

Many Homes for Ukraine sponsors are happy to continue hosting their Ukrainian guests but would like to understand more about their options moving forward.

The first option is to continue within the Homes for Ukraine scheme, receiving the £350 thank you payment per month for the full 12 months after the guest has arrived in the country.

Alternatively, hosts and guests may wish to consider moving to a 'lodging arrangement' either now or in the future, after the 12-month period is ended.

Whilst individual circumstances will vary in terms of the amount of income that hosts will be able to receive, switching to a lodging arrangement is likely to offer sponsors a longer-term and increased income stream. For many guests, this will also be an affordable option as it will either be more affordable than private rented accommodation, or if they are in receipt of Universal Credit, they would become eligible for housing benefit.

This new arrangement would change the dynamic of the relationship as guests would become 'licensees' paying rent and not simply 'guests'. It is important to have open and honest conversations between hosts and guests before putting any such arrangement in place.

This guidance has been prepared with input from Hertfordshire County Council's Money Advice Unit and is correct to the best of our knowledge. The factsheet will provide an overview, however, we highly recommend anyone considering this arrangement conducts further research and seeks specific advice to understand their personal circumstances and financial arrangements. See below for sources of further information.

What is a 'lodging arrangement'?

- It is a commercial arrangement.
- The sponsor charges rent to the guest and in return the guest has access to a room or certain, specified parts of the home.
- It is governed by a lodging agreement also known as a residential licencing agreement.
- Further information and templates for an agreement can be found here [Legalo.co.uk](https://legalo.co.uk) and here [Shelter Legal England - What is a licence? - Shelter England](https://www.shelter.org.uk/what-is-a-licence/)
- Legally a lodging arrangement is different from a landlord/tenant arrangement. Lodging arrangements have fewer legal considerations than apply to landlord/tenant arrangements. As the rules stand, a host who converted into a lodger-landlord would have no additional legal constraints over and above what is in place under the Homes for Ukraine scheme.
- If the guest is getting Universal Credit (whether in work or not), there are limits on the number of rooms a person is entitled to rent as a 'licensee' or 'lodger' under this scheme. This depends on the number and ages of their family group. For example, a single parent with one child aged 10-15 would be entitled to rent two bedrooms under this arrangement whereas as couple with no children would be entitled to rent one room. (Use

this link to check how many bedrooms a person would be entitled to [LHA Bedroom calculator](#)).

Implications for hosts

Issues to consider

- Monthly rental payments will be received. These would generally be higher than the £350 thank you payments that hosts receive in the first 12-month period after a guest has arrived in the country.
- The host, now 'landlord' would be required to put a lodging arrangement document in place.
- The host would leave the Homes for Ukraine Scheme so monthly thank you payments and any associated Homes4Ukraine support would stop. The thank you payments expire 12 months after guests' arrival as current rules stand. You would need to decide how much rent to charge and what it covers (fuel, food, laundry etc). Rent would mean an income stream beyond the first 12 months.
- No tax is payable on rental income under this arrangement unless it exceeds £7,500 per year. That's roughly £625 per month. If you earn more than this under the lodging arrangement you must complete a tax return. Further information on this scheme can be found here [Rent a room in your home: The Rent a Room Scheme - GOV.UK \(www.gov.uk\)](#)
- Becoming a landlord can impact council tax reductions you might be getting at the moment e.g. single person discount. Speak to your local District or Borough council about this.
- If you are receiving council tax support, for example if you are on a low income, then this will be affected, but the lodger would be expected to pay a 'non-dependent contribution' to make up for the loss of council tax support. See [Help with council tax](#) .
- Please note that there are different requirements for houses in multiple occupation, where a house is rented by more than 3 tenants who are not from 1 household (family) and they share toilet, bathroom and kitchen facilities. Further information can be found here [Private renting: Houses in multiple occupation - GOV.UK \(www.gov.uk\)](#)

Benefits

If the host/landlord is in receipt of benefits, there may be some implications when changing to a lodging arrangement.

- a. If a host is currently receiving housing benefit this would be impacted if they were to start to receive rent from a lodger.
- b. If a host is in receipt of universal credit or pension credit, there would be no impact, unless they were running a commercial 'lodging house'.
- c. There is no impact on any State pension, Employment and Support Allowance, disability benefits, carers allowance or bereavement benefits that you receive.

Implications for guests

Issues to consider

- The lodger will be required to pay rent each week/month once the arrangement is in place. However, no deposit or advance rent is payable by the lodger (unlike with private rented accommodation).
- This option will enable guest to stay in the area where they have settled and experience less disruption e.g. to employment, schooling, something which may be less likely if they move to private rented accommodation. It is most likely to be the cheapest rental option in Hertfordshire considering the lack of affordable housing in the private rental sector and shortage of social housing.
- The guest will no longer part of Homes for Ukraine Scheme but remains but will still be able to access local and government support and services.
- If the lodger is out of work, the rent would be taken into account for any existing Universal Credit payment (see more details below).
- If the lodger is in work, they may have previously been told that their income is too high to get Universal Credit as a top-up to wages. But adding rent to what the lodger needs to live-on may bring them within scope of Universal Credit.
- The lodger will be expected to pay a relatively small contribution towards any council tax support that the landlord gets, possibly making-up the single person discount that some landlords will be receiving. This discount wasn't affected by the Homes for Ukraine scheme but is affected by having a lodger. Speak to your District or Borough council for more information.

