

Changes to Housing Benefit for all New Tenants from 1st April 2016.

The way that the Housing Benefit or the Housing Costs Element of Universal Credit is calculated will be changing (for ease of reference we refer to this payment as the Housing Benefit Element). If you have signed a new tenancy from **1 April 2016** onwards, the amount of Housing Benefit Element that you receive from 1 April 2018 could be restricted.

The Housing Benefit Element will be capped to the relevant Local Housing Allowance rate for your household size that currently applies to private sector tenants. The Local Housing Allowance rates for your area can be found at **<http://lha-direct.voa.gov.uk/Search.aspx>**

What does it mean for me?

Under 35 years old and single (receiving Housing Benefit Element)

If you are **under 35 years old** and do not have any dependent children living with you, your Housing Benefit Element will be capped to the Local Housing Allowance for a shared accommodation rate.

Age 35 or over and working age and receiving the Housing Benefit Element

If the Local Housing Allowance for your household is lower than your rent (after any Bedroom Tax Reduction) then your Housing Benefit Element will be capped at the relevant Local Housing Allowance level.

However if the Local Housing Allowance for your household is higher than your rent only the Bedroom Tax rules will be applied

Pension Credit Age (receiving Housing Benefit Element)

You will not be affected by the bedroom tax but your Housing Benefit Element will be capped to the relevant Local Housing Allowance rate for your household size.

What do I need to do now?

If you sign a new tenancy after 1 April 2016 and you are in receipt of Housing Benefit or Universal Credit on or after 1 April 2018, you will need to consider how you will afford any shortfall in your rent. The Local Housing Allowance rates for your area can be found at **<http://lha-direct.voa.gov.uk/Search.aspx>**.

If you are unsure if this applies to you, please contact us.

See overleaf for some worked examples of how this may affect you.

Worked Examples

1. **John is 21 years old. He signed a tenancy with NRHA in May 2016 for a 1 bed flat. He is single and currently claims housing benefit.**

If John's circumstances remain the same, then from April 2018 he will not receive his full housing benefit element for a 1 bed flat. He will only receive entitlement for a shared accommodation/room rate. If his rent is £90 a week and a room rate is £70 a week, John will have to pay £20 each week to cover the shortfall.

2. **Alfie is 36 years old and signed his new tenancy with LRHA in December 2017. He lives in a 1 bed flat. He is single and claims the Housing Benefit Element through Universal Credit.**

If Alfie's circumstances do not change and his rent stays below the LHA rate for one bedroom properties then when the new rules come into effect from April 2018 his Housing Benefit Element will remain the same.

3. **Steve is 39 years old. He moved into his 3 bed house in September 2016 with his partner and 3 children. Both Steve and his partner were working. Unfortunately, the relationship broke down and Steve's partner moved out with the children in June 2018. Steve suffered from depression and lost his job.**

Steve is now the sole occupier of a 3 bed house. He is claiming Universal Credit - this includes help with his rent. His monthly rent is £650, and he has been receiving £487.50 a month in his Universal Credit award to help him pay it (he cannot receive the full £650 due to the 25% Bedroom Tax deduction). The Local Housing Allowance for a one bedroom property in his area is £498 a month - as this is higher than the £487.50 he is already entitled to he will continue to have the bedroom tax deduction applied.

4. **Sarah is 45 and moved into a 3 bedroom property with her 13 year old son in December 2017 she claims the Housing Benefit Element through Universal Credit.**

The weekly rent for Sarah's property is £140. As Sarah's household size only entitles her to a two bedroom property the 14% bedroom tax deduction results in a shortfall in her rent of £19.60 per week. However the LHA rate for 2 bedroom properties in her area is £118.00 per week so from 1 April 2018, if Sarah's circumstances and rent stay the same, the LHA cap will be applied and the shortfall in her rent will increase to £22 per week.

5. **Brian and Brenda are both 65 years old. They have lived in the village all their lives, but only moved into their new 2 bed bungalow in June 2016. Both receive pension credits and receive the Housing Benefit Element towards their rent.**

The 'affordable' weekly rent is £135 a week for a 2 bed bungalow. However, they are only entitled to LHA for a 1 bed bungalow. LHA is £115.00. Therefore, Brian and Brenda will have to find another £20 a week towards their rent.