

## Policy Briefing on the Local Housing Allowance (LHA) Freeze

September 2025

The Local Housing Allowance (LHA) freeze is untenable. It is undermining the security of people's tenancies, putting households under significant financial strain while at the same time putting their ability to enter and sustain work at risk. This is both raising the risk of homelessness and making it harder to end people's homelessness because there are very few affordable homes to rent. This means more people are trapped in temporary accommodation, with the associated negative impacts on health and wellbeing for households, and financial stresses for local authorities. The only effective option is to uprate LHA so that it once again covers the 30th percentile of local rents for the duration of this Parliament.

This policy briefing sets out new evidence supporting the call for LHA to be urgently uprated, and the ways that this would contribute to the Government's aim to prevent and alleviate child poverty and homelessness.

### Policy Recommendation

**Unfreeze and restore Local Housing Allowance (LHA) at the Autumn Budget 2025 to cover at least the bottom 30% of rents in local areas, to prevent and alleviate homelessness.**

### Frozen LHA rates are making private renting unaffordable

Cycles of LHA freezes are eroding affordability in the private rented sector and making it impossible for renters reliant on it to plan their lives with any certainty from one year to the next. The April 2024 uprating helped reduce shortfalls but, just one year on, the current freeze has left low-income renters with almost no affordable options.

Analysis of Zoopla listings of private rented homes by Crisis found that:

- **Only 2.7% of properties were affordable at LHA rates across Great Britain<sup>1</sup>**
- There were monthly shortfalls of well over a hundred pounds between LHA rates and the real cost of rents across each bedroom size e.g. the average shortfall between a 2-bed home and the LHA rate was £393 in England<sup>2</sup>

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<sup>1</sup> <https://www.crisis.org.uk/get-involved/campaign/restore-housing-benefits-to-cover-the-true-cost-of-rent/>

<sup>2</sup> See annex below for breakdowns across England, Scotland and Wales.

- The average shortfall between LHA and rent for a 3-bed home in England is the same as a month's gas, electricity and food spend for a typical family<sup>3</sup>

This drop in affordability is much more significant than in previous cycles of freezes. For comparison, the same analysis found that, shortly after the last LHA uprating in 2020, in 2021/22 12% of listings in England were affordable, whereas only 2.4% were affordable in 2024/25 after the 2024 uprating. Higher rates of rent inflation have eroded affordability faster than previous periods of freezes.

Existing tenancies have also become less affordable. Analysis by the Chartered Institute of Housing (CIH) of existing tenancies in England based on rent officer data found that only 20% were affordable on LHA rates, which is well below the 30th percentile.<sup>4</sup> It is, therefore, concerning that the freeze may continue into the next year from this already difficult position.

- Frozen LHA rates have a demonstrable impact on poverty, with 25% of private renters who rely on LHA in poverty due to housing costs<sup>5</sup>
- The financial strain on families is particularly pronounced. Analysis of Zoopla listings shows that the largest shortfalls are for 3-bedroom homes, which are primarily occupied by families (in England the average 3-bed shortfall was £429 per month). This can interact with the benefit cap to mean families face an even bigger gap between incomes and essential costs, including housing.

Frozen LHA rates are not only reducing affordability but also pushing households towards homelessness, as widening shortfalls make it harder to sustain tenancies and avoid arrears.

### **Impact of the frozen Local Housing Allowance rates on tenants**

People renting privately are already feeling the pressure. The Voice of the Tenant survey conducted by the TDS Charitable Foundation highlights the scale of hardship in the ongoing cost of living crisis:<sup>6</sup>

- 27% are in rent arrears
- 61% have cut back on essentials to pay rent
- 40% found it difficult to afford their rent last month

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<sup>3</sup> The average 3-bed home shortfall in England was £429 based on Crisis analysis of Zoopla listings data and LHA rates (see annex 1 for further details). The average monthly household expenditure on energy, gas, food and non-alcoholic drinks was £435.93 based on Crisis analysis of the ONS Living Costs and Food Survey April 2022-March 2023:

<https://www.ons.gov.uk/peoplepopulationandcommunity/personalandhouseholdfinances/expenditure/bulletins/familyspendingintheuk/april2022tomarch2023>

<sup>4</sup> CIH analysis of Valuation Office Agency [Shadow List of Rents April 2025: collated 1st October 2023 – 30th September 2024](#)

<sup>5</sup> JRF (2024) [Stop the freeze: permanently re-link housing benefits to private rents](#)

