



# A tale of two crises: housing and the cost of living



Together  
we will end  
homelessness



"I'm paying out £756 rent for a one bedroom flat... plus the rates on this flat are £175 a month. So again, it's put me in the situation where, yes, I've got a roof over my head, and I'm working, but I don't have any spare cash. It's just the cost of everything. I've just had an energy bill come through and it's got £2,093 on it, and I'm thinking, what the bloody hell is that all about? ...I don't have the heating on, I daren't put the heating on, and I've got things like that coming through the door for me. I'm thinking Jesus Christ, where do you go from here?"

Interviewee from Crisis' cost of living research.

## Renting can no longer be ignored in the cost of living crisis

The cost of living crisis is piling pressure onto people, especially people on the lowest incomes, who are contending with living costs spiralling beyond their control. The poorest 10 per cent of households are on average spending more than their income just on rent, energy and food.<sup>1</sup> This means that many households are facing being driven into debt to cover these essentials, before they have even accounted for transport, childcare, clothing, emergencies or other costs.

People on low incomes have been struggling for some time, but recent inflation in living costs has made it impossible for some to make ends meet.

Adding to this pressure is the fact that rents have also been rising at record rates. This is leaving many people facing rent costs that they simply can't afford, meaning more and more people are facing homelessness.

Over half of low-income renters (51 per cent) surveyed across Great Britain in November 2022 said that their rent had increased.<sup>2</sup> Crisis' research on the cost of living provides a snapshot of the devastating impact of unaffordable housing costs.

**"I wasn't even earning enough money to be able to pay for the rent that I had currently for two years been paying, which was £870 a month, plus all of the other bills. And then of course when [the landlord] came back to me he said 'I put it up to £1,200 because that is the going rate' and I just thought I have no hope in hell of being able to find that extra money, because it was hand to mouth pretty much all the time... to be able to find another £400 a month was just absolutely impossible. So, I had to tell the estate agent that I wasn't going to be taking the lease on again and I was going to have to find other accommodation."**

Interviewee in Crisis' cost of living research.

In the past year alone, rents have risen at their fastest rate in 16 years, increasing by an average of 11 per cent across Great Britain.<sup>3</sup> Listed rents in Scotland have increased by 13 per cent in the last year, and 15 per cent in Wales.<sup>4</sup>

Housing is generally private renters' biggest expense, and any increase hits people hard. This means that private tenants are the most exposed to the cost of living crisis. Private tenants on the lowest 10 per cent of incomes are facing combined rents, food and utility costs that exceed their total incomes by 43 per cent.<sup>5</sup> This is much higher than for people in other tenures and leaves private renters at high risk of homelessness.

Despite this, the support that people on low incomes can get to help pay their rent through housing benefit, also known as Local Housing Allowance, remains frozen at 2018-19 rent levels. This has left low-income renters facing an increasing gap between housing benefit and their actual rents, putting people under growing pressure to plug this gap with money they don't have.

More than half of people who receive housing benefit cannot cover their rent at the current levels,<sup>6</sup> and Citizens Advice has seen the average level of rent arrears among housing benefit recipients rise rapidly.<sup>7</sup> Of those landlords who have let at housing benefit rates, a quarter are likely to raise rents above those in response to the frozen rates, and more than one in five are likely to take possession of the property.<sup>8</sup>

For people facing arrears or eviction, it's almost impossible to find somewhere cheaper to live. Lettings at housing benefit rates are reducing, as only a minority of previous housing benefit-level landlords would re-let at that rate.<sup>9</sup> Only eight per cent of properties listed in England over the last year were affordable on housing benefit rates.<sup>10</sup> This had reduced by a third in just five months. A snapshot analysis by the Bureau of Investigative Journalism in the second half of 2022 suggests that affordable properties are reducing rapidly, as low as two per cent. The government's own rental data shows that even before the rapid inflation in living costs, the housing benefit available to single people under 35 was especially far removed from real rents.<sup>11</sup>

This affordability gap is driving homelessness. Crisis' cost of living research found that nearly one in four households in receipt of housing benefit (24 per cent) said that they were expecting to fall behind with their housing payments over winter.

