



# Cover the Cost: The impact of local housing allowance (LHA) policy on homelessness in Wales and England

**Gyda'n gilydd  
byddwn yn  
rhoi terfyn ar  
ddigartrefedd  
Together  
we will end  
homelessness**

# Policy context

# Changes to LHA rates in the last decade

2008 -2010

LHA rates were introduced and set to cover the cheapest 50% of local market rents

2011

The rates were reduced to cover the cheapest 30% of local market rents

2013 - 2014

The link to market rents and LHA was broken. LHA was increased by CPI

2015

LHA rates were then further reduced and only increased by 1%

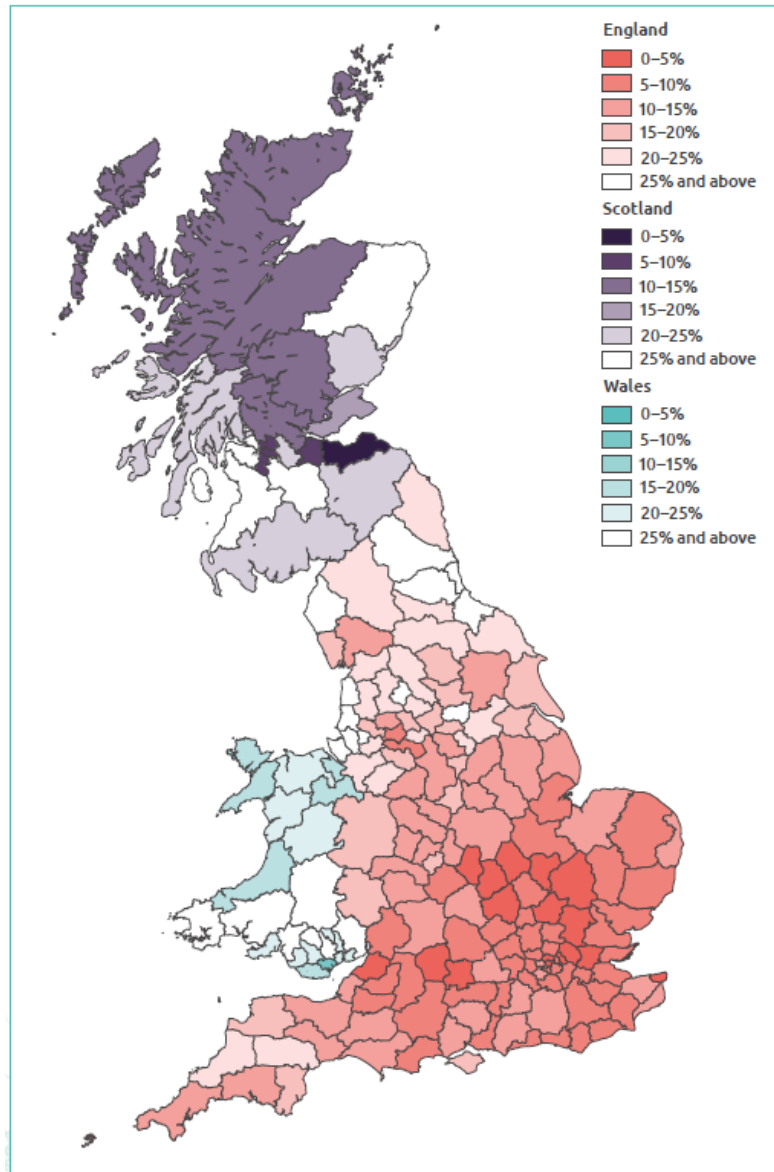
2016

LHA rates were legislated to be frozen for four years

2020 - ?

A decision on what to do with LHA rates must be made before April 2020

# Adequacy of financial support for private rents



In more than 9 out of 10 areas across Great Britain, private rent homes are unaffordable for single young people, couples, or small families needing housing benefit.

In these areas fewer than 1 in 5 homes can be found within housing benefit rates.

