

## LGA: LIFTING LOCAL HOUSING ALLOWANCE RATE WOULD AVOID 100,000 FALLING INTO TEMPORARY ACCOMMODATION

More than 100,000 people would be protected from financial hardship and homelessness across the country if Local Housing Allowance (LHA) rates were lifted to cover the cost of renting, new research for the Local Government Association shows today.

The LGA, which represents councils in England and Wales, is calling on the Government to use the Budget to lift LHA rates to help provide people with more stable housing and tackle in-work poverty, homelessness and rough sleeping.

Hundreds of thousands of eligible private renters in England receive LHA in order to help them cover the cost of their rent. The amount of LHA they receive is calculated based on rents in their local area with rates frozen since 2016, when on average they covered the cheapest third of private rents (30<sup>th</sup> percentile).

The Government has confirmed it will end the LHA freeze from April this year and rates will increase in line with inflation. However, as rents have continued to rise over the past four years, the LHA rate now covers just 13 per cent of market rents on average as a result.

New research for the LGA by Policy in Practice and published today reveals the LHA rate now available for 9 out of 10 private renters across 279 local areas across the country is lower than their rent. This means that in many parts of the country there are no properties available to those entitled to full support with their housing costs.

The four-year freeze has left some families and vulnerable people – including single parents and disabled people – struggling to pay their rent and cover other household bills. In the worst cases, it is causing homelessness.

The freeze has also meant councils have had to divert funding away from long-term approaches to homelessness prevention in order to tackle immediate financial hardship and help people keep their tenancies.

A lack of genuinely affordable housing means councils are increasingly having to place homeless households in temporary accommodation. For every 1,000 households experiencing a shortfall between their LHA rate and rent, 44 households will require temporary accommodation, the report shows.

If LHA rates were restored to pre-2016 levels on average, the research for the LGA estimates that:

- An average council would need to house 300 fewer people in temporary accommodation across the country, or 101,000 nationally, and the average cost of using temporary accommodation for a council would reduce by between £1.4 million and £3 million.
- The average council would see 650 more households able to cover the cost of their rent with their LHA payments, or 220,000 nationally. This would help reduce financial hardship on them when trying to meet their housing costs.

Alongside lifting the LHA rate, councils are also calling on Government to properly recognise and resource local safety net services, and provide them with sustainable, long-term funding and powers to resume their historic role as major builder of affordable homes so they can play a lead role in helping it meet its commitment to end homelessness and rough sleeping by 2024.

This includes being able to keep 100 per cent of Right to Buy receipts to replace sold homes and the ability to set RTB discounts locally.

Cllr Richard Watts, Chair of the LGA's Resources Board, said:

“Scrapping the LHA rate freeze this year is a step in the right direction by the Government to help provide much-needed security to tenants.

“Over the past four years LHA rates have not kept pace with the rising cost of renting. It has left many people facing a growing gap between their incomes and the cost of rent. This has pushed some households into financial hardship, in-work poverty and homelessness, and driven demand for councils' housing, homelessness and local welfare services.

““Everyone deserves a decent, secure and affordable home and more needs to be done to protect tenants, including the most vulnerable, from falling into the trap of financial instability. By restoring LHA rates to cover at least the lowest third of market rents, the Government can deliver more of the security that tenants need and support households who need help to meet their housing costs.”

Deven Ghelani, Director and founder of Policy in Practice, said:

“Our analysis shows that the freeze in the Local Housing allowance has played a part in driving homelessness, with councils picking up the costs

“Tackling high housing costs needs a cross-government solution in the upcoming Budget.”

NOTES TO EDITORS:

- Nearly 7 in 10 council homelessness services are having to spend more than they planned to on homelessness support due to rising demand. For more information click [here](#).
- Temporary accommodation placements by councils having had to rise by almost 80 per cent since December 2010.
- The full report can be found [here](#).