With the private rented sector under pressure, evictions from the sector have more than doubled in the last year following the end of the eviction ban,<sup>12</sup> and this is a growing cause of homelessness.<sup>13</sup>

1 Crisis analysis of the cost of food, housing and bills by income decile and tenure, based on the Office for National Statistics' Living Costs and Food Survey data 2020-21..

2 Allard, M. (2022) "I don't know what the winter's going to bring:" experiences of homelessness during a cost of living crisis. London: Crisis <https://www.crisis.org.uk/ending-homelessness/homelessness-knowledge-hub/cost-of-homelessness/experiences-of-homelessness-during-a-cost-of-living-crisis/>

3 The Rightmove Rental Trends Tracker 2022 Q2 report <https://www.rightmove.co.uk/news/content/uploads/2022/07/Rental-Trends-Tracker-Q2-2022-Final.pdf>

4 The Rightmove Rental Trends Tracker 2022 Q3 report <https://www.rightmove.co.uk/news/rental-price-tracker/>

5 Crisis analysis of the cost of food, housing and bills by income decile and tenure, based on the Office for National Statistics' Living Costs and Food Survey data 2020-21.

6 Department for Work and Pensions, August 2022: Households on Universal Credit – Local Housing Allowance Indicator accessed via StatXplore.

7 By November, 2022, Citizens Advice had helped 7,167 people receiving Local Housing Allowance with debt that year. In August, they owed £509 in rent arrears, on average, up by 41% on the same time in 2020. <https://wearecitizensadvice.org.uk/why-the-freeze-on-local-housing-allowance-is-unsustainable-125f84cddeca>

8 NRLA – In Focus (2022, Qtr 1): Universal Credit, Local Housing Allowance & Welfare <https://www.nrla.org.uk/research/quarterly-reports/2022/qtr-1-universal-credit>

9 16% of LHA property landlords would re-let at the LHA rate once the present tenant moves out of their LHA-rate accommodation.

10 Joint analysis by Crisis and Zoopla April 2021-22 and September 2021-22.

11 Chartered Institute of Housing analysis of VOA data (September 2021-22).

12 Crisis Press Release (10th November 2022) <https://www.crisis.org.uk/about-us/media-centre/crisis-responds-to-new-landlord-repossession-statistics-showing-106-increase-in-repossession-claims/>

13 Crisis Press Release (24th November 2022) Homelessness from the private rented sector 19% higher than before the pandemic <https://www.crisis.org.uk/about-us/media-centre/homelessness-from-the-private-rented-sector-19-higher-than-before-the-pandemic/>

Urgent action is needed to prevent even more people being pushed into homelessness. The best available modelling estimates that 300,000 households could be forced into the worst forms of homelessness in 2023, including sleeping on the streets, sofa surfing and living in temporary accommodation such as hostels and B&Bs.<sup>14</sup> This is up by a third since 2020.

This rise is not inevitable. Investing in housing benefit in the upcoming budget so that it covers at least the bottom third of actual rents is one of the most effective actions the UK Government can take to reduce the numbers of people facing homelessness.

## The lack of affordable renting options is prolonging and deepening homelessness

With rents rising while housing benefit levels remain frozen, access to affordable housing is collapsing for people on low incomes. This is trapping people in homelessness for longer, with nowhere to move to. That means people are having to spend longer in temporary accommodation, sofa surfing, sleeping in cars and other unsuitable accommodation or having to remain in abusive relationships.

Social housing as a proportion of all stock has declined significantly over the last 40 years, from 31 per cent of all homes in England to just 17 per cent.<sup>15</sup> This acute shortage of social housing means that the private rented sector is often the only option for many people trying to leave homelessness behind. But rising private rents mean that people struggle to find anywhere they can afford to live.