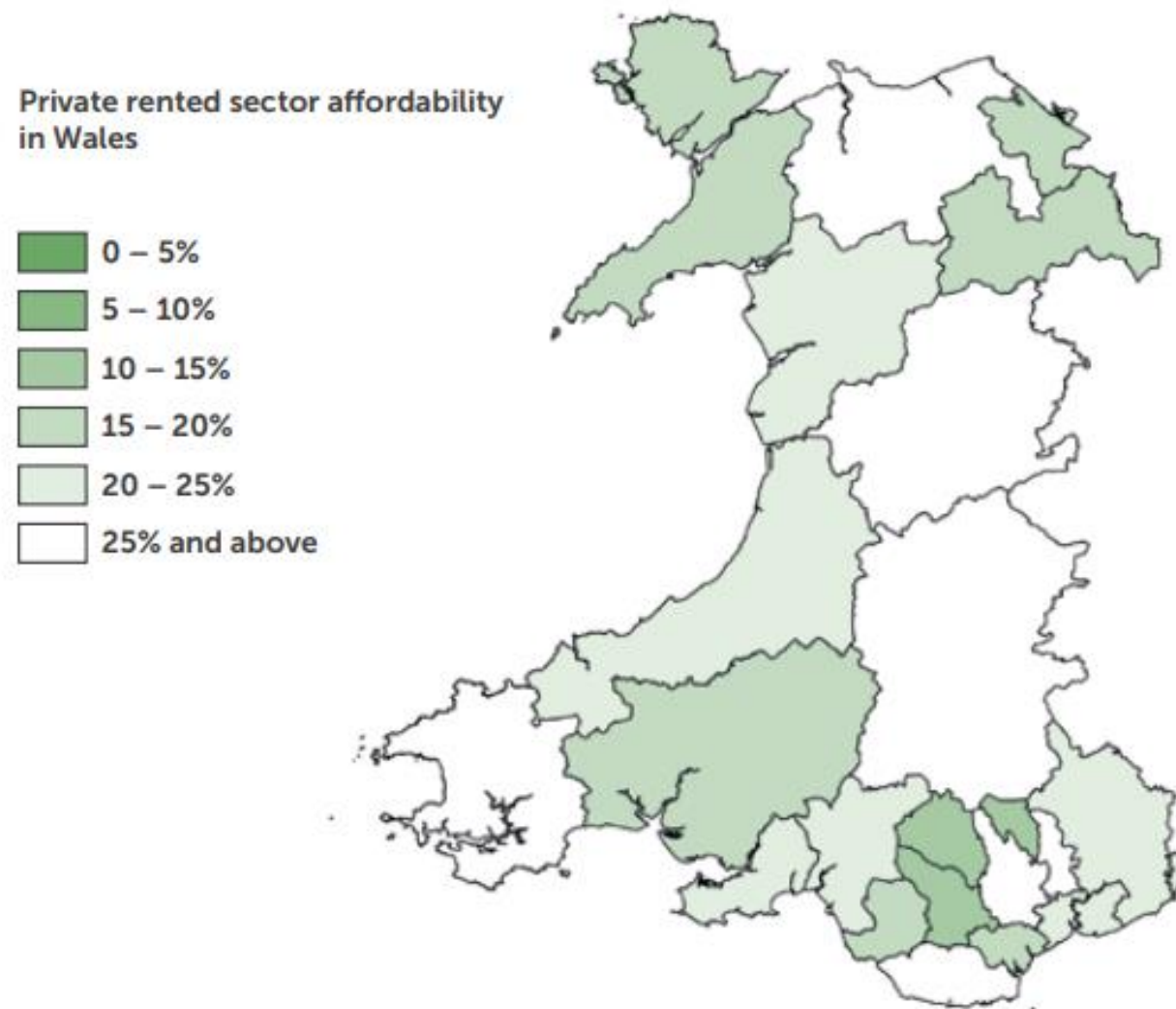
# The impact of the changes in Wales

## LHA rates applicable from April 2019 – shortfall for households

The weekly shortfall for couples needing LHA for a one-bed in the following BMRAs:

- Cardiff £11.51
- North West Wales £8.59
- Caerphilly £9.71
- Flintshire £10.69
- Swansea £9.53

