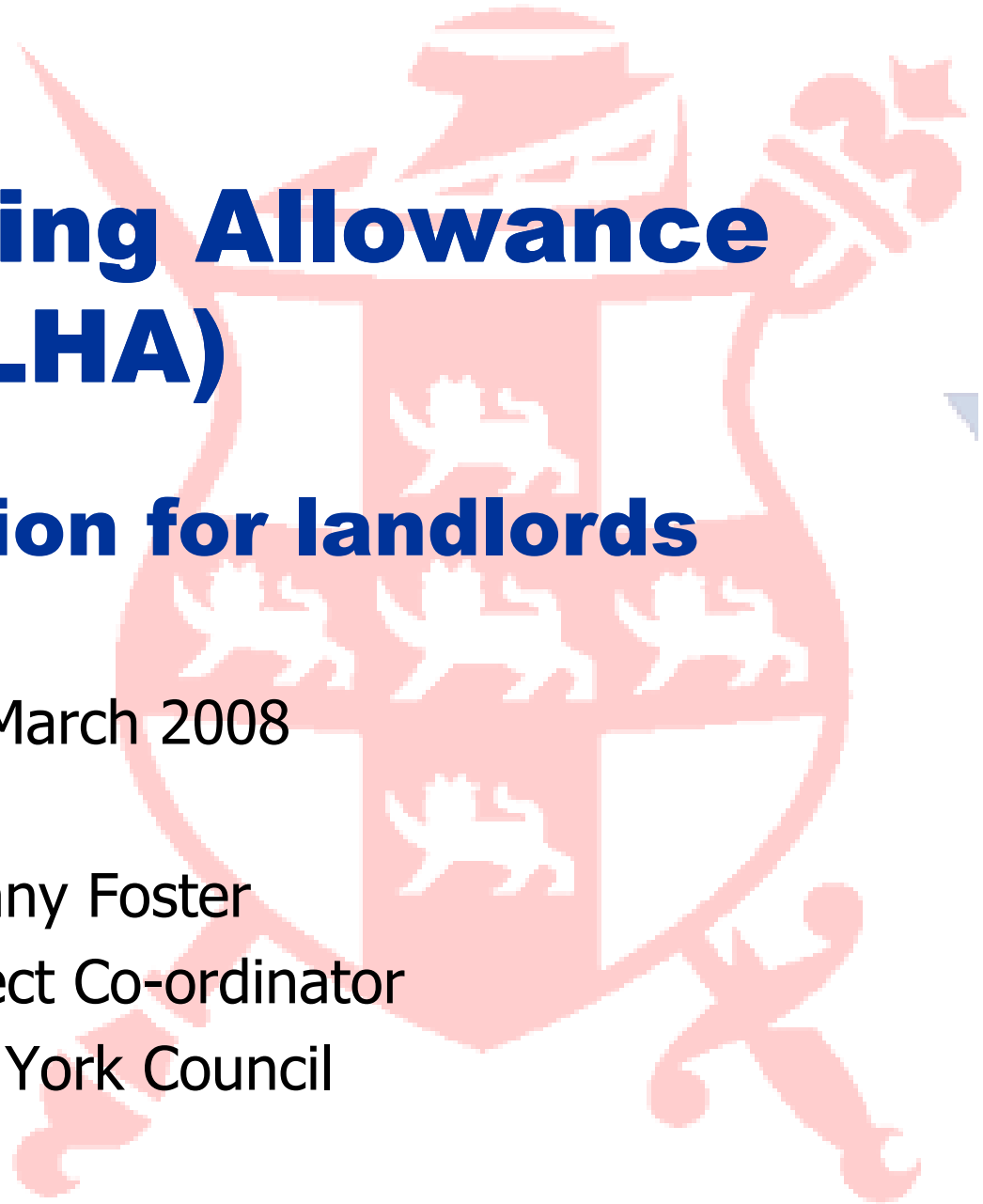


Local Housing Allowance (LHA)

an introduction for landlords

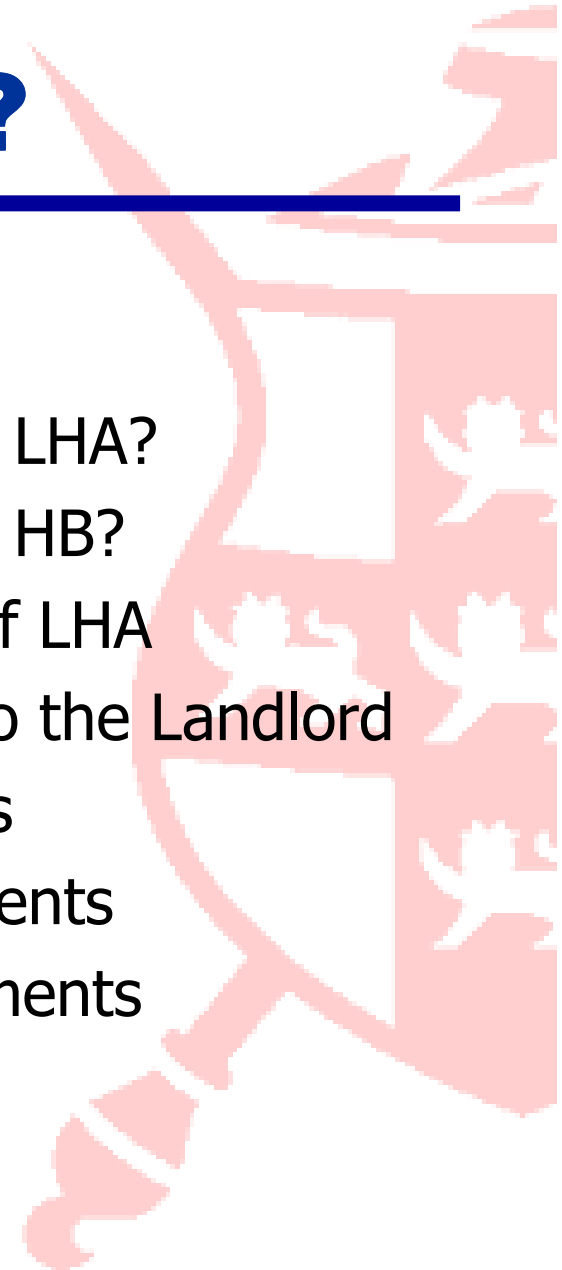
17th March 2008

Danny Foster
LHA Project Co-ordinator
City of York Council



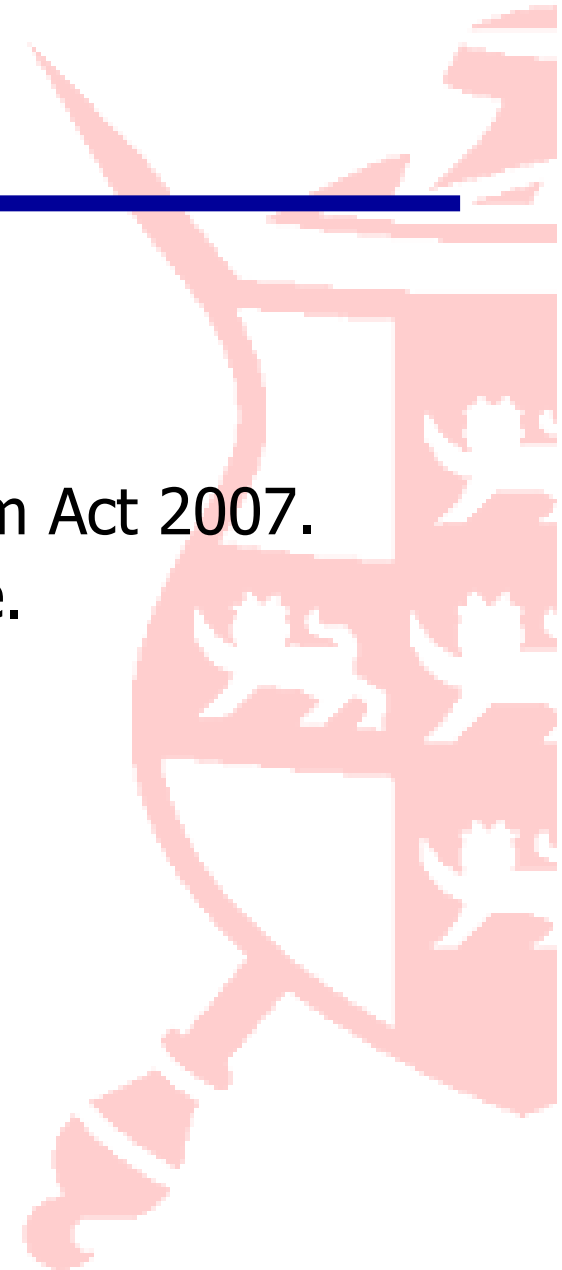
What will be covered?

- Reasons for LHA
- What is LHA?
- Exceptions
- How does LHA work?
- The Rent Service
- The Size Criteria
- Special Rules
- Protection Arrangements
- Examples
- How Much LHA?
- How Much HB?
- Payment of LHA
- Payment to the Landlord
- Safeguards
- Split Payments
- BACS Payments



Reasons for LHA (1)

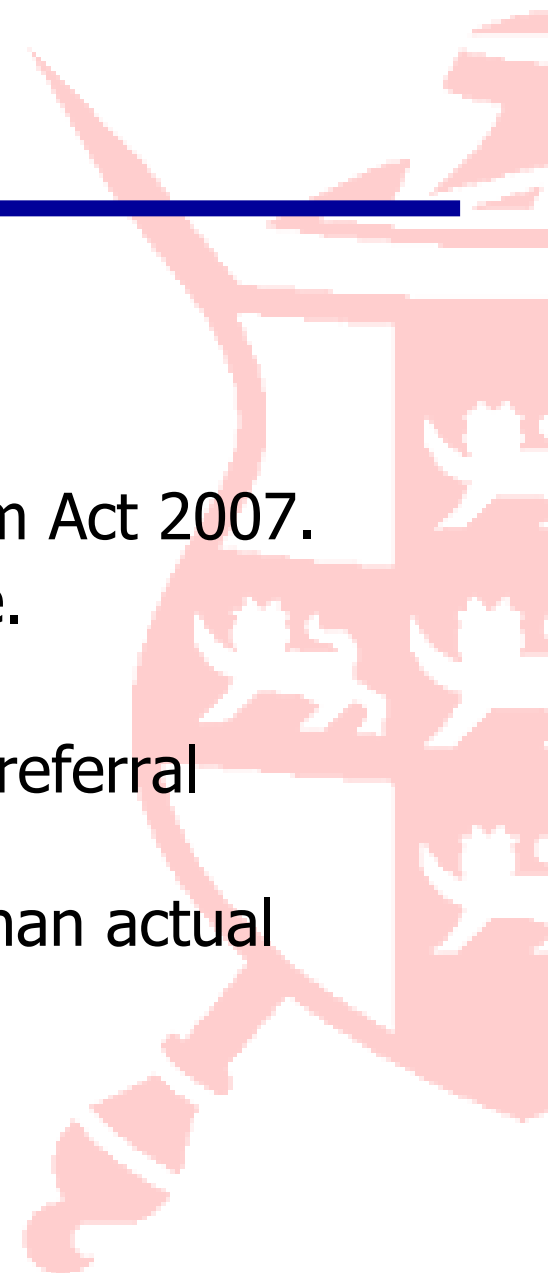
- LHA first proposed in 2002.
- Piloted in 18 'Pathfinders' from 2003.
- National roll out under the Welfare Reform Act 2007.
- Some differences from Pathfinder scheme.



