

Background Paper on Social Welfare Assistance with Payments for Emergency Accommodation

Simon Brooke
September 2001

Contents

1	Introduction	2
2	Emergency accommodation: a recent history	4
	2.1 Housing Act 1988 and the use of Bed and Breakfast	4
	2.2 Supplementary Welfare Allowance	5
	2.3 A new funding scheme	6
3	Emergency accommodation today	7
	3.1 Who gets what?	7
	3.2 Hostels	8
	3.2.1 ‘Benefit or privilege’	8
	3.2.2 Rent supplement	9
	3.2.3 Hostel rents	10
	3.3 ‘Bed and Breakfast’	10
	3.3.1 Categories of ‘Bed and Breakfast’	10
	3.3.2 ‘Bed and Breakfast’ rents	11
4	Equity	12
	4.1 What does ‘equity’ mean?	12
	4.2 Are current arrangements equitable?	14
	4.3 Rent	15
	4.4 Equity between different types of emergency accommodation	16
	4.5 Equity between emergency accommodation and long-term accommodation	16
5	A new rent structure	17
	5.1 Relating rents to facilities and services	17
	5.2 Hostels	18
	5.3 Updating ‘Benefit and Privilege’	21
	5.4 ‘Bed and Breakfast’	22
	5.5 Rent collection and rent arrears	23
6	Summary of recommendations	26
	Appendix 1: Recommended rents for Dublin hostels	27
	Appendix 2: Recommended ‘Benefit or Privilege’ for Dublin hostels	29

1 Introduction

The Homeless Agency's publication *Shaping the Future*¹, published in 2001 sets out a three year action plan on homelessness in Dublin. Objective 12.4 is entitled, *Equity in assistance for emergency accommodation* and incorporates three specific actions:

12.4.1 Review of hostel payments

The Homeless Agency to review, in conjunction with the Homeless Persons Unit and hostel providers, the manner of calculation for assistance for people in hostels by April 2001.

12.4.2 Review of Bed and Breakfast

The Homeless Agency, in conjunction with Dublin Corporation, which pays for Bed and Breakfast accommodation, and the Homeless Persons Unit to review the situation with regard to people in Bed and Breakfast accommodation by April 2001.

12.4.3 Agree new scheme

The Homeless Agency in conjunction with the Homeless Persons Unit and based on the reviews to devise a new payment scheme for people in emergency accommodation to ensure equity between different types of accommodation to be effective from September 2001

Emergency accommodation is defined in this paper as temporary accommodation which houses people who before they were in the temporary accommodation, were homeless. This broadly covers two categories: people in hostels, which may be run by the voluntary sector, health board or local authority; and people placed in temporary accommodation under the heading 'Bed and Breakfast' by the Homeless Persons Unit of the Northern Area Health Board acting on behalf of the Dublin local authorities. It should be noted that the label 'Bed and Breakfast' is a misleading one,

¹ *Shaping the Future: an action plan on homelessness in Dublin 2001-2003*, Homeless Agency, Dublin, 2001

since whilst it includes ‘genuine’ bed and breakfast, it also comprises a number of other living arrangements including fully self-contained accommodation. It is strongly recommended that the term ‘Bed and Breakfast’ be replaced with ‘emergency accommodation’ or ‘temporary accommodation’. Those in the know may be aware that most homeless households in ‘Bed and Breakfast’ are not in bed and breakfast at all, but a wider audience might be forgiven for thinking that ‘Bed and Breakfast’ means bed and breakfast and that no progress has been made in reducing the use of this type of accommodation for homeless people.

In this paper ‘genuine’ bed and breakfast refers only to commercially run bed and breakfast establishments. Emergency accommodation does not include informal temporary arrangements such as staying with relatives or sleeping on a friend’s floor.

Commercial hostels are not covered in this paper; nor are women’s refuges the payments for which are administered by local health board offices rather than the Homeless Person’s Unit.

The terms of reference for this paper, as set down by the Homeless Agency include:

- Outline the legislative and policy basis for payments of assistance towards emergency accommodation
- Outline the background to the current situation
- Describe the current arrangements with regard to the payment of assistance to households in emergency accommodation including:
 - The range of payments
 - The basis for these payments
 - Method of payments
- With reference to the policy, legislation and other relevant matters, highlight any advantages and disadvantages to the current situation
- Make recommendations on how any problems in the current situation should be addressed

2 Emergency accommodation: a recent history

For many years, emergency accommodation for homeless people consisted of accommodation provided either by health authorities in county homes (now obsolete) under the Health Act 1953, or hostel accommodation provided by the voluntary sector. Rents were set at a very low level, or accommodation was free. The services provided were often rudimentary and dormitory sleeping arrangements were widespread.

2.1 Housing Act 1988 and the use of Bed and Breakfast

The Housing Act 1988 provided local authorities with wide-ranging powers in relation to homelessness. In particular, Section 10 provides for the financing of emergency accommodation. The Department of the Environment and Local Government currently recoups 90% of local authorities expenditure under this section. Local authorities have used this power to assist in the funding of hostels; to provide for the costs of referral services by health boards or the voluntary sector; for expenditure on emergency accommodation for households accepted by local authorities as their responsibility (primarily adults and children).

