



Local Housing Allowance

A guide for landlords



Merseyside authorities working together

This leaflet is one of a series produced by a number of Merseyside authorities to help you understand Local Housing Allowance. It is a general guide. People have different circumstances, so please contact us if you need more detailed advice. Addresses are on the back of this leaflet.



www.halton.gov.uk



Knowsl@y Council

www.knowsley.gov.uk



The City of Liverpool

www.liverpool.gov.uk

Sefton Council 

www.sefton.gov.uk



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Benefit Thieves take money from your pocket. Don't turn a blind eye and let them get away with it. If you know or suspect a Benefit Thief, report it in confidence. You do not have to give your details.

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You can also get this information in other formats and languages. Please phone **0151 443 4031** or email **customerservices@knowsley.gov.uk**

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1. What is Local Housing Allowance?

Local Housing Allowance is a new way of deciding rent payments for people receiving Housing Benefit. It will start from 7 April 2008. It uses a flat rate allowance based on the size of the tenant's household and area in which they rent property to decide the amount of benefit they will receive. This amount is not directly related to the rent you charge so the benefit that your tenants receive may be higher or lower than the contractual rent. Tenants must still provide documentary evidence of rent liability.

Other circumstances, such as the income that the tenant has coming in or other people living in the household, will still affect the amount of benefit paid so the tenant may not always receive the full rate of Local Housing Allowance. Local Housing Allowance has been piloted in several areas across the country. For details about the pilots and copies of the published evaluation reports visit www.dwp.gov.uk/housingbenefit/lha/evaluation

2. Will my tenant(s) be affected by Local Housing Allowance?

Local Housing Allowance will affect you and your tenant if you entered into a de-regulated tenancy after 15 January 1989 (unless your tenancy falls into a specified category below). However, existing customers will continue to receive Housing Benefit under the current rules unless they:

- make a new claim
- change address, or
- have a break in their claim of at least one week.

Local Housing Allowance does not affect:

- a tenancy which started before 15 January 1989
- registered social landlord tenancies (i.e. housing associations)
- some protected cases, such as supported housing provided by certain local authorities, social landlords or charities and voluntary organisations
- caravans, houseboats and hostels
- tenancies where there is a substantial amount of board and the rent officer confirms they are not covered by Local Housing Allowance.

If your tenancy falls into one of these categories your tenant's Housing Benefit will be calculated under the existing rules.

3. How are the Local Housing Allowance rates worked out?

The amount of LHA that a tenant may receive depends on:

- the area they live in - known as the Broad Rental Market Area; and
- the number of people in their household - known as the Size Criteria

4. Broad Rental Market Areas

The Rent Service will no longer value individual properties. Instead they will set monthly Local Housing Allowance rates for different size properties within different areas based on the mid point of rent charged by private landlords. These areas are called Broad Rental Market Areas. Each local authority will have at least one Broad Rental Market Area. There is no right of appeal against the rates.

We will publish these rates in our offices and on our website so you and your tenants can find out the amount of rent that Local Housing Allowance will cover. This will help prospective tenants decide whether to take a property or not.

5. Size criteria

Local Housing Allowance rates will be broken down into 'Room Rates' that will apply depending on the size of the households occupying the property, including any non-dependants. To calculate the size criteria you need to count one bedroom for the following people:

- a single claimant or every adult couple
- any other single adult aged 16 or over
- any two children under age 10
- any two children of the same sex aged up to 15
- any other child.

The number of living rooms, kitchens and bathrooms is ignored for the purpose of the size criteria.

Children aged 10 or over of different sexes are not expected to share a room.

6. What if the tenant's Local Housing Allowance payment is higher than their rent?

The tenant can keep up to £15 per week where Local Housing Allowance is higher than the rent charged. This excess will not normally be taken into account when deciding other benefits.

7. What if the tenant's Local Housing Allowance payment is lower than their rent?

As per current rules the tenant will need to make up any shortfall out of their other income.