This means that local authorities are having to put people in expensive temporary accommodation for long periods of time. The average length of time for a family with children to spend in temporary accommodation is now between two and five years, and over 13,000 families have been stuck in temporary accommodation for over five years.<sup>16</sup>

London Councils has published the most up-to-date statistics on the scale of the problem in the capital. The consequences of the cost of living crisis are evident, with the number of people approaching their local authority for support with homelessness 14 per cent higher in October 2022 compared to the same time in 2021. This has an enormous human and financial cost, with 162,000 homeless Londoners living in temporary accommodation, equivalent to 4.5 per cent of all London households.<sup>17</sup>

Local authorities are running out of options to support local residents. Discretionary housing payments (DHPs) enable councils to provide emergency support to residents who are struggling with housing costs. However, this simply isn't enough to plug the growing gap people are facing between their rent and their income. Councils' spending on DHPs was over 10 per cent higher in the first six months of this financial year compared to last, as households require more support.<sup>18</sup>

As well as piling extra costs onto local authorities, temporary accommodation is expensive for the people affected. People may be subject to service charges on top of their rent, and Crisis' cost of living research found that these charges are increasing for many. Travel costs can also be particularly high for people who had been placed in temporary accommodation that is far from their place of work, their children's school, or health appointments. Those who don't have laundry facilities in temporary accommodation end up having to pay more to wash clothes in laundromats, and some people have to pay to keep their possessions in storage.

Due to certain requirements in the homelessness system, such as meeting eligibility requirements linked to immigration status and, in England and Wales, needing to be in priority need,<sup>19</sup> not everyone that is homeless is offered temporary accommodation from their local authority.

This means for some people, rough sleeping may be their only option. Sadly, we are already seeing more and more people being forced to sleep rough.

Across England the number of people estimated to be sleeping rough in September 2022 was up 25 per cent compared to the same time last year.<sup>20</sup> In London there has been a similar increase, and it is being driven by an uptick in people sleeping rough for the first time, which suggests that mounting living costs and a rapid decline in affordable housing is pushing people into homelessness.<sup>21</sup>

This puts additional pressure on services like Glass Door, who partner with churches and community centres to give shelter and support to people facing homelessness. Their caseworkers have seen an increase in demand for support, and they have had 14 per cent more people needing support between June 2022 and January 2023 compared to the equivalent period the previous year.

The lack of affordable housing then makes it difficult for people to move on from homelessness services, with organisations like Glass Door and St. Mungo's struggling to find properties that clients can rent at housing benefit rates. This limits capacity in homelessness services as more people are entering them due to the cost of living crisis, but fewer people are moving on.

14 Watts, B., Bramley, G., Fitzpatrick, S., McMordie, L., Pawson, H., and Young, G. (5th December 2022) The Homelessness Monitor: Great Britain 2022 <https://www.crisis.org.uk/ending-homelessness/homelessness-knowledge-hub/homelessness-monitor/about/the-homelessness-monitor-great-britain-2022/>

15 31% in 1980, and 17% in 2020 – House of Commons Library (13th August 2022) Research Briefing: Social rented housing (England): past trends and prospects <https://commonslibrary.parliament.uk/research-briefings/cbp-8963/>

16 DLUHC (22nd September 2022) Statutory homelessness in England: financial year 2021-22, <https://www.gov.uk/government/statistics/statutory-homelessness-in-england-financial-year-2021-22>

17 London Councils Press Release (22nd December 2022) London's 162,000 homeless population equivalent to 'an entire borough' <https://beta.londoncouncils.gov.uk/news/2022/londons-162000-homeless-population-equivalent-entire-borough>

18 Charlie Berry (22nd March 2022) Blog: Risk of growing homelessness as cuts to discretionary housing payments deepen housing costs crisis <https://blog.shelter.org.uk/2022/03/risk-of-growing-homelessness-as-cuts-to-discretionary-housing-payments-deepen-housing-costs-crisis/>

19 Households deemed to have priority need, due to children, vulnerability or a disaster such as flood or fire, are entitled to temporary accommodation while homeless.

