

Shelter briefing: Supported housing and Local Housing Allowance

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.

The government plans to cap supported housing tenants' housing benefit in line with Local Housing Allowance rates, with an additional top-up fund administered locally to reflect the higher costs of supported accommodation. Shelter fears this approach will threaten the future viability of the supported housing sector and leave older and vulnerable tenants without suitable housing options. Already, supported housing providers have cut the number of supported housing homes they expect to provide by 85%, according to the National Housing Federation.

In addition, the current LHA rates are no longer adequate to cover the cheapest rents in the private rented sector, let alone supported housing rents. LHA rates are currently frozen and in 79% of local authorities in England, there is already a shortfall between the local LHA rate and rents at the lowest quartile of the market.

Shelter urges the government to rethink its plans to introduce LHA rates into supported housing and listen closely to the sector. Meanwhile, it should end the freeze on LHA and bring rates back up to match the bottom 30th percentile of the private rented market, to avoid extending a broken welfare rate into the supported housing sector.

What is happening?

- Local Housing Allowance (LHA) rates are set to be introduced to social housing tenants, including supported housing tenants, from 2019.

What does this mean?

- Core rent and service charges will be funded through Universal Credit (or Housing Benefit for pensioners and where Universal Credit has yet to be fully rolled out) up to the local LHA rate.
- Funding will be devolved to local authorities in England which will provide a 'top-up' to providers to reflect the additional costs of supported housing. Local authorities will have a bigger role in commissioning supported housing services in their area.
- The housing sector is waiting on a Green Paper from government after a lengthy consultation on the issue earlier this year.
- As a result of the uncertainty, providers **have cut the number of supported housing homes they plan to build by 85%**, according to the National Housing Federation.

Why are the proposals concerning?

- This proposal completely upends the financing of supported housing and introduces a huge amount of uncertainty to the sector.
- Supported housing providers need certainty and security of funding, especially when trying to lever in private investment for new development.

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- **Providers are concerned about how local authorities will prioritise how they spend the devolved funding.** For example, there is a risk that councils might prioritise spending on groups to whom they have a statutory duty, over single homeless people.
- Local authority finances are squeezed and **there is a risk that funding identified for housing costs could be used for other services.**

What concessions have been made?

- The government recognises that short-term accommodation, such as refuges and hostels, may require different treatment.
- The Shared Accommodation Rate (SAR) will not apply to supported housing tenants (but it will for general needs social housing).
- The introduction of LHA rates to general needs social housing and supported housing has been pushed back to 2019.

What is Shelter's role and response?

- Shelter helps people with housing problems in all tenures, including supported housing. **In 2016 our advisers in England and Wales assisted 155 households into supported housing** as an immediate response to their housing problem.
- We are very concerned about the government's plans for supported housing and **we responded to the Communities and Local Government Select Committee's inquiry** into the issue earlier this year.
- Organisations from across the housing sector share our concerns. Examples of national campaigns against the government's plans include the National Housing Federation's [Starts at Home](#) campaign and St Mungo's' [Save Hostels Rebuild Lives](#) campaign.

Parliamentary questions

- According to the National Housing Federation, the government's supported housing plans have already caused a substantial reduction in the number of supported housing homes planned. Consequently, group including older people, those with severe disabilities, health conditions, drug or alcohol problems will be left without suitable housing options. What will the government do to ensure that these people are not forced into an unstable, unaffordable private rented sector?
- Changes to Local Housing Allowance rates, including the current four-year freeze, mean that benefit rates now fall short in helping to keep private tenants in their homes. Will the minister commit to reviewing LHA rates before bringing this broken system into the supported housing sector?