



No home to go to: how frozen Local Housing Allowance (LHA) rates are causing homelessness



Shared Health Foundation.



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Foreword

As Chair of the Housing, Communities and Local Government Select Committee, I constantly hear about the horrific impact of the scourge of homelessness on people up and down the country.

Families being forced to travel hours just to go to work and school, children not having the space to learn to walk and crawl, and people being placed into temporary accommodation that is often so poor as to be unfit for human habitation.

We can't expect people to get on in life, to do well at school and work, when we can't provide the basic necessity of an affordable home for everyone.

I remember being placed in temporary accommodation when I was growing up, and the relief of receiving the keys to a council house that gave us a long-term, safe and secure roof over our heads.

Sadly, I know that this is now a pipe dream for the over 86,000 homeless families in England alone, and the many more at risk of homelessness.

No long-term solution to homelessness is possible without reversing decades of failure to build the social homes that I grew up in, but even the most ambitious social housing programme will take time that those facing or at risk of homelessness simply do not have.

That's why we need to look at urgent solutions that prevent homelessness at its source, with the end of private tenancies being one of the leading causes of people losing their home.

Yet despite skyrocketing rents, the Local Housing Allowance, which is designed to make the cheapest 30% of properties in an area affordable to those on low incomes, has remained frozen since 2024.

The excellent work by the coalition of homelessness, housing and anti-poverty organisations contributing to this report has highlighted the devastating impact of this freeze.

It means that far less properties are affordable to local people, that families are facing impossible financial hardship just to keep a roof over their head, that more and more people are being pushed into crisis and eviction.

And when households are pushed into homelessness, it's our already stretched local authorities who are required to provide increasingly expensive relief services.

This isn't sustainable for local authorities, and continuing this freeze does not reflect the reality that private renters face in the sector today.

When we are seeing the highest levels of both homelessness and rough sleeping since records began, I urge the Government to consider the evidence put forward by a wide range of experts in this report, and unfreeze the Local Housing Allowance to prevent homelessness and support struggling families.

Florence Eshalomi MP

Chair of the Housing, Communities and Local Government (HCLG) Committee

Member of Parliament for Vauxhall & Camberwell Green

Executive summary

In this briefing, a range of homelessness, housing and older people's charities, landlords, health organisations and advice organisations have come together to speak with one voice on the pressing issue of Local Housing Allowance.

Local Housing Allowance (LHA), which is meant to help low-income households afford the cheapest 30% of private rented homes in their area, has been frozen since April 2024. In the same period, rents have risen by an average of 8% each year.¹ The result is that LHA now covers the rent on fewer than 2% of privately advertised homes across Great Britain.²

At the same time, there are currently 134,210 households in England living in temporary accommodation, including 176,130 children.³ More than 700 of those people have died in temporary accommodation in London alone in the past three years.⁴ Many of them were children; 76 did not see their first birthday.⁵ This is not a housing statistic. It is a public health emergency. The cost of this crisis to local authorities reached £2.8 billion in 2024/25, a 25% increase in a single year.⁶ Yet the policy lever most likely to reduce that cost – LHA – remains frozen.

This briefing brings together evidence from nine expert organisations - Citizens Advice, Crisis, Justlife, Shared Health Foundation, St Mungo's, Centrepoin, Independent Age, the National Residential Landlords Association, and Shelter - to show what that freeze is doing, in concrete human terms, to households across England.

The freeze is forcing households to cut back and go without essentials. Years of cost-of-living pressures mean that more and more households are struggling to afford basic essentials and the cost of private renting is one of the key pressures on household budgets. For private renters receiving UC, frozen LHA is damaging living standards and eroding household resilience that's already at breaking point. Citizens Advice report that in the last 6 months, almost half of UC private renters in the UK (48%) have cut back their essential spending, and 1 in 3 have had to go without essentials, including food, transport and energy.⁷ Likewise, Independent Age are supporting more older private renters who are living in poverty, forced to use their state pension

to top up their housing costs and cutting back spending on heating, water use and food as a result.

The freeze is driving people into homelessness. Crisis analysis shows that in England, the average gap between LHA rates and the cheapest 30% of local rents for a two-bedroom home available to let is now £419 per month.⁸ With so little affordable housing available within LHA rates, households cannot sustain tenancies and cannot access private rented homes to escape homelessness once they have fallen into it. In Greater Manchester, Shelter is currently supporting a family with three children - the mother a working nurse, the father studying full-time - who became homeless after being evicted from their home where they had lived for over ten years through no fault of their own. Unable to find anything affordable within LHA rates, they are now stuck in temporary accommodation on the outskirts of the city, facing long daily commutes to get to work and school. At Citizens Advice, the number of private renters with universal credit housing element issues who also need advice on homelessness has grown by 58% since 2021/22.

The freeze is trapping people in temporary accommodation. There are now 43,030 households living in temporary accommodation outside their local area, separated from GPs, schools, employment, and support networks.⁹ In

one case, a family of six was transported to the North East from London, shown a single property by an agent, and told to take it or leave it. The home was unfurnished and in poor condition; the family relied on a local community group and the children's new school to provide basic furniture. This is not a one off but is the reality for more and more families every year. Tens of thousands of families have been in temporary accommodation for five or more years. Evidence submitted to the Housing, Communities and Local Government Select Committee directly links the frozen LHA rate to the inability of councils to move households from temporary accommodation into permanent homes.

The freeze is harming children. Over 176,000 children are currently homeless. Since 2022, more than 50,000 additional children have entered temporary accommodation.¹⁰ The evidence from Shared Health Foundation shows children living with mould, damp, vermin, and overcrowding; conditions directly linked to poor health outcomes, missed education, and in the most tragic cases, child mortality. In collaboration with the National Child Mortality Database, Shared Health found that 104 children tragically died between 2019 and 2025, where temporary accommodation was identified as a contributing factor.¹¹

1 JRF (2026) [Under pressure: The affordability challenges facing private renters](#)

2 Crisis analysis of Zoopla listings, LHA rates by BRMA and Valuation Office Agency (VOA) data (see Crisis chapter for methodology).

3 Ministry of Housing, Communities and Local Government (2026), [Statutory Homelessness in England: October to December 2025](#).

4 Inside Housing (2026) [Exclusive: more than 700 people died in temporary accommodation in London in past three years](#)

5 APPG for Households in Temporary Accommodation (2026) [Child Mortality in Temporary Accommodation](#).

6 Shelter (2025) [Bill for homeless accommodation soars by 25%, hitting £2.8 bn](#)

7 Citizens Advice Cost Of Living Tracker Survey, conducted by Walnut (part of Accenture Song) on behalf of Citizens Advice in March 2026.

8 Crisis analysis of Zoopla listings, LHA rates by BRMA and Valuation Office Agency (VOA) data (see Crisis chapter for methodology).

9 Ministry of Housing, Communities and Local Government, [Statutory Homelessness in England: October to December 2025](#) (London: MHCLG, 30 April 2026). gov.uk

10 APPG for Households in Temporary Accommodation (2026) [Child Mortality in Temporary Accommodation](#).

11 Ibid.

The freeze is pushing vulnerable people to the very bottom of the housing market.

Shelter's analysis of English Housing Survey data shows that people receiving LHA are significantly more likely to live in non-decent homes and homes with serious health and safety hazards, and this is reflected in Shelter's advice services. In one case from Merseyside, a lone mother who works part-time as a cleaner while caring for a disabled child receives £595 in LHA toward her £875 monthly rent. She covers the shortfall from her earnings and Universal Credit, which leaves nothing for other essentials. Her child's condition is worsened by the damp, mould, and a leaking roof in their home, but she cannot find anywhere more affordable. Likewise, Independent Age are supporting more older private renters - a growing population with a poverty rate of 32% - who are cutting back on food, heating, and water to make up shortfalls between their LHA and their rent.¹² Centrepoin and St Mungos report similar pressures among young people under 35 who are affected by the Shared Accommodation Rate, which limits the housing element of benefits to the cost of a room in shared housing. Added to this, the supply of shared housing has fallen by 10% in five years, which has left many young people unable to find affordable accommodation.

The freeze is a false economy. Research from the University of Warwick, examining earlier LHA cuts, found that for every pound saved in housing benefit by central government, local authorities incurred 53 pence in additional homelessness prevention costs.¹³ That ratio has worsened significantly since 2011 as nightly-paid temporary accommodation costs have skyrocketed. The wider costs of this extend across multiple Government departments, for example poor housing also costs the NHS an estimated £1.4 billion per year.¹⁴ Meanwhile, local authorities are spending £2.8 billion a year (as of 2024/25) on temporary accommodation.¹⁵ The money being spent on managing this crisis would be better invested in preventing it. Hannah's situation, a case shared by Shared Health, shows how the current system isn't working for anyone. Hannah was placed in temporary accommodation after receiving a Section 21 'no fault' eviction. She was charged £350 a week for a single en suite room, which was almost double the average monthly rent for a private property in the same area. Her landlord advised her to give up work and claim benefits rather than return to employment. Cases like this illustrate how the current system spends vastly more on sustaining hardship than it would cost to prevent it.

The freeze is undermining the supply of affordable private rented homes.

NRLA data shows the proportion of landlords letting at LHA rates has fallen from 15% to 11% in a single year.¹⁶ Of those currently letting at LHA rates, only 12% say they would re-let at LHA rates when a tenant moves on; 35% say they would sell the property.¹⁷ Without reform, the pool of housing accessible to those on low incomes will continue to shrink.

The action needed is clear. The evidence in this briefing supports a single, urgent recommendation: **the Westminster Government should unfreeze LHA and restore it to cover at least the cheapest 30% of local rents at the Autumn Budget 2026.**

This would immediately reduce the numbers of people entering temporary accommodation, help those already in it to move on, and address the compounding human and financial costs of the current crisis.

Alongside this, the Westminster Government should use the current Thematic Value for Money Review on Homelessness to fully account for the impact of welfare policy, including the Shared Accommodation Rate and the Benefit Cap, and address the temporary accommodation subsidy gap faced by local authorities.

12 DWP Households Below Average Income 2024/25 dataset.

13 Fetzer, Sen & Souza (2019), [Housing insecurity, homelessness and populism: Evidence from the UK](#). Warwick Economics Research Papers

14 BRE (2021), [The cost of poor housing in England](#)

15 Shelter (2025) [Bill for homeless accommodation soars by 25%, hitting £2.8 bn](#)

16 NRLA, (2026), Landlord Eye Quarter 1 2026.

17 Ibid.

Local Housing Allowance (LHA) Policy Background

Local Housing Allowance (LHA) rates set the maximum housing support that private renters receiving Housing Benefit or the housing element of Universal Credit can receive. LHA rates are intended to help low-income households afford the cheapest 30% of private rented homes in their local area.

Since 2012, LHA rates have been subject to cuts and frozen for long periods by successive Governments. Originally, LHA covered the 50% of cheapest rents, but this was reduced to 30% from 2011. From 2012 onwards, the process of monthly uprating of LHA to keep it in line with real rents stopped. The statutory link between real rents and LHA ended; LHA was uprated once by CPI in 2013, twice at a capped 1% in 2014-15, and thereafter either frozen or briefly uprated to cover the bottom 30%. Since these austerity measures were enacted, LHA has only been uprated three times: in 2016, 2020 (as a pandemic emergency measure) and 2024.

The current freeze since April 2024 has resulted in exceptionally harsh affordability pressures due to higher rent inflation. By the second year of the freeze, the average shortfall between LHA rates and rents for a two-bedroom home was £100 per

month.¹⁸ This is a 90% increase compared with the shortfalls recorded at the end of the previous three-year freeze period.¹⁹

As rents continue to rise while LHA rates remain unchanged, increasing numbers of households are unable to meet their housing costs. This means households are forced to make tough choices to make up for shortfalls in their budget, by cutting back on other essentials like food and heating. For many, rent arrears are unavoidable, which puts them at serious risk of homelessness. The evidence shows this is having a disproportionate impact on families with children, young people (eligible only for the lowest band of LHA) and people on fixed incomes, including many older people.

Likewise, the record numbers of people experiencing homelessness and lengthy stays in temporary accommodation are connected to frozen LHA rates, because households cannot get enough financial support to move on into private rented homes, and there are not enough social homes to meet demand. This is placing greater pressure on homelessness services, temporary accommodation, and local authority budgets.

¹⁸ CIH & University of Glasgow (2026) 2026 UK Housing Review. Analysis by CIH of historic LHA rates and shadow 30th percentile rents for England shortfalls, rebased to 2025 prices, and the annual cumulative weekly shortfall for a two-bedroom rented property at 2025 prices across the LHA freezes. The previous LHA freeze was 2020/21 to 2024/25.

