HOUSING SYSTEMS: BRIEFING

02/2016: Updated

Forthcoming Changes for Social Housing Rents, HB and help with Housing Costs

Key Points

Changes to rent in social housing

'Right to Rent' checks – updated with new link to guidance
1% reduction in social housing rent – updated in relation to supported housing
'Pay to stay' scheme for better off tenants

Changes to Housing Benefit

Reduction to Housing Benefit backdating period
Benefit Cap to be reduced – updated with proposed timetable and new exclusions
Changes to the 'applicable amount' for claimants with families and some on ESA
Changes to temporary absence rules – updated due to proposed regulations published
Housing Benefit in social housing to be capped at LHA rate

Changes to Universal Credit

Benefit Cap to be reduced – updated with proposed timetable and new exclusions
Some 18-21 year olds not entitled to Housing Costs Element from April 2017
Changes to the elements that families are entitled to

Freeze on benefit rates

Most benefits will see no cost of living increase for 4 years

Changes to help with mortgage interest

Waiting period back up to 39 weeks from April 2016
Support for Mortgage Interest (SMI) - a loan for new support from April 2018

Changes to funding given to LAs for Temporary Accommodation

Removal of LA subsidy for management fee

Summaries of these changes are given in this briefing, categorised by year.

Please note written Jan 2016 and contents subject to change. UPDATED 17TH Feb 2016

2016

Right to Rent checks

From 1st February 2016, landlords who let a property to a tenant who does not have a 'Right to Rent' and who have not undertaken the appropriate 'Right to Rent' check face a penalty of up to £3,000. This applies to all new tenancies* in England that start on or after 1st February 2016 (this scheme had already started in Birmingham, Wolverhampton, Dudley, Sandwell and Walsall).
*Certain lettings will be 'excused' from the need for the check.

Checks will not be required on existing tenants unless the tenant transfers and their initial tenancy would have come under the type of tenancy that would now require the check to be carried out.

Whilst many Housing Associations - ie those that do direct lettings - are required to carry out the checks, the following lettings fall outside the scheme ie checks are not required and no penalty can be imposed, ie excused lettings include those via

- a local authority acting in response to a statutory duty or providing accommodation to a person who is homeless of threatened with homelessness,
- a social housing provider through a local lettings scheme where the local authority has already been required to consider immigration status,
- lettings into hostels and refuges and some other types of accommodation (eg care homes).

And social housing tenants (whether Local Authority or Housing Association) taking in a lodger are required to carry out the check.

The 'Right to Rent' is more to do with the right to be in the UK, and is not the same as the right to claim benefits. So be careful - someone with the 'Right to Rent' does not necessarily have the right to claim Housing Benefit. In fact many people with the 'Right to Rent' will be excluded from Housing Benefit eg EEA national 'jobseekers', those with 'no recourse to public funds'.

As British Citizens and EEA & Swiss nationals have the right to be in the UK there are no issues with letting to them – but to avoid discrimination it is advised that 'Right to Rent' checks be made on all new tenancies from 1st February 2016 that are not excused.

Prospective tenants from other countries will only have the 'Right to Rent' in the UK if they are lawfully present in the UK in accordance with immigration laws, for example they**:** have indefinite leave to remain, have the right of abode, have indefinite leave to enter, are a 'family member' of an EEA national, or have a 'derivative' right to reside.

The requirements of the 'Right to Rent' check are fulfilled where the landlord: has seen original evidence of a person's identity and citizenship, has verified that these belong to the individual, has verified any anomalies eg different surnames, has checked these documents in presence of the individual and has kept copies for one year after the tenancy ends.

This 'Right to Rent' check should not just be on the prospective tenant, but the landlord also needs to check all adults aged 18 or over who they know will be using the property as their main home.

Some tenants may have a 'time-limited Right to Rent' in which case the landlord is expected to undertake follow-up checks at least every 12 months - and if they find that the tenant (or other occupier) no longer has the Right to Rent, they must make an official report to the Home Office.

