

# Local Government Association briefing

## Estimates Day debate

### Ministry of Housing, Communities and Local Government relating to homelessness

#### House of Commons



27 February 2018

#### Key messages

- Homelessness in England is increasing. It is a tragedy for all those it affects and is one of the most visible signs of the nation's housing crisis. Local government wants to end homelessness by preventing it happening in the first place, and supports the Government's ambition to halve rough sleeping.
- Councils are providing temporary housing for over 70,000 households, including over 120,000 children. The net cost that has tripled in the last three years. In this time, councils have been housing an extra secondary school's worth of homeless children every month on average.<sup>1</sup>
- Local government fully supports the ambition to deliver the Homelessness Reduction Act. The LGA worked with the Government and the Act's sponsor to secure funding for councils' new duties, and we want to make a success of the new legislation. Councils should be given enough time to prepare for the required changes to their services.
- We are concerned that the new burdens funding for councils is likely to fall short of the costs in delivering the duties in the Homelessness Reduction Act. The Government's review of the funding provided before the third year of implementation should contain a commitment to address any shortfalls.
- We are pleased that the Government has responded to our calls to extend the Local Housing Allowance (LHA) rate cap in the private rented sector. The 3 per cent increase in the Targeted Affordability Fund (TAF) to help private tenants is good news, but we would like the Government to go further and lift the cap entirely in the private rented sector.
- To help end homelessness we are calling on the Government to make cheaper finance available for councils to acquire properties to house homeless households at scale. Councils also want to see temporary accommodation exempted from the overall benefit cap.

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# Briefing

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## **Background information**

### ***Recent trends in homelessness***

Homelessness is increasing. Loss of tenancy now triggers a third of all new homelessness cases, as rents rise and reduced welfare assistance limits landlords' capacity to provide for low-income households. The last six years have seen a 44 per cent increase in the number of homeless households and a 102 per cent increase in rough sleeping.<sup>ii</sup>

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Despite growing rates of homelessness, local government is increasingly successful in preventing it. In 2015/16 more than 90 per cent of households at risk of being made homeless who approached councils for support, were prevented from becoming homeless.<sup>iv</sup> However councils cannot tackle rising homelessness on their own, particularly as people most vulnerable to homelessness often need access to other public services.

To help end homelessness we are calling for the Government to make cheaper finance available to councils seeking to acquire properties for the use of homeless households at scale. Councils also want to see temporary accommodation exempted from the overall benefit cap.

### ***The Homelessness Reduction Act***

The Homelessness Reduction Act introduces new duties for councils' homelessness services, with a stronger focus on prevention. In particular, councils will have a duty to work with all people threatened with homelessness at an earlier point in time. Councils will also be tasked with providing greater support for people not classified as 'priority need'.

The introduction of the Act, which comes into force on 3 April 2018, and the associated funding announced for councils to carry out their duties, is positive. It will drive councils to intervene earlier to prevent homelessness and is likely to result in people getting more help than previously.

Councils have serious concerns that the new burdens funding is likely to fall short of the costs in delivering the duties in the Homelessness Reduction Act. The Government's review of the funding provided before the third year of implementation should contain a commitment to address any shortfalls. This will help to ensure the legislation succeeds across all areas of the country.

The publication of the final homelessness Code of Guidance is welcome, but has come only six weeks before the commencement of the Act. Many councils will be implementing considerable changes to their homelessness prevention services, and would strongly benefit from a longer period within which to comply with the guidance.

The legislation will on its own do little to reduce the root causes of increasing homelessness. With local government facing a funding gap, any new homelessness duties for councils must be accompanied by appropriate funding, and a wider strategy including action to tackle the nation's housing crisis.

### ***The Local Housing Allowance cap***

The LHA is paid to low-income families in the private rented sector to help them cope with high housing costs. The rate is currently frozen despite private rented sector rents in England having risen by nearly 11 per cent in the five years to 2017.<sup>v</sup>

We are pleased that the Government has responded to our calls to extend the LHA rate cap through increases in the Targeted Affordability Fund (TAF).<sup>vi</sup> The Government has confirmed it will lift the LHA rate cap by 3 per cent from April 2018, and also that the rates themselves will increase in a number of Broad Rental Market Areas. The TAF was first announced in the 2017 Autumn Budget, and was allocated £40 million in 2018/19 and £85 million in 2019/20.<sup>vii</sup> This is a positive recognition of the pressures many tenants are facing due to rent increases and changes to welfare provision.

Despite this welcome measure, we are calling on the Government to lift the LHA freeze in the private rented sector entirely. This would help to reduce homelessness by preventing it happening, and should be implemented alongside more extensive work with landlords to provide suitable housing for those that need it. To ensure vulnerable people are protected against rising rents, the LHA rate should be linked to rent levels.

A recent survey of councils by the LGA found that 96 per cent of responding councils are concerned that “homelessness would increase”, and 94 per cent said it would be “more difficult to meet the requirements” of the new Homelessness Reduction Act, if the freeze on the LHA were not lifted up until 2020.<sup>viii</sup>

As rents go up, the freeze on the level of Housing Benefit makes private renting less affordable for many families at risk of homelessness. Nine in 10 councils say private landlords in their area are renting fewer homes to low-income households due to Housing Benefit changes.<sup>ix</sup>

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<sup>i</sup> LGA report, [Council Innovation and Learning in Housing our Homeless Households, July 2017](#)

<sup>ii</sup> Live tables on homelessness, DCLG, 2017 (<https://www.gov.uk/government/statistical-data-sets/live-tables-on-homelessness>)

<sup>iii</sup> LGA report, [Council Innovation and Learning in Housing our Homeless Households, July 2017](#)

<sup>iv</sup> Live tables on homelessness, DCLG, 2017 (<https://www.gov.uk/government/statistical-data-sets/live-tables-on-homelessness>)

<sup>v</sup> Office for National Statistics, Index of Private Housing Rental Prices (<https://www.ons.gov.uk/economy/inflationandpriceindices/datasets/indexofprivatehousingrentalpricesreferencetables>)

<sup>vi</sup> HM Government, The Rent Officers (Housing Benefit and Universal Credit Functions) (Amendment) Order 2017 (<http://www.legislation.gov.uk/uksi/2017/1323/contents/made>)

<sup>vii</sup> HM Treasury, Autumn Budget 2017 ([https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/661480/autumn\\_budget\\_2017\\_web.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/661480/autumn_budget_2017_web.pdf))

<sup>viii</sup> LGA survey, 2017. The full survey is available upon request. 76 councils responded to the survey.

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