



LHA changes, April 2011

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Changes to LHA rates

- Pre 01/04/11, LHA based on 50% percentile or median rent
- From 01/04/2011, LHA based on 30% percentile.
- Overall effect is to lower LHA rates across the board.



Changes to LHA rates

Bedrooms	March 2011	May 2011	Difference (£)
Shared accommodation	£77.58	£73.42	-£4.16
	£336.18	£318.15	-£18.03
One bedroom	£144.23	£137.31	-£6.92
	£625.00	£595.00	-£30.00
Two bedrooms	£183.46	£173.08	-£10.38
	£795.00	£750.00	-£45.00
Three bedrooms	£219.23	£207.69	-£11.54
	£950.00	£899.99	-£50.01
Four bedrooms	£321.92	£276.92	-£45.00
	£1394.99	£1199.99	-£195.00
Five bedrooms	£455.77	NA	
	£1975.00		



Changes to LHA rates

- New rates take effect from a tenants anniversary date
- But up to 9 months transitional protection
- Transitional protection would end if tenant moves, comes off benefit or household changes meaning a lower LHA rate is eligible.



Changes to LHA rates

- No 5 bed LHA rate from 01/04/11
- Transitional protection applies for existing tenants.
- New tenants LHA capped at 4 bed level



Cap LHA figures

- No LHA rate in the UK can now be higher than;
- 1 bed - £250.00 pw
- 2 bed - £290.00 pw
- 3 bed - £340.00 pw
- 4 bed - £400.00 pw
- Doesn't effect BOB LHA rates



Direct payment

- An additional safeguard from 01/04/2011 enables LA's to make direct payment where "they consider that it will assist the customer in securing or retaining a tenancy. For a tenancy to be secured or retained it is implicit that the rent should be affordable to the tenant"

HB Reg 96 (3A) (b) (iv)



Direct payment

- Lower LHA rates mean some tenants will have shortfall's in rent.
- New direct payment provision encourages tenants to negotiate a lower rent charge with landlords.
- A tenant can only be accepted as being able to retain or secure a tenancy if the rent is at a level the LA considers they can reasonably afford whilst in receipt of housing benefit.



Direct payment

- If the tenant continues to have a shortfall which they cannot meet, they will not be able to meet their rental commitment and will risk eviction.
- Tenancy would not be retained, therefore this direct payment safeguard would not be met.



Direct payment

- DWP policy intention is that rent is affordable to the tenant.
- Most cases, this will match the LHA rate for that tenant.
- Each case looked at individually, no blanket policies.



Direct payment

- Evidence of genuine reduction in rent required, normally this is a new tenancy agreement.
- Tenants under an existing tenancy agreement and rent is reduced, letter from the landlord will suffice.



Direct payment

- For brand new tenancies where the letting would not be made without direct payment, the rent still has to be affordable to the tenant.
- We may require proof from the landlord that the previous rent charge has been reduced.



Direct payment

- If a landlord routinely lets to HB tenants at an affordable level, it is reasonable to expect they would continue to do so without direct payment.
- It is not the intention that this safeguard be used to make payments to a landlord as a matter of course.



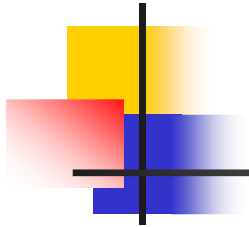
Direct payment

- Once direct payment is in place, it is conditional on the rent being kept at an affordable level.
- A rent increase which make it unaffordable ends the direct payment provision.



Direct payment

- Normally, the request for direct payment should come from the tenant but it can come from the landlord or another related body such as a homelessness officer.
- Most tenants would agree to the direct payment if it helps with their tenancy but if not, the LA will make a decision in the best interests of the tenant.



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- Any questions?