**Figure 1.4 Percentage of the private rented sector that couples need a one-bedroom property could afford in Wales within Local Housing Allowance rates for 2018/19**



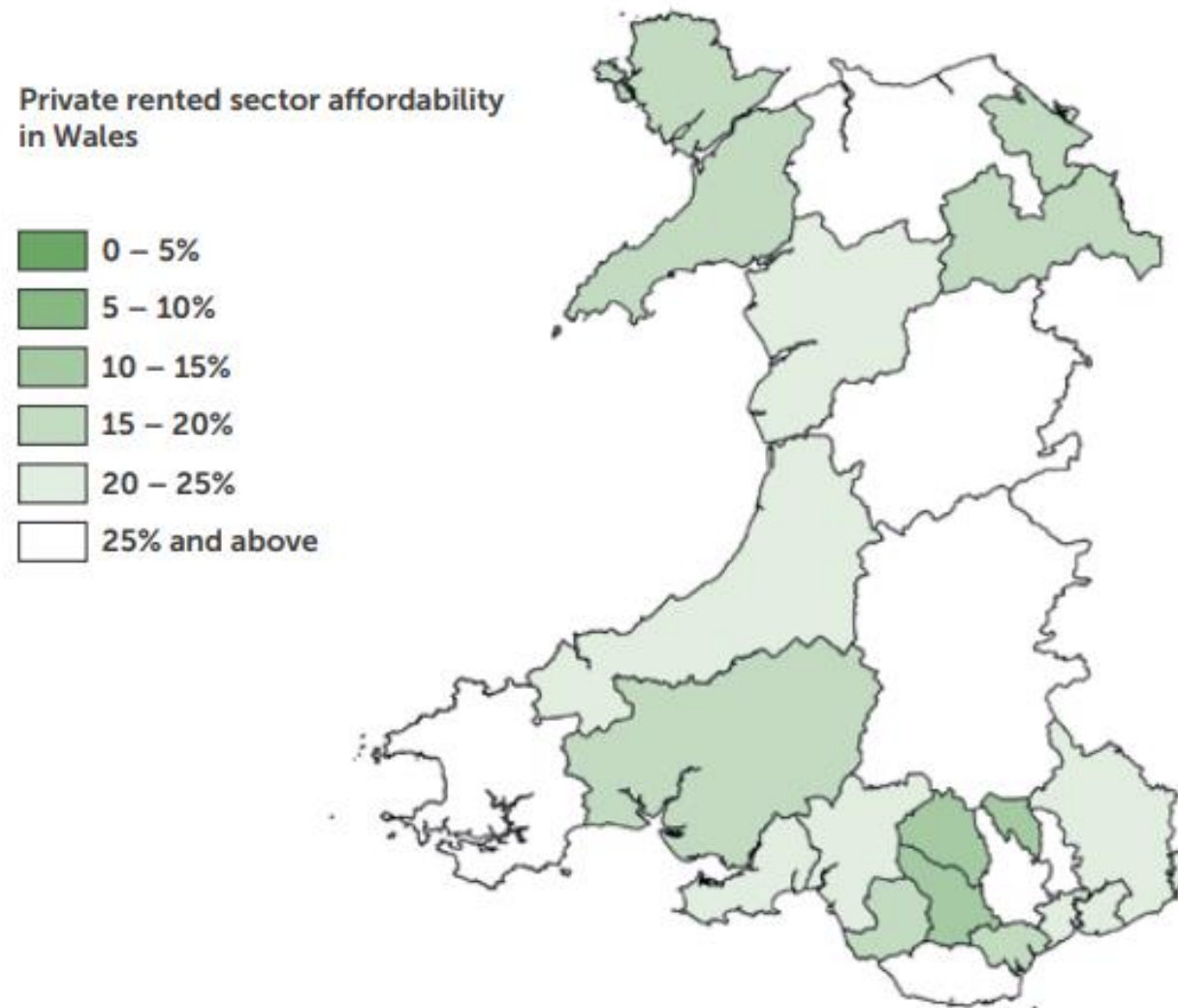
Source: Crisis and CIH analysis using Rent Officers Wales data.

