

Local Housing Allowance Information for Private Landlords

Housing and Council Tax Benefit



What is Local Housing Allowance?

Local Housing Allowance is a new way of working out new claims for Housing Benefit for tenants renting accommodation from a private landlord.

It also affects tenants already getting Housing Benefit who move into accommodation rented from a private landlord.

Local Housing Allowance is being introduced on 7 April, 2008. Local Housing Allowance will not affect people living in council accommodation or other social housing.

With Local Housing Allowance, benefit is not usually based on the property in which the tenant lives. It is based on:

- who lives with the tenant
- which area the property is in
- how much money the tenant has coming in
- what savings the tenant has

In some cases the amount of benefit will be affected by other things.

These can include:

- how much the rent is
- whether anyone living with the tenant is expected to contribute to their rent.

There is no change to the entitlement rules for Housing Benefit – these will still be based on a person's income, savings and proof of rent etc.

For more details about this, please ask us for a copy of our leaflet *Local Housing Allowance: An Introduction*. Our contact details are shown on the back page.

How do I find out what the Local Housing Allowance rates for my property will be?

We will publish the Local Housing Allowance rates every month on our website, at the Council Offices in Sidmouth and at the Town Hall in Exmouth. You can also phone us to ask us for a copy.

How does Local Housing Allowance affect landlords?

The only change for most landlords is that we will normally pay the benefit, worked out using the Local Housing Allowance rates, direct to the tenant. The tenant will be responsible for paying their rent to the landlord.

Which landlords does Local Housing Allowance affect?

Local Housing Allowance affects any landlord who enters into a deregulated private tenancy agreement with a person awarded Housing Benefit.

By deregulated, we mean a tenancy that has been entered into since 1989 and is not covered by one of the exceptions listed below.

Who is not affected by Local Housing Allowance?

Local Housing Allowance does not affect:

- local authority landlords who let to 'council tenants'
- tenancies with registered social landlords such as housing associations

- some supported housing
- tenancies which started before 15 January, 1989
- tenancies in caravans, houseboats or hostels
- tenancies where the Rent Officer has decided that a substantial part of the rent is for board and attendance.

Why is Local Housing Allowance being introduced?

Local Housing Allowance is being introduced to increase responsibility, place choice firmly in the hands of tenants and help develop the skills to make the transition into work.

The objectives of introducing Local Housing Allowance are:

Fairness – to pay similar amounts to tenants with similar circumstances.

Choice – to allow tenants to choose between price and quality of accommodation.

Transparency – it is easier for tenants (before they commit themselves to a property) and landlords to find out how much rent could be covered by Housing Benefit.

Personal responsibility – making tenants take responsibility for budgeting for, and paying, their own rent.

Financial inclusion – to encourage tenants to have their housing payments paid into a bank account and set up a standing order to pay the rent to their landlord.

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

Why are you stopping direct payment to landlords?

Tenants who get benefit calculated using the Local Housing Allowance rates should be able to take greater responsibility for managing their financial affairs and paying their rent to their landlords, in the same way as other tenants do. This is why any benefit will usually be paid to the tenant and not to the landlord.

In the past, there has never been a right for a landlord to receive Housing Benefit payments direct. However,

tenants have had the right to ask for this arrangement, and it is this right that is changing.

I already receive direct payment for some of my tenants. Will these payments stop?

No. Any tenant who is getting Housing Benefit on 7 April 2008, will continue to be paid the old way. If you are receiving Housing Benefit payments direct on behalf of your tenant(s), we will continue paying them to you.

The Local Housing Allowance rules will only affect any tenants who make a new claim, move address to new private rented accommodation or have a break in their claim, on or after 7 April 2008.

If you are a landlord who owns or manages a number of properties, you may find that you have tenants who claim Housing Benefit under the two different schemes.

This will mean that you may have tenants getting Housing Benefit that we pay direct to you, and other tenants getting Housing Benefit calculated using the Local Housing Allowance rates who will pay you themselves.

What protection exists for landlords?

There are several safeguards which protect the interests of landlords. Some of these already exist. For example, a local authority must usually pay the benefit to the landlord if the tenant is eight weeks or more in arrears with their rent.

We may make payment direct to the landlord if we decide that the tenant is:

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

We can also decide to pay benefit to the landlord if, during the current claim to benefit, we have previously had to pay the landlord because the tenant was eight weeks or more in arrears with their rent.

We recommend that, if a tenant is starting to build up rent arrears, you should get in touch with us before it gets to eight weeks. This will allow us to investigate whether there is a problem that needs addressing.

