



What is the social sector LHA?

Basic Info

In November 2015 the government announced that Housing Benefit for tenants in the regulated social sector will be restricted to the Local Housing Allowance (LHA) rate applicable to the household from April 2018. "Regulated social sector" means accommodation provided by registered housing associations and local authorities. The announcement made a point of saying that HB for single tenants under 35 will be restricted to the shared accommodation LHA rate in the same way that it is for private tenants under 35. The LHA will only affect new tenancies entered into on or after 1 April 2016. Although the policy announcement did not refer to Universal Credit (UC), it would be reasonable to assume that the social sector LHA will apply to UC because by 2018 the majority of new benefit claims will be for UC and not for "legacy" benefits including HB.

Does the social sector LHA replace the bedroom tax?

Social sector tenants are not guaranteed to have their full rent covered by HB or UC: if the claimant has spare bedrooms according to criteria in the HB and UC Regulations, the bedroom tax reduces the rent eligible for benefit by 14% or 25%. It seems likely that the social sector LHA will run alongside the bedroom tax and the claimant's benefit will be based on the lesser of the LHA and the rent as it would have been before the social sector LHA policy was introduced. Otherwise, the social sector LHA would have the effect of lifting the majority of claimants out of the bedroom tax because:

- The private sector LHA is normally more than the social rent for an equivalent size property
- In most cases the LHA is more than the affordable rent for an equivalent property
- In many cases, the LHA is sufficient to cover the social or affordable rent for a larger property (especially in London)

It seems improbable that the government will allow people currently subject to the bedroom tax to receive higher amounts of HB through the social sector LHA: that is why it is likely that the social sector LHA will be an alternative limit which applies where the eligible rent would otherwise be higher. The majority of cases where the social sector LHA is less than the social or affordable rent will be where the tenant is a single person under 35 because in most cases single people under 35 have an LHA rate based on the cost of a room in a shared house.

Does the social sector LHA apply to supported accommodation?

For the time being certain aspects of the social sector LHA policy remain unclear, especially whether it will affect supported accommodation and, if it does affect supported accommodation, what kind of alternative funding arrangements will be put in place to cover what the government acknowledges are the higher costs of providing and managing supported accommodation. The government has been reviewing how supported accommodation is funded since 2009 and several times ministers have said that their long term aim is to devolve funds to local authorities



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to cover the higher running costs of supported accommodation while the security scheme allows standard amounts for housing costs across the board. This page will be updated as soon as any firm policy proposals emerge from the review.