# How does the Local Housing Allowance align with prevailing rental market rates?

This report will explore the Local Housing Allowance (**LHA**) rates compared to average rental prices in Seaford, Newhaven and Lewes, and how many properties are available at those prices. Even if a claimant is eligible for LHA and there is a property available for them in one of the 3 areas covered in this report, there is still no guarantee that they will be selected by the landlord. As part of the production of this report we surveyed local letting agents on why this might be.

## What is LHA?

LHA is calculated by the Government to decide how much should be paid to those in private rented accommodation eligible to receive financial support with their rent, a payment known as Housing Benefit.

The Valuation Office Agency rent officers collect data from letting agencies, landlords, and tenants about rents being paid for private rented accommodation in a geographical area. LHA rates are generally fixed at the 30th percentile point for rents in each category of dwellings based on market rents paid by tenants who are not receiving housing benefit.[1] An eligible claimant cannot receive more housing benefit than their actual rent[2], even if their rent is less than the applicable LHA rate. This is a particularly common issue in Seaford. An eligible claimant of working age is also susceptible to the benefit cap level. For residents in Seaford, Newhaven or Lewes the benefit cap is:

[1] Sch.3B Rent Officers Housing Benefit Functions) Order 1997/1984, as amended by art 2 Rent Officers (Housing Benefit Functions) Order 2010 SI 2010/2836 and art 2 Rent Officers (Housing Benefit and Universal Credit Functions) (Amendment and Modification) Order 2021/1380.

[2] https://england.shelter.org.uk/professional_resources/legal/benefits/local_housing_allowance/how_local_housing_allowance_is_calculated#reference-25

- £423.46 per week for couples with or without children living with them;
- £423.46 per week for lone parents with children living with them; or
- £283.71 per week for single adults without children living with them.[3]

Each local authority area is divided into several distinct broad rental market areas (BRMAs). Newhaven and Lewes fall under Brighton and Hove, while Seaford falls under Eastbourne, this is inequitable because as illustrated in this report, rents are more expensive in Seaford. As a result of this we have seen examples of clients reluctantly moving away from Seaford and their support network to Newhaven where rents are cheaper, but LHA is higher. LHA rates differ with a BRMA depending on accommodation type i.e. a 1 bed with shared facilities receives the lowest LHA, the rate then increases for individual dwellings depending on their number of bedrooms up to 4 bedrooms. Any claimant living in a property with 4 or more bedrooms will receive the 4-bedroom rate. Currently the rates are as follows in the Brighton and Hove BRMA:

- 1 bed shared facilities - £585.00
- 1 bed self-contained - £917.50
- 2 bed - £1,196.69
- 3 bed - £1,446.03
- 4 bed - £1,994.50

The rates for Eastbourne BMRA are as follows:

- 1 bed shared facilities - £412.33 *(£172.67 less than B&H)*
- 1 bed self-contained - £718.03 *(£199.47 less than B&H)*
- 2 bed - £897.52 *(£299.17 less than B&H)*
- 3 bed - £1,080.04 *(£365.99 less than B&H)*
- 4 bed - £1,396.16 *(£598.34 less than B&H)*

The LHA sets housing benefit rates, and people eligible for housing benefit are often on a low income or receiving a means tested benefit. Those over retirement age, (and one or two specialised groups of tenants under state retirement age) can claim Housing Benefit, but generally someone of working age would need to be eligible for Universal Credit, and a housing element would be paid to them as part of their UC claim.

