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## Autumn Statement briefing for England MPs:

Investment in housing benefit is needed to prevent homelessness

17<sup>th</sup> November 2022

The Autumn Statement is a critical opportunity for the Government to tackle the cost-of-living crisis by ensuring benefits keep up with the real cost of living. This is essential support for people on the lowest incomes.

Hidden in that crisis is the growing gap between housing benefit and the cost of the cheapest private rents, this is an additional, growing cost that low income families are facing on top of rising bills and food costs. New analysis by Crisis and Zoopla shows that that cost has increased by 40% in England in just five months.

In response to the Covid-19 pandemic, the Government rightly stepped in to help people keep their homes and invested in housing benefit. As people on the lowest incomes once again face significant financial pressure, organisations across Great Britain have called on the Chancellor to invest in housing benefit to prevent thousands from being pushed into homelessness.

1. The gap between housing benefit levels and the real cost of renting is rising rapidly, requiring urgent investment

Right now, across the country, the mounting cost of living is on everyone's mind. As well as dealing with the rising cost of essentials, households are faced with rents that have been steadily climbing to unaffordable levels. This is hitting families hard, and particularly families on low incomes. Over a third of households on low incomes are spending more than 30% of their income on rent, leaving them highly exposed to sudden financial pressures. Listed rents in the UK have risen at record rates over the last year: 20.5% in Manchester, 22.2% in Newbury and 17.6% in Birmingham.<sup>1</sup> Yet housing benefit have remained frozen at levels set according to rent data collected during 2018-19.

<sup>1</sup> <https://www.theguardian.com/money/2022/oct/21/private-rents-britain-hit-record-high-demand-properties>

When rent becomes unaffordable, it leaves families in impossible situations – cutting back on food and energy, including skipping meals to ensure their children can eat; being forced to leave tenancies to avoid getting into debt; and eventually risk of eviction if rent arrears mount up. With evictions on the rise and homelessness numbers in England already climbing, the growing pressure of unaffordable rents looks likely to force many more to resort to sleeping in cars, on their friend’s sofas, relying on hostels and B&Bs, or even sleeping on the street.

For families who are renting even one of the cheapest homes, the gap between housing benefit and the cost of renting is often substantial. Zoopla data shows shocking average shortfalls for the cheapest properties in England over the last year, and this has grown rapidly in just five months:

- £950 a year shortfall for a one-bedroom home, an increase of £300 from five months earlier.
- £1,500 shortfall for a two-bedroom home, an increase of nearly £400 from five months earlier.
- And £2,300 shortfall for a three-bedroom home, an increase of £650 from five months earlier.

Current shortfalls are likely to be even higher, since these figures are averaged over the last year, and analysis by the Bureau of Investigative Journalism confirms that rents at the cheapest end of the market are still rising rapidly.<sup>2</sup>

Many people are running out of options for finding a home. At the start of 2022, more than one in three renters in the private rental sector in England (1.7 million people) were dependent on housing benefit to help them cover the cost of their rent. **New analysis by Crisis and Zoopla shows that, by contrast, fewer than one in twelve private properties listed last year were affordable within housing benefit levels.** This has been a rapid decline; previous analysis showed that one in eight listings was affordable on housing benefit, this has reduced by a third in only five months.<sup>3</sup> When properties with excessive landlord requirements – such as several months’ rent in advance – are discounted, the proportion of homes available on housing benefit will be even lower.

The rising pressure of the cost of living and renting requires urgent action now to prevent a wave of homelessness this winter.

## 2. Investing in housing benefit to cover the cheapest third of rents is a good investment to prevent homelessness

The quickest and most effective way to keep people in their homes is for the Government to urgently invest in housing benefit so that it covers the true cost of rents. Investing in housing benefit makes it easier for people to afford to stay in their homes, preventing homelessness.

It also makes it easier for people to find a new home, which helps people to escape homelessness, abusive relationships and unsuitable housing.

**Investment in preventing homelessness is money well spent. The annual cost of temporary accommodation in England last year was £1.6 bn up 61% in the last five years,<sup>4</sup> and the cost to the people experiencing homelessness is even higher.** A major new survey by Shelter of over 1,000 people living in temporary accommodation found that 26% are falling behind on rent, bills or service charges and 1 in 3 (33%) have had to turn to food banks.<sup>5</sup> Preventing homelessness means people don’t have to suffer the damaging effects of homelessness on their health, relationships,

### Private Rented Sector tenants:

- 4.4 million households live in the private rented sector, which accommodates a diverse set of tenants:
  - 1.3 million families with children
  - 382,000 households over the age of 65
- Over one in three private rented sector tenants receives some kind of housing benefit.
- According to Rightmove, rents rose 11% outside London last year, and 16% in London.