Reasons for LHA (1)

- LHA first proposed in 2002.
- Piloted in 18 'Pathfinders' from 2003.
- National roll out under the Welfare Reform Act 2007.
- Some differences from Pathfinder scheme.

- Flat-rate LHA to replace the existing rent referral scheme.
- Based on household composition rather than actual amount of rental liability.
- Still subject to means test as now.
- Generally paid to tenant.



Reasons for LHA (2)

- National initiative to simplify HB scheme
- Support the Department of Work and Pensions (DWP) key aims:
 - Fairness
 - Choice
 - Transparency
 - Personal Responsibility
 - Financial Inclusion
 - Improved Administration
 - Reduced Barriers to Work



What is LHA?

- Local Housing Allowance (LHA) is a new way of working out the maximum Housing Benefit (HB)



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- For tenants in the deregulated Private Rented Sector



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- For tenants in the deregulated Private Rented Sector
- Who claim
 - For the first time, or
 - Following a gap in entitlement, or
 - At a new address



What is LHA?

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- For tenants in the deregulated Private Rented Sector
- Who claim
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 - Following a gap in entitlement, or
 - At a new address
- On or after 7th April 2008.



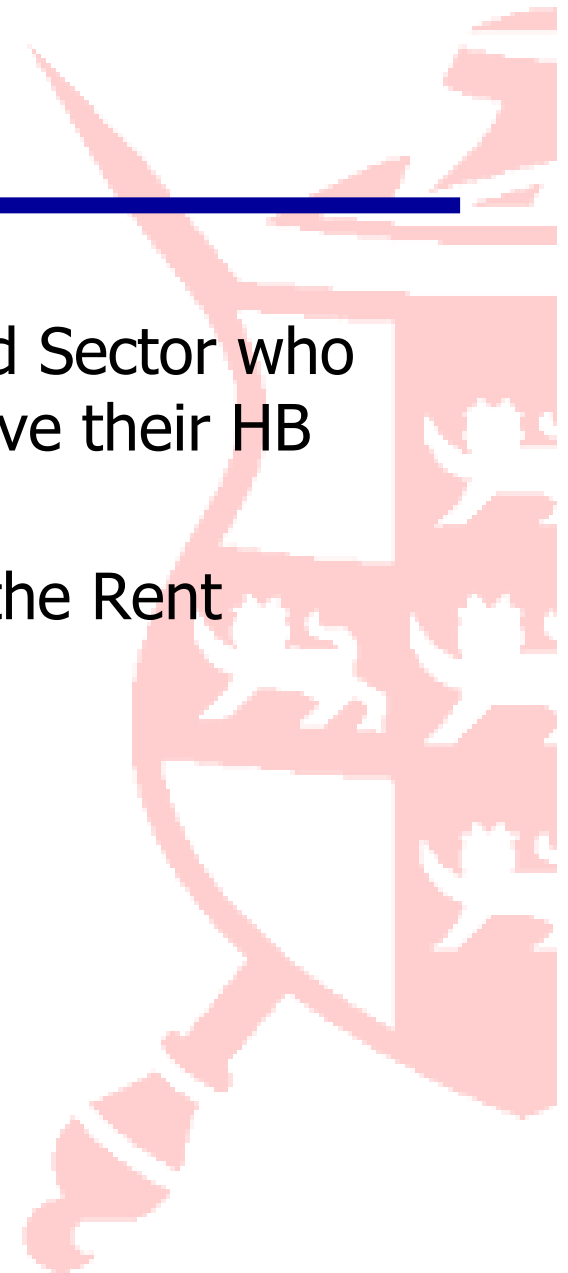
What is LHA?

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- For tenants in the deregulated Private Rented Sector
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- On or after 7th April 2008.
- This maximum rate is then subject to the same HB means test rules.



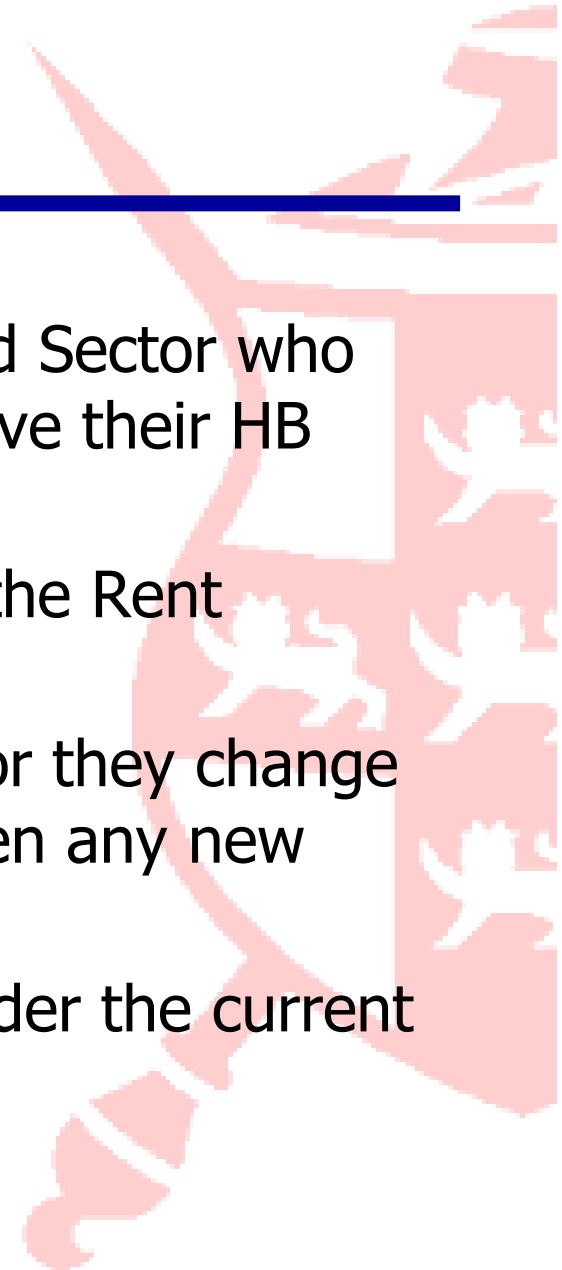
Exceptions (1)

- Tenants in the deregulated Private Rented Sector who are already getting HB will continue to have their HB worked out on the current rules.
- Their rent will continue to be referred to the Rent Service each year.



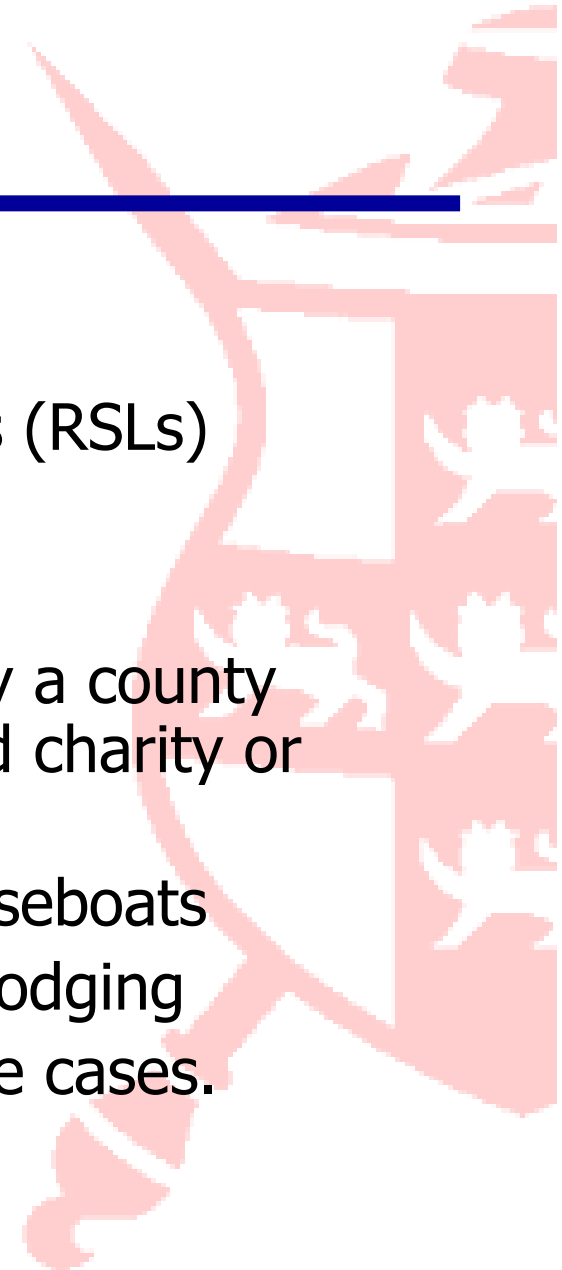
Exceptions (1)

- Tenants in the deregulated Private Rented Sector who are already getting HB will continue to have their HB worked out on the current rules.
- Their rent will continue to be referred to the Rent Service each year.
- If they have a break in their entitlement or they change address (including a change of room), then any new claim will be assessed under the LHA.
- But other changes will be recalculated under the current HB rules.



Exceptions (2)

- LHA does not affect the following at all:
 - Tenants of Registered Social Landlords (RSLs)
 - Council Tenants
 - Tenancies started before 1989
 - Supported accommodation provided by a county council, housing association, registered charity or voluntary organisation
 - Exceptional cases like caravans or houseboats
 - Tenancies with substantial board and lodging
- The current HB rules will continue in these cases.



