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What are the LHA and Local Reference Rent?

Local Housing Allowance (LHA)

The LHA is a published list of low-to-average market rents for five different property sizes. There is a separate list for each local "broad rental market area"[1] in Great Britain. The lists are compiled by an independent official called the Rent Officer. Rent Officers are attached administratively to the Valuation Office Agency, part of Her Majesty's Revenue and Customs: but the role of Rent Officer is a statutory function and they are completely independent of the local authorities who use the LHA lists. Following a series of local pilots, LHA was introduced throughout Great Britain from April 2008 in place of the Local Reference Rent system (see below).

How the LHA affects HB

The LHA is the maximum amount of HB that can normally be paid to a claimant who occupies accommodation outside the regulated social sector and whose current HB claim was made after the beginning of April 2008. If the claimant's actual rent is more than the appropriate LHA for the claimant's household, HB only goes up to the LHA. If the claimant pays less rent than the LHA, HB only covers the amount the claimant is liable to pay.

The rate of LHA applicable to the claimant is determined by reference to the following "size criteria":

- Single people aged under 35 are usually entitled to the LHA for a room in a shared house with access to a shared kitchen, bathroom and toilet. The same goes for single people and couples of any age without children who actually live in shared accommodation
    - Although there are some exceptions for young care leavers, severely disabled people, supervised offenders and people with a history of living in supported accommodation
- Otherwise, there are four additional LHA rates for self-contained properties ranging from one bedroom to four bedrooms. The claimant is entitled to a bedroom (up to a maximum of four) for each of the following (in descending priority order, i.e. each household member can only belong to the first category in the list that fits):
    - A couple
    - A single person aged 16+
    - A child who cannot share a bedroom because of disability
    - Two children of the same sex
    - Two children under 10
    - A child
- In addition one more bedroom is allowed if the claimant is not already up to the four-bed maximum and either of the following applies (or two more bedrooms if both apply):
    - The single claimant or a member of the couple making the claim or an adult joint tenant needs to be cared for at night by someone who does not

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normally live in the home
- The single claimant or a member of the couple making the claim or an adult joint tenant is a foster carer

Local Reference Rent

The Local Reference Rent (LRR) is the predecessor of LHA. It still applies where the claimant has remained on HB for the same address since LHA was introduced; and it also applies to new HB claims in some unconventional accommodation.

The LRR represents the average rent for property of a size that would meet the claimant's needs (using the same size criteria described above). But instead of publishing lists of LRRs, the Rent Officer carries out an individual valuation of the claimant's property. This valuation reflects the property's own market value and is referred to as the Claim Related Rent (CRR). The CRR is compared to the LRR and HB is based on the lesser figure.

Examples:

- The claimant occupies a luxury apartment in a new development in a sought-after part of town. The CRR for the flat is £300 a week but the LRR is £100, so HB will be based on the LRR
- The claimant occupies a small, dilapidated bedsit in a shared house in one of the least desirable areas of town. The LRR for shared accommodation is £65 a week, but the CRR for this room is £45. HB will be based on the CRR

What kind of accommodation is still subject to the LRR?

The LRR still applies to new claims for HB in respect of:

- a mobile home
- a houseboat
- a hostel
- accommodation where prepared meals are served and covered by the rent;
- and (rarely) where the local authority asks the Rent Officer to provide an LRR for a registered housing association tenancy that is not Category 1 exempt accommodation and where the local authority considers the rent to be unreasonably high

1. Broad Rental Market Areas vary in size depending on whether the area is rural or urban and the population density, but they tend to cover a single large city, a group of smaller towns or a wide rural area. For example there is a single BRMA that is more or less (but not exactly) coterminous with the city of Leeds local authority area; whereas the Lancaster BRMA covers the urban area of Lancaster, Morecambe and Heysham together with a huge swathe of rural north Lancashire and some of North Yorkshire as well