



South Hams  
District Council

# Local Housing Allowance

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## Frequently asked questions



New name for Housing Benefit for tenants in privately rented accommodation



# Frequently asked questions



## What is the Local Housing Allowance (LHA)?

Local Housing Allowance is the new name for Housing Benefit for tenants in privately rented accommodation which will come into effect from 7th April 2008.

The idea is to simplify the rules and to allow you more freedom – both financially and as to where you live.

LHA is a flat rate allowance based on the size of your household and the area in which you live. There are no changes to the Benefit entitlement rules – this will still be based on your income, savings and proof of a valid tenancy. It will normally be paid to you, and you will then pay your landlord.

Each local authority will be divided into Broad Rental Market Areas (BRMA). The Rent Officer Service will set individual LHA rates for each BRMA. There are two of these within the South Hams area. We will publish them each month so that both you and your landlord can be clear about the amount of rent that LHA will cover.

With this information, you will be able to shop around with your allowance. If you find a property you like with a rent that exceeds your LHA you will need, as you do now, to make up the difference yourself. But if you find somewhere with a rent below your allowance, you will be able to keep the difference up to a maximum of £15.00 per week.



## What if I am withholding rent due to a dispute?

Once arrears of rent, whatever the cause, have reached 8 weeks then we must make payments direct to the landlord. Provided that there has been no finding that the landlord is not a 'fit and proper person' or that it is not in your overriding interests to make direct payments. Where, for example, you are in dispute with your landlord. But you will have to provide evidence of this.



## How will any LHA overpayments be reclaimed?

The rules on claiming back overpaid LHA are the same as the present rules for claiming back overpaid Housing Benefit.

At the moment:

- Benefit overpaid to a landlord - can be reclaimed from either the landlord or the tenant, as the Council chooses
- Benefit overpaid to a tenant - can only be reclaimed from them.

As most tenants will receive their benefit themselves under the LHA, most overpayments will be reclaimed from them and not the landlord.



## What if LHA payments were split between landlord and tenant?

Situations can arise where benefit is overpaid over a long period of time and payments were made direct to the landlord for part of that period and to the tenant for the rest of it. In these cases, we can reclaim the overpayment from either, or both, the landlord and tenant. This is no different to the current position with Housing Benefit.



## Can I appeal against direct payment decisions?

Yes. Both landlord and tenant may appeal against any decision about whether or not to pay rent direct to the landlord.

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*idea: simplify the rules and to allow you more freedom*



with your rent by 8 weeks or more, then the landlord has the right to ask for direct payments. In those circumstances we would tell the landlord the amount of LHA you are entitled to.

Payments will normally be made by direct transfer to your bank account, which will mean that there are no postal delays to worry about, and you do not have to wait for a cheque to clear. The money is available as soon as it arrives in your bank account.

### What if I don't have a bank account?

The Council and the Government are promoting the use of basic bank accounts for tenants receiving benefit. The use of standing orders and direct debits are an easy and effective way of managing money and mean that you don't need to wait for cheques to clear.

If you are worried about setting up a bank account, the Citizens Advice Bureau (CAB) can help with this and also with advice on budgeting and managing debt.

The South Hams CAB advice lines are open from

10.00am to 1pm  
Monday to Friday

and also from

1.00pm to 4.00pm  
on Monday, Wednesday  
& Friday.

Their telephone number is  
(01803) 862392

You can also get information on opening a bank account from the Financial Service Authority on

0845 606 1234

or at

[www.moneymadeclear.fsa.gov.uk](http://www.moneymadeclear.fsa.gov.uk)

### What are 'arrears'?

Direct payments should be made to a landlord if you are in arrears of an amount equivalent to 8 weeks or more of the amount you are liable to pay your landlord as rent.

You cannot be in arrears until the period for which the rent is due has ended.

### Who will be affected by LHA?

LHA will be used to work out Housing Benefit for all new claims, existing claims where you change your address or claims where there has been a break in your entitlement of one week or more, received on or after 7th April 2008.

But the new rules will not apply to:

- council tenants
- tenants of registered social landlords (Housing Associations)
- tenants who have a registered or 'fair' rent
- tenancies which commenced before January 1989
- protected cases such as supported housing provided by social landlords, charities or voluntary organisations
- tenancies in caravans, houseboats or hostels

### Why is the Local Housing Allowance being introduced?

Local Housing Allowance (LHA) is part of the Government's attempt to

simplify Housing Benefit and also supports its wider objectives for welfare reform.

