

Future funding for supported housing: Website Q&A

What are the proposals for the new system?

From 2019 the Government plans to apply the Local Housing Allowance (LHA) cap to all benefit claims in supported and sheltered housing. A devolved top-up will be delivered by local authorities to cover the difference between the LHA rate and rents and service charges.

[More info.](#)

Why does it make economic sense to invest in supported housing?

Sheltered housing alone offers a **saving of £486m per year to the NHS** and social services.¹

Supported housing delivers average net **savings of around £940 per resident per year**. Depending on the type of scheme, the level of savings to the taxpayer can be even greater - for people with learning disabilities the saving is [£6,764 per resident per year](#).

Research undertaken in 2009 showed a net financial benefit of the Supporting People programme of **£3.41bn per year against an overall investment of £1.61bn**.²

Why do we need a different set of proposals?

The National Housing Federation **does not believe that the LHA cap is a suitable basis for funding supported housing**. Risks include the flexibility of the top-up, uncertainty impacting supply, and the consequences of taking away an entitlement to benefit for large numbers of older and vulnerable people. [More info.](#)

The LHA cap is linked to the lowest private sector market rents, as such risks are heightened in areas where LHA rates are low. For example, in Hull and East Riding the 1-bed LHA rate is £69.73, in Leicester it is £86.30, Reading £153.02 and in central London, the same rate is £260.64.

Do we have enough supported housing to meet needs?

The availability of specialist and supported housing is failing to keep up with demand. It is estimated that around **16,000 more specialist homes are needed every year** for older people alone to close the gap by 2030.

If current trends continue, the **annual gap in provision for working age people will grow to [35,166 places](#) by 2020/21**.

What about hostels, refuges, foyers?

¹ https://www.demos.co.uk/project/sheltered-housing/?dm_t=0,0,0,0,0

²

A localised system of funding for short-term services potentially carries with it a high level of risk. As there are also risks arising from Universal Credit, we recommend that a review is undertaken of the impact of Universal Credit on people living in supported housing.

What about older people living in sheltered housing?

More than 70% of the homes affected by this are sheltered housing for older people – 395,000 in England.

In areas where the LHA level is below the rent on a sheltered home, older people on low incomes will have to rely on a local discretionary decision from their council rather than an entitlement through the benefits system to fund their housing.

Why can't housing associations put rents down?

It is very difficult for housing associations to lower what are already regulated rents. Supported and sheltered housing costs more to build, manage and maintain and it houses a large number of vulnerable people on low incomes, the great majority of whom are over pension age.

Is the timetable for implementation realistic?

There are **serious concerns about the timeframe** for implementation of these proposals and whether there is enough scope to fully pilot and test the models. Piloting and phasing of any new system would help local authorities and providers prepare and plan more effectively.

What did the parliamentary joint DWP/CLG select committee recommend?

The joint committee on the funding of supported housing [reported in May 2017](#). This unanimous report from a cross bench group states its concern that **"the Government does not seem to be aware of the impact its funding proposals are already having on the supported housing sector"**.

Read more

- [Submission: A proposal for a strong and sustainable future for supported and sheltered housing](#)
- [The variable impact of the LHA cap across different areas](#)
- [Funding for supported housing consultation: consultation submission](#)

DCLG (2009) *Research into the financial benefits of the Supporting People programme*

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