## LHA rates applicable from April 2019 – shortfall for households

The weekly shortfall for small families needing LHA for a two-bed in the following BMRAs:

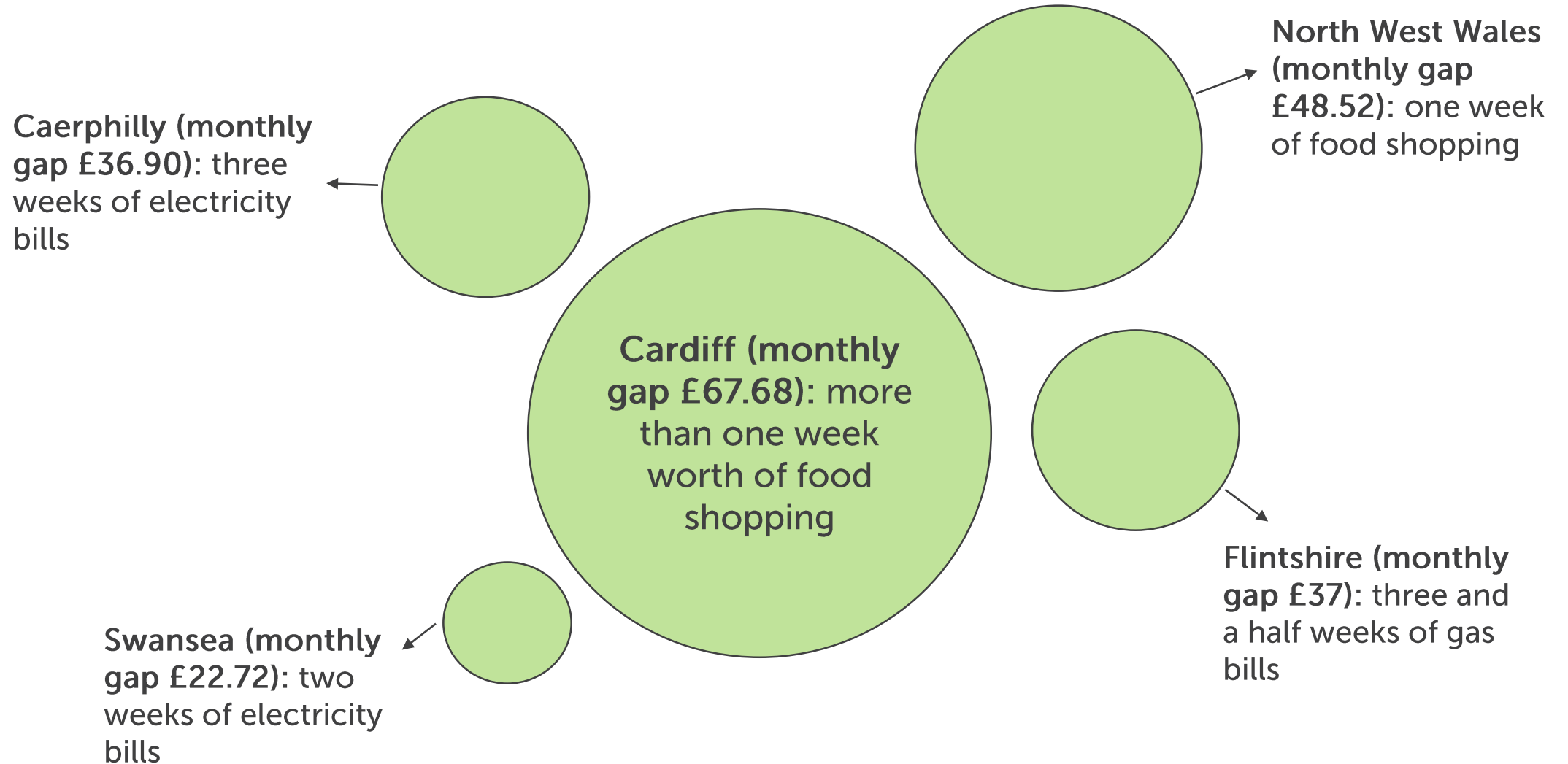
- Cardiff £16.92
- North West Wales £12.13
- Caerphilly £9.20
- Flintshire £9.25
- Swansea £5.68

**Figure 1.4 Percentage of the private rented sector that couples needing a one-bedroom property could afford in Wales within Local Housing Allowance rates for 2018/19**



Source: Crisis and CIH analysis using Rent Officers Wales data.

