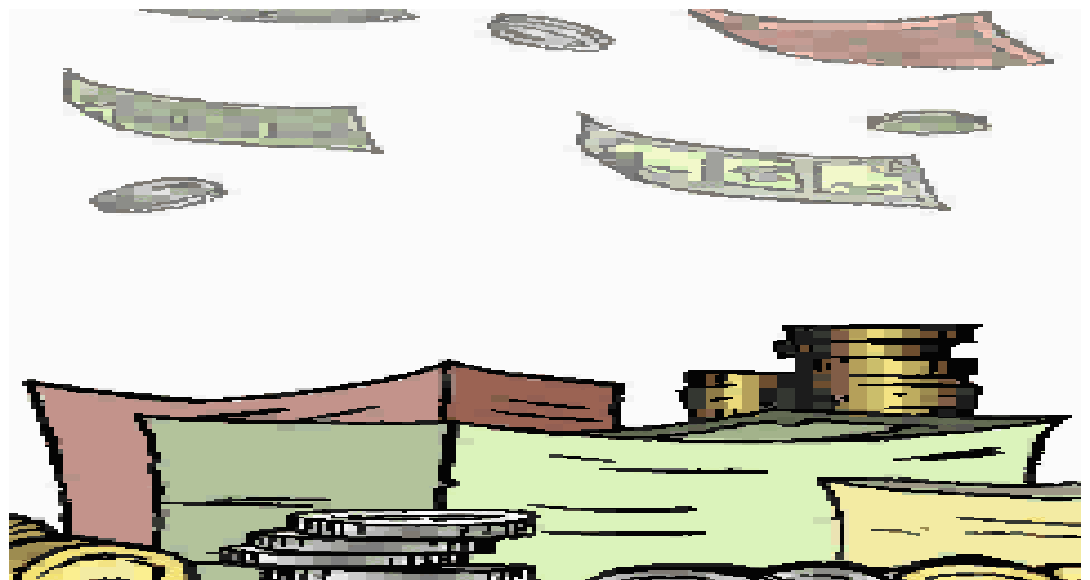


Housing Benefit Reforms Local Housing Allowance



Introduction

- Part of Government's Housing Benefit Reforms
- Introduction of Local Housing Allowances
- Private Sector claimants only

Introduction

- Easier to find out how much rent could be covered by HB
- Claim now worked out using a standard amount of Local Housing Allowance
- Which LHA depends on area, age, no. in household
- LHA set by the Rent Officer

Introduction

- Customers receive the LHA in force on the effective date of their claim
- LHA award runs for one year unless change of circumstances
- If LHA more than rent – customer keeps difference of up to £15.00
- LHA normally paid direct to tenant

Aims of the New Scheme

Promote

- Fairness
- Choice
- Transparency
- Personal responsibility
- Financial inclusion
- Improved administration and reduced barriers to work

Who the new scheme affects

- Housing Benefit claimants in the deregulated private sector
- Mainstream private tenants



Who the new scheme does not affect

- Registered Social Landlord tenants
- Council tenants
- Protected cases
- Exceptional cases
- Board and attendance cases
- Tenancies which are excluded from current rent restrictions

All new non exempt claims on or after go-live date will go onto the LHA scheme

The Local Housing Allowance

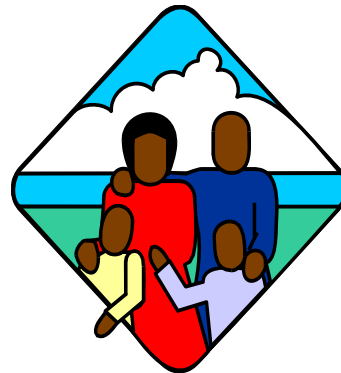
New claims include

- New claims from people who have never claimed before
- Changes of address
- Re-applications where there is a break in the claim of one week or more
- Extended payment claims

How is LHA different?

- Claimants receive a set amount (LHA)
- If the LHA is higher than the rent, the tenant keeps the difference
- Payment normally to tenant (with exceptions)

Which local housing allowance?



Which LHA to use depends on the

- BRMA in which the claimant's property falls
- claimant's age
- Sex of household members
- number of people in claimant's household (the 'Size Criteria')

Broad Rental Market Areas (BRMA)

- The BRMA is an area defined by the Rent Service that an LHA will cover
- Made up of two or more distinct areas of adjoining residential accommodation in which there will be the provision for basic services

Setting the LHA

- LHA will be based on the median value for properties of a given size in any area
- This means that there will be an equal number of properties above the median and an equal number below, which reflects the distribution of rents in an area

The Size Criteria

- One bedroom for
 - a couple
 - any other adult (aged 16 or over)
 - any two children of the same sex to 15 years
 - any two children under 10
 - any other child

The number of living rooms, kitchens and bathrooms is ignored

The Size Criteria (cont.)