¹⁹ Ibid.

The impact of frozen Local Housing Allowance rates on living standards and hardship

citizens
advice

About Citizens Advice

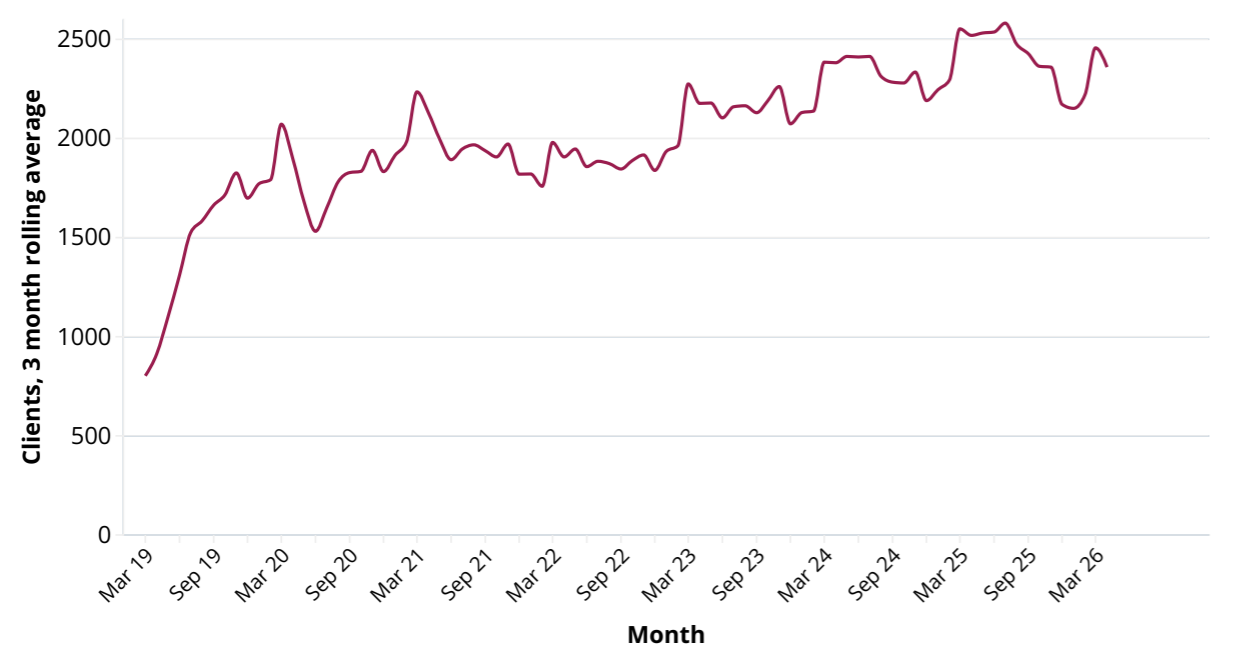
The Citizens Advice service is a network of over 230 independent local Citizens Advice charities across England, Wales and the Channel Islands. We provide free, confidential and independent advice to help people overcome their problems. In 2025, we gave advice to 1.6 million people, including giving over 370,000 people advice on Universal Credit, and over 245,000 advice on housing. 1 in 4 of those we helped with Universal Credit last year, for whom we have tenure data, are private renters.

Across the country, people's essential costs are increasing at every turn. Years of cost-of-living pressures have meant that households are no longer fighting to weather one-off crises, but to afford to live. While our advisers do everything they can to help people find a way forward, a growing number of households have run out of options and are cutting back, going without, or falling deeper into debt. In 2019, 37% of the people we helped with debt were in a negative budget, where their income couldn't cover their basic essentials each month. In 2026 so far, this rate has risen to 52%.

Housing, and in particular the cost of private renting, is one of the key pressures on household budgets. Of all housing tenures, private renters are the group most likely to be in a negative budget among our debt clients. Housing costs support is also one of the biggest advice areas for the low-income households we support: 28% of everyone we helped with Universal Credit (UC) last year needed advice on the housing element.

The growing gap between housing costs and support has left low-income private renters especially exposed: LHA has been frozen since April 2024, at rates based on rent levels from September 2023. Average rents have grown nearly 17% since then. Last July, we gave advice on the housing element of Universal Credit to a record number of private renters - 20% more than in July 2023, 9 months before LHA was last uprated - and already this year, we've helped just over 100 private renters a day with this issue. This is against a backdrop of demand for housing element advice which has been growing among private renters for a number of years (figure 1).

Figure 1: Private renters helped with UC housing element issues



Monthly client numbers are 3 month rolling averages, taking the preceding 2 months: e.g., the total for March 2019 is the average of the monthly client total for each of January, February, and March 2019. Peaks in March are likely caused by the seasonal pattern of local Citizens Advice offices closing over Christmas and re-opening in January.

For private renters receiving UC, frozen LHA is damaging living standards and eroding household resilience that's already at breaking point. We see households who've cut back what they can and are still unable to keep up with rent costs, leaving their housing security at risk; those who are going without essentials as rent swallows up income that could have gone on other bills; and growing and deepening debt levels which are preventing families from getting back on their feet.

The pressure of spiralling rents

For many households, struggling to keep up with housing costs can mean falling behind on rent, risking eviction and even homelessness. Among our debt clients,

UC private renters now owe an average of £1,190 in total rent arrears. In the country more widely, 21% of UC private renters have rent arrears, with 30% three months or more behind on their rent. Of these households, 1 in 4 had been handed an eviction notice, or had their landlord threaten to evict them or to use the tenancy agreement break clause, as a result of these arrears.²⁰

Evidence from our services shows that a growing number of households are facing these threats to their housing security. The number of private tenants with UC housing element issues who also need advice on rent arrears has increased by 19% since 2021/22. Even more troublingly, those also needing advice on homelessness has grown by 58%.

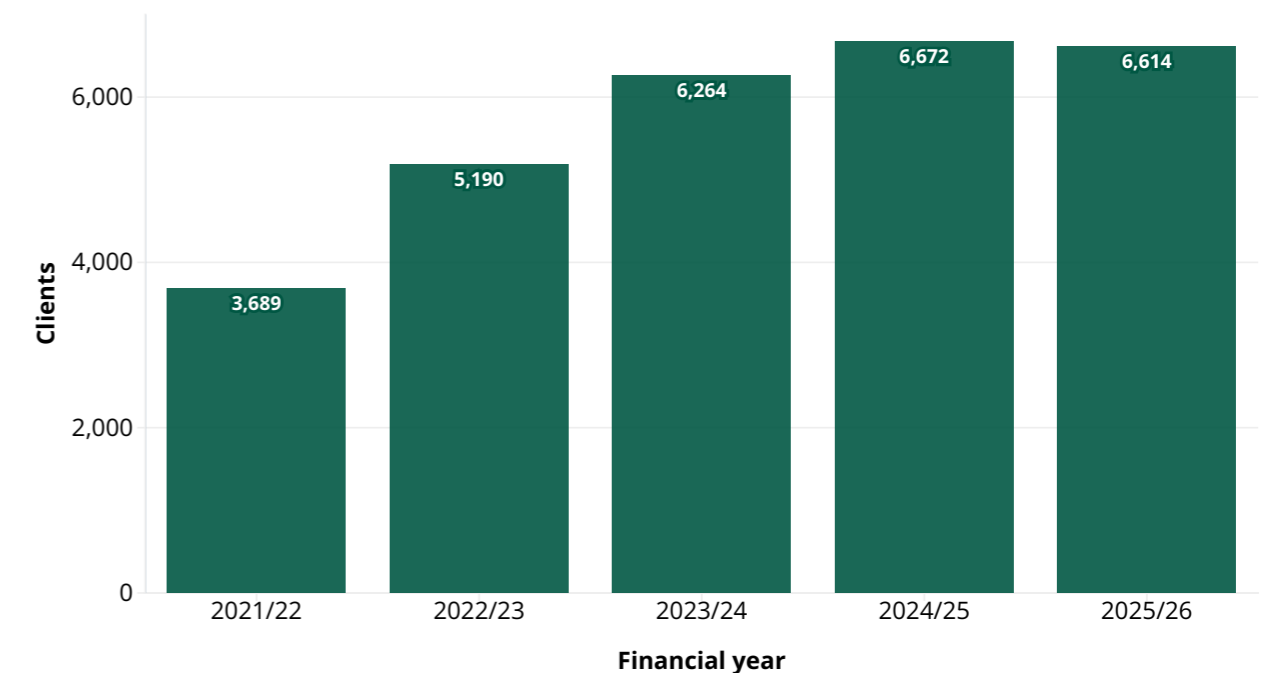
²⁰ Survey data used in this section is based on the Citizens Advice Cost Of Living Tracker Survey, conducted by Walnut (part of Accenture Song) on behalf of Citizens Advice in March 2026. We surveyed a representative sample of 5,559 people. Figures have been weighted and are representative of all UK adults (18+). We also included boosts for certain groups, including people receiving UC, and social and private renters.

Cutting back and going without

The impact of housing cost pressures isn't confined to housing related spending. To plug the growing gap between rising rents and frozen support, families are cutting back on other essentials, or going without. In the last 6 months, almost half of UC private renters in the UK (48%) have cut back their essential spending, and 1 in 3 have had to go without essentials. 60% said they'd cut back or stopped their spending on food, 44% on transport, and 40% on energy.²¹

We're supporting a growing number of those facing the most severe consequences of cutting back. Last financial year, we helped almost 80% more private renters with UC housing element issues to access food banks, compared to 2021/22 (figure 2). Excluding other benefit entitlement issues, food banks were the most common topic private tenants helped with the UC housing element also needed advice on.

Figure 2: Private renters with UC housing element issues, referred to food banks



²¹ Citizens Advice Cost Of Living Tracker Survey, March 2026.

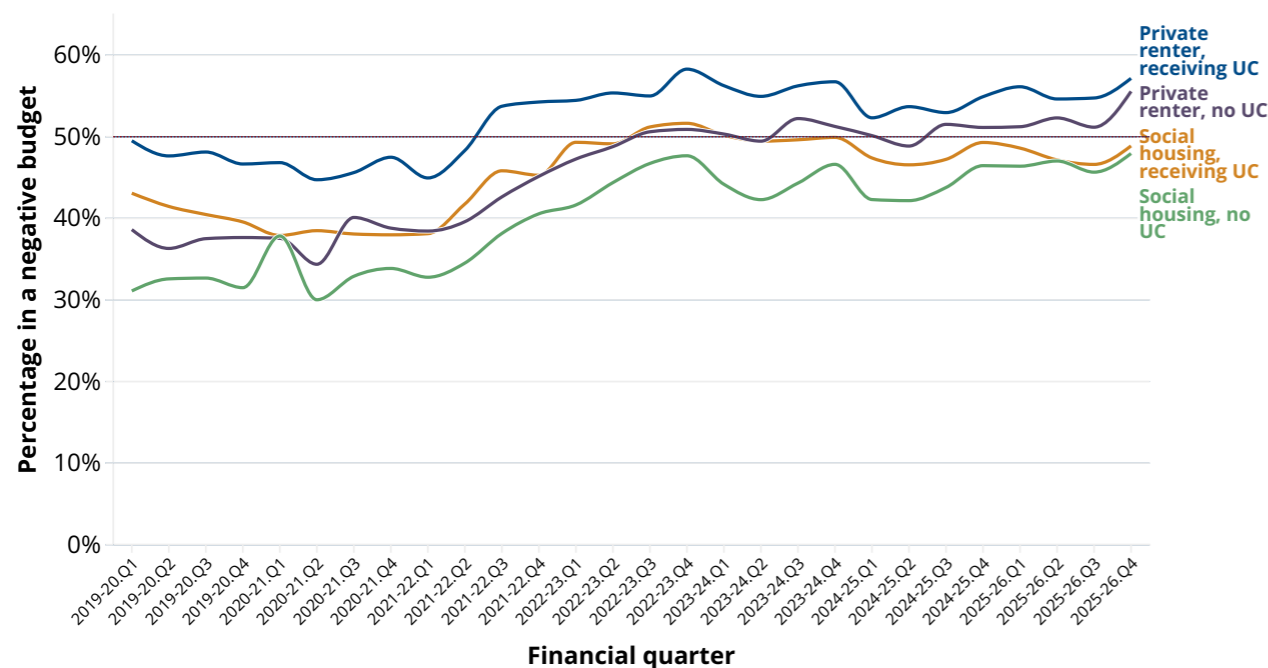
Falling deeper into the red

At the sharpest end of cost-of-living pressures are those falling deeper into debt as outgoings dwarf incomes each month. In some cases, debts are being directly caused by unaffordable rents: 28% of UC private renters said they had to borrow money to cover their rent in the past 6 months - significantly more than the 18% of social tenants receiving UC who said the same.²²

Even after our advisers have done all they can, we're finding that the UC private renters we help with debt are consistently unable to make ends meet. For more than 4 years, this group has been more likely to be in a negative budget than not. Among our debt clients, they are the only group of renters for whom that's the case (figure 3).

