

Report for: Cabinet Member for Housing and Planning

Item number:

Title: Temporary Accommodation Rent Setting Approach

Report authorised by: Sara Sutton, Corporate Director Adults Housing Health

Lead Officer: Maddie Watkins, Assistant Director Housing Demand

Ward(s) affected: All

**Report for Key/
Non-Key Decision:** Key

1 Describe the issue under consideration.

- 1.1 Rents for households in temporary accommodation are currently set in a variety of different manners, depending on the type of accommodation. In addition, rent levels for temporary accommodation held in the General Fund were set in 2011/12 and have not been reviewed since 2017. This runs counter to the approach taken for rents for general needs properties held in the HRA, which are updated every year as part of the budget setting process.
- 1.2 The rents and charges for stock held in the Housing Revenue Account (HRA) were approved in the Budget papers in February 2025. This paper seeks to also update the rents and charges for stock held in the General Fund.

2 Recommendations

- 2.1 The Cabinet Member for Housing and Planning is recommended:
- 2.2 To approve:
 - 2.2.1 The Temporary Accommodation Rent Setting Policy (Appendix 1)
 - 2.2.2 The proposed rent levels for 25/26 as set out in the below report.
- 2.3 To note:
 - 2.3.1 The Equalities Impact Assessment at Appendix 2
 - 2.3.2 That the rents and charges for temporary accommodation held in the Housing Revenue Account were approved for increase at Cabinet in February 2025 (extract Appendix 3).
 - 2.3.3 That temporary accommodation rents will be reviewed and updated annually as part of the budget setting process going forward.

3 Reasons for decision

- 3.1 Rent setting for temporary accommodation were last reviewed and formalised by the Rents and Charges for Temporary Accommodation Policy approved in April 2017.
- 3.2 This covered rents in properties used as temporary accommodation in both the Housing Revenue Account and General Fund. The charges set out in 2017 were not reviewed until

February 2025 when the rents and charges for HRA properties were updated in the 2024/25 Budget report (see Appendix 3).

- 3.3 However, rents for temporary accommodation held in the General Fund were not part of this approval process. This report therefore seeks approval of a new Temporary Accommodation Rent Setting Policy (Appendix 1) to update the rents and charges for General Fund temporary accommodation. to ensure that the approach for rent setting in all types of temporary accommodation is fair and transparent.
- 3.4 This rent setting policy update will create uniformity between rent levels for temporary accommodation leased and licenced to the Council, rent levels for temporary accommodation held by Homes for Haringey (the Council's wholly owned company) and rent levels for those offered a private sector tenancy.
- 3.5 Benchmarking with other boroughs has indicated that this approach is similar to the rent setting policies applied or being considered by other boroughs.

4 Alternative options considered:

Not updating the rents and charges

- 4.1 Rents for General Fund accommodation have not been updated since 2011/12 and not reviewed since 2017. The option of not updating the charges was rejected as not updating them would maintain the disparity between rents in leased and licenced temporary accommodation with other tenure types.
- 4.2 The proposed update will bring these rents to the current Local Housing Allowance and bring parity between these different tenures.

Only apply higher rents to new tenants/licensees

- 4.3 This option was rejected as it would create further disparity in rents for tenants in similar types of properties.

5 Background information

- 5.1 Rents and charges for temporary accommodation have not been updated since 2011/12 and have not reviewed since 2017. There have been many significant changes since then, including the introduction of the Rent Standard.

The Financial Cost of Temporary Accommodation

- 5.2 Haringey sources temporary accommodation from a number of sources including properties it owns (including three lodges), properties leased or licenced from the private rented sector and, where needed, bed and breakfast and hotel accommodation. The rents for these are set out in this report and the proposed Temporary Accommodation Rent Setting Policy.
- 5.3 The Council also uses properties owned or leased by Housing Associations or by Homes for Haringey, the Council's wholly owned company, to provide Temporary Accommodation. The rents for these homes are set by the provider and so are not covered by this report.
- 5.4 This updated policy (the Temporary Accommodation Rent Setting Policy - Appendix 1) seeks to:

- Converge the rents and charges for similar units of temporary accommodation and thereby minimise the overall net cost to the Council.
- Ensure that rents are set in line with the Rent Standard (where applicable), are affordable for those in occupation and, where appropriate, eligible for Housing Benefit.

5.5 This report seeks approval of the new Temporary Accommodation Rent Setting Policy (Appendix 1) which updates the rent setting policy for General Fund temporary accommodation which consists of two Council owned lodges and properties leased or licenced to the Council for less than 10 years.

