

Draft Landlord Incentive Scheme offer

Introduction

The Homelessness Reduction Act 2017 (implemented on 3 April 2018) places new duties on housing authorities to intervene earlier to prevent homelessness and to take reasonable steps to relieve homelessness for all eligible applicants, not just those that have priority need.

The Council must take reasonable steps to prevent homelessness for any eligible applicant at risk of homelessness within 56 days, regardless of priority need. This can involve assisting them to stay in their current accommodation, or helping them to find a new place to live

If homelessness cannot be prevented, the Council must take reasonable steps to help the applicant to secure suitable accommodation. Help could be, for example, providing a bond guarantee, funding a rent deposit or working with a private landlord to make properties available.

With the growing financial pressure that the Council faces and the ever-increasing price of privately rented accommodation in comparison to Local Housing Allowance (LHA) rates, it has become tougher than ever to prevent households from becoming homeless or to assist them to move to alternative privately rented accommodation.

There is a continued rising need for good quality private rented accommodation to help meet local housing need. The Council is aware that other local authorities offer incentives to landlords in the Tonbridge & Malling area.

The Council has experienced a rise in the use of temporary accommodation (TA), causing significant increased cost. Most of this TA has been in the form of expensive 'nightly paid' accommodation.

Private Landlords are often concerned about the risk of letting to households who may be in receipt of benefits to help them pay their rent. It's hoped that offering a one-off incentive payment (Golden Hello) along with a rent guarantee will mean landlords are more open to working with the Council and the people we assist.

The aim of our incentive scheme is to encourage local landlords to work with the Council in providing homes for local people. This will contribute to preventing homelessness and enable people to move on from TA into the private rented sector, delivering financial savings for the Council.

General rules and qualification

To qualify for an incentive payment, the following criteria must be met:

- The homeless applicant must be verified as being homeless or at risk of homelessness within 56 days.
- The homeless applicant must be in priority need as defined by Housing Act 1996 (amended 2002).
- The homeless applicant must keep to their Personal Housing Plan. They must not deliberately and unreasonably refuse to take a required step in their plan.
- The property must be suitable and affordable for the homeless applicant.
- The rent should be within 10% of the relevant LHA rate for the property unless it can be clearly shown that the homeless applicant is able to afford the rent by other means. The homeless applicant must have completed a full income and expenditure assessment with the Housing Solutions Team.
- Tenancies need to be for a minimum of 12 or 24 months. However, tenancies with an initial fixed term of 6 months may be considered for rent guarantee only.
- Tenancies will be between the landlord and occupier as normal
- The property must have been inspected by the Council and be free from significant hazards as defined by the Housing Health and Safety Rating System. The accommodation must meet minimum housing standards.
- The EPC rating of the property must be band D or higher.
- The landlord must be assessed as a 'fit and proper person' by the Council.

Officers will prioritise properties best matched to the needs of households being assisted by the Council. This will be informed by a process of matching properties, rents and households in housing need and subject to suitability considerations. The Council's decision is final.

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.

The source of funding for incentive payments and claims against the rent guarantee will vary to make best use of available budgets. These 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.

The Council will recharge 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.

The Incentive Scheme (Golden Hello)

Incentives will be one off payments in line with the amounts shown in the table below, relating to the fixed term of the tenancy. Payments will be made to the Landlord once a valid tenancy agreement is evidenced, relating to an agreed property and rent for a specified household.

Incentive amounts by property size

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

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 the Council with multiple properties, but payments are not tenancy based, for example, 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.

The incentive amounts equate to approximately 20% and 30% of LHA amounts over a 12-month period giving additional financial assurance to landlords.

The Rent Guarantee scheme

The rent guarantee lasts for the first six months of the tenancy, either 12 or 24 months fixed term. This gives additional financial support while the tenancy is settling down with regards to any benefit claims being made or updated and processed.

The rent guarantee may be offered again at the request of the landlord, effectively providing a further 6 months' rent guarantee. Requests will be considered on a case-by-case basis where it's felt a continuation of the rent guarantee may be appropriate. After this extended period, it's intended that the tenancy will continue, with the tenant paying their rent and the Council's rent guarantee will end (at the end of 12 months in total).

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.

Housing Benefit will be paid directly to the landlord or agent. Applicants in receipt of the Housing Element of Universal Credit will be required to ask for these payments to be made directly to the landlord or agent.

Addressing rent arrears

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 these and seek payment.

The Council will support the landlord to address rent arrears with the tenant. Annex 1 sets out the core principles for handling arrears.

The landlord may claim against the rent guarantee once the tenant falls into 4 weeks of arrears, providing full information and evidence to support their claim, including a rent statement. The Council will pay the amount of any arrears and recharge the occupier as appropriate.

Annex 1 - Approach to rent arrears for the rent guarantee and incentives pilot

Arrears	Level	Action
1-2 weeks	Low level	<p>Landlord contacts the tenant to inform of rent arrears and seek prompt payment.</p> <p>Landlord notifies TMBC of arrears, provides information on the actions they are taking to liaise with the tenant and get the rent due paid.</p>
2-4 weeks	Minor arrears	<p>Landlord contacts the tenant following their usual practice, asking for payment of arrears (inform may serve notice due to rent arrears).</p> <p>If this is unsuccessful and the tenant does not engage with the landlord, the landlord can claim against the guarantee at 4 weeks arrears.</p> <p>Landlord updates contact officer at TMBC and may request payment of arrears, providing a copy of the rent statement, and steps taken to remedy the situation and get the rent payments, to evidence the request.</p> <p>TMBC will contact the tenant to issue first warning and</p> <ul style="list-style-type: none"> • offer support & seek to resolve • agree a repayment plan with TMBC for the amount paid • advise may lead to ending guarantee & likely tenancy will be ended
4-8 weeks	Major arrears	Repeat steps outlined above. TMBC issue second warning.
8 + weeks	Major arrears	<p>TMBC - final warning at 8 weeks arrears level (arrears total equivalent of 8 weeks):</p> <ul style="list-style-type: none"> • contact tenant giving one week to engage with Housing Options Officer

		<ul style="list-style-type: none"> • outline consequences (where applicable, include likely intentionally homeless, as affordability assessment carried out pre- tenancy and no other change in circumstances) • liaise with landlord to set up an Alternative Payment Arrangement, in cases where the tenant is in receipt of UC • decide whether to continue the guarantee – this will be on case by case basis through assessing the sustainability of the tenancy. If officers decide to end the guarantee, notify landlord that TMBC intend to stop the guarantee at the end of the agreed current six month period.
Consistent late payment or failure to fulfil repayment plan	If total 4-6 weeks arrears at point of fixed term ending / guarantee renewal	TMBC - warnings in line with arrears levels and consider whether to extend the guarantee as set out above; inform both tenant and landlord.
Officer to liaise with Landlord about sustainability of the tenancy and any legal action they may be considering to end the tenancy.		