

## **Housing Benefit Changes from April 2011**

### **Guidance for Customers**

From April 2011 a number of changes will be introduced to the Local Housing Allowance (LHA) scheme.

The majority of Housing Benefit (HB) customers who are assessed under LHA arrangements will see a reduction in the amount of benefit they receive. There are three changes being introduced that will lower the levels of LHA we pay in County Durham:

- the removal of the £15.00 top up
- the setting of LHA rates at the 30th percentile
- the removal of the 5 bedroom LHA rate

Customers affected by the last two changes will be given some transitional protection.

### **Working out the LHA Bedroom Rate**

The eligible rent for HB claims for those renting from private landlords (excluding Registered Providers of social housing) is calculated by allocating the household a bedroom rate based on the people in the household.

One Bedroom is allowed for each of the following:

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

The Shared Rate of Local Housing Allowance will apply when:

- A customer lives alone or as a couple with no dependants and has a bedroom but shares facilities such as a living room, kitchen or bathroom.
- A customer lives alone and is aged under 25

Examples:

(i) Susan is a single mother who has three children, Tom, who is fourteen, Judy, who is eleven and Raymond, who is six.

Susan is entitled to one bedroom for herself, one bedroom for Judy and one bedroom for Tom and Raymond to share. This means any benefit they are entitled to will be based on the Local Housing Allowance rate for three bedrooms.

(ii) Amy is 20 living by herself and expecting her first baby in 3 months.

Amy is entitled to the Shared Rate, as she is under 25. However, when the new baby arrives Amy will be entitled to the two-bedroom rate.

### **When is a new LHA Rate assessment made?**

This happens:

- For each new claim
- When the customer changes address
- When a customer has a change in the number of people in their household, or in the age of a household member which changes the LHA rate they are entitled to.
- When the customer reaches their anniversary date; one year after their previous LHA assessment

The April 2011 changes described below will not take effect until a customer has a new LHA assessment.

### **Removal of the £15.00 Top Up**

Under current rules if a customer rents a property with a rent lower than their LHA rate, they can keep the difference up to a maximum of £15.00 each week. From 1st April 2011 this top up will be removed.

This change will be applied from the customer's first LHA assessment after 1st April 2011. There is no transitional protection for the removal of the £15.00 top up. So by the end of March 2012 no one will be receiving HB that is more than their rent.

Example:

(i) Derek's last LHA assessment was on 25/8/2010. He lives alone and rents a self-contained flat for £70.00 a week. He is over 25 so his HB has been calculated using the 1 bed rate for August 2010, £80.55 each week, and he receives this amount of HB.

With no changes in his household Derek's LHA is assessed again on 25/8/2011, the 1 bed rate is now £78.00 a week. As the top up is no longer allowed his HB is now based on the amount of rent charged as this is lower than the LHA rate. He now receives £70.00 HB each week. This is a reduction in HB of £10.55 each week.

### **LHA Rates Set At the 30th Percentile**

LHA rates are to be set at the 30th percentile of rents in the area rather than at the median, so that about 3 in 10 properties for rent in the area should be affordable to people on HB rather than 5 in 10 properties as now.

The Valuation Office have provided the following information based on February 2011's LHA rates to indicate the effects of using the 30th Percentile calculation method:

Durham County Council is covered by four Broad Rental Market Areas (BRMA):

**Tyneside** – For some properties in the areas previously covered by Wear Valley District Council

**Sunderland** – For some properties in the areas previously covered by District of Easington Council.

**Durham** – For properties in the areas previously covered by Chester le Street Council, Derwentside District Council, Durham City Council. Also some properties previously covered by District of Easington Council, Teesdale & Wear Valley Shared Services & Sedgefield Borough Council.

**Darlington** – For some properties in the areas previously covered by Teesdale & Wear Valley Shared Services & Sedgefield Borough Council.

For further information on which Broad Rental Market Area your property is covered by follow this link <https://lha-direct.voa.gov.uk/Secure/LHASearchIntro.aspx> to carry out a postcode search.

### **Tyneside BRMA**

Size	Current Method	30th Percentile
Shared Rate/U25s	£63.00	£57.00
1 Bedroom Rate	£96.92	£90.00
2 Bedroom Rate	£109.62	£100.00
3 Bedroom Rate	£126.92	£114.23
4 Bedroom Rate	£183.46	£160.38
5 Bedroom Rate	£207.69	£160.38

### **Sunderland BRMA**

Size	Current Method	30th Percentile
Shared Rate/U25s	£44.00	£43.00
1 Bedroom Rate	£91.73	£86.54
2 Bedroom Rate	£109.62	£102.69
3 Bedroom Rate	£121.15	£109.62
4 Bedroom Rate	£160.38	£144.23
5 Bedroom Rate	£204.23	£144.23