Rents in General Fund lodges (Broadwater Lodge and Whitehall Lodge)

- 5.6 Rents for new secure tenancies are currently set at the maximum level permitted by the Rent Standard with full re-charge of services. For self-contained homes, this is Formula Rent + 5% and for supported accommodation and the HRA owned Lodge, Formula Rent + 10%. These charges are updated annually as part of the annual budget process. However, the rents and service charges for lodges was set in 2017 and have remained frozen at a total of £199.71.
- 5.7 It is therefore proposed to converge the rent setting approach to Council owned lodges to that of secure tenancies – that is, to set License fees ('rents') at the maximum levels permitted by the Rent Standard. As the lodges are shared accommodation, this equates to formula rent + 10%.

5.8 This means that: -

License fees ('rents')

- For existing tenants, license fees ('rents') will be increased annually in line with the maximum increase determined by the Rent Standard, currently CPI + 1%. For residents in occupation, this increase will take effect on expiry of rent increase notices served following approval of this policy.
- For new residents occupying a single room, the licence fee ("rent") will be set at the formula rent plus 10%. These charges will apply to any licences commencing after the policy has been approved.

Housing benefit eligible service charges

- For all residents, the Housing Benefit eligible service charge fee will be updated to cover the full cost of providing those services are recharged, and to come into effect at the same time as the licence fee increases. Service charges will be charged on the basis of the number of rooms they occupy and residents who occupy more than one room will be charged more than one service charge.

Charges for 2025/26

- 5.9 The Council owns three lodges, once of which is held in the Housing Revenue Account (HRA). This charging regime has been approved for the HRA lodge, and this proposal will bring the General Fund lodges to similar rents.
- 5.10 The exact charges will vary between the three lodges and the services provided to each room but typically, these proposals will update the licence fee by 2.7% and a smaller increase in the service charges. For the two lodges held in the General Fund, this will equate to an estimated total weekly charge of £230, an increase of £30.

- 5.11 The historic charges were set at the same amount for each room regardless of the size the room. Under the new policy, new residents or those transferring to new rooms will have licence fees calculated on the size and configuration of each room with estimated total charges (including service charges) of between around £230 to £430 per room per week. These charges will be fully eligible for Housing Benefit where this is payable.

Rents for Hotels and Bed & Breakfast

- 5.12 The licence fees ("rent") for Hotels and Bed & Breakfast are also currently set at the 2011 LHA plus £40 per week for a one bed. Currently this ranges between £180 and £200 per week dependent on the Local Housing Allowance area the property is located in.
- 5.13 It is not proposed to increase these charges as it is the Council's intention to reduce the use of this type of accommodation.

Rents/licence fees for properties leased/licensed from private landlords for less than 10 years.

- 5.14 The Council currently leases or licences around 1,900 homes from private owners or their agents which are then let to homeless households as temporary accommodation.
- 5.15 For these homes, the current policy sets rents at the maximum DWP subsidy rate (90% of the 2011 LHA) plus an additional £40 per week. Where someone is in receipt of Housing Benefit, assessments are made on the full rent with any subsidy shortfall paid by internal transfer from the Homeless Prevention Grant
- 5.16 These arrangements ensure that rents are affordable to those on full Housing Benefit who will continue to have their full rent covered, and that those on partial Housing Benefit continue to make the same contributions which would be required if the DWP funded the entire rent.

Rent convergence.

- 5.17 Currently, tenants living in Homes for Haringey properties or who have settled in a private sector tenancy have higher rents based on the applicable LHA. It is therefore proposed to converge the rents for leased and licenced homes to the same level to create a consistent rent setting approach and to ensure that there are no disincentives to move on to private accommodation.
- 5.18 The new rents will depend on the number of bedrooms in the property and the LHA in the property's location but most of the relevant homes are in the Outer North London BRMA which covers most of Haringey and the neighbouring boroughs where many properties are located. For these homes, the proposed weekly rents are as follows:

Proposed Rents for North London BRMA				
	1 bedroom	2 bedrooms	3 bedrooms	4 bedrooms
Current	£200.97	£247.90	£310.00	£375.00
Proposed	£246.66	£322.19	£390.08	£506.30
Change	£45.69 23%	£74.29 30%	£80.08 26%	£131.30 35%

Effect on those currently receiving full and partial Housing Benefit

- 5.19 Where residents are in receipt of full Housing Benefit, these changes will have no impact on residents who will continue to have their full rent paid. Similarly, those who are expected to contribute to the rent due to their financial circumstances will not be expected

to contribute more as Housing Benefit will increase to cover the increase in rent. As with current arrangements, for leased and licenced accommodation, the increased shortfall in DWP subsidy (that is the difference between the full LHA and 90% 2011 LHA) will be met by an internal transfer to ensure there is no change in the amount residents receiving Housing Benefit will need to pay.

