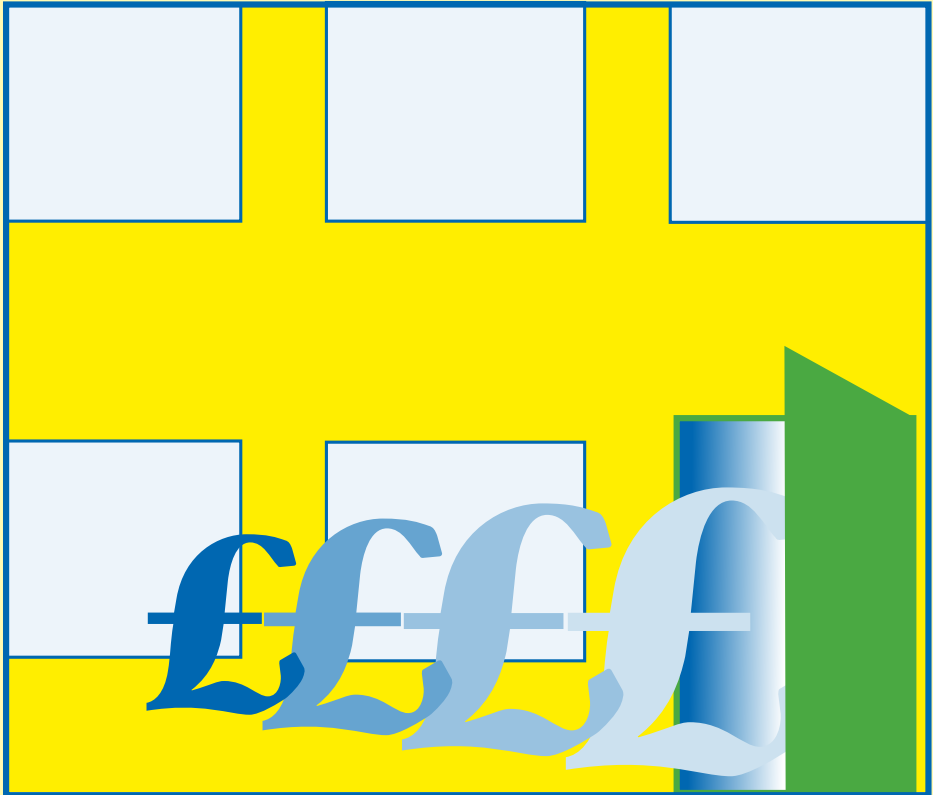


# A guide to Local Housing Allowance

Housing Benefit & Council Tax Benefit



An explanation of changes to **Housing Benefit** from **April 2008** which will help private tenants choose affordable accommodation

## Who is affected by the changes?

Private tenants:

- ◆ whose Housing Benefit entitlement starts on or after 7th April 2008; or
- ◆ who are entitled to Housing Benefit prior to 7th April 2008 but have a break in entitlement or change address on or after 7th April 2008.

### Tenants NOT affected by the changes

- ◆ Council tenants.
- ◆ Registered Social Landlord tenants (this is normally when the landlord is a housing association).
- ◆ Tenants with “registered rents” (in the main, these are tenancies entered into before 15th January 1989).
- ◆ Tenants living in caravans or houseboats.
- ◆ Tenants of accommodation provided by local authorities or registered charities where they are charged for care and support services.
- ◆ Tenants where a substantial part of the rent is for meals which are consumed on the premises.

### **Limited protection from the changes**

The new rules will not be applied immediately in the following circumstances:

- ◆ where a new claim for Housing Benefit is made on or after 7th April 2008 and the tenant could afford the rent when the tenancy started, Housing Benefit will be based on the full eligible rent for the first 13 weeks;
- ◆ following the death of a person in the household, the eligible rent which applied immediately before the death will continue to apply for a further 52 weeks.

### **The changes**

The changes affect both the **assessment** and **payment** of Housing Benefit for private tenants.

## Assessment of Housing Benefit using Local Housing Allowance

From 7th April 2008, instead of looking at the amount of rent paid, Housing Benefit for private sector tenants will be based on Local Housing Allowance.

The Local Housing Allowance is based on rents charged in a particular location known as a Broad Market Rental Area which, for Tower Hamlets, incorporates Tower Hamlets and most of Hackney.

The Rents Service will monitor rents charged within the Broad Market Rental Areas and will provide local authorities with rental costs for accommodation based on the number of bedrooms. These are known as Local Housing Allowances. New Local Housing Allowance figures will be published on a monthly basis.

The Local Housing Allowance we use will depend on the number of bedrooms a tenant 'needs'.

