

Number: 05/03 - Regulation	Date First Issued: April 2003 Date Revised:
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Note: 'Housing association' is used as a generic term for registered social landlords. 'Corporation' means Housing Corporation.

Title: Rent influencing regime – implementing the rent restructuring framework (temporary social housing and privately financed supported housing)

Summary: Additional guidance on the exemption of temporary social housing and privately financed supported housing from the rent restructuring framework. This circular supplements circulars 27/01 and 30/01.

This Circular Is For The Attention Of:

(tick to indicate which)

- Registered Social Landlords; more than 250 properties
- Registered Social Landlords; less than 250 properties
- Co-ownership Societies
- Co-ownership Equity Sharing Societies
- Almshouse Charities
- Abbeyfield Societies
- Co-operatives
- Local Authorities
- Registered Social Landlords' Auditors
- Registered Social Landlords' Solicitors

• **Relevant Legislation:**

- Government Housing Policy Statement, 12/00, *Quality and choice: a decent home for all - the way forward for housing*
- Government Guide 3/01, *Guide to social rent reforms*

• **Regulation and/or Policy Requirements:**

- Housing Corporation Regulatory Code 3.1

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- Housing Corporation Guidance: *Rent Influencing Regime, Implementing the Rent Restructuring Framework* (issued under circular 27/01 – Regulation, and available on our website at www.housingcorp.gov.uk)
- Appendix H to *Rent Influencing Regime, Implementing the Rent Restructuring Framework* (issued under circular 30/01 – Regulation)
- **This circular replaces circular number:** N/A

1 Definitions

N/A

2 Corporation Expectations and/or Policy

Temporary social housing (TSH)

Section 3.1 of our published guidance on implementing the rent restructuring framework confirms the exemption of temporary social housing /short-life leasing schemes (TSH is used in this document to refer to both schemes) from the framework. For Social Housing Grant purposes, TSH properties are defined as:

- being available for use by the housing association for a period of time covered by a lease or licence for longer than two years and less than 30 years; and
- not owned by a housing association.

We are aware that a number of associations have already developed, or are in the course of doing so, non-grant funded TSH schemes, in conjunction with local authorities. The purpose is to reduce reliance on bed & breakfast accommodation for the statutory homeless, in line with Government objectives. These schemes typically involve the acquisition of the freehold or long lease by the housing association using private finance and the properties effectively form part of the association's permanent stock. The exemption for TSH is extended to include this type of scheme where the following conditions apply:

- the acquisition of the property has not been funded with Social Housing Grant or other public funding; and
- there is a nominations agreement with a local authority for housing the statutory homeless; and
- the local authority retains responsibility for finding a permanent home; and
- the property is let on an assured shorthold basis.

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If any of these conditions cease to apply, the exemption is no longer available and the rent restructuring framework should be applied.

Enquiries relating to schemes which do not fully meet these requirements should be referred to the Lead Regulator or Financial Appraisal contact in the relevant Corporation Field Office.

Privately financed supported housing

Section 5.18 of our published guidance on implementing the rent restructuring framework states that supported housing developed with high levels of private finance, in partnership with local or health authorities, falls within the rent restructuring framework.

After discussions with a number of government departments, and some of the associations that are developing such schemes, agreement has been reached to exclude schemes from the rent restructuring framework where all of the following criteria are met:

- the scheme offers a high level of support for clients, for whom the only acceptable alternative public or voluntary sector options are care homes; and
- no, or negligible, public subsidy, has been received, whether in the form of grant or free land; and
- the scheme has been commissioned in line with local health, social services or Supporting People strategies and priorities, (but which are not of sufficiently high housing priority as to receive Social Housing Grant).

3 Assessing Compliance

See section 7 of our guidance *Rent Influencing Regime, Implementing the Rent Restructuring Framework*.

4 Enquiries about this circular should be directed to:

- Your Lead Regulator or Financial Appraisal contact in your Corporation Field Office, or
- The Financial Policy Team:
Mick Warner – 0161 242 2023 or 020 7393 2057
Gill Rowley – 020 7393 2225