Section 6: Temporary accommodation

Subsidy rules from April 2017

600 For customers placed into non self-contained accommodation (board and lodging or licensed), HB subsidy will be limited to the one bedroom self-contained Local Housing Allowance (LHA) rate based on the location of the property.

601 For those in self-contained licensed and short-term lease accommodation, the maximum HB subsidy will be determined by using 90% of the LHA rate for the size of the property.

602 The rules affect how subsidy is claimed they do not alter how the HB entitlement is calculated.

603 Full details of the scheme are outlined below.

The scope of the scheme

604 The subsidy scheme applies to all cases, existing and new, covered by Articles 17, 17A, 17B and 17C.

605 The heading for Article 17 reads

‘Subsidy in respect of non self-contained licensed accommodation, and board and lodging accommodation, provided by an authority as temporary or short term accommodation’.

606-609
Subsidy applicable from 1 April 2017

610 The LHA rates used in the formula to calculate subsidy remain set at the January 2011 rates.


612 Articles 17, 17A, 17B and 17C set out the types of cases that these subsidy rules apply to as well as how to calculate the maximum weekly subsidy amount in respect of these cases.

613 The subsidy scheme applies to all cases, existing and new, covered by Articles 17, 17A, 17B and 17C.

614 The heading for Article 17 reads;

‘Subsidy in respect of non self-contained licensed accommodation, and board and lodging accommodation, provided by an authority as temporary or short term accommodation’.

615 This article applies to cases when;

- a rent rebate is payable by an authority (i.e. the LA is the claimant’s immediate landlord)
- the claimant is required to pay rent to the LA for
  - board and lodging (B&B), or
  - accommodation which is not self-contained and which the authority has a right to use under an agreement, other than a lease, with a third party (for example, non self-contained licensed accommodation), and
- the accommodation has been made available to that person, by the LA, to either discharge a statutory homelessness function or to prevent the person being or becoming homeless.

616 The heading for Article 17A reads ‘Subsidy in respect of self-contained licensed accommodation, and leased accommodation, provided by an authority as temporary or short term accommodation’.
This article applies to cases when;

- a rent rebate is payable by an authority (i.e. the LA is the claimant’s immediate landlord)
- the claimant is required to pay rent to the LA for;
  - self-contained accommodation which the authority has a right to use under an agreement, other than a lease, with a third party (for example, self-contained licensed accommodation).
  - accommodation held outside the Housing Revenue Account (HRA) by LAs in England, on a lease granted for a term not exceeding ten years, or
  - in Wales and Scotland, accommodation which the authority holds on a lease (i.e. all leased accommodation regardless of whether it is held in or outside of the HRA and regardless of duration), and

- the accommodation has been made available to that person, by the LA, to either discharge a homelessness function or to prevent the person being or becoming homeless.

The heading for Article 17B reads;

‘Subsidy in respect of non self-contained licensed accommodation, and board and lodging accommodation, made available by a registered housing association as temporary or short term accommodation’.

This article applies to cases when;

- a rent allowance is payable by an authority (i.e. a registered housing association is the claimant’s immediate landlord)
- the claimant is required to pay rent to the registered housing association for
  - board and lodging (B&B), or
  - accommodation which is not self-contained and which the registered housing association has a right to use under an agreement, other than a lease, with a third party (for example, non self-contained licensed accommodation), and

- the accommodation has been made available to that person, by arrangement with the LA, to either discharge a homelessness function or to prevent the person being or becoming homeless.
The heading for Article 17C reads:

‘Subsidy in respect of self-contained accommodation, or owned or leased accommodation, made available by a registered housing association as temporary or short term accommodation’.

This article applies to cases when:

- a rent allowance is payable by an authority (i.e. a registered housing association is the claimant’s immediate landlord)
- the claimant is required to pay rent to the registered housing association for accommodation which is;
  - self contained (i.e. self-contained licensed accommodation, as well as self-contained leased and self-contained owned accommodation), or
  - not self-contained and which the registered housing association owns or holds on a lease (i.e. non self-contained owned accommodation and non self-contained leased accommodation), and

- the accommodation has been made available to that person, by arrangement with the LA, to either discharge a homelessness function or to prevent the person being or becoming homeless.

**Subsidy under the scheme**

621 Subsidy is determined by a formula based on;

- the type of accommodation (leased/licensed/board and lodging (or B&B))
- whether it is self-contained or non self-contained
- the size of the property (number of bedrooms) and
- the January 2011 Local Housing Allowance (LHA) rate appropriate to the size of the property.

