

Local Housing Allowance Survey: Final Report

August 2017



Acknowledgements

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Summary

The Local Government Association's (LGA) recent Budget submission set out the case for lifting the Local Housing Allowance (LHA) freeze as part of wider housing and welfare reforms. To further its work in this area, the LGA carried out a survey of housing managers working within local councils in England to gather insight into the effect – or likely effect – of the LHA freeze on local housing, ranging from homelessness to house building. The survey was carried out in June and July 2017, and 73 surveys were returned (a 24 per cent response rate).¹ The main findings are summarised below.

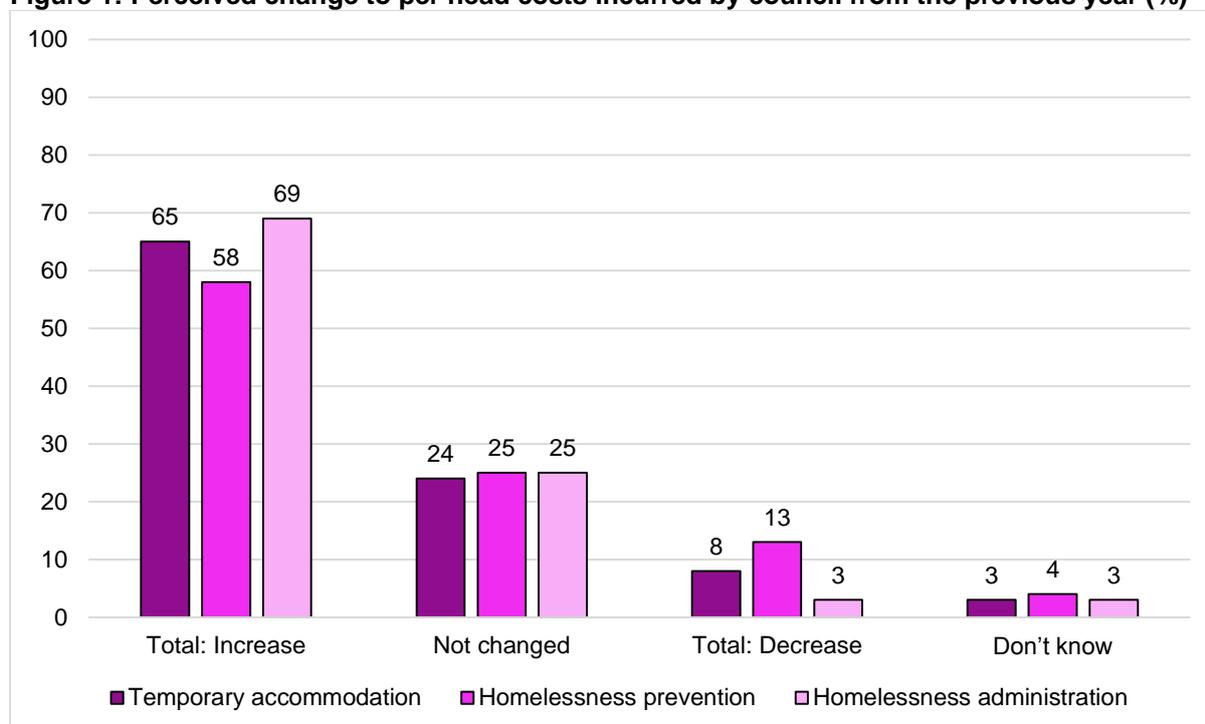
Changes to homeless household numbers

- The numbers of households accepted as homeless, since April 2016, had increased according to 76 per cent of respondents (53 councils).
- Of those who said homeless numbers had increased, 63 per cent (33 councils) said the LHA freeze was responsible to 'some' extent and 27 per cent (14 councils) said it was responsible to a 'great' extent.

Changes to per head costs

- Figure 1 shows the perceived change to per head costs incurred by local councils from the previous year for temporary accommodation, homelessness prevention and homelessness administration, according to respondents.

Figure 1: Perceived change to per head costs incurred by council from the previous year (%)



Base (all respondents) 71

¹ Two respondents replied on behalf of more than one council, taking the total number of councils represented in the survey responses to 76.

- Temporary accommodation: Of those who said per head costs had increased or significantly increased, 54 per cent (27 councils) said the LHA freeze was responsible to 'some extent' for this rise and 22 per cent (11 councils) said it was responsible to a 'great' extent.
- Homelessness prevention: Of those who said per head costs had changed, 48 per cent said the LHA freeze was responsible to 'some extent' – 21 respondents were referring to a significant increase or increase and two were referring to a decrease.
- Homelessness administration: Of those who said per had costs had significantly increased or increased, 71 per cent (34 councils) said the LHA freeze was responsible to 'some' extent for this rise, while 15 per cent (seven councils) said it was responsible to a 'great' extent.