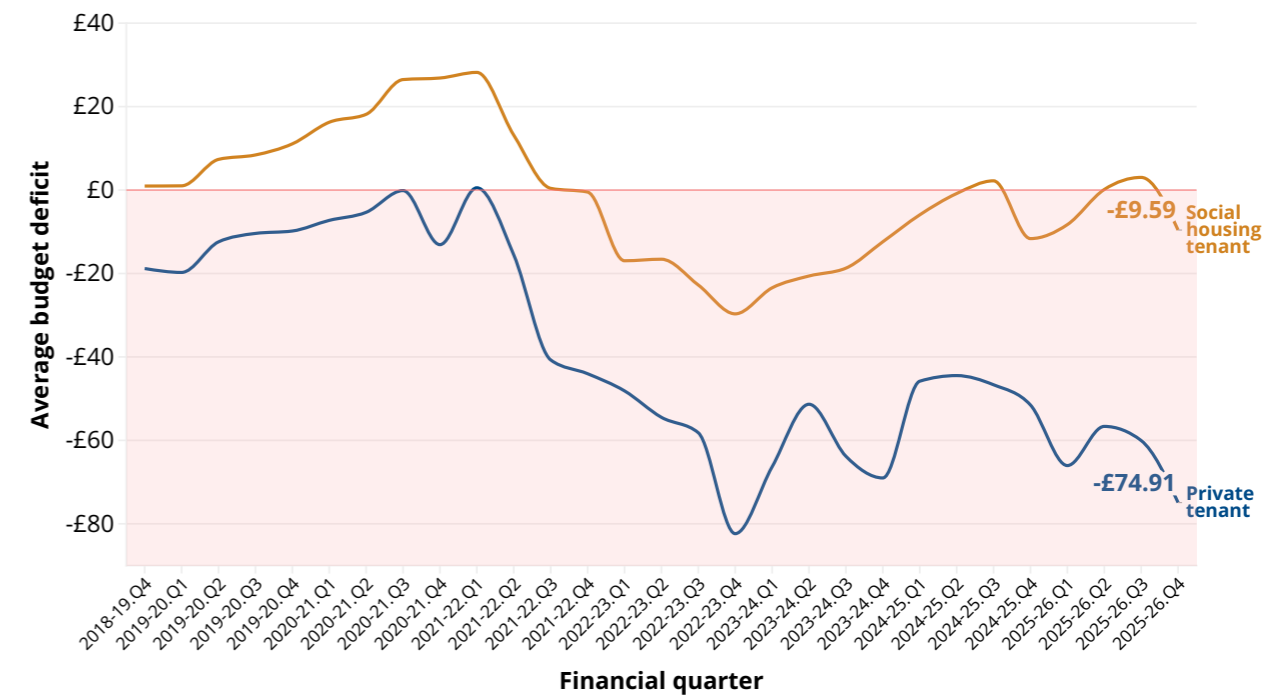
It's not just the prevalence of negative budgets that's a concern. Budget deficits are growing, and growing faster for private tenants than social tenants (figure 4). At the start of 2019/20, the UC private tenants we helped with debt had an average budget deficit of -£19.75, a £20.76 difference from social tenants, who just had their heads above water with an average surplus of £1.01. By the end of 2025/26, these private tenants' average budget deficit was 4 times deeper, and the gap with social tenants was 3 times larger.

Figure 3: Over 50% of private renters we help with debt, who receive UC, are in a negative budget.



²² Citizens Advice Cost Of Living Tracker Survey, March 2026.

Figure 4: Average budget deficit for UC debt clients, by tenure



The UC private tenants we help with debt are now on track for record-breaking deep budget deficits. This is one indicator among many, both for the people we help and families across the country, that low-income private renters are facing growing hardship. Support has been routinely re-frozen as rents have climbed, putting low-income private renters' budgets under unsustainable pressure for years. Keeping LHA frozen over the past 2 years has chipped away further at financial foundations that were already crumbling. If households are to re-build their resilience, see living standards increase, and feel they can get their heads above water again, LHA has to be permanently re-linked to real rents.

The impact of frozen Local Housing Allowance rates on homelessness prevention



Crisis

About Crisis

Crisis is the national charity for people facing homelessness. We know that homelessness is not inevitable, and we know that together we can end it. Crisis is dedicated to ending homelessness by delivering life-changing services and campaigning for change.

Every year, we work directly with thousands of people experiencing homelessness across England, Scotland and Wales, including through our nine Skylight Services in Tower Hamlets, Brent, Croydon, Oxford, Birmingham, Merseyside, Newcastle, Edinburgh and Swansea. We provide vital help so people can rebuild their lives and are supported out of homelessness. We use research to discover how best to improve our services, and to find wider solutions to end homelessness for good.

Local Housing Allowance (LHA) is one of the most effective policy levers to prevent homelessness and support households to remain in their homes. However, the freeze of LHA rates since 2024 has widened the gap between levels of housing support and rising rents. This is pushing people into poverty and homelessness, and presents a serious barrier to rapidly rehousing people experiencing homelessness.

Impact of the LHA freeze on the availability of affordable private rented homes

The LHA freeze has severely reduced the availability of private rented homes that are affordable to households receiving the housing element of UC. Crisis' analysis of private rent listings on Zoopla shows that across Great Britain, **fewer than 2% of advertised private rented homes were affordable based on LHA rates.**²³

Fig 1. Percentage of private rented homes on Zoopla which were listed at or below LHA rates (by number of bedrooms)

| Nations | Bedrooms | | | Average |
|---------------|----------|------|------|---------|
| | 1 | 2 | 3 | |
| England | 2.8% | 1.1% | 1.3% | 1.8% |
| Scotland | 3.5% | 5.8% | 8.8% | 5.5% |
| Wales | 1.4% | 0.5% | 0.3% | 0.7% |
| Great Britain | 2.8% | 1.4% | 1.6% | 1.9% |

Some areas were particularly unaffordable, for example in London, only 1.2% of listings were affordable. The pressures were not limited to urban areas or the South-East of England where rents tend to be higher. Wales was the worst affected nation, with just 0.7% of listings affordable, compared to 1.8% in England and 5.5% in Scotland.

This freeze has been particularly harsh in comparison to previous years. Five years ago in 2021/22, 11.2% of listings for two-bed homes in England were affordable, compared to only 1.1% in 2025/26. The unfreezing of LHA in 2024/25 had a modestly positive impact on the availability of affordable homes, but high rates of rent inflation prevented the uplift from returning affordability to levels seen in previous years.

With so few affordable homes available, there is a serious risk that people are priced out of private renting, and get trapped in cycles of homelessness due to the lack of move-on options. Crisis'

frontline services often find that there are no affordable private rented properties available within LHA rates for the people we support. For the accommodation that is available, the size of the shortfall means that sustaining a tenancy would be financially impossible.

The freeze is also affecting existing tenancies, as tenants are required to absorb growing shortfalls between the support they receive and their actual rent. **In England, the average gap between LHA rates and bottom 30% of local rents for a two-bedroom home was £419 per month.**²⁴

This gap between rents and LHA rates is putting massive strain on household budgets and increasing the risk of homelessness. A survey by the Tenancy Deposit Scheme (TDS) found that **63% of tenants receiving benefits reported cutting back on essentials such as food, heating and clothing in order to pay their rent**, compared with 52% of tenants overall.²⁵ The longer the freeze

23 Analysis of Zoopla listings and LHA rate affordability Zoopla listings data was used for one to three bedroom properties in England, Scotland and Wales listed on Zoopla between the 1st April 2025 and 31st March 2026. This set includes 817,423 listings. This analysis utilised a lookup of postcodes to Broad Rental Market Areas developed by the Urban Big Data Centre, and DWP published Universal Credit Local Housing Allowance Rates 2024-25. Urban Big Data Centre (2025) Postcode to Broad Rental Market Areas (BRMAs) Lookup (dataset LHA rates per BMRA UK 2012-25 (v2.1)). Available: <https://data.ubdc.ac.uk/datasets/>

24 Crisis analysis of Zoopla listings data. Local Housing Allowance shortfalls As LHA rates are calculated based on an estimate of the 30th percentile of rents by the Valuation Office Agency (VOA), the 30th percentile in the Zoopla dataset has been calculated and used to calculate what the 'shortfall' would be between LHA rates in a BRMA and this value. That is, the amount a person would need to 'top up' of their own accord if they wanted to rent the 30th percentile property in an area. National estimates of this shortfall are calculated using a weighted average, weighted by the number of listings in each BRMA.

25 TDS Charitable Foundation (2026) survey of a nationally representative sample of 2002 private tenants, the sixth wave of the annual Voice of the Tenant survey, conducted between 4th-13th March 2026: <https://www.tdsfoundation.org.uk/post/the-voice-of-the-tenant-survey>.

continues, the more these shortfalls will grow, and households will become more vulnerable to rent arrears, eviction, and homelessness.

The role of LHA in preventing homelessness

Crisis supports many people trapped in homelessness for long periods, including in temporary accommodation because affordable move-on options are unavailable. Inadequate LHA levels are a key barrier preventing people from accessing and sustaining settled homes.

New legal protections against discrimination for households in receipt of benefits privately renting were a welcome part of the Renters' Rights Act 2025, but they can only be effective if properties are genuinely affordable. If LHA rates remain frozen, many people will simply be priced out of privately renting.

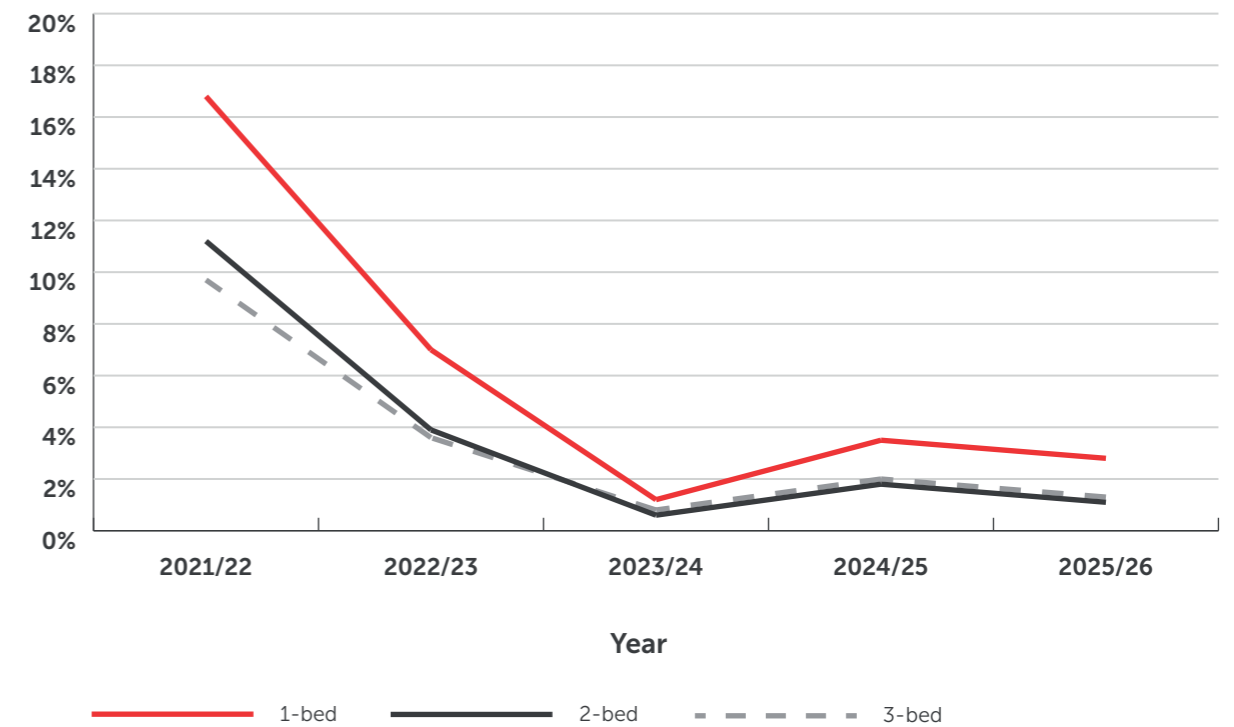
By ensuring that housing support keeps pace with local rents, government can help prevent homelessness before it occurs, in line with the aims set in the Government's National Plan to End Homelessness. Crisis' Homelessness Monitor research has consistently found that increasing LHA is among the most effective long-term interventions for reducing homelessness, and projected that annually uprating LHA could reduce homelessness by 9% by 2041.²⁶ Modelled together with a package of policy changes to housing and planning policy (including Housing First), strengthen welfare support and macro-economic growth, there was a projected 36% reduction in core homelessness by 2041.²⁷

