

Council Tax in shared housing – who's responsible?

This factsheet should be of use to PRS access schemes and social housing providers operating or setting up a shared housing provision. It should also be of use to landlords letting to sharers. If you would like more information, see our toolkits for facilitating shared tenancies in the [private rented sector](#) and in [social housing](#).

Liability

It is the responsibility of whoever has liability for Council Tax to pay the bill. Under 18 year olds cannot be liable for Council Tax. Tenants living in shared accommodation as joint tenants will be jointly (and severally) liable for Council Tax. Landlords (whether private or social) will be responsible for paying the Council Tax if the property is let out to sharers on separate agreements. There are different definitions of what constitutes an HMO for Council Tax purposes and for housing purposes. For more information on the definition of an HMO for Council Tax, check the [regulations](#). Essentially, if individuals from two or more households rent a property on separate agreements, the landlord will have liability for the Council Tax. Hosts taking in a lodger will remain liable for the Council Tax. If you have any doubt about who should be liable for Council Tax, you should contact your local authority.

Council Tax Reduction

Council Tax Reduction (CTR) can be claimed by those with a liability for Council Tax who are on low income to reduce the total cost of their bill. Most local authorities will expect claimants to pay a small percentage towards their bill even after the full reduction has been applied. Council Tax Benefit was abolished in 2013 and replaced by CTR, in line with the change Discretionary Housing Payments (DHPs) can no longer be used to help with Council Tax costs. Some local authorities offer discretionary support to those

experiencing exceptional hardship through their Council Tax support scheme. You should check whether your local authority offers this provision.

Tenants with joint liability

Crisis advocates the use of separate agreements in shared accommodation, over issuing joint tenancies, to allow more flexibility and freedom for tenants, and to ensure individuals are responsible for just their proportion of rent. We understand that some landlords would rather issue joint tenancies in order to avoid taking liability for Council Tax.

How can you support your clients with a joint liability?

- **Number of tenants** - If you operate as a landlord, think carefully about issuing joint tenancies in the first place. If you do issue joint tenancies, consider the amount of people sharing and how manageable it will be for them to share liability for Council Tax. For example, it may be manageable for two people to share liability, but with more people sharing this may become difficult, particularly if there is a mixture of working and non-working tenants in the property.
- **Claiming CTR** - Joint tenants will be able to claim for their proportion of the bill. The bill should be divided equally between tenants. Local authorities will not split the bill so you should support your clients to understand their individual contribution, especially when there is a mixture of working and non-working tenants. You could also offer practical advice on how to make the payments, for example by giving advice on using joint bank accounts or using a kitty for house bills.
- **Voids** – When one tenant moves out, the remaining tenants will have to cover the full bill. You can support your clients to change names as appropriate on Council Tax accounts to ensure the right people are being billed. If a tenant is left living alone in the

Website www.crisis.org.uk/crisis-private-renting

Email private.renting@crisis.org.uk

Tel 020 7426 5685

Follow us on twitter @PrivateRenting

Crisis runs an advisory service for voluntary organisations and local authorities to access the private rented sector for single homeless people

property they will be able to apply for a single person discount to reduce the bill. You could also help your clients to apply for discretionary funds if they are experiencing hardship and struggling to pay the bill. It is worth thinking about whether your scheme could cover the shortfall whilst there are voids in the property.

Tenants with separate agreements – landlord liability

When letting to sharers on separate agreements landlords will be liable for the Council Tax bill, this may put some landlords off issuing separate agreements. They may be more inclined to issue separate agreements if they recover the cost of Council Tax from tenants.

How can you convince a landlord to issue separate tenancies and not recover the cost of Council Tax?

- **Know your LHA rates** - Show landlords the financial benefits of letting to individual sharers rather than a family. This will be possible in areas where the Shared Accommodation Rate is proportionally higher than other LHA rates. For example, a landlord may generate more income from 4x SAR than 1x 4 Bed LHA rate. Even with the cost of Council Tax, their income could be higher.
- **Filling voids** - Highlight to landlords that it can be easier and quicker, and therefore more cost effective, to fill voids when tenants are on separate agreements rather than a joint tenancy.
- **Sustainment** – Help landlords to recognise that tenants are more likely to sustain an affordable tenancy, minimising the risk of voids and tenant turnover. Highlight the

financial pressure your clients are already under.

- **Showcase your service** – Remind landlords of the free service they are already receiving from your scheme as an incentive for them to cover the bill.

Many landlords and hosts will want to recover the cost of Council Tax despite your best efforts to dissuade them.

What can you do to support your clients with increased rent or a service charge?

- **Transparency** - Ensure that landlords are transparent about the costs they are recovering. Ask them to provide a breakdown of the Council Tax bill so you can check they are not inflating the increase in rent or service charge as a result.
- **Affordability** - Make sure that any top ups above LHA are affordable for a tenant. Complete financial assessments with clients before supporting them to move in to a property.
- **Training** - Support clients with budgeting skills and money management, before and during a tenancy to ensure they are not compromising their accommodation through arrears. Help clients to understand Council Tax and the consequences of not paying the bill, even if they are not liable now, they probably will be in the future.

Council Tax and lodging

Hosts taking in lodgers will be liable for Council Tax. If they live on their own they will lose their single person discount, but would be financially better off by splitting the full bill. For more information on supporting lodging arrangements, see our toolkit [A Shared Approach](#).

Published 22nd February 2016

Website www.crisis.org.uk/crisis-private-renting

Email private.renting@crisis.org.uk

Tel 020 7426 5685

Follow us on twitter @PrivateRenting

Crisis runs an advisory service for voluntary organisations and local authorities to access the private rented sector for single homeless people