

Falling Behind: The government is failing private renters by freezing Local Housing Allowance

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- Local Housing Allowance (LHA) determines the rate of housing benefit (HB) and the housing element of Universal Credit (UCHE) for private renters.
- While LHA was temporarily returned to the cheapest 30th percent of private rental properties in April 2024, it has been frozen ever since.
- In the meantime, private rents have continued to soar.
- This is causing extreme detriment to the people we support and their families, increasing their debts and keeping them in, or putting them at risk of, homelessness.

To address this, the Chancellor must return LHA to the 30th percentile in the Autumn Budget.

¹ This work builds on previous Citizens Advice research; [Uprating Local Housing Allowance: briefing note](#) (2024), [An unfair share: Local Housing Allowance is failing young people](#) (2024) and [The impact of freezing Local Housing Allowance](#) (2023). Contributors to this briefing include: Sarah Hadfield, Julia Ruddick-Trentmann, Rebecca Rennison, and Craig Berry, and with thanks to Ed Pemberton.

Executive summary

Local Housing Allowance (LHA) is intended to ensure the cheapest 30% of properties in an area are affordable to people on low incomes. To do this, LHA was designed to increase as rents increase, by being regularly set at the 30th percentile of local rents. However, it has endured a period of successive caps and freezes, and after being restored to the 30th percentile in 2024, has been frozen ever since.

This latest freeze has been against a backdrop of significant private rent increases, which have been consistently outpacing earnings for almost 2 years.² As rents have continued to increase, the gap between costs and support for private renters has grown: fewer properties are affordable at LHA rates, and more low-income renters have shortfalls between the support they receive and the rents they have to pay.

Our frontline data showed the difference the 2024 uprating made. After LHA was uprated in 2024, we saw a dip in the number of private renters seeking our help with housing cost support issues, although rising rents have seen that dip eroded away. For private renters we support with debt advice, who receive Universal Credit, we saw average deficit budgets improve by £25 a month directly after uprating.

But our frontline data also shows the extent of hardship private renters are facing now, and the urgent need to uprate LHA again. In the 2 years since current LHA rates were set, rents have increased 14%, chipping away at the gains of 2024's uprating. After LHA rates were set in September 2019 (before uprating in 2020), seeing rent increases of the same scale took over 3.5 years. Rents have also grown at different rates across the country, leaving some families with far larger gaps in support depending on where they live.

For the people we help, the result of a widening gap between rents and LHA is deeper hardship, and for some, being pushed into crisis. So far this year, we have already helped over 12,900 private renters with homelessness issues - 10% more than the same period in 2023. 1 in 4 of the people we helped with low rates of LHA this year also needed referrals to charitable support and food banks.

As we approach the Autumn Budget, the Government needs to ensure that those on the lowest incomes, who are currently unable to afford their rent, are not left behind. The way to do this is simply by letting LHA work as it was designed to, and uprating it to the 30th percentile of local rents.

² Resolution Foundation (2025) [Private rent rises are still outpacing earnings, with renters in London and the Welsh Valleys facing the biggest affordability wedges in Britain.](#)



What is LHA?

LHA is the mechanism used to calculate the amount of financial support for housing available to private renters on a low income. The calculation is based on rental costs in a 'Broad Rental Market Area' (BRMA), based on data provided by the Valuation Office Agency.³ If a tenant's rent is higher than the LHA rate, they must pay the difference themselves.

Within a BRMA, the amount a household can receive is determined by family size, up to a maximum rate of 4 bedrooms, and alongside a national cap (ie the maximum amount of housing support that can be paid). Those under the age of 35, single, with no dependent child, are entitled only to the Shared Accommodation Rate (SAR), based on a single room in a shared house.⁴

The Welfare Reform Act 2012 dropped the requirement for LHA to be increased annually in line with rents.

How much did uprating LHA in 2024 help?

"The last LHA increase was in 2024 and this was hugely welcomed - in our area the rises were significant and made a difference to people's budgets. The issue we have is the continuous steep rise in rental costs and lack of housing that matches anywhere near the LHA rates." - Citizens Advice adviser, September 2025.