Policy recommendations

To prevent homelessness, the **Government must uprate LHA to cover at least the bottom 30% of local rents at the Autumn Budget.**

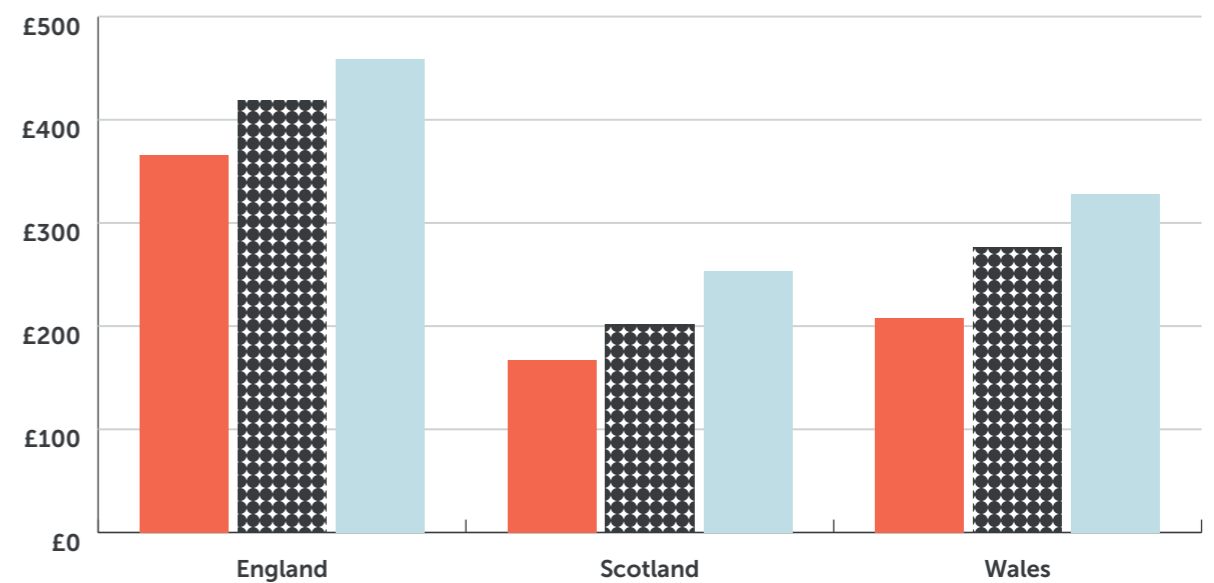
Alongside this, **the Government should ensure that the thematic Value for Money Review on Homelessness spending considers the impact of welfare policies on homelessness, in particular the impact of LHA, the Shared Accommodation Rate and the Benefit Cap.** This is vital to create move-on opportunities for people experiencing homelessness, and to support struggling households already renting privately to stay in their homes. It will also be critical to achieving the ambition set out in the National Plan to End Homelessness to ensure that an affordable, secure and stable home is available to everyone.

Fig 2. Percentage of private rented homes on Zoopla which were listed at or below LHA rates over a five year period (by number of bedrooms)



Source: Crisis analysis of Zoopla listings, DWP Universal Credit Local Housing Allowance Rates.

Fig 3. National comparison of average monthly shortfalls between LHA rates and the cheapest 30% of private rented homes listed in the local area (by number of bedrooms)



Source: Crisis analysis of Zoopla listings, DWP Universal Credit Local Housing Allowance Rates 2025-26.

26 Watts-Cobbe, B., Bramley, G., Pawson, H., Young, G., Sims, R., McMordie, L., Fitzpatrick, S. (2025) The Homelessness Monitor: England 2025. London: Crisis.

27 Ibid.

The impact of frozen LHA rates on Temporary Accommodation reliance, and barriers to move-on



Justlife

About Justlife

Justlife's vision is to make people's experience of temporary accommodation short, safe and healthy. Its frontline services in Brighton and Manchester provide welfare/benefits advice, healthcare coordination, re-housing support and wellbeing support to temporary accommodation residents. Nationally, Justlife campaign for changes to homelessness policy and practice, aiming to fundamentally improve the experiences of all people living in temporary accommodation. They establish and facilitate temporary accommodation action groups (TAAGs), conduct and publish research, and work with policymakers to drive change, including through the

APPG for Households in Temporary Accommodation, which Justlife is co-secretariat to alongside the Shared Health Foundation.

Research has consistently shown the link between diminishing welfare support, specifically reforms and freezes to the Local Housing Allowance rate, and rising numbers of people accessing temporary accommodation or remaining in it for longer²⁸. Conversely, when rates have been uplifted in the past, services have highlighted noticeable dips in the numbers of people accessing housing-cost related support.²⁹

There are currently 134,210 households, including 176,130 children, living in temporary accommodation (TA) in England³⁰. The cost of this to local authorities was £2.8 billion in 2024/25, a 25% increase on the previous year. Housing used as TA ranges in quality, but much of it is far from fit for purpose.

Research consistently shows that temporary accommodation is a danger to the health and wellbeing of many of its residents. The Housing Communities and Local Government (HCLG) Committee recently highlighted that damp and mould, severe overcrowding, and a lack of basic facilities as commonplace problems in TA, causing unacceptable harm and multiple additional needs³¹.

A recent Freedom of Information request has revealed that more than 700 people died in temporary accommodation in London between 2022-23 and 2024-25, many of them children³². Further, a third of TA placements are out-of-area, causing severe disruption to people's lives³³. With severe blockages in the system, these placements continue to rise, as local authorities have few other options. The freezing of the Local Housing Allowance represents one such specific and substantial blockage; un-affordability pushes people into temporary accommodation, while making it hard to leave once there.

To tackle the mounting human and financial cost that temporary accommodation involves, it's important that thinking shifts to a broader and longer term perspective. While freezing LHA rates might save money in the short term, the crippling costs of temporary accommodation provision for councils, as well as the costs associated with the destabilizing effects of a period of homelessness, mean that we all lose out in the long-term. Unfreezing LHA

rates would immediately reduce the numbers of people entering temporary accommodation, help those already in it move on, and address both the human and fiscal costs of the current crisis.

Frozen rates as a driver of homelessness

In 2024, the HCLG Committee warned of 'widespread agreement' in the sector that the decision to freeze LHA rates would lead to an increase in homelessness³⁴. According to the Institute for Fiscal Studies, "since the year to September 2023, on which LHA rates are based, UK rents have grown by approximately 19%³⁵. In the same time period, the number of households in TA has gone up by 25,000.

The increase in people turning to temporary accommodation can't be explained by a single policy decision; a broken asylum system, domestic violence, and severe lack of social and affordable housing, are all contributing factors. However, reducing state support to pay rents has a direct and immediate impact. Support on the LHA rate now covers rent on only 1.9% of homes, and both rent arrears and evictions by bailiff have reached an all time high. The recent ban on section 21 notices will help address evictions, but with less money to pay rent, more and more people will be forced out of their homes and turn to temporary accommodation.

28 Citizens Advice Bureau, [Falling Behind: The government is failing private renters by freezing Local Housing Allowance \(2025\)](#)

29 Ibid.

30 Ministry of Housing, Communities and Local Government, [Statutory Homelessness in England: October to December 2025](#) (London: MHCLG, 30 April 2026)

31 Housing, Communities and Local Government Committee, [Housing Conditions in Temporary Accommodation](#) (2026), p.3.

32 Inside Housing (2026) [Exclusive: more than 700 people died in temporary accommodation in London in past three years](#)

33 Ministry of Housing, Communities and Local Government, [Statutory Homelessness in England: October to December 2025](#) (London: MHCLG, 30 April 2026).

34 Housing, Communities and Local Government Committee, [England's Homeless Children](#), p.38.

35 Institute for Fiscal Studies, [Freezes in Housing Support Once Again Widen Geographic Disparities For Low Income Renters](#), (2025).

On top of creating new homeless households, the freeze is keeping people stuck in TA for longer. Tens of thousands of households are currently in TA who have been there for 5 or more years, up from before the rate freeze³⁶. Joseph Donohue from the Greater Manchester Combined Authority, in evidence to the HCLG Committee, specifically tied the frozen LHA rates to the lack of “ability of councils to move people from temporary accommodation into a permanent home”³⁷. While any stay in temporary accommodation is a potentially damaging and traumatic experience, the effects of a long-term stay can be even more impactful.

The human cost

A stay in temporary accommodation, for any length of time, can be incredibly harmful for people. There is plenty of evidence to suggest that much TA is in substandard condition, and that this impacts livelihoods. Healthy life expectancy in the UK is now falling, a watershed moment that has been linked directly to unstable and poor quality housing³⁸. Temporary accommodation often represents the very bottom of the housing market in terms of both.

At Justlife we consistently hear about poor conditions from people with lived experience. In 2023, through the APPG for Households in TA, we published responses to a call for evidence on TA conditions³⁹. People with lived experience of TA, as well as those that support them,

revealed poor maintenance, lack of basic amenities, accessibility issues, and a prevailing sense of unsafety as common issues in temporary accommodation. In 2025 we published A Better Vision for Temporary Accommodation, focusing on solutions to the current crisis⁴⁰. Again, we asked people with lived experience and people in the sector about conditions in TA; again, uncleanliness, damp & mould, poor security, overcrowding, and a lack of amenities were among the most common themes.

Most recently, we submitted feedback from our Temporary Accommodation Action Groups (TAAGs), as evidence to the HCLG Committee inquiry on housing conditions in England⁴¹. Our Temporary Accommodation Action Groups (TAAGs) - which are cross-sector collaborative groups of stakeholders, aimed at driving change around TA locally - highlighted many of the same issues. 81% of TAAG respondents said that serious hazards, overcrowding, poor maintenance and a lack of amenities, were either moderately or very prevalent in TA.

It’s not just the physical state of temporary accommodation that impacts residents. Recently we’ve seen a spike in the already high numbers of households living in TA away from their local area. There are now 43,030 households living away from their support services, their friends and family, and their communities⁴². Often seen as a solution when in-borough TA is deemed unsuitable, an out of area placement can itself be incredibly damaging. People are

struck off GP lists, children miss weeks or months worth of school, and households wrack up large debts travelling to and from their original local authority area.

The impact of unsuitable placements is devastating, and can become worse the longer people stay in temporary accommodation. In a survey of Justlife clients in 2013, 94% reported mental health issues⁴³.

According to Homeless Link, 73% of people who are homeless face physical health problems⁴⁴. The longer people remain without a home, the more health issues are exacerbated for people.

Are we saving money?

The HCLG Committee has suggested that there is a false economy in the latest freeze to LHA rates; we may save on housing benefit in the short-term, but accrue large financial costs in the future, both in the form of direct TA costs from an increase in people accessing the service, but also less visible costs incurred through the destabilisation to people’s lives caused by a period of homelessness⁴⁵.

Some of these costs will come back to the DWP in the form of long term reliance on benefits. This false economy has been demonstrated through analysis of the 2011 reforms to LHA, when it was moved from the 50th to 30th percentile. Researchers from the University of Warwick said of the cuts at the time⁴⁶:

“The direct fiscal savings to the central government for lower housing benefit payments were substantially offset by increase in the demand for temporary accommodation... We estimate that, on average, for each pound of implied fiscal savings accruing to the central government due to the cuts, local government expenditures on homeless prevention increased by 53 pence.”

As the pressures mount, and the costs of the increasingly relied upon nightly-paid TA have skyrocketed since 2011, the shift of the financial burden - from central government to local authorities - has increased. This has now reached breaking point for local authorities.

In addition, there are less visible costs to the economy caused by an increase in the reliance on TA. These costs will come back to central as well as local governments. Beyond the personal trauma, there is the added pressure on the NHS (poor housing has been estimated to cost the NHS in England £1.4 billion each year⁴⁷), and the impact on people’s ability to contribute to the economy.

36 Ministry of Housing, Communities and Local Government, [Statutory Homelessness in England: October to December 2025](#) (London: MHCLG, 30 April 2026).

