

Local Housing Allowance

Landlord Frequently asked Questions



Why is the Local Housing Allowance (LHA) being introduced?

The main aims of the scheme are to promote:

- **Fairness**

The new scheme has been designed to pay the same amount to tenants with similar circumstances, living in the same area. This differs from the existing scheme, which ties the level of benefit to the rent actually paid (subject to a range of restrictions applied by the Rent Service). At the moment, tenants who live in smaller properties than they are entitled to, or less attractive properties, generally receive less benefit than those with similar needs in the same area who live in larger or more attractive properties.

- **Choice**

The aim is to allow tenants to trade between the quality and price of their accommodation. For example, tenants will be able to choose between paying more to stay in a property that is larger than they qualify for under the size criteria or increasing their expendable income after paying their rent by moving to less attractive accommodation.

- **Transparency**

The scheme aims to make it easier for tenants and landlords to find out, in advance, how much rent could be covered by Housing Benefit. Although tenants can ask for a 'pre-tenancy determination' under the current scheme, to see how much benefit they might receive for a particular property, this can be time consuming and is rarely used. As a result, private tenants can find that Housing Benefit could not meet their rent only after they have signed a tenancy agreement. This should happen less often under the new scheme as any uncertainty is removed.

- **Personal Responsibility**

The aim of paying the allowance to the claimant is to encourage them to take responsibility for budgeting and paying their rent

themselves rather than having it paid for them. This gives tenants greater responsibility for managing their own affairs, making their transition into work (where appropriate) easier to cope with. Allowing tenants simply to opt out of paying their own rent and leaving the council to pay Housing Benefit directly to the landlord encourages them to take little interest in their rent.

• **Improved administration and reduced barriers to work**

Greater certainty about what 'in-work' benefit they will receive will make it easier for claimants to move from being out of work to taking a job.

There will no longer be a need for the complex rent restrictions and individual referral of rents to rent officers, that currently contribute to the delay in processing claims by private tenants. The new scheme will be simpler for Local Authorities to operate and for tenants to understand.

When does the LHA begin?

Local Housing Allowance will begin on 7 April 2008.

Why are you removing a landlord's right to receive payment of Housing Benefit direct from the Council?

There has never been a legal requirement for a landlord to receive Housing Benefit payments directly. There is a right for tenants to request this arrangement and it is this right that is being replaced. The government believes tenants in receipt of Housing Benefit should, where they are able, take greater responsibility for managing their financial affairs in the same way as other tenants do. This should also help to prepare people of working age with the skills they need when they move into work.

What safeguards exist for landlords?

There are a range of safeguards to protect the interests of tenants and landlords. Some of these already exist, for example,

the council must make direct payments to a landlord where the claimant is eight weeks or more in arrears with the rent. The council can also make the first payment payable to the landlord, where appropriate, though it would be sent to the tenant. Also, new rules are being introduced to allow the council to make direct payments where they think the tenant is unlikely to pay their rent or where it is thought they will have difficulty in managing their affairs.

How can I rely on the Council to put these safeguards into effect?

The Department for Work and Pensions (DWP) already gives guidance to all local authorities on when they must arrange direct payments to landlords e.g. when rent arrears have reached eight weeks. New guidance is being introduced that will show the kind of situations where, for example, the tenant could be considered 'vulnerable' and this is being incorporated into the councils safeguard policy.

Who decides whether a claimant is 'vulnerable'?

The council will decide whether a tenant has satisfied the 'vulnerability' criteria, having considered the guidance provided by the DWP, the councils safeguard policy along with evidence we have gathered as a result of representation from the tenant or other interested party.

Can I ask my tenant to be classified as 'vulnerable'?

Yes. You may approach the the council if you think your tenant is vulnerable. We will investigate the tenant's circumstances and may want to interview them and perhaps others to gather evidence (for example from GPs or social workers) before making a decision.

Who decides that a claimant is unlikely to pay his rent?

