



## DEBATE PACK

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# Almshouses: their role in housing policy

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## Summary

There will be a Westminster Hall debate on almshouses and their role in housing policy on Wednesday 19 October 2016 at 9:30am. It will be led by Mark Field.

Mr Field is one of the founding members of the newly established [All Party Parliamentary Group on Almshouses](#). The APPG held its first meeting on 14 September 2016.

Almshouses are charitable organisations, some of which are also Registered Social landlords. They mainly specialise in housing for the elderly.

Supported housing providers, including almshouses, have made representations to the Government over the intention to cap Housing Benefit entitlement for residents at Local Housing Allowance rates and the requirement to reduce their rent levels by 1% in each year for four years from April 2016.

This pack provides information on some of the key issues facing almshouses.

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The House of Commons Library prepares a briefing in hard copy and/or online for most non-legislative debates in the Chamber and Westminster Hall other than half-hour debates. Debate Packs are produced quickly after the announcement of parliamentary business. They are intended to provide a summary or overview of the issue being debated and identify relevant briefings and useful documents, including press and parliamentary material. More detailed briefing can be prepared for Members on request to the Library.

# 1. What are Almshouses?

The website of the [National Association of Almshouses](#) (The Almshouse Association) provides information on the [history of almshouses](#):

Almshouses trace their history back to monastic times where the terms bedehouse, hospital, maison dieu, almshouse and others described the provision of accommodation for those in need. The first recorded Almshouse was founded by King Athelstan in York in the 10th Century, and the oldest still in existence is thought to be the Hospital of St. Oswald in Worcester that dates from circa 990. By the middle of 1500s, there were about 800 mediaeval hospitals spread across the country but following the dissolution of the monasteries, only a handful remained, and these were re-founded on secular lines, and rebuilt in the new domestic collegiate style.

Of the 1,700 groups of almshouse charities today, over 30% occupy listed buildings and many have celebrated anniversaries of over 400 years. Another feature of this rich heritage is that many almshouses lie in the heart of towns and villages, ensuring that they remain closely integrated in the local community, with the added benefit of ensuring residents are close to shops and services.

Almshouses are typified by the traditional three sided square that provide a sense of safety and security without isolating residents from the outside world.

Almshouses may be subject to a variety of governance arrangements. Most are charitable organisations subject to charity law. A substantial number are also Registered Social Landlords and are regulated by the Regulation Committee within the Homes and Communities Agency. Almshouses tend to be very small organisations with a focus on local provision.

The key focus of almshouses is the [provision of housing for the elderly](#):

The majority of almshouse residents today will be of retirement age, of limited financial means and living within the vicinity of an almshouse charity. Almshouse charities are regulated by the Charity Commission and are usually governed by locally recruited trustees. Residents pay a weekly maintenance contribution which is similar to rent but different in law, and less than a commercial rate. Almshouse trusts were generally founded by benefactors in earlier times to provide for those in need and often to cater for a particular category of persons. Today there are almshouses for retired fishermen, miners, retail workers and a host of other groups in addition to the elderly. Some were founded by the City Livery Companies many of which still retain almshouses, and there are also almshouses for families, the disabled and even a few for key workers.

A 2013 report by consultant Jenny Pannell, [Transforming almshouses for the 21<sup>st</sup> Century](#) said:

There are over 1,500 almshouse charities with over 2,500 groups of almshouses, ranging from a few cottages to larger sheltered and extra-care schemes. Their main purpose, reflecting and updating the intentions of their original benefactors for the 21st century, is to provide low-cost housing for local people in need.

Progressive almshouse charities are run professionally in a similar way to the best small housing associations. Most larger almshouse charities employ staff to manage their housing, support (and sometimes care) as well as the charity itself. Smaller charities often contract with another agency: this may be another almshouse charity or housing association, or a local solicitor or property management business. Over 400 almshouse developments still provide at least one on-site full- or part-time staff member (e.g. warden/scheme manager).

## 2. Key issues facing almshouses

### 2.1 Local housing allowance rates

During the [Spending Review and Autumn Statement 2015](#) the Chancellor announced that Housing Benefit claimants living in dwellings rented from a social landlord (local authority or housing association) would face future restrictions on the amount of Housing Benefit they would receive:

Between 1999-00 and 2010-11, spending on Housing Benefit increased by 46% in real terms, reaching £21.4 billion. The government has already announced significant changes to Housing Benefit at Summer Budget. This Spending Review and Autumn Statement takes further steps to ensure fairness between those receiving Housing Benefit and those paying for the system.

