



Housing Benefit & Private Rented Solutions – Information and Opportunities for Landlords

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Sheffield *where everyone matters*



Political Context

- Conservative / Liberal Democrat Coalition
May 2010
- Post Election Emergency Budget June 2010
- Comprehensive Spending Review (CSR)
October 2010
- Wider Welfare Benefits Reform – Welfare to Work
- Intense Media Focus on Housing Benefit (HB) Awards – Mainly Inner London and M25 Corridor

Local Context

- Current Housing and Council Tax Benefit Caseload: 62,000 Customers
- 7987 Private Sector Claims
- 6079 Paid Under LHA
- 887 Paid to Landlord Under LHA

Changes to Local Housing Allowance From April 2011

- Lots changing.....
- **Capping of Local Housing Allowance (LHA) Rates**
- A new upper LHA limit will be introduced nationally:
 - 1 bed £250 per week
 - 2 bed £290 per week
 - 3 bed £340 per week
 - 4 bed £400 per week
- No impact in Sheffield – we don't have LHA rates at these levels.

Changes to Local Housing Allowance From April 2011

£15 Excess Payment

- Currently if the LHA rate is higher than the rent, the tenant can keep the difference, up to a maximum of £15 per week.
- This will be removed for new claims from April 2011. For existing claims the excess payment will cease from the 52 week anniversary date of the claim.
- Expect this to affect around 2500 tenants.

Changes to Local Housing Allowance From April 2011

Changes to how LHA is Calculated

- LHA rates currently calculated on the median – 50th percentile – of rents in the local area.
- LHA rates will now be based on the 30th percentile of rents in the local area.
- Applies to new claims and changes of address from April 2011.

Changes to Local Housing Allowance From April 2011

- Will also apply to existing claims if a change in their circumstance affects their LHA.
- Existing claims will be given 9 months transitional protection from the LHA anniversary date. HB award will then be based on 30th percentile LHA rate that would have applied at the anniversary date.

Changes to Local Housing Allowance From April 2011

- Example:
 - Tenants anniversary date is 3rd June 2011. They receive HB based on the 50 percentile until 3rd March 2012. Their HB is then assessed against the 30th percentile LHA rate for June 2011
- Limited protection for existing claimants affected before their anniversary date.
- Inevitable that HB awards will reduce.
- We expect around 3600 tenants will be affected

Changes to Local Housing Allowance From April 2011

Restricting Maximum LHA to 4 Bed Rate

- Currently the maximum HB that can be paid is linked to the 5 bed LHA rate.
- From April this will reduce to the 4 bed LHA rate for any new claims.
- Existing tenants will receive 9 months protection from their 52 week anniversary date.

30th Percentile Changes Table

	1 Bed Shared	1 Bed Self Contained	2 Beds	3 Beds	4 Beds	5 Beds
January	£65.00	£98.08	£114.23	£121.15	£161.54	£219.23
30th Percentile January	£62.00	£88.85	£103.85	£114.23	£144.23	£144.23
Weekly Difference	£3.00	£9.23	£10.38	£6.92	£17.31	£75.00
Total Number of Claims	1193	1779	2144	688	202	67
Number of Claims Affected	623	1215	1308	430	44	28
Total Amount per week	£9,319.35	£19,601.09	£20,322.77	£6,675.72	£789.36	£812.63
Annual Amount	£484,606.20	£1,019,256.68	£1,056,784.04	£347,137.44	£41,046.72	£42,256.76

Changes to Local Housing Allowance From April 2011

Help for Carers

- Where a disabled tenant has an established need for overnight care, their HB will be based on the tenant needing an additional bedroom.
- Applies to LHA and Rent Officer Decision cases.

