

**HOMES POLICY DEVELOPMENT GROUP**  
**1 OCTOBER 2019**

**DEPOSIT AND ADVANCE RENT SCHEME**

**Cabinet Member(s):** Councillor Simon Clist  
**Responsible Officer:** Mrs Claire Fry, Group Manager for Housing

**Reason for Report:** To brief Members on this scheme

**RECOMMENDATION: Members to note the report**

**Financial Implications:** The prevention and management of homelessness is a strategic activity which is accounted for in the General Fund. The Council receives funding from Central Government through the new burdens and the flexible homelessness support grant funding stream in relation to this work and there is a budget set aside to meet the costs of the Deposit and Advance Rent Scheme (DARS).

**Legal Implications:** The Homelessness Reduction Act 2017 amended part VI of the Housing Act 1996 and placed new duties on English Councils. Everyone who is at risk of homelessness in the next 56 days or who is homeless now has access to help and support from the Council regardless of whether they have priority status, provided that they are eligible for assistance.

**Risk Assessment:** Failing to prevent and manage homelessness effectively has the potential to result in increased costs associated with the use of temporary accommodation, legal challenges and reputational risk. Risks associated with the DARS are contained within the main body of the report.

**Equality Impact Assessment:** The Council must treat all housing applicants in the same way to avoid allegations of favouritism. The diversity of those who approach the Council as homeless is recorded.

**Relationship to Corporate Plan:** The prevention of homelessness is a priority as stated in the Corporate Plan.

**Impact on Climate Change:** Officers sometimes have to respond to emergencies associated with the prevention and management of homelessness. In such cases, safeguarding concerns will take priority in order to minimise risk and it is accepted that the ability to manage such issues effectively may have an environmental impact which would not occur if work can be planned in advance and managed in a more co-ordinated way.

**1. Introduction**

1.1 The Housing Service runs a Deposit and Advance Rent Scheme (DARS).

1.2 When someone applies for assistance because they are about to become, or are, homeless, the priority for Officers in the Housing Options team is to work to assist the household concerned to remain in their existing home. This may involve negotiating with the landlord and offering mediation, or repayment plans, if they are in rent arrears. In addition, Officers will offer the applicant access to

the deposit and advance rent scheme (DARS), if necessary, because this has the potential to enable them to secure alternative accommodation.

- 1.3 The DARS enables Officers to provide an interest free loan, repayable on a monthly basis until the debt is cleared, as an option to those who are homeless. A loan made using the DARS provides a much cheaper option than placing someone into temporary accommodation. The average DARS loan is around £1,200 and this is repayable over five years.
- 1.4 The Council would generally expect to pay £80 per night for bed and breakfast accommodation for a family of four.
- 1.5 The City of York stated in their homelessness strategy for 2018-23 that: "The costs of a rent deposit scheme are estimated to be eight times less than providing accommodation under the main homelessness duty." (City of York, 2018)

## **2. ELIGIBILITY FOR SOCIAL HOUSING**

- 2.1 Members will be aware that the Council uses Devon Home Choice to assess housing need; and that homes in the District are allocated through the scheme. This includes the Council's own housing stock and that of other registered providers of social housing. In accordance with the provisions of the scheme, certain people cannot be admitted to the housing register. These include:
  - Those with rent arrears of £500 or above
  - Those who have been evicted from social housing within the last 2 years
  - Those who are intentionally homeless
  - Those who are considered to be very high risk due to a history of criminal activity or anti-social behaviour
- 2.2 Therefore, some of those people to whom the Council owes a homeless duty will not be eligible for social housing.

## **3. PRIVATE RENTED SECTOR ACCOMMODATION AS A HOUSING OPTION**

- 3.1 In such cases, the Housing Options team has to assist the clients to find a home in the private rented sector because this is the only option open to them. Such people may need assistance to pay the advance rent and deposit required by the landlord and/ or their agent. Many people find it impossible to secure a bank loan as a result of their own personal circumstances. Such loans would enable them to pay the monies required. However, their inability to obtain the finance needed to secure a home in the private rented sector means that in such cases the only way in which Officers can resolve the homelessness is to offer a loan using the DARS.
- 3.2 It should be noted that Officers have reported that they often find that agents and private landlords are generally more willing to help clients who have access to a DARS loan and who are referred by the Housing Options team; and that they are less keen to assist those who approach them directly.

