

Appendix D

Summary of Housing Benefit Changes

| | Change | Effective from | Impact | No. of claimants affected |
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| 1 | LHA restriction to 4 bed rate | New claimants: April 2011 Existing claimants: First LHA anniversary date from October 2011, subject to transitional protection rules | Local Housing Allowance (LHA) is awarded according to the size of the property that the household claiming the benefit has been assessed as needing. Up to now, the maximum size of property assessed has been for 5 bed room accommodation. From April 2011, the maximum entitlement will be reduced to that of 4 bedroom accommodation which means that claimants in accommodation larger than 4 bedroom with rents set to reflect the larger size, will lose some entitlement and will need to contribute more of their income to pay their rent. | As at 23/11/10, there are 3 claimants subject to the 5-bed LHA rate. In 2 of these cases the actual rent is below the current 4-bed LHA rate, so the only impact is the loss of the top-up (see 3 below). However, 1 claimant faces a restriction of approx £50 pw. |
| 2 | Upper limits for LHA rates | New claimants: April 2011 Existing claimants: First LHA anniversary date from October 2011, subject to transitional protection rules | The upper limit that Local Housing Allowance is paid at will be reduced to a lower amount. In parts of London and the South East, this is going to cause significant difficulties as a high number of existing rents are at levels higher than the upper limits. The rent levels in Cherwell are considerably lower than the proposed upper limit so this will have no impact. | n/a |

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| 3 | End of LHA top-up | <p>New claimants: April 2011</p> <p>Existing claimants: First LHA anniversary date from October 2011, <i>with no transitional protection</i></p> | <p>Currently, Local Housing Allowance rates are awarded in accordance to the size of the property that claimants need. If 2 bedrooms are needed, they receive 2 bedroom entitlement, if 3 bedrooms are needed they receive 3 bedroom entitlement and so on. If they are in accommodation where the rent charged is less than their entitlement, they are allowed to receive a maximum of £15 per week top up. For example, 2 bedroom need entitles claimant to £650 per month (when on maximum housing benefit). If the rent is £500 per month, there is a difference of £150 per month. The rent is paid in full and claimant will receive £15 top up per week in recognition of this difference. From April 2011, this top up will no longer be paid reducing income that claimants have been use to receiving.</p> | <p>As at 3/11/10, there are 472 claimants receiving the top-up. (1849 LHA claims in total)</p> |
| 4 | Non-dependent deductions | April 2011 | <p>The housing benefit system will reduce a claimant's entitlement to benefit if within the claimants household, a "non dependent" exists and these are often grown up children. There is an assumption historically that any non dependent should contribute to housing costs and therefore, set amounts of benefit are deducted from a claimant's entitlement on a rising scale alongside the amount of earnings the non dependent receives. After 9 years of no increase in these deductions, there will be above inflation increases in these</p> | <p>As at 20/10/10, there were 521 claims where a deduction was being made, broken down as follows:</p> <ul style="list-style-type: none"> • 176 CTB only • 250 RSL • 72 LHA • 21 Deregulated • 2 Regulated |

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| | | | deductions. Where the non-dependent is unable or unwilling to cover the higher deduction the tenant will be at risk of rent arrears and eviction if they can not pay the increased shortfall between the rent and their benefit entitlement. There is also a higher risk of non-dependents being asked to leave the family home due to the negative impact on the claimants benefit entitlement. Where the non-dependent is under 25 (35 from 2012) their choice of accommodation will be very limited and this may increase the incidence of homelessness in the district. | |
| 5 | LHA rates calculated on 30 th percentile | October 2011 | The Valuation Office Agency has estimated that this will reduce weekly LHA rates by £10-12 per week in the Cherwell and Oxford Broad Rental Market Areas. Claimants will need to meet higher shortfalls between the rents they are liable to pay and the benefit that they receive. This may well mean that benefit claimants will be restricted to the cheapest accommodation and there will be greater demand for this accommodation. Also greater risk of rent arrears and homelessness. | As at 3/11/10, there are 1849 LHA claims. Checking a sample of claims suggest that 75% or more claimants will some benefit. |
| 6 | Extension of Single Room Rate to under 35s | April 2012 | Up to now, single people aged under 25 were restricted in the amount of benefit that they could receive to the rates of a room in a shared house. This is the cheapest form | As at 3/11/10, there were 96 single claimants in this age bracket claiming under the LHA scheme. This compares |

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| | | | of accommodation. Anyone aged 25 or over were entitled to a higher amount of benefit for 1 bedroom self contained accommodation. By increasing the age threshold to 34, a number of 25-34 year olds currently in receipt of the self contained rate will face benefit drops of approximately, £50 per week. Where they were previously able to afford a 1-bed flat they will be forced to move to shared accommodation, further increasing demand for this type of accommodation and possibly increased homeless as their housing options are restricted. | with 313 claimants currently subject to SRR. |
| 7 | Additional room for non-resident carers | April 2011 | Any person in private rented accommodation who needs an additional room where a non-resident carer can stay overnight will have their size criteria assessed on the basis of an additional room. This applies to claimants subject to both Rent Officer referral and LHA. | As at 8/12/10, there were 98 claimants in private sector rented accommodation who were in receipt of Attendance Allowance or Disability Living Allowance (care component). There may be other claimants, not in receipt of these benefits, who may still be entitled to the additional room. |
| 8 | Under occupation in Social Housing | April 2013 | Tenant's of social housing of working age who are under-occupying, will have their benefit payments limited to the level payable for a property of a size suitable for their household size. Up to now, tenants of Social Housing were exempt from the normal LHA rules that restrict the amount | |

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| | | | of benefit entitlement when accommodation is under crowded. This change is to force tenants to move to smaller properties however, it is likely to cause financial hardship as tenants struggle to top up their benefit payments to retain the choice to remain in their homes. Rent arrears are likely to increase. | |
| 9 | 10% cut in housing benefit for Job Seekers Allowance claimants who have been out of work for 12 months. | April 2013 | JSA claimants will lose 10% of their LHA entitlement when unemployed for 12 months and their full entitlement will not return until they have exited the benefit system for a period of work. This will make it very difficult for long term job seekers to meet shortfall payments between their housing benefit entitlement and rents set. Arrears may increase, evictions and homelessness. | As at September 2010, there were 175 Job seekers allowance claimants who had been claiming for 12 months or more in the Cherwell area. It is unknown who of these are tenants. |
| <p><i>There are some very significant changes happening to the Housing Benefit system. The majority of the changes are likely to affect claimants' ability to maintain rent payments.</i></p> <p><i>The changes will happen at different times depending on whether existing LHA claimants or whether new claimants. There will be different rates and advisors will need to be very clear on the details.</i></p> <p><i>Only part of the changes have come into force through legislation and therefore the detail of the changes (not commencing in April 2011) is yet to be determined.</i></p> <p><i>There may be a number of claimants who are likely to be affected by more than one of the changes and therefore, joint working between housing benefit, social housing sector, the housing department and the advice agencies will be imperative to ensure a pro-active and targeted approach to mitigating the possible negative impacts of the changes to residents of the District.</i></p> | | | | |