Changes to housing market

- Ninety per cent of respondents (65 councils) said the local housing market in their area had seen a shift by private sector landlords away from providing housing options for tenants in receipt of benefit, since April 2016.
- Of those who had observed a shift, 47 per cent (30 councils) said the LHA freeze was responsible to 'some' extent and 42 per cent (27 councils) said it was responsible to a 'great' extent.
- Forty three per cent of respondents (31 councils) said the local housing market in their area had seen a shift by 'social rented landlords (such as housing associations)' away from providing housing options for tenants in receipt of benefit, since April 2016.
- Of those who has observed a shift, 55 five per cent (17 councils) said to 'some' extent the LHA freeze was responsible.

Impact of LHA freeze on building of new homes

- Fifty one per cent of respondents (35 councils) said the LHA freeze had had 'no impact' on the building of new homes by **local authorities** in their area.
- Thirty seven per cent of respondents (26 councils) said **housing associations** were 'building less' as a result of the LHA freeze – a similar number (34 per cent, 24 councils) said they were unsure the impact on housing associations.
- Fifty one per cent (35 respondents) were unsure about the impact of the LHA freeze on the building of new homes by **private organisations**.

Future impact of the freeze, if not lifted

- Ninety six per cent of respondents (68 councils) said **homelessness would 'increase'** if the freeze was not lifted up to 2020.
- Ninety four per cent of respondents (68 councils) said it would be '**more difficult to meet the requirements' of the new Homelessness Reduction Act** if the freeze was not lifted up to 2020.
- Sixty eight per cent of respondents (50 councils) said **council budgets would 'have to increase'** if the freeze was not lifted up to 2020.
- Thirty seven per cent of respondents (27 councils) said there would be '**less home building'** if the freeze was not lifted up to 2020.

- Ninety two per cent of respondents (67 councils) said lifting the freeze on LHA rates, and better aligning them with rents, would help to reduce homelessness in their area.

Introduction

In the Summer 2015 Budget (para 1.137), the Chancellor announced that the Local Housing Allowance Rate (LHA) would be frozen from 2016/17 at 2015 rates or the 30 percentile; whichever is the lower figure in each area.

The LHA freeze is one of many welfare reforms that impacts on household incomes and landlord behaviour as housing costs rise. Breaking the link between the maximum level of housing benefit and real local rent levels is a significant reform.

The Local Government Association's (LGA) recent Budget submission set out the case for lifting the LHA freeze as part of wider housing and welfare reforms. To further its work in this area, the LGA carried out a survey of housing managers working within local councils in England to gather data on whether or not there has been – or is likely to be – a tangible effect of the LHA freeze on local housing, ranging from homelessness to house building.

This report presents the results of the survey, looking at the effects of the 2016 Local Housing Allowance (LHA) freeze on those councils across the country that provided feedback.

Methodology

In June 2017, the LGA's Research and Information team carried out a survey of housing managers working within local councils which asked about the LHA freeze. A link to the online survey was sent by email to 306 managers in all English councils responsible for housing. It was in the field between 28 June and 24 July 2017.

The survey asked about the LHA freeze in relation to:

- Changes to homeless household numbers.
- Changes to per head costs.
- Changes to housing market.
- The impact of LHA freeze on the building of new homes.
- The future impact of the freeze, if not lifted.
- Examples of the LHA freeze's impact at the local level.

Of the 306 managers invited to take part in the survey, 73 submitted a complete or partially-complete survey.² This is a response rate of 24 per cent. Table 1 shows the response rate by region. Of the nine regions, councils in the South East returned the highest proportion of surveys (32 per cent of all councils in this particular region).

	Sample	Surveys returned N	Surveys returned %
East Midlands	39	9	23
East of England	43	9	21
Greater London	30	5	17
North East	12	2	17
North West	38	7	18
South East	62	20	32
South West	34	9	26
West Midlands	27	7	26
Yorkshire and Humber	21	5	24

Note: In eight cases, a survey was sent to a joint authority

Table 2 shows the response rate by authority type. Approximately a quarter of all districts, metropolitan districts and unitary authorities returned a survey (24, 26 and 27 per cents, respectively). London boroughs returned the fewest number (17 per cent of all this type of council).

² Two respondents replied on behalf of more than one council, taking the total number of councils represented in the survey responses to 76.

Table 2: Response rate by authority type

	Sample	Surveys returned N	Surveys returned %
District	186	44	24
London borough	30	5	17
Metropolitan district	35	9	26
Unitary authority	55	15	27

Note: In eight cases, a survey was sent to a joint authority

Please note the following when reading the report:

- The data presented in this report have been aggregated, and no individuals or councils are identified.
- Where tables and figures report the base, the description in brackets refers to the group of people who were asked the question. The number provided refers to the number who answered each question.
- As the response base is less than 50 in some cases, care should be taken when interpreting percentages, as small differences can seem magnified. Therefore throughout this report, absolute numbers are reported alongside the percentage values.

Full Results

This section provides a full set of results.

Changes to homeless household numbers

The majority of respondents (76 per cent, 53 councils), said that the numbers of households accepted as homeless in their authority had increased since April 2016. Numbers had remained the same according to 13 per cent (nine councils) or decreased according to 11 per cent (eight councils). See Table 3.

Table 3: Since April 2016, have the numbers of households accepted as homeless in your authority...

