LHA Rates and the 30th Percentile

Case Studies

- The Rates used as examples in these case studies are the LHA Rates for January 2011 as published on the LHA Direct website.

- The Rates shown below are for illustration purposes only and are not intended to be indicative of the applicable Rates for the months used in the following case studies.

- The rent figures used represent a tenant's 'eligible rent' (i.e. the amount that can be met by Housing Benefit (HB)).

- Where a tenant’s rent includes amounts that cannot be met by HB the rent figure used to work out their award will be less than the amount you charge.

- These case studies are intended to illustrate the way the new changes can affect existing tenants in a variety of scenarios and should not be taken as an indication of what will apply to all tenants at all times.

- A tenant’s HB award is determined by various factors including the LHA Rate they are entitled to, the level of rent they are charged and other factors such as their income and any deductions that may apply to their award.
Case Study 1 - Excess removed on Anniversary Date

A couple live in a self-contained 1-bed flat and are entitled to a 1-bed LHA Rate. They qualify for HB from April 2010 and receive an excess payment of £15.00 a week. Their Anniversary Date is April 2011.

April 2010 - April 2011

Rent = £220.00

Current LHA Rate = £260.00

HB = £235.00 (Award based on Rent + £15.00 excess)

April 2011 - April 2012

Rent = £220.00

30th Percentile LHA Rate = £235.00

HB = £220.00 (Award based on Rent)

Based on the new rules HB cannot be more than the tenant’s rent even if the 30th Percentile Rate is higher.

Even though the HB award has decreased because of the end of the Excess payment the HB award covers the full rent so Transitional Protection does not apply.
Case Study 2 - Transitional Protection (TP) applied on Anniversary Date

A joint tenant lives in a shared house and is entitled to the Shared Accommodation LHA Rate. The tenant’s HB begins in June 2010 and the Anniversary date is in June 2011.

June 2010 - June 2011

Rent = £110.00

Current LHA Rate = £90.96

HB = £90.96 (Award based on LHA Rate)

June 2011 - June 2012

Rent = £110.00

30th Percentile LHA Rate = £77.50

Due to the introduction of the 30th Percentile calculation the Shared Rate has decreased - and because of this decrease the tenant qualifies for protection based on their rent or the previous LHA Rate, whichever is lower.

TP applies so the previous Rate continues for 9 months - i.e. until March 2012

June 2011 - March 2012

HB = £90.96 (Award based on previous Rate due to TP)

After 9 months TP ends so the HB award must now be based on the 30th Percentile Rate. This Rate applies for a further 3 months - i.e. until June 2012 - at which point the Anniversary Date is reached and a new rate is set.

April 2012 - June 2012

HB = £77.50 (Award based on 30th Percentile Rate)
Case Study 3 - Excess removed, Transitional Protection (TP) and Capping restriction applied

A family live in a 3-bed property and are entitled to a 5-bed LHA Rate. They qualify for HB from March 2011 and are entitled to an Excess payment. The Anniversary Date is March 2012.

March 2011 - March 2012
- Rent = £500.00
- Current LHA Rate = £529.00
- HB = £515.00 (Award based on Rent + £15.00 excess)

March 2012 - March 2013
- Rent = £500.00
- 30th Percentile LHA Rate = £346.00 (capped at 4-bed Rate)

Due to the introduction of the 4-bed cap there is no longer a 5-bed Rate so the tenant is restricted to the 4-bed Rate. As the 4-bed rate is also subject to capping the Rate used to work out the tenant’s HB is based on the maximum cap amount or the 30th Percentile Rate, whichever is lower. At the same time the excess payments also end.

In this case the 30th Percentile Rate is used - and because of this decrease protection applies based on the lower of the tenant’s rent or the previous LHA Rate.

TP applies so the Rent is used for 9 months - i.e. until December 2012.

March 2012 - December 2012
- HB = £500.00 (Award based on rent due to TP)

After 9 months TP ends so the HB award must now be based on the 30th Percentile Rate. This Rate applies for a further 3 months - i.e. until March 2013 - at which point the Anniversary Date is reached and a new rate is set.