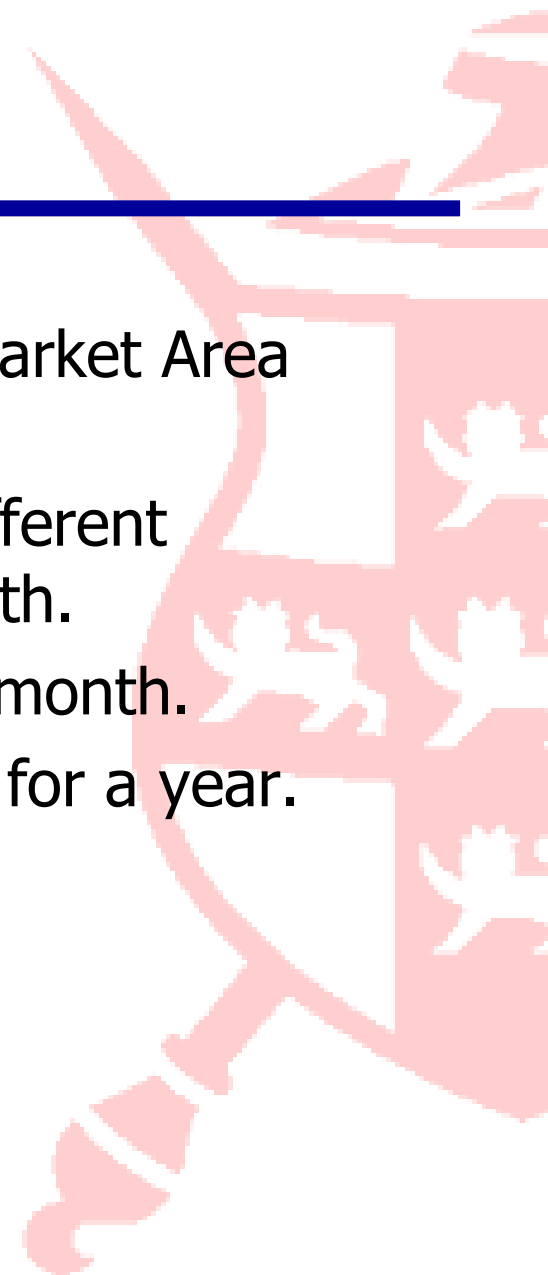
How LHA works

- The Rent Service sets the Broad Rental Market Area (BRMA).
- The Rent Service set the LHA rates for different household sizes for each BRMA each month.



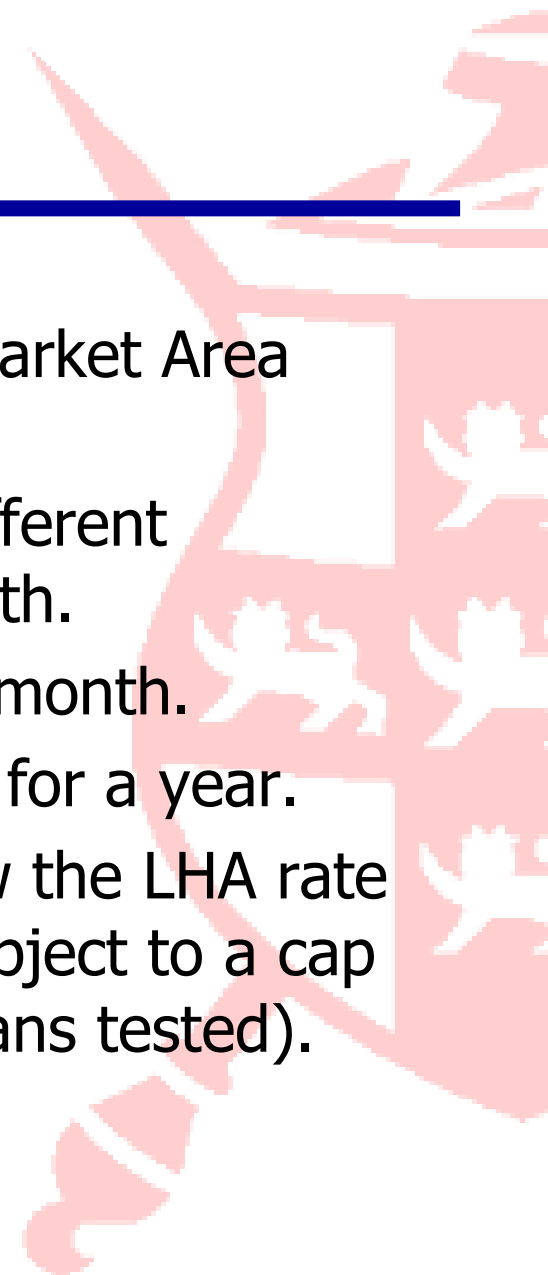
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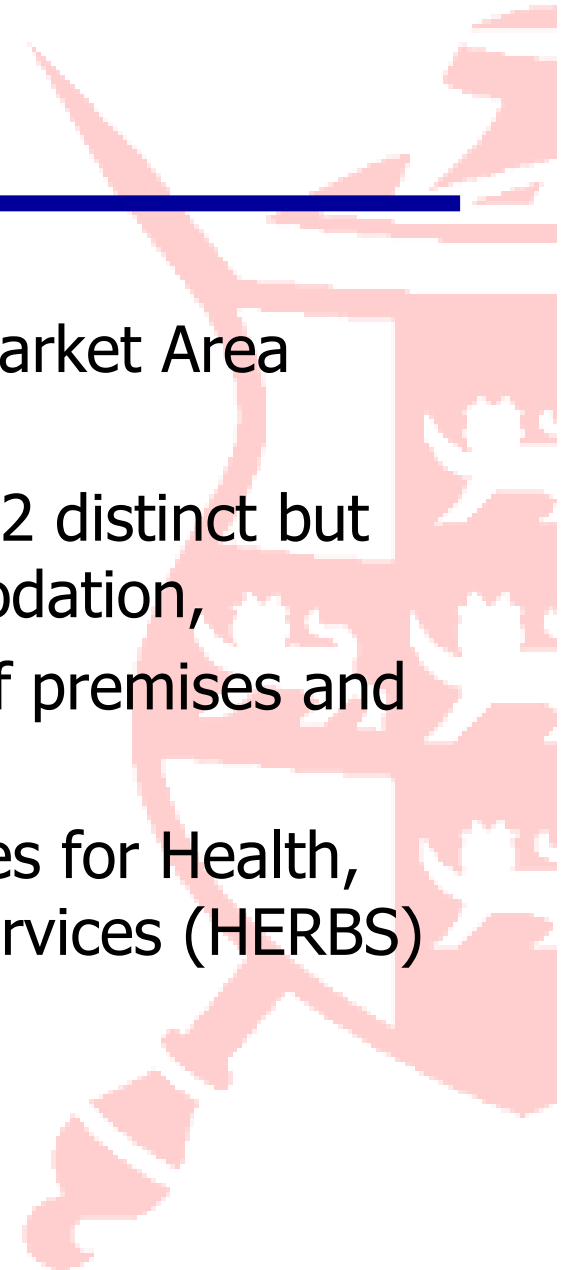
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- The Council will publish these rates each month.
- The rate at the date of claim will be used for a year.
- New feature for tenants – if renting below the LHA rate can be assessed against the LHA rate (subject to a cap of £15 per week more than rent, and means tested).



The Rent Service (1)

- The Rent Service sets the Broad Rental Market Area (BRMA):
 - geographical area made up of at least 2 distinct but adjoining areas of residential accommodation,
 - that each contains a variety of types of premises and tenancies, and
 - which allows reasonable access facilities for Health, Education, Recreation, Banking and Services (HERBS)



The Rent Service (2)

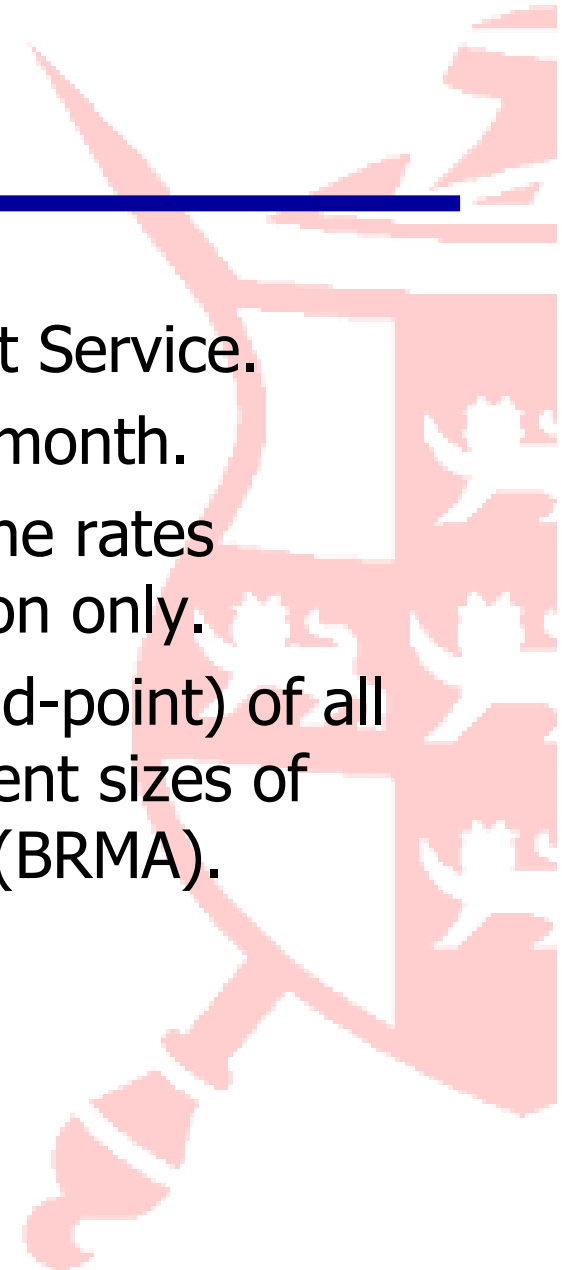


- One BRMA for all of York (plus Selby, Pocklington, Malton and Easingwold).