	Number	Per cent
...increased	53	76
...remained the same	9	13
...decreased	8	11
...don't know	0	0

Base (all respondents) 70

Respondents who said the numbers of households accepted as homeless in their authority had increased were asked about the extent to which the LHA freeze was responsible for the rise. Of the 52 respondents who replied, 63 per cent (33 councils) said the LHA freeze was responsible to 'some' extent, while 27 per cent (14 councils) said the freeze was responsible to a 'great' extent. See Table 4.

Table 4: If the numbers of households accepted as homeless in your authority has increased, to what extent do you think the LHA freeze is responsible for the rise?

	Number	Per cent
Great	14	27
Some	33	63
No extent	2	4
Don't know	3	6

Base (all respondents who said the numbers of households accepted as homeless in their authority had increased since April 2016) 52

Changes to per head costs

Sixty five per cent of respondents (46 councils) said the per head costs on temporary accommodation incurred by their council had increased or increased significantly from the previous year. Twenty four per cent (17 councils) said the per head costs had not changed, while eight per cent (six councils) said the per head costs had decreased. See Table 5.

Table 5: Please indicate how the per head costs incurred by the council have changed from the previous year for temporary accommodation:

	Number	Per cent
Total: Increase	46	65
Increased significantly	25	35
Increased	21	30
Not changed	17	24
Decreased	6	8
Decreased significantly	0	0
Total: Decrease	6	8
Don't know	2	3

Base (all respondents) 71

Respondents who said the per head costs incurred by their council for temporary accommodation had changed were asked to state the extent to which the LHA freeze was responsible. Of the 50 respondents who replied, 54 per cent (27 councils) said the LHA freeze was responsible to 'some extent' for an increase or significant increase in costs, while 22 per cent (11 councils) said the freeze was responsible to a 'great' extent for an increase or significant increase in costs. See Table 6.

Table 6: To what extent is the LHA freeze responsible for the change in temporary accommodation costs?

	Increased significantly	Increased	Decreased	Decreased significantly	Total	
	N	N	N	N	N	%
Great	8	3	0	0	11	22
Some	12	15	0	0	27	54
No extent	2	2	5	0	9	18
Don't know	1	1	1	0	3	6

Base (all respondents who said the per head costs incurred by their council on temporary accommodation had changed from the previous year) 50

Fifty eight per cent of respondents (41 councils) said the per head costs on homelessness prevention incurred by their council had increased or increased significantly from the previous year. Twenty five per cent (18 per cent) said there had been no change, while 13 per cent (nine councils) said the per head costs had decreased or decreased significantly. See Table 7.

Table 7: Please indicate how the per head costs incurred by the council have changed from the previous year on homelessness prevention:

	Number	Per cent
Total: Increase	41	58
Increased significantly	12	17
Increased	29	41
Not changed	18	25
Decreased	7	10
Decreased significantly	2	3
Total: Decrease	9	13
Don't know	3	4

Base (all respondents) 71

Respondents who said the per head costs incurred by their council for homelessness prevention had changed were asked to state the extent to which the LHA freeze was responsible. Of the 48 who replied, 48 per cent (23 councils) said the freeze was responsible for the change to 'some extent' (21 of these were referring to an increase or significant increase in per head costs and two were referring to a decrease). See Table 8.

Table 8: To what extent is the LHA freeze responsible for the change in homelessness prevention costs?

	Increased significantly	Increased	Decreased	Decreased significantly	Total	
	N	N	N	N	N	%
Great	6	8	3	2	19	40
Some	5	16	2	0	23	48
No extent	0	2	1	0	3	6
Don't know	1	2	0	0	3	6

Base (all respondents who said the per head costs incurred by their council for homelessness prevention had changed from the previous year) 48

Sixty nine per cent of respondents (49 councils) said the per head costs for homelessness administration incurred by their council had increased or increased significantly from the previous year. Twenty five per cent (18 councils) said the per head cost had not changed, while three per cent (two councils) said it had decreased. See Table 9.

Table 9: Please indicate how the per head costs incurred by the council have changed from the previous year on homelessness administration:

	Number	Per cent
Total: Increase	49	69
Increased significantly	11	15
Increased	38	54
Not changed	18	25
Decreased	2	3
Decreased significantly	0	0
Total: Decrease	2	3
Don't know	2	3

Base (all respondents) 71

Respondents who said the per head costs incurred by their council for homelessness administration had changed were asked to state the extent to which the LHA freeze was responsible for this change. Seventy one per cent (34 councils) said the freeze was responsible to 'some' extent for an increase or significant increase, while 15 per cent (seven councils) said it was responsible to a 'great' extent for an increase or significant increase. See Table 10.

Table 10: To what extent is the LHA freeze responsible for the change in homelessness administration costs?

	Increased significantly	Increased	Decreased	Decreased significantly	Total	
	N	N	N	N	N	%
Great	6	1	0	0	7	15
Some	5	29	0	0	34	71
No extent	0	1	0	0	1	2
Don't know	0	4	2	0	6	13

Base (all respondents who said the per head costs incurred by their council for homelessness administration had changed from the previous year) 48

Changes to housing market

Ninety per cent of respondents (65 councils) said the local housing market in their area had seen a shift by private sector landlords away from providing housing options for tenants in receipt of benefit, since April 2016. See Table 11.

