

Frozen Future – Local Housing Allowance (LHA) from debt spiral to Discretionary Housing Payment (DHP)



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Executive Summary and Recommendations

Increases in rental costs have had a greater than expected effect on those receiving housing benefit and/or universal credit. This is because of policy changes in Local Housing Allowance (LHA) rates. Originally these were set at the 50th percentile of rents but in 2011 were dropped to the 30th percentile. In 2020 the rates were frozen and have remained frozen until today. They have not been increased to keep pace with inflation. As a result renters are facing increasing risks of homelessness due to shortfalls in rent and increased evictions ([Shelter, 2023](#)).

In parts of Buckinghamshire the LHA rates cover fewer than 10% of properties and these may or may not be available to new tenants. This report shows the increasing presence and impact of frozen LHA rate issues in Buckinghamshire and provides recommendations to alleviate the increasing burden on renters.

Citizens Advice Bucks recommends the following measures to ease the private rental crisis in Buckinghamshire:

- Unfreeze LHA rates and match them at least with the 30th percentile of rent levels. This is particularly critical in the Aylesbury Vale BRMA (Broad Rental Market Area).
- Take actions to increase the number of properties available on social rent.
- Consider implementing measures to cover the difference in rent should landlords increase rents for existing tenants.

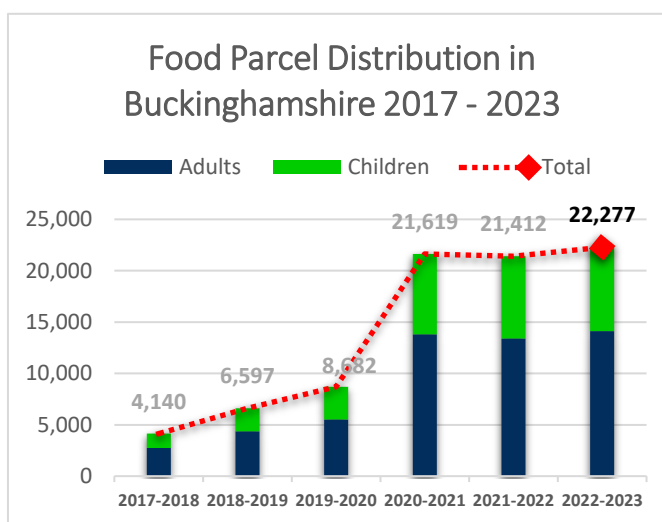
1. Introduction – The Cost-of-living Crisis

Since its start in 2021, the cost-of-living crisis has had a detrimental impact on the UK. With inflation at one of the highest rates in 40 years, it has been difficult for people to meet the cost of fuel, food, energy, and housing. The lack of affordability of basic living essentials has disproportionately impacted low-income households often resulting in poor health, homelessness and unemployment ([Allard 2022](#)).

Cost of Living in Buckinghamshire

While the districts in Buckinghamshire are classified as 'Affluent England' ([ONS, 2011](#)) eight areas fall within the 30% most deprived of the entire UK, with one in the 20% most deprived.

Buckinghamshire has been hit by the cost-of-living crisis with increased poverty levels, food insecurity and income deprivation. The number of food parcels distributed in Buckinghamshire has gone from 4,000/year to over



Source: [End of Year Stats - The Trussell Trust](#)

22,000. The slight dip in 2021 was due to the extension of the Government's COVID Local Support Grant which relieved household food and utility costs. It is unlikely that the number of people needing food parcels will return to pre-Covid levels soon.

