

HOUSING BENEFIT AND COUNCIL TAX BENEFIT

A guide to Local Housing Allowance for Landlords and Agents



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This leaflet explains the new way of working out Housing Benefit. This new way is called Local Housing Allowance. It will apply from 7 April 2008 and will be the same whichever area you live in. If you don't know which council covers the area you live in, you can find it on your council tax bill.

What is Housing Benefit?

Housing Benefit is the help given to people with low incomes and low savings to pay their rent. It is assessed based on their income, savings and the people in their household. Within this calculation, there is a maximum amount of benefit they will be able to receive.

What is Local Housing Allowance?

Local Housing Allowance (LHA) is the new way of working out the maximum Housing Benefit your tenant could get. Anyone affected by the new rules will have their Housing Benefit worked out in this way, rather than the Rent Officer setting the level of benefit.

The Rent Service will issue maximum rent levels for all sizes of properties, and these will be published on every council's website. Although

your tenant's benefit will be worked out by taking account of their income, savings and the people in their household, it will not be more than the maximum amount of rent.

Also, under LHA rules, your tenant will receive their Housing Benefit payment direct, except in certain circumstances. Contact us for more information about this.

Who will LHA apply to?

LHA will apply to new claims we receive on or after 7 April 2008 from tenants who rent accommodation from a private landlord. It also affects tenants who are already getting Housing Benefit and who move into accommodation they rent from a private landlord on or after 7 April 2008.

Local Housing Allowance does **not** affect:

- tenants of local-authority landlords ('council tenants');
- tenants of registered social landlords;
- some supported housing;
- tenancies which started before 15 January 1989 (2 January 1989 in Scotland);
- tenants living in caravans, houseboats or hostels; or
- tenancies where the Rent Officer has decided that a large part of the rent is for meals cooked for tenants.

These groups continue to have their Housing Benefit worked out under the existing rules.

My tenant already receives Housing Benefit. Will it change?

No, they will not be affected by the changes. Their Housing Benefit will continue under the existing rules and you, as the landlord, can continue to receive the payments if this is what your tenant has chosen.

When your tenant changes address (even if this is to a different place in the same building) or stops claiming Housing Benefit for one week or more, the new LHA rules will apply.

How will LHA work?

The maximum amount of Housing Benefit your tenant could receive will be set beforehand by the Rent Officer. It will not depend on the amount of rent you charge. The maximum amount they could receive will be the same for every same-size household in the area they live in, no matter what differences there are in the actual rent the different households pay.

Broad rental market areas

The Rent Service has divided the country into broad rental market areas (BRMAs). These are made up of a number of neighbourhoods. In each area there will be a wide mix of property types within a reasonable distance of various public services such as health, education, leisure, personal banking and shopping.

From the information that is collected, the rent amount that is at the middle point of the rents charged in each area will be the figure that is used as the Local Housing Allowance rate. There will be a number of different rates for each area based on the number of rooms each household needs.

The Rent Service will continually monitor the local rent market and update the Local Housing Allowance figures for each BRMA every month. The figures may go up or down or stay the same. This does not mean that the LHA rate

applied to a person's claim will change every month. A rate will be applied for the month they claim in, and will be reviewed each year. The figures will be advertised by the local council's Housing Benefit office.

Number of rooms

We will decide how many rooms, according to the Housing Benefit rules, the tenant will need. If they live in one room and share some facilities (for example, a kitchen or bathroom) with other people there is a special Local Housing Allowance rate. If they are under 25 and live on their own, they will also receive this rate.

If the above does not apply to them, we will work out the number of rooms as shown below.

One bedroom for each of the following.

- A couple
- Someone who is 16 or over
- Two children of the same sex until they are 16
- Two children who are younger than 10
- A child (someone under 16)

Each person is only counted once, in the first group that they would come into.

We do not count everyone in the house when working out how many rooms they need. We count the tenant and their partner, as well as any children or young people they are responsible for. If the tenant has any other adults who are not boarders or lodgers, we also count those. However, we do not count foster children or joint tenants.

Which rate applies to my tenant?

The maximum Housing Benefit will be the LHA rate for the number of rooms your tenant needs in the broad rental market area they live in.

The Rent Service will publish new LHA rates each month. The rate that will apply to your tenant will depend on the date they claim. This will normally be the date that we received the claim form or the date that the tenant first asked to claim Housing Benefit, if they send the claim form back within one month of this date. It does not matter if the date we will pay their Housing Benefit is in the next month, their benefit will still be based on the rate that applied when they claimed.

The tenant's rent is higher than the Local Housing Allowance.

The maximum benefit your tenant will receive is the LHA rate for the size of their household, in their BRMA, for the month they claim in. If their rent is more than this figure, it is up to them to make up any shortfall. If you think they are having difficulties with this, tell them to speak to us or a citizens advice bureau.