Table 11: Thinking of your local housing market, has there been a shift by private sector landlords away from providing housing options for tenants in receipt of benefit, since April 2016?

	Number	Per cent
Yes	65	90
No	5	7
Don't know	2	3

Base (all respondents) 72

Respondents who said there had been a shift by private sector landlords away from providing housing options for tenants in receipt of benefit, since April 2016 were asked to state the extent to which the LHA freeze was responsible for this. Forty seven per cent (30 councils) said it was responsible to 'some' extent, and 42 per cent (27 per cent) said it was responsible to a 'great' extent. See Table 12.

Table 12: To what extent is this result from the LHA freeze?

	Number	Per cent
Great	27	42
Some	30	47
No extent	1	2
Don't know	6	9

Base (all respondents who said the local housing market in their area had seen a shift by private sector landlords away from providing housing options for tenants in receipt of benefit, since April 2016) 64

Forty three per cent of respondents (31 councils) said the local housing market in their area had seen a shift by 'social rented landlords (such as housing associations)' away from providing housing options for tenants in receipt of benefit, since April 2016. Thirty two per cent (23 councils) said a shift had not occurred, while 25 per cent (18 councils) were unsure. See Table 13.

Table 13: Thinking of your local housing market, has there been a shift by ‘social rented landlords (such as housing associations)’ away from providing housing options for tenants in receipt of benefit, since April 2016?

	Number	Per cent
Yes	31	43
No	23	32
Don't know	18	25

Base (all respondents) 72

Respondents who said the local housing market in their area had seen a shift by ‘social rented landlords (such as housing associations)’ away from providing housing options for tenants in receipt of benefit, since April 2016, were asked to state the extent to which this change was a result of the LHA freeze. Fifty five per cent of respondents (17 councils) said it was responsible to ‘some’ extent. Twenty six per cent of respondents (eight councils) said the change had occurred to a ‘great’ extent because of the LHA freeze, while 19 per cent (six councils) said the freeze was not responsible for the shift to any extent. See Table 14.

Table 14: To what extent is this result from the LHA freeze

	Number	Per cent
Great	8	26
Some	17	55
No extent	6	19
Don't know	0	0

Base (all respondents who said the local housing market in their area had seen a shift by ‘social rented landlords (such as housing associations)’ away from providing housing options for tenants in receipt of benefit, since April 2016) 31

Impact of LHA freeze on building of new homes

Respondents were asked about the extent to which the LHA freeze had impacted on the building of new homes in their area (see Table 15):

- In terms of the building of new homes by local authorities, most respondents (51 per cent, 35 councils) the LHA freeze had caused ‘no impact’.
- Asked about building by housing associations, 37 per cent of respondents (26 councils) said these organisations were ‘building less’ as a result of the freeze – a similar number (34 per cent, 24 councils) said they were unsure about the freeze’s impact on house building by housing associations.
- The majority of respondents (51 per cent, 35 respondents) were unsure about the impact of the LHA freeze on the building of new homes by private organisations.

Table 15: To what extent has the LHA freeze impacted on the building of new homes in your area?

	Local Authorities		Housing Associations		Private	
	Number	Per cent	Number	Per cent	Number	Per cent
Building more	6	9	2	3	3	4
Building less	11	16	26	37	5	7
No impact	35	51	18	26	25	37
Don't know	16	24	24	34	35	51

Base (local authorities, 68; housing associations, 70; private, 68)

Future impact, if freeze remains

Respondents were asked for their views on the impact of the freeze up to 2020, if not lifted, on homelessness, the success of the new homelessness reduction act, on council budgets and on new building. The main findings are (see Table 16):

- **On homelessness:** 96 per cent of respondents (68 councils) said homelessness would 'increase' if the freeze was not lifted up to 2020.
- **On the success of the new Homelessness Reduction Act:** 94 per cent of respondents (68 councils) said it would be 'more difficult to meet the requirements' of the new Homelessness Reduction Act if the freeze was not lifted up to 2020.
- **On council budgets:** 68 per cent of respondents (50 councils) said council budgets would 'have to increase' if the freeze was not lifted up to 2020.
- **On new building:** 37 per cent of respondents (27 councils) said there would be 'less home building' if the freeze was not lifted up to 2020.

Table 16: What do you anticipate to be the future impact of the freeze up to 2020 if not lifted?

		Number	Per cent
On homelessness	Increase	68	96
	No impact	0	0
	Decrease	0	0
	Don't know	3	4
On the success of the new Homelessness Reduction Act	More difficult to meet the requirements	68	94
	No difference	2	3
	Easier to meet the requirements	0	0
	Don't know	2	3
On council budgets	Will have to increase budget	50	68
	Budget will remain as set	9	12
	Budget will be less than set	1	1
	Don't know	13	18
On new building	Will lead to more home building	1	1
	Will not change home building	21	29
	Will lead to less home building	27	37
	Don't know	24	33

Base (homelessness, 71; success of new homelessness reduction act, 72; on council budgets, 73; on new building, 73)

Ninety two per cent of respondents (67 councils) said lifting the freeze on LHA rates, and better aligning them with rents, would help to reduce homelessness in their area. See Table 17.