20 DLUHC (24th November 2022) [Support for people sleeping rough in England, September 2022 - GOV.UK](https://www.gov.uk/government/news/support-for-people-sleeping-rough-in-england-september-2022) ([www.gov.uk](https://www.gov.uk))

21 Crisis Press Release (30th October 2022) [Rough sleeping in London surges by 24% – Crisis responds | Crisis | Together we will end homelessness](https://www.crisis.org.uk/news/2022/rough-sleeping-in-london-surges-by-24%-%E2%80%93-crisis-responds-%E2%80%93-together-we-will-end-homelessness)

This impact can be seen across homelessness services, including in areas that haven't conventionally been seen as expensive to rent in. Changing Lives researched the impact on their service users, including in temporary accommodation and supported accommodation across the north of England and Midlands:<sup>22</sup>

**"It is becoming ever more difficult to help people move on from homelessness services because it is simply unaffordable for them to live independently. In some cases, the people we support are faced with the prospect of living with a deficit of almost £200 per month in private rented accommodation."**

Investment in housing benefit will help people struggling right now to find and keep a secure, safe home. To end homelessness for good, the UK Government must invest in building 90,000 homes a year for social rent so that there are enough homes that people can truly afford.<sup>23</sup>

## Homelessness negatively impacts people's mental and physical health, limiting their options

Homelessness is a stressful and upsetting experience that damages people's health and wellbeing.

Poverty makes it harder for people to afford to eat properly or buy things they need for their health and wellbeing such as medication:

**"I get... this prepared [meal], the frozen one, so I just warm them up, and I just eat that, and I eat very little. Like once a day, or sometimes not even that. Just tea and biscuits. That is what I eat."**

Interviewee in Crisis' Cost of Living research.

**"There is a foodbank down [name of street] and you pay £3.75 a week and then you get like a carrier bag of food. It wasn't ideal for me because it was basically lots of pasta, bread and rice and I don't have a gallbladder, so carbohydrates and things like that, they can affect me."**

Interviewee in Crisis' Cost of Living research.

**"I've been down to a few pounds before and had to think, do I want food or do I want painkillers, which is tough when you're in chronic pain and hungry, you kind of need both."**

Interviewee in Crisis' Cost of Living research.

**"I've sacrificed my health with my food. I've had to. Because I can't afford to actually buy the fresh food."**

Interviewee in Crisis' Cost of Living research.

Shelter have surveyed people living in temporary accommodation, finding that half have seen their physical health decline while homeless, and two thirds have seen a negative impact on their mental health. The disruption makes it harder to access health services, with two fifths (39 per cent) reporting that being homeless in temporary accommodation has made it harder to access GP or other healthcare appointments.<sup>24</sup>

Homelessness also puts pressure on people's ability to work.<sup>25</sup> Crisis research with people who are experiencing homelessness found that working without a home makes everyday activities like eating, commuting, sleeping and personal hygiene very difficult. It's hard to sleep, wash your clothes and charge your phone while homeless.

If you're sofa-surfing and moving around, commuting is challenging. People have described how being tired, stressed and unwell makes it hard to perform at work the way they want to, making it hard to hold down a job.

**"The actual problem of you're so tired and stressed in the morning. You can go to work sure, but will you do a good job? Probably not. Will you get fired? It's likely..."**

**But in the end, do you actually want to go and work? No, of course you don't, because you haven't even slept. How are you supposed to have the motivation to do a job, when you've been awake all night worrying?"**

Interviewee in Crisis' in-work homelessness research.