The Home Office has produced some **guidance** and the gov.uk website has a 'Check if someone can rent your residential property' questionnaire – **Click here**.

Benefit Freeze

From April 2016 the government will freeze the majority of working age benefits, Tax Credits and Local Housing Allowance rates* for 4 years. In other words many claimants of these benefits will see no increase in the amount of benefits they receive until April 2020, even if the cost of living rises.

* Where the LHA rate reduces below this frozen rate - because rents in general have reduced in an area - it will be this lower rate that will then apply.

Benefit rates for 2016/17

The disability and care related premiums have not been frozen, but the proposed benefit rates for 2016/17 show that they are expected not to increase – this is because they are linked to the Consumer Price Index, which was minus 0.1%.

The pensioner benefits and premiums are proposed to increase in line with the government's 'triple lock' commitment.

Council Tax Support applicable amounts and premiums are likely to be frozen too – but it will generally be up to each Local Authority to decide.

The Housing Benefit **non-dependant deduction rates** are also proposed to increase:

	2015/16		2016/17
Various situations	Nil		Nil
Various situations	£14.55		£14.65
Working 16 hours or more a week, weekly gross income:			
under £129	£14.55	under £133	£14.65
£129 - £188.99	£33.40	£133 - £194.99	£33.65
£189 - £245.99	£45.85	£195 – £252.99	£46.20
£246 - £327.99	£75.05	£253 - £337.99	£75.60
£328 - £407.99	£85.45	£338 - £419.99	£86.10
£408 or more	£93.80	£420 or more	£94.50

(NOTE: the non-dependant housing costs contribution in Universal Credit is set to remain at £69.37 a month).

Impact

Those tenants on partial Housing Benefit who receive an increase in their income in April eg a wage increase will lose more Housing Benefit than they would have done had the benefit rates also increased.

Those on either full or partial Housing Benefit will see a drop in their Housing Benefit entitlement if they have a non-dependant deduction included when their Housing Benefit is assessed.

And those living in private rented housing, where the average rents in their area increase, will see no increase in the amount of Housing Benefit they receive: this means the shortfall between their rent and award of Housing Benefit will increase whilst maybe having no extra income to meet this increase.

Backdating Housing Benefit

In the Summer Budget 2015 the government announced that the time limit for backdating Housing Benefit for working age claimants will be reduced from 6 months to 4 weeks* from 1st April 2016.

*The amending regulations actually state that the maximum time a working age Housing Benefit claim will be backdated will be one month.

This change will only be applied to the Housing Benefit Working Age Regulations ie Housing Benefit will continue to be backdated 3 months for claimants of Pension Credit age (or whose partner is Pension Credit age).

NOTE: Backdating here refers to the situation where a claimant has not made a claim for Housing Benefit for a particular period – this new one month limit will not apply to situations where the Housing Benefit claim has been suspended or where the claimant is due extra Housing Benefit for a past period.

It is estimated that this will save the government £10 million for the 2016/17 tax year.

Many housing workers will know how important it is for some working age claimants to be able to have a claim for Housing Benefit backdated six months in order to prevent evictions, and also for plugging small gaps in Housing Benefit that have occurred in the past (as long as these gaps are no more than 6 months prior to the request).

The only change to the rules (as confirmed by the amending regulations) is the reduction in the time limit. So the time limit of one month runs from the date of the request for a backdate ie a claimant can only get the date of their claim for Housing Benefit backdated to a date up to one month before the date they actually ask for backdate rather than a month before the date of the claim (if different).

NOTE: even if the HB Office agree to backdate the full one month, it is unlikely that the tenant will be entitled to Housing Benefit throughout the whole of this one month period. This is because generally Housing Benefit is awarded from the Monday after the date of claim. So if the date of claim is backdated a month, but this means that the date of the claim becomes a Tuesday, any Housing Benefit can only be awarded from the following Monday.