Until the 1990s, local authorities were able to provide for almost all the needs of households they accepted as their responsibility by using existing hostels (which necessitated couples being accommodated separately as there was no accommodation for couples, with or without children), or by rehousing homeless families directly in their own housing stock. However in the early 1990s, growth in homelessness,

particular amongst families, placed increasing pressure on local authorities and they had to start using other forms of emergency accommodation. They turned to ‘genuine’ bed and breakfast as a source of emergency accommodation the costs of which were funded under s.10 Housing Act 1988.

In 1990 the Eastern Health Board placed 5 households in ‘genuine’ bed and breakfast at a cost of £520 [€660]. By 1999 this had increased to 1,202 households at a cost of £4.7 million [€5.97 million].²

It is important to emphasise that whilst the Housing Act 1988 provides local authorities with wide-ranging powers in relation to homelessness, there is no legal right to a home in Ireland. Local authority action in relation to homelessness is largely discretionary, although the recently published Inter-Departmental report on homelessness³ requires local authorities to take a number of actions in respect of homelessness, including an assessment of the nature and extent of homelessness and the preparation of an action plan to provide accommodation for homeless people .

2.2 Supplementary Welfare Allowance

The Supplementary Welfare Allowance Scheme was introduced in July 1977 to replace the Home Assistance Scheme, which was administered by local authorities. The new scheme provided that, “every person in the State whose means are insufficient to meet his needs and the needs of any adult or child dependant of his shall be entitled to supplementary welfare allowance”⁴ In addition the scheme provided for supplements to be paid to meet rent, heating and dietary needs. The rent supplement is calculated so as to leave the applicant with a disposable income, after payment of what the health board considers to be a reasonable rent, which is equivalent to the rate of Supplementary Welfare Allowance appropriate to the family size, less a minimum contribution, which is currently £6.

The Supplementary Welfare Allowance scheme was originally conceived as “a residual and support role within the overall income maintenance structure”.⁵ However, demand for rent supplementation has continued to grow and it is now an established element of income maintenance. In 1989, expenditure on rent supplement totalled £6.1 million (€7.75 million) and it represented 15.6% of all expenditure on Supplementary Welfare Allowance. By 1999 expenditure on rent supplement was over £100 million (€127 million) and it represented nearly half the total Supplementary Welfare Allowance expenditure.

² *Focusing on B&Bs: The Unacceptable Growth of Emergency B&B Placement in Dublin*, Focus Ireland, Dublin, 2000

³ *Homelessness - An Integrated Strategy*, Department of Environment and Local Government, Dublin, 2000

⁴ S. 171 Social Welfare (Consolidation) Act, 1993

⁵ *Review Group on the Role of Supplementary Welfare Allowance in Relation to Housing*, Department of Social Welfare, Dublin, 1995

In June 1999, a report from an Inter-Departmental Committee⁶ recommended that the payment of rent supplement should be transferred from health boards to local authorities. This was accepted by government and a planning committee was established to implement it within two years. However, there are significant obstacles lying in the way of the transfer of these payments and it is most unlikely that the transfer will take place within this period.

In recent years, some hostel residents have become eligible for rent supplement and currently a significant proportion of residents in the high-rent hostels receive this payment.

2.3 A new funding scheme

Hostels may currently receive funding from a number of sources: the Department of the Environment and Local Government (capital funding under the Capital Assistance Scheme); health boards, under s.65 Health Act 1953; local authorities, under s.10 Housing Act 1988; the Department of Social Family and Community Affairs (rent supplement); voluntary donations, etc. As can be seen, funding for emergency accommodation is complex and diverse.

The Homeless Agency is currently finalising a new funding scheme which will ensure that hostels which meet prescribed standards will receive 100% funding. This is important as will be seen below.

⁶ *Administration of Rent and Mortgage Interest Assistance*, Department of the Environment and Local Government, Dublin, 1999

3 Emergency accommodation today

3.1 Who gets what?

As described above, there are broadly two categories of emergency accommodation: hostels, which may be run by the voluntary sector, local authorities or health boards; and the range of accommodation which comes under the heading 'Bed and Breakfast'.

Two key considerations determine which households are placed in which category of emergency accommodation: whether the household has particular needs that must be addressed; and whether the household will, in time, be housed by a local authority.

Most single people and childless couples are referred to hostels. As things currently stand, the majority will not be housed by a local authority, but will have to look for long-term housing elsewhere. For most this means the private rented sector. The stated policy of Dublin Corporation is only to place single people in 'Bed and Breakfast' accommodation if they are particularly vulnerable and likely to experience difficulty in a hostel environment. However recent Focus Ireland research⁷ states that 33% of households placed in B&B by the Homeless Persons Unit in 1999 were single people. This figure would appear to conflict with the stated policy and perhaps needs some further examination.

⁷ *Focusing on B&Bs: The Unacceptable Growth of Emergency B&B Placement in Dublin*, Focus Ireland, Dublin, 2000

Most families with children are placed in ‘Bed and Breakfast’ by the Homeless Persons Unit, acting on behalf of the Dublin local authorities. After a stay in ‘Bed and Breakfast’ they will be made an offer of long-term housing by a local authority. Some families - those with particular needs - are referred to hostels where these needs can be addressed. Some of these households may move on to transitional housing before moving into long-term local authority housing.