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. Evidence will be required to support a request, which can be made by the tenant or other interested party.

You, as a landlord, can approach us if you think it likely that your tenant will have difficulty in paying or you feel they cannot deal with their financial affairs. We will contact your tenant for further information regarding this.

It is up to us to decide whether a tenant is unlikely to pay their rent. We can only do this if we have evidence of past, or likely, failure to pay rent. We will take into account all knowledge and evidence available to us at the time, including any known past history when making our decision.

It will also be important for the landlord to keep proper and adequate records of rent payments received and details of any contact made with the tenant.

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

As part of the Housing Benefit reforms, tenants will no longer be able simply to ask for their benefit to be paid direct to their landlords. If a tenant feels that they may have difficulty in managing their financial affairs and may be entitled to direct payment to their landlord, we will consider any request they make.

Contact us if you want more details about tenants who are likely to have difficulty paying their rent. Our contact details are shown on the back page.

If direct payments are made to me, how long will they go on for?

If we consider it to be likely that a tenant will have difficulty in paying their rent and there is little or no prospect of their situation changing, payment of benefit to the landlord is likely to be long-term.

In cases where the situation is likely to be temporary, or if the tenant has repaid rent arrears of more than eight weeks, we will review the situation. If the tenant is in a better position to have their benefit paid to themselves,

and to pay their rent in full and on time, direct payments to the landlord will stop.

Won't tenants spend their Local Housing Allowance on other things?

Many tenants in the private rented sector get their Housing Benefit paid to them and regularly pay their rent on time. If a tenant is moving to direct payment, we will make it clear to them what their responsibilities are and the consequences of not paying their rent.

There will be some customers who can't manage their own rent payments, so the extensive package of safeguards will stop these customers falling into unmanageable difficulties.

The Local Housing Allowance scheme has been operating in 18 local authorities across England, Scotland and Wales since October 2003. In these areas, 84% of tenants whose benefit is calculated using the Local Housing Allowance rules are successfully managing their own rent payments.

Of the remainder, only a third are having their Housing Benefit paid to the landlord because they have fallen into arrears of eight weeks or more.

The rest are having their benefit paid to the landlords because the local authority identified that they might not be able manage their rent payments.

Won't this discourage landlords from letting their properties to claimants?

We believe the Local Housing Allowance scheme has positives for both landlords and tenants.

The reforms are intended to help landlords, as well as tenants, by creating a more transparent system that is simpler to understand and administer. Overall, it will support and clarify the relationships between the local authority, tenants and landlords.

Landlords will still be able to approach the local authority for help with rent arrears for tenants getting benefit calculated using the Local Housing Allowance rules. They cannot do this if they have a tenant in rent arrears who is not getting benefit.

Because payments are going to tenants in most cases, this removes the possibility of our having to ask landlords to repay large amounts in overpaid benefit. Under the Local Housing Allowance scheme it is

unlikely that the local authority would ask you to repay any money that your tenant has paid directly to you.

Can I make direct payment a condition of the tenancy?

A local authority is not party to the tenancy agreement between a landlord and tenant, and is not bound by any conditions in a tenancy agreement.

We cannot pay benefit to a landlord directly at the tenant's request – the rules about when we can pay the landlord directly are outlined above. You cannot change this by making direct payment a condition of the tenancy.

What appeal rights do I have against a payment decision?

Appeal rights are not changing as a result of the new scheme. You will still have the right to appeal against a decision by the authority not to make direct payments.

Where to get more information

If you want to know more about the changes and how they affect you, please use our contact details shown here or visit www.direct.gov.uk.

Please remember that this leaflet is a guide only. It is not meant to say exactly what your legal rights are.

While we have tried to make sure that the information in this leaflet is correct at the date shown below, it is possible that there may be incorrect information or some ideas may be oversimplified.

Also, please remember that the information in this leaflet is likely to become less accurate over time because of changes to the law.

Contact us



Phone:

Our Benefits and Council Tax Helpline on **01395 517446** between 8.30am and 5.00pm



Visit us at:

- The Council Offices, Knowle, Sidmouth, daily between 8.30am and 5.00pm
- Exmouth Town Hall (daily except Wed) from 9.00am to 1.00pm and 2.00pm to 4.30pm
- One of our regular surgeries in Axminster, Seaton or Honiton (phone 01395 517446 for dates and times)



Write to us:

Housing Benefits
East Devon District Council
Knowle, Sidmouth EX10 8HL



Email us:

benefits@eastdevon.gov.uk

Visit our website:

www.eastdevon.gov.uk