

Local Housing Allowance – Information for private landlords

Who does Local Housing Allowance apply to?

Local Housing Allowance applies to most tenants who rent their home from a private landlord and claim Housing Benefit to help cover the cost of the rent.

How does Local Housing Allowance affect landlords?

There are two ways Local Housing Allowance affects landlords:

- 1) the level of Local Housing Allowance used will be based on the tenants household composition and the locality of the property. This may mean the level of Housing Benefit payable could be much lower than the rent charged.
- 2) payment of housing benefit will normally be made direct to the tenant. The tenant is then responsible for paying their rent to the landlord.

What protection exists for landlords within Housing Benefit?

There are a range of **safeguards** to protect the interests of landlords.

We usually pay the benefit to the landlord:

- if the tenant is eight weeks or more in arrears with their rent, or
- an amount of the customer's state benefit (for example, Income Support) is paid to the landlord to pay off rent arrears.

We recommend if a tenant is starting to build up rent arrears, the landlords get in touch with us before it gets to eight weeks.

We may also decide to pay the tenant's benefit to a landlord, if the tenant is:

- likely to have difficulty in managing their financial affairs; or
- unlikely to pay their rent.

For more information on the safeguards, please refer to our Safeguard Policy available on our web pages.

Who decides if a tenant is likely to have difficulty in paying their rent?

We will decide whether a tenant is likely to have difficulty in paying their rent. In most cases, we will need a safeguard form completed and evidence to support any request, which can be made by the tenant or other interested parties. Details of our Safeguard Policy can be found on our web pages www.huntingdonshire.gov.uk/benefits

A landlord can approach us if they think it's likely a tenant will have difficulty in paying or feel they cannot deal with their financial affairs. We will contact the tenant for further information about this.

We may also consider whether a tenant will be unlikely to pay their rent but can only do this where we have evidence of past failure or likely failure to pay rent. We will take into account all information available to us at the time, including any known past history when making our decision.

It is also important landlords keep proper and adequate rent records showing the rent due date, the amounts and dates actually paid, any arrears and details of any contact made with the tenant. Rent records will be crucial to us in determining whether or not a tenant has rent arrears.

Can the tenant ask for their benefit to be paid to their landlord?

If a tenant feels they may have difficulty in managing their financial affairs and their Housing Benefit should be paid to their landlord under the safeguard arrangements, we will consider any request they make.

If a landlord sets or reduces the rent to the Local Housing Allowance rate so a tenant can afford to live in the property, we will normally pay the tenant's Housing Benefit to the Landlord if the tenant wants us to.

Where direct payments are made to Landlord, how long will they go on for?

Where we pay Housing Benefit direct, we will normally continue to pay the landlord unless the rent becomes unaffordable to the tenant.

Where a tenant is considered likely to have difficulty in paying their rent and there is little or no prospect of this situation changing, our decision to pay their benefit direct may last for the duration of the claim or tenancy but this may be reviewed should the tenant's circumstances change.

Where a tenant is considered likely to have difficulty in paying their rent and this situation could change, we will regularly review our decision to pay direct. If, in future, the tenant is in a better position to have their benefit paid to themselves and to pay their rent in full and on time, we will stop paying the landlord and write to them if this happens.

Can I make direct payment a condition of the tenancy?

The Council is not party to the tenancy agreement between the landlord and tenant, and are not bound by any conditions in a tenancy agreement. Any condition made within a tenancy regarding direct payment falls outside the benefit regulations. Payment of Housing Benefit will be made based on the rules outlined above. However, if a prospective tenant feels they may have difficulty paying the rent, we would ask they speak to us so we can consider if direct payments may be appropriate.

What appeal rights do I have against a payment decision?

Where a landlord has asked for a tenant's Housing Benefit to be paid direct to them, they do have the right to appeal against a decision not to pay them direct.

How do you find out what the Local Housing Allowance rate for a property will be?

We publish the Local Housing Allowance rates on the council's website. The rates shown apply for a whole financial year (ie April to March).

Who sets the Local Housing Allowance rates?

The Valuation Office Agency set the Local Housing Allowance rates. The rates will be reviewed by the Valuation Office Agency, based on the September Consumer Price Index (CPI) or 30 percentile of local market rents, whichever is the lower. This sets the rates for the next financial year (April – March).

How does a tenant work out their Local Housing Allowance rate?

Local Housing Allowance is a flat rate amount based on the number of bedrooms a tenant needs for their household. It is not based on how many bedrooms the property actually has or how much rent is charged.

The number of bedrooms allowed depends on who lives with the tenant as part of the household. Generally, one bedroom will be allowed (up to a maximum of 4 bedrooms, even if the tenant needs a property with more bedrooms) for:

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

- a carer or team of carers who do not live with you but provide you or your partner with overnight care

- a couple where they are unable to share a bedroom because of a disability. Attendance Allowance, or High/Middle rate Disability Living Allowance or the Daily Living Allowance of Personal Independence Payment or Armed Forces Independence Payment must be in payment to one or both

For example, a couple with two children under 10 would be allowed two bedrooms.

We use the Local Housing Allowance rate that applies to the financial year in which the Housing Benefit claim is received. Unless a tenant has a change in circumstances, including a rent change which may affect the level of Housing Benefit, we will use this rate until the following April when the Local Housing Allowance rates are reviewed.

Remember, a tenant will not automatically be paid the Local Housing Allowance rate, this is simply the rate used in the benefit calculation. As Housing Benefit is means tested and based on the tenant's income and savings etc, the amount of benefit paid may be lower than the Local Housing Allowance rate.

If the Local Housing Allowance rate is less than the rent charged, Housing Benefit will be based on the Local Housing Allowance rate. Where the Local Housing Allowance rate is more than the rent charged, Housing Benefit will be based on the actual rent charged.

Housing Benefit Shared Accommodation Rate

Generally, single people under the age of 35 are only entitled to the Shared Accommodation rate of Local Housing Allowance when working out their Housing Benefit. This rate will apply regardless of the type of property they live in.

Special rules for single people over 35 and couples with no children

Single people over the age of 35 and couples with no children will be allowed the 1 bedroom Local Housing Allowance rate, if they actually rent a property of at least this size.

If these people are living in accommodation where they share facilities like a living room, kitchen, or bathroom, they will only be allowed the Local Housing Allowance rate for shared accommodation.

This fact sheet is a guide only. If you have any questions about this guide or have a question not covered in those listed above please do not hesitate to contact us.