3.2 Hostels

There are ten hostels in the Dublin area with a total of some 680 beds. The majority of beds are for men without children. Referrals are made by residents themselves, by voluntary and statutory organisations, and by the Homeless Persons Unit at Charles Street. The great majority of hostel residents are dependent on social welfare payments most commonly Unemployment Assistance, Disability Allowance and Old Age Pension. A relatively small number receive Supplementary Welfare Allowance. Hostels provide a range of services from bed and breakfast to full board. The rent includes payment for heat and light, and may include access to a free laundry. Accommodation varies from single rooms through to dormitories. In some hostels residents are required to be out during the day.

3.2.1 ‘Benefit or privilege’

When calculating the appropriate Supplementary Welfare Allowance rate for an applicant, account must be taken of all the applicant’s means. This includes “the value of any benefit or privilege enjoyed by such person”⁸. Benefit or privilege in this context is taken to include the value of board and lodging. In the situation of a hostel resident this would include the value of any meals received, heat, light and laundry. Currently, the maximum ‘benefit and privilege’ is set at £34.90 for a resident of the Iveagh Hostel. So the appropriate Supplementary Welfare Allowance rate for an applicant living in the Iveagh Hostel is the basic Supplementary Welfare Allowance rate of £76 minus the ‘benefit or privilege’ of £34.90, equalling £41.10.

In 1990, the Eastern Health Board made an assessment of the disposable income needed by a hostel resident after the provision of board and lodging. This figure has since been increased in line with inflation, providing a disposable income, in the case above of £35.10 (£41.10 minus £6.00 which is the minimum rent which must be paid by claimants for rent supplement). There are however a number of anomalies: hostels with apparently identical services attract different levels of ‘benefit or privilege’. This issue is explored further in Section 5.2.

It needs to be emphasised that ‘benefit or privilege’ applies only to a resident claiming Supplementary Welfare Allowance *or* a resident claiming rent supplement. Whether or not a resident is eligible for rent supplement depends very largely on the level of rent charged (see Section 3.2.2 below).

⁸ Rule 4, Part III, Third Schedule, Social Welfare (Consolidation) Act 1993

3.2.2 Rent supplement

Rent supplement is a means-tested benefit, which operates as part of the Supplementary Welfare Allowance scheme⁹. It aims to ensure that after the applicant has paid his/her rent s/he has a net income equal to the Supplementary Welfare Allowance rate appropriate to him/her, minus £6¹⁰ (which a person with an Supplementary Welfare Allowance income is assumed to spend on rent).

The applicant's Supplementary Welfare Allowance rate is assessed (that is 'basic' SWA minus 'benefit or privilege' if it applies), £6 is subtracted, and the rent payable added. This gives the income necessary for the applicant to ensure that he/she will have at least the appropriate Supplementary Welfare Allowance minus £6 after the rent is paid. The applicant's actual income is then subtracted from this figure and the result is the amount of rent supplement payable.

A typical rent supplement calculation would go like this: A man living in a hostel receiving full board, and with access to a free laundry pays a rent of £53.90. His only income is Long Term Unemployment Assistance of £77.50.

So, his SWA rate is assessed at £41.10 (see above). £6 is subtracted from this and the rent added, producing £89.00, which is the income he needs. His actual income of £77.50 is subtracted from this, giving a rent supplement of £11.50. Many hostel residents have Long Term Unemployment Assistance or Disability Allowance as their sole source of income; all these residents paying this level of rent would receive the same rent supplement of £11.50.

It is important to note that in this example if the rent drops to £42.40, he would no longer be eligible for rent supplement. And if the rent drops below £42.40 he would be better off. For example, if the rent in the same hostel were £21 per week, his income after rent would be £56.50, which is more than his SWA rate minus 'benefit or privilege' (£41.10).

In other words, in the case of a resident in receipt of Long-Term Unemployment Assistance living in the hostel described, he would pay his rent out of his benefit until it reached £42.40 when he would become eligible for rent supplement. Any increase in rent *above* £42.40 would be met by rent supplement and would not affect his disposable income.

The current position of hostel residents in receipt of an Old Age Pension is anomalous. Currently such people have a higher disposable income (depending on

⁹ Article 9, Social Welfare (Consolidated Supplementary Welfare Allowance) Regulations, 1995

¹⁰ Article 6 (1) (a) Social Welfare (Supplementary Welfare Allowance) Regulations, 1977 to 1994

which pension they receive) than those not in receipt of pensions. It is difficult to see how this arose other than by the application of a variable rate of ‘benefit or privilege’. In any event recommendations in this paper will both remove this anomaly and ensure that these claimants do not have reduction in disposable income.

3.2.3 Hostel Rents

Current rent levels are set by hostels by agreement with health boards. However, as stated above in Section 2.3, the Homeless Agency has proposed a new system of revenue funding from health boards and local authorities which will ensure hostels are fully funded for their work. This system provides an opportunity for a substantial simplification of the rent system, since under this system rent levels will simply be one part of the equation when total funding for a hostel is determined. In other words, rents can be set at any level subject to agreement of all the funding bodies.