The positive effects of uprating LHA in April 2024 are visible in our frontline data. After LHA was uprated in April 2024, we observed a drop in the number of private renters seeking our support with housing cost issues: between April and June 2024, we helped 8% fewer people with Universal Credit Housing Element (UCHE) or HB (Housing Benefit) issues, and 8% fewer people specifically with problems related to inadequate LHA. However, demand for this support began

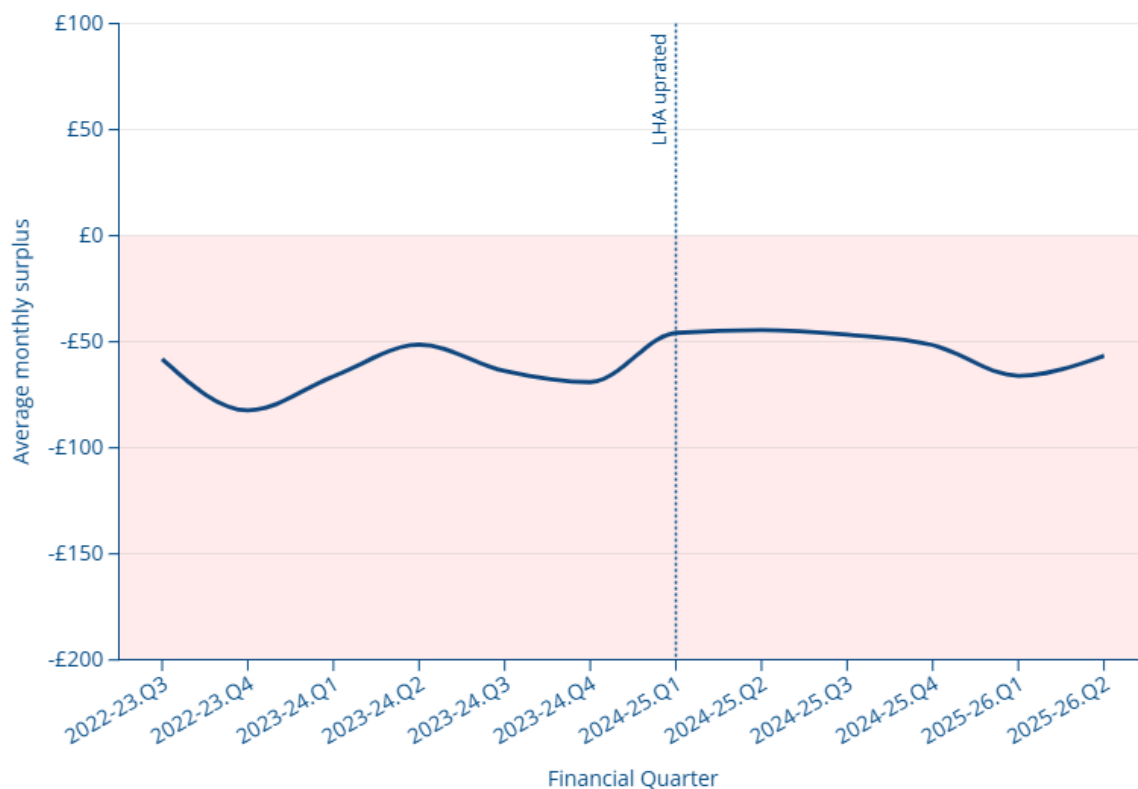
³ BRMA is an area within which a person can easily get to places like schools, doctors, and shops and considers the distance of travel, by public and private transport, to and from those facilities and services. GOV.UK (November 2023), [Understanding Local Housing Allowances rates and broad rental market areas](#).

⁴ GOV.UK, [Housing costs and Universal Credit](#) (accessed 03/10/2025).

to rise again in July 2024, indicating that hardship has already crept back up to worrying levels, and at a worrying speed.

We can also see the impact of uprating in the monthly budgets of people coming to us for debt advice. The average monthly deficit for our debt clients, who receive UC and rent privately, fell from £69.01 in the fourth quarter of 2023/24 to £44.47 by the second quarter of 2024/25 (i.e. post-uprating).⁵ Again though, this improvement was only temporary, and deficits appear to be settling at troublingly deep levels.