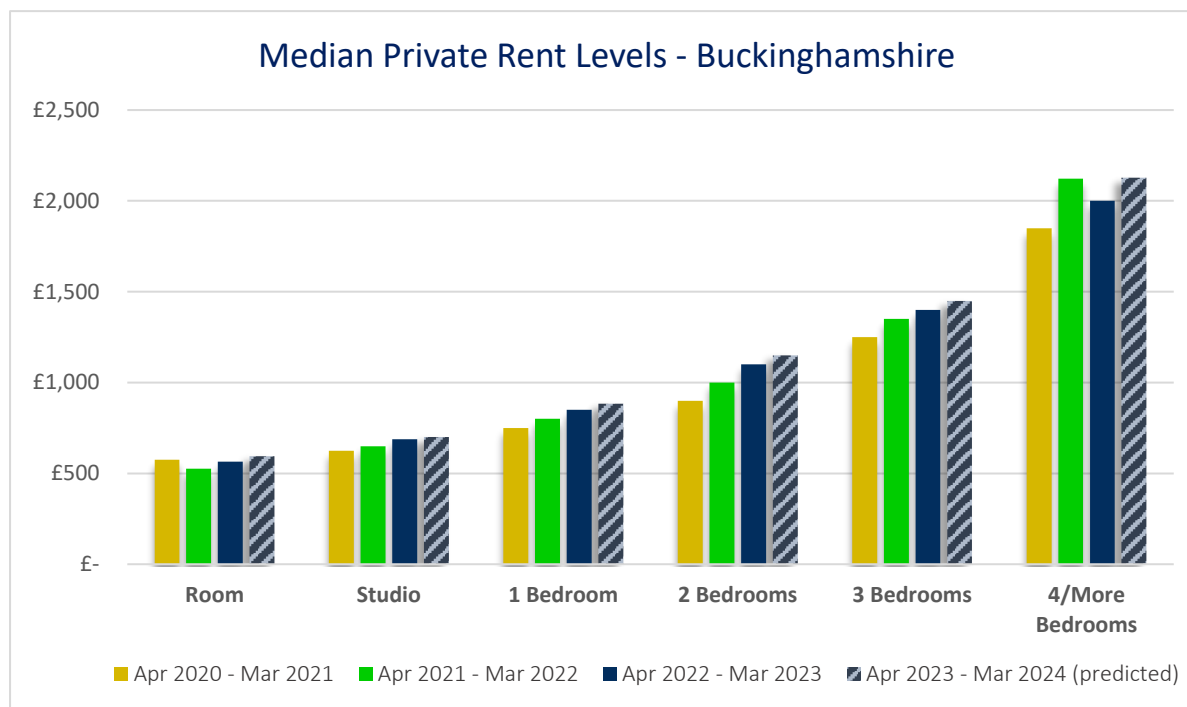
Private Rental Crisis

The cost-of-living crisis is one of the biggest ongoing crises in the UK and while latest statistics show a downward trend in inflation rates, including energy and food prices, the housing market shows an opposite trend. The annual growth in UK private rent prices was 5.5% in August 2023, one of the highest changes since 2016 ([ONS,2023](#)).

The continuous increase in rents has had a significant impact on those receiving housing benefit and/or universal credit, notably because of the freeze on Local Housing Allowance (LHA) rates since April 2020. Rates were set at the 50th percentile of local accommodation rent rates until 2011, when rates were dropped to the 30th percentile of rents.

While there have been numerous calls for the government to unfreeze local housing allowance rates it is expected that rates will remain frozen for at least another year ([BBC,2023](#)). A research study found that overcrowding in rental properties has become a significant problem in the UK as a direct result of LHA reductions ([Clair, 2022](#)). Low LHA rates have had a significant impact on people's quality of life and are leading to people choosing between adapting to poor living conditions or being homeless.

2. Rent Levels in Buckinghamshire



*Room - this is a non-self-contained single room with shared facilities, including bedsits, single rooms in a house or flat shared with other tenants, and single rooms rented from a resident landlord. *Source:* (ons.gov.uk)

Key Statistics A:

Over the 3-year period between April 2020 and March 2023, median rent levels increased by **16%** in Buckinghamshire.

- 2 Bedroom rental properties saw the highest increase in median rent of **22%**.
- 1 Bedroom and 3-bedroom rental properties saw an increase of **13%** and **12%** respectively.
- Studios and 4 or more-bedroom rental properties saw an increase of **10%** and **8%** respectively.
- The only category which showed an overall decrease in median rent was Rooms in shared properties, with a decrease of **2%**. However, it should be noted that while Room rent levels are lower than those of 2020, they showed one of the highest annual percentage changes within the last year, increasing by **7.62%**.