### Number of Bedrooms

The number of bedrooms a tenant requires is based on the size of the household.

One bedroom is allowed for:

- ◆ every adult couple;
- ◆ any other adult aged 16 or over;
- ◆ any two children of the same sex;
- ◆ any two children aged under 10, regardless of sex;
- ◆ any other child.

## Shared Accommodation Rate

The Rent Service will also provide a “Shared Accommodation” Rate.

The Shared Accommodation Rate will be applied to:

- ◆ tenants who only have exclusive use of one room and share other rooms (this will include joint tenants who have no one else living in their household);
- ◆ single tenants under 25 years of age regardless of the accommodation they occupy.

## Local Housing Allowance & the number of bedrooms

Examples:

### Couple with two children

a boy aged 12 and girl aged 9:

*Entitled to **three bedrooms** - one for the couple, one for each of the children.*

### Couple with two children

a boy aged 6 and girl aged 9:

*Entitled to **two bedrooms** - one for the couple and one shared by both children, both aged under 10.*

### Couple with two children

girls aged 11 and 14, claimant’s mother also lives in the household:

*Entitled to **three bedrooms** – one for the couple; one shared by the children (same sex, under 16); one for the claimant’s mother.*

## Joint Tenants

A joint tenant's Housing Benefit will be calculated using the Shared Accommodation rate unless there are other people in the joint tenant's household.

If these people are considered to belong to a particular joint tenant, it will affect the number of rooms that joint tenant needs.

For example:

Alice and John are **joint tenants** (not related).

John's brother Paul lives with them.

John will receive the LHA for **two rooms**

*(one for himself and one for his brother).*

Alice will receive the LHA for **shared accommodation**

*(as there is no connection between her and Paul and she does not have exclusive use of bathroom/kitchen/toilet).*

John will attract 100% of any deduction for Paul.

If, however, the other people belonging to the household cannot be considered to belong to a particular joint tenant(s), they will be "shared" and this will affect the number of rooms that all the joint tenants need.

Alan and Bob are brothers who are **joint tenants**.

Their friend also lives with them but he is not a joint tenant.

Alan will receive LHA amount for **two rooms**

*(for himself and their friend), as will Bob (for himself and the friend).* A non dependant deduction will be made from

John's Housing Benefit in respect of Paul.

## Maximum Housing Benefit and the Local Housing Allowance

Maximum Housing Benefit will be based on the Local Housing Allowance rather than the rent charged. This means the type and quality of the accommodation rented will not affect the amount of Housing Benefit awarded. Instead, we will look at the number of bedrooms required and apply the appropriate Local Housing Allowance in force at the start of the month in which entitlement to Housing Benefit begins.

We will publish the Local Housing Allowances every month:

- ◆ on the London Borough of Tower Hamlets website [www.towerhamlets.gov.uk](http://www.towerhamlets.gov.uk);
- ◆ in the Council's local free newspaper: *East End Life*;
- ◆ in the Council's One Stop Shops and Ideas Stores;
- ◆ you can also phone the Council's Benefits Service for information 📞 020 7364 5001.

By comparing the Local Housing Allowance with the rents charged for available accommodation, prospective tenants can make an informed choice as to whether they can afford the rent before accepting a tenancy.

Remember tenants are **not guaranteed** to get the full LHA amount. The LHA is only the starting point for the assessment of Housing Benefit. The actual amount awarded will depend on the income and circumstances of the claimant.

## Local Housing Allowance and the rent charged.

When choosing accommodation it is important to remember that Housing Benefit will be based on the Local Housing Allowance and not the rent charged. For example:

- ◆ if the rent is **higher** than the Local Housing Allowance - the tenant is expected to pay the difference plus any shortfall in Housing Benefit below the Local Housing Allowance.
- ◆ if the rent is **lower** than the Local Housing Allowance - Housing Benefit will be based on the rent and up to £15 of the difference between the rent and the Local Housing Allowance.

## Examples

If the rent is £150 per week but the Local Housing Allowance is £100, the maximum rent used to calculate Housing Benefit will be £100.

If the rent is £150 per week but the Local Housing Allowance is £200, Housing Benefit will be based on rent of £165 (that is the rent of £150 plus £15 of the difference between the rent and the Local Housing Allowance).

## When will the Local Housing Allowance amount change?

Once a Local Housing Allowance is used to assess Housing Benefit it will continue to apply for one year, unless there is a relevant 'change of circumstances'. If this happens the LHA will be reviewed and the one in force on the date the change occurs will be applied from the week following the change. The new amount will continue for one year after the date of change.