Table 17: In your view, would lifting the freeze on LHA rates, and better aligning them with rents, help to reduce homelessness in your area?

	Number	Per cent
Yes	67	92
No	4	5
Don't know	2	3

Base (all respondents) 73

Examples of impact of LHA freeze at the local level

The LGA was keen to capture any qualitative evidence of the impact of the LHA freeze at the local level. A summary of the impacts described by respondents is provided below (see Annex A for full responses). Forty seven respondents replied (some referred to more than one issue).

- Affordability and availability** (26 respondents): Prior to the LHA freeze, respondents said rents were already out of kilter with LHA rates (i.e. too high) and that this gap had worsened due to the freeze. Respondents said councils could not obtain tenancies in the private rented sector due to the freeze/shortfall/reduction in affordable units, and LHA rates were not reflecting real changes in rents. A further point was that the number of properties advertised for rent at LHA levels had declined and average levels of rent had increased.
- Private landlords** (18 respondents): There was a perception among some respondents that some private landlords were withdrawing from the 'benefit market' and that the freeze had impacted on landlords' willingness to work with local authority tenants, resulting in a significant reduction in affordable private rented sector supply. Some respondents said landlords saw a greater financial risk (e.g. potential rent arrears) relating to low income/unemployed households, since the freeze.
- More homelessness and escalating costs** (15 respondents): Respondents referred to more evictions, increased payments from their council's homelessness prevention fund and higher emergency accommodation costs – and that it was impossible to discharge homeless duties through private sector accommodation due to LHA rates. Homelessness prevention was said to be harder to achieve due to a lack of affordable accommodation.
- Under 35s and one-bed properties** (eight respondents): Some respondents described how the LHA freeze had impacted negatively on people under the age of 35 and those requiring one bedroom properties (i.e. restricted to single room rate), and that the freeze had added to the difficulties involved with placing larger families.
- Impact on those with special needs** (six respondents): Respondents mentioned the negative impacts of the freeze on older people, those with mental health issues and those supported by specialist accommodation (e.g. domestic violence victims and the disabled).
- Registered providers putting a hold on house building/fewer homes** (six respondents): Some respondents said the LHA freeze had increased the

imbalance in supply and demand, increased caution among registered providers and increased the lack of affordable homes.

- **Existing high demand from private professionals** (5 respondents): Respondents referred to a general lack of housing supply, meaning those in receipt of housing benefit could not compete with those not in receipt, and that a lack of housing had increased private sector demand.
- **An increase in poor quality private sector housing** (two respondents).

Annex A: Examples of impact of LHA freeze at local level

<p>It is clear that the freeze has had the negative impacts indicated by our earlier answers. However, it is important to stress that the freeze is one factor among many others – benefit caps for example – and it is difficult to be precise about the impact of one element in a complex context. The primary issues for ^name of council^ is the withdrawal of private landlords from the benefit market, even at the lower end. This presents obvious difficulties for households seeking accommodation and, more immediately from the council 's perspective, for the council in seeking to discharge temporary and permanent housing duties. While we have seen increasing caution among RPs, this is not usually directly connected to the LHA freeze, since most rents remain HB eligible, and is more concerned with other factors such as the Overall Benefit Cap and a changing attitude to the perceived financial risks of housing low income or unemployed households, for example in terms of rent arrears.</p>
<p>Even prior to the LHA freeze, the Local Housing Allowance rates applicable in ^name of council^ did not reflect the rents charged (and achieved) by Private Landlords. Within the BRMA which ^name of council^ falls, we feel we have the highest rents.</p>
<p>^Name of council^ has an increase in DHP to pay 'top up' to tenants to help them remain in their homes. We also have increased expenditure from our homelessness prevention fund. We also have an increased lack of suitable affordable homes for our customers and less landlords are currently willing to work in partnership with the Local Authority.</p>
<p>Most RPs in our ^name of local area^ have set their affordable rents at 80% of market capped at LHA. However some RPs have significantly breached LHA rates when setting their rents – this will have a significant impact in 2019 when social rents are capped at LHA for all household sizes not just under 35 being a shortfall in their rent. In addition the LHA rate is significantly increasingly awry from actual private rental levels – the most disparate is the shared accommodation rate. This, alongside the benefit cap, has had a significant adverse effect on our ability to use the private rented sector for homeless prevention and will make the private rented sector not a viable option for the council with the additional duties through the Homeless Reduction Act.</p>
<p>The greater issue is private landlords willing to rent to someone in receipt of HB at all. The uncertainty around universal credit and the benefit cap cause more issues than the LHA freeze. Simply increasing the LHA limit will have little impact on homelessness if those households are not going to receive sufficient HB to meet the cost as they have benefit cap restrictions. In my area, high demand from professionals for private rented properties, those in receipt of HB simply cannot compete against those in full time employment willing and able to pay increased rents.</p>
<p>There's more evidence of the private rented sector not being available to people not just on Housing benefits but where they can just increase the rent – they do! [Regarding question on future impact on new building 'will lead to less home building' by Housing Associations.]</p>
<p>LHA freeze has resulted in an increase in homeless cases. The Council then struggles to find other suitable accommodation within the LHA rate – frankly, it just doesn't exist. The designated LHA rates for individual districts in ^name of local area^ need to desperately be reviewed. ^Name of council^ is currently aligned with ^name of council^, ^name of council^ but our market is much more similar to ^name of council^. [Regarding question on future impacts on council budgets 'budget will remain as set' – we'll just have to find the money and cut services from elsewhere!]</p>
<p>LHA freeze has had some limited impact on our ability to secure private rented housing for households reliant on welfare benefits. This is more problematic in areas [such as ^name of council^] where there are shortages of alternative social housing. However, of more significance is the progression to introduction of Universal Credit. This is having a</p>