The Rent Service (3)

£ 105
£ 100
£ 95
£ 90
£ 60 median
£ 55
£ 55
£ 50
£ 45

- LHA rates set by the Rent Service.
- LHA rates updated each month.
- LHA rates not set yet – the rates opposite are for illustration only.
- Based on the median (mid-point) of all rental evidence for different sizes of property in a given area (BRMA).



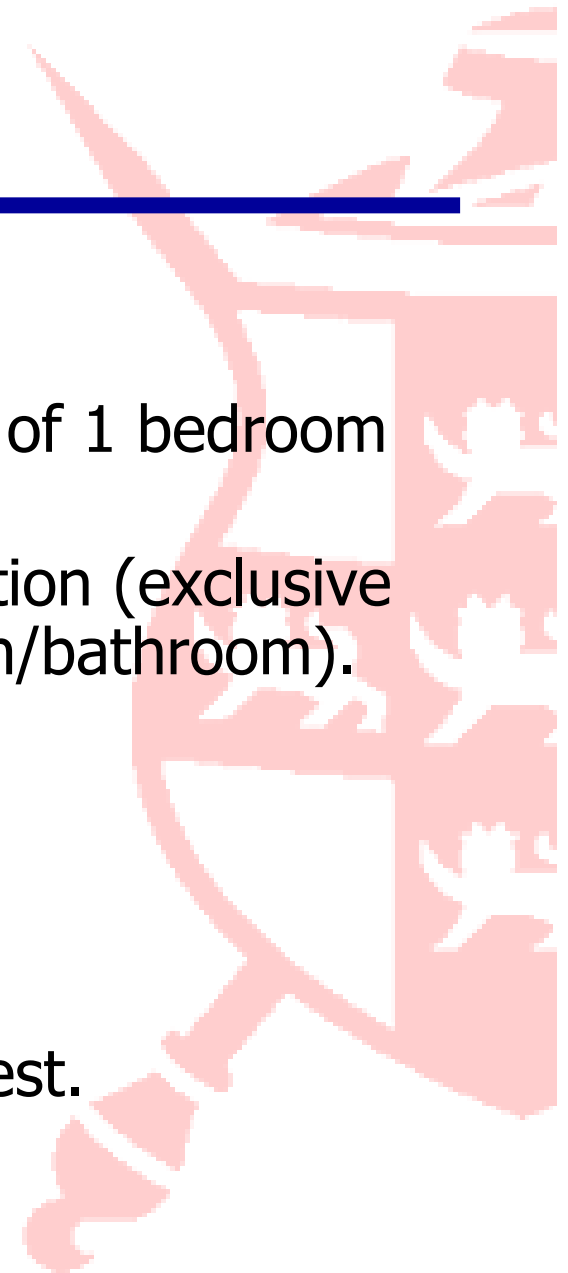
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- LHA rates updated each month.
- LHA rates not set yet – the rates opposite are for illustration only.
- Based on the median (mid-point) of all rental evidence for different sizes of property in a given area (BRMA).
- The Rent Service need **your** letting information to set these rates.

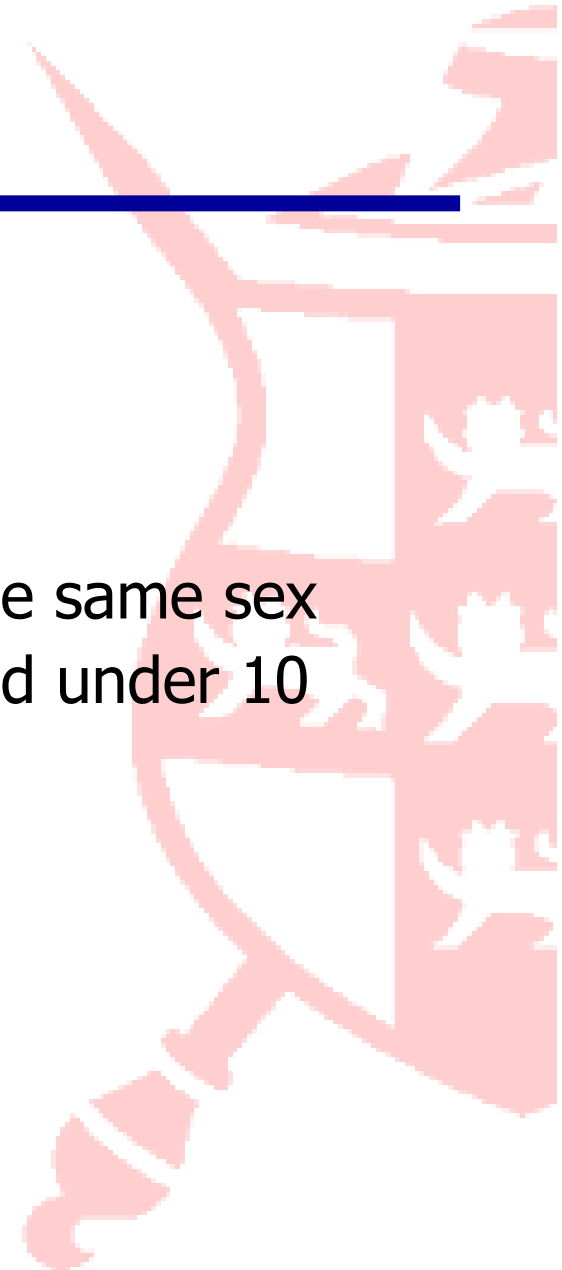
The Size Criteria (1)

- LHA rates set for the following sizes:
 - Shared accommodation (exclusive use of 1 bedroom and shared kitchen/bathroom).
 - 1 bedroom self-contained accommodation (exclusive use of 1 bedroom and separate kitchen/bathroom).
 - 2 bedrooms
 - 3 bedrooms
 - 4 bedrooms
 - 5 bedrooms
- Rates for more than 5 bedrooms on request.



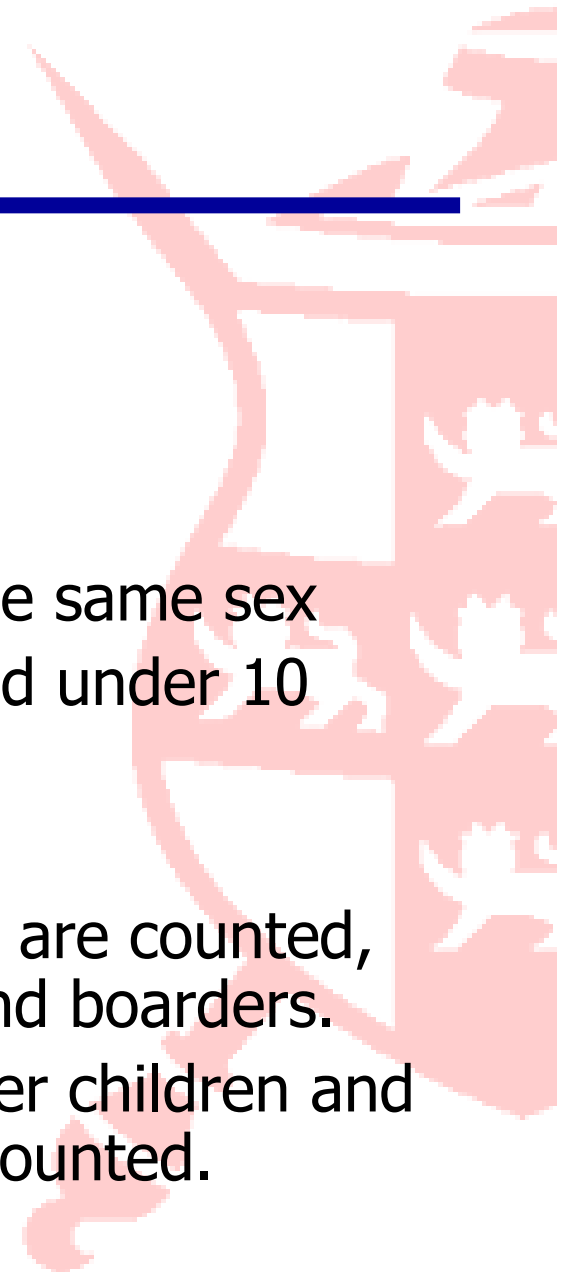
The Size Criteria (2)

- One bedroom is allowed for:
 - Every adult couple
 - Any other adult aged 16 or over
 - Any two children aged 10 or over of the same sex
 - Any two children regardless of sex aged under 10
 - Any other child.
- No other rooms are included.



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 - Any two children regardless of sex aged under 10
 - Any other child.
- No other rooms are included.
- Only those who normally live in the home are counted, including non-dependants, sub-tenants and boarders.
- Visiting children of estranged parent, foster children and students living away from home are not counted.



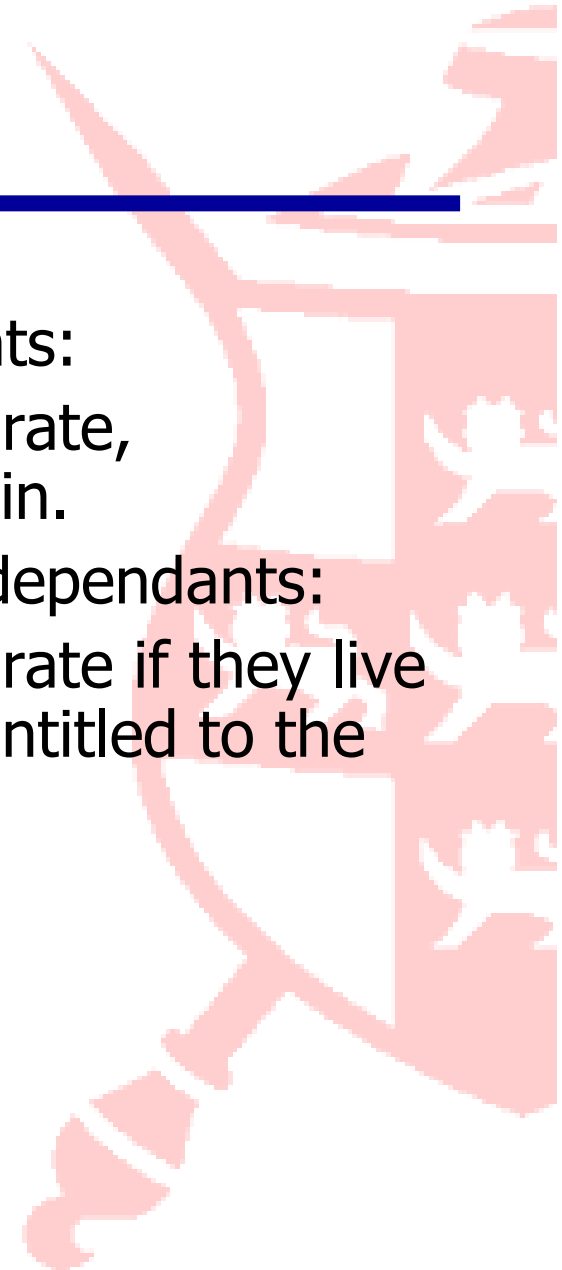
Special Rules

- Single Person under 25 with no dependants:
 - Entitled to the shared accommodation rate, regardless of the actual property lived in.



