

Information for Tenants

Local
Housing
Allowance



www.plymouth.gov.uk

Revenues and Benefits
Corporate Resources Department

This information is available in other languages and formats -
Please contact: 01752 304889

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What is Local Housing Allowance?

The Government has introduced a new form of Housing Benefit called Local Housing Allowance (LHA) which comes into force nationally from 07 April 2008. LHA in Plymouth will apply to all new Housing Benefit (HB) claims from tenants who rent accommodation from private landlords. LHA does not affect council or housing association tenants.

The new LHA rules also apply if a tenant is already claiming Housing Benefit but changes address (even if this is to a different accommodation in the same building) or if they have a break in their claim of at least one week.

With Local Housing Allowance, Housing Benefit is not usually based on the property in which you live. It is based on:

- Who lives with you
- Which area the property is in (for LHA purposes Plymouth is one Broad Rental Market Area)
- How much money you have coming in
- What savings you have

In some cases the amount of benefit you are entitled to may be affected by other things.

Under the existing Housing Benefit scheme the Rent Service decides whether the rent on a property is fair or too high. The maximum Housing Benefit is based on this Rent Officer decision. LHA is the new way of working out the maximum Housing Benefit you could get and will replace Rent Officer decisions for anyone affected by the new rules. It is based on the number of bedrooms you and your household are entitled to, not how much the rent is. The number of bedrooms allowed depends on who lives with you.

Why is Local Housing Allowance being introduced?

The scheme has been introduced to promote fairness and choice when deciding where you want to live, and also to encourage tenant responsibility and develop skills to make the transition into work.

Fairness – the scheme has been designed to pay similar amounts to tenants with similar circumstances living in the same area.

Choice – you will be able to choose between paying more to stay in a property that is larger than you need and keeping the difference if you move to a cheaper property (up to a maximum of £15 per week).

Transparency – it is easier for you (before you commit yourself to a property) to find out how much rent could be covered by Housing Benefit.

Personal Responsibility – encouraging you to take responsibility for budgeting, receiving rent payments straight into your bank account and paying your own rent. Accepting this responsibility while on benefit should help make it easier to manage the move into work.

Improved administration and reduced barriers to work – a simpler system helps to speed up the administration of Housing Benefit payments giving you more confidence when starting a job that any in-work benefit will be paid quickly.

Who will be affected by Local Housing Allowance?

Anyone making a claim for Housing Benefit on or after 07 April 2008 in respect of a tenancy with a private landlord, will be paid Housing Benefit under the LHA rules. This also applies where you as a tenant are already receiving Housing Benefit but have a change of address or a break in your entitlement of one week or more.

There are exceptions to this and the following will continue to be paid under the existing Housing Benefit scheme:

- Tenants renting from local authority landlords who let to ‘council tenants’
- Tenants renting from registered social landlords (e.g. housing associations)
- Protected cases, such as supported housing provided by certain local authorities, social landlords, charities and voluntary organisations
- Tenants who are excluded from the existing rent restrictions, such as those on pre-1989 tenancies
- Tenants living in caravans, houseboats, mobile homes and hostels
- Tenancies where the Rent Service has decided that a substantial part of the rent is for board and lodge, such as bed and breakfast accommodation

When will I start to receive Local Housing Allowance?

Any private tenant who submits a claim which has a 'date of claim' on or after 07 April 2008 will have their Housing Benefit assessed under the LHA rules.

The new LHA rules also apply if you change address and start a claim at your new address or if you have a break of one week or more in your existing claim.

If you are renting your accommodation from a private landlord, and are in receipt of Housing Benefit before 07 April 2008 you will continue to receive benefit based on the old scheme until one of the above changes applies to you.

How will Local Housing Allowance work?

The maximum amount of Housing Benefit (LHA) you could receive will not depend on the amount of rent your landlord charges. The maximum amount you could receive will be the same for every same size household in the area in which you live, regardless of differences in actual rent charged by landlords.

The Rent Service has divided the country into Broad Rental Market Areas (BRMA's). Plymouth (and some surrounding areas), as a local authority area, will have one BRMA within which a set of Local Housing Allowance rates will apply.

The Rent Service will continually monitor the local rent market and update the LHA figures for each BRMA every month. The LHA rates will be published by us by the end of each month before the month that they come in force. For example, the LHA rate for April 2008 will be made available and advertised before the end of March 2008.

This does not mean that the LHA rate applied to your claim will change monthly. A rate will be applied for the month in which your claim is made, or treated as being made. This will then be reviewed annually. (Unless a change of circumstances occurs affecting your room allowance within these 12 months).