#### **4. SOCIAL HOUSING AS A HOUSING OPTION**

- 4.1 The Homelessness Reduction Act 2017 was implemented with the aim of reducing homelessness. A key aim of the legislation was to ensure that no-one spent any longer in temporary accommodation than necessary. This can be difficult because there are issues in terms of supply versus demand relating to the provision of social housing which can make it difficult to find homes suitable for the needs of some homeless people.
- 4.2 As at 8 July 2019, there were 690 cases registered in Bands A to D, the bands of Housing Need, as defined by Devon Home Choice. A further 849 housing applicants were registered in Band E, the band of no housing need. During 2018/19 (from 1 April 2018 to 31 March 2019), there were 270 lettings in terms of general needs accommodation and a further 40 accessible homes were let in Mid Devon.

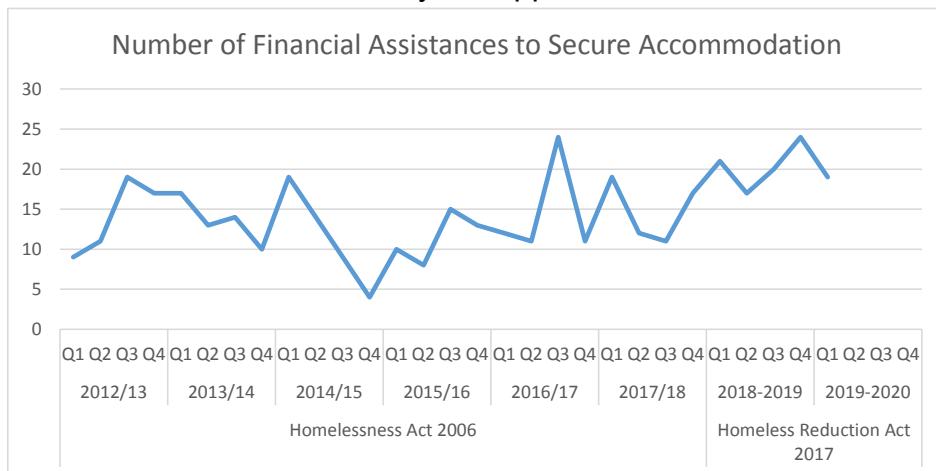
#### **5. HOMELESSNESS PREVENTION**

- 5.1 As noted, the DARS provides a way to assist those clients who are found to be in priority need. These people are often placed into temporary accommodation until such time as they can secure a more permanent home. Without the scheme, they could remain in that temporary accommodation until such time as they have managed to save up enough money to cover the deposit and advance rent required by a private landlord; or until such time as a home in the social sector becomes available.
- 5.2 Families with a need for a larger home, including those with 4 to 5 bedrooms, may have to wait for many years for a home suitable for their needs in the social sector due to the small number of such properties in the District. The impact of this would be to increase the waiting time on the housing register for anyone in Band C or lower, due to the fact that most properties would go to homeless households who have been assessed as having a need which entitles them to Band B status.
- 5.3 Loans provided through the DARS can also help to reduce the amount of expenditure related to the provision of temporary accommodation for those found to be homeless and in priority need. As an example, earlier this year, a client fleeing domestic violence was able to find themselves accommodation suitable for them and a young child in the private sector, on the same day on which they presented as homeless. They were able to secure a loan through the DARS and were accepted by the agents. The household moved in 6 days later which meant that the Council was only required to provide 6 nights of Bed and Breakfast accommodation for them. This meant that there was no need to provide temporary accommodation for the client and their family in the longer term.
- 5.4 It should also be noted that the Government's Rough Sleeper Strategy sets out an intention to end rough sleeping altogether by 2027. It sets out a collective approach to help people to recover and to find a home quickly. In cases where people are found to be sleeping on the streets, a loan made available through the DARS can be the quickest option to secure suitable accommodation for them.

## 6. USE OF LOANS THROUGH THE DARS

6.1 In recent years, the scheme has been used to support a number of homeless households into accommodation with some security of tenure:

- 2015/16: 63 applications
- 2016/17: 62 applications
- 2017/18: 64 applications
- 2018/19: 82 applications
- 2019/20 Q1 only: 18 applications

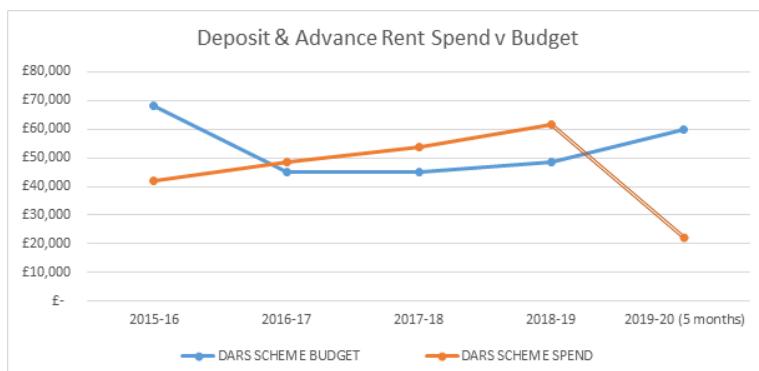


## 7. THE APPROACH OF NEIGHBOURING AUTHORITIES IN DEVON

7.1 Currently, a number of other strategic housing authorities within Devon have schemes similar to our DARS. This includes Exeter City Council, East Devon District Council and North Devon District Council.