Predicted Statistics:

Within the next year, April 2023 to March 2024, median rent levels overall may increase by **5%** or more in Buckinghamshire.

- Only Studios are expected to have a minimal increase of **2%** or less.
- Both 1 Bedroom and 3 Bedroom rental properties are expected to show a **4%** increase.
- Rooms and 2 Bedroom rental properties are expected to show a **5%** increase.
- 4 or more Bedroom rental properties are expected to show a **6%** increase in median rent levels.

3. Local Housing Allowance (LHA) Rates in Buckinghamshire

Local housing allowance rates are reviewed annually on April 1st, the rates being decided from a 'list of rents' collected by the Valuation Agency office. These rents are provided by private landlords and collected by rent officers by the 30th of September to determine LHA rates for the following year. LHA rates are calculated according to 'Broad Rental Market Areas' (BRMA) based on district boundaries. Using the list of rents, officers calculate the 30th percentile for each accommodation category for the BRMAs ([Legislation.gov](https://www.legislation.gov.uk), 1997). In 2020 Buckinghamshire became a unitary authority incorporating Buckinghamshire County Council and the district councils of Aylesbury Vale, Chiltern, South Bucks and Wycombe. This research focuses on two main BRMAs which cover a majority of Buckinghamshire: the Aylesbury Vale BRMA and the Chilterns BRMA.

Aylesbury Vale BRMA

Category	Accommodation Type	LHA Rate Per Week		Monthly Approx.
		April 2020	Oct 2023	
A	Shared Accommodation	£78.59	£78.59	£341
B	One Bedroom	£155.34	£155.34	£673
C	Two Bedrooms	£184.11	£184.11	£797
D	Three Bedrooms	£241.64	£241.64	£1047
E	Four Bedrooms	£322.19	£322.19	£1396

Chilterns BRMA

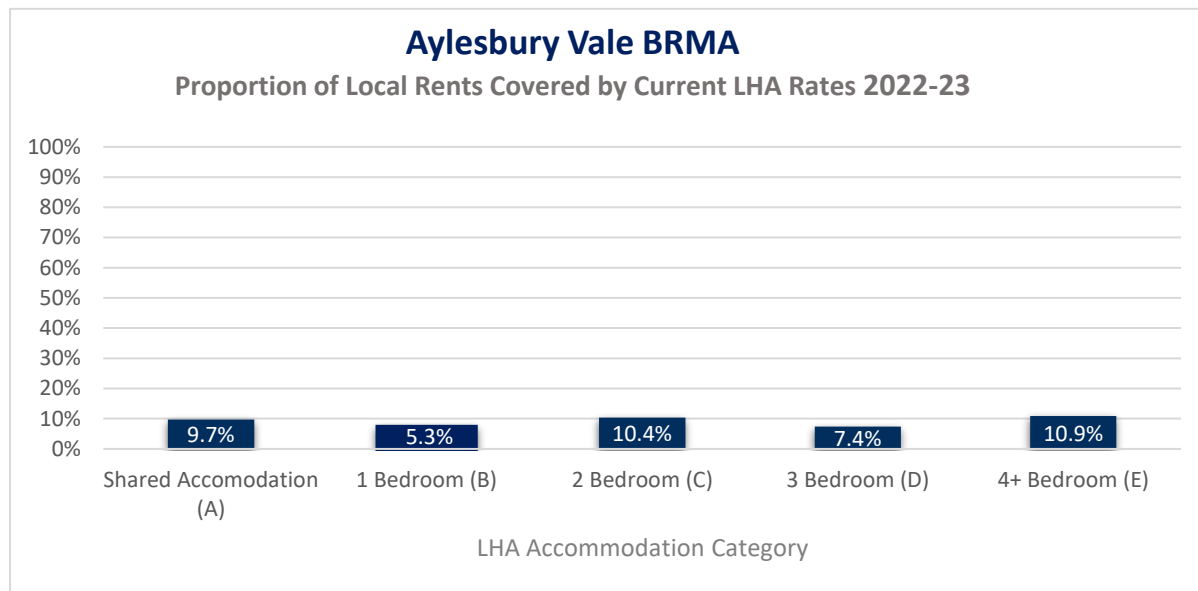
Category	Accommodation Type	LHA Rate Per Week		Monthly Approx.
		April 2020	Oct 2023	
A	Shared Accommodation	£89.75	£89.75	£388
B	One Bedroom	£172.60	£172.60	£747
C	Two Bedrooms	£224.38	£224.38	£972
D	Three Bedrooms	£287.67	£287.67	£1246
E	Four Bedrooms	£379.73	£379.73	£1645