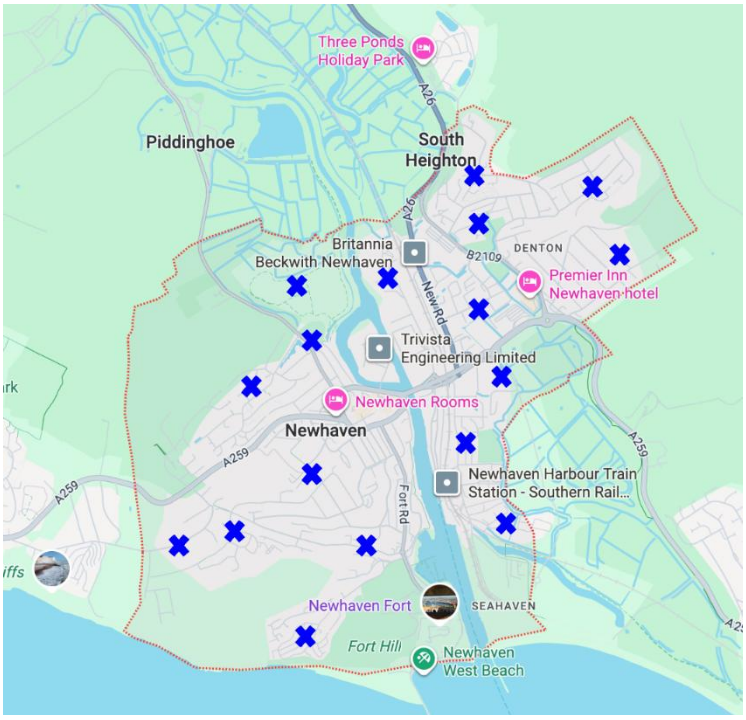
At Lewes District Citizens Advice (LDCA) we collect monthly data on the average rental rates in three local areas, namely, Newhaven, Seaford and Lewes. The

[3] reg 75CA Housing Benefit Regulations 2006 SI 2006/213 as inserted by reg 4 the Benefit Cap (Annual Limit) (Amendment) Regulations SI 2023/355.

average rental rates are compared with the LHA rates, and it is noted how many properties are ascertainable to rent.

## Newhaven

In August 2025, 17 properties were available for rent across the 5 LHA bands.




These 17 properties can be further broken down as follows:

There was 1, 1 bed shared facility flat available. Priced at £585.

There were 2, 1 bed self contained flats available with LHA rates falling an average of £21 short compared to rental rates.

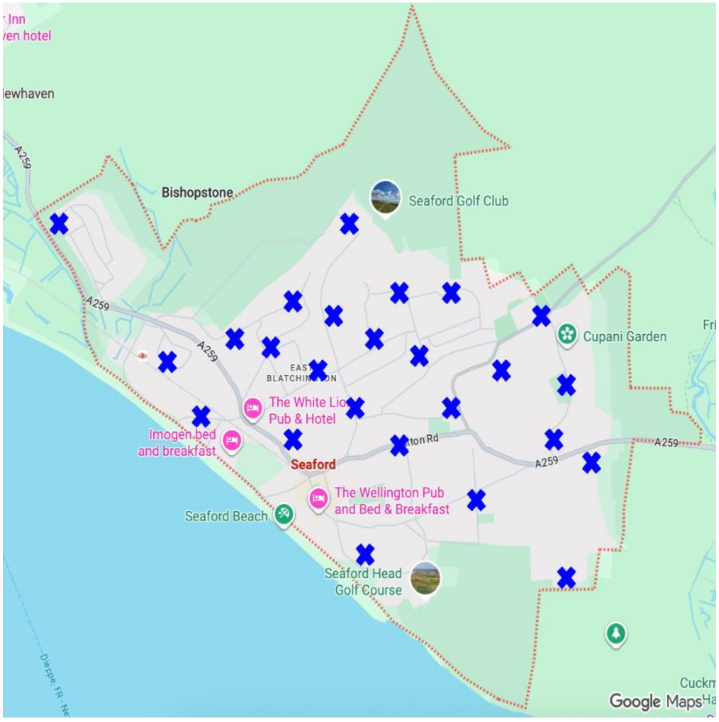
There were 8, 2 bedroom properties available with LHA falling an average of £85 short compared to rental rates.

There were 3, 3 bedroom properties available with LHA rates falling an average of £159 short compared to rental rates.

There were 3, 4 bedroom properties available with LHA rates falling an average of £406 short compared to rental rates.

## <u>Seaford</u>

In August 2025, 26 properties were available for rent across the 5 LHA bands.