Figure 1. Average monthly surplus among private renters on UC who come to Citizens Advice for debt advice



Data for England and Wales. Surplus equals income minus essential expenditure. Groups below the blue dotted line are in a negative budget, on average.

⁵ Citizens Advice debt client's budget data, analysis conducted July 2025.

The gap between housing support and rents is widening

“The rents in our area have increased dramatically in the last 2 years - properties which were £500 a month are now £800 - LHA is leaving clients with a huge amount to pay.” - Citizens Advice adviser, September 2025.

As rents have risen and LHA has stayed frozen, a gap has opened up between housing costs and support. For private renters on UC, the meaningful income boost from 2024's uprating has been swallowed by this gap especially quickly.

When LHA last increased in April 2024, it was based on rental data for the 12 month period leading up to September 2023. This lag between rents and uprating (when it occurs) is an inbuilt feature of LHA and, in a world where private rents are steadily rising, means LHA has already dropped below the 30th percentile by the time uprating comes into effect.

Private rents have now increased by 14% since the current rates of LHA were fixed in September 2023.⁶ This is a far faster rate of rent increases than at the beginning of the decade. It took until May 2023 - over 3.5 years - for rents to increase by 14% after LHA rates were fixed in September 2019 (for uprating LHA in April 2020). We have seen the same rate of rent increase in just 2 years.

LHA has fallen behind the cost of private rents at the 30th percentile across almost all of the country, but the size of the gap varies. For example, a family entitled to the 3-bedroom LHA rate, in the High Weald in South England, are receiving £76.79 less a month in housing costs support than if LHA hadn't been frozen. If that same family lived in Southern Greater Manchester, the gap between the frozen rate of LHA they receive, and what they would be receiving if LHA had been uprated in April 2025, is 2.5 times larger at £199.46 a month.⁷

⁶ ONS, [Price Index of Private Rents, UK: monthly price statistics](#) 22 October 2025 data release up September 2025.

⁷ A family with two children of opposite sexes, where one child is over the age of 10, would qualify for the 3-bedroom rate. The difference between the current rates of LHA, and the rates of LHA had the link with the 30th percentile been maintained, were calculated from [Local Housing Allowance rates \(2025\)](#), by subtracting the 30th percentile figures from 12 months rental data collected until end of September 2024 (table 2), from the current LHA rates (table 4). We have not used a London BRMA as an example, although these will likely be the areas with the greatest shortfalls, because support in London BRMAs can also be restricted by the national LHA cap.

Differences in the rate of rent increases between nearby BRMAs can also cause hardship for people who've not moved far. Moving to a BRMA with lower rents could mean a greater shortfall in support, if rents have risen above frozen LHA rates faster than in a more expensive area. For example, although rents for 1 bedroom properties in inner London BRMAs are higher, on average, than those in outer London, some outer London BRMAs have seen greater percentage increases in rents than inner London.⁸ For people like Amir and Sally, moving to a different BRMA means a wider gap between actual rents and LHA rates.

Amir* has moved from inner London to an outer London BRMA. He is paying more rent but getting less help with housing costs. He has less money to spend on essentials and is now having to use his disability benefits to pay his private rent.

*All names have been changed.

Sally* is in her early sixties. She has health issues and cannot work. Where she currently lives, she has a shortfall of approximately £80 per month between her rent and LHA. She wants to move to a new area to be closer to her friend for support. In this new area, her rent would be around £200 lower, but because LHA rates are lower, the shortfall between her rent and LHA would be almost 3 times greater than it is now.

*All names have been changed

Our advisers report that shortfalls between housing costs support and rent are a growing problem. In September 2025, 7 in 10 advisers surveyed said they've been helping more people with housing costs support that do not adequately cover their rent since April 2025, when LHA was not updated.⁹

Already in November 2024, the most recent available data, 48% (772,731) of households receiving UC and renting privately had a shortfall between the

⁸ On average, a 1 bedroom property in an inner London BRMA, (based on the 2024 rental data 30th percentile), costs £1,545.74, compared to £1,175.33 in outer London. In 2 out of 5 inner London BRMAs, the cost of a 1 bedroom at the 30th percentile, has increased less than 10% between the 2023 and 2024 rental data, while in 4 out of 7 outer London BRMAs, these rents have increased by 10% or more.

