)**
- **the weekly or monthly rent liability**

Where a cash payment is made direct to the landlord, the tenant is expected to make regular payments to repay the advance, interest free over a maximum period of 18 months. This period can be extended to 24 months in exceptional circumstances to make repayments more affordable to the applicant.

Applicants are required to make a first repayment within 7 days of the advance, and set up a standing order mandate for regular repayments within one month of the advance. The Housing Options Officer will complete the standing order mandate form, setting out the required payments, for the applicant(s) to sign.

Once the Rent Deposit and/or Rent in Advance payment has been agreed, the Housing Options Officer gives one copy of the Rent Deposit and/or Rent in Advance Scheme Terms and conditions to both the landlord and the tenant, together with a copy of the relevant Rent Deposit and/or Rent in Advance Scheme agreement. The landlord and tenant must each sign the appropriate agreement, which is then countersigned by the Housing Options Officer. The originals are kept on the applicant's file and a copy given to the landlord and tenant.

The Housing Options Officer will need to raise a BACS (or cheque) payment to the landlord's account for the specified amount, and raise an invoice for the full amount to be sent to the applicant. Full details are included in the separate financial procedures for the rent deposit scheme.

Details of the Rent Deposit and/or Rent in Advance payment must be entered on the spreadsheet "Rent Deposit Advances.xls" which is held at I:/House/Admin/Housing Options/Rent Deposit Bond Scheme Feb 09 onwards/Rent Deposit Advances

The following must be provided by the landlord to the Council within 14 days of the funds clearing in their account:

- **A copy of the tenancy agreement.**

- **Details of their chosen Tenancy Deposit Protection Scheme. If the scheme provider gives a letter or certificate evidencing protection of the deposit, then the landlord must give a copy to the Housing Options Officer. If the chosen scheme provider allows, the Landlord should register the Council as an interested 3rd party.**

Once received, the Checklist form will need to be updated. Copies of the documents must be taken and placed in the applicant's file.

These procedures are subject to necessary changes as required in line with all other procedures, protocols, and policy. Each year, the Accommodation Officer will instigate an annual review of these procedures.

Deposit Bond / Rent Deposit / Rent in advance scheme checklist

Applicable scheme(s): Deposit Bond Rent Deposit Rent in advance

1: Applicant's eligibility

- Applicant completed application form Yes No
- Proof of ID, NINO, homelessness and local connection on file Yes No
- Proof of income on file – last 2 months bank statements, wage slips,
and proof of benefits Yes No
- Proof of Priority Need on file Yes No
- Has applicant any outstanding debts owed to TMBC? Yes No
- If applicant has had an advance agreement in the past,
have they repaid this in full? Yes No
- Checked if customer is subject to a fraud investigation Yes No
- Explained consequences of missing a repayment (eg debtor tracing
will be carried out and a CCJ will be pursued) Yes No
- Has applicant been refused a: bank overdraft Yes No
 - Bank / personal loan Yes No
 - Social Fund loan/grant Yes No
 - DHP for rent in advance Yes No
- Has applicant sufficient funds to pay:
 - Deposit Yes No
 - Rent in advance Yes No
 - Other fees/charges Yes No
- Financial statement of income and expenditure completed Yes No
- Will applicant be entitled to housing benefit Yes No
- Maximum awarded for:
 - Cash Deposit £ _____
 - Rent in advance £ _____
- Total sum advanced £ _____
- Minimum weekly repayment required £ _____
- Date of first repayment _____
- Deposit bond amount agreed _____
- Authorisation by HNSM or CHO on file Yes No
- Written Confirmation of acceptance on scheme sent to applicant. Yes No

2: The Property

- Property found Yes No
- Landlord contacted Yes No
- Landlord confirmed tenancy insurance in place Yes No
- Landlord's inventory received Yes No
- Gas safety certificate received on file Yes No
- Inspection arranged by Private Sector Housing Team Yes No
- Property details completed on checklist Yes No
- Agree details on inventory Yes No
- Checklist passed to Private Sector Housing Team with a copy of the gas safety certificate Yes No
- Inspection passed Yes No
- Property size suitable for household needs Yes No
- Completed checklist returned Yes No
- Letter sent to landlord confirming that property has passed inspection and payment/bond agreement to follow etc. Yes No
- Letter confirming above sent to client. Yes No
- Copy of terms and conditions information sheet given to landlord Yes No
- Copy of terms and conditions information sheet given to client Yes No
- Landlord signed deposit bond/rent deposit agreement Yes No

3: Payments for rent deposit and/or rent in advance options

- Housing Benefit form submitted. Yes No
- Cheque request/BACS request submitted. Yes No
- Invoice request submitted. Yes No
- Advance agreement signed by client Yes No
- Repayment schedule drawn up and copied to finance Yes No
- Advance agreement signed by HNSM Yes No
- Copy of tenancy agreement received Yes No
- TDP confirmation received Yes No
- Copy of inventory received Yes No
- Letter sent to client with invoice (copy on file) and copy of advance agreement and repayment schedule Yes No

- Client has authorised direct deduction from housing benefit entitlement in the event of a default on advance repayments Yes No
- Evidence on file that payment to be made from Supporting People Funding (if applicable) Yes No

4: For Bond option

- Housing Benefit form submitted. Yes No
- Bond agreement signed by client Yes No
- Bond agreement signed by HNSM Yes No
- Copy of tenancy agreement received Yes No
- Copy of inventory received Yes No
- Client has agreed to make monthly payments to landlord in respect of Bond liability Yes No
- Client has authorised direct deduction from housing benefit entitlement in the event of a valid claim against the Bond Yes No
- Accounts department informed of Bond details Yes No
- Evidence on file that Bond to be made from Supporting People Funding (if applicable) Yes No

5: Housing register application

- To remain on housing register Yes No