

Appendix 1

Temporary Accommodation Subsidy rules – January 2011 Local Housing Allowance Rates less ten per cent.

Local authorities are responsible for securing emergency temporary accommodation for homeless households as part of their legislative duties.

Havering Council will first determine a household has met the minimum threshold for homelessness if they have reason to believe a household is at risk of homelessness they will try to meet their statutory obligations to provide emergency interim accommodation through the following provisions:

- Emergency Bed and Breakfast Hotels
- Nightly rate properties
- Private Sector Lease Properties (PSL)
- Hostel

Havering Council may also use the Private Rented Sector Market (PRS) to meet their prevention duties.

Temporary Accommodation households are largely dependent on housing benefit and universal credit to pay their rent and are expected to make an application for financial assistance through the Department for Work and Pensions (DWP).

However, the Local Housing Allowance (LHA) provision administered by DWP is applied differently to emergency temporary accommodation and as it is to private rented sector (PRS) properties.

Table 1: Shows the current rates for LHA in the private rented sector compared to temporary accommodation

	Local Housing Allowance 2020 Private Rented Sector Allowance	New Local Housing Allowance 2024 Private Rented Sector	Local Housing Allowance 2011 less 10% Temporary Accommodation Allowance
1 bed	£898	£1000.01	£607.49
2 bed	£1,147	£1,249.99	£765
3 bed	£1,371	£1,500.02	£935.01
4 bed	£1,725	£1,800.01	£1,256.80

When the January 2011 LHA rates were first introduced Local Authorities also received a management fee of £45 per week per property known as the temporary accommodation management fee. This has been scrapped and replaced somewhat by the Homeless Prevention Grant leaving local authorities reliant on the 2011 LHA rates less 10% as the sole provision to pay temporary accommodation rents.

The Homeless Prevention Grant (HPG) was administered through previous iterations known as the Temporary Accommodation Management Fee (TAMF) the £45 per week, before being succeeded by the Flexible Homeless Support Grant (FHSG) which is now known currently as the Homeless Prevention Grant.

The Local Housing Allowance and the private Rented Sector

It is useful to illustrate what the current Local Housing Allowance rates are for the Private Rented Sector and the associated gap that exists with the market rents. Households that are not benefit capped and are eligible for the maximum support will receive the Local Housing Allowance rate but still have to make up for any shortfall and this can lead to issues of affordability.

Table 2. Rental income gaps between the LHA and lowest 30th percentile market rents 2020 and 2023.

Property Size	Local Housing Allowance pcm	Average rental price pcm (Source: Zoopla) 2020	Shortfall pcm 2020	Average Rents in Havering 2023	Shortfall Pcm 2023
1 bed	£898	£896	+£2	£1,050	-£152
2 bed	£1,147	£1,189	-£42	£1,500	-£353
3 bed	£1,371	£1,377	-£6	£1,800	-£429
4 bed	£1,725	£1,802	-£77	£2,400	-£675

Government Temporary Accommodation Local Housing Allowance

<https://assets.publishing.service.gov.uk/media/5a7ccb2ee5274a34d8d32faa/hbsgm-sec6.pdf>

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.

The Local Housing Allowance January 2011 less 10% and Havering Temporary Accommodation

Havering Council currently hold a stock of 526 PSL properties and are increasing its current Nightly Rate Portfolio to try to mitigate the cost of hotels. We currently have 200 households in hotels and this number is being reduced month on month.

However, Havering Council are having to meet the shortfall of rent achieved in our PSL stock with the total shortfall of £1.18 million currently met by the Homeless Prevention Grant of £2.5 million.

The rest of the grant goes towards mitigating the cost of hotels.

Table 3: Illustrate the average cost per year per property - by bed size

Bed Size	Average of Gross loss per year
1 Bed	£1,667.94
2 Bed	£2,681.10
3 Bed	£2,323.08
4 Bed	£1,682.38
Grand	£2,258.06

Table 4: Illustrate the Total cost per year - by bed size

Bedroom size	Gross loss per year	Number of Beds
1 Bed	£216,831.95	130
2 Bed	£549,625.52	205
3 Bed	£362,400.71	156
4 Bed	£58,883.45	35
Grand Total	£1,187,741.63	526

As a result of continued pressure on homeless services the Council is currently facing a £2.2 million budget gap to meet the existing demand for housing that has had already included an uplift of growth of £3.9m.