Homelessness has a damaging effect on children, taking them further from their nurseries and schools. Shelter's research has found that almost half (45 per cent) of school age children in temporary accommodation have arrived at school tired, late or hungry as a result of being homeless in temporary accommodation.<sup>26</sup> Families in temporary accommodation often lack space for their children to play, their living situation harming their early development and mental health. More than a third (35 per cent) of families surveyed in temporary accommodation say that their child or children have to share a bed with siblings or other family members. Many of the people supported by Changing Lives are facing loss of contact with their children as a result of recent cost pressures.<sup>27</sup> This includes people struggling to afford travel to contact centres in care arrangements, or to facilitate joint custody arrangements. People also reported a fear that children would be removed from them if they could not afford to provide a home.

22 Changing Lives (August 2022) Priced out: The impact of the rising cost of living on people with multiple unmet needs [https://changinglives.cdn.prismic.io/changinglives/35bfedb2-db8d-43f0-830f-1b7d89f5d28b\\_Priced+Out\\_17+Aug+22.pdf](https://changinglives.cdn.prismic.io/changinglives/35bfedb2-db8d-43f0-830f-1b7d89f5d28b_Priced+Out_17+Aug+22.pdf)

23 Bramley, G. (2018) Housing supply requirements across Great Britain: for low-income households and homeless people. London: Crisis and National Housing Federation <https://www.crisis.org.uk/ending-homelessness/homelessness-knowledge-hub/housing-models-and-access/housing-supply-requirements-across-great-britain-2018/>

24 51% of people in TA have seen their physical health decline while homeless. 63% have seen their mental health harmed by their homelessness. 39% can't get to GP or other medical appointments because of their homelessness. [https://england.shelter.org.uk/media/press\\_release/at\\_least\\_271000\\_people\\_are\\_homeless\\_in\\_england\\_today](https://england.shelter.org.uk/media/press_release/at_least_271000_people_are_homeless_in_england_today)

25 Sanders, B. and Allard, M. (2021) 'Barely breaking even': the experiences and impact of in-work homelessness across Britain. London: Crisis. <https://www.crisis.org.uk/ending-homelessness/homelessness-knowledge-hub/types-of-homelessness/barely-breaking-even-the-experiences-and-impact-of-in-work-homelessness-across-britain/>

26 Shelter briefing: Growing up homeless [https://assets.ctfassets.net/6sxvmdnnpn0s/feevnDu1r951BOsbLZsNH/658681db3c1bfaca8e1984e0298bdad1/TA\\_research\\_briefing\\_Children\\_in\\_TA\\_-1.pdf](https://assets.ctfassets.net/6sxvmdnnpn0s/feevnDu1r951BOsbLZsNH/658681db3c1bfaca8e1984e0298bdad1/TA_research_briefing_Children_in_TA_-1.pdf)

27 Changing Lives (August 2022) Priced out: The impact of the rising cost of living on people with multiple unmet needs [https://changinglives.cdn.prismic.io/changinglives/35bfedb2-db8d-43f0-830f-1b7d89f5d28b\\_Priced+Out\\_17+Aug+22.pdf](https://changinglives.cdn.prismic.io/changinglives/35bfedb2-db8d-43f0-830f-1b7d89f5d28b_Priced+Out_17+Aug+22.pdf)

People have described how lonely homelessness can be, isolating them from their colleagues while they keep it secret, and putting pressure on their relationships with people who support them. The rising cost of living isolates people from their wider support networks too, as interviewees in Crisis' cost of living research shared:

**"The cost of living now, I've become a hermit, I can't afford to go anywhere. I can't do anything."**

**"I don't run a car anymore because I can't afford it. I can't just sort of go for a drive or take my kids out or anything or go and see my daughter."**

**"Although you know you will benefit from a nutritious meal and a chat and it will be lovely because you've got comfort, you are then thinking no, I can't do that, because I do need that £10 of petrol money to get to work the next day."**

The mental strain of unsuitable accommodation is exhausting, with no option of an alternative:

**"I feel like I'm in jail, do you know what I mean? [...] it's quite mentally draining, that there just isn't anything affordable to give me the option to live on my own anymore."**

Interviewee in Crisis' cost of living research.