622 The subsidy is also limited by an upper cap based on the Broad Market Rental Area (BRMA) of the accommodation.
Upper subsidy caps

623 In addition to the formula based calculation of subsidy, the maximum that may be claimed is limited by an upper cap determined by location of the property.

624 If the property is in any of the following BRMAs the upper cap is £500

- Central London
- Inner West London
- Inner North London
- Inner South West London
- Inner East London
- Inner South East London
- Outer South West London

625 If the property is in any other BRMA the upper cap is £375.

Self contained accommodation

626 Accommodation is self-contained if the claimant’s household is not required to share one or more of the following with another household

- kitchen
- bathroom
- toilet
The LHA rate for the size of the property

Unlike mainstream LHA claims - where the LHA relates to the month in which the claim is made and to the household size - the LHA rate used to determine subsidy for claims in respect of customers living in temporary accommodation will be related to the;

- size of the property (number of bedrooms from one to five inclusive), and
- the January 2011 LHA rate

Therefore, for these claims (leased/licensed/B&B), the LHA rates for January 2011 should be used in the formula to determine maximum subsidy amounts.

This subsidy scheme does not make use of the Shared Room Rate at all.

The minimum LHA rate that can be used to determine maximum subsidy for temporary accommodation cases will be the one bedroom rate.

The maximum LHA rate that can be used is the five bedroom rate.

Number of bedrooms

Where there is more than one room suitable for living in, in a property, one of those rooms may also be treated (by the landlord and/or tenant) as an extra bedroom. So, for example, a property with three bedrooms and two living rooms might be treated as a four bedroom property (with one of the living rooms converted into a bedroom), and its rental or leasing value may have been agreed on that basis. In this case, it would be acceptable to use the four bedroom LHA rate to derive the maximum subsidy amount.

However, if it was stated on the lease agreement that the property had three bedrooms (so the lease payment was agreed as a three bedroom property), then the three bedroom LHA rate should be used for subsidy purposes.
The provision in Article 17A paragraph 4 means that, under this subsidy scheme where there are:

- at least two rooms in total (bedrooms or living rooms) in the property but no more than five rooms, at least one of these rooms must be counted as a living room, and
- six rooms or more, at least two of these rooms must be treated as living rooms, for subsidy purposes.

The table below shows how this works

<table>
<thead>
<tr>
<th>No. of rooms in property (living rooms and bedrooms)</th>
<th>Maximum appropriate LHA rate for subsidy purposes (bedrooms)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>3</td>
<td>2</td>
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<tr>
<td>4</td>
<td>3</td>
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<tr>
<td>5</td>
<td>4</td>
</tr>
<tr>
<td>6</td>
<td>4</td>
</tr>
<tr>
<td>7+</td>
<td>5</td>
</tr>
</tbody>
</table>

Subsidy for board and lodging (B&B) and non self-contained (licensed) accommodation

The subsidy available is limited to the one bedroom (self-contained) LHA rate, based on the location of the property.

No extra subsidy is payable in cases where more than one room is occupied by the claimant’s household in this type of accommodation.
Subsidy for leased and other self-contained (licensed) accommodation

From 1 April 2017 the maximum subsidy amount for these cases will be the weekly rental element being the January 2011 LHA rate (based on property size and location), less 10% (i.e. 90% of the relevant LHA rate).

Claiming subsidy

The level of subsidy payable is the lowest of the;
- weekly (or part-weekly) HB entitlement
- 90% of the relevant January 2011 LHA rate, or
- upper cap limit of £375 (£500 in central / inner London)

Any expenditure above these limits will not attract subsidy.

Appendix G contains a table which sets out the subsidy arrangements for Temporary Accommodation.

Audit requirements

LAs will need to be able to provide their external auditor with evidence which supports the January 2011 LHA rate they have used in the calculation of the subsidy cap.

To do this authorities will need to be able to demonstrate the correct BRMA information has been used and be able to provide (where requested) independent evidence of the number of bedrooms/rooms suitable for living in, in the accommodation.
Evidence of the number of rooms in a property could be in the form of, for example, a

- copy of the leasing or licensing agreement with the owner of the property or managing agent
- letter from the owner or managing agent
- copy of the leasing agreement from the Registered Social Landlord (RSL) where the RSL have taken the lease from a private sector landlord and sub-leased the property to the LA, or
- copy of the leasing agreement from the RSL where the RSL have taken the lease from a private sector landlord under a Housing Association Leasing (HAL) arrangement and the LA need to determine if the rent is unreasonably high or over accommodated

Further information on subsidy in temporary accommodation cases, including examples can be found in HB/CTB circulars

- S7/2009
- S3/2010
- S4/2010
- S5/2011
- S5/2017

Queries

If you have any queries concerning the content of this section, contact either

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