

Local Housing Allowance

This Fact File gives a brief overview of the new Local Housing Allowance (LHA), which will come into effect in Northern Ireland on 7 April 2008. The LHA is the new way of calculating the maximum eligible rent when a tenant needs financial help with their housing costs. Like Housing Benefit, the Housing Executive will be responsible for administering applications for LHA.

Who will be affected by LHA?

LHA will replace Housing Benefit for certain groups of tenants in the private rented sector:

- Private rented sector tenants who claim financial help with their housing costs for the first time;
- Private rented sector tenants who are already in receipt of Housing Benefit assistance with their housing costs but move to a different private rented address; and
- Private rented sector tenants who have had a break in their claim for help with housing costs e.g. they have been paying their own housing costs but due to a change in circumstances they now need to apply for financial help with their housing costs.

Note:

LHA only applies to certain tenants in the private rented sector. It does not apply to:

- A Housing Executive tenancy.
- A Housing Association tenancy.
- A tenancy where the tenant gets support from health and social services, a Housing Association, a charity or a voluntary organisation.
- A tenancy which is not included in the current rent restrictions for tenancies which began prior to April 1996.
- A tenancy which is in a caravan, mobile home, houseboat or hostel.
- A tenancy where the rent is restricted under the Rent (NI) Order 1978, as amended by the Private Tenancies (NI) Order 2006.

How is LHA assessed?

The amount of LHA which a claimant will receive will depend on the following factors:

- The area in which they live i.e. the Broad Rental Market Area (BRMA) (see 'How is the level of LHA set?' later);
- The number of occupants in their household. This will determine the size of the property required i.e. the number of bedrooms needed; and
- Whether the claimant is under 25 years of age and lives alone (see section on 'Special Rules').

The Housing Executive will use a set of size criteria to determine the number of bedrooms which the occupiers will qualify for. This will then determine the rate of LHA that may be available. Under the size criteria, 1 bedroom will be sufficient for:

- An adult couple.
- An adult aged 16 or over.
- Two children of the same sex.
- Two children, regardless of their sex, under the age of 10.
- Any other child (not included in the above list).

Note:

When making an assessment for LHA the Housing Executive will only consider the number of bedrooms needed by the occupants and will not be looking at the other rooms in the property.

Example:

A couple with a 14 year old child will be entitled to the LHA rate for a 2 bedroom property.

Note:

Where a child comes to stay with an absent parent, the child will not be taken into account when determining the number of rooms required by the claimant.

When a child reaches the age of 10 or 16 the Housing Executive should check to see if this would affect the category of dwelling applicable for the award.

The actual amount of financial assistance which a claimant will receive will be the LHA, which is applicable to the property in question, minus any appropriate non-dependant deductions. The income and capital of the household will also continue to be taken into account.

How is the level of LHA set?

The Housing Executive has drawn up 8 Broad Rental Market Areas (BRMAs) for Northern Ireland. Within each BRMA the Housing Executive will gather data on the range of rents being charged for private rented sector accommodation. From this information they will take the median charge from a range of rents for properties of different sizes and types. This will then be the LHA. The level of LHA will be reviewed on a monthly basis by the Housing Executive. The level of LHA will also be made available on the Housing Executive's website to enable prospective tenants to know, prior to taking up a tenancy, what the level of assistance with their housing costs will be. This means that there will no longer be a need for a Pre-Tenancy Determination.

The 8 BRMAs will cover the following general geographical areas:

- Region 1 – Armagh, Banbridge and Newry.
- Region 2 – Ballycastle, Ballymoney and Coleraine.
- Region 3 – Dungannon, Portadown, Lurgan and Brownlow.
- Region 4 – Limavady, Strabane and Derry.
- Region 5 – Omagh and Enniskillen.
- Region 6 – Downpatrick, Bangor, Newtownards and Lisburn.
- Region 7 – Larne, Carrickfergus, Newtownabbey, Ballymena, Antrim, Magherafelt and Cookstown.
- Region 8 – Belfast and Castlereagh.