If a claimant fails to request the backdate when they make their new claim for Housing Benefit, and this isn't spotted for a month or more then, even if they had good cause for why they did not claim earlier, they will not be able to get their claim for Housing Benefit backdated at all. This is because they have already been in receipt of / will be awarded Housing Benefit for the allowable one month period ie for one month prior to making the request for a backdate.

Where the backdate is not requested in time, or it is, but the claimant requires a backdate longer than a month, an adviser would need to look to see if there was another way of getting Housing Benefit paid for a period before the claim - such as challenging the reason why a previous Housing Benefit claim was terminated. **Standard letter CP14.**

To minimise rent arrears as a result of this change, from April 2016, housing workers will need to make sure HB Offices are using the HB Regulations to the claimant's advantage ie making full use of their ability to treat a new claim for Housing Benefit as a request to review their decision to end a previous claim (**click here** for more information); and where the HB Office decide that Housing Benefit needs to be withdrawn for a period in the past, that they do so by way of a closed period supersession (**click here** for more information).

For the amending regulations – SI 1857/2015 – **click here**.

Temporary absence outside the UK – HB paid only if claimant returns within 4 weeks

The DWP has issued proposed changes to the HB Regulations. These changes will reduce the time period that someone can be treated as occupying their home - and therefore able to claim Housing Benefit whilst abroad - to 4 weeks (or longer in certain limited circumstances). This proposal was first announced in the Chancellor's Autumn statement 2015 and will take effect from 1st April 2016.

The proposed rules are very similar to how the rules work under Universal Credit ie on who can have the Housing Costs Element included in their Universal Credit award whilst temporarily 'abroad'.

The changes affect both the working age and Pension Credit age HB Regulations.

The general time limit will be 4 weeks, ie Housing Benefit will only be payable whilst someone is abroad if they intend to return within 4 weeks.

There are however, exceptions:

The limit time is 26 weeks for:

- members of the armed forces away on operations
- continental shelf workers, and
- mariners.

The time limit is also 26 weeks where:

- the claimant is in hospital or similar,
- the claimant, partner or dependent child is undergoing medical treatment, or
- the claimant is receiving medically approved care (other than in residential care).

The time limit of 4 weeks can be extended by up to a further 4 weeks where the reason for the absence from GB is in connection with the death of a close relative and the HB Office considers it unreasonable to expect the claimant to return to GB within 4 weeks.

Going abroad - change to the definition

Going abroad for the purpose of these new rules means away from Great Britain - a change from the current rules where going abroad means away from the UK. So from 1st April 2016, if a tenant on Housing Benefit goes to Northern Ireland they will be considered to be abroad and will fall under the above rules.

Click here for the proposed regulations.

The SSAC are seeking evidence of the impact of these changes - consultation ends 29th February 2016 - **click here** for more information.

Can no Housing Benefit be paid whilst the tenant is 'abroad' longer than these time limits?

Where a tenant does go abroad for longer than 4 weeks (or 8 or 26 weeks depending on the reason for absence, as above) there may well be someone left living in the property who would be able to claim Housing Benefit in their absence - ie a partner; or someone who could be treated as liable for the rent eg a grown up son or daughter – but this would depend on whether the HB Office consider it reasonable to treat this person as liable for the rent in the tenant's absence given the circumstances. HB Regulation 8(c). More on being treated as liable **here**; Standard letter CP2 **here.**

'Linking' periods of absence

Normally periods of absence are linked unless the tenant returns home (although an overnight stay can end one absence and start a fresh one).

At the moment the way the new proposed Regulations are written it would appear that a return home would not be necessary if the reason for a tenant's absence from home changed from a situation where they are considered to be abroad to one where they are not, or vice versa.

So a tenant could be abroad for up to 4 weeks and then on returning to GB go straight into hospital without returning to their home, in which case Housing Benefit would be payable whilst they were in hospital as long as they intended to return home within 52 weeks from the first day they went into hospital (rather than looking at the period of their overall absence from home).

Non-dependants living in the household

These rules apply to anyone living in the household - so they apply to non-dependants as well.

