

# Housing Benefit Changes from April 2011



# Local Housing Allowance (LHA)

- Renting from a private landlord
- New claims made on or after 7<sup>th</sup> April 2008
- Monthly LHA rates provided by Rent Service
- Rate used to work out housing benefit is based on
  - Area where you live (postcode)
  - Size of property you 'need'

# LHA Size Criteria

One bedroom for:

- every adult couple (married or unmarried)
- any two children aged under 10
- any two children of the same sex aged under 16
- any other adult aged 16 or over
- any other child

Additional rules for shared accommodation

# Shared Accommodation rate

- Single people without children, aged under 25, except
  - Care leavers under 22
  - People receiving the middle/higher rate Disability Living Allowance care
- Couples without children if they live in shared accommodation

# February 2011 LHA rates

<b>Property size</b>	<b>Outer South West London</b>	<b>Inner South West London</b>	<b>Outer West London</b>
<b>Shared</b>	£87.50	£115.38	£85.96
<b>1 bedroom</b>	£196.15	£250.00	£173.08
<b>2 bedrooms</b>	£253.85	£315.00	£207.69
<b>3 bedrooms</b>	£300.00	£385.00	£253.85
<b>4 bedrooms</b>	£403.85	£530.77	£311.54
<b>5 bedrooms</b>	£576.92	£822.69	£323.08

# Changes to Local Housing Allowance

## April 2011

- Remove the 5 bedroom rate
- National upper limits for each property size
  - £250 a week for 1 bedroom
  - £290 a week for 2 bedrooms
  - £340 a week for 3 bedrooms
  - £400 a week for 4 bedrooms
- End of the £15 HB 'excess'

# Changes to Local Housing Allowance

**April 2011**

**LHA rates will be set at the 30<sup>th</sup> percentile of rents in the area rather than the median**

Local Housing Allowance rates will be reduced so that 3 in 10 properties for rent in the area will be affordable to people on Housing Benefit rather than every 5 in 10 properties as now.

## Outer South West London LHA Rates

	<b>Feb 2011 LHA rate</b>	<b>Indicative 30<sup>th</sup> percentile rate for Feb 2011</b>
Shared	£87.50	£80.00
1 bedroom	£196.15	£183.46
2 bedrooms	£253.85	£230.77
3 bedrooms	£300.00	£276.92
4 bedrooms	£403.85	£357.69
5 bedrooms	£576.92	n/a

# The changes will apply to

- All new and change of address LHA claims that start on or after 1<sup>st</sup> April 2011
- Existing LHA claims from the first date that the LHA rate is reviewed after 1<sup>st</sup> April 2011
- Review of LHA rate -
  - When change in household that affects the size criteria
  - On LHA anniversary date : usually 52 weeks after start of claim

## Transitional protection for some existing claimants who have a reduction in the LHA rate

- Applies if LHA rate is reduced because of 30<sup>th</sup> percentile rates or upper limits
- Does not apply for loss of 'HB excess' or if smaller dwelling needed
- Maximum of 9 months protection (after the LHA review) then lower rate will apply

# Impact of the changes -based on Nov 10 data

Customers receiving LHA 1920

Cases where rent is higher than LHA rate after April 2011 1308

Weekly shortfall of more than £20 863

## *Vulnerable cases with shortfall*

Families with dependant children 572

People receiving a disability benefit 110

Over 60 years old 151

# LHA tenants will need to

- Negotiate a lower rent with their landlord
- Move to affordable accommodation
- Meet the rent shortfall from their income
- Apply for a Discretionary Housing Payment

# Discretionary Housing Payments

- Extra money to someone who has a shortfall between their rent and housing benefit.
- Decisions based on local policy and awarded for a fixed period of time.
- National pot of £20 million for 2010-11. Additional £10 million for 2011-12. Further £30 million for 2012-13.
- Our allocation is
  - 2010/11    £104,071
  - 2011/12    £137,113

# Direct Payments to landlord

New discretion to pay LHA to a landlord where –  
**“the local authority considers that it will assist the customer in securing or retaining a tenancy”**

Introduced to give landlords an incentive to reduce the rent to a level that is affordable to HB customers

# Changes to all Housing Benefit claims

## April 2011

- For disabled people who need an overnight carer the HB rules will now take into account the additional bedroom
- Deductions for other adults living in the household (non dependant) will start to increase to reverse the freeze that has applied since 2001

# Future Changes

## April 2012

- Shared accommodation rate will apply to under 35's

## April 2013 *(subject to legislation)*

- Consumer Price Index used to uprate LHA
- Size criteria for working age claimants in social housing
- JSA claimants of over 12 months – 10% reduction in HB

## **April 2013 (*subject to legislation*)**

- Weekly cap on the total amount of benefit working age people can receive
  - £500 for couple/lone parent and £350 for single person
  - will not apply to DLA claimants, War Widows & families receiving Working Tax Credit
  - local authority to apply the caps by adjusting housing benefit.
- Council Tax Benefit to be a local scheme.

## **October 2013 - 2017**

Universal Credit to replace most means-tested benefits for working age people except DLA & child benefit.

# More information

Sheri Tanner – Benefits Policy Officer

[s.tanner@richmond.gov.uk](mailto:s.tanner@richmond.gov.uk)

020 8831 6211

[www.richmond.gov.uk/housing\\_benefits](http://www.richmond.gov.uk/housing_benefits)

LHA Direct website – <https://lha-direct.voa.gov.uk>

DWP website –

[www.dwp.gov.uk/policy/welfare-reform](http://www.dwp.gov.uk/policy/welfare-reform)