The Government's main aims in introducing LHA are to promote:

- Fairness: LHA bases the maximum amount paid to you on the size, composition and location of your household. Therefore, two households in similar circumstances in the same area will be entitled to a similar amount of help.
- Choice: you are able to take on greater responsibility and choose how to spend your income in a similar way to tenants who are not in receipt of benefits. Like other tenants, you will be able to choose whether to rent a larger property, or spend less on housing and increase your available income.
- Transparency: the current link between Housing Benefit and individual rents is complicated and does not set out clearly what level of help is available



for people on low incomes. LHA helps you and landlords to know how much financial help is available. You will be able to compare how much support is available towards your housing costs in different areas and for different property sizes.

- Financial: ideally, we would like you to have your LHA payments paid into a bank account and for you to set up a standing order to pay the rent to your landlord. This has the advantage of being a safe and secure method of payment and provides more certainty for landlords that rent will be paid.
- Better administration: for working age tenants, LHA provides a simpler system - which should mean that we will be able to deal with your claim quicker. This will help give you confidence that any in-work benefit will be paid quickly.

### What are the rates based on?

Different LHA rates will apply in different areas. Within those areas,

they will be based on the average rent charged by landlords in the private sector for properties of various sizes.

LHA rates will be further broken down into room rates - depending on the size of your household, including any non-dependants. They will be based on allowing one bedroom for:

- every adult couple
- every other adult who is not part of a couple
- any other adult aged 16 or over
- any two children of the same sex
- any two children regardless of sex under age 10
- any other child.

The number of living rooms, kitchens and bathrooms are ignored.

### What help are single tenants living in a bedsit or studio accommodation entitled to?

There is a category of LHA for shared accommodation, which is applied if you do not have exclusive

use of more than one room and have to share any or all of a kitchen, a room suitable for living in, or a bathroom or a toilet.

If you are single and under 25 you will be entitled to the shared rate whether or not you are the sole occupier.

If you are a couple (same or opposite sex) or a claimant over 25 living in self contained, one room accommodation (such as a studio flat) you will be entitled to the rate for a one bedroom property, provided that you rent a property of at least that size.

### Will there be any right of appeal against the levels of allowances for each Broad Rental Market Area (BRMA) determined by the Rent Officer?

No. There will be no right of appeal because the BRMA covers an area which includes other tenants who are content with their allowance.

### What happens if the landlord increases the rent?

The LHA takes no account of the actual level of rent you pay. It is based purely on your room requirement. That is why if you rent somewhere cheaper than the LHA rate you can keep the difference (up to a maximum of £15.00). A rent increase would not normally be a change that would require a new LHA rate to be used.

### How will the LHA be paid?

LHA is payable directly to you. You will no longer have the option of asking us to make payments direct to your landlord. If you are already receiving Housing Benefit payments, LHA will be paid with the same frequency as they are now. If you are a new claimant they will be paid four weekly in arrears.

You will have to make arrangements to pay your landlord. The Council will not talk to your landlord about a claim unless you have given us written permission to do so. Unless, you are in arrears



**IHA** **If a landlord won an appeal and the Council had to make direct payments to them, would the Council have to pay the landlord all the arrears that are due, even though they had already paid LHA to the tenant?**

No. Even if a landlord won an appeal, we would not make duplicate payment of LHA. Direct payments would be made from an acceptable future date to ensure that no overpayment occurs.

**IHA** **Can a tenant or landlord appeal against a decision that the landlord should not receive LHA on the customer's behalf as an agent?**

No. Neither the tenant nor the landlord can appeal against the decision.

**IHA** **Where can I obtain further information?**

You can obtain further information by telephoning us on

**01803 861234**

and asking for the Benefits team - between 8.30 am and 5 pm Monday to Thursday. 4.30pm on Friday.

Or you can come in and see us at:

**South Hams District Council  
Follaton House, Plymouth Road  
TOTNES, TQ9 5NE.**

But please make an appointment first so that we can see you straight away.

You can also:

write to us at the above address  
*email us* at [customer.services@southhams.gov.uk](mailto:customer.services@southhams.gov.uk)

or *via our website*

**[www.southhams.gov.uk](http://www.southhams.gov.uk)**

(and follow the links through Benefits)



To get this leaflet in another format or language tel: 01803 861234