Where a non-dependant is absent from the household outside of Great Britain - and does not fall under any of the exceptions/extensions that can apply - then they will need to be returning home within 4 weeks to be counted as living in the property.

If they are away longer, then they will not be counted as living in the property from the first day of their absence outside of Great Britain so there should be no non-dependant deduction for the period they are 'abroad' - but as they are not seen to be living in the property they will not be allocated a bedroom under Bedroom Tax or LHA rules.

Someone left living in the property?

Where a tenant does go abroad for longer than 4 (or 8 or 26) weeks there may well be someone left living in the property who would be able to claim Housing Benefit in their absence ie a partner; or someone who could be treated as liable for the rent eg a grown up son or daughter – but this would depend on whether the HB Office consider it reasonable to treat this person as liable for the rent in the tenant's absence given the circumstances. HB Regulation 8(c). More on being treated as liable on the website **here**; Standard letter CP2 **here**.

Changes to Housing Benefit assessment for families

Family Premium

It was announced in the Summer Budget 2015 that from April 2016* no family premium will be included when Housing Benefit is assessed in any *new* claim for Housing Benefit regardless of when the child/ren was born, or in an e*xisting* claim for Housing Benefit for children born on or after April 2016*.

*The amending regulations have now been issued and the actual implementation date will be 1st May 2016.

The amending regulations change both the Working Age and Pension Credit Age Housing Benefit Regulations ie claimants of Pension Credit age will also be affected by this change.

Those claimants passported to maximum Housing Benefit will not see a reduction in their award as a result of this measure – but those who are not passported could receive up to £11.34 less Housing Benefit a week (ie 65% of £17.45 – the amount of the family premium) than they would have done under the pre April 2016 rules.

Where other parts of the Housing Benefit assessment rely on the inclusion of the family premium, the amending regulations substitute this for the claimant's family including at least one dependent child / young person.

The family premium is also being removed from the Council Tax Support Regulations applicable to claimants of Pension Credit age – although a Local Authority has the discretion to replace it. Whether it disappears for working age claimants too, and from when, depends on what scheme the claimant's Local Authority decides.

For the amending regulations – SI 1857/2015 – **click here**.

Benefit Cap

In the Summer Budget 2015, the government announced that the Benefit Cap limit (ie the total amount of 'welfare' a claimant can receive for themselves and their claiming family) will be reduced. This has always been expected to be rolled out during 2016/17 – and it has now been announced that the lower Cap will be introduced from Autumn 2016.

The same people will be excluded from the Cap as in the **current rules**.
But note that a Judicial Review (Hurley & Ors v Secretary of State for Work and Pensions [2015] EWHC 3382) determined that it was contrary to Human Rights to fail to exclude Carers Allowance claimants from the Benefit Cap. The government has now announced that those in receipt of Carers Allowance will be excluded from the Cap as will those in receipt of Guardian's Allowance – although amending Regulations will be made.

Benefit Cap limits – per week				
	Outside Greater London		In Greater London	
Situation	Current	Proposed	Current	Proposed
Single	£350	£257.69	£350	£296.35
Lone Parent	£500	£384.62	£500	£442.31
Couple	£500	£384.62	£500	£442.31
Couple & children	£500	£384.62	£500	£442.31

The Benefit Cap applicable to Universal Credit will also be reduced to the equivalent monthly amounts.

How the Cap reduction will affect claimants living in social housing depends on where they live in the country and how much their rent is. In areas with higher rents - certainly in London - it will bring many families with two children into the Benefit Cap for the first time. And in cheaper areas, many families with three or more children will be affected for the first time. Those already affected by the Benefit Cap but entitled to more than the minimum 50p a week Housing Benefit will lose more of their Housing Benefit entitlement. And with the rate for single claimants without children also dropping, we will see singles in the private rented sector and with higher rents (eg living in 'temporary accommodation' unless classed as 'specified accommodation') also being affected.