Source: April 2020 DirectGov [Link](#) May 2023 DirectGov [Link](#)

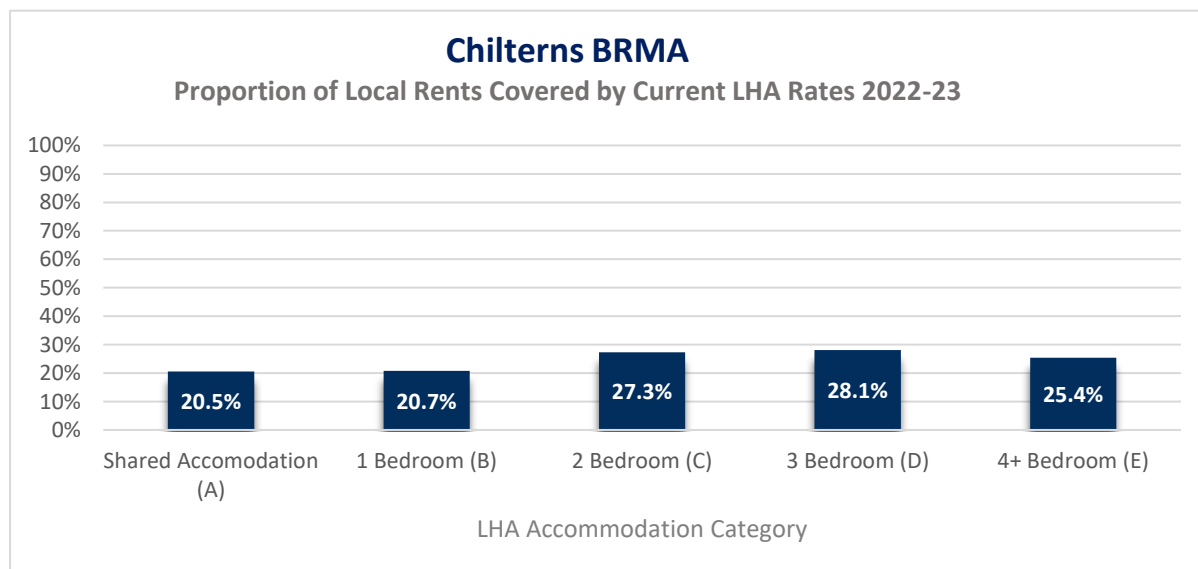
It is vital to note that the LHA rates are exactly the same as they were from the point when they were frozen in April 2020. Considering the procedure for calculating LHA rates, these LHA rates are derived from the 'list of rents' collected by rent officers in 2019. Should LHA rates remain frozen into 2024, there will be no alleviation of rental costs in view that they're no longer reflecting current rental market conditions, but those of five years ago.

4. Proportion of Local Rent Covered by LHA in Buckinghamshire

In the Aylesbury Vale BRMA, over 90% of private rental properties are not covered by LHA rates. For example, only 5.3% of 1-bedroom rental properties are completely covered by LHA rates. In the Chilterns BRMA, the situation is slightly better. However, 70% of private rental properties are still not covered under the current LHA rates.



