

Shelter briefing: Announcement on Supported Housing

Summary:

Shelter helps millions of people every year struggling with bad housing or homelessness – and we campaign to prevent it in the first place. In 2016 our advisers in England and Wales assisted 155 households into supported housing as an immediate response to their housing problem.

Today the Prime Minister announced the government would no longer proceed with plans to apply Local Housing Allowance (LHA) rates to the social rented sector.

The Autumn Statement 2015 announced an intention to restrict the maximum amount of housing benefit social tenants could receive to the applicable LHA rate for their family size and local area. This was initially due to take effect from April 2018, although last year the government delayed implementation until April 2019.

If you have any questions or would like any further details, please feel free to contact charlotte_gerada@shelter.org.uk or call 0344 515 1279.

What are LHA rates?

LHA was introduced in the private rented sector in 2008. It is a way of calculating the maximum amount of housing benefit that households are entitled to. In 2011 LHA rates were set in line with the 30th percentile of local rents, although welfare reform means that relationship was broken in 2012.

LHA rates have been frozen since April 2016.

What did the government plan to do?

The government intended to introduce LHA caps to some tenants in the social rented sector from April 2019. This would have meant that social tenants would not be entitled to more housing benefit than they could have received if renting privately.

This would have affected:

- Social tenants in low value areas where good quality social housing can be more expensive than the local private rented sector;
- Single people under 35 without dependent children, who would only have been entitled to enough housing benefit to rent a room in a shared house;
- Supported housing, which is more expensive due to the additional support provided.

What has the government done?

The government has abandoned the proposed plan in the wake of numerous warnings from landlords that this would make schemes – particularly supported housing – unviable, making it impossible to house under 35s and increase hardship.

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This means that social tenants will continue to receive housing benefit based on their actual rental costs, minus the bedroom tax and any cap imposed due to the overall benefit cap.

The government will publish further detail on the future funding of Supported Housing on October 31st 2017.

So is Shelter still concerned about LHA?

Yes. LHA rates continue to apply in the private rented sector. It's reasonable that some restrictions are in place to limit the amount of housing benefit that can be paid to private landlords. But successive cuts mean LHA is now out of step with actual housing costs.

In the majority of local authority areas LHA is no longer sufficient to cover even the cheapest rents. Shelter has calculated that if the freeze on LHA remains in place then 83% of local areas in England will be unaffordable to LHA claimants by 2019/20.

This is contributing to rising homelessness. There has been a sharp increase in statutory homelessness since the LHA cuts began in 2011. At the end of March 2017, there were 77,240 households in temporary accommodation, an increase of 60% since March 2011.

The National Audit Office has linked rising homelessness to welfare reform. It [found](#) that the decreased affordability of tenancies was “likely to have contributed to the increase in homelessness” and “changes to Local Housing Allowance are likely to have contributed to the affordability of tenancies for those on benefits, and are an element of the increase in homelessness”.

To avoid further increases to homelessness Shelter is calling on the Chancellor to unfreeze LHA rates for private renters in the 2017 Autumn Budget.