37 HCLG Committee (2026), [Oral evidence: Housing Conditions in England, HC 1154](#).

38 The Health Foundation (2026), [Healthy life expectancy trends in the UK: a watershed moment](#).

39 APPG for Households in TA (2023), [Call for Evidence Findings](#).

40 Justlife (2025), [A Better Vision for Temporary Accommodation](#).

41 HCLG Committee (2026), [Housing Conditions in Temporary Accommodation](#).

42 Ministry of Housing, Communities and Local Government, [Statutory Homelessness in England: October to December 2025](#) (London: MHCLG, 30 April 2026).

43 Justlife (2014), [Not Home: The lives of hidden homeless households in unsupported temporary accommodation in England](#), p.14.

44 Homeless Link (2025), [Unhealthy State of Homelessness 2025: Findings from the Homeless Health Needs Audit](#).

45 HCLG Committee (2026), [Housing Conditions in Temporary Accommodation](#).

46 Fetzer, Sen & Souza (2019), [Housing insecurity, homelessness and populism: Evidence from the UK](#). Warwick Economics Research Papers.

47 BRE (2021), [The cost of poor housing in England](#).

Researchers from the University of Nottingham, for example, have shown how out-of-area placements drive unemployment, with people forced to give up jobs as they've been moved too far away to attend work⁴⁸.

All these factors should be considered in our economic thinking. Without looking at the long-term effects of LHA cuts, and the subsequent rises in homelessness and the costs that increasing reliance on TA incurs to different departments, locally and nationally, we are ruining lives at great financial cost to the country.

The good news is that the current trend of increasing costs, personally and financially, are not inevitable. Unfreezing LHA rates would meaningfully impact many people's ability to continue paying rent in the private sector, thereby preventing their need to rely on temporary accommodation. It would also help many people currently stuck in TA to afford to move back into the PRS. Not only does this benefit the individual, preventing potential long-term trauma from a period of homelessness; it benefits us all by reducing costs elsewhere in the system and improving people's ability to contribute to the economy.

48 lafrati (2024), [Where do the households go? Study investigates out-of-area housing crisis](#).

The Impact of Frozen LHA Rates on Children and Families in Temporary Accommodation



Shared Health

About Shared Health

The Shared Health Foundation is a clinically-led and evidence-based not-for-profit, passionate about reducing the impact poverty has on health. We are based in Oldham, Greater Manchester, and our main focus is providing holistic support to families living in temporary accommodation. We use the experiences of the families we work with to influence policy change on a local, regional and national level, with a focus on mitigating the impacts of homelessness on a child's health and educational outcomes.

In England, the number of homeless children has risen year on year since the COVID-19 pandemic. Since the start of 2022, over 50,000 more children are experiencing homelessness and haven't got a stable place to call home. As it stands today, over 176,000 children are living in temporary accommodation that is often unsuitable and poses active harms to their health and wellbeing. The freeze on LHA rates, capped at the 30th percentile of 2024 rent prices, means that the housing subsidy families receive does not reflect current rent costs. This means that more families are forced into homelessness, and are becoming trapped,

with some children spending their entire childhood without knowing what it means to live in a permanent home. There is also a subsidy gap between the actual costs of providing temporary accommodation for councils, and the amount they are able to claim back from the Department. This is because councils are only able to claim back 90% of the 2011 LHA rates, which leaves a significant shortfall that councils have to cover. Children and families are bearing the brunt of decades of poor political decisions.

What impact is the current freeze on LHA rates having on families and children experiencing homelessness?

The quality of properties used as temporary accommodation is often substandard or even dangerous for children to be living in, with increasing pressures for local authorities to provide temporary accommodation to growing numbers of homeless households. Common issues include mould, damp, disrepair, lack of space, overcrowding, limited access to safer sleeping options (such as cots), poor temperature regulation, and poor hygiene. Families may be required to live in mixed accommodation alongside single

adults, where they could be forced to share bathroom and kitchen facilities. A combination of unaffordable private rents, and non-reflective LHA rates in borough, means that councils are increasingly reliant on out-of-area placements in other, cheaper local authority areas. This means that families are being moved away from vital support networks, health professionals and education providers, and ultimately leads to fragmented continuity of support during a particularly vulnerable period. In Greater Manchester, we have seen families that have been moved up from London-based local authorities, leaving them isolated in unfamiliar environments.

The results of these compounding issues are the detrimental effects on health and educational outcomes for children. We often see children slip through the cracks of support between services while living in temporary accommodation, particularly if they are placed out-of-area or moved to different accommodations with minimal notice. This can lead to them experiencing long-lasting health conditions, as well

as being vulnerable to falling out of education⁴⁹, which poses a significant threat to their future life chances.

At the worst end of this crisis, is the stark reality that 104 children have died with temporary accommodation listed as a contributing factor to their death, between 2019 and 2025. 76 of these children did not see their first birthday⁵⁰.

A series of freezes to Local Housing Allowance since 2011 has driven a significant decline in the supply of genuinely affordable rental homes. Although rates were reset in 2024, rapidly rising rents in recent years have continued to outpace support, leaving more and more families, particularly those with children, priced out of the private rented sector and becoming homeless. Once in the system, children and their families are then spending longer in temporary accommodation, as inadequate LHA rates leave few financially viable routes to move on. We know that these prolonged stays can have serious and lasting impacts on children's development, health, and educational outcomes.

This disproportionately impacts lone-parent households, often led by single mothers, who typically have less disposable income compared to dual households, or who may not be able to work due to childcare needs. Research carried out by academics from Kings' College London and Oxford Brookes universities highlighted that living in temporary accommodation is very expensive, and often leads to families being in greater debt than they may have been prior to homelessness⁵¹. Until housing related debts are paid off, even if they are accrued under financial coercion in situations of domestic abuse, families remain trapped in temporary accommodation as they are unable to bid on social housing. We have heard of cases of parents having to give up employment as it would be too expensive for them to work while they are in temporary accommodation, mainly because money earned from work impacts benefit claims:

What would unfreezing LHA rates mean for families and children living in temporary accommodation?

The impacts of the current rate freeze are severe for families and it is vital the Department considers unfreezing LHA rates for housing benefit claimants and council subsidies to reflect 2026 rent prices.

Subsequently, councils would have more flexibility to find better quality alternatives to the current reliance on substandard accommodation and out of area placements, thus reducing the effects that this has on a child's wellbeing. Additionally, families would have greater disposable income, preventing them from falling into debt while they are experiencing homelessness and ensuring they are prepared for move-on out of temporary accommodation.

Case study: temporary accommodation property in Greater Manchester

A mixed house of multiple occupancy (HMO) used by a local authority in Greater Manchester, owned and managed by the largest provider of temporary accommodation in the borough, is actively harming the health of the children living in it. There have been ongoing issues with water leaking into electrics, extractor fans in rooms not working, mould and damp, and vermin. A pregnant mum and her son were living in the property who reported being subject to inappropriate behaviour from staff, as well as receiving no response to complaints about the appalling conditions. Following being discharged post-birth, the family returned to the HMO with the newborn baby, to find rat droppings on their beds. No action was taken by the provider to ensure the rodents would not re-enter the room. Another child living in the building was bitten on the toe by a rat while they were sleeping.

Case study: Hannah and her daughter.

Following a Section 21 eviction, Hannah and her daughter were placed into emergency accommodation. Shortly after they were moved to temporary accommodation, with a mixture of single adults and families all sharing kitchen facilities, at £350 per week for one room with a small en suite and an extra £25 service charge every week. Hannah's room, per month, costs almost double the average monthly rent of a private sector property in the area her TA is located in. The landlord advised Hannah to give up work and claim benefits to cover the cost of the accommodation, otherwise she would not be able to afford it. After settling into the accommodation, Hannah expressed her desire to get back to work as she spent every day sitting in her room and began to develop agoraphobia. She was then advised by the landlord to apply for PIP, rather than returning to employment.

49 Shared Health Foundation (2025) [Children Living in Temporary Accommodation: An Absolute Scandal](#).

50 APPG for Households in Temporary Accommodation (2026) [Child Mortality in Temporary Accommodation](#).

51 Brickell, K., Nowicki, M. (2023) [The Debt Trap: Women's Stories of Navigating Family Homelessness and Temporary Accommodation in Greater Manchester](#). King's College London.

The gap between support and rent: Local Housing Allowance (LHA), the Shared Accommodation Rate (SAR) and barriers to move-on from supported housing

Centrepoint & St Mungo's

About Centrepoint

Centrepoint is the leading youth homelessness charity in the UK. Alongside our partners, we support over 16,000 young people every year and are campaigning to end youth homelessness by 2037. We work directly with young people every year who are experiencing or at risk of homelessness, providing accommodation, education and employment opportunities, and practical help to build independent futures.

Alongside our frontline services, Centrepoint works to influence national and local policy to prevent youth homelessness and improve outcomes for young people. Our policy and research are informed by the experiences of

the young people we support and by evidence gathered through our services and partnerships across the sector.

About St Mungo's

St Mungo's is a leading UK charity dedicated to ending homelessness and rebuilding lives. Last year, we supported more than 28,000 people experiencing or at risk of homelessness. We work across London and the South of England, providing services such as street outreach, assessment and reconnection services, hostels and supported housing. Alongside our frontline services, we use our operational expertise and the voices of people with lived experience to influence policy and practice, working with national and local government to drive systemic change and prevent homelessness.

Introduction

With LHA rates remaining frozen until 2027, move-on from supported accommodation is extremely difficult due to PRS unaffordability. Affordability pressures are particularly acute for young people under the age of 35. Under current benefit rules, most single people in this age group are subject to the Shared Accommodation Rate (SAR), which limits housing support to the cost of renting a room in shared accommodation rather than a self-contained property. While exemptions exist for certain groups (such as care leavers under 25 or those who have spent time in homelessness accommodation) many young people remain restricted to this lower level of support. At the same time, the supply of shared housing has become increasingly constrained. Much of this accommodation is classified as Houses in Multiple Occupation (HMOs), the number of which has been decreasing in recent years. Between 2019/20 and 24/25 there was a 10% reduction in available HMO stock over the period⁵².

Barriers to Move-On: Rising rents, LHA Shortfalls and the Private Rented Sector

Recent research on homelessness supported housing found that supported housing can provide 'a foundational place of safety where people can, with the right support, begin to rebuild their lives'.⁵³ However, when people cannot move on because of a lack of affordable housing,

recovery pathways can stall and create blockages across the supported housing and homelessness system. Research commissioned by the National Housing Federation (NHF) found that 56% of residents in transitional supported housing were considered ready to move on, but for 53% of those people, moving on was not possible because 'finding a suitable move-on option is proving difficult', with one of the key issues being affordability.⁵⁴ Due to the lack of affordable social housing, the PRS is one of few options available for those that are ready to move on from supported housing. However, LHA rates limit these options further meaning we are seeing increased numbers of people becoming stuck in supported housing, struggling to move on and limiting the availability of valuable supported housing for those that need it.

The impact of the lack of move-on options from supported housing creates system blockages and wider pressures on crisis services.⁵⁵ This was the conclusion of the Ministry of Housing, Communities and Local Government's (MHCLG) systems wide evaluation into supported housing that highlighted a 'clear relationship between the inadequate supply of supported housing and the increase in homelessness and especially rough sleeping.' The same report found local authorities reported many residents in supported housing were already capable of managing independent tenancies but remained because the PRS was largely unaffordable. This means public services continue paying for supported accommodation that is no longer clinically or socially necessary simply because affordable settled housing does not exist.

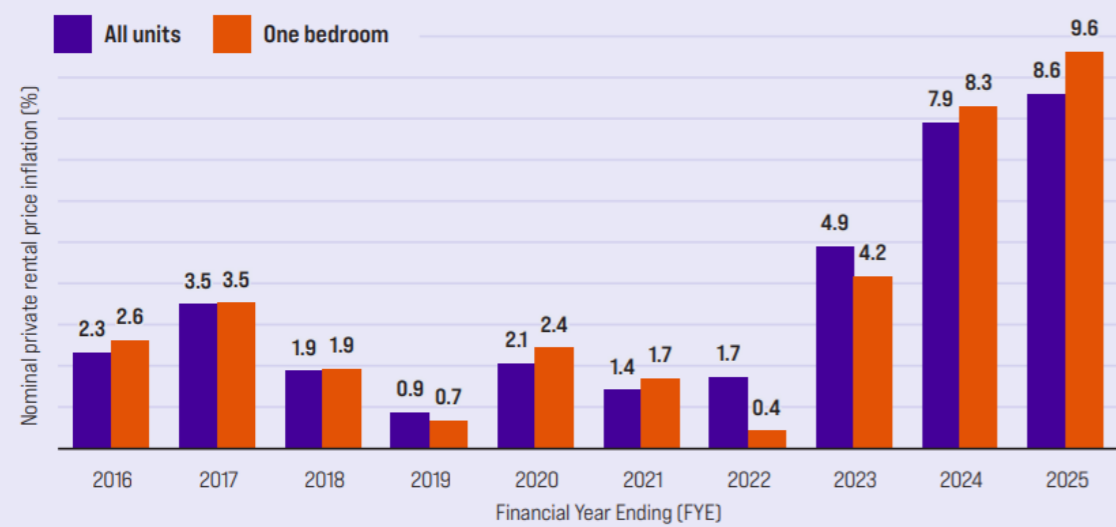
52 [Move on: for young people experiencing homelessness in 2024/25](#)

53 Frontiers in Public Health. (2026). [Going beyond: an exploration of residents' experiences in recovery and homelessness supported housing provision in the United Kingdom.](#)

54 National Housing Federation. (2023). [The value of supported housing to homelessness.](#)

55 Ministry of Housing, Communities and Local Government. (2025). [Systems-wide evaluation of homelessness and rough sleeping: Supported housing.](#)

Figure 1.5: Nominal private rental price inflation (%), from 2015/16 to 2024/25 financial years.