3.3 ‘Bed and Breakfast’

3.3.1 Categories of ‘Bed and Breakfast’

The label ‘Bed and Breakfast’ in reality covers a range of arrangements, many of which are not bed and breakfast at all. They may usefully be categorised as follows:

- ‘Genuine’ bed and breakfast where residents typically have little or no access to cooking facilities, and usually share bathroom and wc. In small number of cases they have to be out during part of the day
- Self-catering accommodation with shared cooking facilities, shared living room, wc and bathroom. Own bedroom.
- Self-catering accommodation with shared cooking facilities and shared living room. Exclusive use of wc and bathroom. Own bedroom
- Fully self-contained accommodation with exclusive use of cooking facilities, living room, wc, bathroom and bedroom.

Residents receive free heat and light, and may receive breakfast depending on the category of accommodation they are in.

It is estimated that there are currently approximately 1500 men, women and children in ‘Bed and Breakfast’ accommodation representing approximately 600 households. The approximate breakdown of accommodation according to the categories above is:

Approximately 500 individuals are accommodated in 13 ‘genuine’ bed and breakfast establishments. Eleven of these provide 24 hour access for residents, and two require residents to be out for part of the day.

Approximately 540 individuals, representing some 220 households are accommodated in self-catering accommodation with shared cooking facilities, shared living room, wc and bathroom.

Approximately 270 individuals representing some 110 households are accommodated in self-catering accommodation with shared cooking facilities and shared living room, and exclusive use of wc and bathroom.

Approximately 190 individuals representing some 75 households are accommodated in fully self-contained accommodation with exclusive use of all facilities

The average stay in temporary accommodation is approximately six months, although some households have to wait up to two years before they are rehoused.

3.3.2 'Bed and Breakfast' rents

When a household is placed in 'Bed and Breakfast' accommodation by the Homeless Persons Unit on behalf of one of the Dublin local authorities, the rent may be paid by the Homeless Persons Unit and recouped from the local authority concerned which in turn recoups 90% from the Department of the Environment and Local Government under s.10 Housing Act 1988. Alternatively, a capitation arrangement may be involved, that is, Dublin Corporation pays an agreed rent to a landlord for a number of dwellings and then manages those dwellings itself. In the case of a capitation arrangement then, all the rent is paid by Dublin Corporation which recoups 90% from the Department of the Environment and Local Government under s.10 Housing Act 1988.

Residents in 'Bed and Breakfast' accommodation currently pay no rent. This is because for a number of years 'Bed and Breakfast' really did mean bed and breakfast and in the majority of instances residents had to be out of the establishment for part of the day. In those circumstances it was deemed inequitable for residents to pay rent. Since then of course, the quality of 'Bed and Breakfast' accommodation has improved substantially.

4 Equity

4.1 What does ‘equity’ mean?

Generally, the word ‘equity’ means ‘fairness’. Before examining whether current arrangements for emergency accommodation are equitable, it is necessary to define as precisely as possible what is meant when relating the concept of equity to this situation.

There are two aspects of equity which apply to emergency accommodation:

- **Equity between different types of emergency accommodation**
This means that a household in one type of emergency accommodation is no better or worse off than the same household in another type of emergency accommodation which may provide a different range of services.
- **Equity between emergency accommodation and long-term accommodation.**
This means that any household is no better or worse off in emergency accommodation than in the long-term accommodation they can expect to move in to. The qualification here is important because different households will move into different housing tenures with corresponding differences in housing arrangements.

But what does ‘no better or worse off’ mean? A broad definition of equity might include: access to kitchen and bathroom facilities and whether they are shared;

whether sleeping space is shared; physical standards of accommodation; or standards of management. Taking it further it might include access to public transport, shops or schools.

Whilst it is extremely difficult to devise a system that can take account of all these factors, this paper suggests that it is possible to take account of many of them, and that others are being dealt with elsewhere.

As far as access to public transport, shops or schools etc. is concerned, it is exceptionally difficult, if not impossible to put a meaningful monetary value on these. In addition, they are very dependent on household structure. For example, access to appropriate schools is extremely important to a household with children and completely unimportant to a household without school-age children. For these reasons this paper proposes not to take account of the location, and to consider only factors relating directly to the emergency accommodation. It is however important to note that the Homeless Agency's publications *Putting People First*¹¹ and *Shaping the Future* both deal to a certain extent with location of emergency accommodation.

As far as physical standards of accommodation, and standards of management are concerned, the situation is different. The law provides basic minimum standards in relation to physical standards which should already be applied to all emergency accommodation. It should be noted here that as a consequence of strenuous efforts by Dublin Corporation the physical quality of emergency accommodation used has improved significantly in recent years. In addition, *Putting People First*¹² sets down some best practice quality standards relating to physical and management standards for temporary accommodation. Other issues concerning physical standards and management standards will be addressed in the implementation of *Shaping the Future*. This paper therefore proposes not to take account of these factors when considering the issue of equity since they are covered in part by existing law, and also by development of good practice.

This leaves the following factors, which this paper recommends should be considered when applying the concept of equity to emergency accommodation. They are referred to in the rest of the paper as accommodation standards.