The changes that will affect the Local Housing Allowance are:

- ◆ those which affect the number of rooms required;
- ◆ breaks in entitlement to Housing Benefit;
- ◆ changes of address.



## Paying Housing Benefit

Under the Local Housing Allowance rules, Housing Benefit will normally be paid to the tenant, who will no longer be able to elect for Housing Benefit to be paid to the landlord.

However, there will be circumstances where we pay the landlord:

We **must** pay the landlord where:

- ◆ the tenant has rent arrears of eight weeks or more; *or*
- ◆ the DWP are making deductions from the tenant's Income Support or Jobseekers Allowance to pay arrears of rent.

We **can** pay the landlord if we consider:

- ◆ the tenant is likely to have difficulty managing their own affairs (i.e. if they have a learning disorder, drug problem, etc.); *or*
- ◆ it is unlikely the tenant will pay the rent (i.e. if they have a history of failing to pay rent).

If the tenant, or person acting on his/her behalf, feel that it is unlikely he/she will pay the rent, they can apply for Housing Benefit to be paid direct to the landlord. Please contact us on the telephone number at the end of this leaflet or call into one of our One Stop Shops and ask for a Landlord Payment Request form.

The form will ask you to let us know the reason why you feel rent will not be paid and provide evidence to support this. Trained benefit staff will then consider the request on receipt of the application.

However, we will rarely pay the landlord indefinitely. One of the main purposes of the Local Housing Allowance is for people who receive Housing Benefit to choose accommodation, based on what they can afford, and to take responsibility for securing their tenancy by paying the rent. So:

- ◆ vulnerable tenants or those with arrears will be advised to seek budgeting advice;

- ◆ where Housing Benefit is paid to the landlord because the tenant is in rent arrears. Payments will normally be made to the tenant once the arrears are cleared.

### **Excess Housing Benefit**

Where we pay Housing Benefit to the landlord because the tenant has rent arrears and Housing Benefit is more than the rent, we can choose to pay any excess benefit to the landlord until the arrears are cleared.

Where the tenant is not in rent arrears but we decide to pay the landlord, we will only pay the landlord the rent due. Any excess will be paid to the tenant.

### **Bank Accounts**

Housing Benefit will normally be paid either:

- ◆ by bank cheque in the tenant's name; *or*
- ◆ directly into the tenant's bank account.

This means, tenants will need to have a bank/building society account to allow us to make payments.

Opening a bank account should be straightforward and advice is provided in our leaflet *Banking Your Benefit* which is available from our One Stop Shops or you can obtain a copy by calling us on 📞020 7364 5001.

## **Discretionary Housing payments (DHPs)**

The tenant will have to pay any shortfall between Housing Benefit and the rent charged.

The purpose of the Local Housing Allowance is to let prospective tenants know the amount of rent that will be used to calculate Housing Benefit in advance, so that, when looking for accommodation, they can make an informed choice based on their financial circumstances.

In some circumstances we may be able to award a Discretionary Housing Payment to cover some or all of the shortfall. However, the funding for Discretionary Housing Payments is limited and as decisions are made on a case-by-case basis, we are unable to guarantee an award prior to tenancy take up and strongly advise customers to use the Local Housing Allowance figures to choose accommodation with affordable rent.

Tenants suffering hardship, because Housing Benefit covers some but not all of their rent, may wish to apply for a Discretionary Housing Payment.

Application forms are available from our One Stop Shops or customers can ring us on 📞020 7364 5001 and we will send a form to them.



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এটা খুব জরুরী যে, আপনি এই তথ্য বুঝতে পেরেছেন। আপনার যদি অসুবিধা হয়, তাহলে অনুগ্রহ করে আপনার সবচেয়ে কাছের ওয়ান স্টপ শপ'এ যান যেখানে আপনাকে কেউ সাহায্য করতে পারবেন।

Waa muhiim inaad fahamtid warbixintan. Haddii dhibaato kaa haysato fadlan u tag xafiiska One Stop Shop ee kuugu dhow halkaasoo qof ku caawin doono

這些是很重要的資料，你必須了解其內容。如果你不能明白，請前往最就近的一站式辦事處，該處的職員可以幫助你。

Điều quan trọng là quý vị hiểu tin tức này. Nếu quý vị gặp khó khăn, xin hãy đến One Stop Shop gần quý vị nhất là nơi sẽ có một người có thể giúp đỡ quý vị.

Jest ważne żebyś zrozumiał/a tą informację. Jeśli masz z tym problem, prosimy udaj się do najbliższego One Stop Shop, gdzie ktoś będzie mógł Ci pomóc.

v1 03/08