

## **The unfreezing of the Local Housing Allowance won't help Witney residents in need of affordable homes to rent**

The Government will end the four-year freeze to Local Housing Allowance (LHA) rates from 1 April 2020. The ending of the freeze will raise LHA rates in line with the Consumer Price Index inflation rate, currently around 1.5%, but this still leaves a significant shortfall in many areas of the country, including West Oxfordshire.

**The unfreezing increase will not make a single extra 3-bedroom property within 5 miles of Witney affordable under LHA, unless rents fall.** In January 2020 there were no properties on the market with rents between £1001 and £1050 pcm. The 2-bedroom LHA rate unfreeze increase may bring a few more properties in this area within reach, **but only if rents do not increase at all.**

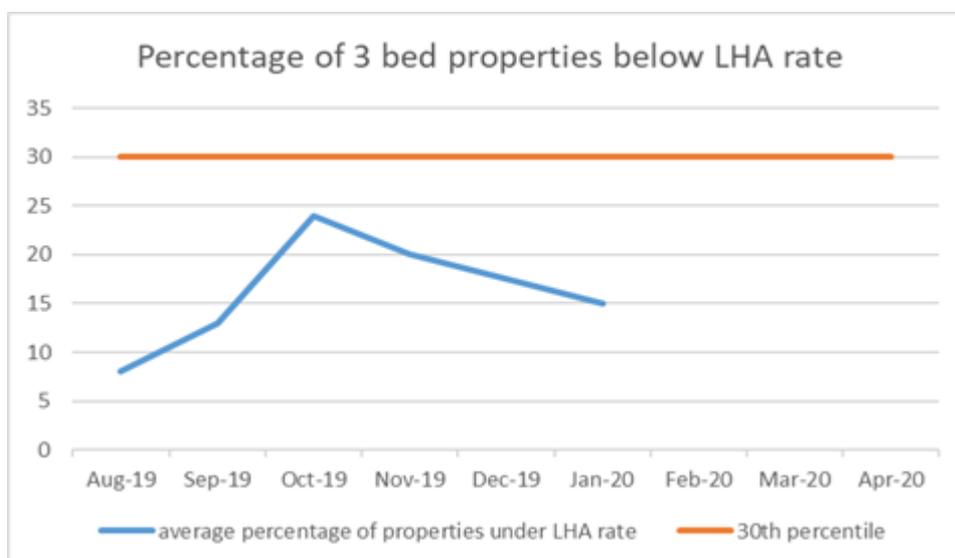
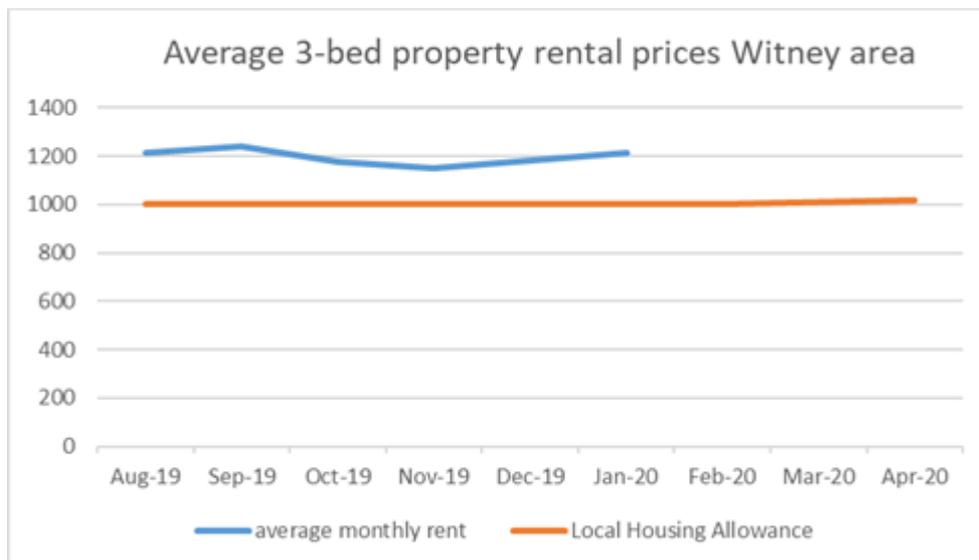
However, private sector rents are expected to rise by between 2.5% and 3.5% this year, as the lack of supply supports faster rent growth. This will mean that the gap between the Local Housing Allowance and average rents will continue to grow, and the percentage of properties that are affordable with LHA will drop even further below 30 percent.

According to the DWP, the unfreezing “will mean the majority of people in receipt of housing support in the Private Rented Sector will see their housing support increase, on average benefiting by around £10 per month”.

When it was introduced in 2008, Local Housing Allowance (LHA) covered 50% of local rents. In 2011, this was reduced to 30%, and in 2012 the link between the rates and local rents was broken. This led to large shortfalls between the level of LHA and the true cost of renting in many parts of the country. LHA rates were then completely frozen for four years from April 2016, further increasing the shortfall as rents rose.

Teresa Archer, Citizens Advice West Oxfordshire Chief Officer said; “We see increasing numbers of people year on year with housing issues. Housing and debt advice make up the largest proportion of enquiries we receive.

To ensure that everyone has a home that they can afford, Citizens Advice are calling on the Government to do more to bring the LHA rate back in line with local rents.”



**Notes:**

- The housing support for tenants in West Oxfordshire in the Oxford Broad Market Rental Area (Witney, Charlbury & Eynsham) on low incomes in (or looking for) 2-bedroom properties will rise from £836.37 per calendar month to around £849 pcm, an increase of £12 per month. The LHA for tenants in this area in/looking for 3-bedroom properties will rise from £1001.01 pcm to around £1016 pcm, an increase of around £15 per month.
- The housing costs element of Universal Credit is calculated using Local Housing Allowance (LHA) rates for the Broad Rental Market Area (BRMA). Nationally, LHA rates were reduced from the 50th percentile of average rents to the 30<sup>th</sup> percentile in 2011. To compound that reduction, LHA rates have fallen behind rent rises by 2% a year between 2013 and 2015 and have been completely frozen since 2016.
- Local rent data from Zoopla, Rightmove and On The Market

- Citizens Advice West Oxfordshire is an independent charity that exists to provide free, confidential, independent advice to people in West Oxfordshire.
- Citizens Advice West Oxfordshire is supported by 69 trained volunteers, 12 voluntary trustees and 26 paid staff. In the last year, we helped 7,100 people across West Oxfordshire with 19,700 issues.

Helping people find a way forward, whoever they are and wherever they are