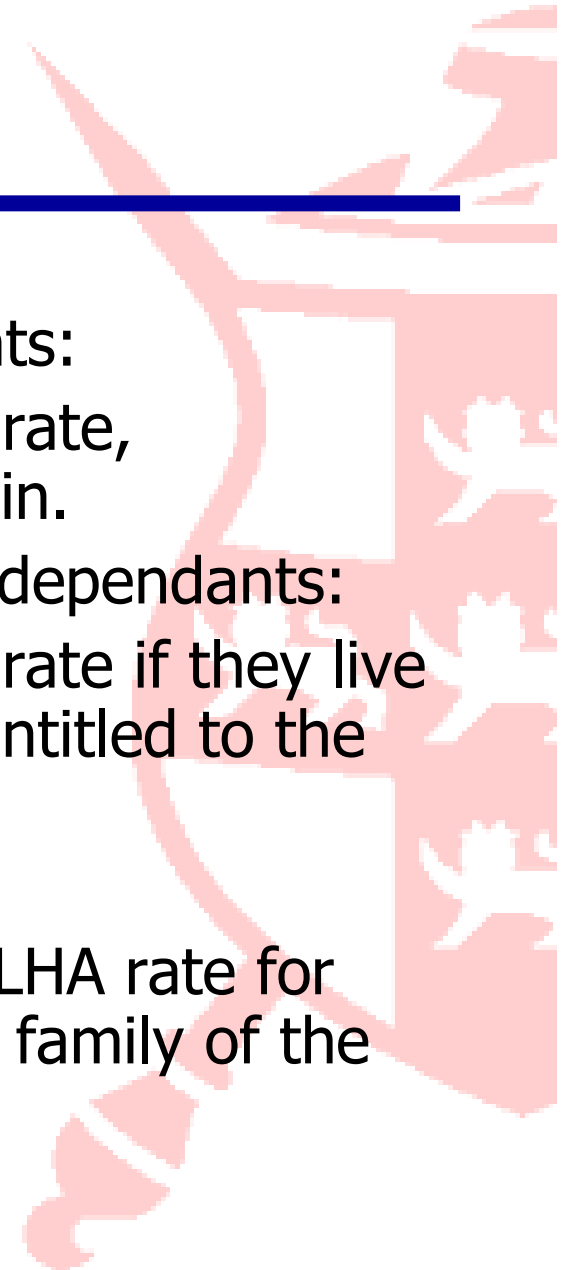
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- Single Person over 25 or Couple, with no dependants:
 - Entitled to the shared accommodation rate if they live in shared accommodation; otherwise entitled to the one bedroom rate.
- Joint Tenants:
 - Each joint tenant will be allocated the LHA rate for their own household, not including the family of the other joint tenants.



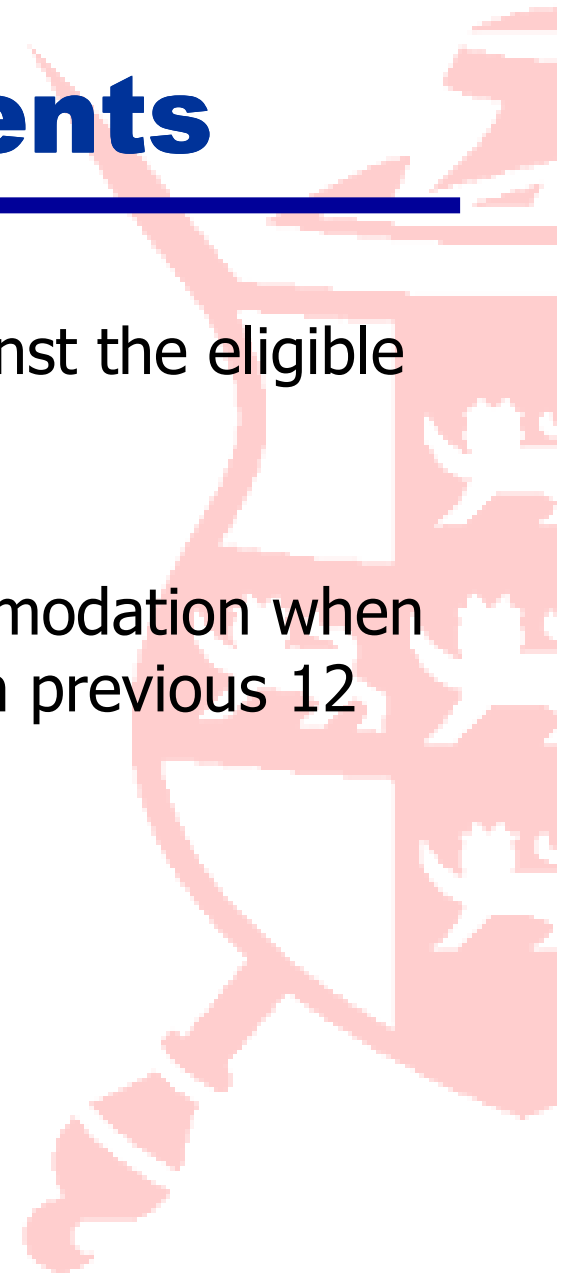
Protection Arrangements

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- Two scenarios where HB is assessed against the eligible rent if this is more than the LHA:
 - 13 weeks if tenant could afford accommodation when tenancy started and HB not received in previous 12 months.
 - 52 weeks following death of household member (where size rules mean fewer rooms are needed).

Examples (1)

Couple with no children living in a 2 bedroom house	

Examples (1)

Couple with no children living in a 2 bedroom house	1 room rate

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Couple with no children living in a 2 bedroom house	1 room rate
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Examples (1)

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Single person aged 35 living with 1 other joint tenant in a 2 bedroom house	Shared room rate (each)
Single person aged 24 living on their own in a 2 bedroom house	

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On 25 th birthday	

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Partner moves in	

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Partner moves in	1 room rate

Examples (2)

Couple with twins aged 9	

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10 th birthday of twin sons	

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Single person aged 45 whose elderly mother also lives there	

Examples (2)

Couple with twins aged 9	2 room rate
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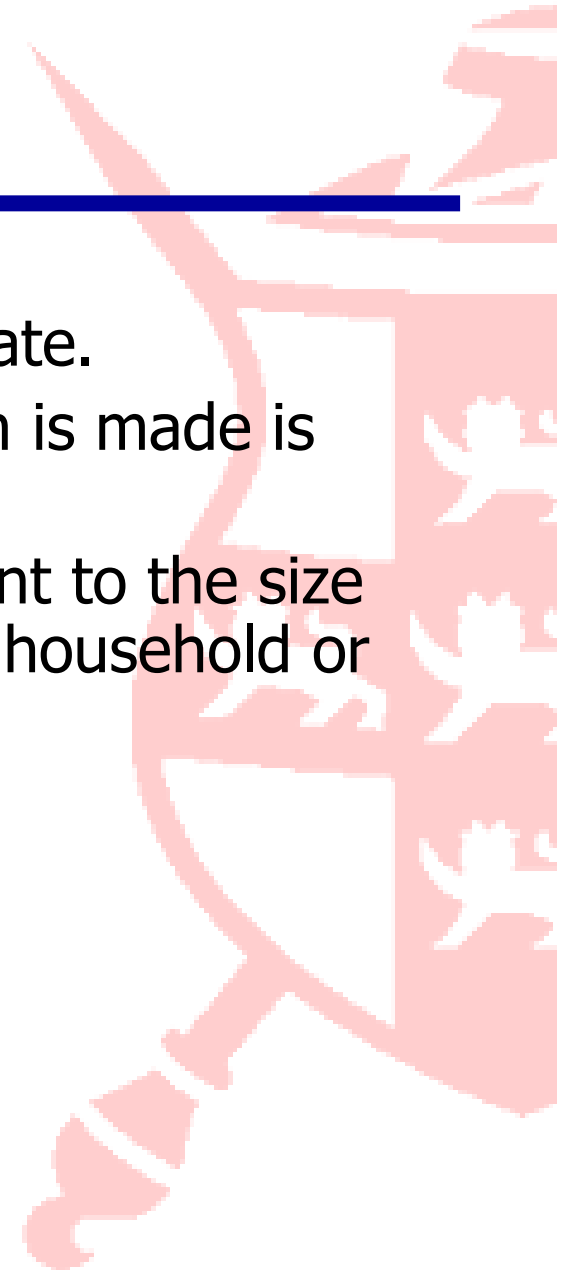
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Single person aged 45 whose elderly mother also lives there	2 room rate
Mother goes into hospital for 4 months	No change
Mother dies 2 weeks after returning home	No change for 52 weeks

How Much LHA

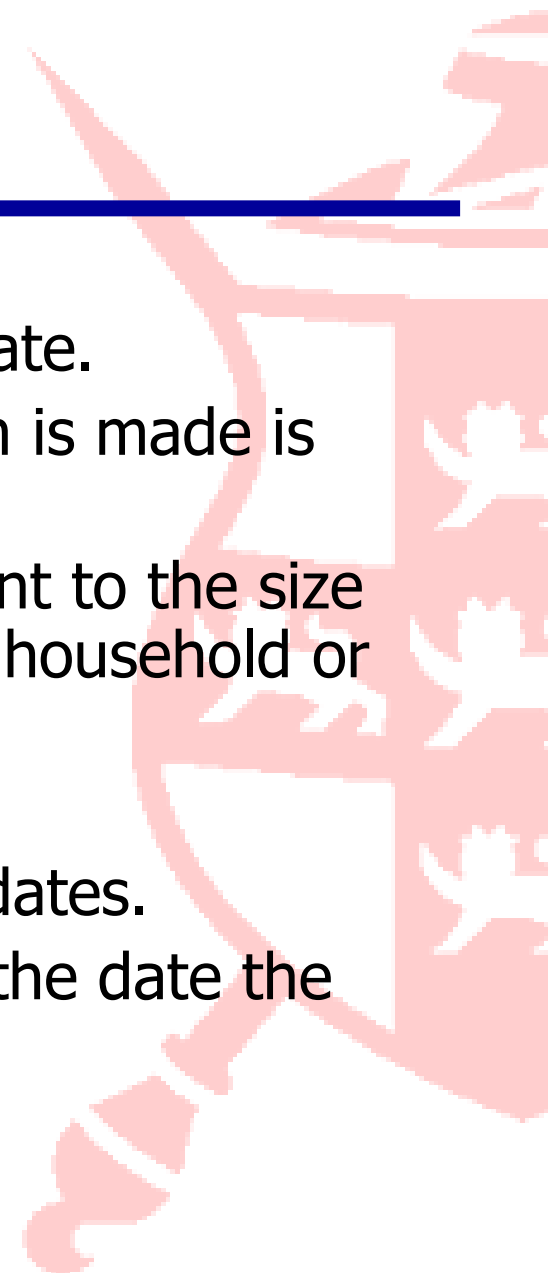
- Household composition determines LHA rate.
- The appropriate rate at the date the claim is made is used for a year.
- Or until a change of circumstances relevant to the size determination, eg a change to number in household or children turn 10 or 16.



