

SHELTER

February 2023 Homelessness Alert Briefing

Shelter are seeing alarming signs in our services that the continued freeze on housing benefits is pushing more and more private renters towards homelessness.

Private rents have increased at their fastest ever rate in the cost of living crisis. But because housing benefit is frozen while rents soar, private renters accrue rent arrears which put them at risk of homelessness. More and more of the people we see in our services are approaching us with arrears which leave them at risk of losing their home and other debts which compound their financial precarity. And local authority resources for assisting people struggling with housing costs are rapidly being depleted in the face of overwhelming demand.

The local housing allowance (LHA) which determines the amount of support with housing costs that private renters can receive has been frozen since 2020. In the face of a homelessness crisis which is leaving families in expensive and unhealthy temporary accommodation for years at a time, the government must use the Spring Budget to:

- 1. Restore the local housing allowance so that it covers at least the cheapest third of rents in each area**
- 2. Commit to re-linking the Local Housing Allowance for future years so that it continues to prevent private renters from homelessness over time**

Safety net failing to protect tenants from homelessness

The local housing allowance has been frozen since March 2020. At his Autumn statement in November 2022, the Chancellor confirmed that this freeze would continue during the 2023/24 financial year.¹ On 5th December 2022 the Secretary of State for Work and Pensions confirmed that the level of LHA would not be reviewed for another year.²

The Secretary of State has justified the refusal to uprate LHA by citing the high cost of housing benefit to the government. However, failing to prevent homelessness through housing benefit causes further costs to the state. While official statistics on levels of statutory homelessness are lagging several months behind, there are many indicators that it is increasing. London Councils found that homeless presentations in the capital were 14% higher in October 2022 than in the previous year.³ Statistics on rough sleeping also suggest a sharp 18% rise in the number of people sleeping rough on a given night over the 3 months to September 2022.⁴ These are alarming indications that more and more people are falling through the cracks in the housing benefit safety net which ought to prevent homelessness.

New figures on statutory homelessness and rough sleeping are due at the end of February and if, as expected, they show a rise in homelessness there will be pressure on the government to show it can tackle homelessness in the Spring Budget.

Our Shelter hubs across England are hearing from local authorities that in the face of rising need and an inaccessible private rented sector due to the LHA freeze, they are procuring

¹ [Contribution by Jeremy Hunt \(parliament.uk\)](#)

² [Contribution by The Secretary of State for Work and Pensions \(Mel Stride\)\(parliament.uk\)](#)

³ [London's 162,000 homeless population equivalent to 'an entire borough' | London Councils](#)

⁴ [Support for people sleeping rough in England, September 2022 - GOV.UK \(www.gov.uk\)](#)



more and more temporary accommodation (TA) for families who become homeless and cannot afford new homes. In 2021/22, spending on TA grew by 4% to £1.6 billion and looks set to grow further this year.⁵

Temporary accommodation is both expensive to the taxpayer and hugely harmful to the people who live in it. The majority of homeless families spend more than a year in TA and [our recent research](#) has shown just how damaging the experience is to the health, wellbeing and education of homeless children.⁶

In the long term, the only solution is investment in truly affordable social housing. But to prevent more and more families having their lives damaged by homelessness right now, the government must restore LHA so that it covers at least the cheapest third of local private rents.

Shelter clients pushed towards homelessness by freeze

Inadequate LHA causes private renters to accrue rent arrears which put them at risk of homelessness. With the cost of rents rising, housing benefits frozen and increased financial pressure from other essentials, the households we work with face an impossible situation. In the last year there has also been **a 30% increase in the number clients that are coming to Shelter services in arrears with their housing costs**. We have also seen an overall 8% increase in the number households we work with struggling to keep up with costs.⁷ The local housing allowance now covers very few advertised privately rented homes, as low as 1 in 50, leaving people on low incomes with nowhere to go when they are evicted.⁸

Many of the people we support find it especially difficult to access affordable private rented homes because they or their children have disabilities. Disabilities and caring requirements make it harder for people to work to top up shortfalls in LHA but also mean that, even if they can find an affordable private rental, it may not meet their accessibility needs.

