

Rent guarantee pilot for private landlords

1.0 Summary

A pilot project offering rent guarantee and incentive payments for tenancies in the private rented sector has been in place since December 2020. Rent is guaranteed through a financial commitment to pay any rent arrears during a tenancy, giving financial reassurance to private landlords. A 'golden hello' incentive is made through one off payments to landlords.

Rents need to be in line with the applicable Local Housing Allowance (LHA) amounts or a maximum of 10% above LHA to be considered for the pilot. Where an incentive payment is made, tenancies need to be for a minimum of 12 or 24 months depending on level of incentive.

2.0 Tenancies will be between the landlord and occupier as normal. The Council will offer:

- a rent guarantee effectively underwriting the rent due for six months and/or
- an incentive payment.

3.0 To be considered for the pilot landlords will need to issue tenancies with a fixed term of 12 or 24 months and rents at Local Housing Allowance amounts or up to a maximum of 10% above, as set out in the table below. Tenancies with an initial fixed term of 6 months may be considered for rent guarantee only.

Table A

LHA rent levels (monthly) & maximum levels	Room (LHA)	Maximum rent	1bed (LHA)	Maximum rent	2bed (LHA)	Maximum rent	3bed (LHA)	Maximum rent	4+bed (LHA)	Maximum rent
High Weald	433.81	477.19	693.12	762.43	897.52	987.27	1126.88	1239.57	1495.91	1645.50
Maidstone	385.02	423.52	648.22	713.04	812.76	894.04	972.31	1069.54	1246.57	1371.23
Medway & Swale	315.64	347.20	593.36	652.70	747.93	822.72	847.69	932.46	1196.69	1316.36

4.0 Officers will prioritise properties best matched to the needs of households being assisted by the Council for involvement in the pilot. TMBC will have the final decision about the properties that are included for use in the pilot; this will be informed by a process of matching properties, rents and households in housing need and subject to suitability considerations.

5.0 The pilot will be used for Housing Options and Support cases where the Private Rented Sector has been identified as a housing option for a household in line with the Private Rented Sector Offer (discharge) Policy. This may include households currently placed in temporary accommodation or those with prevention cases.

6.0 The rent guarantee will be for six months within the tenancy (either 12 or 24 months) to provide financial support throughout the tenancy. Landlords can make a claim against the guarantee for rent arrears, of up to six months value/cost during this time.

- 7.0 If a Landlord claims against the guarantee the Council will pay the amount of any arrears and recharge the occupier as appropriate. Landlords will need to provide full information to evidence any request for payment including a copy of the rent statement.
- 8.0 The rent guarantee may be offered again at the request of the landlord, effectively giving another 6 months' rent guarantee within another fixed tenancy term. Requests will be considered on a case by case basis.
- 9.0 Incentives will be one off payments in line with the amounts below relating to the fixed term of the tenancy. Payments will be made to a Landlord once a valid tenancy agreement is evidenced, relating to an agreed property and rent for a specified household.

Table B Incentive amounts by property size

Incentive amounts	1bed	2bed	3+bed
12 month fixed term	£1,500	£2,000	£2,350
24 month fixed term	£2,300	£3,000	£3,500

- 10.0 It is expected that only one incentive payment will be made per property. A landlord may receive more than one incentive payment in cases where they work with TMBC with multiple properties, but payments are not tenancy based, i.e. a landlord will not normally qualify for an incentive payment for a changeover of tenant at the same property they've already received an incentive for.
- 11.0 The incentive amounts equate to approximately 20% and 30% of LHA amounts over a 12 month period giving additional financial assurance to landlords.
- 12.0 Officers will signpost and make referrals for tenancy sustainment and support where appropriate, using the Kent Homeless Connect tenancy sustainment service and supported lettings project.
- 13.0 If rent arrears occur the landlord will need to contact the tenant in the first instance and follow their usual process to try to address rent arrears and seek payment. The landlord may claim against the rent guarantee providing the required evidence. TMBC officers will liaise with both the landlord and tenant to seek to address the arrears and remedy the situation to enable the tenancy to be sustained.
- 14.0 To help prevent arrears forming officers will liaise with the tenant and landlord to put an Alternative Payment Arrangement in place for any housing related benefits they're eligible for in cases where there's history of rent arrears, consistent late payment of rent or failure to keep to repayment plans.
- 15.0 The pilot will provide the same offer to landlords and households TMBC are working with but how the incentive payments and claims against the rent guarantee are funded will vary to make best use of available budgets. The pilot will be funded by using Discretionary Housing Payments (DHP) wherever possible, informed by a

household's entitlement to benefits assistance. In cases where DHP cannot be used, relevant housing budgets will be used.

- 16.0 TMBC will recharge the tenants for any amounts paid under the rent guarantee. The debt will be recharged through a debtor account and repaid through an agreed payment instalment plan.