January 2013 - March 2013
- HB = £346.00 (Award based on 30th Percentile Rate)
Case Study 4 - Transitional Protection (TP) and Capping Restriction applied

A family live in a 3-bed property and are entitled to a 3-bed LHA Rate. They qualify for HB from January 2011 and the Anniversary Date is January 2012.

January 2011 - January 2012

Rent = £500.00

Current LHA Rate = £450.00

HB = £450.00 (Award based on LHA Rate)

January 2012 - January 2013

Rent = £500.00

30th Percentile LHA Rate = £392.31 (capped at 3-bed maximum of £340.00)

As the 30th Percentile Rate is more than the maximum 3-bed cap the maximum cap is used to work out the HB award.

Due to the 3-bed maximum cap the tenant’s Rate is restricted - and because of this restriction protection applies based on the lower of the tenant’s rent or the previous LHA Rate.

TP applies so the previous Rate continues for 9 months - i.e. until October 2012.

January 2012 - October 2012

HB = £450.00 (Award based on previous Rate due to TP)

After 9 months TP ends so the HB award must now be based on the 3-bed maximum Rate. This Rate applies for a further 3 months - i.e. until January 2013 - at which point the Anniversary Date is reached and a new rate is set.

November 2012 - January 2013

HB = £340.00 (Award based on maximum 3-bed cap)
Case Study 5 - Transitional Protection (TP) ends due to Change in Address

A family live in a 3-bed property and are entitled to a 4-bed LHA Rate. They qualify for HB from August 2010 and are entitled to an Excess payment. The Anniversary Date is August 2011.

August 2010 - August 2011

Rent = £550.00

Current LHA Rate = £600.00

HB = £565.00 (Award based on Rent + £15.00 excess)

August 2011 - August 2012

Rent = £550.00

30th Percentile LHA Rate = £500.00 (capped at 4-bed maximum of £400.00)

As the 30th Percentile Rate is more than the maximum 4-bed cap the maximum cap is used to work out the HB award.

Due to the 4-bed cap the tenant’s Rate is restricted - and because of this restriction protection applies based on the lower of the tenant’s rent or the previous LHA Rate. At the same time the excess payments also end.

TP applies so the Rent is used for 9 months - i.e. until May 2012.

August 2011 - May 2012

HB = £550.00 (Award based on rent due to TP)

However, in October 2011 the family move to another 3-bed property. They are still entitled to a 4-bed LHA Rate and qualify for HB from October 2011. The Anniversary Date is now October 2012.

Rent = £500.00

30th Percentile LHA Rate = £500.00 (capped at 4-bed maximum of £400.00)

As the tenant has changed address protection ends and the new LHA rules apply straight away. This means TP no longer applies and the HB award is based on the lower of the 30th Percentile Rate or the maximum 4-bed cap.

October 2011 - October 2012
HB = £400.00 (Award based on maximum 4-bed cap)
Case Study 6 - Transitional Protection (TP) and Change in Category of Dwelling

A lone parent lives in a 3-bed property with two non-dependants and is entitled to a 3-bed LHA Rate. The tenant’s HB begins in November 2010 and the Anniversary date is in November 2011.

November 2010 - November 2011

Rent = £325.00

Current LHA Rate = £300.00

HB = £300.00 (Award based on LHA Rate)

November 2011 - November 2012

Rent = £325.00

30th Percentile LHA Rate = £276.92

Due to the introduction of the 30th Percentile calculation the 3-bed Rate has decreased - and because of this decrease the tenant qualifies for protection based on their rent or the previous LHA Rate, whichever is lower.

TP applies so the previous Rate continues for 9 months - i.e. until August 2012

November 2011 - August 2012

HB = £300.00 (Award based on previous Rate due to TP)

However, in May 2011 one of the tenant’s non-dependants moves out and the LHA Rate they are entitled to reduces to the 2-bed Rate from May 2011. The Anniversary Date is now May 2012.

Rent = £325

30th Percentile LHA Rate = £220.00

As the tenant’s LHA Rate has decreased protection ends and the new LHA rules apply straight away. This means TP no longer applies and the HB award is based on the 30th Percentile Rate.