As there will be one BRMA in the local authority area of Plymouth, this means that if the Rent Service decide the LHA rate for a 2 bedroom dwelling is for example £115.00 per week, this figure applies to privately rented accommodation throughout the whole of the city.

There will be a set of rates ranging from a shared or 1 bedroom rate up to a 5 bedroom rate. If you are entitled to 6 or more bedrooms we will ask the Rent Service for a LHA rate for that number of rooms.

How many bedrooms am I allowed?

The rates are based on how many bedrooms you and your household need. You are allowed one bedroom for:

- An adult age 16 or over
- A couple
- A child under 16
- Any two children of the same sex under the age of 16
- Any two children under the age of 10

There is also a shared room rate which applies to under 25's and may also apply to certain tenants over the age of 25 where they do not have exclusive use of the accommodation and the use of other facilities in the property.

For example:

1 couple – entitled to 1 bedroom

1 boy aged 2 and 1 girl aged 6 – entitled to 1 bedroom

1 girl aged 16 – entitled to 1 bedroom

Size criteria for family – 3 bedrooms

What else might affect the Local Housing Allowance rate?

There are extra rules if you are:

- aged under 25, single and do not live with any dependants
- you are a care leaver aged under 22
- you are under 25 and in receipt of Severe Disability Premium

How much will I receive?

Your entitlement to LHA is worked out based on the Broad Rental Market Area, the number of people in your household, and your income and savings as before. If there are non-dependants living in the property they

will be entitled to a bedroom or bedrooms (see 'how many bedrooms am I allowed?'). However a non-dependant deduction may apply.

If your rent is less than the Local Housing Allowance amount, you get to keep the difference (this is capped at £15.00 per week above your rent).

This is an example of where there may be excess LHA

■ Couple with 3 children	LHA Entitlement	
Boy aged 16		
Girl aged 11	Gross Rent	= £240.00 pw
Boy aged 9		
■ Elderly mother living with the family	Max Eligible Rent/LHA	= £249.00 pw

LHA for 5 bedrooms In this example – the tenant would be entitled to keep the excess LHA of **£9.00 pw**
= **£249.00 pw** (for example)

However, if your rent is higher than your LHA amount, as with the existing way of calculating Housing Benefit, you will need to make up the shortfall between the benefit you receive and the rent due to your landlord from your other income.

This is an example where there might be a shortfall of LHA

■ Couple with 2 children	LHA Entitlement	
Boy aged 2		
Girl aged 6	Gross Rent	= £125.00pw
	Max Eligible Rent/LHA	= £115.00pw

LHA for 2 bedrooms In this example the shortfall of LHA of **£10.00 pw** has to be met by the tenant
= **£115.00pw** (for example)

Please note the figures shown in the above tables are examples only. Please do not take these as true figures that will apply when LHA is in force.

We will publish the actual LHA rates for Plymouth every month. You can also check the rates on the Plymouth City Council website at: www.plymouth.gov.uk

How will I receive my Local Housing Allowance?

Under the LHA scheme there is no longer the option for you to request payments direct to your landlord, except under certain conditions. Usually payments will be made direct to you preferably through your bank account. It is then up to you to pay the rent to your landlord.

If you do not already have a bank account it is easy to open one. You may find our booklet **Information on Bank Accounts** helpful. Having your benefit paid into your bank account also makes it easier to pay your rent to your landlord, as you can set up a standing order so that the bank pays it to the landlord on your behalf.

If you are worried about managing your money, or you are receiving any kind of support to help you, please do not hesitate to contact us. In some exceptional circumstances, and where it may be in your best interest to have your Housing Benefit paid to your landlord, this can be arranged.

There are also several organisations that can help you manage and organise your finances. Details of some of these are given at the end of this booklet.

Your Questions Answered

Q How can I tell what the LHA rate will be for a property I am interested in renting?

A We will publish the LHA rates for Plymouth every month. These will be advertised in Council Offices, the Job Centre, Citizens Advice and other organisations in the Plymouth area. You can also check the rates on the Plymouth City Council website: www.plymouth.gov.uk

The actual rate your LHA is based on will depend on the size of your household. The number of bedrooms you need may not necessarily be the same as the number of bedrooms there actually are in the property.

Q Are the rates the same no matter where I live in Plymouth?

A Yes. The Rent Service is required to set LHA rates for ‘Broad Rental Market Areas’ (BRMA’s). The country is divided into different BRMA’s and Plymouth as a whole has been classified as one area.

Q I don’t agree with the Local Housing Allowance Rate that applies to the property I live in. Can I appeal against it?

