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What are the benefit limits from which exempt accommodation is exempt?

Basic info

The following limits and restrictions normally apply to Housing Benefit and the housing element of Universal Credit.

Private tenants and charitable or voluntary sector tenants

If the benefit claimant's landlord is a private tenant or is in the charitable or voluntary sector but is not a registered housing association, Housing Benefit and Universal Credit are normally restricted to the following figures set by the Rent Officer:

- Where the tenant claims Housing Benefit:
  - Local Reference Rent (LRR) or Claim Related Rent (CRR) if the Housing Benefit award has been running since before April 2008 or the accommodation is not in a conventional house or flat
  - For example the LRR/CRR normally applies if the Housing Benefit claimant lives in a boat, caravan or accommodation where meals are provided
  - The rate of HB is based on the lower of the LRR and CRR
  - Local Housing Allowance (LHA) where the Housing Benefit claimant lives in a conventional house or flat and the Housing Benefit award began in or after April 2008
- Where the tenant claims Universal Credit with a housing element:
  - There is no LRR in Universal Credit so all private and charitable/voluntary sector tenants have their housing element based on the LHA

Both the LRR and the LHA represent average market rents for various different property sizes. The CRR is a market valuation of the claimant's own accommodation. If the benefit claimant occupies accommodation which is:

- larger than s/he requires according to size criteria set out in the benefit regulations, and/or
- of a better than average standard at a higher than average rent, or
- overpriced, or
- of poor quality

The LRR/CRR and LHA ensure that the benefit award is limited to the average cost of accommodation no larger than the size criteria allow in the claimant's case.

Registered housing association tenants of working age

Registered housing association tenants are not normally affected by the Rent Officer's LHA and LRR/CRR but if they are of working age (i.e. under the qualifying age for state pension credit) they are subject to the Maximum Rent (Social Sector), more commonly known as the "bedroom tax". If the tenant's accommodation contains more bedrooms than s/he is allowed under size criteria set out in the Housing Benefit and Universal Credit regulations the amount eligible for benefit is

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restricted by 14% if there is one spare bedroom or 25% if there is more than one.

All tenants of working age

If a working age claimant's income from social security benefits would exceed £500 a week (£350 a week for single people) Housing Benefit and Universal Credit are restricted in the following way:

- Housing Benefit is limited to an amount that brings the total benefit income to exactly £500/£350 a week
  - If the claimant already receives more than £500/£350 in other benefits, Housing Benefit is limited to 50p a week
  - But the other benefits (which will consist mainly of Child Tax Credit) can still be paid in full even if the total exceeds £500 a week
- Universal Credit is limited to an amount that brings the total benefit income to exactly £500/£350 a week
  - It is virtually impossible to accumulate more than £500/£350 a week in other benefits (apart from Universal Credit) counting towards the cap
  - You would have to be receiving Child Benefit for something like 20 children
  - This means that people with larger families (generally with six or more children) have their total benefit income restricted to a lower level under Universal Credit than if they get Housing Benefit and Tax Credits

Effect of being in exempt accommodation

- The LHA and LRR do not apply.
- The Maximum Rent (Social Sector) or "bedroom tax" does not apply.
- The benefit claimant cannot get a Universal Credit housing element: his/her rent or licence charge is covered by Housing Benefit even if s/he claims Universal Credit for living expenses.
- The Housing Benefit award itself does not count towards the benefit cap which means that claimants living in exempt accommodation will very rarely be capped (the main exception would be a woman with six or more children in a supported domestic violence refuge whose HB would still be capped to the extent that the other benefits exceed £500 a week).

This does not mean that there are absolutely no restrictions on benefit levels for exempt accommodation. Housing Benefit might not cover the full rent if:

- The rent includes service charges that are ineligible to be met by Housing Benefit
- The local authority decides that eligible service charges are unreasonably high
- The local authority decides that the total rent is unreasonably high, or has increased unreasonably from its previous level