## Home is the foundation on which people can build good lives and communities

A safe and settled home is the foundation on which people can thrive and build a better future for themselves. When people can afford a home of their own, they are better able to look after themselves and their loved ones. Children can sleep in their own beds and arrive at school well-rested and ready to learn. Adults can sleep properly, charge a phone overnight and then commute to childcare and work in a more manageable and affordable routine.

Having a home means that it is easier for people to maintain their health and wellbeing. In a home of their own, people can store and cook food, making it more affordable to eat properly. A home means that people have somewhere to wash themselves, and their clothes too.

When people have a home, it makes it easier to maintain relationships with their loved ones, free from the strain and worry that homelessness brings. It makes it easier for children to maintain friendships and to have enough space to play and grow. Making sure that everyone has a safe and affordable home benefits us all, creating a stronger, more productive society where everyone can play their part.

However, current rates of homelessness make it much harder for people to contribute to and share in our country's prosperity, even at a time of significant labour shortages. Although employers across a range of sectors are struggling for staff, homelessness is locking many people out of work.

Crisis' research into in-work homelessness found people were unable to progress in work because of their homelessness, and were even unable to go for better paid jobs that they were already qualified for.

Without any affordable move-on housing options, people are spending longer in supported accommodation than they need to, for some this delays their ability to build the life they want in their own home. This is a trend being seen by local authorities, Crisis and other service providers. This creates bottlenecks in services that can mean other people who need support can't receive it.

People leaving prison are at high risk of homelessness, and people who are homeless when they are released are around 50 per cent more likely to reoffend within a year.<sup>28</sup> Nacro provide supported accommodation for people leaving prison, young people leaving the care system and other people experiencing disadvantage. They also support people leaving prison and in the community under probation supervision to find accommodation.

Unfortunately, rising rents and reduced availability of suitable housing options are making it harder for the people Nacro supports to find accommodation. These circumstances are making it harder for Nacro's residents to move on from supported accommodation into an independent home:

**"There just isn't enough private accommodation. There certainly isn't enough one bed cheap accommodation. There's no local authority or housing association property".**

Nacro resettlement support worker.

Everyone has a right to feel safe in their home, and affordable renting options make it easier to keep our whole community safe. For people fleeing domestic abuse, access to safe and affordable housing is a key factor in decision-making about whether they stay with, or leave, an abuser. Too often, survivors face homelessness if they leave their abuser, which the 2019 Survivor Voice Survey found to be barrier to leaving for two thirds of those surveyed.<sup>29</sup>

The impact of the cost of living crisis is devastating for women experiencing domestic abuse, with 45 per cent of survivors experiencing increased rent or mortgage costs, and a further 16 per cent reporting that all of their costs have increased.<sup>30</sup>

Domestic abuse charity Hestia are one of the largest providers of refuges in London. They have seen a 30 per cent increase in demand for domestic abuse refuge spaces and support in the first quarter of 2022. Families are also having to stay in refuges for longer as the cost of finding a home to move on due to rent rises. The charity say the cost of living crisis is the biggest contributor to the increase in demand for refuge spaces.

Many refugees find that they can't afford to rent anywhere once they are in the UK and want to build a life for themselves. Especially where there are underlying health conditions or trauma, the stress of being unable to find a safe home is a difficult pressure to deal with.