<sup>6</sup> TDS Charitable Foundation (2025) Voice of the Landlord Survey: Wave 2 (Unpublished Stats)

Low LHA is a barrier to finding an affordable home:

- 50% of benefit recipients say they cannot find a suitable property
- 31% say they struggled to find anything affordable on LHA

The result is that many people are having to plug shortfalls between LHA and rent by dipping into savings, going into debt, or by drawing on other sources of income, like Personal Independence Payments (PIP), which is intended to be used exclusively to cover additional costs relating to someone's disability.<sup>7</sup>

### **Laura's\* Story**

Laura lives in a 1-bedroom flat for £1,500 a month including bills, but only receives £950 to support her housing costs, meaning she has to deal with a £550 shortfall every month. She works three days a week, and due to her mental and physical health she also receives disability benefits - Personal Independence Payment (PIP) and Limited Capability for Work and Work-Related Activity (LCWRA). Due to her mental health, she cannot manage living in shared accommodation and this is the cheapest option available. The current freeze on LHA is making Laura's situation worse. She is having to use all the benefits available to cover her rent and get into work and worries that any changes would mean she would lose her job and be made homeless.

\*Crisis client, not real name

As Laura's story shows, high housing costs can intrude on many other areas of life. For many people, a sudden drop in income, or a rent increase, can push them into financial crisis and homelessness.

Modelling by JRF suggests that if LHA remains frozen over the course of this parliament, on average, private renters on housing benefits will be around £700 worse off per year by 2029.<sup>8</sup> Frozen LHA would be a major driver of poverty with 50,000 renters pulled into poverty, 60,000 into deep poverty and 80,000 (including 30,000 children) into very deep poverty.<sup>9</sup>

The constant uncertainty from one year to the next about what will happen to LHA rates is making it impossible for many tenants to plan with any certainty their long-term housing needs.

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<sup>7</sup> Citizens Advice (2024) [Upgrading Local Housing Allowance: Briefing Note](#)

<sup>8</sup> JRF (2024) [Stop the freeze: permanently re-link housing benefits to private rents](#)

<sup>9</sup> Ibid.

## **Frozen LHA rates risk shrinking the supply of affordable private rented homes**

Freezes of LHA are eroding landlord confidence and risk further shrinking the supply of homes available to households reliant on benefits. The problem is that LHA rates are no longer linked to market rents and therefore what people can afford, and that the income stream is viewed as unreliable by landlords who are then reluctant to let to tenants in receipt of benefits.

Research by the TDS Charitable Foundation highlights frozen LHA rates as a key barrier to landlords letting to tenants in receipt of benefits:

- 1 in 4 (25%) landlords feel unable to rent properties to people in receipt of housing benefits/universal credit
- Most landlords who feel unable to let to people receiving benefits cite the perceived financial precariousness of this group (71%)
- 45% of landlords point directly to the gap between LHA and market rent – with 36% troubled by the payment of housing benefit in arrears or the perceived delays in processing benefit applications

Although some landlords would prefer to rent to households in receipt of benefits, frozen LHA rates make it financially unviable. Research suggests that landlords who let to people in receipt of benefits were just as likely to have raised rents in the last 12 months (56% of all landlords), despite LHA rates being frozen.<sup>10</sup> Without restoring LHA rates, there is a real risk of further contraction of the supply of affordable private rented homes at LHA rate or below.

Research by JRF found that while the overall size of the PRS has remained stable in recent years, there has been a notable contraction in supply at the more affordable end of the sector.<sup>11</sup>

While the Government delivers the long-term goal of 1.5 million new social and affordable homes, it is essential that, in the short term, access to affordable housing is maintained, including in the private rented sector. Without an adequate supply of affordable private rented homes and social housing, more people will be put at risk of homelessness. This will increase pressure on local councils, who are forced to plug the gap with homelessness services and expensive temporary accommodation.

Local authorities are already struggling to meet demand for temporary accommodation which costs £2.8 billion per year and rising.<sup>12</sup> With very few affordable homes available, more people will be trapped in temporary accommodation and other forms of homelessness for longer periods. Already, in response to the limited availability of affordable options, local authorities are

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<sup>10</sup> TDS Voice of the Landlord research.

