

Key points

- With significant pressure on social housing and delays in the Affordable Housing Supply Programme, the private rented sector (PRS) provides an essential housing option for a significant proportion of the population, including people at risk of homelessness for a variety of reasons, and people moving on from homelessness.
- The proportion of homeless households being rehoused in the PRS has more than halved in ten years. At the same time the numbers of households in temporary accommodation and the duration of stay have reached record levels.
- Over 90% of private rental properties are unavailable to people who have been assessed as needing financial assistance to cover their rent (LHA).
- 88,400 households receive support through Local Housing Allowance (LHA) in Scotland. This is very roughly 3.5% of all Scottish households¹.
- 42% of Scottish households face a gap between their LHA and actual rent, which they often have to make up from other benefits or cuts in essential spending.
- Crisis analysis of Zoopla listings found that there was an average shortfall between rents and LHA rates of £100 and £200 a month.
- The renewed freeze of LHA rates is deeply disappointing and will have negative and wide-reaching impacts on homelessness. Crisis continues to call on the Westminster Government to uprate LHA back to the 30th percentile of the market to make the PRS more accessible and affordable.
- The Scottish Government should explore using its social security powers to top up support for those subject to LHA shortfalls in the PRS who are homeless or at risk. In particular they should consider support for young people.
- Scottish Government should consider whether it can work with social housing providers over time to reduce the level of subsidy mitigating the spare room subsidy and repurpose any savings towards Discretionary Housing Payments or adjustments to Local Housing Allowance
- Scottish Government should work with Westminster Government to consider whether reviewing Broad Market Rental Areas would make them more reflective of local PRS markets and target support more appropriately

Commented [AG1]: Our Zoopla/LHA data and the DWP data show slightly different things, so I'd be cautious about presenting it side by side without sources/explanation. DWP data uses existing lets, whereas our Zoopla analysis looked exclusively at listings. So, when it comes to shortfalls, if you include existing lets the average shortfall is likely to be lower than our Zoopla analysis suggests, and it's therefore not quite accurate to say the typical gap is £100 and £200 a month.

I'd suggest separating this into two bullet points to say something like 'Crisis analysis of Zoopla listings found that there was an average shortfall between rents and LHA rates of between £100 and £200'.

¹ Using 2024 National Records of Scotland household numbers

- Scottish Government should ensure a coherent approach towards the role of the PRS within Scotland's housing strategy, including a sustainable and strategic approach towards those on low incomes who need to make use of the PRS, to ensure it is affordable, accessible and there is appropriate to support to sustain these tenancies and prevent homelessness.

Homelessness, housing security and the private rented sector

The Scottish Parliament has sought to increase security within the private rented sector (PRS) through a range of measures including the introduction of the Private Residential Tenancy and more recently various rent control measures. The PRS represents a consistent proportion of housing tenure, at around 13%. It provides an essential housing option, including for people at risk of homelessness for a variety of reasons, and people moving on from homelessness. The rate of homelessness from the PRS is around 13%, proportionate to the population living in the sector.

Nevertheless, in the last ten years **the proportion of homeless households finding settled accommodation in the private rented sector has reduced from 8% to just 3%**. At the same time the numbers of households in temporary accommodation and the duration of stay have reached record levels.

In some areas of Scotland, the majority of social housing lets are going to homelessness households, meaning that other people in housing need, and possibly at risk of homelessness struggle to access social housing. With such pressure on social housing, the private housing market is for some the only option.

Furthermore, in Edinburgh council home allocations have been frozen for all households except newly homeless families since April 2025. This has been extended several times, now until February 2026. This means that private housing is the only option for many, or for already homeless households remaining in temporary accommodation.