Also, whilst Housing Benefit paid on 'specified accommodation' is not included when calculating a claimant's total weekly 'welfare', the fact they are living in 'specified accommodation' does not exclude them from the Cap. So a claimant/family receiving total 'welfare' above their cap limit (without including the Housing Benefit awarded on 'specified accommodation') can still find that the Housing Benefit which is paid on the 'specified accommodation' being reduced due to the Cap.

EXAMPLE: A lone parent with five children living in a refuge outside of Greater London will be getting £426.39 a week in Income-Based Jobseekers Allowance (or Income Support), Child Benefit and Child Tax Credit; so any Housing Benefit awarded for the refuge will be reduced due to the Cap - by £41.77 a week (ie the amount that their total weekly welfare of £426.39 a week exceeds the Benefit Cap limit applicable to their circumstances of £384.64). This is even though s/he is classed as living in 'specified accommodation'.

See our **Benefit Cap table and spreadsheet**, and our **leaflets** – one for the Greater London area and one for outside Greater London.

1% reduction in social housing rent

From April 2016 social housing providers will need to reduce most of their rents by 1% each year for four years.
The Government's aim is to cut the Housing Benefit bill in the social housing sector by cutting the rents that social housing providers are able to charge. This measure is set to make savings of around £2bn by 2020/21.

The **Welfare Reform and Work Bill** outlines the rules relating to the 1% rent reduction.

This Bill excludes some types of social housing from the reduction ie low cost home ownership, low cost shared ownership - and it allows for Regulations to be laid to exclude other types of housing / tenants.

One question that many people have been asking since the government announced that social housing rents need to fall by 1% for the next four years is '*Will Supported Housing be affected?*'

The **Impact Assessment** did state that a small amount of supported housing was likely to be excluded - and this was likely to be those that are currently exempt from the Rent Standard – but following pressure from this sector the government has now announced that the 1% rent reduction for all supported housing will be delayed until April 2017 to allow time to look into this more fully.

For general lets the reduction applies to the net rent – and not to the service charge element – so the landlord will still be able to increase their service charges. Any increase to the service charge needs to be reasonable and it is likely that the HB Office would query any unreasonable increase or new service charge item.

We are still waiting for a decision on how the reduction will work for affordable lets.

This measure will have a dramatic impact on social housing providers. The Government believes that a complementary measure – the 'Pay to Stay' measure (further details below) also announced in Summer Budget 2015 - will go some way to mitigate the rent reductions.

Help with mortgage interest

From 1st April 2016 the 'waiting period' for new claims for help with mortgage interest given through Income Support, Income-Based Jobseekers Allowance, Income-Related Employment and Support Allowance, Universal Credit or Pension Credit will return to its 'pre-recession' length of 39 weeks (from 13 weeks), but the capital limit will remain at £200,000.

For more information on the current rules for home owners please **click here.**

Lettings from April 2016

The proposed 'Housing Benefit for social housing capped at LHA rate' rules will, from April 2018, affect new tenancies from April 2016 – including Pension Credit age claimants. See under 2018 for more information.

NOTE: this affects Housing Benefit claimants only – there is (as yet) no similar proposal for Universal Credit.

2017

Changes to the assessment of Housing Benefit **for people on Contributory ESA**

From April 2017 claimants making a new claim for Employment and Support Allowance will no longer receive an extra component if found to have a limited capacity for work - ie there will be no addition of the work related activity group (or WRAG) component. Those found to have a limited capacity for work related activities (ie those put in the Support Group) will continue to receive a component – the support component.

Those on Income-Related ESA will still be 'passported' to their maximum Housing Benefit.

But we presume changes will need to be made to the way Housing Benefit is assessed for consistency ie that from April 2017 no new work related activity component will be included in the claimant's applicable amount when their claim for Housing Benefit is assessed if they made a new claim for Contribution-Based ESA after April 2017 and are placed in the work related activity group (WRAG).

As now, where one member of a couple on Housing Benefit is claiming Contribution-Based ESA, the *amount* of Housing Benefit awarded may depend on which member is the Housing Benefit claimant. This can currently make a difference of up to £29.05 per week in the award, and when this new rules takes effect the difference could be up to £33.77 per week. So this issue will be become more important - **click here** for more information.