8. Why is Local Housing Allowance being introduced?

Local Housing Allowance is part of the Government's agenda which aims to simplify Housing Benefit and support the wider objectives for welfare reform. The Government's stated aims are to promote:

- **Fairness:** Local Housing Allowance has been designed to pay the same amount to tenants with similar circumstances living in the same area. This differs from the current Housing Benefit scheme, which ties the level of benefit to the rent actually charged for a property.
- **Choice:** Tenants should be able to take greater responsibility and choose how to spend their income in a similar way to tenants who are not in receipt of benefits. If the tenants rent is **less** than the Local Housing Allowance they will be able to keep any extra money (to a maximum of £15 per week). If the rent is **more** than the Local Housing Allowance, the tenant will have to make up the difference.
- **Transparency:** The current link between Housing Benefit and individual rents is complex and does not set out clearly what level of support is available for people on low incomes. With Local Housing Allowance, tenants (and landlords) can find out in advance exactly how much benefit can be paid towards housing costs in different areas and for different size properties.
- **Personal responsibility:** Enabling people to budget for and to pay their rent themselves, rather than having it paid for them, should help develop the skills unemployed tenants will need as they move back into work.
- **Financial inclusion:** Ideally, tenants will set up a bank account and have their benefit paid by BACS. They can then set up a standing order to pay the rent to you. This has the advantage of being a safe and secure method of payment and provides a greater degree of certainty for all landlords that rent will be paid.
- **Reduced barriers to work:** Greater certainty about what in-work benefits tenants could receive is expected to encourage customers to take the step from welfare into work.

- **Improved administration:** There will no longer be a need for complex rent restrictions and individual referral of rents to the Rent Service that currently contributes to the delay in processing claims for private tenants. The Local Housing Allowance scheme is simpler for local authorities to operate and for tenants to understand.

9. How will Local Housing Allowance affect me?

The main change is that most Local Housing Allowance payments will be made directly to your tenant. This means they will be responsible for paying the rent to you.

It's important that your tenant has a bank account for their benefit to be paid into. They could then set up a standing order to ensure you receive your rent regularly. If your tenant cannot open a current account they may be able to open a basic bank account.

An evaluation of the pilot areas shows that 87% of tenants (rather than landlords) receive payments of Local Housing Allowance compared with only 40% before its introduction.

10. Why are you removing direct payments of Housing Benefit to a landlord?

There has never been a right in legislation for a landlord to receive Housing Benefit payments direct. There is a right for tenants to request this arrangement and it is this right that is being replaced. One of the aims of Local Housing Allowance is for tenants to take a greater responsibility for managing their financial affairs.

11. Can I make a direct payment a condition of the tenancy?

We are not bound by any conditions by a tenancy agreement as we are not party to the agreement. It may also be challenged by the tenant as they have no control as to whom we decide to make payment to.

12. What safeguards do you have in place to ensure that landlords are paid?

In most cases Local Housing Allowance will be paid direct to the tenant and they will be responsible for paying their rent to the landlord.

However, we recognise that some tenants may struggle with the responsibility for paying their rent and it is more appropriate to make the payment direct to the landlord. Safeguards have been put in place to ensure this happens. There is no definitive list but there are a number of circumstances where we can decide it is appropriate to make payment of Local Housing Allowance direct to you. Payments may be considered if:

- your tenant is vulnerable and is likely to have difficulty in managing his or her own affairs
- your tenant is unlikely to pay their rent
- your tenant is in arrears by 8 weeks or more
- your tenant is having deductions made from Income Support or Jobseeker's Allowance to pay off rent arrears.

We must receive documentary evidence to support a request for Local Housing Allowance to be paid to the landlord.

Local authorities are not obliged to make direct payments where they are not satisfied that the landlord is a "fit and proper person to be the recipient of a Housing Benefit payment or Local Housing Allowance".

A landlord may not be a "fit and proper person" where it is proven that they have engaged in financial impropriety, such as fraud or a failure to declare changes in circumstances affecting the payment of benefit.

13. What do you mean by a vulnerable tenant?

A vulnerable tenant or person is defined as someone who is unable to manage their own affairs. Some examples include:

- learning difficulties
- medical conditions
- illiteracy
- drug/alcohol/gambling dependencies

- people leaving prison
- fleeing domestic violence.

This is a guideline and not an exhaustive list.

We will work with landlords, tenants and their representatives to:

- identify vulnerable tenants
- seek evidence of vulnerability from appropriate sources
- pay landlords directly where vulnerability is proven.

Decisions on vulnerability will be made on a case by case basis in accordance with our "Safeguarding Policy/Guidance". Full details of this are available on our website.

14. What do you mean by 'unlikely to pay their rent'?

Some examples include where the customer:

- has previous history of rent arrears
- has severe debt problems
- is a un-discharged bankruptcy
- is unable to obtain a bank account.

In all cases we will:

- seek evidence of arrears and reasons why the tenant is unlikely to pay
- make a decision to whom payment should be made
- provide direct payment advice for the tenant
- where payment is made to the landlord, review the decision within an appropriate timescale.