<sup>2</sup> [Lack of affordable lets leaves families with little left to live on — The Bureau of Investigative Journalism \(en-GB\) \(thebureauinvestigates.com\)](#)

<sup>3</sup> Analysis by the Bureau for Investigative Journalists uses a months’ snapshot which suggests that these year-long averages don’t fully reflect the speed of recent rent increases. Their analysis found that in July 2022, only 2% of properties in the UK were affordable on housing benefit.

<sup>4</sup> DLUHC, [Local authority revenue expenditure and financing England: 2021 to 2022](#), Revenue outturn housing service tables R04, October 2022.

<sup>5</sup> Shelter survey of 1,112 homeless households in temporary accommodation in England. The temporary accommodation was provided under local authorities’ statutory homelessness provisions. Participants were approached via local authorities by email and post. The survey was conducted online and over the phone between June and August 2022.

and ability to work and succeed in school. Preventing homelessness helps our whole communities to thrive.

3. With the cost of living and renting higher than ever, the benefit cap is in urgent need of review

The financial pressure from shortfalls between housing benefit and the cost of renting is even more challenging in areas where the benefit cap takes money off the full housing benefit rate. The benefit cap is set by the Westminster Government and sets a limit on the amount of money people can receive from benefits. The level of the cap means that families receiving support from Universal Credit cannot receive more than £20,000 a year outside London, or £13,400 for single people.

This is a particular problem in areas where rents are higher. For example, in Oxford a family of one parent and two children renting one of the cheapest two-bedroom homes with a £4,152 annual shortfall, (£850 higher than five months ago) might also be hit by the benefit cap, which would mean that they lose out on £3,239 of their years' housing benefit payments. That leaves a total £7,391 gap between their annual housing benefit and the cost of renting a modest flat.

The level of the cap was last set in 2016, but with enormous inflation in living costs as well as rents, the benefit cap is more damaging than ever. Research by Shelter and Women's Aid has found that it traps women and children in abusive relationships and makes it very difficult for survivors of domestic abuse to move on from refuges into a stable new home.<sup>6</sup> There is a legal requirement for the Government to review the level of the benefit cap in every parliament. With the rising cost of living and renting, the time is now for a thorough review of the policy.

4. We urgently need a Government strategy to deliver genuinely affordable housing to end homelessness

Underpinning all of this is a lack of social housing in England for those who need it, which means that more and more people on low incomes are living in the private rented sector. To tackle the scale of the problem, a bold housing strategy is needed, in which the Westminster Government delivers the genuinely affordable homes that we desperately need. Leading housing and homelessness organisations agree that we need a step-change in the delivery of social housing, to increase supply by 90,000 homes per year for the next 15 years.

While these numbers may seem vast, they are necessary to tackle a growing problem. Statutory data shows a 91% increase in people living in temporary accommodation since 2011, and on any given night in 2020, 202,300 households experienced the worst forms of homelessness.<sup>7</sup> Families are often stuck in temporary accommodation for years on end and the latest government statistics show that the most common length of time for families with children to be in temporary accommodation is now 2 to 5 years.<sup>8</sup>

For more information, including local data, please contact Saskia Neibig, Senior Policy and Parliamentary Affairs Officer: [saskia.neibig@crisis.org.uk](mailto:saskia.neibig@crisis.org.uk)

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<sup>6</sup> Briefing by Shelter and Womens' Aid (May 2021)

[https://assets.ctfassets.net/6sxvmndnnpn0s/4oQJnE0jso78Tf5gCjvKBB/abf061b53555eca80b0c0da2f73f8148/Women-s\\_Aid\\_Shelter\\_-\\_Benefit\\_Cap\\_and\\_Domestic\\_Abuse\\_Briefing1.pdf](https://assets.ctfassets.net/6sxvmndnnpn0s/4oQJnE0jso78Tf5gCjvKBB/abf061b53555eca80b0c0da2f73f8148/Women-s_Aid_Shelter_-_Benefit_Cap_and_Domestic_Abuse_Briefing1.pdf)

<sup>7</sup> Modelling by Heriot-Watt University for Crisis: The England Homelessness Monitor (2021)

<sup>8</sup> DLUHC (2022) Statutory homelessness in England: financial year 2021-22