- **Single under 25s**
 - Shared room rate of LHA if they are renting a room in shared accommodation
- **Single over 25, care leavers under 22 and childless couples**
 - One room rate of LHA if they rent a property of this size or any self contained accommodation
 - Shared room rate of LHA if they rent shared accommodation

Joint Tenants

- LHA will be based solely on the size of the claimant's family, plus any non-dependants/boarders/sub-tenants
- Current non-dependant deduction rules still apply

Joint Tenants

- Joint tenants with shared non-dependants – each joint tenant will have the non-dependant included in their size criteria
- Need proof of residency of household members

The Rent Service

- Board & lodge claims still referred
- Exempt cases can still be referred
- Define the BRMA
- Rent Officers provide LHA for up to five bedroom properties – but will provide LHA for more rooms if required
- Provide updated LHAs eight to ten days before the end of each month for the following month for each BRMA. These figures **must** then be published

The Local Housing Allowance

- LHA will be used on the claim for one year unless there is a change of circumstance
- Claimants will receive the LHA that was in force at the date their claim is deemed to have been made – this becomes their eligible rent

Backdates

- The LHA that was in force at the time the claim is backdated to is used
- If claim is backdated to a date prior to LHA starting, old rules apply

Change of circumstances

New LHA mid-year

- If there is a change in the number of occupiers in the household
- If a death occurs that is not captured in point one above
- Change of address

Anniversary Dates

- LHA is reassessed on the anniversary. It takes effect from the benefit week that starts on or after the anniversary
- Example
 - Claim received 28 October 2008. HB paid from 3 November 2008 but using October LHA. Anniversary falls 28 October 2009. LHA reassessed using October rate and paid from 2 November 2009

Effective Change date

- When the LHA has been recalculated, it takes effect from the benefit week that starts on or after the anniversary
- If that benefit week falls in the following month, the LHA rate used will still be that for the previous month, i.e. the month in which the change occurred

Changes notified late

The rules on this are unchanged

- Change is favourable and claimant has good cause for late notification – apply new LHA from the date of change
- If claimant doesn't have good cause – Apply new LHA from date of notification
- Change is unfavourable – always apply LHA from date of the change

The Local Housing Allowance

Transferring existing claims

- When a new claim is received
- If there is a break in the claim of one week or more
- If the claimant has a change of address

Existing Protection Rules

Eligible rent can be protected at a higher rate

- For the first 13 weeks of a HB claim
- If the claimant could afford the rent when tenancy began, and has not claimed HB in the previous 52 weeks (same as now)
- For 52 weeks following the death of a 'linked person'. Even if HB isn't claimed until after the death (same as now)

Payment of Local Housing Allowance

- Payment made to tenant
- Tenants encouraged to open bank accounts
- Can also use Credit Union
- Telephone banking
- Some Post Office accounts not suitable

Payment of Local Housing Allowance

Sharing information

- DPA no longer used
- New declaration provided
- New declaration must be signed before releasing any information to third party

Payment of the LHA to landlord

- Mandatory payments (as long as it is in claimant's best interests)
 - tenant eight weeks in arrears and/or
 - deductions made from IS or JSA(IB) to clear rent arrears
- We must make payments direct to landlord
- Once arrears are cleared we have discretion to still pay landlord
- Cases must be reviewed regularly

Split payments

- If there are no arrears, the landlord must receive no more than the contractual rent
- The landlord must receive no more than the rent plus monies owed in arrears

Payment of the LHA to landlord

Discretionary direct payments

- Likely to have difficulty paying their rent – unable to manage their financial affairs
- Unlikely to pay tenants who we consider are unlikely to pay their rent

Payment of the LHA to landlord

- Tenant is classed as likely to have difficulty paying their rent. Not defined in regulations
- Identifying claimants who are likely to have difficulty paying their rent
 - Representations, previous records/information

Vulnerability indicators

Causes and effects

- Causes
 - learning difficulties
 - medical conditions
 - illiteracy
 - inability to speak English
 - addictions
 - fleeing violence

Vulnerability indicators (cont.)

- Effects
 - Severe debt problems/CCJs or bankruptcy
 - Inability to obtain a bank account
 - Payments of IS/JSA being made directly to utility companies
 - In receipt of Supporting People payments
 - Help from homeless charity
 - Inability to provide proof of vulnerability

Vulnerable tenants

- Just because a person may fall into one of the previous categories does not automatically make them vulnerable
- Previous categories are merely indicators
- Judge each case on its merits
- We will need evidence

Unlikely to pay rent

- Identified through representations
- Indicators of unlikely payers
 - previous claims
 - bad debts
 - arrears at previous addresses
- Tenant has the right to withhold rent
 - seek legal advice

Representations

- Way of identifying vulnerable and unlikely payers
- Representations from
 - family, friends, landlord
 - GP/Doctor, Social Services
 - DWP, Probation Officer
 - Local/council rent deposit forum
 - welfare groups (CAB, MIND)
 - Money advisors
 - Supporting People Team
 - DWP, Homeless charities/organisations

Representations (cont.)

- Must be signed in writing
- Always investigated
- Need evidence – may need interview
- Is there an appointee?

Evidence

- Evidence does not **have** to be written.
Where it **is** written
 - it does not have to be addressed to the LA directly
 - it can be historical
 - it must be relevant
 - degrees of weight added
 - evidence from following accepted without question

Evidence (cont.)

- Social Services
- GPs/Doctors
- DWP
- Courts
- reputable financial institutions
- usually accept from welfare groups with legal services quality mark
- accept others with caution

Making/reviewing a decision

- Make decision – once all evidence received
- Do not delay payment – where you decide to pay the landlord a firm deadline of no more than eight weeks for concluding your enquiries and making a decision should be made
- Issue decision letter
- Reviewing a decision
 - on appeal from a relevant person (DMA)
 - at a set time after original decision

Appeals

- Cannot appeal against level of LHA or BRMA
- Any person affected can appeal against the decision made by an authority on who to pay

Re-determinations

- For board and attendance claims or existing non-LHA claims
- Rent Officer will give a substitute determination if he makes a 'slip of the pen' error on a decision
- Can give a re-determination in these cases if the LA or claimant wishes to appeal

Overpayments

- The DWP recognise that LHA status could potentially lead to reduced overpayment recovery
- E.g. if the claimant absconds and HB was paid to them rather than the landlord
- Overpayments resulting from the Rent Officer's 'slip of the pen' will be classed as official error and will not be recoverable