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How do the housing benefit subsidy arrangements work in exempt accommodation

Basic info

The local authority normally receives 100% subsidy from central government for correctly paid Housing Benefit. But in exempt accommodation the rate is sometimes reduced to 60% or even zero if the Housing Benefit award is based on a higher rent than the Claim Related Rent (CRR) set by the Rent Officer for the property.

The CRR is a market valuation of the claimant's accommodation but it is a "bricks and mortar" valuation that takes no account of the higher costs of managing and maintaining exempt accommodation. Local authorities often complain that this unfairly shifts the cost of exempt accommodation from central to local government: the claimant is entitled to Housing Benefit under the exempt accommodation rules but government subsidy is based on a general needs rent valuation.

The detailed subsidy calculation depends whether the landlord is a registered housing association.