A No. It is not possible to appeal against the LHA rates. This is because the level is set for the whole BRMA and would apply to all claimants who apply for benefit in any given month; so any change to the rate would affect them all. No individual can have the right to affect another person’s benefit entitlement.

Q What if the Local Housing Allowance amount I receive is less than my rent?

A As with the existing way of calculating Housing Benefit, you will be required to make up any shortfall between the benefit you receive and the rent due to your landlord.

Q My landlord currently receives my Housing Benefit straight into his bank account, can this continue?

A If you are already receiving Housing Benefit you will continue to be paid under the existing scheme, so we will continue to pay your Housing Benefit direct to your landlord for you.

However, if your circumstances change (i.e. you move to new private rented accommodation or have a break in your claim of one week or more), your new claim will be assessed using the LHA rules. This means you will no longer have the option to have payments sent direct to your landlord. The new scheme pays LHA direct to you the tenant, usually into a bank account.

There are safeguards in place for those people who have difficulty dealing with their finances, and therefore may be considered vulnerable. The Council will have the discretion to pay benefit to landlords in these exceptional circumstances. If you feel you may qualify for this safeguard, please request our form **Application for Landlord Direct Payments and Authorisation to Discuss** and your case will be considered.

What if I am in arrears with my rent?

A We will continue to pay your Local Housing Allowance to you until such time that you may fall 8 weeks or more in arrears with your rent. If the council are advised of this we will consider paying your Local Housing Allowance direct to your landlord until your arrears fall below this level. Evidence of these arrears will be required so please ensure you keep a record of all rent paid to your landlord.

I don't have a bank account, what can I do?

A The Council and the Government are promoting the use of bank accounts for private tenants receiving benefit. You can set up a basic bank account with almost any bank in Plymouth. Please see our leaflet titled **Information on Bank Accounts** for more details. Most people should be able to open a basic bank account, even those with a poor credit history.

The use of a standing order or direct debit to transfer your rent from your own account into your landlord's is also an easy and effective method of payment, and it allows you to manage your own money and assists you in budgeting your finances.

Q Will the amount of Local Housing Allowance I receive change at any time?

A Once your claim has been assessed, the LHA figure will last for 12 months from the date of claim. Your claim will then be re-assessed using the LHA rates for the month of assessment; this is known as the Anniversary Date.

For example:

New Claim – Couple A with no children LHA rate – 1 bedroom

Claim made and benefit paid from	26 May 2008 using May 2008 LHA rate
LHA Anniversary Date	26 May 2009 using May 2009 LHA rate

If however there is a change in your circumstances which affects your LHA rate within that year (e.g. a non dependant moves in, which affects the number of rooms you are entitled to) your review date will then be 1 year from the new assessment date.

For example:

Couple A (as above) have a baby New LHA rate – 2 bedrooms

Claim made and benefit paid from	26 May 2008 using May 2008 LHA rate
New arrival to the family on	9 Sept 2008 using Sept 2008 LHA rate
LHA Anniversary Date	9 Sept 2009 using Sept 2009 LHA rate

Q Where can I get more advice about Local Housing Allowance?

A See the back page of this leaflet for Plymouth City Council contact details.

You can also get more help from the following websites:

- www.dwp.gov.uk **Department of Work and Pensions**
- www.therentservice.gov.uk **The Rent Service**

For help and advice on managing your money visit:

- www.plymouth.gov.uk **Plymouth City Council**
Follow links for LHA & Debt Advice
- www.adviceguide.org.uk **Citizens Advice Bureau**
- www.cccs.co.uk **Consumer Credit Counselling Service**
- www.tomorrows-people.org.uk **Tomorrows People**
- www.national-uk-debtline.co.uk **National Debtline**

How to contact us for more information

If you have any further questions about the Local Housing Allowance scheme, you can contact us by:

■ **Visit at:** Civic Centre, Armada Way, Plymouth, PL1 2AA.

Our Customer Services Counter is open from 8.30am to 5.00pm Monday to Friday.

■ **Telephone on:** 01752 304889

Our Tenant Services Telephone Lines are open from 8.30am to 5.30pm Monday to Friday.

■ **Fax on:** 01752 304278

■ **Email to:** lhabenefits@plymouth.gov.uk

■ **Visit our Website at:** www.plymouth.gov.uk

■ **Write to us at:**

Head of Revenues and Benefits
Corporate Resources Department

Plymouth City Council
Civic Centre
Armada Way
Plymouth
PL1 2AA

If you have any further comments or questions about our Local Housing Allowance booklets, or if you would like to receive further information about the new scheme, please email your request to lhabenefits@plymouth.gov.uk

If you require this information in another language, or would like it provided in braille please contact my office on the above number and substitute documentation will be provided.