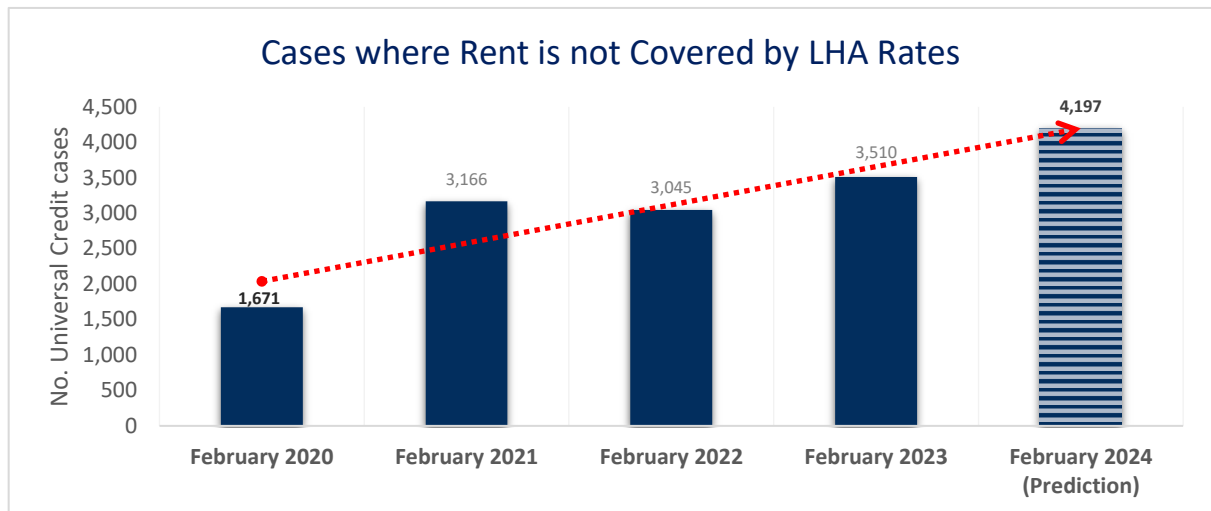
Aylesbury Vale BRMA Source: [JRF Report](#)



Chilterns BRMA Source: [JRF Report 2023](#)

Should rents continue to increase at their current rate, Buckinghamshire will see an overall increase of 21% in median private rents by March 2024 from April 2020. It is inevitable that the proportion of local rents covered by LHA will continue to decrease until all properties are unaffordable on LHA rates. As a matter of fact, this is already becoming a reality, as exhibited by a growing number of households on Universal Credit reporting that LHA rates no longer cover their rent.

Universal Credit Households in Buckinghamshire



Source: [Stat-Xplore - Home \(dwp.gov.uk\)](https://www.dwp.gov.uk/stat-xplore-home)

Key Statistics B:

- Between 2020 and 2023 the number of UC households where LHA does not cover rent increased by **110%**.
- Following the freeze in 2020 the number of cases increased by **89%** in 2021.
- There was a **3%** decrease in cases between 2021 and 2022. However, this can be attributed to the implementation of the housing benefit subsidy which granted LHA claimants additional support for rent during the pandemic ([Gov, 2021](#)).
- Between 2022 and 2023 the number of cases increased again by **15%** to a record high.
- At current rates, the number of cases is predicted to increase by **19%** in 2024.

5. Availability of Rental Properties

As a result, people resort to finding alternative accommodation where rent is affordable on LHA. There is, understandably, significant demand for the very few affordable properties available on the market. However, this demand for properties covered by LHA, is far greater than the supply. Research by The Bureau of Investigative Journalism found that in 2022, Aylesbury had no rental properties that were affordable to those on housing benefit and/or Universal Credit (TBJI, 2022).

At present market conditions are no better. A snapshot of current rental property listings on the Rightmove website shows the number of properties and those covered by LHA rates, as well as the next cheapest alternative. In order to represent the two BRMA boundaries of Aylesbury Vale and Chilterns the search results were set to within a 5-mile radius of Aylesbury and High Wycombe respectively.