⁹ 70% of 104 advisers surveyed in September 2025 (excluding "don't know" responses).

support they received and their rent.¹⁰ As rents have continued to rise while support has been frozen, the number of households experiencing a shortfall will inevitably have increased.

People are driven to crisis support

“The freezing of LHA is definitely leading to financial hardship and impacting on mental and physical health. I work with people who use the food bank, and many have a shortfall in what their benefits will cover towards their rent, particularly in the private rental sector.” - Citizens Advice adviser, September 2025.

Many of those we support with low LHA also need help with other problems. These problems show the depth of hardship people receiving inadequate housing costs support are experiencing. This year, of those we helped because of low LHA:

- 25% needed referrals for charitable support and food banks
- 22% were advised on local authority homelessness support
- 14% needed support accessing localised social welfare
- 13% were threatened with homelessness
- 13% were actually homeless

In addition, nearly half of the people we helped because of inadequate LHA this year (49%), also needed advice on Discretionary Housing Payments (DHPs) - financial support to help with rent or housing costs, administered by local authorities.

¹⁰ National Residential Landlords Association (2025) [Half of private renters on benefits face rent shortfall](#). Data on LHA shortfalls is no longer published on Stat-Xplore, while the DWP investigates [data quality concerns](#).

Hassan* lives in a privately rented 2 bedroom flat, in a town in the East of England, along with his wife and 2 young children. Hassan and his wife both work part-time, and receive UC to top-up their wages; one of their children has a chronic health condition. In July 2024, Hassan's landlord increased his rent. Hassan now has a £250 shortfall between the local LHA rate and his rent, a gap it's impossible for him to make up on his already stretched budget. When Hassan came to his local Citizens Advice for help, he had been going without food to pay his rent. Hassan won't get more housing support from UC unless LHA is uprated, but our advisers helped him apply for a Discretionary Housing Payment, and get some financial support through the Household Support Fund.

*All names have been changed.

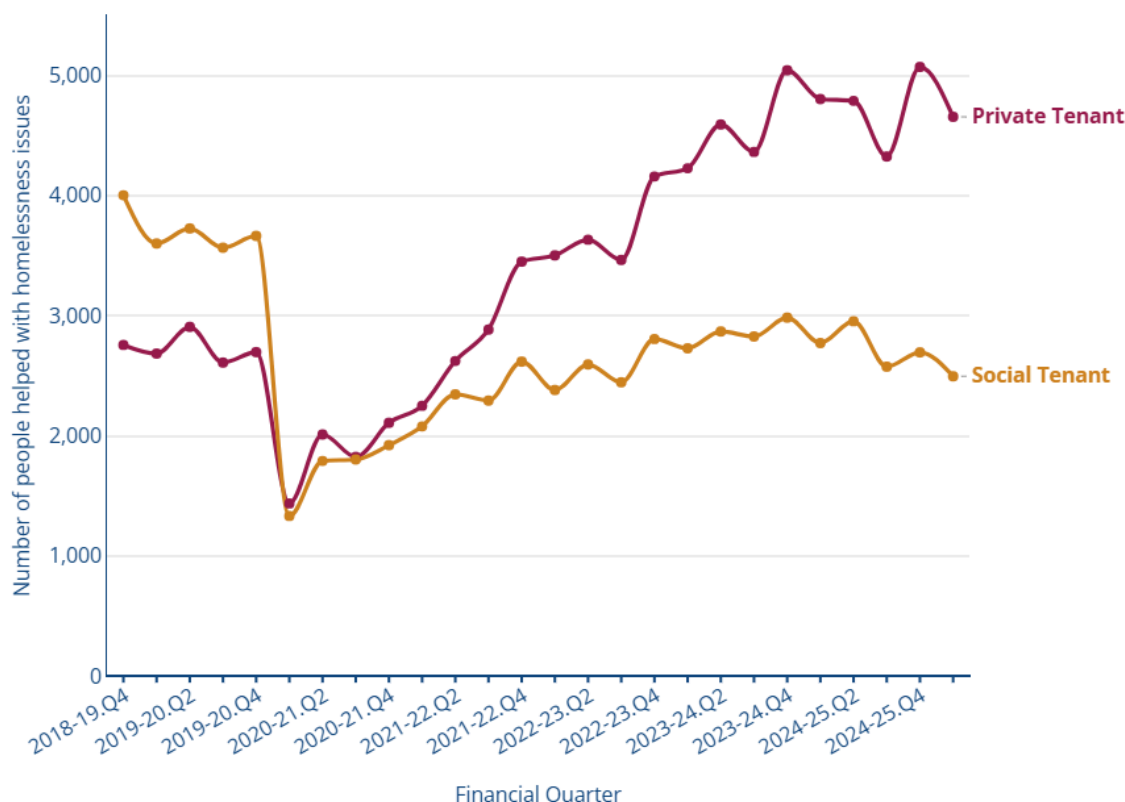
More and more people are coming to us for help with homelessness