How Much LHA

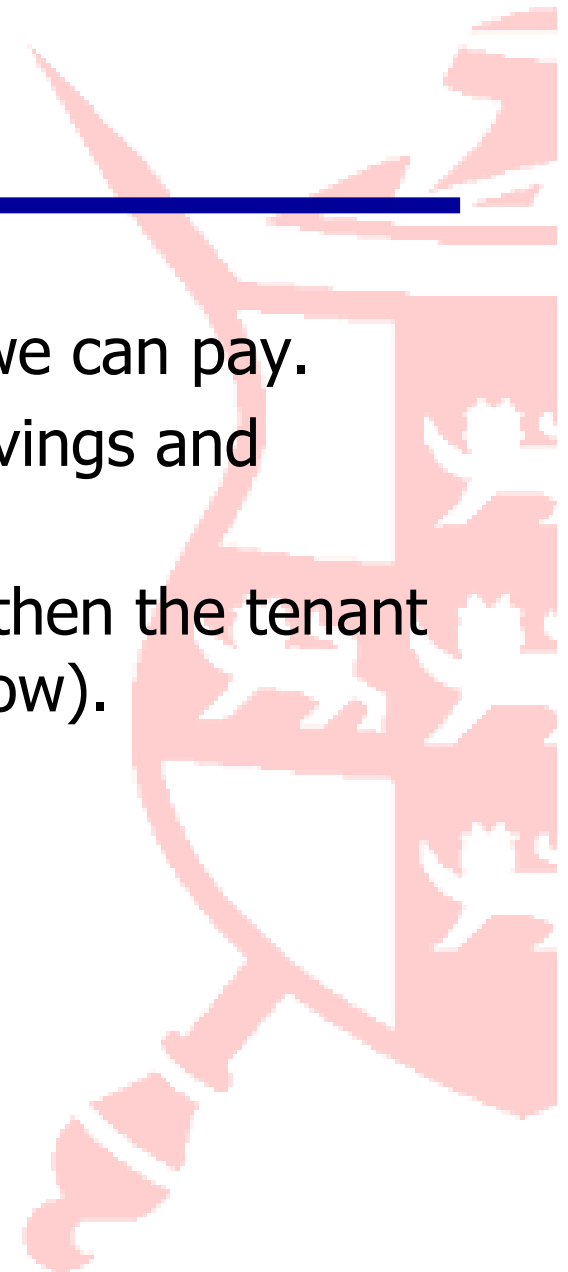
- Household composition determines LHA rate.
- The appropriate rate at the date the claim is made is used for a year.
- Or until a change of circumstances relevant to the size determination, eg a change to number in household or children turn 10 or 16.

- HB is not reassessed for monthly LHA updates.
- A backdated claim will use the rate as at the date the claim is backdated to.



How Much HB (1)

- LHA is the maximum amount of HB that we can pay.
- We then take account of their income, savings and circumstances (the means test).
- If the amount of HB is less than the rent then the tenant will have to make up the difference (as now).

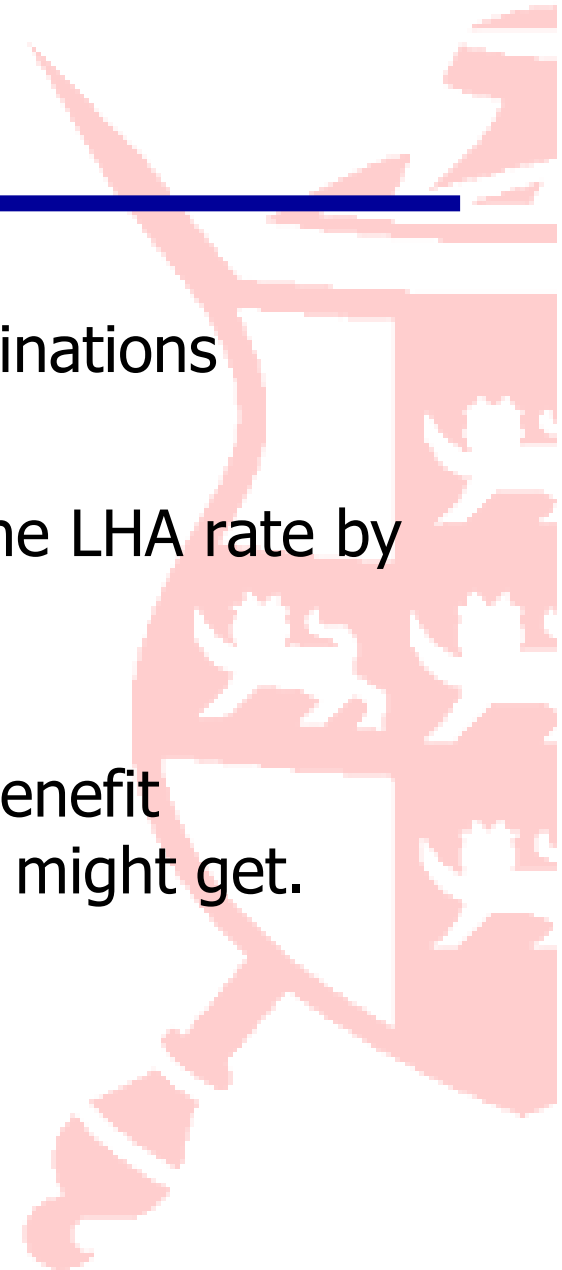


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- LHA is the maximum amount of HB that we can pay.
- We then take account of their income, savings and circumstances (the means test).
- If the amount of HB is less than the rent then the tenant will have to make up the difference (as now).
- If the LHA rate is more than the actual rent, it is capped at £15 per week more than the rent.
- If the amount of HB is more than the rent then the tenant can keep the difference.
- The tenant is free to spend this excess as they see fit.

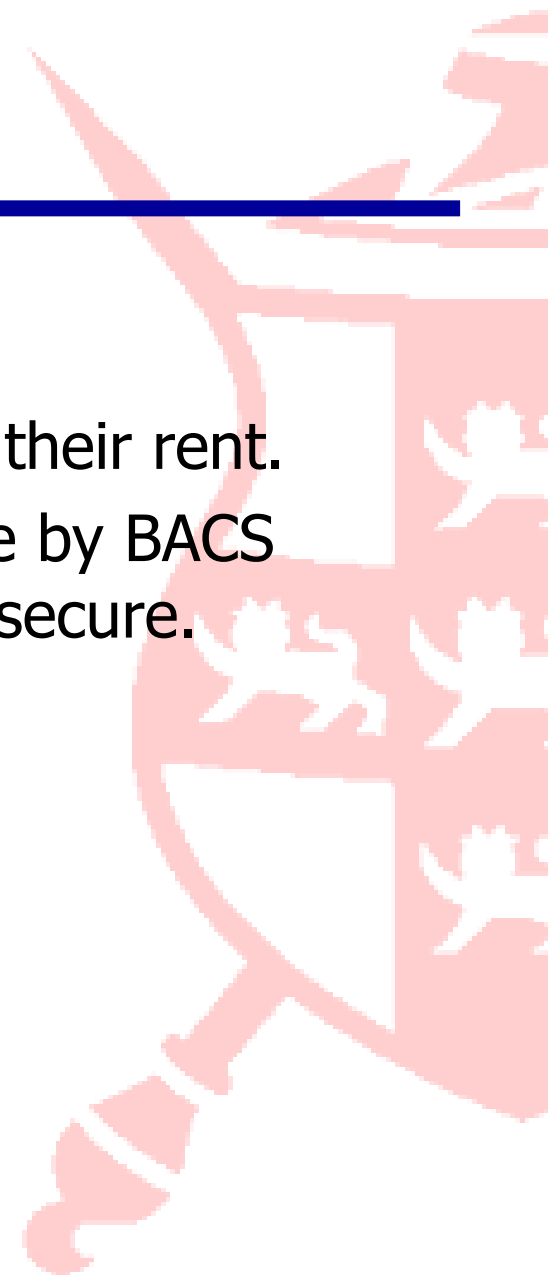
How Much HB (2)

- There is no need for Pre-Tenancy Determinations
- A prospective tenant can easily find out the LHA rate by checking our website or reception.
- A prospective tenant can use our online benefit calculator to work out how much HB they might get.