Rental Properties Available in Aylesbury (Aylesbury Vale BRMA) – Oct 2023

Accommodation Type	LHA Rate Per Week	Available properties	No. Properties Covered By LHA	Price of next Cheapest property	Weekly shortfall	Monthly Shortfall
One Bedroom	£155.34	29	1	£160.00	-£4.66	-£20.19
Two Bedrooms	£184.11	36	0	£254.00	-£69.89	-£302.86
Three Bedrooms	£241.64	46	0	£317	-£75.36	-£326.56
Four Bedrooms	£322.19	14	0	£404	-£81.81	-£354.51

Source: [Properties To Rent in Aylesbury | Rightmove](#)

Rental Properties Available in High Wycombe (Chilterns BRMA) – Oct 2023

Accommodation Type	LHA Rate Per Week	Available properties	No. Properties Covered By LHA	Price of next Cheapest property	Weekly shortfall	Monthly Shortfall
One Bedroom	£172.60	93	2	£173	-£0.40	-£1.73
Two Bedrooms	£224.38	129	1 (Aged over sixty only)	£242	-£17.62	-£76.35
Three Bedrooms	£287.67	80	1	£346	-£58.33	-£252.76
Four Bedrooms	£379.73	36	1	£414	-£34.27	-£148.50

Source: [Properties To Rent in High Wycombe | Rightmove](#)

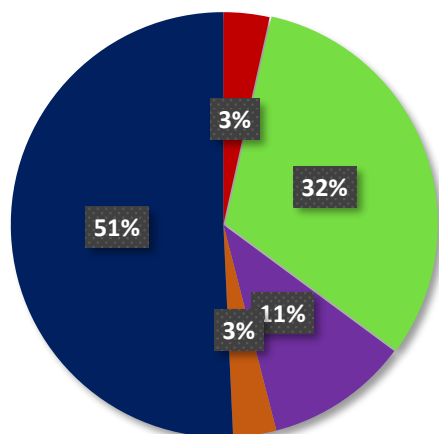
- Within Aylesbury of the 125 available properties only 1 was covered by LHA meaning approximately **0.8%** of rental properties currently available are affordable on LHA. Within
- High Wycombe of the 338 available properties only 5 were covered by LHA meaning approximately **1.5%** of current rental properties available are affordable on LHA.

6. Discretionary Housing Payments (DHP)

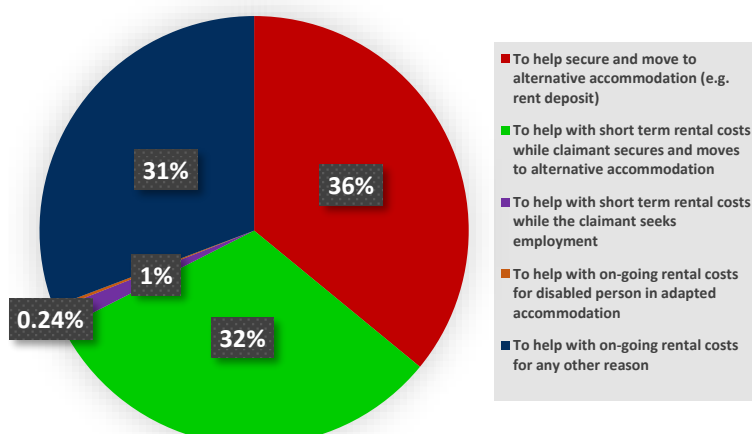
Because of increasing rents, lack of available rental properties and frozen LHA rates, nationally people are turning to their local council for help through applications for Discretionary Housing Payments (DHP). Local authorities often supply these to support those facing housing costs. DHPs are awarded by type of welfare benefit issue. Within this DHP aid in supporting various costs such as deposits and rent. These payments can be long or short-term depending on the situation and cause. In 2023, expenditure on LHA shortfalls was the second highest DHP expenditure nationally. Over 56% of DHP expenditure was used to support on-going rental costs across the UK, with 27% being spent to support those looking to secure alternative accommodation ([DHP,2023](#)).

7. Discretionary Housing Payments for LHA in Buckinghamshire

April 2020 – March 2021



April 2022 – March 2023



- To help secure and move to alternative accommodation (e.g. rent deposit)
- To help with short term rental costs while claimant secures and moves to alternative accommodation
- To help with short term rental costs while the claimant seeks employment
- To help with on-going rental costs for disabled person in adapted accommodation
- To help with on-going rental costs for any other reason