The tenant's rent is lower than the Local Housing Allowance.

If your tenant's rent is lower than the LHA rate, the maximum Housing Benefit they could get is their rent, plus up to £15 a week. This is the amount the Government has decided to limit LHA at. They will not get more Housing Benefit than the LHA rate. If the LHA rate is more than £15 a week over their rent, they would only get £15 week on top of their rent. They do not have to give this extra money to you.

Example

Rent = £90 a week

LHA = £120 a week

Maximum Housing Benefit = £105 a week

Example

Rent = £90 a week

LHA = £100 a week

Maximum Housing Benefit = £100 a week

I have decided to increase the rent. Will my tenant's Housing Benefit also increase to cover this?

No, we will review your tenant's LHA rate every year, using the date they claim. We will then change the LHA rate to the correct rate for the size of the household in that month. We will only review the rate at any other time if there are significant changes to the household (for example, if a child turns 16 or somebody moves in).

My tenant has asked for their claim to be backdated. Which LHA rate will apply?

This depends on whether they have asked for their claim to be backdated to a date before 7 April 2008.

If we have decided to backdate their claim to before 7 April 2008, we will class the date they claim as being before the Local Housing Allowance regulations came into force. As a result, their maximum Housing Benefit will depend on what the Rent Officer decides. The claim will only change to LHA when they move or if they stop claiming and then start again.

If your tenant has asked for their claim to be backdated to a date that is after 7 April 2008, their LHA rate will be based on the LHA rate for the month their claim starts in. This may be different to the figures for the month they actually claimed in. We will review the LHA rate on the anniversary of the date their claim actually started.

I always get my tenant's Housing Benefit paid direct to me. Will this change under the new regulations?

Yes. One of the changes under the new rules is that Housing Benefit will almost always be paid

to the person claiming. It will be their responsibility to make sure that they pay you the right amount at the right time. We will give our customers advice on how to open a bank account and provide details of some of the accounts that are available. You may want to consider the way in which you collect your rent normally and look at changing to some kind of automated system (for example, standing orders) if you have not done so already.

There are very few times when we will pay Housing Benefit to you. We will only do this if we think your tenant will have serious problems in paying their rent and managing their own financial affairs. If you think this may be the case with one of your tenants, you should contact us. We will probably ask you to fill in a form. We will make a decision on every case individually according to our policy. We may need evidence from an independent person or organisation. You should tell your tenant to contact us or a citizens advice bureau for more information.

My tenant owes me rent. Does the benefit still have to be paid direct to them?

You should speak to us if your tenant is at least eight weeks behind with their rent. If this is the case, we may be able to make the payments direct to you.

How can I tell what the LHA rate will be for my houses before my tenant claims Housing Benefit?

You will need to find out the LHA rates for the broad rental market area the houses are in. We will have this information in our offices and on our website.

However, the actual rate your tenant's Housing Benefit will be based on will also depend on the size of their household. The number of rooms they need may not necessarily be the same as the number of bedrooms there actually are in the property.

Will my tenant's Housing Benefit always be the full LHA rate?

No, the way we work out Housing Benefit using the tenant's income and savings is not changing. We will use the LHA rules to work out the maximum Housing Benefit they would be entitled to. They may only receive part of this amount, however, depending on the level of their income and savings. For more information on how we work this out, see the leaflets 'Help with Rent and Council Tax for Pensioners' or 'Help with Rent and Council Tax for People of Working Age'.

My tenant has told me the size of their household has changed. Will this affect the LHA rate used to work out their benefit?

Yes. This is a significant change and we will work out their Housing Benefit using the correct LHA rate for the new size of their household.

We will also change the benefit when a member of the household has a birthday that will affect the LHA rate (for example, when a child turns 16).

Either you or your tenant must tell us if anyone moves in or out of the household.

I don't agree with the Local Housing Allowance rate that will apply to my house. Can I or my tenant appeal?

No, it is not possible to appeal against the LHA rate. This is because the level is set for the whole BRMA and any change would affect people who are happy with the rate.

Where can I get more advice?

If you want more help or advice, contact your local council.
(You can find the name of your local council on your council tax bill.)

You can also get more help from the following websites.

www.dwp.gov.uk – Department for Work and Pensions

www.therentservice.gov.uk – The Rent Service

www.adviceguide.org.uk – Citizens Advice

Independent advice

If you need independent advice, contact your local citizens advice bureau. You can find their phone number (and the numbers for other local advice agencies) in The Phone Book and at your local library, or by contacting your local council.

Other formats

You can get the information in this booklet in large print, in Braille, as an audio version and in other languages. Visit our website www.benefit-leaflets.org for more information.