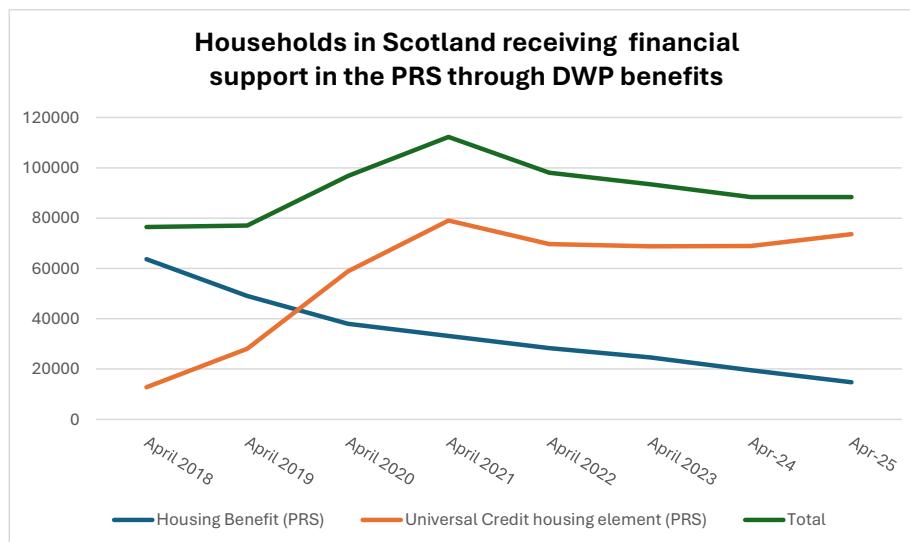
In coming years, the homelessness prevention measures set out in the Housing (Scotland) Act 2025 will mean that public bodies will have to act to prevent homelessness, including from the private rented sector. The PRS will also be an important housing option for some households at risk of homelessness. In this context, the affordability of the PRS, including through LHA support, will be vital.

Households on LHA in Scotland

88,400 households in Scotland were living in the private rented sector and receiving Local Housing Allowance in April 2025, across Universal Credit housing element and housing benefit. Of these, 73,600 are receiving this through Universal Credit², 4.4% of all

² The numbers receiving housing benefit are tailing off significantly as people are moved over to the Universal Credit.

recipients across Great Britain. The numbers are around 12,000 higher pre-pandemic levels, with a significant increase during the pandemic as emergency measures entitled more people to support.



Source: DWP stat-explore

Inadequacy of LHA

Accessing properties within LHA levels

In April 2025 Crisis worked with Zoopla to analyse the affordability of the private rented sector across Great Britain and compare them to LHA rates. It found that around 8% of PRS properties listed on Zoopla were available within LHA rates in Scotland. This is a greater percentage of properties than in other parts of Great Britain, possibly reflecting the greater use of social housing in Scotland. Nevertheless, this means that **over 90% of private rental properties are unavailable to people who have been assessed as needing financial assistance to cover their rent.**

Nation	Percentage of affordable private rented property (Zoopla listings based on LHA rates)			
	1 bed	2 bed	3 bed	Average
England	3.5%	1.8%	2.0%	2.4%
Scotland	5.9%	7.8%	10.8%	7.7%
Wales	1.7%	1.0%	0.4%	1.0%
GB average	3.6%	2.2%	2.3%	2.7%

There were fewer smaller properties available within these rates compared to other parts of Great Britain. Of the properties that are available, there is often significant competition at the bottom end of the market from people on low incomes, people wanting to save to buy a home and students.

The above analysis does not include the Shared Accommodation Rate, a lower rate of LHA for people under 35, who are expected by the DWP to share accommodation. DWP does not publish data on the numbers on the Shared Accommodation Rate, but an extrapolation from several years of housing benefit data suggests that around 3% of LHA recipients may be on the Shared Accommodation Rate, about half the GB rate³. Although we do not know the reason for the lower proportion in Scotland, it may be that there is less of a culture of sharing properties with other households in Scotland outside of the student population.

Over half of homeless applicants are under 35. Given that anecdotally there is much less shared accommodation available, young people are at much greater risk of homelessness, and the effects of homelessness at a young age can be enduring, there is a **strong argument for scrapping, or at least reforming, the Shared Accommodation rate** to make private properties a more viable option for young people at risk of homelessness.

Shortfalls in LHA

Based on Crisis analysis of Zoopla property listings⁴, those seeking housing in the PRS market face a gap between LHA and the lowest 30th percentile of the private rented market rents of **between £100 and £200 a month** depending on the size of the property. A full breakdown by local authority is contained at the end of this submission. If households took up these properties, they would have to make up this shortfall by cutting back on essentials such as food or utilities, or by topping it up through other benefits such as disability payments.

