





# Local Housing Allowance - Overview

## What is Local Housing Allowance?

Local Housing Allowance (LHA) is a new way of deciding rent payments for people receiving Housing Benefit (HB). It does not replace HB. It uses a flat rate allowance based on the size of the tenant's household and the area in which they rent property to decide the amount of benefit they will receive. This amount is not directly related to the rent that you charge so the benefit that your tenants receive may be higher or lower than the contractual rent. The rate of LHA that customers receive will be reviewed every year.

Other circumstances, such as the money 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 LHA.

## When are the changes being introduced?

We will introduce the new LHA from April 7th 2008.

The new scheme will apply to Housing Benefit customers in the deregulated private sector. Certain types of supported accommodation, Registered Social Landlords, and "old style" tenancies are exempt, and so calculated under existing rules.

*Example:*

| Household  | Bedrooms Needed |
|--|-----------------|
| Family A - single parent with one child                | 2               |
| Family B - couple with 1 girl aged 6 and 1 boy aged 8  | 2               |
| Family C - couple with 1 girl aged 6 and 1 boy aged 12 | 3               |

## Will benefit claims be transferred to LHA rates right away?

Not straight away. Tenants will continue to receive benefit under existing rules until they have a break in their claim of one week or more, or they move to a different address.

## What are the rates based on?

Different LHA rates will apply in different areas. The amounts will be based on the size of a tenants household. The rates may change and will be published every month.

The amount of LHA will depend on the number of bedrooms a tenant/claimant needs and the area in which a person lives.

One bedroom will be needed for

- each adult couple
- any other adult (aged 16 or over)
- any two children under 10
- any two children of the same sex aged 10 to 15
- or for any other child.

In the above example Family A & B would receive the 2 bedroomed LHA rate and Family C would receive the 3 bedroomed LHA rate. Single under 25's will receive the "shared accommodation" LHA rate – replacing the current "single room rent" level. One major difference from the current scheme is that any single person, or childless couple who rents shared accommodation will receive the "shared accommodation" LHA rate regardless of age.

### What if the customer's benefit is higher than their rent?

They may keep any of the excess that they are paid up to a maximum of £15 per week. Prospective tenants will be able to shop around with their allowance. If they find a property they like with a rent that exceeds their LHA they will need to make up the difference themselves – as they do now. But if they find somewhere with a rent below their allowance, they will be able to keep the difference up to a maximum of £15.00.

*Example:*

| Number of bedrooms needed | Gross Rent charged | LHA Rate | Maximum LHA Paid |
|---------------------------|--------------------|----------|------------------|
| 3                         | £70                | £109.62  | £85              |
| 3                         | £100               | £109.62  | £109.62          |
| 3                         | £120               | £109.62  | £109.62          |

There are no changes to the entitlement rules – this will still be based on a person's income and savings and proof of a valid tenancy etc.

### Who will benefit be paid to?

Personal responsibility and financial inclusion are two key aims of the LHA. In the vast majority of cases, benefit will be paid to your tenant who will be responsible for making their own payments of rent.

We will be able to pay benefit directly to the landlord only where:-

- there is evidence that the tenant is unlikely to pay the rent
- the tenant has difficulty managing their financial affairs
- the tenant is 8 weeks or more in arrears.

Your tenant will no longer be able to choose to have benefit paid directly to you.



## Local Housing Allowance Rates

From 7th April 2008, Local Housing Allowance will be the new way of working out new claims for Housing Benefit for tenants renting accommodation from a private landlord.

We have now received the Local Housing Allowance rates for Stockton which come into effect from 7th April 2008.

| Month needed | Number of Bedrooms        | Weekly Amount<br>£ | Monthly Amount<br>£ |
|--------------|---------------------------|--------------------|---------------------|
| April 2008   | Shared Accommodation rate | 56.00              | 242.67              |
| April 2008   | One Bedroom rate          | 83.08              | 360.01              |
| April 2008   | Two Bedroom rate          | 95.00              | 411.67              |
| April 2008   | Three Bedroom rate        | 109.62             | 475.02              |
| April 2008   | Four Bedroom rate         | 150.00             | 650.00              |
| April 2008   | Five Bedroom rate         | 203.08             | 880.01              |

These rates will be published on our website and at various reception points throughout the Borough. If you would like to be informed of any changes to these rates we can e-mail you any new figures as soon as they become available. If you would like to take advantage of this

facility, please e-mail [brian.wilson@stockton.gov.uk](mailto:brian.wilson@stockton.gov.uk) to register your e-mail address. We will then provide you with any changes to the Local Housing Allowance rates as and when they occur.

# Your questions answered

At our training day in January, you raised a number of questions and we promised to get back to you with the answers.

## **How can I apply to receive payments of rent arrears from my tenant's Income Support or Job Seekers Allowance?**

You can apply to the Job Centre Plus, Third Party Deductions Team.