May 2011 - May 2012

HB = £220.00 (Award based on 30th Percentile Rate)
Case Study 7 - Change in Category of Dwelling without Transitional Protection (TP)

A couple live in a self-contained 1-bed flat and are entitled to a 1-bed LHA Rate. They qualify for HB from February 2011 and receive an excess payment of £15.00 a week. Their Anniversary Date is February 2012.

February 2011 - February 2012:

- Rent = £160.00
- Current LHA Rate = £178.85
- HB = £175.00 (Award based on Rent + £15.00 excess)

February 2012 - February 2013

- Rent = £160.00
- 30th Percentile LHA Rate = £173.00
- HB = £160.00 (Award based on Rent)

Based on the new rules HB cannot be more than the tenant’s rent even if the 30th Percentile Rate is higher. Even though the HB award has decreased because of the end of the Excess payment the HB award covers the full rent so Transitional Protection does not apply.

However, in September 2011 the couple have a child so they become entitled to a 2-bed LHA Rate. The Anniversary Date is now September 2012.

September 2012 - September 2013

- Rent = £160.00
- 30th Percentile LHA Rate = £220.00
- HB = £160.00 (Award based on Rent)

Even though the LHA Rate has increased the award continues on the basis of the rent - but the Anniversary Date has changed to September 2013.
Case Study 8 - Change in Category of Dwelling and end of Transitional Protection (TP)

A couple live in a self-contained 1-bed flat and are entitled to a 1-bed LHA Rate. They qualify for HB from July 2010 and receive an excess payment of £15.00 a week. Their Anniversary Date is July 2011.

July 2010 - July 2011:

- Rent = £245.00
- Current LHA Rate = £260.00
- HB = £260.00 (Award based on LHA Rate/Rent + £15.00 excess)

July 2011 - July 2012

- Rent = £245.00
- 30th Percentile LHA Rate = £235.00

Due to the introduction of the 30th Percentile calculation the 1-bed Rate has decreased - and because of this decrease the tenant qualifies for protection based on their rent or the previous LHA Rate, whichever amount is lower. At the same time the excess payments also end.

TP applies so the Rent is used for 9 months - i.e. until April 2012

July 2011 - April 2012

- HB = £245.00 (Award based on rent due to TP)

However, in December 2011 the couple have a child so they become entitled to a 2-bed LHA Rate. The Anniversary Date is now December 2012.

December 2011 - December 2012

- Rent = £245.00
- 30th Percentile LHA Rate = £300.00 (capped at 2-bed maximum of £290.00)

As the 30th Percentile Rate is more than the maximum 2-bed cap the maximum cap is used to work out the HB award.

However, the maximum cap is more than the tenant’s rent so protection ends and the award is based on the tenant’s rent until the Anniversary Date.
HB = £245.00 (Award based on Rent)
Case Study 9 - Transitional Protection (TP) ends due increase in Category of Dwelling

A single person under 25 lives in a 1-bed property but is only entitled to the Shared Accommodation LHA Rate due to their age. HB begins in May 2010 and the Anniversary date is in May 2011.

May 2010 - May 2011

Rent = £110.00

Current LHA Rate = £90.96

HB = £90.96 (Award based on LHA Rate)

May 2011 - May 2012

Rent = £110.00

30th Percentile LHA Rate = £77.50

Due to the introduction of the 30th Percentile calculation the Shared Rate has decreased - and because of this decrease the tenant qualifies for protection based on their rent or the previous LHA Rate, whichever is lower.

TP applies so the previous Rate continues for 9 months - i.e. until February 2012

May 2011 - February 2012

HB = £90.96 (Award based on previous Rate due to TP)

However, in July 2011 the tenant reaches 25 years-old and becomes entitled to the 1-bed LHA Rate.

Rent = £110.00

30th Percentile LHA Rate = £173.00

As the 30th Percentile 1-bed Rate is more than the tenant’s rent protection is no longer required.

The HB award increases because it is now based on the tenant’s rent rather than the previous LHA Rate.

July 2011 - July 2012

HB = £110.00 (Award based on Rent)