<sup>11</sup> JRF (2024) [Is the private rented sector shrinking?](#)

<sup>12</sup> Shelter (2025) [Bill for homeless accommodation soars by 25%, hitting £2.8 bn](#)

increasingly having to pay for the most expensive temporary accommodation, such as nightly paid hotels. In the last 4 years spending on this type of temporary accommodation increased from £128 million to £635 million across England.<sup>13</sup> When added to B&B costs this represents over 60% of TA spend in the last 12 months.<sup>14</sup> Uprating LHA is essential to preventing homelessness and improving PRS access for households currently experiencing homelessness.

## **The case for uprating Local Housing Allowance**

Restoring LHA to reflect the true cost of rent is the most immediate and effective way to prevent homelessness and ensure low-income households can access and sustain affordable, stable housing. It is also a vital step to delivering the Government's strategies on child poverty and homelessness.

By restoring LHA to cover the real costs of rent, households will be better supported to stay in, or access, homes and, therefore, maintain employment, connections to schools, GPs, and their local neighbourhoods. The subsequent reduction in financial strain from housing costs, and the bolstering of their housing stability, would likewise improve people's health and wellbeing.<sup>15</sup>

Uprating LHA to cover at least the cheapest 30% of rents in a local area would lift 75,000 children and 125,000 adults out of poverty.<sup>16</sup> This would make a significant contribution to the Government's commitment to alleviating child poverty.

Restoring LHA is also essential to preventing homelessness and is a key welfare mechanism for getting back on track to ending homelessness as part of the cross-government strategy for ending homelessness. Preventing homelessness upstream by providing more financial support with housing costs would produce better outcomes for people at risk of homelessness and the local authorities providing support, and cost savings against temporary accommodation costs.

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<sup>13</sup> CIH (2024) [Tackling rising use of temporary accommodation must be a priority](#) (Blog by Francesca Albanese, Crisis)

<sup>14</sup> Ibid.

<sup>15</sup> Crisis (2025) [How affordable private rents can help tackle health inequalities and homelessness](#)

<sup>16</sup> Resolution Foundation (2025) [Housing Outlook Q4 2024](#)

## Annex 1. Crisis analysis of affordability using Zoopla listings data and Local Housing Allowance rates

### Percentage of affordable private rented property Zoopla listings based on LHA rates

Nation	Bedrooms			Total
	1	2	3	
England	3.5%	1.8%	2.0%	<b>2.4%</b>
Scotland	5.9%	7.8%	10.8%	<b>7.7%</b>
Wales	1.7%	1.0%	0.4%	<b>1.0%</b>
<b>Total</b>	<b>3.6%</b>	<b>2.2%</b>	<b>2.3%</b>	<b>2.7%</b>

### Weighted average monthly shortfall on 30th percentile rent

Nation	Bedrooms		
	1	2	3
England	£340	£393	£429
Scotland	£129	£175	£194
Wales	£186	£244	£302

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 2024 and 31st March 2025. This is the first full year following the uprate of LHA rates on the 1st April 2024. This set includes 777,282 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.<sup>1718</sup>

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.

<sup>17</sup> Urban Big Data Centre (2025) Postcode to Broad Rental Market Areas (BRMAs) Lookup. Available: [https:// data.ubdc.ac.uk/datasets/postcode-to-broad-rental-market-areas-brmas-lookup](https://data.ubdc.ac.uk/datasets/postcode-to-broad-rental-market-areas-brmas-lookup)

<sup>18</sup> DWP (2024) Universal Credit Local Housing Allowance Rates 2024-25.

## Annex 2. TDS Charitable Foundation Research

**The Voice of the Tenant 2025 survey:** This fifth wave surveyed 2,045 tenants across England who rent from a letting agent or private landlord. All respondents were aged 18+ years. Fieldwork ran from 18th - 26th March 2025. All respondents are unique to this wave and did not participate in any of the previous waves. Using data from the English Housing Survey 2022/23 and syndicated sources, the final data is representative of private rental households in England in terms of age, gender, region and monthly rental cost brackets.

**The Voice of the Landlord 2025 survey:** This second wave surveyed 2,022 private sector landlords across England. All participants were aged 18+ years. Fieldwork ran from 3rd - 24th April 2025. Using data from the English Housing Survey 2022/23 and syndicated sources, the final data is representative of landlords and their portfolios in England, in terms of length of experience, number of properties being let, regional distribution and use of letting agents. Participants were sampled from two databases. 421 participants were recruited via the TDS Group and 1,601 participants were recruited from an independent source.

More info available:

<https://www.tdsfoundation.org.uk/post/the-voice-of-the-tenant-survey>

<https://www.tdsfoundation.org.uk/post/the-voice-of-the-landlord-survey>