	Weighted average monthly shortfall on 30 th percentile of Zoopla rents		
	1 bed	2 bed	3 bed
Scotland	£129	£175	£194

This year DWP have started publishing data on the number of households who face a shortfall in their LHA. Overall **42% of Scottish households receiving LHA through**

³ However an FOI by Citizens Advice (England and Wales) in 2024 suggests that the numbers on the SAR through Universal Credit are lower than would be expected extrapolating from housing benefit projections.

⁴ This analysis is based on listings on Zoopla's website, rather than existing in-tenancy rents.

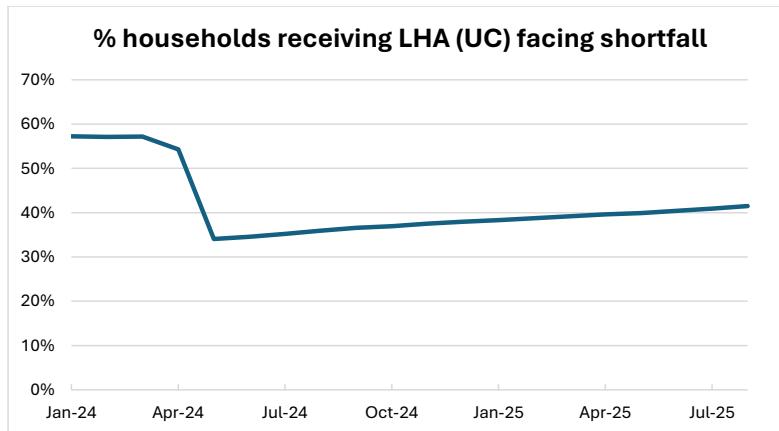
Universal Credit face a shortfall (as of August 2025). There is considerable variation between local authorities, and while 42% is an average, even greater proportions face shortfalls in some areas.

Local authority	% of recipients where LHA (UC) does not cover rent
Aberdeen City	50%
Aberdeenshire	40%
Angus	38%
Argyll and Bute	37%
City of Edinburgh	34%
Clackmannanshire	37%
Dumfries and Galloway	62%
Dundee City	45%
East Ayrshire	57%
East Dunbartonshire	38%
East Lothian	21%
East Renfrewshire	41%
Falkirk	37%
Fife	39%
Glasgow City	24%
Highland	55%
Inverclyde	42%
Midlothian	22%
Moray	42%
Na h-Eileanan Siar	32%
North Ayrshire	56%
North Lanarkshire	44%
Orkney Islands	34%
Perth and Kinross	49%
Renfrewshire	61%
Scottish Borders	52%
Shetland Islands	39%
South Ayrshire	63%
South Lanarkshire	45%
Stirling	49%
West Dunbartonshire	38%

West Lothian	52%
Scotland	42%

Source: DWP Stat-explore, data for August 2025

This is a lower proportion than in previous years because during April 2024 DWP increased the rate of LHA to the 30th percentile. As a result between April and May 2024 the proportion of Scottish households facing a shortfall fell from 54% to 34%. However, this proportion has been gradually rising since then to the current level.



Source: DWP Stat-explore

Crisis has been calling on the Westminster Government to continue to update LHA to prevent this continued rise. Yet, following the Westminster Autumn 2025 Budget, LHA will remain frozen. This is deeply disappointing and will have **very negative and wide-reaching impacts on homelessness**, particularly as DWP data shows uprating LHA is helpful to prevent homelessness risk, as many more people can afford their rent.

There has been no statement on when the freeze may end – only the [Secretary of State's](#) confirmation that it will be maintained for 2026/27. The UK Government's spending forecasts assume that LHA will remain frozen in cash terms until at least 2029/30, meaning that the proportion of households facing a shortfall is likely to continue to grow – although we welcome the commitment to keep rates under review under the new English national plan to end homelessness.

Crisis continues to call for the uprating LHA to ensure that it continues to cover at least the bottom 30% of rents in a local area. Alongside this, the Shared Accommodation Rate needs to be scrapped, or at a minimum lowered back to the 25s and under, to enable people under 35 to access the private rented sector.