28 Walker, A. for the Guardian (12 August 2019) 'Two-thirds of homeless ex-prisoners reoffend within a year' <https://www.theguardian.com/society/2019/aug/12/two-thirds-of-homeless-ex-prisoners-reoffend-within-a-year>

29 Women's Aid (2020) The Domestic Abuse Report: the hidden housing crisis <https://www.womensaid.org.uk/wp-content/uploads/2020/06/The-Domestic-Abuse-Report-2020-The-Hidden-Housing-Crisis.pdf>

30 The Chartered Institute of Housing (September 2022) COST OF LIVING CRISIS: The crisis worsens – impact of rising energy prices. <https://www.cih.org/media/ys5ky0qi/0508-cost-of-living-crisis-volthree-final.pdf>

**“Despite her age and dangerous heart condition, my 66 year old mother has been sleeping in my kitchen since she fled the war in Ukraine. I looked for accommodation for my mother to rent but I couldn’t find anything! A tiny room to rent in Folkestone is minimum £450 per month but the Housing Benefit my mother qualifies for is around £260! Any option we choose will still leave her with a shortfall of nearly £200. How can a Ukrainian refugee like my mum afford this? All this stress has affected my mother’s health badly. It has caused frequent chest pains and anxiety and she was prescribed anti-depressants.”**

**Dasha, speaking at the All-Party Parliamentary Group for Ending Homelessness.**

The lack of affordable move on options are a challenge when hospitals refer patients to local authorities who struggle to find suitable homes for people being discharged from healthcare settings. This can mean that people with ongoing health and social care needs are discharged into shelters, or even the streets, further harming their health outcomes. We are all stronger when everyone has a safe place to call home. It ensures that everyone has somewhere that they can look after themselves, and enables people to work and contribute to their communities. Putting an end to homelessness benefits us all.

## **Investing in housing benefit rates reduces homelessness and brings benefits to us all**

Investing in housing benefit helps to make private renting affordable for people on low incomes and is one of the most effective ways to prevent homelessness. In March 2020, the UK Government invested in housing benefit, also known as Local Housing Allowance rates, which made it much easier for people who had been experiencing the worst kinds of homelessness to find a home in the private rented sector and stay safe in the worst of the Covid-19 pandemic. It also helped families who were struggling to cover the cost of their rents to keep their homes and avoid homelessness.

With rents having risen at record rates since then, an equivalent investment to bring housing benefit in line with current rents would help to reduce homelessness again. DWP have estimated the cost of restoring housing benefit to cover the cheapest third of rents to be £700 million,<sup>31</sup> which would be a worthwhile investment.

It is estimated that 300,000 families and individuals across Britain could be forced into homelessness this year if no action is taken. Heriot-Watt University modelled the impact of various possible policy interventions on levels of homelessness, and found that investing in housing benefit would have the biggest impact on preventing an increase in the number of people forced into the worst forms of homelessness.<sup>32</sup>

Investing in housing benefit would also lead to savings across public services. Providing temporary accommodation for people experiencing homelessness costs local authorities in England £1.45 billion a year.<sup>33</sup> Access to affordable housing reduces the need for temporary accommodation, making it easier for people to move on from homelessness across the UK.

The wider costs to public services of homelessness, including health and justice, have been modelled by PwC in 2018, and found to be extensive. A cost-benefit analysis commissioned by Crisis of investing in housing benefit by Alma Economics, following the same principles the UK Government uses for cost-benefit analyses, found that the costs of investment are strongly outweighed by the benefits, including taking into account the impact on people’s well-being, and the wider impact on society, if someone is prevented from becoming homeless or lifted out of poverty.<sup>34</sup>

Investment in housing benefit rates is well-targeted at people who are facing the greatest pressures as a result of the cost of living crisis. Crisis analysis shows that low-income households living in the private rented sector are facing combined rents, food and utility costs that significantly exceed their income.<sup>35</sup> More social housing supply is needed, but in the meantime, the most effective way to support private renters on the lowest incomes is to ensure that housing benefit covers the true cost of rent.

Ensuring that housing benefit covers at least the cheapest third of local rents would help to prevent the build-up of debt and arrears that the lowest income renters are facing.

Rising evictions and homelessness cost us all dearly, but urgent investment can stem the tide and benefit us all.