## 8. BUDGET & EXPENDITURE

8.1 The graph shows expenditure against budget in respect of loans issued through the DARS over time from the beginning of 2015/16:



8.2 Officers have undertaken a review of cases and this has shown that the average spend in cases where DARS is used is £1,504. In cases where homeless households have been accommodated on a temporary basis, the average cost is

£3,165. This means that the average saving the Council associated with the use of DARS is £1,661 in each case.

## **9. MITIGATION OF RISK**

- 9.1 If those households which were found to be non-priority or found to be intentionally homeless did not have financial assistance into the private rented sector, there is a possibility that they may end up sleeping rough. There is also the potential for them to put the tenancies of their friends and family at risk by causing overcrowding which could result in their households becoming homeless, too.
- 9.2 In addition, there is a risk that the demand for family sized temporary accommodation would increase exponentially should the option of a home in the private rented sector not be available for some households. This could result in a further financial burden to the Council.
- 9.3 Although the Housing Service is currently working on a scheme to convert a large property within our own Housing stock to provide accommodation for those in need on a temporary basis, this only has the potential to help a limited number of clients at any one time. The accommodation there will not be suitable for all of our homeless clients; for example, it will not be an option for those who are deemed to be high risk and for those who may have fled domestic violence. It is also the case that clients accommodated in the property will need "move on accommodation" once their immediate housing need has been resolved. Given the shortage of available homes in the social rented sector, clients could remain in the new scheme much longer than was originally envisaged if they are unable to secure alternative accommodation in the private sector due to an inability to obtain funding to meet the costs required to obtain a tenancy.
- 9.4 In addition, the period of time for which homeless applicants occupy other units of temporary accommodation within the Council's own stock may increase if there is no other option for them besides social housing. This has the potential to increase the need for families to be accommodated in bed and breakfast accommodation for longer periods, which is deemed to be unacceptable, and which could have significant cost implications for the Council.
- 9.5 The use of loans through the DARS offers a housing option which is cost effective. If this option was not available, there could be increased budgetary pressures; and levels of satisfaction experienced by homeless applicants themselves and others on the housing waiting list could be reduced if more social housing had to be used to accommodate more homeless applicants.
- 9.6 Helping people to secure accommodation with some security of tenure is likely to have a number of positive social impacts relating to employment, education and health. It also enables the Housing Options team to demonstrate that social housing is not always the most appropriate or the only option for everyone who presents as homeless.

## **10. RECOVERY OF LOANS**

- 10.1 It is important to maximise income and for this reason the Housing Options team has made recent changes to the procedures relating to the recovery of loans through the DARS in order to ensure that all clients understand how the scheme works. Officers make it clear to those receiving loans that it is a loan, and not a grant, and that there is a requirement to repay the debt in a timely manner in accordance with the repayment agreement. They explain the consequences of non-payment.
- 10.2 The Miscellaneous Income team is responsible for collection of the debt and will escalate action in accordance with agreed procedures. Debts will be written off as a last resort only once it would be uneconomic to pursue the matter any further.
- 10.3 As at 30 March 2019, the position was as follows with regard to recovery of loans made through DARS:

Total Net debts raised up to 30 March 2019	£870,530.29	
Total receipts against debt raised	421,110.52	48.37%
Debts written off	201,124.45	23.10%
<b>Total Outstanding HG320 debt</b>	<b>(248,295.32)</b>	<b>28.52%</b>

## 11. Conclusion

11.1 The budget required to accommodate homeless households in temporary accommodation would be higher than that needed for loans through the DARS. This is because it could be many months until such time as the members of those households can acquire the funding needed to rent privately by other means; or until alternative accommodation in the social housing sector suitable for their needs becomes available.

11.2 Members are invited to note the report.

**Contact for more Information:** Mrs Claire Fry, Group Manager for Housing, tel: 01884 234920, email: [cfry@middevon.gov.uk](mailto:cfry@middevon.gov.uk)

**Circulation of the Report:** Cabinet Member for Housing, Leadership Team

### List of Background Papers:

City of York (2018), Preventing homelessness together, Strategy 2018-2023  
[https://www.york.gov.uk/info/20094/homelessness/833/homelessness\\_strategy](https://www.york.gov.uk/info/20094/homelessness/833/homelessness_strategy)