The following case studies from people we support show the precarity that many people are now facing, teetering on the edge of homelessness or already homeless due to the LHA freeze.

Dave, 51, is disabled and lives in a one-bed house in Woking with his 16-year-old son. He has been served a Section 21 no-fault eviction by his landlord and is currently awaiting a court date. He is worried him and his son could end up homeless as he cannot find another private rental he can afford. Dave's housing benefit, which is supposed to cover a two-bed rental in his local area, does not even cover the cost of many studio apartments. Dave told us about the impact the worry has had on his family: "I try to shield my son from it. On the surface you wouldn't think it's affecting him, but I know it is. And I have trouble sleeping all the time. I'm sick with worry about what will happen to us."

⁵ [Local authority revenue expenditure and financing England: 2021 to 2022 final outturn - GOV.UK \(www.gov.uk\)](#).

⁶ [Briefing: Growing Up Homeless - Shelter England](#)

⁷ In October to December 2022 Shelter advisors in England worked with 326 clients with housing cost arrears and 523 clients struggling with any kind of cost, compared to 250 in arrears and 483 struggling with costs in the same period in 2021.

⁸ [Joint Briefing: Autumn Statement 2022 \(England\) - Shelter England](#)



Daniel, 52 from Liverpool, is a mature student and full-time carer for his disabled daughter. His landlord increased his rent twice in the last year to the point where he is now in rent arrears. Daniel is worried that they will be served with an eviction notice this winter as his arrears keep building up. He fears that if evicted, him and his daughter would end up homeless as he cannot afford rents in his local area anymore. The family has been on the social housing waiting list since 2014.

Jennie, 33, lives in Plymouth with her son and her friend with a disability for whom she is a full-time carer. When she was issued a Section 21 eviction notice from her previous home there were no three bedroom properties available within her area which were affordable at LHA rates. As a result she is forced to live in an overcrowded two bedroom house where she shares a bedroom with her son. She is on the social housing waiting list but due to a severe shortage of social rent homes may face a long wait before she is offered a genuinely affordable home.*

Fatima, 47, is disabled and lives with her disabled children in West Sussex. They are facing eviction after being served a Section 21 eviction notice earlier this year. She managed to temporarily pause the eviction, but the landlord has proceeded with the eviction which she is challenging in court. Fatima, who receives £1,200 housing benefit a month, was already only just managing to pay her rent which increased in the summer from £2,000 to £2,650 a month and is now struggling to find the money to cover moving as well as a new home to live in that meets her children's needs. She is worried about her and her children becoming homeless this winter.*

**Some names have been changed to protect client anonymity*

Local authorities struggling to support tenants

The Secretary of State has pointed to discretionary housing payments (DHPs) as a way that local authorities can support tenants at risk of homelessness due to the inadequacy of LHA rates.⁹

However, government data indicates that councils are already struggling to keep up with demand. This is especially the case in areas which were traditionally more affordable but have seen unprecedented rises in private rents.

Data published in December 2022 indicated that in the first six months of the financial year, local authorities in England had spent 55% of their DHP budget allocation.¹⁰ This shows an increase in pressure on DHP budgets: at the same point in the previous financial year, councils had spent 45% of their allocation.¹¹

There are a concerning number of local authorities who have already spent the large majority of their budget with half the year remaining. **Some were on the brink of running out of funding** - 31 English councils had spent three quarters or more of their allocation before the winter started.

