

FAQs

local housing allowance (LHA)



April 2011

What are the changes being made to housing and council tax benefit from 2011?

From 1 April 2011, there are two main areas of change: local housing allowance changes and an increase in the amount of non-dependant deductions.

- the £15 weekly local housing allowance top up will be removed
- there will no longer be a five bedroom local housing allowance rate, the maximum level customers can get is for a four bedroom property
- there will be an overall weekly maximum local housing allowance rate for each category of property:
 - £250 1 bedroom
 - £290 2 bedroom
 - £340 3 bedroom
 - £400 4 bedroom
- local housing allowance rates will be set at the 30th percentile instead of at the median, meaning that three out of every 10 properties will be affordable to people claiming housing benefit, rather than five in 10 at the moment
- the size criteria for private rented sector properties will include an additional bedroom if a customer or their partner has a need for overnight care that is provided by a non-resident carer
- there will be transitional protection for up to nine months for existing customers who see a reduction in their local housing allowance rate

These changes relate to non-dependant deductions:

- amounts of non-dependant deductions increase for the first time since 2001
- they are scheduled to increase over three years

Will I be affected?

If you live in a private rented property (not housing association) and you have made a new claim, or changed address since 7 April 2008, you will be affected by the LHA changes. All claimants with a non-dependant will be affected

What happens if I move from a council house or housing association property, will I be affected by the changes?

If you move into a private rented property, you will be assessed under the new LHA rules from the date you first claim.

I already live in a private rented property, when will I be affected by the changes to local housing allowance rates?

Anyone who makes a new claim after 1 April 2011 will be affected straight away.

Existing customers will not usually be assessed under the new rules until the anniversary of their claim occurring either on or following 1 April 2011. At this date the £15 top up will end immediately. All other changes will then have 'transitional protection' for 9 months, before the new changes take effect

For those who change address, have a break in claim, or have a change in the household, the changes take effect immediately from the date of change.

When is my anniversary date?

Your anniversary date is the yearly anniversary of the date you first started to claim housing benefit after April 2008, or the anniversary of the date your household composition changed (someone moved in or out of the property).

Will there be transitional protection against the loss of the £15 excess?

No, the transitional protection does not apply to the £15 excess. The extra £15 will end from the anniversary date of the claim, or earlier if you either, move address, have a break in entitlement or have a household composition change.

How will transitional protection work?

Transitional protection will apply to claimants who:

- were claiming under the local housing allowance arrangements immediately before the 1 April
- they have a new maximum rent (LHA) determined on or after the 1 April 2011 because they have become entitled to a larger category of dwelling or they have reached their anniversary date and
- their new maximum rent (LHA) is lower than the eligible rent which applied immediately before 1 April 2011

In these cases the claimant's eligible rent for the period of transitional protection will either be the:

- eligible rent which applied immediately before 1 April 2011, or
- if they previously had a top up, the amount of eligible rent minus the top up which was used in the determination of the maximum rent (LHA) on or after 1 April 2011

How long will the transitional protection last?

The transitional protection will normally last for nine months after which the claimant's eligible rent will revert to the maximum rent (LHA) determined at the anniversary or when the claimant became entitled to a larger category of dwelling. It could end sooner if the claimant:

- becomes entitled to a larger category of dwelling and the maximum rent (LHA) is equal to or higher than the transitionally protected eligible rent
- becomes entitled to a smaller category of dwelling
- changes address or
- is entitled to protection following the death of a linked person

If my new award of Housing Benefit is less than my rent charge, how I am expected to make up the shortfall?

There are a number of options available:

- you can apply for a discretionary housing payment (DHP), you must complete an application form detailing your income and expenditure and give details of any special circumstances which should be taken into account when deciding if you are entitled to an additional award of benefit
- you can negotiate a lower rent with your landlord, if your landlord agrees a lower rent then your shortfall will be reduced, and you will have less to pay
- if you are still unable to meet the shortfall, you may have to seek cheaper alternative accommodation. Remember that you will have in most cases up to nine months 'transitional protection' which should allow you time to find a job, increase your hours or find cheaper alternative accommodation

My landlord may be/may not be willing to reduce the rent. Is there any incentive for him doing this?

With the new changes to LHA affecting all private rented properties, if your landlord does not reduce the rent, he will be in the same position with any other tenant he takes on who is in receipt of benefit.

If your landlord does agree to reduce your rental charge to the LHA figure for the property, we may consider paying the landlord direct. This will ensure that the landlord is receiving his payment direct from the council each month, as long as the claimant is still in receipt of benefit. This may reduce arrears and chasing tenants for unpaid rent.

With the new LHA rates, there are now no properties available for rent

The LHA figure has been set at the 30% percentile. This means that three in every 10 properties are within the budget of housing benefit claimants. This should ensure there is still plenty of availability. You may wish to speak to housing advice team for additional advice regarding finding accommodation.

Why have the non-dependant deductions increased?

The amount of the non-dependants deductions have not increased since 2001, and the government have announced that they should be increased to make it fairer for all taxpayers, and to provide an expectation that adults make a reasonable contribution towards their housing costs.

Is this the only increase?

The government has announced that non-dependants deductions will increase over a three year period. This means we should expect a similar increase next year and also in 2012/13. No amounts have been confirmed, and will not be known until next year.

How much is the increase and what effect will it have on an award of housing benefit or council tax benefit?

The amounts have risen for both council tax and housing benefit.

For a claimant on the maximum non-dependants deduction, their housing benefit will be reduced by £12.85 per week and their council tax benefit will be reduced by £1.65 per week.

This is a total of £14.50 per week or almost £63 per month.

The changes are detailed in the tables below.

non-dependant deductions in council tax benefit	2010	2011
age 18 and over and in remunerative work		
-others aged 18 or over	2.30	2.85
- gross income less than £180.00	2.30	2.85
- gross income not less than £180.00 but less than £310.00	4.60	5.70
- gross income not less than £310.00 but less than £387.00	5.80	7.20
- gross income greater than £387.00	6.95	8.60
in receipt of pension credit, income support, job seekers' allowance(IB), or employment and support allowance(IR)	nil	nil

Non-dependant Deductions in HB	2010	2011
in receipt of state pension credit	nil	nil
in receipt of main phase employment and support allowance (IR)	7.40	9.40
not in receipt of main phase employment and support allowance (IR)	nil	nil
aged 25 or over and on income support or job seekers' allowance(IB) or aged 18 or over and not in remunerative work	7.40	9.40
Aged 18 or over and in remunerative work		
- gross income less than £122.00	7.40	9.40
- gross income not less than £122.00 but less than £180.00	17.00	21.55
- gross income not less than £180.00 but less than £234.00	23.35	29.60
- gross income not less than £234.00 but less than £310.00	38.20	48.45
- gross income not less than £310.00 but less than £387.00	43.50	55.20
- gross income more than £387.00	47.75	60.60

I now cannot afford for my non-dependant to stay with me. He/she will not pay towards his/her keep. Can you help?

This is a matter between your non-dependant and you. Although the figures are higher than previously, they are still much less than what the non dependant would pay if he/she was to find their own accommodation.

Have you applied for all benefits you are entitled to? If you are disabled, or require assistance, you may be entitled to disability living allowance (DLA) or attendance allowance (AA). If you receive either of these benefits, you may not have to pay any non-dependant deductions.