

Housing Costs – Private Rented Sector

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What is included in the private rented sector

The private rented sector (PRS) includes accommodation owned or managed by:

- private landlords
- charities
- third sector organisations including some Housing Associations

To note, some charities and many Housing Associations are providers of social housing so fall within the social rented sector.

Where a person is housed in “temporary accommodation” they will always be treated as a PRS case.

Tenants should have a [tenancy agreement](#) but they may also have less formal arrangements, for example a rent book or verbal agreement with their landlord.

Who is eligible for support with housing costs

To be eligible for support with privately rented housing costs claimants must:

- be legally responsible for paying rent
- make payments to a landlord
- live in the rented property

There are additional rules for [private rented sector claimants who live in Scotland](#).

The date of eligibility for housing costs will be the later date that the following two conditions are both satisfied:

- the date the tenancy agreement started
- the date the claimant actually moved into the property

A claimant's Universal Credit calculation will include either the total amount of rent they pay, or the Local Housing Allowance (LHA) rate, whichever is lowest.

LHA rates are based on local market rents. For Universal Credit purposes a LHA rate will be used based on the bedrooms that the claimant needs (up to a maximum of 4).

Single claimants aged under 35 will usually receive only the shared accommodation rate. There are some exceptions, for example, if their rent is currently lower (see [Housing Costs - Under 35 rules](#)).

Non-dependants living with a claimant in PRS housing are expected to pay towards the rent. This may affect the claimant's Universal Credit Calculation. There are some exemptions (see [Housing Costs – non-dependants](#)).

Tenancy agreements

The main document a claimant must provide to verify PRS housing costs is their tenancy agreement which must be confirmed as genuine. A tenancy agreement will usually include the:

- tenant and landlord's name, address, contact details
- address of the property rented
- date the tenancy began and how long the term is for
- amount of rent and how often it is paid
- deposit amounts are usually mentioned on the tenancy agreement, but it may not be clear as to whether it has been paid
- signatures in all relevant places by all tenants and landlord (or agent)

Tenancy agreements are usually formal documents, but they can also be handwritten letters or notes from the landlord. These should generally contain the above information and be verified as genuine.

An expired tenancy agreements is also acceptable evidence. They automatically become 'Statutory Periodic Tenancy' or 'Rolling Tenancy' agreements.

Evidence to support claims for housing costs

The claimant needs to provide evidence of their private rented housing arrangement at a face to face interview. This needs to happen before any payment can be made. A tenancy agreement (including details of any joint tenancies) must be provided. Other supporting evidence can include:

- proof of address, for example a utility bill, telephone bill or medical card
- proof of rent payments, for example a bank statement showing payments to a landlord

These are examples of evidence, not a complete list.

New tenants may only have a tenancy agreement as evidence. They can obtain a supporting letter from their landlord as further evidence if the tenancy agreement is considered insufficient.

Non-commercial agreements with landlords

There must be a liability to make payments which is on a commercial basis, and a claimant must have the actual ability to be treated as having it.

An agreement may be considered non-commercial where it includes terms which are not legally enforceable or which the parties involved do not intend to be legally enforceable.

Most claimants will have a formal agreement with their landlord which shows that they are liable to pay rent on a commercial basis, for example a tenancy agreement.

A decision maker must decide whether the liability to make payments is on a non-commercial basis.

When landlords are related to the claimant

Housing costs are not payable where the landlord is:

- a member of the Assessment Unit
- a close relative of a member of the Assessment Unit and that relative lives in the same property

- part of a company or trust that a member of the Assessment Unit (or a close relative of a member of the Assessment Unit) who lives in the same property has an interest in (including owners, directors, trustees and beneficiaries)

Close relatives are:

- parents (including step or in law)
- children (including step or in law)
- brothers or sisters
- partners of any of the above

There are exceptions to these guidelines. The final decision lies with the decision maker.

Contrived tenancies

A contrived tenancy is where a tenancy agreement or arrangement to pay rent has been falsely created to make a claim for help with housing costs. (see [Housing costs – Contrived tenancies](#)).

Cases where the local authority are responsible for payment

Local authorities will cover housing costs for the following:

- claimants aged 16 or 17 in some situations (costs may also be covered by the Social Services Authority)
- supported exempt accommodation for claimants with care, support or supervision needs
- specified accommodation, mainly used for victims of domestic violence

Local authorities decide on the allocation of supported exempt accommodation and specified accommodation

Service charges

In the private rented sector (PRS) service charges can be covered but the total housing cost is restricted to the relevant Local Housing Allowance (LHA) rate. Usually the PRS doesn't break down service charges but includes them in the overall rent as the amount paid is capped by the LHA rate.

Additional rules for Private Rented Sector claimants in Scotland

In Scotland all landlords must register their properties with their local authority. If a claimant is living in an unregistered property advice should be sought from the local authority.

Claimants can still qualify for Universal Credit housing costs in Scotland if their landlords have failed to register the property, provided that they:

- are legally responsible for paying rent

- make payments to a landlord
- live in the rented property

Claimants will not be able to get help with their housing costs if their landlord has been served a Rent Penalty Notice or Rent Penalty Order for failing to:

- register the property
- deal with antisocial behavior
- make required improvements

In these cases there is no legal obligation for the claimant to pay rent.

Calculating private rented housing costs

See [Annex 1](#).

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