



INVESTMENT IN SOCIAL HOUSING: THE SUSTAINABLE SOLUTION TO CHILD POVERTY

Executive summary

- The housing emergency facing the country is one of the key drivers of child poverty: more than a million children in the UK are growing up in poverty due to the cost of their family's rent
- At the sharpest end are the record number of children who are homeless with their families and growing up in temporary accommodation (TA). Shelter research has found that a record 161,000 children are homeless and living in either in TA provided under homelessness legislation or by social services
- Our new analysis of freedom of information requests has also found that at least 23,500 babies and toddlers and 99,000 school-age children are stuck in TA
- Life in TA is unstable and has a profound impact on children's health, education, growth and development. It also entrenches poverty for families. Almost nine in ten households (87%) reported they struggle to keep up with the costs of their temporary accommodation. And lack of access to basic facilities like a proper kitchen, a washing machine and Wi-Fi forces families to spend on expensive takeaway food, laundrettes and mobile data.
- If the government is serious about eradicating child poverty, then it must urgently address the record number of children homeless in expensive and damaging temporary accommodation
- **The child poverty strategy must include a clear commitment to investment in social rent homes so that families can have a truly affordable, permanent place to live.** We need to build at least 90,000 social homes a year for 10 years to end all forms of homelessness for good.
- **The strategy must also address the urgent need for adequate housing benefit to tackle housing costs-induced poverty for children in renting families.** This means permanently linking the local housing allowance to the real cost of private rents and scrapping the household benefit cap, which is pushing families into deep poverty.

Child poverty and the housing emergency

The housing emergency is one of the biggest drivers of child poverty. A quarter (25%) of children living in relative poverty in the UK are in 'housing costs-induced' poverty, meaning that they only fall below the threshold for relative low income due to the cost of their home.ⁱ Unaffordable housing is a far more significant factor in driving poverty for children than it is for people in other age groups – research from the Institute for Fiscal Studies found that children are 40% more likely to be in poverty after housing costs than the national average.ⁱⁱ

A severe lack of affordable homes is driving poverty for families with children, who instead must rely on the expensive private rented sector. The number of households with children living in privately rented homes has ballooned in the past 20 years, from 566,000 in 2003/4 to over 1.5 million in 2023/4.ⁱⁱⁱ Just over half of the additional children living in poverty since 2010/11 are in private renting households (368,000).^{iv} Lone parents particularly struggle to afford a family home in the private rented sector on a single income, as they must compete with couple and sharing households.

Any strategy to reduce child poverty over the next 10 years therefore must address the urgent need for more truly affordable homes for families. The most effective way to do so is with a commitment to build more homes at social rents tied to local incomes. Social rent homes reduce poverty in both immediate and long-term ways. Firstly, by directly reducing the housing cost burden to families, increasing the amount of disposable income they have to spend on other essentials. Secondly, by being permanent and stable, meaning children can grow, play, study and thrive as part of a local community, improving their life chances and affording them greater opportunity of a lifetime free from poverty.

Record numbers of children are growing up homeless

The children experiencing the worst impacts of unaffordable housing are those who have been made homeless with their families and as a result are stuck in temporary accommodation.

In the past two years the number of households that are homeless and living in temporary accommodation has reached unprecedented levels. Over 78,000 (64%) households living in statutory temporary accommodation in England include dependent children.

New Shelter research reveals that there are over 161,000 children who are homeless with their families in England, either in temporary accommodation provided by local housing departments or arranged by social services due to their families not qualifying for help under homelessness legislation.

Information obtained by Shelter under freedom of information request also reveals the ages of children stuck homeless in temporary accommodation with their families. There are at least at least 33,000 pre-school and 99,000 school-age children in TA across England. In some parts of the country the scale of child homelessness is truly shocking: 1 in 9 schoolchildren in the London boroughs of Newham and Westminster are living in TA. Outside London, the highest rates of homeless schoolchildren are in Luton (1 in 27) and Birmingham (1 in 29).

Our research shows that living in temporary accommodation entrenches poverty and is devastating to children's lives and jeopardises their future success. Families are often charged more money for one, cramped temporary accommodation room than other families pay in mortgage repayments or private rents. Our 2022 survey of households in TA found that almost nine in ten households (87%) reported they struggle to keep up with the costs of their temporary accommodation.^v

Families in TA also have additional costs that they wouldn't incur when buying or renting a home. Expensive commuting costs to get children to school and parents to work: 1 in 3 households (32%) are accommodated out of their home area, some many miles away.^{vi} One in five (19%) families with school age children have to travel more than an hour to school.^{vii} The lack of space and facilities in temporary accommodation make usual ways to budget (such as buying food in bulk or batch cooking) impossible and impose additional costs such as for laundrettes, takeaways and mobile data.

Social housing is the sustainable solution

The only sustainable solution to the housing emergency facing the country is a new generation of social homes. Building 90,000 social rented homes a year for 10 years would allow us to end child homelessness for good, by allowing every family in temporary accommodation to move into a genuinely affordable and permanent home and preventing many more from ever becoming homeless in the first place.