Source: Price Index of Private Rents.
ONS (2025). Price Index of Private Rents, UK: historical series.
See: <https://www.ons.gov.uk/economy/inflationandpriceindices/datasets/priceindexofprivaterentsukhistoricalseries>. Accessed 20/02/2026.

The PRS has become increasingly costly, creating clear affordability pressures for young renters. Official data shows that rents have risen sharply in recent years, with an 8.6% increase in 2024/25 and a 7.9% rise in 2023/24 (see figure 1.5 below). Rents for one-bedroom units have risen even faster, increasing by 9.6% in 2024/25 and 8.3% in 2023/24. This trend disproportionately affects younger households, who are more likely to seek smaller flats, and is contributing to a shift towards shared accommodation as affordability becomes more constrained.⁵⁶

A survey conducted by Centrepont of young renters in 2024/25 highlights significant affordability pressures in the PRS. Around 41% of young people report difficulties in meeting their rent, while 51% have fallen behind on payments at some point during the year. Additionally, 37% report having been at risk of homelessness. This data highlights just how much of an issue affordability in the PRS is, particularly for young people. This demonstrates that not only is it difficult to access the PRS, but also to maintain tenancies in the PRS once access has been gained. Centrepont's frontline staff often report that young people are struggling to access and remain in the PRS on account of current LHA rates. One of Centrepont's Helpline staff shared this recent story from a young person who had called in for support:

'Chris, 19, became homeless after both his parents passed away. He moved to the North West to be closer to his remaining family, his older sibling, and was currently residing in his sibling's back garden in a caravan with no electricity or running water. Chris was working part-time but on a zero-hour contract, which meant he also relied on Universal Credit to get by. He was very proactive with looking for private rented accommodation, but due to the low LHA rate in the North West (£78.21 per week) his options were limited. Private rented properties with live in landlords tend to be cheaper, and Chris found a suitable property with a live in landlord and applied for a discretionary housing payment to help with the deposit. Unfortunately, this fell through when the landlord found out Chris's sexuality, and the discrimination combined with stable accommodation falling through significantly affected his mental health.'

(Helpline Staff Member, Centrepont)

St Mungo's frontline colleagues report that clients often must be referred to other supported housing routes to exempt them from the SAR as one of the few realistic means for entering the PRS:

"Mohammed, aged 24, was granted refugee status and then evicted from asylum accommodation, referred to one of our assessment hubs by our Outreach teams, before being moved into supported accommodation. Mohammed was carefully and compassionately assessed for support needs and we agreed upon a move on plan with him. Mohammed was ready to move into PRS, however as he was under 35 and not exempt from the SAR, this became a barrier to deliver his move on plan. No agents we work with offer the SAR for clients such as Mohammed. We decided that Mohammed would move into YMCA supported accommodation and given a caseworker so that after three months in the YMCA, he would be exempt from the shared rate and could then view properties at the one-bedroom LHA rate."

⁵⁶ [Move on: for young people experiencing homelessness in 2024/25](#)

When move-on becomes possible, what happens then?

The NHF estimates supported housing provides significant savings to the public purse (approximately £940 per resident per year) through reduced demand on NHS, social care and criminal justice services.⁵⁷ These savings are maximised when people can successfully progress into long-term housing rather than remaining in higher-cost supported accommodation longer than necessary. Independent accommodation can provide safety, stability, reduced exposure to stressful or triggering environments, better physical health, improved emotional wellbeing and more.⁵⁸ LHA rates are a key component in the system blockage that we are seeing within homelessness and rough sleeping. Positive outcomes from move-on from supported housing are possible where blockages in other parts of the system are addressed.

Policy recommendations

Increase access to the PRS by abolishing the SAR and resetting LHA to the 30th percentile of local rents. Removing the SAR would enable young Universal Credit recipients to better afford one-bedroom private rentals. If immediate abolition is not feasible, a review of benefit rules and planning regulations for HMOs should be conducted to address barriers pushing vulnerable young people into a shrinking shared-housing market. The Government should also return to the pre-2016 system of annual LHA reviews, aligning allowances with real-time rental market

costs. The freeze in LHA until at least 2027 risks further widening the affordability gap for young renters.

Commissioning models should also embed dedicated move-on workers within supported accommodation to address the bottlenecks in the systems. Some examples of these positions would include dedicated PRS teams, who focus on building relationships with landlords and supporting clients into PRS, and recovery workers who can support with developing life-skills that will support tenancy sustainment or accessing employment, if this is a suitable option for that client. Providing upfront funding for these positions would likely create long-term savings by supporting sustained recovery and preventing repeat homelessness.



The Impact of Frozen Local Housing Allowance Rates on older private renters

Independent Age

About Independent Age

Independent Age are the national charity focused on improving the lives of people facing financial hardship in later life. We offer free and impartial advice and information and provide grants to community organisations. We use the knowledge and insight gained from our frontline services and research to improve policy for the older people we support.

Older private renters are a growing population group

It is often assumed that older people in the UK are homeowners, mortgage-free without housing costs. While this is true for many, there is a growing number of older people living in private rented homes and this number is expected to grow significantly in coming years. As of 2022,

there was an estimated 500,000 older people across Great Britain in the private rented sector.⁵⁹ Our research shows that without policy intervention, by 2040 the number of older people private renting could quadruple. This would amount to 1 in 8 older people facing on-going high housing costs into retirement.⁶⁰ The risk of homelessness is on the rise amongst older people. Between 2018/19 and 2024/25, the number of older households facing homelessness increased by 82%.⁶¹ LHA rates can contribute to homelessness: one older woman we worked with became homeless after her landlord decided to sell her rented home and she was unable to find anywhere else she could afford, resulting in an extended stay in unsuitable temporary accommodation.

57 National Housing Federation. (N.D). [Supported and older persons' housing](#)

58 Homeless Link. (2025). [Unhealthy State of Homelessness 2025: Findings from the Homeless Health Needs Audit.](#)

59 ['Keys to the future: Projecting housing tenure and poverty rates in later life'](#), Independent Age, 2024.

60 [ibid](#)

61 Statutory homelessness England Level Time Series, Ministry of Housing, Communities and Local Government, 2026, see [Tables on homelessness - GOV.UK](#)

Private renting and poverty in later life are closely connected

Private renting in later life is closely linked to experiencing poverty and financial hardship. Although renting may be suitable for some, we hear through our services that older people are generally living in private rented housing out of necessity rather than choice.

The latest Households Below Average Income figures support this connection. The poverty rate for older private renters is 32% compared to 10% for homeowners, and 30% for those who are social renters. For older private renters receiving Housing Benefit the proportion living in poverty is higher still, at 34%. For the same group, the proportion living in material deprivation stands at 49%.⁶²

The reasons for private renting in later life are varied. Some older people may not have had the means throughout their life to buy their own home, leaving them with limited housing options. The shortage of social housing means many people who would benefit from it are missing out. Some older people may have faced an unexpected shock requiring a change of their living circumstances such as divorce, bereavement or redundancy.

Living in the private rented sector in later life is often driven by financial circumstance. However, it can also deepen poverty, with high rent costs eating into low, fixed incomes. Housing benefit should help alleviate the financial strain of meeting the rent, but we know from the older people we hear from that they are often still struggling despite claiming all that they are entitled to. Rents have increased

in recent years, while the LHA remains frozen at the 2024 rates. Pensions are not designed with housing costs in mind, and do not keep up with rent inflation.

“The increases in rent over the past year or two have far outstripped the increases in pension... and because the Housing Benefit is based upon an unrealistic rent, I now pay 60% to 70% of my monthly income in rent”

Older renter responding to our survey

Poverty has implications for older people’s housing quality, choice and suitability

Poverty and a market-driven private rental system can mean some of the most vulnerable are in the poorest quality accommodation, as it is the only thing accessible to those with the least money. When the LHA does not adequately cover rents in the local market, people can be driven into homes that are unsuitable for their needs, or stuck in deteriorating conditions with no options.

More than a quarter of older renters live in non-decent homes.⁶³ This housing can be harder to keep warm and it costs more to do so. Increased damp, mould, and cold can lead to problems with both physical and mental health, and with resilience, concerns which have a greater toll with age.

Although social housing would be a better option for most older private renters, there is a lack of both specialist housing for older people and general needs social housing. One of the most frequent questions from older private renters to our Helpline advisors is how to get on the housing register for social housing.

Because they are living on a fixed, limited income, finding more money for housing is simply not an option for many older private renters. Many areas lack suitable housing, and older people risk losing years of community connections and support networks by moving to a completely new area. Moving home in later life can also present a significant upheaval in and of itself.

Living on a low fixed income with insufficient Housing Benefit

We know that many older private renters on fixed incomes face shortfalls between their housing benefit and their rent. 68% of older private renters had a gap between their housing benefit and rent after LHA was applied and deductions and reductions.⁶⁴

“My HB only covers approx two-thirds of my rent. I have to use money from my State Pension to pay £116 of my rent every week (which is £502 each month). That means I have to go without other things I need.”

Older renter responding to our survey

The State Pension is a firm foundation for income adequacy in later life, and for most home-owners with small private pensions savings it helps to avoid poverty. However, it is not designed with rental costs in mind. The State Pension is below the widely accepted minimum Retirement Living Standard, which does not include rental costs, meaning the State Pension alone, or income benefits such as Pension Credit which are linked to it, are not adequate for those who are renting in later life.⁶⁵

Additionally, for renters who have small private pension savings but are struggling with rental costs, the way their pension interacts with the Housing Benefit means-testing system is problematic. In some circumstances, older people may end up with similar levels of disposable income after the means-test than if they had not saved into a pension at all.⁶⁶ The Government could review the means-tested benefit system to ensure that Housing Benefit is reaching those who need it, and working together with private pensions to help people avoid poverty.

62 Households Below Average Income 2024/25 dataset, Department for Work and Pensions, [Stat-Xplore - Log in](#)

63 *‘Time to rock the boat: how the Renters’ Rights Bill can steer a course to better homes for older private renters’*, Independent Age, 2024.

64 [Stat Xplore Housing Benefit](#) – Data from April 2018 dataset, Department for Work and Pensions, 2026

65 See <https://www.retirementlivingstandards.org.uk/>

66 *‘Renting in Retirement: The Fault Line Below the UK Pension System’*, Pensions Policy Institute, 2023.

Older people have told us that they will prioritise paying their rent because of fear of eviction and cut back on other essentials, including heating, hot drinks, food, and social activities. Representative polling found that 25% of older renters claiming housing benefit found it difficult to afford their rent. The same polling also found that of older renters claiming housing benefit, 27% cut down on heating costs in order to afford their rent, 9% cut down on water use, and 14% cut down on food.⁶⁷ This cost-cutting behaviour can lead to social isolation and poor health outcomes.

Worries about rent increases are a significant concern amongst the older renters we speak to. This can lead to reluctance to ask their landlords for essential repairs or improvements: while housing benefit rates remain frozen, this risk is exacerbated.

“Housing Benefit pays just over half of our rent but our landlord raise[s] the rent too much each year.”

Older renter responding to our survey

Our recommendations

Independent Age recommends that the UK Government uprates the Local Housing Allowance to ensure it covers at least the rent of the cheapest 30% of the local private rental market and to ensure it is uprated annually to reflect changes in rents.

We also support the recommendation of the Work and Pensions Select Committee in 2025 that the Government should assess the impact of the Local Housing Allowance on pensioners and whether it leaves them with the income needed for a minimum, dignified, socially acceptable standard of living.