### **Durham BRMA**

Size	Current Method	30th Percentile
Shared Rate/U25s	£64.65	£63.00
1 Bedroom Rate	£80.77	£75.00
2 Bedroom Rate	£92.31	£87.69
3 Bedroom Rate	£105.00	£98.08
4 Bedroom Rate	£150.00	£137.31
5 Bedroom Rate	£201.92	£137.31

## Darlington BRMA

Size	Current Method	30th Percentile
Shared Rate/U25s	£55.00	£54.50
1 Bedroom Rate	£80.77	£75.00
2 Bedroom Rate	£98.08	£88.85
3 Bedroom Rate	£115.38	£105.00
4 Bedroom Rate	£160.38	£150.00
5 Bedroom Rate	£193.27	£150.00

The 30th percentile calculations will apply for all new LHA assessments after 1st April 2011. For some customers who are worse off under the new rules there will be a transitional protection for up to 9 months.

### Removal of the 5 Bedroom LHA Rate

The maximum LHA rate will be the 4 bedroom rate instead of a 5 bedroom rate.

Again this will apply for all new LHA assessments after 1st April 2011. For some customers who are worse off under the new rules there will be a transitional protection for up to 9 months.

### Transitional Protection

A transitional protection will apply to customers who:

- Were on the LHA scheme immediately prior to 1st April 2011, and
- Have a new LHA assessment after 1st April 2011 because they have reached their anniversary date or have become entitled to a larger category of dwelling. *Note that there is no protection for those who become entitled to a smaller category of dwelling after 1st April 2011, and*
- The new LHA rate is lower than their previous eligible rent.

In these cases the eligible rent will be either the eligible rent that applied on the previous assessment, or for those who had a top up, their contractual rent at the time of the new assessment.

The transitional protection lasts for 9 months, or until the customer becomes entitled to a different LHA bedroom rate, moves house, or has a break in their entitlement.

If you are affected, you will be sent an extra letter with your benefit entitlement letters explaining any transitional protection that is applied to your claim.

Examples:

- (i) Customer's previous LHA rate below their rent.

24/6/2010 Customer moves into property and claim HB.

Rent = £105.00

LHA rate = £95.00

Eligible Rent = £95.00

24/6/2011 Anniversary date, new LHA assessment.

Rent = £105.00

LHA rate = £85.00 (reduced under 30th percentile rules)

Eligible Rent = £95.00

*As the LHA rate is lower than the previous eligible rent, the previous eligible rent remains the eligible rent during the transitional protection period.*

24/3/2012 9 month protection period ends.

Eligible Rent = £85.00

*The LHA rate that applied on 24/6/2011 is now used as the transitional protection period has ended.*

(ii) Customer did have a top up, but new LHA rate is less than rent.

13/5/2010 Customer claims HB

Rent = £115.00

LHA rate = £140.00

Eligible Rent = £130.00

*Excess capped to £15.00 above rent*

13/5/2011 Anniversary date, new LHA assessment.

Rent = £120.00 (increased £5)

LHA rate = £115.00

Eligible Rent = £120.00

*New LHA rate is less than previous eligible rent of £130.00 and less than the contractual rent, so transitional protection set at current contractual rent level.*

13/2/2012 9 month protection period ends.

Eligible Rent = £115.00

*The LHA rate that applied on 13/5/2011 is now used as the transitional protection period has ended.*

(iii) Customer was entitled to the 5 bedroom rate

10/1/2011 Customer claims and is awarded the 5 bedroom rate

Rent = £180.00

5 bed LHA rate = £175.00

Eligible Rent = £175.00

10/1/2012 Anniversary date, new LHA assessment.

Rent = £180.00  
4 bed LHA rate = £145.00  
Eligible Rent = £175.00

*As the LHA rate is lower than the previous eligible rent, the previous eligible rent remains the eligible rent during the transitional protection period.*

10/10/2012 9 month protection period ends  
Eligible Rent = £145.00

*The LHA rate that applied on 13/5/2011 is now used as the transitional protection period has ended.*

(iv) Reduction in the size of dwelling

12/12/2010 Customer claims and receives the 2 bedroom rate

Rent = £100.00  
LHA rate = £95.00  
Eligible Rent = £95.00

15/4/2011 Non Dep moved out and now only entitled to 1 bedroom rate

Rent = £100.00  
LHA rate = £78.00  
Eligible Rent = £78.00

*No transitional protection for reductions in the size of household.*

### **Additional Room for a Non-Resident Carer from April 2011**

The LHA size criteria will be adjusted to allow for a non-resident carer, where a disabled customer has an established need for overnight care, that care is actually provided, and the property has a bedroom for the carer's use.

Example:

George is over 25, lives alone and claims HB. Before April 2011 George would have qualified for HB based upon the 1 bed rate, £80.77 each week. George is a disabled customer, he requires overnight care, and he has a bedroom in his property that his carer uses. From April 2011, George would qualify for HB based upon the 2 bed rate, £90.00 each week.