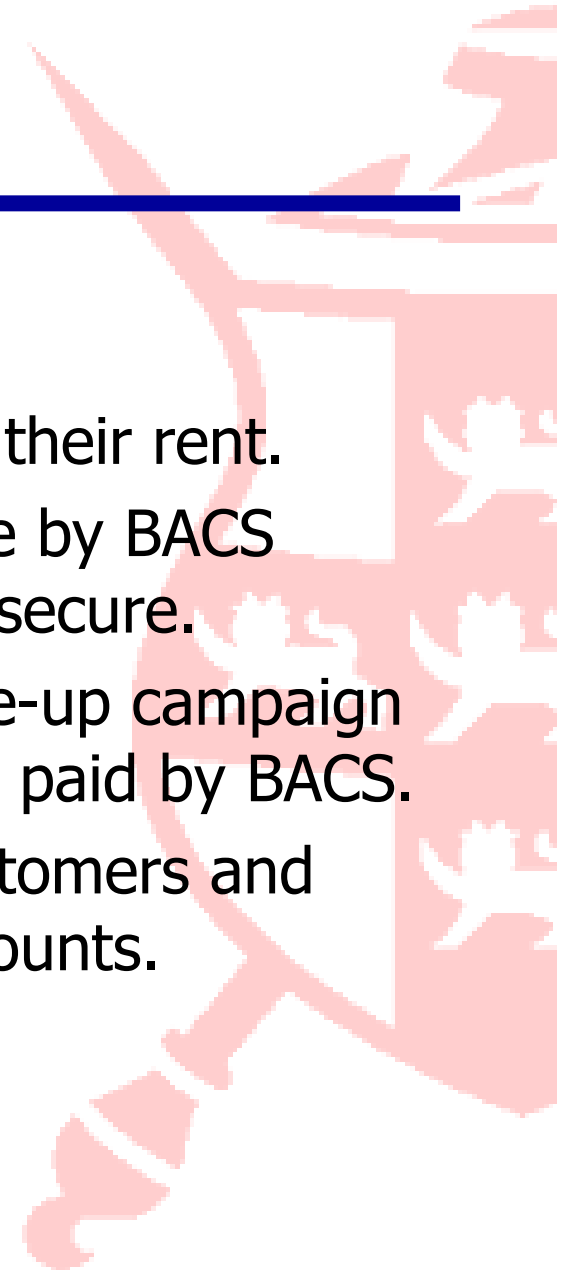
Payment of LHA

- LHA will generally be paid to the tenant.
- It is still the tenant's responsibility to pay their rent.
- Our preference is for payment to be made by BACS Direct Credit, as this is quicker and more secure.



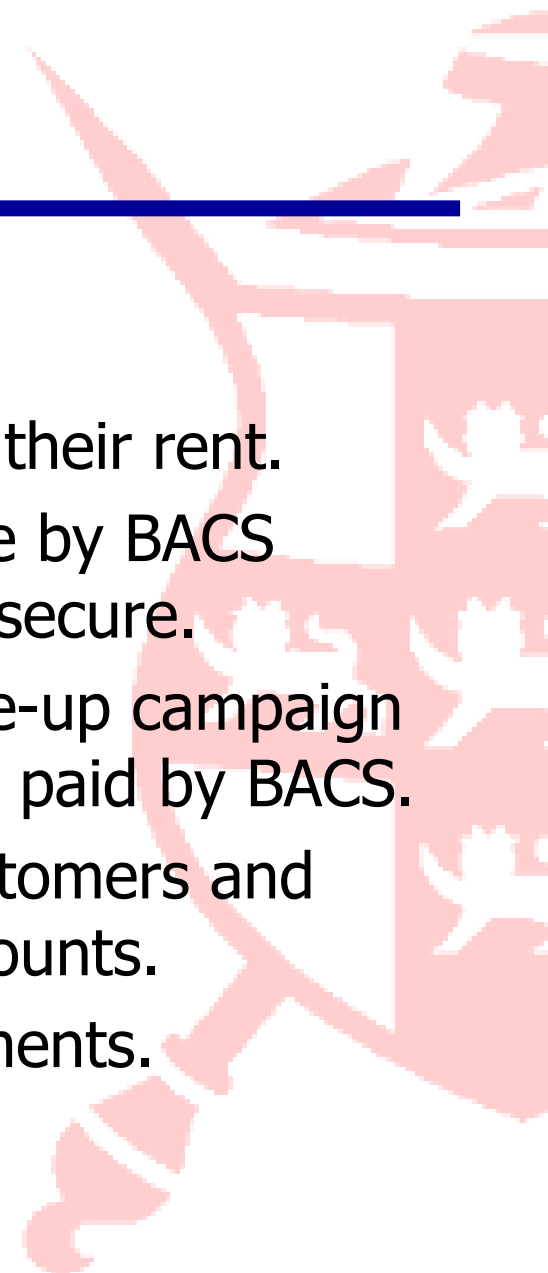
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- We have recently undertaken a BACS take-up campaign for customers – 68% private tenants now paid by BACS.
- We will be providing money advice to customers and assisting them in opening Basic Bank Accounts.



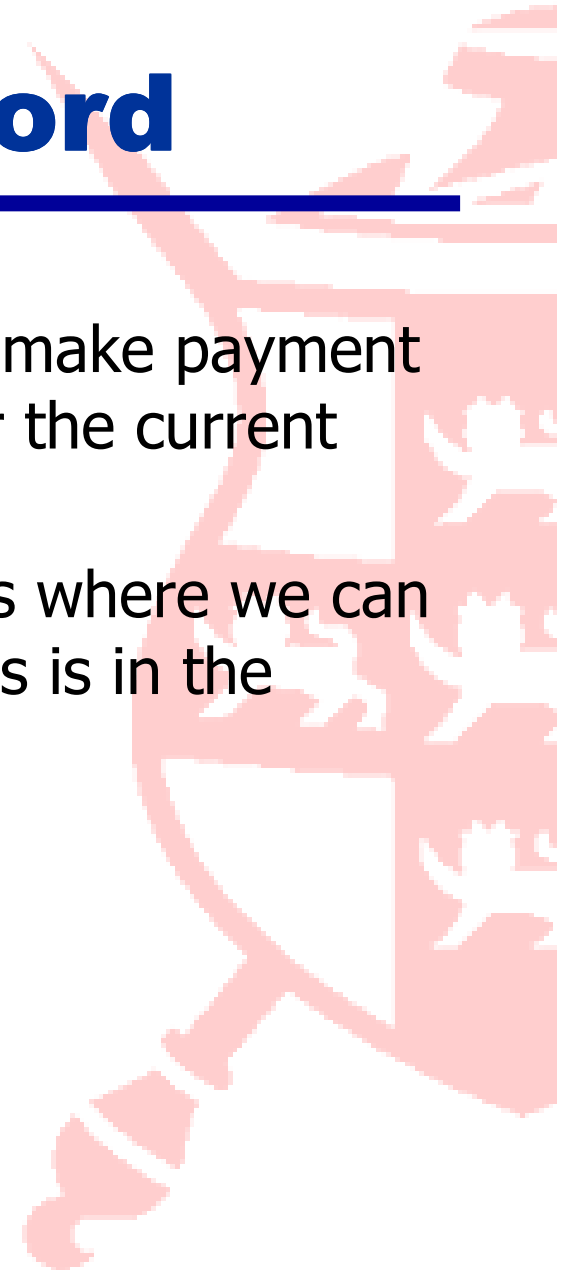
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- Usual rules continue to apply to overpayments.



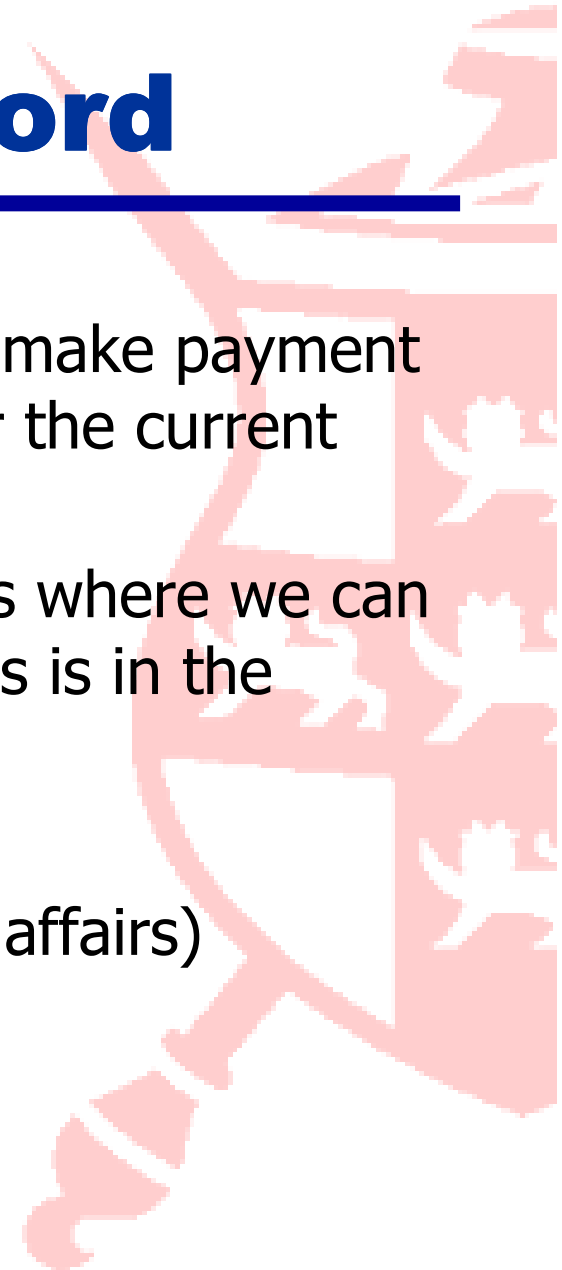
Payment to the Landlord

- The tenant cannot simply chose for us to make payment direct to their landlord (as they can under the current rules).
- However, there are a number of scenarios where we can make payment direct to the landlord if this is in the tenant's interest.