The council will decide whether a claimant 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 account of all the knowledge and evidence available to us at the time, including any known, past history, when reaching our decision.

If a tenant requests direct payment in writing to the landlord, will the council agree?

As part of the new scheme, tenants will no longer be able to request that Housing Benefit is paid to their landlord. If, however, tenants feel they should be considered as 'vulnerable' and therefore entitled to direct payments to their landlord, the council will consider any representations they make.

Is there a risk tenants could spend LHA on other things or abscond?

Many tenants in the private rented sector already receive their Housing Benefit directly and regularly pay their rent on time. As mentioned earlier, we are building safeguards into the scheme to help avoid misuse and we intend, where tenants agree, to share information with landlords about the progress of their claim.

Where tenants are misusing their allowance, the council will have the option of making direct payment to the landlord. Likewise, tenants who abscond without paying the rent will be considered as prime candidates for direct payment to their landlord in any future application.

Will you pay all the arrears directly to me?

Where eight weeks or more of arrears have built up, the council can pay future LHA to you. Where the tenant's LHA exceeds

the rent, we may pay you the excess until such time as the rent arrears are cleared.

If some landlords decide not to take HB tenants, what will you do about the resulting homelessness?

We believe the LHA scheme has benefits for both landlords and tenants and we hope that landlords will give the new scheme a chance to work before deciding not to let their property to people on Housing Benefit. The changes are intended to help landlords, as well as tenants, by creating a more transparent system that will be simpler for people to understand, for the council to administer and overall, will support and clarify the relationships between the council, tenants and landlords.

How do I find out what the LHA rates for my property will be?

The Rent Service will set the Local Housing Allowance rates for the area, towards the end of the month before they become applicable. They will be reviewed monthly. The Rent Service will pass the rates to the council just before the start of the month to which they apply. We will then publish them in the local newspaper and on the council website - please see the details on the back page

Is it unreasonable to expect landlords to go round and collect the rent every week or month?

In most cases, we hope that landlords will not have to physically collect the rent. We want to encourage tenants to receive their LHA into a bank account and set up direct debit or standing order arrangements to pay their rent in the same way as some other tenants.

Will you consider making payments in advance?

There are no plans to make LHA payments in advance. Paying Housing Benefit in arrears aligns it with other social security benefits and other forms of income, such as earnings most of which are paid in arrears.

Where direct payments are made to me, how long will they continue?

The council is required to set review dates for all decisions where the claimant is considered 'vulnerable'. The intention is that, at a future date, they will be in a better position to receive their LHA and pay their rent on time and in full. There may come a time when you will no longer receive direct payments in respect of a tenant.

What appeal rights do I have against a payment decision?

Appeal rights are not altering as a result of the new scheme, however you will not be able to appeal against the Local Housing Allowance rates set for your area.

Can I make direct payment a condition of the tenancy?

As the tenant does not have the power to implement this condition, it puts a condition on the council and is therefore meaningless. The council is not involved in the tenancy agreement between a landlord and tenant and therefore not bound by any conditions in a tenancy agreement. Any action, taken by a landlord, against a tenant who fails to secure direct payments, would almost certainly be open to legal challenge by the tenants on the grounds that it is a condition that is outside the scope or ability of the tenant to deliver.

For more information and advice

You can contact our Benefit's team on **01228 817201**, visit our website at **www.carlisle.gov.uk** or write to us at:

Carlisle City Council
Civic Centre
Carlisle
CA3 8QG

Or visit our Contact Centre

Opening hours

9am to 5pm, Monday to Thursday
9am to 4pm on Fridays

This leaflet is one of a series produced by the Cumbria District Councils to help you understand Local Housing Allowance.

You can also get information from the Department for Work and Pensions at **www.dwp.gov.uk** or write to:

Housing Support Division
Department for Work and Pensions
5th Floor Adelphi Buildings
1-11 John Adam Street
London
WC2N 6HT

