

## Section 6: Temporary accommodation

### Subsidy rules from April 2011

- 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 plus an element for management costs (£60 per week for local authorities outside of London, £40 per week for authorities in London).
- 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 revised scheme

- 604 The revised subsidy scheme applies to all cases, existing and new, covered by the amended Articles 17 and 17A and new Articles 17B and 17C, from 1 April 2011.
- 605 The revised 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’

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### Subsidy changes applicable from 1 April 2011

- 610 The provision to apply exemptions to the upper cap limit in exceptional cases has ceased
- 611 The LHA rates used in the formula to calculate subsidy are set at the January 2011 rates. The use of January 2011 LHA rates will continue until at least the end on March 2013.
- 612 The relevant legislation for these changes is The Income-related Benefits (Subsidy to Authorities) (Temporary Accommodation) Amendment Order 2010 (SI 2010/2509). It was laid in Parliament on 18 October 2010.

- 613 SI 2010/2509 made changes to existing Articles 17 and 17A (see SI 2009/2580) and added two new Articles, 17B and 17C. These Articles 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.
- 614 The revised subsidy scheme applies to all cases, existing and new, covered by the amended Articles 17 and 17A and new Articles 17B and 17C, from 1 April 2011.
- 615 The revised 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’
- 616 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
- 617 The revised 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 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 Housing Revenue Account 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

618 The heading for the new 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

619 The heading for the new 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’

(619) 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

620 The revised and new articles in question can be found in

S1/2011 <http://www.dwp.gov.uk/docs/s1-2011.pdf>

## **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)
- a management costs element (for self-contained accommodation only), 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

627 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) in 2011/12, the LHA rates for January 2011 should be used in the formula to determine maximum subsidy amounts.

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

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

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

## Number of bedrooms

631 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.

632 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.

- 633 The provision in Article 17A paragraph 4 of the Subsidy Order Amendment 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

No. of rooms in property (living rooms and bedrooms)	Maximum appropriate LHA rate for subsidy purposes (bedrooms)
1	1
2	1
3	2
4	3
5	4
6	4
7+	5

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

- 634 The subsidy available is limited to the one bedroom (self-contained) LHA rate, based on the location of the property.
- 635 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**

636 The formula determining the maximum subsidy amount for these cases will be a combination of a weekly rental element and an additional amount for management costs, as follows. The January 2011 LHA rate (based on property size and location), less 10% (i.e. 90% of the relevant LHA rate) plus either

- £60pw for management costs for LAs outside of London, or
- £40pw for management costs for LAs in London

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### **Claiming subsidy**

640 Local housing authorities will not be required to specify how much is claimed for management costs in the subsidy claim form. Simply combine the two elements to determine the maximum amount (the subsidy cap) and compare the HB entitlement to this.

641 The level of subsidy payable is the lowest of the

- weekly (or part-weekly) HB entitlement
- maximum amount as determined by the formulae described above, or
- upper cap limit of £375 (£500 in central / inner London)

642 Any expenditure above these limits will not attract subsidy.

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### **Audit requirements**

650 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.

651 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.



652 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 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 HALs arrangement and the LA need to determine if the rent is unreasonably high or over accommodated

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

- S7/2009 <http://www.dwp.gov.uk/docs/s7-2009.pdf>
- S3/2010 <http://www.dwp.gov.uk/docs/s3-2010.pdf>
- S4/2010 <http://www.dwp.gov.uk/docs/s4-2010.pdf>
- S1/2011 <http://www.dwp.gov.uk/docs/s1-2011.pdf>

## Queries

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

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