

# **Report to the Cabinet**

**Report reference: C-068-2008/09.**

**Date of meeting: 15 December 2008**



**Epping Forest  
District Council**

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**Portfolio: Housing.**

**Subject: Rental Loan Scheme – Additional Funding.**

**Responsible Officer: Roger Wilson (01992–564419).**

**Democratic Services Officer: Gary Woodhall (01992–564470).**

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## **Recommendations/Decisions Required:**

**That, in order to increase the amount available in the Council's Rental Loan Scheme, a District Development Fund bid in the sum of £20,000 for 2009/2010 be made to assist homeless applicants in securing accommodation in the private sector.**

## **Executive Summary:**

Due to the current financial climate, the Housing Portfolio Holder is concerned about a potential increase in the number of home re-possession, which in turn could result in an increasing number of homeless applications being made to the Council.

In order to assist homeless applicants who are affected by the recent financial downturn, the Housing Portfolio Holder has already made two changes in policy. Firstly, increasing the maximum amount the Council underwrites from £20,000 to £40,000 for the Epping Forest Housing Aid Scheme (EFHAS) which will enable around 20 additional homeless applicants to be assisted immediately with rent deposit guarantees helping them to secure accommodation in the private sector. Secondly, under the Council's Rental Loan Scheme, extending the payback period from 12 to 24 months, for homeless applicants awarded an interest free rental loan to meet the cost of the required one month's advance rental when taking up a property in the private sector.

Since the changes to the scheme, which took effect from 1 September 2008, three homeless applicants have each been granted rental loans of £900. The number benefitting from the scheme is likely to increase due to the current financial climate. The Cabinet is therefore asked to consider a DDF bid of £20,000 for the Rental Loan Scheme for 2009/2010. This will enable the Council to assist around a further 22 – 33 homeless applicants to seek accommodation in the private sector.

## **Reasons for Proposed Decision:**

Due to the current financial climate, the Council may receive increased numbers of homeless applications. Providing additional funding of £20,000 for the Rental Loan Scheme will enable the Council to assist more homeless applicants to secure accommodation in the private sector rather than in the Council's own stock.

## **Other Options for Action:**

Not to support a bid for DDF funding of £20,000 for 2009/2010 for the Rental Loan Scheme.

## **Report:**

### Background

1. Due to the current financial climate, the Housing Portfolio Holder is concerned about a potential increase in the number of home re-possession, which could result in an increasing number of homeless applications made to the Council.
2. In order to assist homeless applicants who are affected by the recent financial downturn, the Housing Portfolio Holder has made the following two changes in policy.

### Epping Forest Housing Aid Scheme (EFHAS)

3. Homeless and other housing applicants have difficulty accessing the private rented sector because of the requirement for them to provide a rent deposit in advance, placing greater housing and financial pressure on the Council. Since it was set up in 1995, EFHAS has helped over 194 homeless families referred by the Council to access the private rented sector, by providing rent guarantees to landlords against tenants' misconduct.
4. The Housing Portfolio Holder agreed on 20 October 2008, to increase the maximum amount the Council underwrites from £20,000 to a maximum of £40,000. Increasing the maximum amount underwritten further to £40,000, will enable around 20 additional applicants to be assisted immediately. To ensure this will not result in any financial outlay by the Council, the Housing Portfolio Holder further agreed that the position would be reviewed if the funds held by EFHAS reach a level of less than £20,000.

### Rental Loan Scheme

5. In recognition of the Council's excellent performance in homeless prevention and reducing the numbers of people in temporary accommodation, the Government's special advisor on homelessness awarded the Council an additional one-off grant of £10,000 in 2007/2008 to be used for further homelessness prevention measures. In July 2007, the Housing Portfolio Holder agreed that the additional funding of £10,000 received from Government be used to set up a Rental Loan Scheme, with grants of up to a maximum of £600 being awarded to a single homeless applicant and up to a maximum of £900 to a family household, to whom the Council owes a full duty, to assist them in securing accommodation in the private sector.
6. In order to secure such accommodation, normally a returnable deposit and a payment of one month's rent in advance is required. Some eligible applicants already receive assistance through EFHAS referred to earlier. The Rental Loan Scheme enables applicants to pay (or contribute towards) the required one month's advance rent. Both the Rental Loan Scheme and EFHAS removes the need, in some cases, for the Council to provide permanent accommodation itself, leaving more properties available for existing Housing Register applicants.
7. However, as many applicants had been deterred by the short payback period of only 12 months, the Housing Portfolio Holder agreed on 18 August 2008 that the payback period be extended to 24 months, which should increase the take up of the scheme. Any homeless applicant leaving the private sector accommodation they occupy will be expected to repay the outstanding balance of the grant. Amounts being repaid are recycled to provide rental loan grants to homeless applicants in the future.

### Rental Loan Scheme – Additional Funding

8. Under the Essex Local Area Agreement (LAA), authorities in Essex have achieved Government targets in reducing the numbers of homeless applicants living in temporary accommodation. As a result of good performance in this area, a bid has been submitted on behalf of all Essex authorities by the lead authority (Chelmsford Borough Council) to the CLG

for a Performance Reward Grant (PRG). The main element of the bid is for a PRG of £250,000 to assist authorities in providing private sector accommodation to homeless applicants. If the PRG is allocated, the Council will be making a bid of £20,000 to further increase the amount of funds available in the Rental Loan Scheme.

9. Since the changes to the scheme, which took effect from 1 September 2008, three homeless applicants have each been granted rental loans of £900. The number benefitting from the scheme is likely to increase due to the current financial climate. The Cabinet is therefore asked to consider a DDF bid of £20,000 for 2009/2010 in support of the Rental Loan Scheme, which will enable the Council to assist around a further 22 – 33 homeless applicants to seek accommodation in the private sector.

10. Members are also asked to note that in addition to the Rental Loan Scheme and EFHAS there are a number of other initiatives to assist homeless applicants including a comprehensive housing advice service, homeless prevention and private sector leasing schemes.

**Resource Implications:**

Additional DDF funding of £20,000.

**Legal and Governance Implications:**

Housing Act 1996.

**Safer, Cleaner and Greener Implications:**

Not applicable.

**Consultation Undertaken:**

The Tenants and Leaseholder's Federation and the Government's special advisor on homelessness who arranged the original funding of £10,000 were in favour of the Rental Loan Scheme, particularly as similar schemes are operated by other authorities.

**Background Papers:**

Homelessness Strategy.

**Impact Assessments:**

The Housing Options Section has undertaken a Race and Equality Impact Assessment with the findings being incorporated into its policies. In addition, if the funding was not available there is potential for more homeless applicants in the District to remain in temporary accommodation for longer periods.