

5 million renting households now relying on housing benefit

Even as the last lockdown eased, numbers receiving state support to pay rent remained at record levels

More private renters than ever claiming

4.96 million households claimed housing benefit (Universal Credit housing element or legacy housing benefit) in May 2021. This includes 2 million private renters, more than at any time since the housing benefit system was introduced in 1988. The pandemic caused rises over the last year with only small drops in April and May as parts of the economy began to reopen. Numbers of private renters claiming in the last year rose 12% while social housing tenants rose 3%.



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Housing benefit isn't fit for purpose

36% of all private renters now receive housing benefit according to new Shelter analysis, a figure we have adjusted to include households where multiple people could make housing support claims. But the amount people can claim (known as the Local Housing Allowance (LHA)) is only supposed to cover homes up to the cheapest 30% of the local market. So there are simply more households claiming housing benefit than there are homes available at rents affordable to those receiving welfare.

30% private rents covered by Local Housing Allowance



6% private renters in England receiving housing benefit

In 1 in 5 areas, majority of renters need support

Percentage of private renting households claiming housing support by local authority, May 2021

20% 40% 60% 80%

After steep increases in numbers claiming support over the pandemic, in **1 in 5** (19%) areas more than 50% of private renters now rely on housing benefit to pay the rent.

Blackpool is the area with the highest proportion claiming housing benefit in England- an astonishing **89%** of all private renters The region with the highest proportion is the **North East, where 44%** of all private renters are in receipt of housing benefit.

> There are also hotspots in other coastal areas with high proportions of claimants like **Torbay** (62%), Great Yarmouth (74%) and Tendring (74%). Explore a zoomable version of this map <u>here</u>.

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

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Support not keeping up with rising rents

In 2021, the government froze the Local Housing Allowance (LHA) rate that determines the amount of housing benefit people can claim at March 2020 levels. With rents rising, gaps are opening up between rents and housing benefit, and LHA no longer covers the cost of a modest 2 bedroom home in 58% of England.



3 bedroom homes





Restore and re-link support

With 2 million private renters now relying on housing support but support frozen at March 2020 levels, we risk sliding back towards the situation before the pandemic where LHA covered the cost of a modest 2 bedroom home in just 3% of England. With the pandemic eviction ban over, furlough scheme winding down and now an increase in NI contributions due to hit household budgets next year, we need urgent action to make sure people can afford to stay in their homes and prevent a wave of homelessness.

The government must **restore LHA** to at least the 30th percentile of local rents and **re-link LHA rates** to the market to prevent shortfalls from opening up again.

Sources

Numbers of households claiming legacy housing benefit and the housing element of Universal Credit are from DWP, Statexplore, accessed August 2021.

Historic numbers of private renters claiming housing benefit can be found at UK Housing Review, <u>2018, Table</u> <u>112</u>; <u>2003/04, Table 116a</u>. Figures prior to 1992 group private tenants together with housing association tenants, but did not exceed 959,000 combined. <u>UK Housing Review, 1999/2000, Table 108a</u>.

The proportion of private renters claiming housing benefit is an estimate derived from combining administrative data from the DWP with population estimates published by MHCLG (the English Housing Survey), and by the Office for National Statistics (ONS). We have adjusted the total number of private rented households in England and each region to account for the number of adults living in households (such as multiple single adults or multiple families sharing a home) where more than one welfare claim could be made. This number is calculated using English Housing Survey data. This represents a change in method from previous alert briefings and as a result no comparison should be made between estimates here and in previous Shelter research publications.

Population estimates for local authorities are derived from ONS, Subnational households by tenure estimates, Table 1a Count of households by tenure by local authority district, England, 2012- 2019 <u>https://www.ons.gov.uk/peoplepopulationandcommunity/housing/datasets/subnationalestimatesofhousehold</u> <u>sbytenureengland</u>, published May 2021. We have adjusted the total number of households in each local authority area using the regional proportion of households where multiple welfare claims could potentially be made and the regional average number of adults living in such households using data from the English Housing Survey 2016-18.

Local Housing Allowance and 30% percentile rents are taken from Valuation Office Agency, 'Local Housing Allowance (LHA) rates applicable from April 2021 to March 2022', <u>https://www.gov.uk/government/publications/local-housing-allowance-lha-rates-applicable-from-april-2021-</u>to-march-2022.

Pre-pandemic LHA shortfall taken from Stephanie Kleynhans and Jenny Pennington, <u>LHA Impact Assessment:</u> <u>The effects of the reforms since 2011</u>, March 2020.