Changes to Local Housing Allowance From April 2011

Direct Payment to Landlords

- Under LHA rules landlords and tenants do not have the automatic right to request payment to the landlord.
- Landlords / tenants have to prove the tenant is “financially vulnerable”.
- From April 2011 payment of HB under LHA *may* be made to the landlord where it will enable the tenant to retain or secure a tenancy – this is a significant move away from financial vulnerability.
- There is a difference in what the HB Regs say and what the politicians are saying their policy intention is.
- However, we expect the number of cases where we pay HB under LHA directly to landlords to increase.

Annual Increases to LHA Rates

- LHA rates currently set monthly based on rents in the local area.
- From 2013/14 it is proposed that LHA rates will be up-rated by the Consumer Price Index.
- This does not include the cost of property.
- VOA are trying to increase the depth of market evidence on which to base future LHA rates and annual increases.
- Crucially they want data from landlords for non HB tenancies.
- All landlords can influence LHA rates in the City.....

Increases in Non-Dependant Deductions

- A non-dependant is a member of the tenants household for whom the tenant is not financially responsible.
- They are expected to make a contribution to the rent, so HB is reduced by a fixed amount depending on their age and income. The reduction is called a non-dependant deduction.
- In certain cases, the status of the tenant will mean no deduction is made, even if there is a non-dependant in the household.

Increases in Non-Dependant Deductions

- The level of non-dependant deductions have been frozen since 2001.
- Different rates for HB and CTB.
- The Government has announced it will increase non-dependant deductions, so that by 2014 the rates will be at the level they would have been had they increased annually since 2001.
- We currently have over 2200 non-dependant charges on HB & CTB claims across all tenures.

Increases in Non-Dependant Deductions

Non-dependant deductions from housing benefit and from IS, JSA(IB), ESA(IR) and Pension Credit aged 25 and over in receipt of IS and JSA(IB), in receipt of main phase ESA(IR),	2010	2011
aged 18 or over, not in remunerative work	£7.40	£9.40
aged 18 or over and in remunerative work		
- gross income: less than £122.00	£7.40	£9.40
- gross income: £122 to £179.99	£17.00	£21.55
- gross income: £180 to £233.99	£23.35	£29.60
- gross income: £234 to £309.99	£38.20	£48.45
- gross income: £310 to £386.99	£43.50	£55.20
- gross income: £387 and above	£47.75	£60.60
Non-dependant deductions from council tax benefit		
aged 18 or over and in remunerative work		
- gross income: £387 or more	£6.95	£8.60
- gross income: £310 - £386.99	£5.80	£7.20
- gross income: £180 - £309.99	£4.60	£5.70
- gross income less than £180	£2.30	£2.85
others, aged 18 or over	£2.30	£2.85

Shared Accommodation Rate

- From January 2012 the age threshold of the shared accommodation rate and the single room rent will increase.
- Increases from single claimants under 25, to single claimants under 35 living in self contained privately rented accommodation.
- This change applies to LHA & ROD cases.
- LHA cases will move onto the Shared Accommodation Rate based on the 30th Percentile from the end of their transitional protection.
- ROD cases will move to the Shared Accommodation Rate from their 52 week review date.
- We expect this change, based on current caseload, to affect around 450 tenants reducing their HB by £30 p.w. Many of these will have a rent/HB shortfall for the first time.

Restriction to HB Payments for Social Rented Tenants

- The Government is proposing to restrict HB for social rented tenants.
- No actual detail, however, it is believed the restriction will be linked to the level of under occupancy.
- Could lead to a migration from social sector to private rented sector.

Discretionary Housing Payments

- Discretionary Housing Payments (DHP) are not HB or CTB, but a tenant must receive HB in order to apply for a DHP for help with rent, and receive CTB for help with Council Tax.
- Hardship payments where there is a shortfall between HB/CTB and eligible rent or Council Tax.
- Fixed annual grant allocated by Government. For 2010/11 our grant was £90,000.
- National expenditure on DHP will increase by £10 million in 2011 and by £40 million a year thereafter.
- Our 2011/12 grant has increased to £121,945
- 35 % increase on 10/11 but only 0.32 % of the increased £10m.
- Around 80% of DHP awards are to private tenants.