- The provision of heat and light
- The provision of meal(s)
- Access to free laundry facilities
- Whether a household has exclusive use of sleeping space or has to share it with other households
- Whether a household has exclusive access to wc and/or bathroom or has to share these with one or more other households
- Whether a household has exclusive access to cooking and food storage facilities or has to share these with one or more other households
- Whether a household has exclusive use of living space or has to share it with one or more other households

¹¹ *Putting People First: a good practice handbook for homeless services*, Roger Courtney, Homeless Initiative, Dublin

¹² *ibid*

- Whether a household has to leave the emergency accommodation for part of the day

Although it is extremely difficult to place an absolute monetary value on many of these accommodation standards, it is possible to place a comparative value on almost all of them, either by reference to another accommodation standard, or by reference to characteristics of long-term accommodation.

It is of course acknowledged that this is not a perfect solution. Some accommodation standards which may be relevant are not taken account of. For example, it does not take account of the size of a hostel, which may impact on residents' quality of life; nor does it take account of the availability of communal facilities. However this paper contends that it is the best possible list of accommodation standards in the circumstances.

The above accommodation standards relate to the provision of services or facilities in emergency accommodation. This represents one half of the equation; the other half is rent. Almost all hostel residents pay rent (the Missionaries of Charity charge no rent) ranging from £7 [€8.89] per week to nearly £54 [€68.57] per week.

4.2 Are current arrangements equitable?

It is immediately clear by reference to the above accommodation standards alone, that some households in emergency accommodation are demonstratively better off than others. For example, under current arrangements a household in a 'genuine' B&B with no access to cooking facilities is clearly worse off than the same household in self-catering accommodation with their own wc and bathroom, sharing cooking facilities and a living room. By the same token a hostel resident who must sleep in a dormitory is clearly worse off than a resident in the same hostel who has a bedroom of her/his own.

The next question to address is whether the current rent structure establishes equity between different types of emergency accommodation by relating the level of rent paid to the accommodation standards listed above.

Very quickly it can be established that the answer is no. All residents in 'Bed and Breakfast' accommodation pay no rent; yet some households in 'Bed and Breakfast' are clearly worse off than others as demonstrated above. Similarly, some hostels provide shared sleeping accommodation along with single rooms, but typically they charge the same rent for all residents.

So, it is clear that current arrangements are not equitable between different types of accommodation. If they are not equitable between different types of emergency accommodation, then they cannot be equitable between emergency accommodation and the long-term accommodation a household can expect to move into. Most households in 'Bed and Breakfast' can expect to move into self-contained housing with exclusive access to a range of facilities. If a move from one type of 'Bed and

Breakfast' accommodation into this housing is considered to be equitable, then it cannot be equitable for a household in worse 'Bed and Breakfast' accommodation.

4.3 Rent

It is clear from the foregoing that the only feasible way to introduce equity is by the introduction of a rent structure which relates the benefits of service provision and the relative disadvantages of shared facilities to the rent charged, so levelling out the current inequities.

The only way to attempt to achieve equity *without* the introduction of a new rent structure would be to change the facilities and services provided to ensure the each benefit matched each disadvantage; or to provide uniform standard provision with identical services and facilities. Neither of these is practicable or desirable.

It is therefore recommended that all residents of emergency accommodation should be liable for rent, which will take account of the accommodation standards listed above and make reference to their likely long-term housing situation.

As noted above, residents of 'Bed and Breakfast' accommodation currently pay no rent, and so this recommendation is of considerable significance. There is of course an argument to be made that temporary accommodation is so much worse than long-term accommodation by virtue not only of shared facilities, but also by virtue of its temporary nature and the stresses imposed by this, that charging any rent at all would be inequitable. However this would not deal with the inequities between different types of emergency accommodation. This could only be tackled by introducing a 'negative' rent, in other words, paying some residents a fee for living in emergency accommodation; a measure that is clearly absurd and would in any event lead to further inequity.

Furthermore, the stated goal¹³ is to provide emergency accommodation that is *not* so much worse than long-term accommodation that it is inequitable to charge rent.

In addition, there are other arguments in favour of residents in emergency accommodation being liable for rent.

- Paying no rent raises possibly unrealistic expectations in relation to move on accommodation.
- The payment of rent or a mortgage is a fundamental part of the provision housing and it is important to establish this as 'normal' practice very early on.

Finally, if the rent paid relates to the facilities and services offered, then the potential for the exercise of choice exists. This may appear to be a somewhat abstract principle in the context of current levels of homelessness, which is typified by the absence of choice. However, looking ahead to a time when periods spent in emergency accommodation are much shorter, this notion may not be so fanciful. In addition it is

¹³ *Shaping the future*, Homeless Agency, Dublin, 2001

worth noting that under existing arrangements there are a number of hostel residents who exercise choice by moving from a less preferred hostel to a more preferred one when a vacancy arises.

4.4 Equity between different types of emergency accommodation

Currently the great majority of hostel residents are single people, and the great majority of households in 'Bed and Breakfast' accommodation are adults with children. Very few single people are placed in 'Bed and Breakfast' on behalf of Dublin Corporation, and only a small number of adults with children are housed in hostels.

As will be seen, it is extremely difficult to ensure equity between a household in 'Bed and Breakfast' and an identical household in a hostel, so in general the approach taken by this paper is to treat hostel residents separately from those in 'Bed and Breakfast', although the relatively small number of adults with children in hostels will be treated in a similar fashion to those in 'Bed and Breakfast'.