Each BRMA has been assessed as an area in which a person could reasonably be expected to live having regard to the facilities and services which are available for the purposes of:

- Health
- Education
- Recreation
- Personal banking, and
- Shopping.

Regard must also be given to the distance of travel, by public and private transport, to and from such facilities and services. Furthermore, the BRMAs should contain a variety of types of

residential property and a variety of different types of tenancies.

How long is LHA awarded for?

An award of LHA will last for a period of 1 year unless there is a change in the claimant's circumstances, such as:

- A change in the number of occupants in the claimant's household;
- A change of address; or
- A death in the family which changes the number of rooms required for the household.

After a period of 1 year a new LHA will be set.

Special rules

Single claimants under 25 (not including people leaving care who are under 22 years old)

Like Housing Benefit, the LHA will limit the eligible rent for single claimants under the age of 25. Under LHA rules such claimants will only be entitled to a standard rate for a bedroom in shared accommodation. This will be known as the 'shared rate'. It will be based on properties where the tenant has the exclusive use of only 1 bedroom and where the tenancy provides for them to share the use of 1 or more of the following:

- A kitchen;
- A bathroom;
- A toilet; or
- A room suitable for living in.

Single claimants aged 25 years and over, care leavers under 22, and couples with no dependent children

The above group of claimants will be entitled to the LHA rate for a 1 bedroom property (provided that they actually rent a property of at least that size).

A care leaver is not subject to the 'shared rate' rule, as mentioned above, unless they

are actually living in shared accommodation. However, once they reach the age of 22, and provided they are single, they will then become subject to the shared rate.

Payment of LHA

Unlike in England and Wales, in Northern Ireland the payment of LHA will not automatically be made directly to the tenant. Payment will normally be made to the tenant, except under the following circumstances:

- The claimant requests or consents to the payment being made directly to the landlord
- Payment to the landlord is in the interest of the claimant or their family;
- A direct deduction for rent is being made from the claimant's Income Support or Jobseeker's Allowance;
- The claimant is 8 weeks in rent arrears;
- The claimant is unable to act for themselves and either a controller has been appointed by the High Court, or a person has been granted the Power of Attorney on the claimant's behalf or the claimant has an appointee; or
- The claimant has died and there is benefit outstanding.

Note:

If a claimant decides to take up a tenancy in accommodation with a rent which is higher than the rate of LHA, the claimant will have to pay the difference.

Excess LHA

Under the new rules for LHA, where the LHA is higher than the rent charged, claimants are allowed to keep up to £15.00 of the difference. This will not be regarded as income for other benefit purposes. Where payments of LHA are being made direct to the landlord, any excess must be paid to the tenant. Excess LHA can only be paid to the landlord towards rent arrears. Once the arrears are paid off, payment of the excess must revert to the tenant.

Challenging a LHA decision

Where applicable, a claimant can appeal against a LHA decision to an independent Appeals Tribunal. However, like Housing Benefit, some decisions, such as the level of LHA, cannot be appealed.

Relevant legislation

- The Housing Benefit (Local Housing Allowance) (Amendment) Regulations (NI) 2008.
- The Housing Benefit (Executive Determinations) Regulations (NI) 2008.
- The Housing Benefit (Local Housing Allowance) (Miscellaneous and Consequential Amendments) Regulations (NI) 2008.
- The Housing Benefit (State Pension Credit) (Local Housing Allowance) (Amendment) Regulations (NI) 2008.
- Welfare Reform Act (NI) 2007.

The above legislation can be accessed at www.opsi.gov.uk

Further information/advice

For advice on LHA contact the Housing Rights Service advice line on 02890 245 640, go to www.housingadviceNI.org or contact the relevant Housing Executive office. The Housing Executive has also produced a leaflet 'Local Housing Allowance (LHA)' which is available from district offices and online at www.nihe.gov.uk

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Produced by: Housing Rights Service, Middleton Buildings, 4th Floor, 10 - 12 High Street, Belfast, BT1 2BA, (t): 028 904 5640, (f): 028 9031 2200, (e): hrs@housingrights.org.uk, (w): www.housingrights.org.uk and www.housingadviceNI.org