Benefits

Switching to a lodging arrangement impacts any Universal Credit claim the guest/lodger might be making.

It is worth remembering that Universal Credit is not just for people who are out of work and even guests/lodgers who are in employment may be eligible to claim Universal Credit. For more information on Universal Credit generally see [Citizens Advice - Universal Credit](#) or this HCC Money Advice Unit factsheet [Universal credit \(hertfordshire.gov.uk\)](https://www.hertfordshire.gov.uk/money-advice/universal-credit)

Universal credit is made up of three elements:

- Personal allowance for parents and children
- Housing costs (rent)
- Specialist elements e.g., carer or disability

Whilst in the Homes for Ukraine scheme guests do not receive any housing costs element of Universal Credit as they don't have rent to pay. If a lodging arrangement is put in place, guests may become entitled to the housing costs element of Universal Credit. This could make this arrangement more affordable for the guest/lodger than more expensive privately rented accommodation.

The Local Housing Allowance sets the upper limit that can be included as housing costs in the calculation of Universal Credit in each area. The Local Housing Allowance varies by area (NB: these areas don't exactly match local council boundaries).

[Search for Local Housing Allowance rates by postcode or local authority : DirectGov - LHA Rates \(voa.gov.uk\)](https://www.gov.uk/search/local-housing-allowance-rates-by-postcode-or-local-authority)

These are the monthly maximums that the DWP would be willing to meet as the housing costs element of Universal Credit.

Broad Rental Market Area	Single Room*	1-bed	2-bed	3-bed	4 or more
Aylesbury	£341.49	£674.99	£800.00	£1,049.98	£1,399.99
Chilterns	£389.99	£749.99	£974.98	£1,249.99	£1,650.02
Harlow and Stortford	£332.41	£720.01	£899.99	£1,124.98	£1,300.01
Luton	£341.49	£625.02	£775.02	£974.98	£1,150.01
North West London	£491.49	£1,000.01	£1,249.99	£1,549.99	£1,849.99
Outer North East London	£441.52	£899.99	£1,150.01	£1,375.01	£1,730.01
Outer North London	£491.49	£1,069.97	£1,300.01	£1,600.00	£1,900.00
South East Herts	£356.48	£749.99	£925.01	£1,199.98	£1,399.99
South West Herts	£416.49	£800.00	£1,000.01	£1,300.01	£1,699.99
Stevenage and North Herts	£341.49	£674.99	£850.02	£1,049.98	£1,300.01

*The single room figure only applies to single, childless people under 35.

Example

A couple and their 6-year-old son are living with hosts in Bishops Stortford. They currently get Universal Credit of £770.30 a month. They become lodgers and their landlord charges them £850 a month rent. Their Universal Credit goes up by £850 to cover the rent in full as this is within the Local Housing Allowance for two beds in that area. If a landlord charged £1,050 for the two rooms they occupy, the Universal Credit would only go up by £899.99 (i.e. their LHA maximum). The family would have to find the extra themselves.

If the couple were working and earning (or were self-employed), the first £344 of what they earn each month would not change their Universal Credit. After that they would lose 55p from their Universal Credit for every £1 extra they earn.

It is advisable for individuals to discuss the impact on their Universal Credit claim with their Job Centre Plus work coach before entering into a lodging arrangement. Although expenses are going up because of the rent, a lodger won't necessarily be worse off than under Homes for Ukraine if they

are not working, because rent (up to the LHA level) will be met within a revised Universal Credit payment.

If a person is working and moves into rented accommodation of any kind, they will be expected to meet some or all the rent from their wages, possibly with help from Universal Credit. It will help if the rent that paid is kept as low as possible – most private tenants are charged far more than the LHA figure and have to meet the extra themselves.

If a guest was not eligible for Universal Credit at present because their earnings are too high, that may change if they switch to a lodging arrangement. The housing costs are added into the calculation of what you need to live on.

Further Information

This guidance is correct to the best of our knowledge; however, we recommend that anyone considering this arrangement conducts further research and seeks specific advice to understand the implications on their personal circumstances and financial arrangements.

A good source of information will be your local Citizens Advice: [Home - \(hertscitizensadvice.org.uk\)](http://hertscitizensadvice.org.uk)
0800 144 8848.

To understand how this arrangement might impact any benefits claims speak to your Job Centre Plus contact: [Contact Jobcentre Plus - Jobcentre Plus Local Office Search - GOV.UK \(dwp.gov.uk\)](http://dwp.gov.uk)

The Money Advice Service is also there to help you with more complex queries: [Contact Money Advice Service](http://moneyadvice.org.uk) / 0800 011 3797.

Hertfordshire County Council will assist hosts with any queries but cannot provide any further detailed advice on switching to a lodging arrangement beyond the information set out in this guidance note.