

# THE RENT SERVICE AND LOCAL HOUSING ALLOWANCE

As part of the Government's Welfare Reform programme, the way Housing Benefit is calculated for new claims is changing from 7 April 2008.

This Newsletter explains the role of The Rent Service in the provision of the new Local Housing Allowance (LHA).

## What is a Local Housing Allowance?

- A flat rate allowance for the calculation of housing benefit entitlement
- A median rent calculated from a list of market rents
- Based on the number of bedrooms people need for their household
- Provided to each local authority on a monthly basis

The LHA will vary depending on the number of bedrooms and the Broad Rental Market Area (BRMA) the rented property falls in.

## How is the Local Housing Allowance calculated?

Every month, TRS will give each local authority a list of LHA rates for each BRMA.

The LHAs are calculated from lettings information collected by rent officers. The LHA categories are based on number of bedrooms. For each category, rent officers compile a list of rents that represent the market within each BRMA. From these lists a median rent is calculated. This is the LHA.

## What is a Broad Rental Market Area?

The BRMA is the geographical area used for the Local Housing Allowance determination. TRS will provide the local authorities with information that will help identify the extent of the BRMAs and therefore which properties fall within them.

A BRMA comprises two or more distinct areas of residential accommodation, within which a person could reasonably be expected to live having regard to facilities and services for the purposes of health, education, recreation, personal banking and shopping.

When determining BRMAs the rent officer takes account of the distance of travel, by public and private transport, to and from facilities and services of the same type and similar standard.

### THE MEDIAN BASED LHA

To ensure that the LHA reflects the distribution of rents in a BRMA it is calculated by reference to the median rent. The median rent is the rent that is halfway up the ordered distribution of rents for properties of the same size in a BRMA. In this example, if there were 17 lettings of 2 bedroom properties in an area with the rents shown here, the median rent would be **£95** as this is in the middle of the distribution.

£60  
£70  
£80  
£85  
£90  
£90  
£95  
**£95**  
£95  
£100  
£100  
£105  
£110  
£115  
£120  
£130



**Rent officers do not set the median. It is done automatically, based on the rental information that rent officers have collected. Rent officers will ensure there is a representative range of lettings data to accurately reflect the local market.**

**In other words, it is the market that sets the Local Housing Allowance.**

### **Independent research - How you can contribute**

Collecting and compiling the list of rents reflective of the private rental sector for each BRMA, and the resulting publication of the median based LHAs, represents a significant piece of independently researched market information. As landlords, agents and even tenants you have the opportunity to contribute towards this research by providing examples of your recent lettings.

Rent officers continually monitor the local rental market. The greater the range of sources, types of properties and geographical spread the more comprehensive the data used to determine the LHAs.

### **Your information will:**

- Ensure TRS determinations and LHAs reflect the reality of the market and accurately track broad rental trends
- Ensure those that require assistance with their rent receive a fair and accurate award
- Help assure landlords of tenants who receive assistance that LHAs are based on a robust and sound evidence base

We need some basic details about the property and the rental level achieved.

You can assist in ensuring that our list of rents is representative by providing us with examples. Please contact your local Rent Service office and ask to speak to a rent officer. The telephone numbers can be found on our website or in the telephone directory. Or email us: [lettingsresearch@therentservice.gov.uk](mailto:lettingsresearch@therentservice.gov.uk)

### **Contacts**

For further information about Local Housing allowance, you should contact your local authority Housing Benefit office.

Housing Allowance:  
[www.dwp.gov.uk/housingbenefit/lha/](http://www.dwp.gov.uk/housingbenefit/lha/)  
Their LHA advice line email address is - [LHAAdviceline@dwp.gsi.gov.uk](mailto:LHAAdviceline@dwp.gsi.gov.uk)

Government Office and Local Authority websites can be accessed via [www.direct.gov.uk](http://www.direct.gov.uk)

The Rent Service website is: [www.therentservice.gov.uk](http://www.therentservice.gov.uk)

To email The Rent Service: [customer.services@therentservice.gov.uk](mailto:customer.services@therentservice.gov.uk)