4.5 Equity between emergency accommodation and long-term accommodation

The great majority of residents in 'Bed and Breakfast' accommodation will move into housing provided by a local authority. Local authority rents are based on a differential rent system in which rents are related not to the dwelling that is tenanted, but to household income. Generally speaking, the higher the household income, the higher the rent due, although rents are substantially lower than market rents in the private rented sector. For example, a tenant of Dublin Corporation who is a single parent with two children receiving One Parent Family Payment will pay a rent of £11.43 (€14.51); a single man on Long Term Unemployment Assistance will pay a rent of £7.87 (€10.00). So when assessing whether this aspect of emergency accommodation is equitable it is necessary to compare the situation of a household in 'Bed and Breakfast' accommodation with the same household in a local authority dwelling, paying a differential rent.

However, for hostel residents most of whom are single people, the situation is different. Currently, the vast majority will move into private rented accommodation, since local authorities house very few single people. The great majority will be eligible for rent supplement and will therefore pay a net rent of £6 (€7.62) per week. For most, their accommodation will comprise a bedsit with no separate living space; shared access to wc and bathroom; and either exclusive or shared access to cooking facilities. So when assessing equity between hostel accommodation and long-term accommodation, it is necessary to compare the situation of a single person in a hostel with the same household in the private rented housing arrangement described above. Tempting though it might be to compare their hostel situation with fully self-contained accommodation paying a differential rent, on the basis that this is the type of housing they *ought* to be eligible for, is not considered realistic.

5 A new rent structure

5.1 Relating rents to facilities and services

The principal objective of this section is to devise a rental system in which the rent paid relates to the facilities and services offered in the emergency accommodation. It is important to state at this juncture that establishing a different rent structure which does not impact negatively on hostel finances is only possible in the context of the broader funding arrangements referred to above in Section 2.3. This new funding structure will enable the contribution of rent to be considered in the context of overall funding which in turn allows for considerable flexibility when considering a rental system, since absolute rent levels will not be important.

This leads to a second important consideration. It is crucial that the rent set is the *actual* rent paid. As noted above, the rent supplement system militates against this, since once the rent supplement system applies, all recipients are left with the same disposable income regardless of the rent paid, and instantly inequity is reintroduced.

For this reason it is recommended that the maximum rent payable in a hostel will be below the point at which a resident on short-term unemployment benefit becomes eligible for rent supplement. This means that the great majority of residents will pay an *actual* rent which relates to the facilities and services provided. Residents on Supplementary Welfare Allowance will continue to receive rent supplement, but their numbers are relatively small, since it is policy to move them on to an appropriate benefit as soon as possible. A further advantage of this recommendation is that it greatly simplifies payments from the Homeless Persons Unit by eliminating the payment of rent supplement to most hostel residents.

As far as households in ‘Bed and Breakfast’ accommodation are concerned, if equity between ‘Bed and Breakfast’ and long-term housing is to be achieved, the maximum rent will be determined by the differential rent a household would be paying in long-term housing.

Devising a new rent structure requires as stated above in Section 4.4 that in general hostels are treated separately from ‘Bed and Breakfast’ accommodation.

5.2 Hostels

This section deals exclusively with single people or couples without children. Adults with children, a small number of whom are accommodated in hostels, are dealt with in the next section, ‘Bed and Breakfast’.

The aim here is to devise a rent structure which has the following characteristics:

- The maximum rent payable is less than £41.10 [€52.19] (see Section 5.1)
- The rent is comparable to a bedsit with shared wc and bathroom facilities costing £6 [€7.62] per week (see Section 4.5)
- The rent takes account of the benefits of services provided and the disadvantages of shared facilities as listed in Section 4.1

The starting point is to list the relevant accommodation standards and apply positive or negative amounts to them according to whether they are benefits or disadvantages. It is important to remember that although the values are monetary they do not attempt to represent the *actual* value of the benefit or disadvantage, but instead to provide a comparative basis in the context of a maximum rent and a bedsit costing £6 [€7.62] per week. Table 1 below shows accommodation standards with associated recommended values.

Accommodation standard	Benefit or disadvantage compared with bedsit	Monetary value per week £IR	Monetary value per week €
Rent		6	7.62
Heat & light	Benefit	6	7.62
Breakfast	Benefit	5	6.35
Lunch	Benefit	10	12.7
Evening meal	Benefit	10	12.7
Free laundry	Benefit	2	2.54
Single room	Neutral	0	0
Double room	Disadvantage	-3	-3.81
More than two	Disadvantage	-6	-7.62
Shared wc, bath	Neutral	0	0
Shared cooking facs (if not full board)	Disadvantage	-3	-3.81
No cooking facilities (if no lunch)	Disadvantage	-5	-6.35
No cooking facilities (if no evening meal)	Disadvantage	-5	-6.35
Shared living facilities	Neutral	0	0
Must be out during day	Disadvantage	-8	-10.16

Table 1 Monetary values ascribed to accommodation standards

Ascribing monetary values to these accommodation standards is a somewhat hazardous business since it requires the value of a particular benefit to be related to the value of a disadvantage. For example it is extremely difficult to compare the disadvantage of sharing a bedroom with the benefit of receiving a cooked lunch. So the figures above represent a first attempt at this exercise and they may need refinement in the light of debate.