Their address is Stockton BDC, Earlsway, Gateshead NE92 1BS. They can also be contacted by telephone on 0845 600 1651. Please note if you do receive direct payments, housing benefit will, upon application and supported by evidence, be paid directly to you.

## **How can I feed my rent levels into the Rent Service database?**

The Rent Service has set up a Lettings Research Team to improve their lettings database. Their aim is to gather lettings information from all areas of the Private Rented Sector across England. This will ensure that stable and accurate Local Housing Allowance figures are produced from April 2008.

You are key to the success of this scheme as it is driven by the rents achieved in the open market. The Rent Service needs to collect details of your open market lettings – where tenants do not receive housing benefit. The information that you provide will be dealt with in the strictest of confidence and in accordance with the data protection act.

You can complete the Lettings Information Form which is available on the Rent Service website <http://www.therentservice.gov.uk/lettin>

[gs-research/index.asp](http://www.therentservice.gov.uk/lets-research/index.asp) - the form can be printed and faxed to the Lettings Research Team (020 7023 6143). Alternatively, if you prefer you can call them and provide the relevant details over the telephone (07776226368 and 01925843979).

## **When should I contact the Benefits Service if my tenant has not paid his rent?**

When your tenant is 8 weeks or more in arrears with their rent we will, upon application and supported by evidence, pay benefit directly to you. At the landlord Forum you did have concerns over having to wait 8 weeks and could you contact us at an earlier date. The answer is yes. However we can only provide you with information about a person's claim for benefit if they have signed and agreed to us sharing information with you. This agreement can be found on page 22 of the Housing Benefit Application Form.

We recommend that you contact us around 5 weeks after a new claim submission or tenancy start date if you have not received any rent payments and wish to know the status of a particular housing benefit claim.

## **How can I apply for benefit to be paid directly to me?**

It is important to re-iterate that in most instances benefit will be paid directly to tenants. However there are certain circumstances when benefit can be paid to a landlord. We have developed a "Safeguarding Policy" which outlines the



circumstances when we can consider paying benefit payments directly to you. This is accompanied by a "Safeguard Application" form which must be completed for each request. All requests need to be supported by appropriate evidence

These documents can be viewed and printed on our website [www.stockton.gov.uk/hsgben](http://www.stockton.gov.uk/hsgben). Alternatively if you would like us to send you a copy, please contact us

## Bank Accounts and Money Advice

With the introduction of Local Housing Allowance, payments will, in most instances, be paid directly to the tenants/claimants. Over the past few months we have been actively promoting payments of benefit by BACS to all our customers. We have now produced a "Guide to Basic Bank Accounts" leaflet which provides details of accounts available from our High Street banks and we will encourage all claimants to open bank accounts to receive their benefit.

As a landlord, bank accounts allow you the option of agreeing direct debits or standing orders with your tenants as a method of receiving rent. You may want to discuss this option with your tenants either at the start of a tenancy or when payments are paid directly to them.

The "Guide to Basic Bank Accounts" can be viewed on our website at [www.stockton.gov.uk/hsgben](http://www.stockton.gov.uk/hsgben)

Alternatively if you would like us to send you a copy, please contact us

Because most claimants will be receiving the benefit themselves (in some instances for the first time) we will be emphasising to them their responsibilities and the importance of paying their rent. We will explain to them the consequences of not paying their rent to include:

- The potential to lose their home
- Their benefit may not be paid to them in the future
- They may have difficulty finding new accommodation
- They may still have to pay the landlord the money they owe and possibly extra money to cover any court costs
- Any application for re-housing could be affected

We will be promoting our BACS facility to have their benefit paid into a bank account. That way they can arrange to pay the rent automatically to you by a standing order. If they do not already have a bank account, you may want to signpost them to one of the local banks.

We appreciate that, for some people, receiving their benefit directly may be the first time they have had responsibility to manage their own financial affairs. We have produced a leaflet "Money Worries" which details many organisations that can provide advice about debt and money problems which can be viewed and printed at [www.stockton.gov.uk/hsgben](http://www.stockton.gov.uk/hsgben). Alternatively if you would like us to send you a copy, please contact us.

## Direct Authorisation

Before the introduction of Local Housing Allowance, we asked you to complete a signed declaration for each one of your tenants who had asked for their housing benefit to be paid directly to you.

From April, if we do decide to pay your tenant's housing benefit directly to you,

we will no longer ask you to complete this form every time a decision to pay you is made.

We will only ask that you complete one form to cover all of your tenants who may have Housing Benefit paid direct to you.

## Landlord Liaison Scheme

With the introduction of Local Housing Allowance, it is more important than ever for you to know who you are letting your property to. Stockton Council's Landlord Liaison Scheme was established to enable housing providers make informed decisions when it comes to the allocation of housing to prospective tenants.

