

Private rented sector

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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.

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.

Eligibility for support with housing costs

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

- be legally responsible for making payments of rent
- live in the rented property

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).

Some claimants in the all work related requirements group, aged between 18 and under the age of 22, are excluded from help with housing costs.

For further information, see Housing costs and 18-21 year olds.

Single claimants under 35 years of age will usually receive only the shared accommodation rate. There are some exceptions, for example, if their rent is currently lower.

For further information, see LHA rates in PRS under 35s and size criteria rule

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.

For further information, see Non-dependants.

Tenancy agreements

Tenancy agreements are usually formal documents, but can also be handwritten letters or notes from the landlord. A tenancy agreement should 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/agent

An expired tenancy agreement is also acceptable evidence. Once expired, they automatically become 'Statutory Periodic Tenancy' or 'Rolling Tenancy' agreements if notice to quit is not served.

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 must be notified so they can take action.

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

Where the landlord is served a Rent Penalty Notice (RPN) by the 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.

LA's have agreed to inform DWP when they serve the RPN but it is still a requirement that the claimant reports the change. Failure to do so may result in an overpayment.

Tenancies in Wales

There is a similar scheme to the Scotland tenancies for Wales. Landlords must register with Rent Smart Wales. Housing costs can be met until a Rent Stoppage Order (RSO) is granted by the court.

For further information, see [rentsmart register](#).

Supporting evidence

Claimants need to provide evidence to confirm they are:

- legally responsible for paying rent. This can be established from the tenancy agreement, a letter from the landlord/agent or a bank statement.
- living in the property for which they are liable to make payments of rent. This could be established from a utility bill, council tax bill or, if no other proof is available, letter from the landlord/agent.

Claimants need to provide evidence of PRS housing within one month for new claims and 14 days for change of circumstances.

Tenancy agreement not signed

When the claimant confirms they have signed a tenancy agreement but have only provided an unsigned copy, payment cannot be made until they provide a signed version.

Tenancy agreement never signed

Where the claimant confirms they have never signed a tenancy agreement, Universal Credit is not paid until the claimant provides supporting evidence from their landlord or a signed tenancy agreement. They will have one month from the date of request to confirm their liability to pay rent before a payment is made.

Non-commercial agreements

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

- between close friends or relatives
- the rent is low

A decision is made to determine whether the liability is on a non-commercial basis or can be treated as on a commercial basis.

See Payments to a close relative.

Payments to a close relative

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)

A close relative is defined as a:

- parent
- parent-in-law
- son
- son-in-law
- daughter
- daughter-in-law
- step-parent
- step-son
- step-daughter
- brother or sister

and the partners of any of these. This includes a half brother and sister.

A decision is made on eligibility for housing costs where payments are made to a close relative whom the claimant does not live with.

For further information, see Contrived tenancies.

Boarders and lodgers

Boarders and lodgers are treated as PRS tenants. Housing costs can be considered if they satisfy the liability to pay rent and occupancy conditions. Any services they may receive for example, meals are included in the total rent.