These 26 properties can be further broken down as follows:

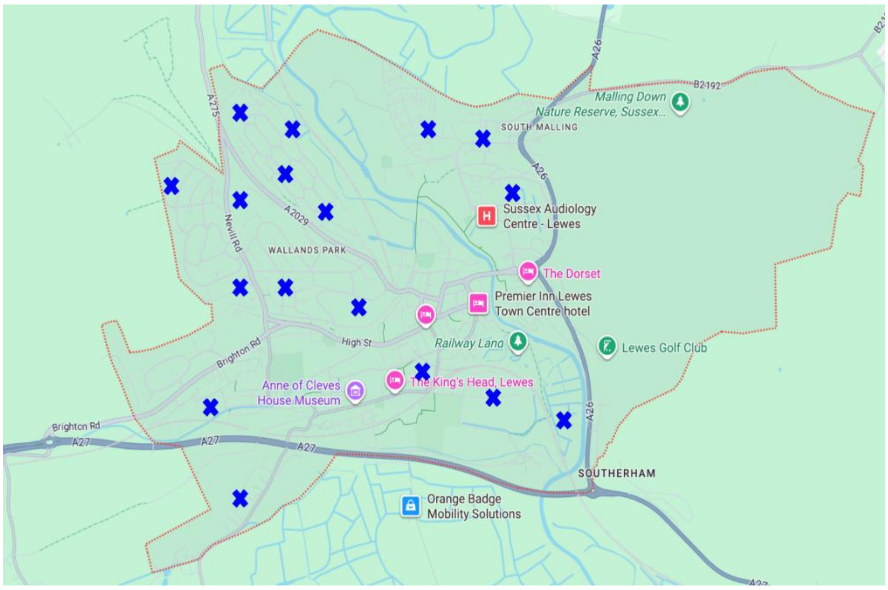
There was 1, 1 bed shared facility flat available with LHA rates falling an average of £279 short compared to rental rates.

There were 10, 2 bed self contained flats available with LHA rates falling an average of £196 short compared to rental rates.

There were 11, 2 bed properties available with LHA rates falling an average of £492 short compared to rental rates.

## Lewes

In August 2025, 17 properties were available for rent across the 5 LHA bands.




There were 3, 3 bedroom properties available with LHA rates falling an average of £137 short compared to rental rates.

There was 1, 4 bedroom property available with LHA rates falling an average of £804 short compared to rental rates.

These 17 properties can be further broken down as follows:

There was 1, 1 bed shared facility flat available with LHA rates falling an average of £165 short compared to rental rates.

There were 2, 2 bed self contained flats available with LHA rates falling an average of £258 short compared to rental rates.

There were 6, 2 bed properties available with LHA rates falling an average of £217 short compared to rental rates.

There were 6, 3 bedroom properties available with LHA rates falling an average of £600 short compared to rental rates.

There were 2, 4 bedroom properties available with LHA rates falling an average of £1,231 short compared to rental rates.

## What conclusions can we draw from all this data?

What quickly becomes apparent from the above data is that property availability and prices vary drastically between the three locations with Lewes residents facing the largest shortfalls between average rental prices and LHA rates. While Seahaven may have the greatest number of properties available, there is still a shortfall in each of the 5 categories. By comparison, Newhaven has the least properties available with there being no 1 bed shared facility properties. Average rental prices of 2- and 3-bedroom properties actually fall lower than LHA rates.

While the above date shows that there are properties available, renters are facing a two-pronged problem, first rent rates are only going up while LHA is not matching it and secondly buying a house is becoming more unattainable which is making the competition to rent even tougher. Our Letting Agents Survey which was sent to 30 letting agents around Lewes, Seaford and Newhaven indicated that 75% of applications are received within 24 hours of the flat being listed.

It is unlawful for landlords or letting agents to have blanket bans against renting to tenants on benefits, such as those using "No DSS" policies, as this constitutes unlawful discrimination under the Equality Act 2010.[4] This was supported by our Letting Agents Survey. When asked whether a landlord is likely to rent to someone on benefits, the most common reply was that landlords don't have to. "There are so many good working applicants.  i.e. Applicants who with a joint or single income of £70,000 who previously would have been able to buy a home."

To address higher housing costs, LHA rates could match average local rents.  This would cost £2.1 billion in 2025/26 and reduce child poverty by approximately 70,000[5]

[4] https://commonslibrary.parliament.uk/research-briefings/sn07008/

[5] .https://niesr.ac.uk/publications/uk-living-standards-review-2025-part-two?type=report