bigger impact on the attitude of landlords to benefit claimants. Most housebuilding in as ^name of council^ is for sale [owner-occupation] with a proportion for RP affordable rent. RPs should only be building new homes which are viable at affordable housing rents set within LHA caps, and 1% rent reductions.

Rents are around £200 more than the LHA for 2 bedroom properties per month. This makes homeless prevention exceedingly difficult if not impossible.

Although LHA may not have a direct impact on the total number of properties that are developed it will have a direct impact on the level of affordable housing that is developed and the level of supported and specialist accommodation, due to the cap on supported accommodation levels too. The LHA caps have made it extremely difficult for under 35 year single households to find suitable accommodation in the borough as shared housing is not something that the borough has, and a number of HMOs are of poor quality.

The lack of housing supply has created a demand for private sector homes for people who are working and not reliant on housing benefit assistance. This has reduced the availability of homes for people on HB at LHA. They are unable to compete. The effect is people are remaining longer in emergency hotel and temporary accommodation whilst an offer of an affordable home is made available through council housing register and CBL. The costs are escalating for homelessness. This is further compounded, as ^name of council^ has a difficulty attracting private sector landlords to provide accommodation for its homeless households as London borough's offer greater financial incentives to ^name of council's^ landlords and pay higher rents through their LHA rates, again locally this council is unable to compete.

The reduction of the LHA rate from the 50th percentile to the 30th percentile led to a decrease in landlords being willing to let their properties to tenants in receipt of HB and an increase in tenants being able to afford private accommodation. The freeze on LHA rates has compounded this issue as the gap between actual local rent levels and the LHA rate continues to expand.

Social housing providers are becoming more averse to letting to younger people, who would be impacted by the SAR. ^Name of council^ is a low rate LHA area anyway and therefore the amounts paid are not covering rental costs and PRS landlords are more likely to rent to households who are working.

Regular surveys are conducted of properties advertised for let in 3 key postcodes in the district. The number of properties advertised for let at LHA has noticeably declined and it is common now that less than 5% are at LHA. This is across shared accommodation to 4 bed houses. The level of rent asked for above LHA has also increased. HAs are building less because of perceived risk going forward on ExtraCare schemes and supported housing programmes. Also viability issues of development sites on schemes with marginal value.

The LHA cap for those under the age of 35 is having an impact on the number of 1 beds that RPs are willing to commit to in the area, and this is where we have the greatest imbalance between supply and demand. The uncertainty around LHA rates and supported accommodation has also partly led to the delay in the delivery of a much needed all affordable extra care housing scheme in the district. The RP is committed to the delivery of this but the uncertainty around the revenue funding is placing a greater risk on them. 'On the ground' landlords are becoming more and more reluctant to rent to customers who are in receipt of benefits – the benefit cap, LHA allowances and Universal Credit are all raised by landlords as issues of concern – it's almost becoming a 'perfect storm' of reducing available accommodation at the very time that the new 56 day 'prevent' and 56 day 'relief' part of the Homeless Reduction Bill is to implemented. We have a case in SHDC where social housing was unaffordable due to the restrictions on this individuals benefits; this is despite this person working part time, being a victim of domestic abuse and being accepted as homeless.

Most impact will be on under 35s whose benefit is restricted to the single room rate, and not the LHA rate being frozen as such.