UPDATE: This proposal has been heavily criticised by the House of Lords who have voted in favour of removing this proposal from the Welfare Reform and Work Bill – although the House of Commons do not need to accept the amendment.

Changes to the assessment of Housing Benefit and UC for families

Housing Benefit

It was announced in the Summer Budget 2015 that no child premium will be included in the Housing Benefit assessment where the claimant has a new child born after 1st April 2017 if there are already two child premiums included in the assessment.

And for families making a new claim for Housing Benefit after 1st April 2017 the number of child premiums included in the assessment will be limited to two regardless of how many dependent children/young people are in claimant's family or when they were born. There are some concessions – see below.

The disabled child premium and/or enhanced disability premium in respect of a third or subsequent dependent child/young person can still be included even if a child premium is not.

As a child premium 'drops off' for one dependent child/young person if they leave the household or becomes a non-dependant, another child premium can be added if the Housing Benefit claimant is still responsible for two or more children/young people.

There will be some families receiving Child Tax Credit for more than two children/young people who, on or after April 2017, will need to make a new claim for Housing Benefit. What we don't know is whether the total Child Tax Credit will be included as income when their claim is assessed.

Protection for some

Special rules are expected to apply for multiple births, and where the child is born following rape or in other exceptional circumstances.

Universal Credit

Families making new claims for Universal Credit from April 2017 will also find their award limited. Although this will not have a direct impact on the amount of Housing Costs Element included in the UC assessment it could have an impact on the tenant's overall income and so their ability to pay their rent.

At the moment there is a higher 'first child' element. This is being abolished for new claims from April 2017 and the Universal Credit assessment will include the same amount of child element for each dependent child/young person included in the claim.

And any family making a new claim for Universal Credit from April 2017 will only receive support for two dependent children/young people ie the maximum number of child elements that will be included in an award will be two, regardless of the number of children the claimant has or when they were born.

But a Disabled Child Element can still be included in respect of any dependent child/young person.
NOTE: The rules for the Disabled Child Element under Universal Credit are different to those for Child Tax Credit and Housing Benefit – **click here** for more information.

Protection for some

Special rules are expected to apply for multiple births, and where the child is born following rape or in other exceptional circumstances.

And it looks like where a new claim for Tax Credits or Universal Credit is made within 6 months of a previous claim ending these new rules will not apply – we assume that the new Child Tax Credit / Universal Credit award will be limited to the number of children/young people that were included in the previous Child Tax Credit / Universal Credit award. This will ensure that those moving from the legacy benefit system to Universal Credit will not be affected by this change at the point of move.

Changes to help with Housing Costs under Universal Credit for those aged 18 – 21

Despite everything in the run up to the Summer Budget 2015 – and the Budget speech itself - saying that the restriction for 18 - 21 year olds would be to "Housing Benefit", all the supporting documentation shows that it is just help with housing costs in Universal Credit ie the Housing Costs Element, that will no longer be automatically available to all people age 18 – 21 from April 2017.

This is significant because under Universal Credit any 18 – 21 year old living in 'specified accommodation' (ie many types of supported housing) can claim Housing Benefit to help them pay their rent. And we would assume that this Housing Benefit will continue regardless of their circumstances.

However some 18-21 year olds who make a new claim for Universal Credit could, from April 2017, find that their Universal Credit does not include a Housing Costs Element - even where they are liable to pay rent - unless they are in one of the groups likely to be excluded from this rule.

The Summer Budget statements lists those who will not be affected by this restriction as:

- vulnerable young people – no further information is available as to who this might include - but we assume this could be those with health issues,
- those who may not be able to return home to live with their parents,
- working young people, and
- those who have been in work for 6 months or more - for the first 6 months after leaving work.

We also expect young people who are parents (both lone parents and couples) to be excluded.

We are assuming the rules for 16 and 17 year olds remain unchanged.