The impact of frozen Local Housing Allowance rates on landlord behaviour

NRLA

About the National Residential Landlords Association (NRLA)

The National Residential Landlords Association (NRLA) is the leading voice for private residential landlords. We represent over 110,000 members who own and manage more than a million private rented homes in England and Wales. We are a significant source of market-leading intelligence on the private rented sector and are focused on securing improvements that enable the sector to thrive, benefitting tenants and landlords alike. The NRLA is a strictly non-partisan organisation, operating independently of any political party, and working across the mainstream political spectrum.

Local Housing Allowance (LHA) was introduced in 2008 to help low-income tenants secure and maintain a tenancy in the private rented sector (PRS). However, repeated freezes in rates are accelerating the loss of affordable homes in the PRS for those in receipt of LHA.

The NRLA's most recent research reflects this trend, with responses showing a decrease in the proportion of landlords letting at LHA rates from 15% in Q1 2025 to 11% in Q1 2026⁶⁸. To combat this and increase availability of housing for those in receipt of LHA, the Government should commit to re-aligning LHA rates to the 30th percentile at a minimum, with a commitment to uprate this annually.

⁶⁷ Survation representative polling among private renters aged 65+ in England, 2025.

⁶⁸ NRLA, (2026), Landlord Eye #05 - [Landlord sentiment, welfare reform and tenant risk](#)

LHA and the PRS today

LHA continues to play a vital role in the PRS for a significant proportion of tenants. NRLA research shows that while 11% of landlords surveyed let at least some property at LHA rates, only 3% of these let all property at LHA rates, with the remaining 8% letting above this on some of their properties. A further 20% of landlords reported that the rent charged is above LHA rates and there is consequently a shortfall⁶⁹.

The latest statistics from DWP show that only 44% of private tenants receiving LHA currently have their rents fully covered by LHA rates. This means that 56% of households in receipt of LHA face choices between covering rent due to the shortfalls caused by the freeze, and other often essential expenses⁷⁰.

Rate freeze and the widening gap

With rates frozen since April 2024, landlords have reported a growing shortfall between LHA and the rent charged. According to NRLA research, in the last two to three years, 36% of landlords have noticed either this gap emerging or increasing between LHA rates and rent⁷¹. This is precisely the period in which freezes in rates have been the default policy of Government.

Numerous landlords, when responding to the same NRLA survey, highlighted that the freeze has led to them subsidising rents for their tenants by maintaining the rent at the same level while facing increased costs⁷².

How landlords have responded to the freeze

The freeze is changing landlord behaviour in measurable ways, primarily by discouraging letting to tenants in receipt of LHA. When landlords were asked what they would do if a tenant currently paying at the LHA rate moved out, only 12% of landlords letting at LHA said they would re-let at the LHA rate. A further 41% said they would re-let at a higher rent, and 35% said they would sell the property altogether. These figures are even starker among HMO non-student landlords for whom 11% would re-let at LHA rates, 21% would sell and 42% would re-let above the LHA rate⁷³.

Landlords are clear in their reasoning for this, with members surveyed consistently highlighting the low LHA rate and uncertainty around any future increases being the driving factors behind a reluctance to re-let property at LHA rates. Further issues cited included rising operational costs and mortgage stress testing restrictions limiting the ability to let at LHA rates⁷⁴.

What certainty on LHA rates could achieve

Raising LHA rates is the key step in encouraging more landlords to let at LHA rates, however certainty over the long-term future of rates is vital.

Landlords who do not currently let at LHA rates cited not only the low rate as a key reason for their position, but uncertainty about whether the rate would rise in line with costs. Many landlords surveyed expressed a willingness to enter the LHA market should this uncertainty be resolved as the potential of a long-term secure tenancy appealed to them⁷⁵. However, while LHA remains outside of the main benefit-uprating systems, this is unlikely to happen.

A further piece of reform that landlords are clear would encourage them to let at LHA rates is the ability to request direct payment of LHA from DWP⁷⁶.

Without reform to the LHA system, it is clear that landlords will continue to exit the LHA market as operational costs rise, meaning a shrinking pool of properties available to those in receipt of LHA.

69 Ibid

70 DWP, January 2026, [StatXplore](#)

71 Landlord Eye #05 - [Landlord sentiment, welfare reform and tenant risk](#)

72 Ibid

73 Ibid

74 Ibid

75 Ibid

76 Ibid



IMPACT OF LOCAL HOUSING ALLOWANCE ON HOUSING CONDITIONS

Shelter

About Shelter

Shelter exists to defend the right to a safe home and fight the devastating impact the housing emergency has on people and society. We do this with campaigns, advice and support – and we never give up. We believe that home is everything.

Over half of families who rent privately rely on local housing allowance to afford the rent. Inadequate local housing allowance rates can mean families have little option but to access, or remain in, poor condition private rented sector homes at the very bottom end of the market. If action is taken to improve conditions, they risk an unaffordable rent increase, again due to inadequate local housing allowance.

Government commitments on conditions

This Spring, we've seen the government implement historic changes to renting in England via the Renters' Rights Act 2025.

This is the greatest overhaul of private renting in a generation, with England's 11 million private renters now protected with stronger rights.

Shelter campaigned for decades, alongside Crisis and many others, to win these protections. Because we'd witnessed every week the terrible toll the risk of no-fault eviction, discrimination and extortionate up-front payments had on renters and people in desperate need of a home.

We argued no-fault evictions must be banned because, not only were they a leading trigger of homelessness, but also because our advice services and research report renters living in hazardous and miserable conditions faced the risk of retaliatory eviction if they complained.

The Renters' Rights Act has also strengthened local council enforcement powers, expanding civil penalties and rent repayments orders and requiring local authorities to report on their enforcement activity.

The government has also promised further action to tackle poor housing conditions experienced by private renters, though implementation of some of these measures are still years away:

- New operating and enforcement guidance for local authorities on the Housing Health and Safety Rating System (June 2026).
- A new mandatory private rented sector database, requiring landlords and agents to upload details of their property and compliance information to help tenants and local authorities uphold rights (late 2026).
- A new ombudsman service for the private rented sector, which all landlords will be required to join (2028)
- Requiring private rented homes to have a C energy performance rating (October 2030)
- Applying the Decent Homes Standard to the private rented sector and providing local authorities with powers to enforce it (2035).
- Applying Awaab's Law to the private rented sector: setting legal timescales for landlords to investigate, and start to rectify, serious health and safety hazards (no date yet).

Temporary accommodation

Furthermore, the government has committed to take action to improve conditions for the record number of households, families and children stuck homeless in damaging temporary accommodation.

They're homeless because they can't access a suitable rented home in either the social or private sectors.

The government's National Plan to End Homelessness, published last December, commits to strong protections against poor conditions in temporary accommodation:

- Applying the Decent Homes Standard to temporary accommodation, wherever possible.
- Applying Awaab's Law to temporary accommodation occupied under licence through regulations.
- Engaging with councils and homelessness organisations to determine how best to strengthen protections against poor housing conditions in temporary accommodation.
- Ensuring temporary accommodation quality standards are met and that landlords who are providing poor-quality and excessively expensive temporary accommodation (such as nightly rates) are adequately regulated.
- Engaging with councils experiencing the highest pressures and other stakeholders to develop new metrics to improve the monitoring and suitability of temporary accommodation offers.
- Testing proposed changes to guidance to target improvements to quality and experience.

We strongly support these reforms and commitments to improve conditions in both private renting and temporary accommodation. They're long overdue.

But they risk being undermined by inadequate local housing allowance rates.

The problem

Families are driven into poor conditions when they struggle to afford a decent family home at an average market rent, combined with inadequate local housing allowance to help with this.

Our previous analysis shows over half of families who rent privately rely on housing benefit or the housing element of UC to afford their rent.⁷⁷

Unless the government addresses the adequacy of local housing allowance rates, its commitments to improve conditions in the private rented sector, and to get families out of damaging and costly temporary accommodation, may be undermined.

In the private rented sector, rents are generally determined by the market, leaving limited protections against high rents. As a result, households who cannot afford prevailing market rents, particularly where LHA falls short of local rents, can be pushed towards the lower-cost end of the market, where overcrowding and poor housing conditions are more common, or into temporary accommodation and homelessness.

The only effective solution to this is a new generation of social rent homes, where rents are linked to local incomes and thereby more genuinely affordable, with housing benefit available to those who can't afford rents (e.g. pensioners).

We support the government's huge boost in investment in social homes. As these homes become available, and families struggling to afford the private rented sector have the chance of a social home, the LHA bill should reduce. But, in the interim, there's a problem.

⁷⁷ Berry, C. and Garvie, D., September 2025, [Frozen out of a home: Why the government must unfreeze local housing allowance, to help a record number of families out of homelessness in damaging temporary accommodation](#), Shelter

Families pushed into cramped, poor quality temporary accommodation

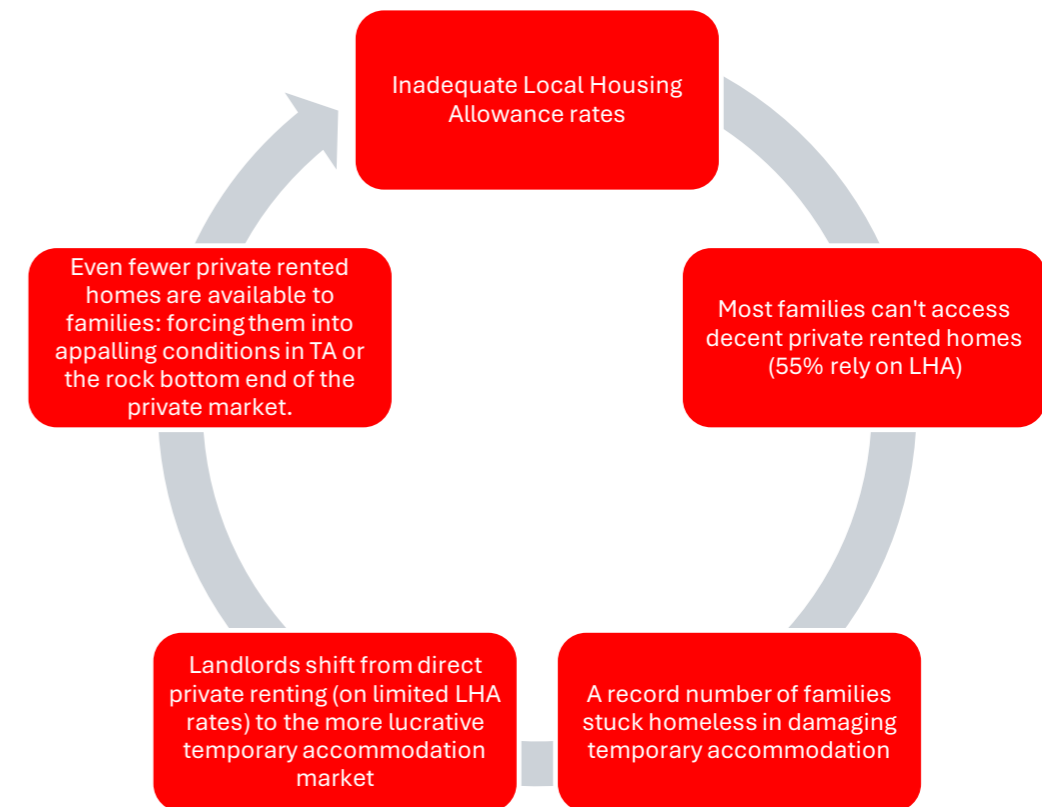
There's been growing homelessness since 2011, because claimants have been unable to find any home at all within LHA rates, even with the help of local authority private rented sector access teams, to which they're often referred as a homelessness prevention or relief measure.

Given landlords have significant freedom in selecting tenants, many families struggle to access private rented homes because they're repeatedly refused lettings, including on the basis of affordability, however much they may argue they'd cut back on other spending to ensure they can afford the rent.

So local housing authorities have had to find more and more temporary accommodation to accommodate families frozen out of the local market by LHA. Their desperation for temporary accommodation, to keep families off the streets, has created a lucrative temporary accommodation sector, where councils (and the households they accommodate) are forced to pay much higher rates to landlords than they'd receive letting directly to LHA claimants.

This has had the perverse effect of enticing more landlords away from the bottom end of the market, reducing still further the number of homes available within LHA rates. Landlords are often lured away by temporary accommodation brokers, who offer them thousands of pounds in sign-on fees and much higher rents than LHA.