Effect on those currently receiving no Housing Benefit

- 5.20 Unlike residents who are on full or partial Housing Benefit, those who are not currently receiving Housing Benefit will be expected to pay some if not all of the increase. As of 26 February 2025, around a quarter of those in leased/licenced properties (497 households) were not in receipt of Housing Benefit, but only 6 households in the Council's three lodges.
- 5.21 Housing benefit eligibility is affected by tenure, family structure, savings, income source, other benefits, and other factors. However, the main reason that prevents Housing Benefit from being paid is that their income or savings has been assessed as higher than thresholds.
- 5.22 Where high income is the issue, those with deductions equal to the current rent may become eligible for Housing Benefit to cover all the increase (so long as they do not have savings above the threshold).
- 5.23 For a single parent with one child (in a two-bedroom home), this threshold would typically be someone earning more than around £700-£750 a week take-home pay, or around £38,000 a year before tax. For a larger single parent family in a four-bedroom home, this would typically be £850-£900 a week take-home pay or around £60,000 annual salary before tax. These figures are indicative and will vary with each applicant's circumstances.
- 5.24 With higher rents, these thresholds will typically increase to around £900 per week take-home pay (a salary of around £46,000) for a single parent with one child in a two-bedroom home, and to over £1,000 per week take-home pay (around £78-£80,000 salary) for the parent with two or more children in a four-bedroom home.
- 5.25 Most households with an income between the current and higher thresholds would be eligible for some Housing Benefit with anyone higher than these incomes not receiving any and so facing the full increase.
- 5.26 However, as Housing Benefit also considers family compositions, children, savings, and other factors, some on lower incomes may still not be eligible for Housing Benefit and so may not have the financial resilience to meet these.
- 5.27 These households will be given access to the financial support team and signposting to other agencies for benefit maximisation where applicable. They may also be eligible to apply for Discretionary Housing Benefit where the shortfall in Housing Benefit is due to non-income/savings related reasons.

Effect on Council income

- 5.28 The Council currently has 1,900 properties which are leased or licensed from private landlords and 92 rooms in the three lodges, two of which are held in the General Fund and one in the Housing Revenue Account.
- 5.29 At current rent levels, the lease/licensed properties generate a potential annual income of around £25.2 million after the shortfall in Benefit Subsidy is considered and if applied for

the full year. The proposed rent increases are expected to increase the potential annual income to £27.7 million after the Benefit Subsidy shortfall is taken into account.

- 5.30 However, this potential increase in income is subject to risks and mitigations, and specifically the difference between rent charged and rent paid by residents. There are also secondary risks of higher arrears and over-payments by Housing Benefit which may increase debts. Both these risks have been factored into the savings profile.
- 5.31 It is also noted that these forecasts are indicative as the amount paid by Housing Benefit will change as the Universal Credit roll out continues. Currently 80% of residents in Temporary Accommodation are now on Universal Credit which entitles claimants to full Housing Benefit unless they have dependent children. This means the eventual benefit payments for the remaining 20% are less predictable.
- 5.32 After these mitigations and risks, the additional net income from the changes in rent policy are anticipated to reduce the cost to the Council of providing temporary accommodation by £450k to £750k in 2025/26 and £600k to £1 million in 2026/27.

Administration

- 5.33 Residents affected by these increases will be notified with 28 days' notice. Due to the contractual nature of the tenancy agreements for tenants in leased properties, these increases will require the ending of the current tenancy and the issuing of a new tenancy agreement specifying the new rent levels. This process is not intended to lead to any tenant being removed from their current accommodation.

6 Contribution to the Corporate Delivery Plan 2022-2024 High level Strategic outcomes

- 6.1 The Council owns three lodges, one of which is held in the Housing Revenue Account (HRA). This charging regime has been approved for the HRA lodge, and this proposal will bring the General Fund lodges to similar rents.
- 6.2 This work relates to the Reliable, customer focused resident housing services theme within the Corporate Delivery Plan. The activity area it relates to is: "to undertake a full review of all our policies relating to our tenants and leaseholders in our role as their landlord."
- 6.3 We have not reviewed our approach to rent setting since 2017 and therefore this work, looking at a range of policies within housing demand, has been incorporated into the Housing Demand MTFS Programme. This area of work will directly relate to savings/income generation within the programme as set by Cabinet in February 2025. This in turn will support the Council's wider financial position.