The government will:

**cap the amount of rent that Housing Benefit will cover in the social sector to the relevant Local Housing Allowance**, which is the rate paid to private renters on Housing Benefit. This will include the Shared Accommodation Rate for single claimants under 35 who do not have dependent children. This reform will mean that Housing Benefit will no longer fully subsidise families to live in social houses that many working families cannot afford, and will better align the rules in the private and social rented sectors. It will also ensure that Housing Benefit costs are better controlled and will help prevent social landlords from charging inflated rent for their properties. **This will apply to tenancies signed after 1 April 2016, with Housing Benefit entitlement changing from 1 April 2018 onwards.**<sup>1</sup>

The vast majority of Housing Benefit claimants living in privately rented dwellings receive the LHA. LHA is paid at a flat rate<sup>2</sup> which is set at the 30<sup>th</sup> percentile of market rents for properties of different bedroom sizes (up to a maximum of four bedrooms) within a Broad Market Rental Area (BMRA). LHA rates are published for each BMRA. LHA rates are also subject to national caps which are currently:

1. £260.64 for a room in shared accommodation
2. £260.64 for 1 bedroom accommodation
3. £302.33 for 2 bedroom accommodation
4. £354.46 for 3 bedroom accommodation
5. £417.02 for 4 bedroom accommodation

LHA is a means-tested benefit so the actual amount of assistance that a claimant receives will depend on their individual circumstances.

As part of the [Summer Budget 2015](#) the Chancellor announced that LHA rates would be frozen for four years from April 2016:

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<sup>1</sup> [Spending Review and Autumn Statement 2015](#), November 2015, para 1.125

<sup>2</sup> An individual's actual entitlement to LHA will depend on their personal circumstances – it is a means tested benefit and it is possible to receive the full LHA rate or partial LHA.

Since the financial crisis began in 2008, average earnings have risen by 11%, whereas most benefits, such as Jobseeker's Allowance, have risen by 21%. To ensure that it always pays to work, and that earnings growth overtakes the growth in benefits, **the government will legislate to freeze working-age benefits, including tax credits and the Local Housing Allowances, for 4 years from 2016-17 to 2019-20.** This is forecast to save £4 billion a year by 2019-20.<sup>3</sup>

There are concerns about the implications of the measure for all Housing Benefit claimants in social housing, but the particular position of suppliers of supported housing, including almshouses, has been drawn to the Government's attention.

As a general rule, the rents charged for supported housing are higher than the rents charged on other social housing units. Thus the impact of capping Housing Benefit entitlement at the LHA level for residents of supported housing has caused particular concern amongst social landlords specialising in this type of accommodation.

## An evidence review

In response to questions about the publication of an impact assessment the Government referred to the establishment of an evidence review:

My Lords, the introduction of local housing allowance limits to the social sector will apply to both housing benefit tenants and recipients of the housing element of universal credit from April 2018, but only where new tenancies have been taken out or renewed after April 2016. The department has jointly commissioned an evidence review with DCLG to look at the size and scope of the supported housing sector. The research results will guide our consideration for future policy development.<sup>4</sup>

Lord Freud went on:

We are collecting evidence about the size of the sector, who it supports, where the funding flows are coming from and how it is supported. There are various support sources, including the Supporting People fund and RR. We look to publish this report later this year.

[...]

We are aiming to develop our policy on the back of the information that we get in the spring, and we will be working with the whole sector to develop policy. As for the other issue that the sector is concerned about, which I discussed in the last question, that is within the timetable of the Bill.<sup>5</sup>

## Implementation delayed for one year

On 1 March 2016 the Government announced a delay of one year in applying the cap to tenants in supported housing:

My Noble Friend The Minister of State, Department for Work and Pensions (Lord Freud) has made the following Written Statement.

In the Autumn Statement 2015, we announced that when assessing eligibility for Housing Benefit and Universal Credit that

<sup>3</sup> [Summer Budget 2015](#), July 2015, para 1.137

<sup>4</sup> [HL Deb 14 January 2016 cc381-3](#)

<sup>5</sup> [HL Deb 14 January 2016 cc381-3](#)

Local Housing Allowance rates would be applied to all social rents from April 2018, where tenants had signed new or re-let tenancies from 1 April 2016.

