

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.

From 11 April 2018 people in Temporary Accommodation should claim Housing Benefit rather than UC Housing costs see [At a glance housing](#).

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

Some claimants in the all work related requirements conditionality, aged between 18 and under 22 years old, are excluded from help with housing costs, see 18 to 21 year olds and housing costs.

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](#)).

Lodgers and boarders are treated as PRS tenants. Housing costs can be considered if they satisfy the liability for rent, occupancy and payment. Any services they may receive for example, meals are included in the total rent.

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 agreement is also acceptable evidence. They automatically become 'Statutory Periodic Tenancy' or 'Rolling Tenancy' agreements.

Tenancies in Scotland

In Scotland it is a legal requirement that landlords register with their Local Authority (LA). See [landlord registration Scotland](#).

Where it has been identified the landlord has failed to register the property, the LA are notified so they can take action.

The housing cost element can still be paid to the claimant when liability, payment and occupancy are met.

Where the landlord is served a Rent Penalty Notice by the Scottish LA for failing to register, the claimant no longer has any liability to pay rent for the period of the notice and so has no entitlement to the housing cost element.

Tenancies in Wales

All Landlords in Wales must register with Rent Smart Wales. See [rentsmart register](#).

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. Supporting evidence must include proof that the claimant is:

- legally responsible for paying rent, for example a tenancy agreement or letter from the landlord (including details of any joint tenancies)
- living in the property, for example a utility bill, telephone bill or medical card
- paying rent, for example a bank statement showing payments to a landlord (a tenancy agreement can't be used as proof of paying rent)

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, for example to confirm that they are living in the property or have paid a deposit.

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)
- temporary accommodation

- supported exempt accommodation for claimants with care, support or supervision needs
- specified accommodation, mainly used for victims of domestic violence

Local authority housing benefit teams make the decision on whether accommodation should be classified as specified accommodation (supported exempt 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.

Calculating private rented housing costs

See PRS Processing - Map