Buckinghamshire Council Total Expenditure on LHA - By type of issue

	To help secure and move to alternative accommodation (e.g., rent deposit)	To help with short term rental costs while claimant secures and moves to alternative accommodation	To help with short term rental costs while the claimant seeks employment	To help with on-going rental costs for disabled person in adapted accommodation	To help with on-going rental costs for any other reason	Total expenditure LHA reforms
2020-21	£4,570	£41,366	£14,189	£4,298	£66,337	£130,760
2022-23	£177,088	£155,504	£7345	£1189	£151,566	£492,692

Key Statistics C:

- For the financial year 2020-2021 the Buckinghamshire Council spent **101%** of their national government contributions allocation for DHP.
- **12%** of which was spent on LHA shortfalls, particularly to support on-going rental costs for other reasons.
- For the financial year 2022-2023 the Buckinghamshire Council spent **108%** of their government contributed allocation for DHP.
- **70%** of which was spent on LHA shortfalls, particularly to help with expenses in securing a move to alternative accommodation.
- There was a **33%** increase in the proportion of expenditure spent on those needing support to secure alternative accommodation.
- There was a **20%** decrease the proportion of expenditure on those needing support with ongoing rental costs while seeking employment.
- Within the financial year 2020-21, **35%** of total LHA shortfalls expenditure was spent on costs relating to securing or moving into alternative accommodation.
- Within the financial year 2022-23, **67%** of total LHA shortfalls expenditure was spent on costs relating to securing or moving into alternative accommodation.

8. Conclusion

It is undeniable that there is a housing crisis within Buckinghamshire. While Buckinghamshire Council has tried to support residents through discretionary housing payments, it is clearly insufficient to support the volume of people who need it. The fact that they have continuously had to go over the government contributed allocation to support residents, shows that the rent crisis in Buckinghamshire is of significant concern. From these data we can infer that the problem is no longer an issue of not being able to cover rent due to employment or other ongoing reasons. Now much of the employed population seem to be struggling with both finding and paying rent for accommodation. This is further proven by the significant increase in the need for support to cover short term rental costs while also looking for new accommodation. Not only are people no longer able to afford to live in their current housing but they cannot even afford the rent just for the period in which they look for alternative accommodation.

Consequently, at Citizens Advice Bucks we have found that the majority of renters are put in a number of difficult situations in order to avoid such dire outcomes by:

- Trying to cover the shortfall in rent at the expense of other necessities, for example by cutting down on food and energy consumption.
- Using other benefit payments such as disability allowance to pay for shortfalls, leaving them vulnerable in other livelihood areas.
- Trying to secure accommodation elsewhere, while also paying higher rents at their current accommodation.
- Not being able to move due to availability and accessibility issues.
- Not being able to afford current rent and not being able to afford to move elsewhere.
- Securing accommodation in poor conditions (overcrowding, lack of facilities).
- Securing accommodation in different localities, leading to disruptions in children's education and travelling to work.

9. Recommendations

With landlords hiking rent prices and no foreseeable changes to LHA rates, current renters are facing increased pressure to make up for rent shortfalls or risk being evicted by their landlord. There has been a concerning increase in the rate of evictions in Buckinghamshire, more than tripling from 2021 to 2022 ([BucksHerald,2022](#)). The most recent statistics by the Ministry of Justice show that evictions in Buckinghamshire have reached their highest rate yet, increasing by over 50% compared to the same period in 2022 ([Ministry of Justice, 2023](#)). Under such adverse conditions it is unsurprising to find that a record number of statutory homelessness claims were filed between January and March of 2023 in Buckinghamshire ([Dept for Levelling up, 2023](#)). With there being nearly 1000 claims of statutory homelessness so far it can be said that homelessness claims will reach their highest rate yet in Buckinghamshire.

For this reason, Citizen Advice Bucks recommends the following measures to ease the private rental crisis in Buckinghamshire:

- Unfreeze LHA rates and match them at least with the 30th percentile of rent levels. This is particularly critical in the Aylesbury Vale BRMA.
- Take action to increase the number of properties available on social rent (LHA rates not applicable).
- Consider implementing measures to cover the difference in rent should landlords unexpectedly increase rent on existing tenants.

Citizens Advice Bucks help people in Bucks find a way forward.

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That's why we're here: to give people the knowledge and the confidence they need to find their way forward – whoever they are, and whatever their problem.

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