Council Tax Benefit

- From April 2013 the national Council Tax Benefit scheme is to be replaced by a locally administered Council Tax Rebate.
- 10% reduction in funding.
- No detail on how this will work or how much freedom LA's will have in setting up a local scheme.
- Some opposition in Whitehall may force a rethink on this...

Introduction of the Universal Credit

- From October 2013 the Government intends to reform the benefit system.
- For new claims one Universal Credit to replace all benefits and tax credits – still some doubt about where replacement for CTB will sit.
- *Probably* administered by DWP
- Housing Benefit to be included in the Universal Credit.
- There will be an overall maximum welfare “wage” that “workless households” will receive. Likely to be £500 per week for families and £350 for single people.
- HB will *probably* be the last benefit to be calculated.
- No further detail as to when existing claimants will move to UC
- No real political opposition to the basic principles
- Opposition emerging as to how UC will be implemented – arguments in favour of LA’s not DWP

Introduction of the Universal Credit

- Will affect all tenures.
- Likely to be administered by DWP, with LA retaining some limited back office functions and possibly providing a front facing service.
- LA's may take on some current DWP functions; Social Fund Loans, Community Care Grants etc.
- Will apply to new claims from April 2013, no detail on how existing claimants will migrate from current system.
- Original Commitment was to fully introduce UC in the life of this Parliament.
- Heavily dependant on implementation of a new national IT system.

Some positives.....

- HB is a growth area... 8.5% increase in caseload since September 08
- Private Sector - 42%% increase since April 09
- Expect this to continue as austerity measures take hold
- Lack of access to mortgages may increase demand for Private Renting & increased rents can positively impact LHA rates
- Significant performance improvements in terms of claims processing
- 2010/11 year to date 27Days for new claims & 16Changes in Circumstances.

Positives cont...

- For February 2011 these figures were 18 days and 12 days
- 95.5% of claims processed within 10 working days of receipt of all information
- Longest sustained level of performance in 10 years.
- Some of the changes may not affect Sheffield to the same extent as other areas of the country....
- 50% of LHA customers currently have a rent lower than their appropriate LHA rate
- % of claims paid to landlords likely to increase significantly
- Landlords can influence LHA rates

Any Questions?

Private Rented Solutions overview

- “We aim to help households who are homeless or threatened with homelessness access good quality and affordable accommodation in the private rented sector.”

Advantages to landlords

- Excellent links with colleagues in Housing Benefits.
- Record - 45 mins
- Fill out form with tenant, ensure all right documentation provided and monitor claim until in payment.
- PRS team have full access to HB systems.
- **GUARENTEED PAYMENTS TO LANDLORDS**

Waiting Lists – Snapshot 30/1/11

- 1bed - 73 households
- 2bed – 121 households
- 3bed – 27 households
- 4bed – 1 household

Property Guide

- New Issue every week
- Free advertising
- Photo's of your property
- Property specification
- Information about local amenities
- Handed to all customers in their Housing Options interview, Home Finders Interview and by Support Workers in temp. acc.

Other Advantages for Landlords

- No fee
- Accompanied viewings
- Tenancy agreements provided
- Tenancy deposit paid into your account
- Support to you and tenant from PRS team
- Minimal void periods due to high waiting lists.

Tenancy Support

- Full time tenancy support worker
- Resettlements support – utilities/local groups/help with grants and accessing charities
- Re-intervention support if required.
- Flexible approach – Support package customer lead

Localism Bill – LA's increased reliance on Private Rented Sector

- The bill says a local housing authority will no longer have a duty to someone with priority need - under section 193 of the Housing Act 1996 - if the 'applicant refuses an offer of accommodation which the authority are satisfied is suitable for the applicant'.
- Where a LA wishes to arrange for an offer of PR accommodation to be made to a homeless person or family in order to discharge its duties under the homelessness legislation.
- 12-month tenancies
- Other details not yet known.