Those 18-21 year olds affected will not be able to claim a Discretionary Housing Payment as no Housing Costs Element will be included when their Universal Credit award is assessed.

Pay to stay

This was announced in the Summer Budget 2015 but was changed to a voluntary scheme for Housing Associations (but not Local Authorities) in December 2015. Social housing tenants whose annual household taxable income in the previous financial year is above a set threshold – perhaps £30,000 pa or £40,000 pa in London or more* - will need to pay more in rent if living in Local Authority accommodation / if their HA landlord participates. The threshold could initially be 80% of market rents but would increase to market rent.

*Taken from the consultation document – **click here**.

The consultation document says that 'household' means the tenant or joint tenants named on the tenancy agreement and any partner if they are living in the property – so would not include a non-dependant's income.

The government are looking at introducing Regulations that would allow landlords to require information on tenant's income.

And they are considering whether the decision to increase the rent should be based on the tenant's actual income over the previous year or estimated income for the year ahead.

The government has undertaken consultation on this measure – so whilst it will be going ahead the figures etc could change.

Changes to the funding given to LAs for temporary accommodation

Temporary Housing has a specific definition under the Housing Benefit rules. This measure changes the way the Housing Benefit paid for temporary housing is funded – it does not affect the amount of Housing Benefit that can be awarded. At the moment the LA receives subsidy on any Housing Benefit paid to someone living in temporary accommodation of an amount equal to LHA plus a management fee.

The Autumn Statement 2015 announced that the temporary accommodation management fee paid by the DWP to Local Authorities on a per household basis will end from 2017-18. But that "more than equivalent funding" will be devolved to Local Authorities through a new grant to allow them to better manage temporary accommodation pressures.

2018

Housing Benefit to be capped at LHA rate

This was announced in the Autumn Statement 2015. The Policy Costings document states:

"This measure limits social sector rents eligible for Housing Benefit (HB) to the level of the relevant Local Housing Allowance rate that applies in the private rented sector, including the Shared Accommodation Rate for single claimants under 35 who do not have dependent children. It will be effective from 1 April 2018, affecting all new tenancies from 1 April 2016."

Very little is actually known about this proposal - leaving many questions unanswered - we have done our best to answer what we can and make some guesses about others - so what follows is purely speculation and therefore subject to change.

Will the same rule apply under Universal Credit?
This is not mentioned in the Spending Review and whilst many people seem to think it will, we suspect this measure is more to do with controlling the Housing Benefit bill and paving the way for how help with rent will work for those not entitled to UC - ie claimants of Pension Credit age and those living in 'specified accommodation'.

Will it just be working age claimants or will this affect Pension Credit age claimants too?
There is no mention of these rules applying only to working age claimants, and as we feel that the change is more to do with paving the way for how help with rent will work for those not entitled to UC (ie single claimants/both members of a couple of Pension Credit age and those living in 'specified accommodation'), we feel that it is likely to affect Pension Credit age claimants too.

What about supported housing?
It is sounding like there will be no exclusions for supported housing - the paragraph below is copied from the homeless link website:

There are three key things which have been confirmed to us by Government officials and which we hope will help in understanding what is set out in the Spending Review: 1. Although the new rules will apply to affected individuals who sign their tenancy from April 2016 onwards, they will be entitled to full Housing Benefit until April 2018. ***2. Supported housing is covered by the new rules.*** *3. The Government are committed to exempting supported housing from the new rules by increasing Discretionary Housing Payment (DHP) to local authorities.*

And Justin Tomlinson, Minister for disabled people, has said about the proposal:

The Discretionary Housing Payment scheme will be available for those living in accommodation that has been purpose built or significantly adapted to meet the needs of a disabled person, in the same way as it is for those who receive a reduction in their eligible rent for the removal of the spare room subsidy.'

We expect the availability of DHPs for this purpose, ie to potentially cover any shortfall for tenants in supported housing, to be a short term measure. This is because the government is reviewing how rents in supported housing (or more specifically 'specified accommodation') can be funded in the long term.