Reference information will be available on previous housing history, such as involvement in anti-social behaviour, rent arrears, breach or abandonment of tenancy agreements and damage to property.

The scheme will also provide information

and support on any tenancy related issues including tenancy agreements, eviction, enforcement and help with specific cases involving the tenants of private landlords.

There are no charges connected with this scheme and the more landlords who join, the more rewards there will be for everyone involved

To become a member of the Landlord Liaison scheme and receive the benefits of this service simply contact the team by phone (01642 527620) or e-mail them [ASBTeam@stockton.gov.uk](mailto:ASBTeam@stockton.gov.uk) to request an information pack and membership form.

## Landlord Information and Training Day

Thanks to everyone who attended our information and training day in January and for your thoughtful and constructive feedback.

Everyone who commented felt that the day met their training needs, but for some it highlighted areas where they would do some further research.

In relation to local housing allowance, a number of you indicated that you would like more information once the LHA rates were available, and requested a further meeting and information session about 6 months after implementation to help evaluate the scheme and the implementation in Stockton. We'll be

happy to do that and will give details, and some more evaluation results in our next newsletter.

As requested at the event we have added information about ENERGY PERFORMANCE CERTIFICATES and GAS SAFETY INFORMATION in the Private Sector Housing to our website. For more information log onto our website [www.stockton.gov.uk/privatelandlords](http://www.stockton.gov.uk/privatelandlords) or a copy can be obtained by contacting the Division's First Contact Officer on 01642 527797. We have also provided a summary of the Landlords Information and Training Day on the website. If you require further assistance please email [landlords@stockton.gov.uk](mailto:landlords@stockton.gov.uk)



## Not sure who to contact?

You can now e-mail your queries to [landlords@stockton.gov.uk](mailto:landlords@stockton.gov.uk) and we will forward your e-mail to the correct department or you can use the key contact list below.

You can also access the private landlords homepage on Stockton Councils web site, which gives up to date information and contact details for useful departments, at [www.stockton.gov.uk/privatelandlords](http://www.stockton.gov.uk/privatelandlords)

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| Anti Social Behaviour  | Anti Social Behaviour Team providing advice, support and enforcement action where necessary  | (01642) 527615<br><a href="mailto:ASBTeam@stockton.gov.uk">ASBTeam@stockton.gov.uk</a>                           |
| Benefits - Housing & Council Tax                                       | National Benefits administered by Stockton Council to help people on low income pay their rent and Council Tax   | (01642) 393829<br><a href="mailto:benefits.section@stockton.gov.uk">benefits.section@stockton.gov.uk</a>         |
| Care for Your Area   | Street based services including household and business rubbish, litter/street cleaning, needles and syringes, recycling  | (01642) 391959<br><a href="mailto:careforyourarea@stockton.gov.uk">careforyourarea@stockton.gov.uk</a>           |
| Debt and Money Advice - Stockton District Advice & Information Service | Independent citizens advice on a wide range of issues  | (01642) 607445   |
| Energy Advice  | Free energy and environmental advice about cutting fuel cost & advice on eligibility for grants or discounts e.g. draught proofing cavity wall/loft insulation | (01642) 391959<br><a href="mailto:careforyourarea@stockton.gov.uk">careforyourarea@stockton.gov.uk</a>           |
| Housing Advice and Homelessness  | Advice and services for temporary housing and homelessness   | (01642) 528389<br><a href="mailto:housing.options@stockton.gov.uk">housing.options@stockton.gov.uk</a>           |
| Housing - Private Sector   | Housing disrepair; unsafe gas or electrical installations; licensing of Houses in Multiple Occupation; financial assistance for home improvements              | (01642) 527797<br><a href="mailto:privatesectorhousing@stockton.gov.uk">privatesectorhousing@stockton.gov.uk</a> |
| Landlord Liaison   | Advice and support services for landlords  | (01642) 527620   |
| Pest Control   | Advice and treatment of rats, mice, cockroaches, bed bugs, fleas, wasps and beetles  | (01642) 526575<br><a href="mailto:pest.control@stockton.gov.uk">pest.control@stockton.gov.uk</a>                 |
| Street Lighting  | Report faulty lights   | (01642) 526769<br><a href="mailto:street.lighting@stockton.gov.uk">street.lighting@stockton.gov.uk</a>           |
| Supporting People  | A programme funding providers of supported housing services to ensure vulnerable people receive appropriate support  | (01642) 528450<br><a href="mailto:supporting.people@stockton.gov.uk">supporting.people@stockton.gov.uk</a>       |
| UNITE  | Free service to resolve neighbour disputes and or conflict in a community  | (01642) 311633<br><a href="http://www.unite-mediation.org">www.unite-mediation.org</a>                           |