Constructing social homes on this scale would generate a net positive economic and social impact of £51.2 billion, with the cost of construction paid back in benefits to the economy within 3 years.^{viii} Social rents are two-thirds cheaper than private rents,^{ix} freeing up money for other essentials which would otherwise just go into keeping a roof over a family's head. But the benefits for families go beyond just financial savings. Children moving into social homes are likely to see a range of improvements to their lives:

- **Parents' employment:** A stable home increases people's access to employment and their productivity. The cumulative value of this is estimated at £8.9 billion with a further benefit of £3.8 billion to the Exchequer through increased tax revenue.^x

- **Health and wellbeing:** 46% of social renters say their social home has a positive impact on their physical or mental health,^{xi} while a recent analysis found that living in a privately rented home is associated with faster biological aging.^{xii}
- **Education:** Unfit housing harms children by disrupting their education, which leads to lower economic contributions, increased crime, and greater use of public services. 90,000 new social homes would reduce such disruptions and lead to overall savings of £2.7 billion.^{xiii}

Prevent families from becoming homeless with adequate housing benefit

While social housing is the only sustainable solution to family homelessness, housing benefit ought to be the lifeline of support for private renting families struggling with soaring rents right now. However, continuation of austerity-era policies is pushing families deeper into poverty and towards homelessness as they struggle to afford a home.

- **Permanently link the local housing allowance (LHA) to the real cost of renting.** The government has chosen to continue the previous administration's planned freeze to LHA, breaking the vital link between housing benefit and the rents that families pay. More than half (57%) private renting households claiming the housing element of Universal Credit are families with children.^{xiv} Freezing the rate of LHA at a time of record rent increases will increase the already record numbers of families trapped in homelessness. It also makes it impossible for local authorities to prevent homelessness by finding private rented homes which low-income families with children can afford – forcing them to instead spend over £2bn a year for expensive TA.^{xv}
- **Scrap the household benefit cap.** 123,000 households are affected by the household benefit cap. The vast majority – 71 per cent – are lone parents with children. The benefit cap limits the total amount a part-time, low-earning or out-of-work household can receive in benefits, trapping families in deep poverty. It has a disproportionate impact on survivors of domestic abuse and on children.^{xvi} The benefit cap makes it almost impossible to afford private rents. Recent research found that there were only enough affordable homes across the country to house one in six capped families.^{xvii} Increasingly even social homes are becoming unaffordable. In 78 local authority areas in England, average council and/or housing association rents are unaffordable for capped families.^{xviii} The benefit cap is therefore contributing to homelessness, as families are trapped in refuges and other forms of temporary accommodation and are unable to move on to settled and affordable homes.

ⁱ Calculated based on DWP, [Stat-xplore](#), Households below average income 2022-23, accessed September 2024. 1,079,667 of the 4,325,255 children in relative poverty are only there after housing costs are accounted for.

ⁱⁱ Institute for Fiscal Studies, [Housing costs and income inequality in the UK | Institute for Fiscal Studies](#), November 2023.

ⁱⁱⁱ MHCLG, [Annex tables for English Housing Survey 2023 to 2024 headline findings on demographics and household resilience](#), Chapter 1, Table AT1.5, November 2024.

^{iv} Calculated based on DWP, [Stat-xplore](#), Households below average income 2022-23, accessed September 2024. There were 727,513 more children living in households below 60% of median income after housing costs in 2022/23 compared to 2010/11, of which 368,390 were in privately renting households (51%).

^v D. Garvie, J. Pennington, H. Rich and M. Schofield, [Still Living in Limbo: Why the use of temporary accommodation must end](#), March 2023.

^{vi} Shelter, [159,000 children homeless](#), November 2024.

^{vii} Op. cit.

^{viii} Cebr for Shelter and the National Housing Federation, [The economic impact of building social housing](#), February 2024.

^{ix} Shelter analysis of MHCLG and ONS data. MHCLG, [Social housing lettings in England, April 2022 to March 2023](#), Table 2di and ONS, [Price Index of Private Rents, UK: monthly price statistics](#), Table 1.

^x Ibid.

^{xi} YouGov survey of 2,002 social tenants, 16th-30th March 2023, online, weighted to be representative of social tenants.

^{xii} Clair, A., Kumari, M. and Baker, E., [Are housing circumstances associated with faster epigenetic ageing?](#), Journal of Epidemiology & Community Health.

^{xiii} Cebr for Shelter and the National Housing Federation, [The economic impact of building social housing](#), February 2024.

^{xiv} DWP, [Stat-xplore](#), Households on Universal Credit May 2024, accessed November 2024.

^{xv} Shelter, [Homelessness bill doubles in five years to £2.3bn](#), August 2024.

^{xvi} Shelter, Child Poverty Action Group and Women's Aid, [Joint briefing: Why scrapping the household benefit cap is vital for families, children and survivors of abuse](#), September 2024.

^{xvii} M. Fransham et al., [Capped and trapped \(in the UK's housing market\): how the benefit cap makes it almost impossible to find affordable housing](#), July 2024.

^{xviii} Op. cit.