⁹ [Contribution by Mel Stride \(parliament.uk\)](#)

¹⁰ [Use of Discretionary Housing Payments: April to September 2022 - GOV.UK \(www.gov.uk\)](#)

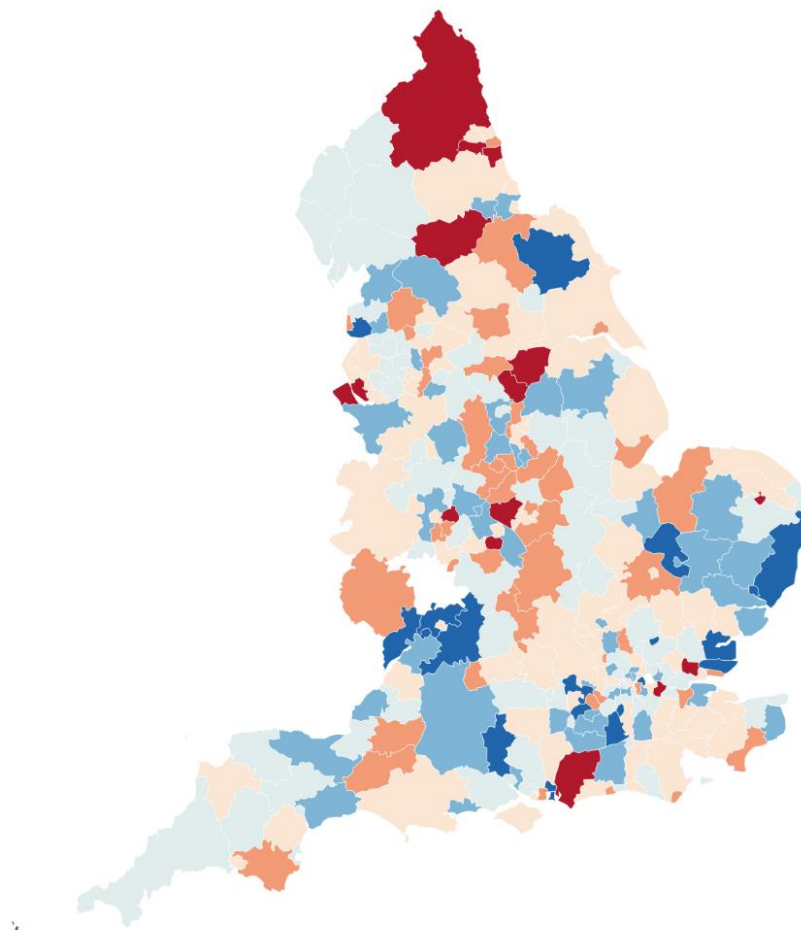
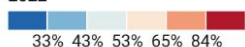
¹¹ [Use of Discretionary Housing Payments: April to September 2021 - GOV.UK \(www.gov.uk\)](#)



Many are in traditionally affordable areas. Derbyshire Dales, Leicester and Hinckley & Bosworth all **spent over 80% of their annual allocation in six months**. All are in the East Midlands, the region with the highest rate of private rental inflation in the last year (5.1%).

Discretionary housing payment allocation spending 2022/23

Percentage spent, Apr-Sept 2022



Map: Shelter • Source: DWP • Map data: © Crown copyright and database right 2021 • Created with Datawrapper

An interactive version of this map is available [here](#).

There has also been a concerning rise in spending by councils in the North East. Sunderland, Gateshead, and Northumberland **spent more than 90% of their allocation by the end of September 2022**. Some of these increases suggest new and extreme pressures which councils are having to adapt to quickly. In 2021/22, Sunderland and Northumberland ranked 93rd and 208th respectively amongst DHP spending by local authorities (as a proportion of allocation). However, in the first half of 2022 they are 7th and 19th.

The data should be understood in the context of the 29% (£40 million) cut to the DHP budget in 2022/23 which means that councils are under pressure to cope with the worsening inadequacy of LHA rates with **less DHP funding than at any time since 2013**.

DHPs are a sticking plaster for inadequate housing benefit. **It is alarming that some councils appear on the brink of running out of funding for this emergency lifeline**. The solution is to ensure housing benefit acts as a safety net so that households do not get into crisis situations where they require DHPs.