In high value areas such as ^name of council^, the cost of private rents far exceeds the LHA levels. The Broad Rental Market Area covers most of ^name of council^. However, the rents in ^name of council^ are higher than in most other parts of ^name of council^ so even the 30th percentile rents in ^name of council^ are not covered by the LHA rates. The difference between private rents and LHA for a 2 bed property in ^name of council^ can be between £100-£200 pm. If the rents rise in the next four years, the LHA freeze means that the gap will increase even further.
Several RPs have spoken to me about supported housing schemes being put on hold. This is a direct result of the LHA freeze and uncertainty for post 2020
Although we are continuing to build going forward there is likely to be an impact on the amount of 1 beds we build as they are often over the cap. This will have an impact on single households under homelessness/HRA.
It is the LHA rates/freeze and HB cap (not headroom) which is constraining the ability of local authorities to build more homes. In areas such as ^name of council^, LHA is so low that it makes new build unviable and the need in the city (due to local factors) is for social rather than 80% of market rent properties. Therefore, either LHA needs to increase, or grants need to be higher should the Government want to see more affordable homes delivered. There seems to be a race to the bottom in terms of rents for private or social/public sector housing – all this does is reduce landlords ‘ ability to invest in stock, in turn lowering standards. This is certainly reflected in some of the poor quality private sector housing in parts of the city. We work closely with some of the housing associations who have a presence in ^name of council^, many of whom have confirmed their move away from housing applicants in receipt of HB due to LHA cap. Equally, colleagues from HAs have spoken about having to put on hold any plans/considerations for new build in the city due to a) LHA itself being low in ^name of council^ and b) the LHA freeze making the difficult job of getting new build schemes to stack up in an already low LHA area virtually impossible. Our local private landlord forum has also warned of their withdrawal from this part of the market (those reliant on housing benefit for some/all of their rent payments), especially in light of the new tax implications for private landlords from this year.
LHA rates do not reflect real changes in rents.
We are struggling to access the PRS to discharge our homelessness duty. The LHA contributes to this, along with the high demand for rented properties for holiday lets and seasonal workers.
Private landlords have been exiting the LHA level market since the freeze.
Current LHA rates in ^name of council^ is on average between £200-£300 below market rate. Trend shows a steady increase in private rented sector eviction and a significant reduction in affordable PRS supply in the borough.
The one bed self-contained rate is well short of true rental cost, and for this reason it is virtually impossible for single people on a low income to access the PRS. The 2 and 3 bed rate are short in almost all areas of the borough with the exception of a ward which has the highest rates of housing standards enforcement. Under the provisions of the Homeless Reduction Act I am sure that many such properties will not meet the requirements so as to be a suitable offer to homeless households.
Due to major regeneration projects in the borough, we have been able to provide temporary accommodation in own stock earmarked for demolition. This is let at social rent and, therefore, have avoided increase spending on temporary accommodation. We have had to offer incentives to landlords to accept persons threatened with homelessness as tenants with rent sent at LHA rate.
The LHA is having a significant impact on homelessness demand, prevention and relief. This is in part due to the high proportion (33%) of our housing market being PRS.
It is felt that private sector landlords have adapted since the introduction of LHA in 2012. There is nervousness around specialised provision, notably for the elderly and vulnerable

<p>young people and planned schemes have stalled until there is more certainty on how rents/services charges will be met.</p>
<p>The LHA freeze coupled with significant rental increases in the private sector has meant that this sector is all but inaccessible in most parts of the town for low-income households</p>
<p>Affordability is the main issue for us, the gap between LHA and rents makes prevention and move on the main challenge and the rising cost of TA as a result is leaving us less to use for prevention. The HRA won't work if we are required to prevent into a sector that is completely unaffordable for most homeless residents. Focus on prevention is not new for most LHAs but a diminishing, increasing cost PRS is.</p>
<p>The LHA levels are below actual market rents which continue to increase so the gap is getting bigger. It is difficult to find affordable accommodation for those currently in temporary housing or at risk of becoming homeless.</p>
<p>We are finding it impossible to discharge our homeless duties through any private sector accommodation due to the LHA rates. Additionally we are paying more DHP as the rates are totally unrealistic for accommodation in our borough – being close to ^name of area^ but not in ^name of area^. The rise of those being evicted from private rented has increased after they are out of work and the LHA level makes it impossible to get benefits to cover the rent or find anywhere else in the borough where they have support networks.</p>
<p>Affordability is the biggest barrier to securing a tenancy in the private sector in ^name of council^, which is a sector we rely on for prevention activities. It will become harder due to the anticipated increase in clients who will be owed a prevention and/or relief duty.</p>
<p>^Name of council^ has developed a local housing company to acquire property to meet homeless demand – freezing LHA impacts on viability LHA freeze has disproportionate impact on people with disabilities living in PRS as more of their disability related benefits are used to top up housing costs rather than being used for intended purpose.</p>
<p>I compared for another piece of work what impact the freeze has had in terms of what the 30th percentile for our area is now for Government website. We cannot obtain tenancies in the PRS due to the shortfall. In our Borough today only one two bed property is on rightmove.co.uk within LHA hard to past the table I have. Data Room 1 Bed 2 Bed 3 Bed 4 Bed 2017/8 LHA £87.39 £173.41 £221.72 £276.67 £382.64 30th percentile for the year up to September 2016 £106.21 £195.62 £253.15 £310.68 £425.75 Difference between the 30th percentile and current LHA -£18.82 -£22.21 -£31.43 -£34.01 -£43.11</p>
<p>As the affordability of privately rented accommodation reduces for low-income households:</p> <ul style="list-style-type: none"> • Large numbers of households are still presenting as homeless. Annual figure 2016/17. 57% of all accepted homeless households had lost their Assured Short-hold Tenancy in the private sector • It has become more difficult for the Council to cease a homelessness duty or prevent homelessness with an offer of private sector accommodation, as there are less affordable private sector properties available to low income households. • There are additional costs to the Council where landlords accept nominations from the Council they expect a cash payment to cover some of the shortfall between market rents and Local Housing Allowance. • There are fewer properties available for use as longer-term temporary accommodation and consequently households are spending longer in unsuitable shared accommodation.
<p>It has been noted that current LHA rates, at the bottom 30th percentile and frozen, the rate is higher when compared with 'new scheme' rent valuations for the same accommodation. This suggests the LHA scheme is more generous than New Scheme rent valuations.</p>
<p>Whilst the LHA freeze may not affect the building on new homes it does impact the viability of social and affordable rent schemes in development – so whilst we do not foresee a change in the number of overall units delivered, but we do foresee a reduction in affordable units. The number of homes we have been able to secure on our deposit guarantee scheme (a PRS Homeless prevention initiative) has fallen dramatically over the</p>