7 Carbon and Climate Change

- 7.1 This policy does not create or change any physical assets or direct service provision, there are no carbon or climate change implications.

8 Statutory Officers comments (Director of Finance (procurement), Head of Legal and Governance, Equalities)

Director of Legal and Governance

- 8.1 The Director of Legal & Governance has been consulted in the preparation of this report and comments as follows:

- 8.2 Section 206 (2) (a) of the Housing Act 1996 (the Act) allows a local authority discharging its functions under Part VII of the Housing Act 1996 by providing temporary accommodation, to require the person to whom the duty is being discharged to pay such reasonable charges as the Council may determine. In addition, where the Council is using its own accommodation there is a general power under section 24 of the Housing Act 1985 to make a reasonable charge for the accommodation.
- 8.3 Section 206 (1) of the Act also requires the accommodation provided in discharge of homelessness functions to be suitable and that means that it must be affordable. Setting the rent levels at the LHA subsidy rates should ensure that the accommodation is affordable.
- 8.4 Accommodation so provided has no security of tenure; and there is hence no statutory provision for rent increase. Hence the mechanism for increase is to bring to an end (by Notice to Quit) the tenancy at the original rent, and to grant a new one at the proposed higher rent.
- 8.5 Broadwater and Whitehall lodges are being used to discharge the Council's functions under Part VII of the Housing Act 1996 (homelessness functions). They are not held within the Housing Revenue Account and rents received must therefore be credited to the General Fund.
- 8.6 Other legal comments are made in the body of the report.
- 8.7 There is no legal reason why Cabinet should not adopt the recommendations made in this report.

Finance

- 8.8 The service is recommending an increase to the rent and service charges for the lodges. This is estimated to generate additional income of £20k in 2025/26 and £70k in 2026/27. However, this largely depends on the turnover of existing tenants moving out and new tenants moving to the full charges.
- 8.9 The service is recommending an increase of £80 per week on average to the rents for tenants in properties leased/licensed from private landlords. This is estimated to generate additional income of between £450k to £750k in 2025/26 (£600k to £1 million in a 12-month period) from DWP and self-payers.
- 8.10 The additional income from DWP carries a lower level of risk, whilst the additional income from self-payers carries a higher level of risk. However, the overall impact on additional income will be positive. The service will need to review income collection, arrears and bad debts to determine the deliverable additional income.
- 8.11 The temporary accommodation rents and service charges will be reviewed and updated annually as part of the budget setting process going forward.

Procurement

- 8.12 Strategic Procurement have been consulted in the preparation of this report.
- 8.13 The recommendation in section 3 of this report does not include a procurement decision. Strategic Procurement have no objections to the recommendations in the report.

Equality

- 8.14 The Council has a Public Sector Equality Duty (PSED) under the Equality Act (2010) to have due regard to the need to:
- Eliminate discrimination, harassment and victimisation and any other conduct prohibited under the Act.
 - Advance equality of opportunity between people who share protected characteristics and people who do not.
 - Foster good relations between people who share those characteristics and people who do not.
- 8.15 The three parts of the duty apply to the following protected characteristics: age, disability, gender reassignment, pregnancy/maternity, race, religion/faith, sex, and sexual orientation. Marriage and civil partnership status applies to the first part of the duty.
- 8.16 Although it is not enforced in legislation as a protected characteristic, Haringey Council treats socioeconomic status as a local protected characteristic.
- 8.17 The Equality Impact Assessment (Appendix 2) reveals that there will be a disproportionate effect of those who are over-represented among the Temporary Accommodation population compared to the borough. This includes young people (especially children of the tenants), and those from black ethnicity. The Assessment has though shown that this impact is disproportionately applied to those who share these characteristics.
- 8.18 As described in the report, there will be no impact on those who are in receipt of Housing Benefit (other than the nominal 50 pence) and so the impact will be felt by those who are financially more resilient.

9 Use of Appendices

Appendix 1 Temporary Accommodation Rent Setting Policy

Appendix 2 EqIA for Temporary Accommodation Rents

Appendix 3 Extract from Housing Revenue Account 2025/26 - 2029/30 report approved by Cabinet in February 2025 (page 314)

10 Background papers

Rents and Charges for Temporary Accommodation (2017)

Cabinet approval of Temporary Accommodation rents in the HRA (page 314 para 6.39 to 6.42)

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