The freeze on Local Housing Allowance undermines the security of people's tenancies within the private sector, putting households under significant financial strain, while at

the same time risking their ability to enter and sustain work. This is both raising the risk of homelessness and making it harder to end people's homelessness because the PRS is not a viable option, and yet social housing is under extreme pressure. This means more people are trapped in temporary accommodation for longer periods of time, with the associated negative impacts on health and wellbeing for households, and financial stresses for local authorities.

Scottish powers in relation to Local Housing Allowance

A key discussion in the lead up to the Scotland Act 2016 was to give Scotland greater powers over housing benefits. This was achieved by giving Scottish Ministers (concurrently with the Secretary of State) powers in relation to the "determination and calculation" of the housing costs element of Universal Credit, "so far as relating to any liability of a claimant in respect of accommodation which the claimant rents" (s28). This includes support for housing costs for private renters. Powers were also devolved regarding Discretionary Housing Payments (DHPs). These have been used, but none of the powers relating to housing costs have been used.

As they currently stand, the [regulations](#) give Scottish Ministers powers in regard to:

- The structure and exemptions for Local Housing Allowance, which may include
 - the Shared Accommodation Rate and its exemptions
 - Criteria regarding the number of bedrooms
 - non-dependant deductions
 - Other areas including payments where people are having to move due to violence or waiting for disability adaptations to be made

It may also be possible for Scottish Ministers to work with the Secretary of State to develop their own regulations in this regard.

Depending on the role Scottish Government see the PRS having as a housing option for low income households in Scotland (see below), **they should explore using its social security powers to top up support for those subject to LHA shortfalls in the PRS who are homeless or at risk**, aiming towards greater equalisation of welfare support with social tenants. In particular they should consider support for young people, specifically **scrapping the Shared Accommodation Rate**.

Discretionary Housing Payments

Recent guidance from Scottish Government⁵ states that "at their discretion, LAs may award DHPs to provide support with Earned Income Taper deductions, Non-Dependent deductions, the Shared Accommodation Rate, and where Local Housing Allowance

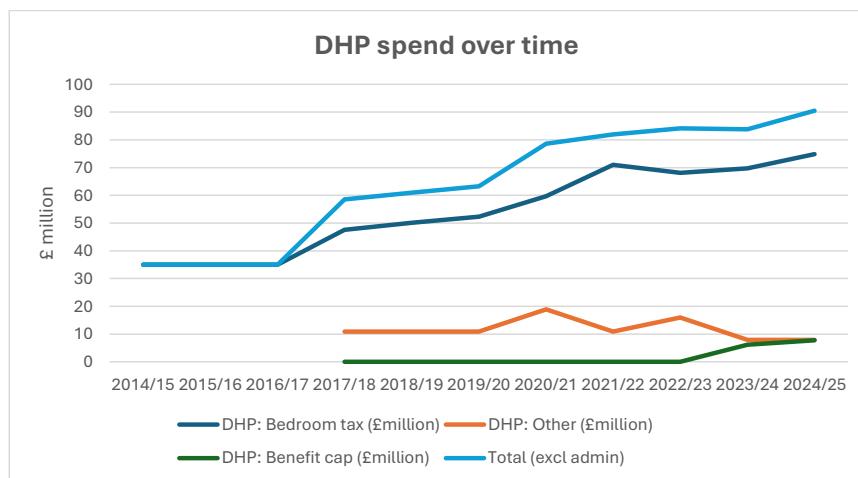
⁵ <https://www.gov.scot/publications/scottish-discretionary-housing-payments-guidance-manual/>

rates do not meet an individual's housing costs." ... They may also "award DHPs for non-welfare reform reasons, such as for rent in advance, deposits, and removals costs. However, it should be noted that the LA may provide these types of support through other mechanisms. They may also "award DHPs to eligible individuals who can show financial hardship."

Of the £97.1 million allocation towards Discretionary Housing Payments, just £7.9 million (8%) is for the above purposes. Around three-quarters of DHPs are spent on the mitigation of the bedroom tax for social tenants, and the rest is for mitigating the benefit cap.