I am able to announce today that the Government will put in place a year-long exception for all tenants of supported accommodation in the social sector so that this measure will only apply to these tenancies from April 2017, rather than April 2016. As examples, this will include refuges for those fleeing domestic abuse, homeless provision, housing for ex-offenders, as well as supported housing for older and disabled people. I can also confirm that the one year exception will extend to housing co-operatives, **alms houses** and Community Land Trusts.

I am doing this because I understand the importance of ensuring that both those living in supported accommodation and those who provide this type of accommodation receive appropriate protections. This is why we are awaiting the outcome of a Supported Accommodation research project and subsequent policy review, to ensure support is focused on the most vulnerable, and appropriate groups are safeguarded. I consider it important to have evidence to support any decisions made, before determining the level of any protections for this cohort beyond April 2017.

I will write to social landlords and provide guidance that will allow them to advise people taking on new and re-let tenancies from either April 2016 or April 2017 (for supported accommodation) as to how they may be impacted.<sup>6</sup>

## Government announcement 15 September 2016

On 15 September 2016 the Secretary of State, Damian Green, issued a [Written Statement](#) outlining details of the Government's decisions based on the evidence review of supported housing. He said that the evidence review would be published "shortly alongside a consultation document". The key announcements for the sector include:

- A further delay in the application of LHA rates to supported housing rents to 2019/20.
- A new funding model for the sector to be introduced from 2019/20.
- From 2019/20 all residents in supported housing who are eligible for financial assistance with their rent and service charge payments will receive Housing Benefit or the housing element of Universal Credit up to the applicable LHA rate.
- The Shared Accommodation Rate of LHA, which limits Housing Benefit for claimants under 35 to the cost of a room in a shared home, will not apply to residents in supported housing.
- Costs above the LHA rate will be met by a ring-fenced fund which the Government will devolve to local authorities in England. Wales and Scotland will receive an equivalent amount and will be able to decide how to allocate this funding.
- A separate funding solution may be devised for very short-term accommodation such as hostels and refuges.

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<sup>6</sup> [Written Statement HCWS563](#), 1 March 2016

The Minister confirmed that deferral until 2019/20 will extend to almshouses:

I can also confirm that the deferral until 2019/20 will extend to fully mutuals/co-operatives, **almshouses** and community land trusts while we consider whether any additional arrangements will be necessary for this group in the longer term.<sup>7</sup>

For more information see Library briefing paper 06080: [Paying for supported housing](#).

## 2.2 Rent cuts of 1%

The [Summer Budget 2015](#) also saw the announcement of rent reductions for social housing landlords:

Alongside the freeze in working-age benefits, the government will reduce rents in social housing in England by 1% a year for 4 years, requiring Housing Associations and Local Authorities to deliver efficiency savings, making better use of the £13 billion annual subsidy they receive from the taxpayer. Rents in the social sector increased by 20% over the 3 years from 2010-11. This will allow social landlords to play their part in reducing the welfare bill. This will mean a 12% reduction in average rents by 2020-21 compared to current forecasts.<sup>8</sup>

Almshouses registered with the Homes and Communities Agency have opposed this policy.

### Delayed implementation

During the [Opposition Day debate](#) on 27 January 2016 the Minister, Justin Tomlinson, announced that the imposition of rent reductions in the supported housing sector would be delayed by one year:

We recognise the value of the supported housing sector and want to ensure that the essential services it delivers continue to be provided, within the context of driving appropriate value for money. Many Members have put that on the record today and spoken about that support, which is very important. We want to ensure that the sector can continue to deliver the important services it provides, which is why we will be putting in place a one-year exemption from the 1% rent reduction for all supported accommodation. That will give us time to study the evidence from the supported housing review, which is due to report in the spring, and consider a longer-term solution for the sector.

The hon. Member for Sheffield South East (Mr Betts) asked a number of questions, including about what happens to rents for supported housing next year during the one-year delay. They will be uprated by CPI plus 1% up until April 2017, then reviewed after that.

The review will tell us the size, scale and scope of supported housing funded through housing benefits. The policy options will be considered after the report is published, in consultation with a wide range of stakeholders, and conclusions will be reached in due course as that is brought together.<sup>9</sup>

<sup>7</sup> [Written Statement HCWS563](#), 1 March 2016

<sup>8</sup> [Summer Budget 2015](#), July 2015, para 1.140

<sup>9</sup> HC Deb 27 January 2016 cc326-7

Almshouses, cooperative housing associations and community land trusts are also benefitting from the year-long exception.