<sup>31</sup> Mims Davies MP in response to written question UIN 123926 <https://questions-statements.parliament.uk/written-questions/detail/2023-01-16/123926>

<sup>32</sup> Watts, B., Bramley, G., Fitzpatrick, S., McMordie, L., Pawson, H., and Young, G. (5th December 2022) The Homelessness Monitor: [Great Britain 2022 Homelessness Monitor 2022 | Great Britain | Crisis UK](#)

<sup>33</sup> Hannah Rich (8th February 2022) Blog: Temporary accommodation: the new social housing? <https://blog.shelter.org.uk/2022/02/temporary-accommodation-the-new-social-housing/>

<sup>34</sup> Crisis (August 2019) Cover the Cost: Restoring Local Housing Allowance rates to prevent homelessness <https://www.crisis.org.uk/media/240986/crisis-cover-the-cost-solutions-report.pdf>

<sup>35</sup> Crisis analysis of the cost of food, housing and bills by income decile and tenure, based on the Office for National Statistics’ Living Costs and Food Survey data 2020-21. Those private renting households on the lowest 10 per cent of incomes are facing combined rents, food and utility costs that exceed their total incomes by 43 per cent.

## Case study of a local area: how housing benefit shortfalls are contributing to homelessness in Nottingham

Nottingham Law Centre and Housing Aid are supporting Amber\*, who approached them in January because she couldn't afford her rent. Amber receives the full Local Housing Allowance rate for a two bedroom property, which is £550 in Nottingham, but her rent is £700. This is about the going rate for two bedroom properties in the Nottingham City area. She was able to apply for a Discretionary Housing Payment (DHP) from the local authority a few months after moving in, but this was only for a limited period. When DHP stopped, she started to fall behind with the rent. The landlord served a Section 8 eviction notice after she missed two consecutive payments for the gap between her housing support and rent – totalling £300. Amber's caseworkers have supported her with legal advice on the eviction notice and have asked the landlord if he would be prepared to renegotiate a more affordable rent. He explained that he is unable to do this as his mortgage payments have increased, and he needs the rent to cover his mortgage. He has now served a Section 21 notice as he says he needs a tenant who can pay £700.

Amber's experience is representative of many others facing high shortfalls between their housing benefit and their actual rent. Zoopla and Crisis analysis found that this costs low income renters in Nottingham an average of £158 a month for the cheapest one-bedroom homes, rising to about £178 for two and three bedroom homes.

Nadia\* is another client receiving support from Nottingham Law Centre. She was served a valid Section 21 notice after building up rent arrears, which were caused by benefit issues. Although those benefit issues have now been resolved and the arrears have been cleared, the landlord has offered a new tenancy at a higher rent. Nadia cannot really afford the new, higher rent but the alternative is going into temporary accommodation. This would mean staying in hotels for several weeks, which would be very hard for her as she has three young children and works.

Lots of families are facing the same challenges in Nottingham, where around 400 families are in temporary accommodation, including around 100 in hotels. Housing Aid have been offering six months' rent in advance to try to get people into private tenancies, but this has limited success because the rents are not affordable on housing benefit.<sup>36</sup> The local authority have very few options to support people into private rented housing because only four per cent of properties listed for rent over the last year were affordable to people on housing benefit. (Add reference here - Joint analysis by Crisis and Zoopla April 2021-22 and September 2021-22.) With professionals looking to rent bigger properties when working from home, there is high pressure on the private rented sector and landlords have a lot of choice. Tenants who are seen as higher risk find it much harder to secure a tenancy.

Nottingham Law Centre have described the impact this is having on housing quality: "Clients in poor properties who used to vote with their feet can't do that now. There's more pressure on environmental health, who can't inspect all properties and are concerned about retaliatory Section 21 evictions if they serve improvement notices."

\*Names have been changed.

<sup>36</sup> Joint analysis by Crisis and Zoopla April 2021-22 and September 2021-22.

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