# What is the gap between rents and 2019/2020 LHA rates worth to small families in Wales?



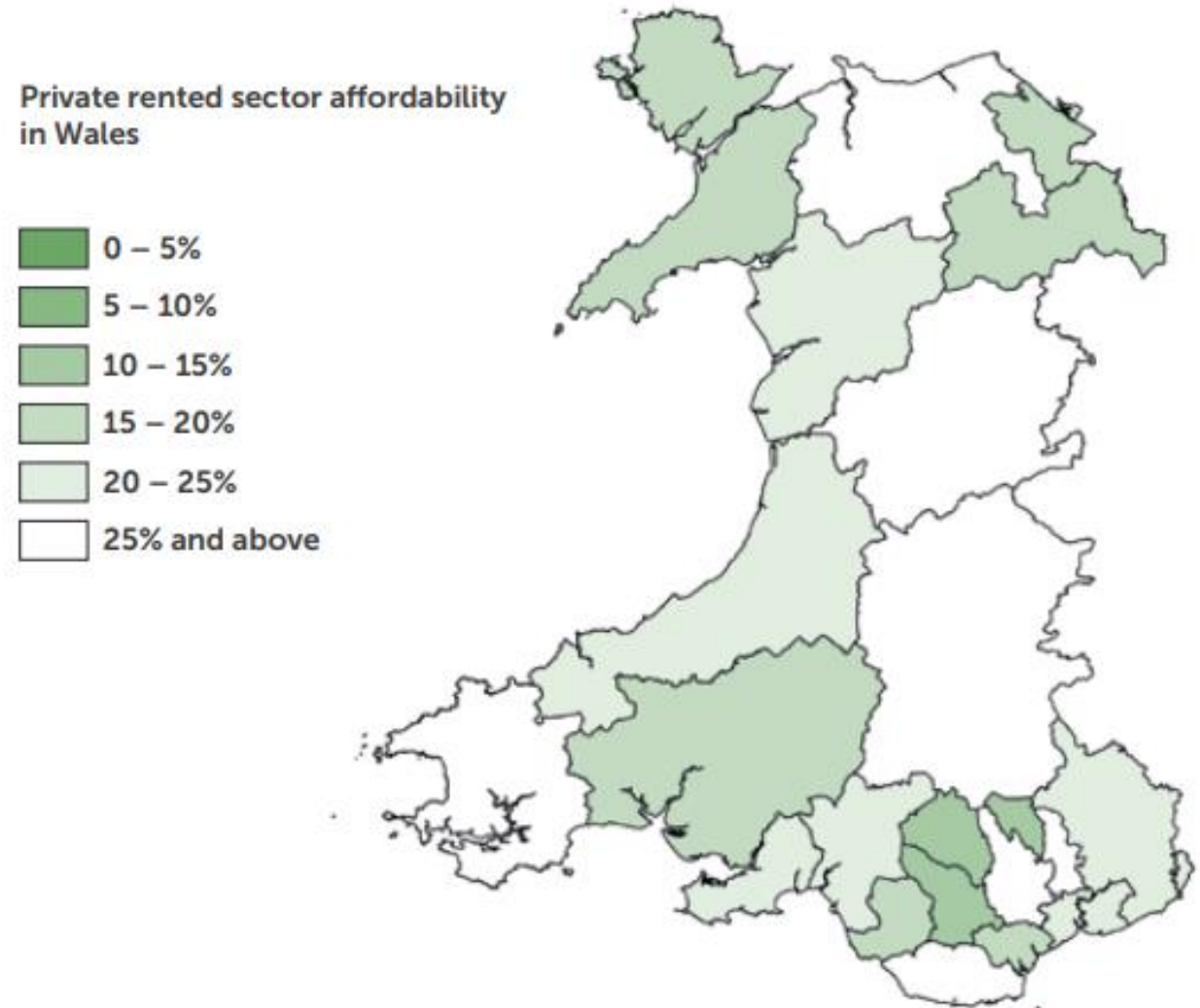


## SAR applicable from April 2019 – shortfall for households

The weekly shortfall for those claiming SAR in the following BMRAs:

