

Local Housing Allowance: Information for private landlords

London Borough of Merton Housing Benefit
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What is Local Housing Allowance?

Local Housing Allowance (LHA) 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. LHA was introduced on 7 April, 2008. LHA does 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 Housing 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 see our leaflet **Local Housing Allowance: an introduction**. How to get this and other LHA information is in **Further Information** on Page 8.

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

The new LHA rates are published each month. You can get them by:

- downloading and printing them our web page at <http://www.merton.gov.uk/benefits/hb-ctb> ; or
- searching on the LHA website at: ; or
- phoning us on 020 8274 4903; or
- emailing us at: Housing.Benefits@merton.gov.uk ; or
- visiting us at: Merton Link, ground floor Civic Centre, London Road, Morden, SM4 5DX.

Which landlords does Local Housing Allowance affect?

LHA 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 after 14 January 1989 and is not covered by one of the exceptions below.

Who is not affected by Local Housing Allowance?

Local Housing Allowance does not affect:

- council tenants
- tenancies with registered social landlords
- some supported housing
- tenancies which started before 15 January, 1989
- tenancies in 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?

LHA was introduced to increase responsibility and place choice firmly in the hands of tenants and help develop the skills to make the transition into work. The objectives of introducing LHA 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. It does not rely on having to make a pre tenancy determination request;
- **Personal responsibility** – making tenants take responsibility for budgeting for, and paying, their own rent;
- **Financial inclusion** – to encourage tenants to have their benefit 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 processing of housing benefit, giving tenants confidence when starting a job that any in-work benefit will be paid quickly.

Why are we stopping direct payment to landlords?

Tenants who get benefit calculated using the LHA 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 Housing 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, there is a right for tenants 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 was getting Housing Benefit on 7 April 2008, will continue to be paid the old way. If you are getting Housing Benefit payments direct on behalf of your tenant(s), these will continue to be paid to you.

The LHA 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 of a week or more, 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 to you, and other tenants getting Housing Benefit calculated using the LHA rates who will pay you themselves.

What protection exists for landlords?

There is a range of safeguards to protect the interests of landlords. Some of these already exist. For example, we must usually pay Housing Benefit to the landlord if the tenant is eight weeks or more in arrears with their rent.

Payment may be made 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.

For more details about this, please see our leaflet **Local Housing Allowance: Tenants who are likely to have difficulty paying their rent**. Details of how to get this and other LHA information is in **Further Information** on Page 8.

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 third 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 direct to their landlord?

As part of the Housing Benefit reforms in LHA, tenants will no longer be able to simply 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.

For more details about this, see our leaflet called **Local Housing Allowance: Tenants who are likely to have difficulty paying their rent**. How to get this and other LHA information is in **Further Information** on Page 8.

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

Where a tenant is considered likely to have difficulty in paying their rent and there is little or no prospect of their situation changing, payment of Housing Benefit to the landlord is likely to be long-term.

In cases where the situation is likely to be temporary, or where rent arrears of more than eight weeks have been repaid, the situation will be reviewed. 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 (HB) paid to them and regularly pay their rent on time. Where 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 comprehensive package of safeguards will stop these customers falling into unmanageable difficulties.

The LHA 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 LHA rules are successfully managing their own rent payments. Only a third of the remainder are having their benefit paid to the landlord because they have fallen into eight weeks or more arrears. The rest are having benefit paid to the landlord because the local authority decided they cannot manage their rent payments.

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

We believe the LHA scheme has positives for both landlords and tenants. The reforms are intended to help you, as well as tenants, by creating a simpler scheme.

Because payments are going to tenants in most cases, this removes the possibility of landlords being asked to repay large amounts in overpaid benefit. Under the LHA scheme it is unlikely that we will ask you to repay any money that your tenant has paid directly to you.

The safeguards that exist regarding direct payment to landlords strike the right balance in protecting the interests of both landlord and tenant.

Can I make direct payment a condition of the tenancy?

We are not party to the tenancy agreement between you and your tenant, and we are not bound by any conditions in a tenancy agreement. We cannot pay Housing Benefit to a landlord directly at the tenant's request – the rules about when we can pay you 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 us not to make direct payments.

Further information

If you want to know more about the LHA changes and how they affect you, or get leaflets:

- visit our web page: <http://www.merton.gov.uk/benefits/hb-ctb> ; or
- visit the LHA Direct website: <https://lha-direct.voa.gov.uk> ; or
- phone us on 020 8274 4903; or
- visit us at Merton Link, ground floor Civic Centre, London Road, Morden, SM4 5DX; or
- email at: Housing.Benefits@merton.gov.uk