15. Can I ask for a tenant to be classified as someone who will have difficulty managing their own affairs?

Yes, you may ask us to consider your tenant to be vulnerable. We will need to investigate the tenant's circumstances and receive documentary evidence before making a decision.

16. Won't many tenants spend the Local Housing Allowance on other things or abscond?

Around 40% of tenants in the private rented sector already receive their Housing Benefit direct and regularly pay their rent on time. Where a tenant is moving from payments direct to their landlord, we will inform tenants of their responsibilities to pay their rent.

17. Will you pay any arrears directly to me?

Where eight weeks or more of arrears have built up, we must make payment directly to you. We can decide to pay future Local Housing Allowance to you even when arrears have reduced or cleared. This decision will be reviewed as necessary as circumstances change.

Please note: we will not duplicate any Local Housing Allowance payments for a period that have already been paid to either the tenant or landlord.

18. Customers aged under 25 years who live alone

The majority of single customers aged under 25 years will be entitled to the standard rate for a room in shared accommodation. This will be based on properties where the tenant has a room of their own but shares all or some of the facilities (for example, a living room, kitchen or bathroom). This is known as the shared Local Housing Allowance rate.

19. Benefit Overpayments

An overpayment is an amount of benefit that has been paid, but for which there was no entitlement under the Regulations. They are usually recoverable from either the person who caused the overpayment, or the person who received the overpaid benefit. Any overpayments that are created under Local Housing Allowance will mainly be recoverable from the tenant as in the majority of cases payment will be made to the tenant. The rules on the recovery of overpayments are:

- benefit overpaid to a tenant can be recovered only from the tenant; and
- benefit overpaid to a landlord can be recovered from either the landlord or the tenant.

We will decide based on the circumstances of the case.

20. Appeals

Appeal rights are not altering as a result of Local Housing Allowance. However, there is no right of appeal or re-determination against Local Housing Allowance rates. Appeals cannot be made against any part of a decision made by the Rent Service.

21. Sharing information with the landlord or agent about a tenants claim

The tenant must give us permission to share information with the landlord or agent even when we are paying Local Housing Allowance direct to the tenant. They can do this by signing the tenant consent section of the Housing and Council Tax Benefit claim form or by signing a separate consent form.

If the tenant gives us permission to share information we can only tell the landlord or agent:

- whether or not a claim for Local Housing Allowance has been made and, if so, whether a decision has been made on the claim or not; and
- if we require more information to make a decision on the claim and what information we need.

We cannot give the landlord or agent information about the personal or financial circumstances of the tenant or their household.

22. Where can I get more information about Local Housing Allowance?

Information will be available on our website, at landlords forums and through our landlords newsletter to all affected landlords.

For more information you can also visit one of the following websites:

- Department for Work and Pensions
www.dwp.gov.uk/housingbenefit/lha
- The Rent Service www.therentservice.gov.uk



How to contact us

Information relating to the services which the Council provides and how to contact the various departments can be obtained from any Branch Library or One Stop Shop

In person: Please call at:

Huyton One Stop Shop
Municipal Buildings
Archway Road
Huyton
Merseyside
L36 9XJ

Kirkby One Stop Shop
Municipal Buildings
Cherryfield Drive
Kirkby
Merseyside
L32 1TX

Prescot One Stop Shop
Prescot Shopping Centre
Aspinall Street
Merseyside
L34 5GA

Halewood One Stop Shop
5/21 Ravens Court
Leathers Lane
Merseyside
L26 0UP

One Stop Shop opening times:

Monday to Friday 9.00am to 5.00pm

Saturday 9.30am to 1.00pm (Huyton, Kirkby and Prescot offices only)

By post: Please write to:

Housing Benefit Section
Knowsley Borough Council
Municipal Buildings
Cherryfield Drive
Kirkby
Merseyside
L32 1TX

By telephone:

Please ring contact centre on
0151 443 4042

By e-mail:

benefits@knowsley.gov.uk

By fax:

0151 443 4142

Disabled access is available at all of the One Stop Shops. The following facilities are available:

- Wheelchair/pram access and lowered desks
- Minicom telephone system for hearing impaired people. Please dial: 0151 443 4248
- Advisors trained in British Sign Language (up to Level 2)
- Access to BTs language line through which we can contact an interpreter in minutes
- Private interview rooms
- Friendly staff who are happy to assist