There are ten hostels in the Dublin area¹⁴. Some of these have different sleeping arrangements which need to be taken account of, so there are a total of seventeen different hostel 'situations'. Surprisingly almost every one has a unique combination of accommodation standards. Applying the formula above produces the following rents in Dublin hostels. (Details are shown in Appendix 1)

¹⁴ *Homelessness Directory 2000/2001* Homeless Initiative & Resource Information Centre, Dublin, 2000

Hostel	Current rent £	Suggested rent £	Current rent €	Suggested rent €
Back Lane	35	31	44.44	39.36
Cedar House single	21	16	26.67	20.32
Cedar House double	21	13	26.67	16.51
Cedar House dormitory	21	10	26.67	12.70
Dublin Simon single	45	39	57.14	11.42
Dublin Simon double	45	36	57.14	45.71
Dublin Simon 3 bed	45	33	57.14	41.90
Elm House Single	21	14	26.67	17.78
Elm House Double	21	11	26.67	13.97
Haven House 2 bed	7	21	8.89	26.67
Haven House 4 bed	7	18	8.89	22.86
Iveagh Hostel	53.9	39	68.44	49.52
Missionaries of Charity	0	16	0	20.32
Morning Star	21	8	26.67	10.16
Regina Coeli single	15	37	19.05	46.98
Regina Coeli dormitory	12	31	15.24	39.36
York House	35.7	22	45.33	27.93

Table 2 Current and recommended rents for Dublin hostels

In Haven House, Missionaries of Charity and the Regina Coeli, suggested rents are greater than existing rents. In Dublin Simon (single room), the Iveagh Hostel and York House, suggested rents are lower than existing rents, but because rent supplement will no longer apply, residents will be only very marginally better off. In Dublin Simon (2 and 3 bed), Back Lane, Cedar House, Elm House and Morning Star, suggested rents are lower by between £4 [€5.08] and £12 [€15.24] per week.

Clearly any adjustments to rents must not impact negatively on hostel finances and so as has been stated earlier, changes can only be implemented in the context of overall changes to hostel funding.

There are two remaining possible difficulties. Firstly, some hostels may consider that it is part of their ethos to charge a low rent or no rent and accordingly be reluctant to raise rents. However, if some hostels were to continue with a special 'low rent' or 'no rent' regime, this would skew any overall funding scheme. However if hostels were able to raise funds from other sources they could perhaps be 'deemed' to be charging a particular rent, even if the actual rent they were charging was lower.

Secondly, hostel residents may be understandably reluctant to pay a higher rent for the same services. Consideration should therefore be given to phasing in rent increases and perhaps not applying them to existing residents.

5.3 Updating 'Benefit or Privilege'

As stated in Section 3.2.1 above, the 'Benefit or Privilege' rule derives from social welfare legislation. The legislation provides no guidance about the interpretation of this somewhat vague expression and as far as is known there is no case law on the issue. The only other situation known where the 'benefit and privilege' rule is applied is where a person is living with a parent or step-parent in the family home in which case an assessment is made of the benefit and privilege derived from the parents' income.

In the context of a hostel resident it is taken to mean the value of board and lodging, in other words the value of the services and facilities provided which relate to board and lodging. Clearly this would not include services such as counselling or assistance with settlement. However, whether the quality of the services provided should be taken account of is a moot point. These might include whether facilities are shared, and whether residents must be out during the day.

The difficulty in arriving at a figure for 'benefit or privilege' is that there is no legislative breakdown of the basic Supplementary Welfare Allowance into different categories. (The exception to this is rent, where rent supplement is paid to cover rent paid over £6 per week¹⁵, in other words it is assumed that of the basic Supplementary Welfare Allowance, £6 is allocated to rent.) This means that if the actual monetary value of board and lodging is calculated, depending on the outcome, the total may leave the claimant with no disposable income at all.

¹⁵ Article 6 (4) Social Welfare (Supplementary Welfare Allowance) Regulations, 1977 to 1994

As noted in Section 3.2.1, the Eastern Health Board neatly got round this difficulty by calculating an appropriate level for disposable income *after* board and lodging and ascribing the remainder to the cost of board and lodging. For the purposes of this paper however, it is necessary to tackle the anomalies in the current arrangements and to formulate a breakdown of the ‘benefit and privilege’ amount in order to apply it to different hostel situations.

In the absence of legal guidance on this, and to avoid a unnecessarily esoteric debate it is proposed to take a ‘common sense’ approach and include the following factors when assessing the level of ‘benefit and privilege’:

- Provision of heat and light
- Breakfast
- Lunch
- Evening meal
- Laundry facilities

It is recommended that the following monetary values be applied:

Factor	Recommended value per week £	Recommended value per week €
Provision of heat and light	8	10.16
Breakfast	5	6.35
Lunch	10	12.70
Evening meal	10	12.70
Laundry facilities	2	2.28

Table 3 Recommended values for ‘Benefit and Privilege’

It should be remembered that although these are monetary values, they do not attempt to represent the actual cost of provision of the services referred to. If these figures are applied to a hostel such as the Iveagh Hostel a ‘benefit or privilege’ figure of £35 [€44.44] is arrived at, which is practically the same as the current figure.

Recommended figures for ‘benefit or privilege’ for each of the Dublin hostels are shown in Appendix 2.