Bedroom tax mitigation is demand-led and has almost doubled in the past 10 years from an initial amount of £35 million a year, to £72 million in the last year. 28% of social tenants are subject to bedroom tax in Scotland (compared to 19% across Great Britain), including 4% considered to have two or more spare bedrooms.

DHPs are temporary, often have to be reapplied for, and are discretionary for each applicant. Some of these areas that DHPs are designed to mitigate are areas that Scottish Government has powers to address in other ways, specifically under the social security powers delegated by the Scotland Act 2016. Using these would mean a more consistent and dependable approach both for recipients and for landlords than reliance of ongoing DHPs applications.



1. Bedroom tax mitigation funding is demand-led to ensure all affected individuals can receive support equal to the amount taken away by this deduction.
2. Benefit cap mitigation funding has also been demand-led since 1st January 2023. Prior to 2023/24, benefit cap funding was included in DHP "Other" funding.
3. DHP "Other" funding is a set amount and can be awarded to mitigate against Earned Income Taper deductions, Non-Dependent deductions, the Shared Accommodation Rate and where Local Housing Allowance rates do not meet an

individual's housing costs. At their discretion, Local Authorities may also award DHPs from this funding stream for non-welfare reform reasons, such as for rent in advance, deposits, and removals costs.

Source: <https://www.gov.scot/publications/foi-202400427360/>

While Crisis does not advocate for ceasing to mitigate the bedroom tax, the Scottish Government should consider whether it can work with social housing providers over time to reduce the level of subsidy mitigating this. This might be particularly appropriate for the 4% (12,600) households with multiple spare rooms, where Scottish Government has to mitigate a 25% cut in housing benefit⁶. Crisis does not support the “stick” approach of the bedroom tax, but there may be an appropriate incentive approach to support households where a move to a smaller property is appropriate, such as supporting with moving costs or even rent subsidy. This could be helpful given the lack of properties available for larger homeless households. Any money saved should be redirected to support tenants in the private sector either through DHPs or by taking a Scottish approach to LHA.

BRMAs in Scotland

Scotland is divided into 18 Broad Rental Market Areas⁷, which are the geographical housing market areas covered by a set of LHA rates.

Crisis believes there may be a case for reviewing BRMAs in Scotland, given the size and variable geography in some of them (see map in annex). For example the Highlands and Islands BRMA covers five local authority areas, from Shetland in the north to beyond Fort William in the south, Western Isles in the west to east of Elgin. This is not a reasonable area for someone to live and travel across. For comparison, Wales is the size of just Highland Council region alone, yet contains 23 BRMAs.

There is anecdotal evidence to suggest that landlords may raise rents to LHA levels particularly in BRMAs where there are very variable rents, for example between the outskirts of Midlothian compared to the centre of Edinburgh, or in Thurso compared to Inverness.

Making BRMAs more reflective of local PRS markets may mean that people are better able to access PRS properties in high demand areas, while avoiding artificially inflating and publicly subsidising rents in lower demand areas.

The last change was in 2015 which moved Oban from the Highland and Islands BRMA into the Argyll and Bute BRMA.

It may require action from Westminster to achieve significant change.

Considering the PRS as part of a wider housing strategy

⁶ DWP stat-explore

⁷ Rent Officers (Housing Benefit Functions) (Amendment) Order 2008

In developing long-term solutions to tackle affordability and pressurised housing markets, the Scottish Government must ensure that people on low incomes are able to access affordable housing.

Crisis welcomes the commitment to building of affordable and social housing supply, but this is a long-term aim which will require sustained commitment over many years. In the meantime, any depletion of private rented supply could result in people on lower incomes being locked out of the private market altogether, and in some cases trapped in temporary accommodation for even more extended periods.

Scottish Government and local authorities should consider what support there needs to be in order to prevent people becoming homeless from the PRS and for it to be an accessible option for people on low income households. **PRS access schemes have a valuable role to play in this**, and can help build confidence for both prospective tenants and landlords as part of a tenancy sustainment package.

While rent controls may have a role to play in preventing existing rents increasing, they do not tackle the issue of rents already being at unaffordable levels for people on low incomes.