<p>last few years – Landlords predominantly attribute this to finances/rent levels. We have redesigned the scheme to guarantee rent at LHA and have not been able to secure a significant increase in property. Plenty more evidence depending on what you require.</p>
<p>The ending of assured shorthold tenancy by private landlords is one the main reason for homelessness. Our homelessness preventions have substantially reduced due to private landlords no longer willing to take those who are on benefits due to LHA freeze and other welfare reform changes. We have an ageing population and housing associations are not building new supported housing schemes due to the government’s proposed changes on funding for supported housing.</p>
<p>We have seen a massive increase in HMO’s in the area for the under 35s that has caused lots of issues. Many landlords will not house benefit clients and certainly struggling with those larger families who have benefits capped. Many private landlords are saying they will get out of the market or change their client audience. Seeing an increase already in homeless cases.</p>
<p>It is becoming more difficult to source accommodation for larger size families within the local authority. Same issue with under 35s we are subject to the shared room rates. Rents in ^name of council^ continue to raise and most areas especially in Central and Southern ^name of local area^ are now above LHA rates.</p>
<p>LHA rates for our district have fallen significantly behind local market rents and we are now finding it extremely difficult to help households who are homeless or threatened with homelessness access the private rented sector even with a flexible approach to providing help with rent deposits and rent in advance. This compounds the problem we have been experiencing for the past few years with the capping of housing benefit for single person households aged 18-35 at the shared accommodation LHA rate. The LHA rate freeze isn’t the only factor behind the increasing levels of homelessness and use of temporary accommodation. We believe it’s the result of a combination of welfare reform measures and policies which impact on the supply and affordability of rented housing in both the social and private sectors.</p>
<p>The difference between the rents in ^name of council^ and the LHA rate is significant. Two bedroom properties are advertised at double the LHA rate which makes it impossible for our customers to afford. The private rented market has become a problem for ^name of council^ as we are struggling to place anyone into a property within the area. Although we have incentives to attract landlords, we cannot compete with rents that are double the LHA rate. I’m not sure that ending the LHA freeze is the only answer to these problems as landlords will continue to increase the rental prices. It feels like it may need some legislation that means property rental costs are capped so that it is a more even playing field because it certainly isn’t at the moment. With the homeless reduction act coming in to force soon, we need more support and resources to enable us to support our customers into alternate housing. The majority of our customers are vulnerable and with the current LHA freeze, it will rule that option out for a large number of households. The remaining options are limited as the wait for social housing takes years. We are seeing households approaching us for advice where they are in rent arrears as they have taken on a property that was unaffordable just to avoid being homeless and others who approach where the landlord has increased the rental costs and it is no longer affordable to them.</p>
<p>Within this borough a 1 bed flat is approx. £900.00 the LHA is 650 what should not be happening when calculating the LHA no housing association/ council social rented properties should be taken into account only market rent. Also the LHA for should be moved for the 30th percentile in London and the South East to 60th percentile. Also the BMRA should be scrapped and the LHA be based on the local authorities district.</p>
<p>Note, while our level of homelessness acceptances have fallen slightly during 2016/17 our level of applications continues to increase. It is challenging to precisely isolate the reasons for the rise in homelessness presentations since 2016/17 as we became a Universal Credit Full Service area in December 2016. The introduction of UC is beginning to have an impact on the willingness of landlords to accept tenants in receipt of UC. In</p>

addition, some larger landlords have reported that they are increasingly issuing section 8 notices to UC tenants. This is compounding the impact of the LHA freeze on lower income households accessing the PRS. The main impact of rising rents and static LHA rates is that it is becoming increasingly difficult to move households out of supported accommodation and TA. Our partners in social services are also experiencing a growing issue in not being able to move households with mental health issues out of their supported accommodation. Officers are anecdotally reporting a growing number of homeless applications from households in employment, with an element of UC/HB, who are unable to afford their rent.

Private renting in borough is virtually non-existent for those on benefits. Increasing numbers in T/A waiting longer to be re-housed by HA's as ^name of council^ LSVT authority. Those on benefits forced to move out of borough to rent privately or placed in T/A out of borough.

In the ^name of region^ rents were already at a rate that far exceeded LHA levels before the levels were frozen. Homeless clients were already priced out of the market and facing high top-ups, a situation that has become exponentially worse with the freeze. As well as the affordability issue, the freeze has made LHA tenants a much less attractive proposition to landlords from the outset, making it far more difficult to source tenancies in the private sector. This particularly pernicious 'austerity measure ' is becoming directly responsible in making and keeping people homeless.



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