Finally it is important to remember that ‘benefit or privilege’ applies only in the case of a person in receipt of Supplementary Welfare Allowance *or* a person in receipt of rent supplement. The proposed rent structure is designed to eliminate the payment of rent supplement to all but recipients of Supplementary Welfare Allowance

5.4 'Bed and Breakfast'

As stated above, there are four categories of 'Bed and Breakfast' accommodation:

- A. 'Genuine' bed and breakfast where residents typically have little or no access to cooking facilities, and usually share bathroom and wc. In small number of cases they have to be out during part of the day
- B. Self-catering accommodation with shared cooking facilities, shared living room, wc and bathroom. Own bedroom.
- C. Self-catering accommodation with shared cooking facilities and shared living room. Exclusive use of wc and bathroom. Own bedroom
- D. Fully self-contained accommodation with exclusive use of cooking facilities, living room, wc, bathroom and bedroom.

Any rent scheme applying to 'Bed and Breakfast' must be compatible with the differential rent scheme described above. Since this relates to household income rather than the dwelling occupied, it is not possible to apply the kind of formula devised for hostel rents. At the same time, equity requires that residents in different categories of 'Bed and Breakfast' accommodation pay rents that relate to the level of services provided and the degree to which they are shared. The only practicable way to do this is to apply a proportion of differential rent to each category of 'Bed and Breakfast'. It is recommended that households in 'Bed and Breakfast' be assessed for differential rent, and the following formula applied:

Category	Rent
A(1) (not 24 hour access)	0
A(2) (24 hour access)	20% differential rent
B	40% differential rent
C	60% differential rent
D	80% differential rent

Table 4 Recommended rents payable in 'Bed and Breakfast'

It will be seen that it is recommended that residents in the two establishments that require them to be out during part of the day will pay no rent. This category of accommodation, which is particularly stressful for adults with children, has been widely condemned and it is not considered equitable to charge any rent.

Three hostels provide accommodation for women with children: Haven House, Missionaries of Charity, and the Regina Coeli. Between them they can accommodate a maximum of approximately 36 households. It is not considered appropriate to apply the formula devised other hostel residents to adults with children, because these

households will in due course be offered tenancies where they will pay a differential rent. It is therefore recommended that adults with children who are accommodated in these three hostels pay 20% of differential rent.

It is acknowledged that applying a proportion of differential rent to a number of hostel places creates some uncertainty about rental income since this is directly related to household income, but the total rent from such households will be small compared with the total hostel rent, and for the purposes of budgeting an average rent can be applied.

5.5 Rent collection and rent arrears

The great majority of 'Bed and Breakfast' residents are in receipt of social welfare benefits, and so the most effective method of rent collection is the Household Budget Scheme. This scheme is operated by An Post and allows recipients of social welfare payments to have up to 25% of their weekly payments deducted and paid to various utilities towards rent, gas, ESB, telephone bills etc. Once this scheme is up and running, it ensures that the local authority receives its rent. The Household Budget Scheme typically takes six weeks to set up once the application has been made. It is not part of the social welfare system so any assistance needed in making the application could be provided by any agency.

The Household Budget Scheme is of course optional. It would be unlawful for any reduction in social welfare payments to be made without the claimant's consent.

When looking at the operation of this rental scheme it is necessary to consider what action to take in the event that a 'Bed and Breakfast' resident does not pay rent. Normal best practice in rent arrears prevention, and rent arrears recovery are as relevant to 'Bed and Breakfast' residents as tenants and should be operated.¹⁶ However the ultimate sanction of eviction clearly cannot be applied and other responses to rent arrears need to be considered. Measures may need to be taken when a household is above a certain level of rent arrears and is unwilling to participate in the Household Budget Scheme. Possible measures could include:

- 'Demoting' a household to category A accommodation
- Restricting offers of long-term housing to 'difficult to let' accommodation
- Refusing to rehouse a household until rent arrears have been cleared or reduced below a certain level

Each of these has shortcomings, so an incentive-based system may be more effective than a punitive system. One such incentive might be a rent free period, conditional on a clear rent account. Possible arrangements might include:

- A number of rent free weeks per year, whilst the household is in 'Bed and Breakfast'

¹⁶ *Rent Assessment, Collection, Accounting and Arrears Control*, The Housing Unit, Dublin, 2001

- A number of rent free weeks offered to residents on their move into long-term accommodation

It is recommended that consideration be given to instituting a system of incentives as above.

6 Summary of recommendations

1. All residents of emergency accommodation should be liable for rent, which will take account of the accommodation standards listed in Section 4.1 and make reference to their likely long-term housing situation. [Section 4.3]
2. The maximum rent payable in a hostel should be below the point at which a resident on short-term unemployment benefit becomes eligible for rent supplement, so that the great majority of residents pay an actual rent that relates to the facilities and services provided. [Section 5.1]
3. Hostel rents should be set according to the formula set out in Table 1, Section 5.2
4. 'Benefit or Privilege' amounts should be restructured according to the formula set out in Table 3, Section 5.3.
5. Households in 'Bed and Breakfast' be assessed for differential rent, and rents set according to the formula set out in Table 4, Section 5.4
6. Adults with children who are accommodated in hostels should pay 20% of the appropriate differential rent.