- Cardiff £5.21
- North West Wales £14.95
- Caerphilly £22.95
- Flintshire £28.03
- Swansea £3.44

**Figure 1.4 Percentage of the private rented sector that couples need a one-bedroom property could afford in Wales within Local Housing Allowance rates for 2018/19**



Source: Crisis and CIH analysis using Rent Officers Wales data.

# The impact on homelessness services in Wales

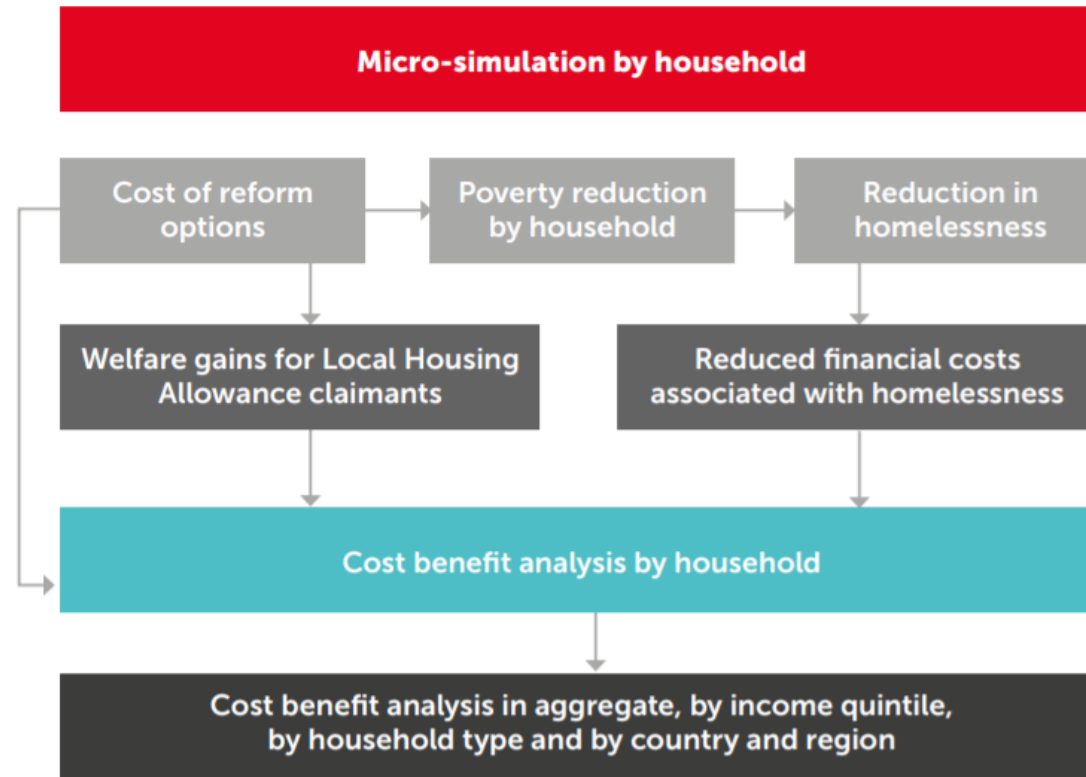
# The Cover the Cost campaign



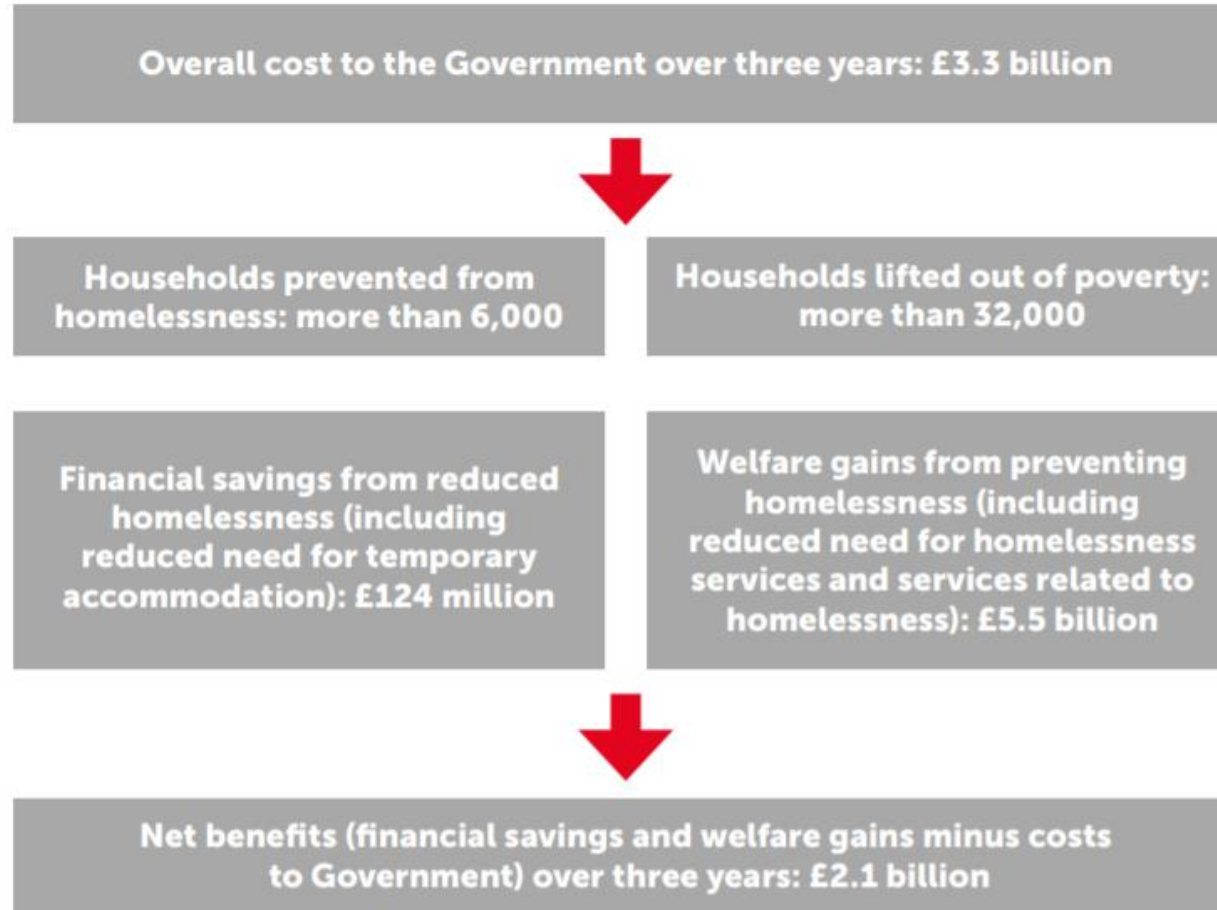
Pay your rent or feed your family?

# Alma Economics research: cost benefit analysis

Figure 1.2 Micro-simulation model



**Figure 1.4 The costs and benefits of restoring and maintaining Local Housing Allowance rates at the 30th percentile from 2020/21 to 2022/23**



**Table 1.5 Net benefit by country and English region of restoring Local Housing Allowance to the 30th percentile from 2020/21 to 2022/23**

<b>Country or English region</b>	<b>Total benefit (financial savings and welfare gain) to the area</b>
Scotland	£110 million
Wales	£70 million
North East	£59 million
East of England	£141 million
South West	£180 million
East Midlands	£171 million
Yorkshire and the Humber	£150 million
West Midlands	£252 million
North West	£256 million
South East	£435 million
London	£640 million



**55,000**



**59%**



# Thank you



[crisis.org.uk](http://crisis.org.uk)