Will the LHA rate be based on the size of property the tenant is living in or the size they require under the size criteria?
We could be wrong, but because the government have stated that the Shared Accommodation Rate for single claimants under 35 will be applicable, we have assumed that it must be the size of property the tenant is deemed to need under the size criteria rules.

Will those excluded from the Shared Accommodation Rate (SAR) under the LHA rules also be excluded from it in the social housing sector?
We would assume so - but it sounds as if the government have not yet made a final decision.

In reply to a question about whether those on disability benefits would be excluded from the SAR, Justin Tomlinson said: '*The existing exemptions that already apply to private rented sector tenants aged less than 35 will be carefully considered prior to implementing the cap for similar tenants living in the social rented sector.*'

NOTE: The only exclusions from the SAR under LHA rules in the private rented sector on the grounds of disability are for those who are entitled to the '**severe disability premium**' when their Housing Benefit is assessed, and for those who need an extra bedroom for a non-household carer to stay in**.**

So will the HB Office ignore the actual rent and use LHA rates instead?
No. Even under LHA rules, the LHA figure is a maximum ie if the rent that is being charged by the landlord is lower, then the Housing Benefit award is assessed using the rent actually being charged. If the government decided just to use the LHA rate, they would end up spending more in Housing Benefit as the majority of social housing rents are below LHA rates.

Could someone have their HB capped at LHA rates and be affected by the Bedroom Tax too?
We think not. The announcement is that the Housing Benefit available to tenants in the social housing sector will be capped at LHA rates. This suggests that the maximum Housing Benefit that can be paid is up to the LHA rate - not that the LHA rate is the starting point for working out Housing Benefit entitlement. We may well be wrong, but it makes sense to us that the Housing Benefit Office work out the claimant's maximum Housing Benefit award in the normal way - ie eligible rent less any Bedroom Tax deduction, and then compare this to the LHA rate for the size property that the claimant needs: the maximum Housing Benefit then becomes whichever is the lower of these two figures.

Will this new rule replace the Bedroom Tax?
We don't think so - because many social rents are below the LHA rates, so this would mean that social housing tenants living in a property deemed too large for them could end up with their full rent covered by Housing Benefit.

Where do I find out the LHA rates for the area/s we cover? And do they ever change?
LHA rates are available on the gov.uk website - **click here**.
They normally change every April but have been frozen alongside the general freeze in benefit rates for 4 years from April 2016. However, if the general level of rents in an area falls, the LHA rate will also fall ie the 'freeze' means that the LHA rate will not increase for 4 years but could decrease.

What should we be doing now to minimise the impact on our tenants and our business?
It is very difficult to say without knowing the details about the rules. But it would be advisable that on any lets from April 2016 tenants are advised of the maximum Housing Benefit that would be payable from April 2018 assuming no change in their circumstances.

Help with mortgage interest – further changes

From April 2018 new help given via SMI ie support with mortgage interest, will be in the form of a loan – with help only given if the claimant has received financial advice and the 'loan' is secured against their property. Loans will be due to be repaid when the house is sold, or when the claimant returns to work. And these 'loan' payments will accrue interest at a rate tied to the OBR forecast of gilts (which is currently 2.2% but set to rise to 3.1% by 2020). For more information on the current rules for home owners please **click here.**

Beyond 2018

Roll out of UC

The new timetable for Universal Credit is that migration will take up to March 2021 – so some tenants will remain on Housing Benefit up to this point. Workers just on Tax Credits, and ESA claimants, are the last to be expected to be 'transferred' onto UC.

Housing Benefit for pensioners stays with LA / HB Office?

The Spending Review says:

"*By the end of the Parliament, local government will retain 100% of business rate revenues. Alongside savings announced elsewhere, this will come with additional responsibilities and empower local authorities to deliver services in a way that is right for their area. For example, the government will consider transferring responsibility for funding the administration of Housing Benefit for pensioners, TfL's capital projects to local government and will also consult on options to transfer responsibility for funding public health. The government will consult on these and other additional responsibilities in 2016."*