A coherent approach towards the role of the PRS within Scotland's housing strategy is needed. **The Scottish Government must set out a clear vision for the role it sees the PRS playing in meeting immediate housing need, and the size and role the sector should play in the future tenure composition of housing in Scotland**, and then ensure a strategy to support this vision either to grow or shrink the size of the private sector in Scotland. If the PRS is to play a sustained role in housing, this will require a **sustainable and strategic approach towards those on low incomes who need to make use of the PRS, to ensure it is affordable, accessible and there is appropriate support to sustain these tenancies and prevent homelessness**.

For more information please contact Beth Reid, senior policy officer
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Annex 1: Crisis and Zoopla analysis of affordability of private rented sector for LHA recipients

BRMA	30 th percentile of monthly rent			LHA rate (monthly)			Monthly shortfall			Listings count		
	1 bed	2 bed	3 bed	1 bed	2 bed	3 bed	1 bed	2 bed	3 bed	1 bed	2 bed	3 bed
Aberdeen and Shire	£525.00	£700.00	£925.00	£475.00	£650.00	£860.00	£50.00	£50.00	£65.00	1401	385	1663
Argyll and Bute	£525.00	£750.00	£950.00	£450.00	£600.00	£695.00	£75.00	£150.00	£255.00	28	9	43
Ayrshires	£425.00	£550.00	£676.50	£375.00	£475.00	£564.88	£50.00	£75.00	£111.62	86	50	139
Dumfries and Galloway	£450.00	£567.50	£650.00	£380.00	£450.00	£500.00	£70.00	£117.50	£150.00	27	16	28
Dundee and Angus	£550.00	£775.00	£975.00	£400.00	£615.00	£795.00	£150.00	£160.00	£180.00	622	335	1160
East Dunbartonshire	£700.00	£930.00	£1,334.60	£550.00	£750.00	£1,000.00	£150.00	£180.00	£334.60	16	27	63
Fife	£550.00	£695.00	£900.00	£450.00	£590.00	£715.00	£100.00	£105.00	£185.00	146	133	433
Forth Valley	£595.00	£795.00	£995.00	£460.00	£650.00	£800.00	£135.00	£145.00	£195.00	145	130	444
Greater Glasgow	£800.00	£1,050.00	£1,250.00	£695.00	£850.00	£970.00	£105.00	£200.00	£280.00	1291	533	2330
Highland and Islands	£540.00	£650.00	£787.00	£475.00	£595.00	£695.00	£65.00	£55.00	£92.00	71	101	172
Lothian	£950.00	£1,275.00	£1,600.00	£750.00	£970.00	£1,375.00	£200.00	£305.00	£225.00	1988	791	3103
North Lanarkshire	£500.00	£675.00	£795.00	£440.00	£550.00	£675.00	£60.00	£125.00	£120.00	70	92	224
Perth and Kinross	£500.00	£675.00	£927.50	£425.00	£560.00	£750.00	£75.00	£115.00	£177.50	149	76	225
Renfrewshire/ Inverclyde	£525.00	£750.00	£883.00	£400.00	£525.00	£600.00	£125.00	£225.00	£283.00	182	77	314
Scottish Borders	£450.00	£550.00	£795.00	£375.00	£500.00	£615.00	£75.00	£50.00	£180.00	36	43	56
South Lanarkshire	£537.00	£675.00	£899.50	£450.00	£575.00	£715.84	£87.00	£100.00	£183.66	177	152	344
West Dunbartonshire	£525.00	£700.00	£790.50	£475.00	£595.00	£675.00	£50.00	£105.00	£115.50	21	16	56
West Lothian	£670.00	£800.00	£995.00	£500.00	£625.00	£750.00	£170.00	£175.00	£245.00	35	69	178

Figures rounded to nearest £5

Methodology

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 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.

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.

Annex 2: Map of Scottish BRMA and LA boundaries

Broad Rental Market Areas of Scotland

 Broad Rental Market Area 2015 (18)
 Council Area 2019 (32)

A. West Dunbartonshire, B. Renfrewshire/Inverclyde, C. East Dunbartonshire, D. Greater Glasgow, E. North Lanarkshire, F. South Lanarkshire, G. West Lothian.

Data: Scottish Government, Local Government Boundary Commission for Scotland
Created by: geo.fyi - 25th February 2021
Projection: British National Grid
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