The result is a record number of households, families and children forced into homelessness and tuck in damaging temporary accommodation in Dickensian, slum-like conditions. As we discuss elsewhere in this report, in temporary accommodation, families are stuck in the



sort of conditions we haven't seen since the 19th century: entire families accommodated in one meagre 'self-contained' room, sharing beds, with no space to play, study, or have privacy from each other.⁷⁸

These rooms can be in large blocks, accommodating dozens of families, with all the pursuant noise and constant comings and goings. There can be significant health & safety risks, such as fire safety.⁷⁹ Our research found over one in three children in temporary accommodation share beds.⁸⁰ The lack of space for cots and cramped conditions are likely to be a factor in child mortality in temporary accommodation.⁸¹

⁷⁸ Garvie, D., Pennington, J., Rich, H., and Schofield, M., 2023, [Still Living in Limbo: Why the use of temporary accommodation must end](#), Shelter

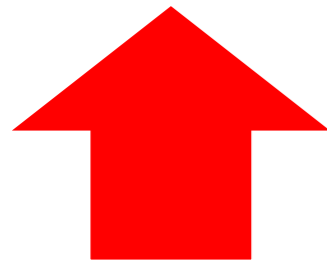
⁷⁹ Apps, P., 15 December 2022, ['We knew it was unsafe': the story of a fire in a temporary accommodation block and its aftermath](#), Inside Housing

⁸⁰ Garvie, D., Pennington, J., Rich, H., and Schofield, M., 2023, [Still Living in Limbo: Why the use of temporary accommodation must end](#), Shelter

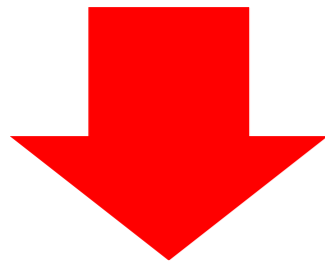
⁸¹ APPG for households in temporary accommodation, April 2026, [Child Mortality in Temporary Accommodation Report](#)

Routes out of damaging temporary accommodation

There are only two routes out of slum-like conditions in temporary accommodation:



Permanent social home. In areas where the private rented market is unaffordable on frozen LHA rates, demand is so high that families wait for years, even decades for an offer.



Rock bottom end of the private rental market. Inadequate LHA rates mean families can only access the very bottom end of the market where the very worst conditions prevail.

Impact of LHA rates on conditions

Shelter conducted new analysis of English Housing Survey (EHS) data, looking at the relationship between LHA and poor housing conditions. The results are weighted meaning that the figures are representative of England as a whole, though the relatively small sample involved (i.e. those claiming some form of housing benefit) merits some degree of caution in extrapolating the findings uncritically.

Our analysis revealed that where tenants live in private rent homes there is a higher instance of poor housing conditions where LHA is claimed than where it is not. In the private sector 26% of households who claimed LHA lived in homes that were classed as 'non-decent' by the EHS, whereas only 21% of non-claimants lived in non-decent homes.⁸² In contrast, among social households claiming housing benefit had no

effect on whether a household lived in a non-decent home.

Looking specifically at whether homes contain category 1 hazards (i.e. hazards posing a serious risk to health and safety), among private tenants 16% of households claiming LHA had at least one hazard in their home in contrast with only 8% of those with no LHA claimants. Among social tenants there was no meaningful difference between claimant and non-claimant households.

Damp was also disproportionately present among households in private rented homes with LHA claimants with 13% of households having dampness problems, as opposed to 8% of households with no claimants. Among social tenants 8% of housing benefit claimants have dampness problems while for non-claimants it was 6%, but this difference of 2% is within the margin of error.

⁸² A home is classified as 'decent' where it is free of category 1 hazards under the Housing Health and Safety Rating System; is in a reasonable state of repair; has reasonably modern facilities and services; and provides a reasonable degree of thermal comfort.

In the private sector, LHA claimants are more likely to live with poor housing conditions than non-claimants. The reasons for this are likely to be complex, but it may in part reflect the fact that a low rate of LHA curtails the ability of private renters to access better-quality homes. This, coupled with huge waiting lists for social homes, conceivably fosters an environment in which those on lower incomes are forced to accept poor housing conditions.

Case evidence

We're also seeing problems in our community services for the people we work with, including in the North of England.

Greater Manchester

Our Community Hub Strategic Lead reports widespread problems across the city-region for families trying to find a decent private rented home they can afford on local housing allowance (LHA) rates, even in outlying districts such as Oldham or Bolton.

- **Family of hard-working nurse pushed into homelessness by inadequate LHA rates**
Our Hub is working with a family with three children. The mother works as a nurse and the father studies full-time to improve their prospects. Due to their low income they're entitled to top-up LHA. Before the Renters' Rights Act came into effect in May, they were no-fault evicted from the home where they'd been settled for over 10 years. They tried very hard to find a suitable alternative but were unable to find anything decent and affordable within LHA rates. Consequently, they are now stuck homeless in damaging temporary accommodation in the northern outskirts of the city-region, facing long commutes to get to work and school.

- **Family facing repeat homelessness because home offered was unaffordable on LHA**

Our Hub is working with a family living in poor conditions having been offered a private rented home in East Manchester by the council under their homelessness (relief) duty. They became homeless two years ago due to a no-fault eviction. When accepting the 'relief offer', the family had concerns over its affordability because there was a significant shortfall between their LHA and the rent. The council offered to cover the shortfall with a Discretionary Housing Payment but this has now come to an end (highlighting how discretionary support isn't a sustainable alternative to inadequate LHA) and the family are now in arrears. They're struggling to find an alternative private rental and at risk of eviction and being found 'intentionally homeless' (and not entitled to temporary accommodation), due to the arrears.

North-East

Our Community Hub Strategic Lead reports working with people who are unable to access accommodation due to local housing allowance (LHA) rates, which no longer cover rents, even in cheaper areas. For example, the rate in North Tyneside is £648 per month, yet the Hub work with a family paying £900 per month for a three-bedroom home in Howden. In desperation, families rent homes in disrepair, which the landlord fails to address. So, they become stuck in poor conditions because they can't find anywhere else affordable within LHA rates. The Hub work with families who've received private rented sector offers from London boroughs under homelessness duties that are affordable within LHA rates. However, these are in deprived areas where the rents are considerably cheaper due to the isolated location, poor conditions and absentee landlords. Some are in streets awaiting demolition.

- London family offered home without basic furniture in poor condition**
 Our Hub is working with a family of six, who were provided with transport to the NE by a London borough to meet a property agent, shown a rental and told to 'take it or leave it'. The home was unfurnished and in poor condition. The family has had to rely on a local community group and the school to help furnish with basics, but the poor conditions prevail.
- London family with young children in overcrowded home with electrical hazards**
 Our Hub reports a recent referral of a family with six children, ranging in age from 9 months to 10 years. They were offered three-bedroom rental by a London borough and told the parents would have to sleep in the downstairs conservatory. There are wires hanging from walls, broken cupboards and the children's new school is an hour away by bus.

Merseyside

Our Community Hub Strategic Lead reports the acute shortage of social homes in Liverpool means the city's Housing Solutions Team tries to help people find a private rental instead. However, inadequate local housing allowance (LHA) rates are making it almost impossible to find decent private rented homes in the city, even with unaffordable shortfalls on the rent. Consequently, the Hub is working with people living in homes which are badly affecting their health. But even if they were to leave their home, they can't find alternatives which are any better, even though LHA shortfalls risk driving them into debt.

- Disabled child of working lone mother being made sicker due to inadequate LHA**
 The Hub is working with a lone mother who has a disabled, primary age child. She works part-time as a cleaner, even though her child is sometimes hospitalised due

to their disability. The rent for their two-bedroom home £875pcm. But the LHA for a two-bedroom home in the area is £595. So, to avoid falling into arrears, she's topping up from her low earnings and UC standard allowance, leaving them without money for other essentials. Her child's disability and health problems are exacerbated by the damp, mould and other disrepair in their home, such as a leaking roof in one of the bedrooms. The mother is worried sick and feels stuck, despite juggling work and caring for her disabled child. She tries to undertake repairs herself. She's in the top band on the waiting list for a social home but is facing a wait of years. She's been looking for an alternative private rental she can afford but can find nothing more affordable or in any better condition than their current home.

- Pensioner stuck in disrepair and a cycle of debt due to inadequate LHA**
 The Hub is working with a man in his 70s. The rent for the home where he's lived for a number of years is £700pcm. But he's only entitled to £547pcm in LHA. His home is damp, with leaks and a broken bathroom window. He doesn't want to leave his home now he's retired. However, he's stuck in any case because he can't find anywhere else affordable, which isn't in a worse condition. He's now over £1,000 in debt because of struggling with the rent, which he's trying to pay off from his pension, regularly making extra payments. If gives up his tenancy without alternative accommodation, he's worried he'll be found intentionally homeless.

The solution

While we strongly support the government's commitments to improve conditions in the private rented sector, in the absence of some form of regulation of rent increases, there are huge risks for LHA claimants.

If landlords are forced to improve conditions in the homes they let out, it's likely that they'll increase the rent to recoup the money they've spent on improvements and repairs. In some cases, they may have to spend thousands of pounds, depending on the nature of the work, e.g. damp-proof course, new roof, new heating system, new windows.

Depending on the type and nature of improvements and redecoration, they may be able to increase the rent to the average rent for the local market, which could result in very large and unaffordable annual rent increases for tenants.

The Renters' Rights Act did not include measures to address sharp rent increases, though Shelter and others campaigned for limits to in-tenancy rent increases. While rent increases are limited to once a year, rents can still be increased to prevailing market levels, which for many households relying on frozen and inadequate LHA, will be unaffordable.

If the tenant subsequently challenges the rent increase at a Rent Tribunal, this is likely to be unsuccessful, because landlords are able to increase the rent in line with market rates.

This means LHA claimants, who are stuck in poor conditions because they can only afford a rent in the rock bottom end of the market, will no longer be able to afford the rent and will have to surrender the tenancy. If they're unable to access an alternative home within LHA rates, this may well result in homelessness.

Alternatively, the landlord may decide they can't afford to undertake the work and instead choose to sell the home, which they're entitled to do under the Renters' Rights Act. Tenants are entitled to four months' notice of possession on landlord sale ground – limited time to find another home which is affordable within LHA rates. This may well result in homelessness.

Without adequate local housing allowance, measures to improve housing conditions may well have the unintended consequences of increased homelessness, driving families who rely on LHA out of poor conditions at the bottom end of the private rented sector and into cramped and hazardous conditions in temporary accommodation – where the rates charged can be much higher than LHA rates or even average market rents.

This is why the government must unfreeze local housing allowance and permanently restore to at least the 30th percentile of local rents, to keep in line with the real cost of renting.

Policy Recommendations

The collective evidence in this briefing shows that the freeze in Local Housing Allowance rates since April 2024 is contributing to growing housing insecurity. As rents continue to rise, more households are unable to cover their housing costs, increasing the risk of homelessness and poverty.

The effects are being felt throughout the housing system, including in higher demand for temporary accommodation, challenges moving on from supported housing, and greater pressure on local authorities and homelessness services. Families with children, younger people (under 35s only eligible for the lower Shared Accommodation Rate) and older people are particularly negatively affected.

Key Recommendation

- **The Government should unfreeze LHA and restore it to cover at least the cheapest 30% of local rents at the Autumn Budget 2026.**

Restoring the link between LHA and local rents would strengthen one of the most effective tools available to prevent homelessness, support households to sustain tenancies, and improve access to private rented homes for people moving on from homelessness and supported housing.

Supporting Recommendations

Alongside the restoration of LHA rates, the Government should:

- Review the impact of the Shared Accommodation Rate (SAR) and the Benefit Cap, and consider abolishing these policies if necessary, to ensure that young people and families are not excluded from accessing affordable private rented homes or placed at greater risk of homelessness, or blocked from moving out of homelessness.
- Review the impact of LHA, alongside interactions with SAR and the Benefit Cap, in the Government's Thematic Value for Money Review on Homelessness.
- Address the growing temporary accommodation subsidy gap faced by local authorities (subsidy capped at 2011 LHA rates), which is placing increasing pressure on council budgets and limiting the effectiveness of homelessness prevention efforts.

Taken together, these measures would help reduce homelessness pressures, improve housing affordability for low-income households, and create a more sustainable and effective housing support system.

Glossary

| Acronym | Meaning |
|---------|--|
| LHA | Local Housing Allowance |
| SAR | Shared Accommodation Rate |
| PRS | Private Rented Sector |
| HMO | House of Multiple Occupancy |
| UC | Universal Credit |
| TA | Temporary Accommodation |
| LA | Local Authority |
| DWP | Department of Work and Pensions |
| MHCLG | Ministry of Housing, Communities, and Local Government |

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