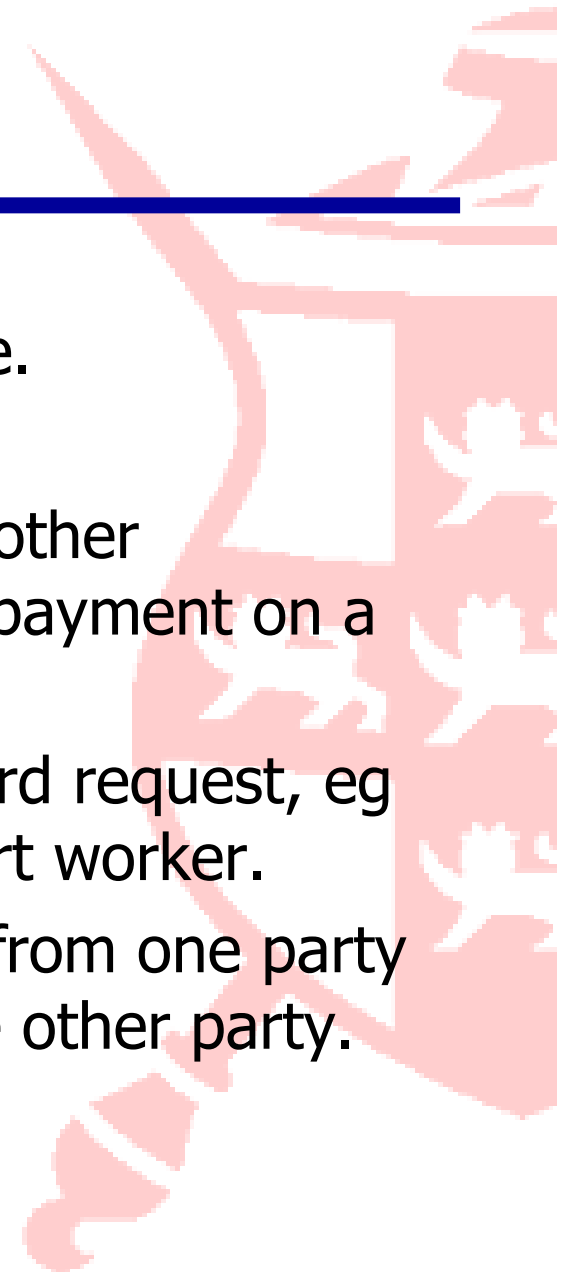
Payment to the Landlord

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- However, there are a number of scenarios where we can make payment direct to the landlord if this is in the tenant's interest.
- These Safeguards are:
 - Vulnerability (difficulty managing their affairs)
 - Unlikely to pay their rent
 - 8 weeks in arrears (existing provision)



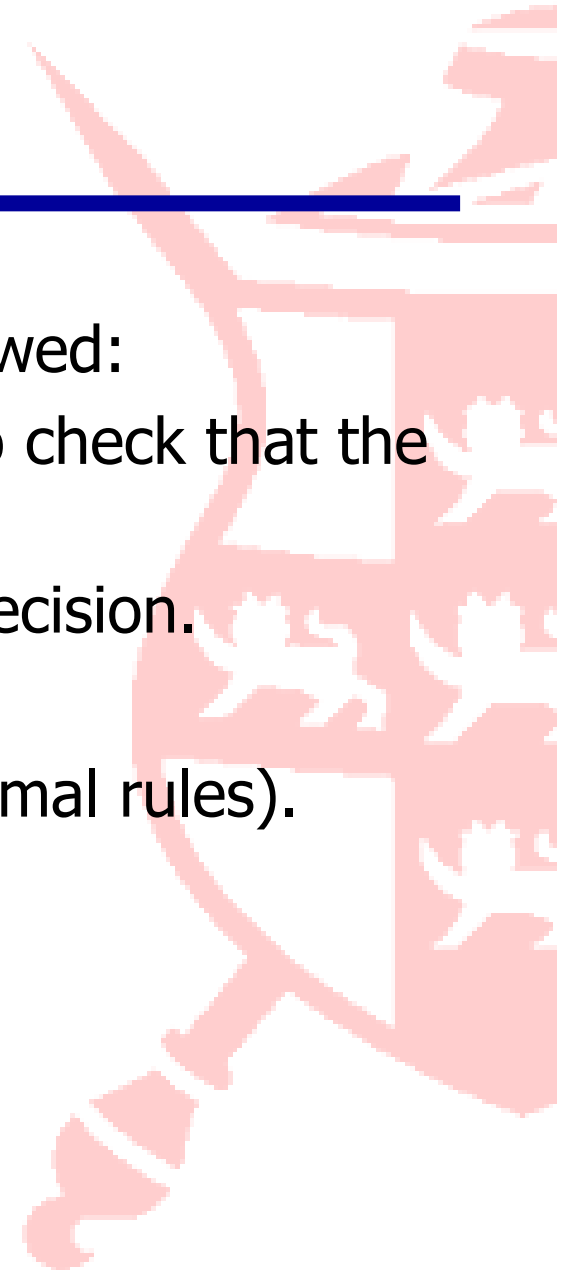
Safeguards (1)

- Common approach across North Yorkshire.
- Principles include:
 - Tenant, landlord, voluntary agency or other representative can request Safeguard payment on a short form.
 - We will need proof to support Safeguard request, eg proof of arrears or letter from a support worker.
 - Where we are waiting for information from one party we will generally make payment to the other party.



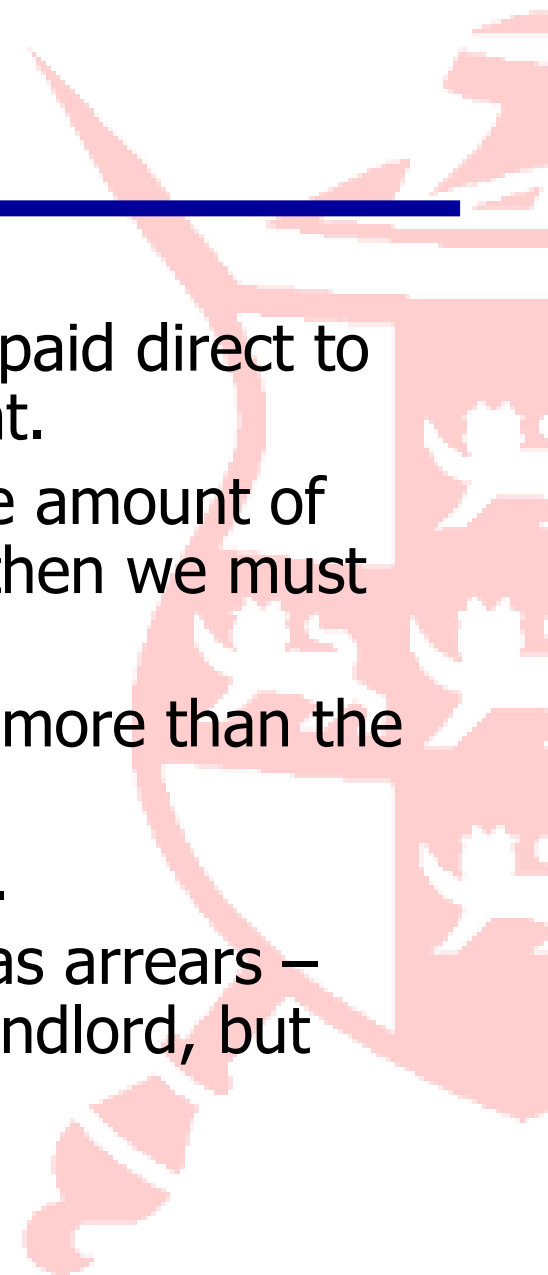
Safeguards (2)

- The Safeguard decision will then be reviewed:
 - A set time after the original decision to check that the original decision is still applicable.
 - After a change that would affect the decision.
 - Where the claimant requests it.
 - On appeal from a person affected (normal rules).



Split Payments

- The maximum amount of HB that can be paid direct to the landlord is equal to the amount of rent.
- If a tenant is entitled to more HB than the amount of rent, and a Safeguard has been applied, then we must make 2 payments:
 - The main payment to the landlord, no more than the amount of rent due.
 - A payment of the excess to the tenant.
- The only exception is where the tenant has arrears – then the excess can also be paid to the landlord, but only until the arrears are cleared.



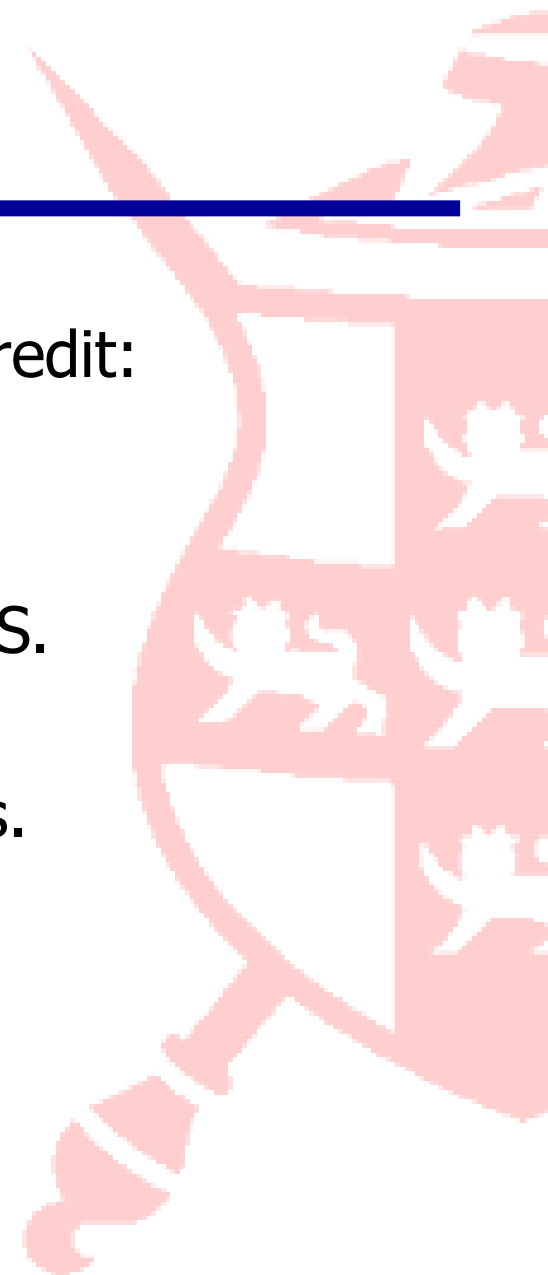
BACS Payment

- Encourage HB payment by BACS Direct Credit:
 - Faster
 - More secure
- 68% of tenants receiving HB paid by BACS.



BACS Payment

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 - Faster
 - More secure
- 68% of tenants receiving HB paid by BACS.
- Can now offer BACS payment to landlords.
- Simple form to fill in with bank details.



More Information

- City of York Council
 - Web www.york.gov.uk
 - Email lha@york.gov.uk or benefits@york.gov.uk
 - Phone (01904) 552245 or (01904) 551556

- The Department of Work and Pensions (DWP)
 - Web www.dwp.gov.uk/housingbenefit/lha/

- The Rent Service
 - Web www.therentservice.gov.uk
 - Phone (01904) 477800



Summary

- LHA is a new way of working out the maximum HB



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- For private tenants who claim
 - For the first time, or
 - Following a gap in entitlement, or
 - At a new address



Summary

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 - At a new address
- On or after 7th April 2008.



Questions?