## Government announcement 15 September 2016

The Secretary of State's [Written Statement](#) of 15 September 2016 included further information on the application of rent reductions in the supported housing sector. Briefly, the exemption for affected almshouses is to be extended over the remaining three years of the policy:

In March 2016, we introduced a one year deferral for supported housing, fully mutuals/co-operatives, almshouses and Community Land Trusts from the reduction of social rents in England of 1% a year for 4 years from 2016. It is important that providers can continue to provide high-quality and cost-effective supported housing to meet the needs of their tenants. However, it is also important that supported housing should make efficiency savings in the same way as the rest of the social sector.

Therefore, I can confirm that, as planned, we will apply the rent reduction to supported housing, with rents in these properties decreasing by 1% a year for 3 years, up to and including 2019/20.

The existing exemption for specialised supported housing will remain in place and will be extended over the remaining 3 years of the policy for fully mutuals/co-operatives, alms houses and Community Land Trusts and refuges.

For those affected by the social sector rent reduction policy, the Welfare Reform and Work Act 2016 includes provision that allows a social landlord to be exempted from the requirement to reduce rents by the Secretary of State for Communities and Local Government or the social housing regulator (in the case of private registered providers) if complying would result in serious financial difficulty or jeopardise their financial viability. This provision provides a safety net for those providers who do not have the capacity to offset the decrease through efficiencies or from elsewhere in their business.<sup>10</sup>

## 2.3 Selective licensing

Sections 79, 80 and 81 of the *Housing Act 2004* provided for the introduction of a scheme of selective licensing of private landlords in a local housing authority's area. Selective licensing is intended to address the impact of poor quality private landlords and anti-social tenants. It has primarily been developed with the need to tackle problems in areas of low housing demand in mind – although the Act also allows for selective licensing in some other circumstances. Many of the provisions relating to selective licensing are similar to those relating to the mandatory and discretionary licensing of Houses in Multiple Occupation (HMOs) – regimes which were also introduced by the 2004 Act.

In an area subject to selective licensing, all private landlords must obtain a licence and if they fail to do so, or fail to achieve acceptable management standards, the authority can take enforcement action.

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<sup>10</sup> [Housing Benefit: Written Statement HCWS154](#), 15 September 2016

Brandon Lewis, then Minister for Housing, [wrote to all local authorities](#) on 11 March 2015 advising that, from 1 April 2015, local authorities would have to seek confirmation from the Secretary of State for any selective licensing scheme which would cover more than 20% of their geographical area or would affect more than 20% of privately rented homes in the local authority area. This does not apply retrospectively.

Almshouses that are not Registered Social Landlords may be caught by the need to seek a licence for their homes for which a fee is payable to the local authority.

The Almshouse Association is, reportedly, seeking an exemption from the selective licensing provisions.

### 3. Parliamentary questions

#### [Almshouses: Rents](#)

**Asked by:** Cox, Mr Geoffrey

To ask the Secretary of State for Communities and Local Government, what progress he has made in his review of the effects of the one per cent rent reduction on small almshouse charities.

**Answering member:** Brandon Lewis

The Social Housing Rents (Exceptions and Miscellaneous Provisions) Regulations 2016 provided a one year exception for almshouses from the one per cent rent reduction. We are carefully considering the approach for the second year of the reduction onwards, and my officials recently met the Almshouse Association to discuss this. Our aim is to ensure there is a workable and sustainable solution for almshouses, their residents and for taxpayers.

06 Jun 2016 | Written questions | 38549

#### [Almshouses: Right to Buy Scheme](#)

**Asked by:** Quince, Will

To ask the Secretary of State for Communities and Local Government, what plans he has to revise the agreement reached with the National Housing Federation on right to buy to expressly state that almshouse licensees will not have the right to buy.

**Answering member:** Brandon Lewis

Almshouses are exempt from the Right to Buy for council housing. This long-standing exemption will also apply to the extended Right to Buy for housing associations.

19 Nov 2015 | Written questions | 16363

#### [Almshouses](#)

**Asked by:** Lord Kennedy of Southwark

To ask Her Majesty's Government what assessment they have made of almshouses.

**Answering member:** Lord Wallace of Saltaire

Almshouses continue to play an important role today in providing accommodation for those in need throughout the United Kingdom and have a role in responding to the huge national challenge of creating more housing specially designed for older people. Almshouses have been part of this country's life for many generations and also make a valuable contribution to our national heritage by maintaining many fine, historic buildings.

13 Mar 2015 | Written questions | Answered | House of Lords | HL5309

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