"My main concern is that we are going to have more clients that will be homeless as they are no longer able to afford the home that they are in now and with rents increasing, they will not be able to afford another home." - Citizens Advice adviser, September 2025.

Private renters are struggling with housing costs. In January 2025, we supported more private renters with UCHE and HB than ever before (over 3,800 people).¹¹ Even more concerning, is that the number of people we've supported with homelessness issues has also grown year on year. This increase is being driven by people in the Private Rented Sector. This year we have already helped over 12,900 private renters with homelessness (Jan-Sept 2025), 10% more than in the same period in 2023.

¹¹ Citizens Advice caseload data on private renters seeking our advice on UC Housing Element / Housing Benefit issues from January 2018 to September 2025.

Figure 2. We're helping an increasing number of people with homelessness issues, driven by private renters.



Citizens Advice caseload data, England and Wales. Total people helped with a homelessness issue combines those helped with threatened homelessness, actual homelessness, and who needed help from a local authority homelessness service.

When housing costs support does not keep pace with rents, it both increases the risk of homelessness, and also acts as a barrier to people leaving homelessness.

Over 90% of Citizens Advice advisers surveyed reported that they'd seen inadequate housing costs support impact the level of rent arrears, or the accruing of new rent arrears, for people they've supported. Rent arrears can lead to eviction. In addition, over 77% of advisers said inadequate housing costs support had reduced housing security for the people they support, such as threatened or actual homelessness.¹²

¹² Percentage of 168 advisers surveyed in October 2025 (excluding "don't know" responses).

Darren* has lived with his partner in the same privately rented 1 bedroom flat for the last 11 years. Both he and his partner have health conditions meaning they are unable to work. Darren came to his local Citizens Advice for help after he was served a Section 21 eviction notice by his landlord in autumn 2024. Darren's rent recently increased, and because his Housing Benefit no longer covered his whole rent, Darren had been building up rent arrears. Our advisers thought Darren's rent arrears might have contributed to his eviction notice. They helped Darren apply for homelessness support from his local council.

*All names have been changed

When Chris* visited his local Citizens Advice for support in spring 2025, he was sofa-surfing. Chris became homeless after his partner passed away and he had to move out of where they'd been living together. Since then, Chris has been looking for a new place to live, but because he's 33, he's only eligible for the SAR rate of LHA, which is about £550 a month in his area. Given the shared rooms in the area now can cost over £700 a month, the adviser Chris spoke to was concerned Chris wouldn't be able to find anywhere he could afford to live, and so would keep sofa-surfing,

*All names have been changed

Conclusion

When LHA was last increased in April 2024, we saw an immediate impact, both in the numbers of people coming to us for support, and in the budgets of those households we advised on debt. While short lived, uprating helped.

What we are seeing now is the impact of the freeze in support coupled with rising rents. With rents rising faster than at the start of this decade, the gains of last year's uprating are eroding incredibly quickly. We're now seeing more and more people coming to us for housing advice and a worrying trend in the numbers of people in the private rented sector seeking help with homelessness.

Some problems within the benefit system require a fresh approach or complicated changes. The answer here is simple. LHA was conceived as, and designed to be, a benefit that tracked rents. In order for LHA to work as intended - enabling low-income tenants to afford the cheapest 30% of local rental properties - it needs to be uprated when rents increase. This autumn, the Chancellor has the opportunity in the Budget to restore LHA to the 30th percentile. Thousands of low income households struggling in the private rented sector are relying on her doing so.

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