

## Written evidence submitted by Shelter (TH0006)

1. Shelter exists to defend the right to a safe home. In 2023/24, we supported 15,975 households via our emergency helpline and 12,203 households came to our local hubs for advice on homelessness and housing issues.

### Summary

2. We agree with the conclusions and recommendations made by the National Audit Office (NAO) in their report '*The effectiveness of government in tackling homelessness*' published in July 2024.
3. The rising level of homelessness is attributable to welfare reforms including the household benefit cap and freezing Local Housing Allowance (LHA), and the failure to build enough genuinely affordable homes for social rent.
4. The government must permanently link LHA to the real cost of renting, and scrap the household benefit cap.
5. The government must ensure local authorities are adequately resourced to accommodate the record number of homeless households. It must remove the housing benefit subsidy cap to fully fund councils to provide decent temporary accommodation within their own districts.
6. To end homelessness and achieve value for money (which includes savings for temporary accommodation, health, education, crime and social security spending as well as increased revenue for the Exchequer), the Government must invest in building 90,000 genuinely affordable social rent homes a year for 10 years. We have set out how this can be achieved and have detailed the savings that could be made in '*Brick by Brick: A Plan To Deliver the Social Homes We Need*'.

### Prevent people from becoming homeless with adequate housing benefit

7. While social homes are the only sustainable solution to homelessness, housing benefit is a lifeline in preventing homelessness for private renting families struggling with soaring rents. More than a million children are living in poverty because of the cost of their family's rent.<sup>1</sup> However, the continuation of austerity-era policies is trapping families, and particularly lone-parent families in homelessness as they struggle to afford a home.
8. **Permanently link the local housing allowance (LHA) to the real cost of renting.** The government has chosen to continue the previous administration's planned freeze to LHA, breaking the vital link between housing benefit and the rents that people need to pay to escape homelessness. More than half (57%) private renting households claiming the housing element of Universal Credit are families with children.<sup>2</sup> Freezing the rate of LHA at a time of record rent increases will trap families in homelessness and make it impossible for local authorities to

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<sup>1</sup> Calculated based on DWP, Stat-xplore, Households below average income 2022-23, accessed September 2024. Includes children defined as living in relative low-income households (below 60% of median household income) where the household only meets the threshold for low-income after housing costs. The total number is 1,079,667 children, made up of 669,000 children in private renting households and 380,846 in social renting households.

<sup>2</sup> DWP, Stat-xplore, Households on Universal Credit May 2024, accessed November 2024.

prevent or relieve homelessness by finding private rented homes which people on low incomes can afford.

9. **Scrap the household benefit cap.** 123,000 households are affected by the household benefit cap. The vast majority – 71 per cent - are lone parents with children. The benefit cap limits the total amount a part-time, low-earning or out-of-work household can receive in benefits, trapping families in deep poverty. It is having a disproportionate impact on survivors of domestic abuse and on children.<sup>3</sup> The benefit cap makes it almost impossible to afford private rents. Recent research found that there were only enough affordable homes across the country to house one in six capped families.<sup>4</sup> Increasingly even social homes are becoming unaffordable. In 78 local authority areas in England, average council and/or housing association rents are unaffordable for capped families.<sup>5</sup> The benefit cap is therefore contributing to homelessness, as families are trapped in refuges and other forms of temporary accommodation and are unable to move on to settled and affordable homes.
10. In her Autumn Budget, the Chancellor announced her intentions to introduce a 5-year social rent settlement, with rent increases capped at CPI plus 1%. While this is important to give housing associations and local authorities the security and financial means to invest in improving the condition of their housing stock, the increased rents will push more people in social housing into the household benefit cap.
11. Freezing LHA and keeping the benefit cap is a false economy, as it pushes the costs on to local authorities' homelessness budgets. Councils spent £2.29bn on temporary accommodation from April 2023 to March 2024, an increase of 29% from £1.77bn the previous year.<sup>6</sup> The Local Government Association reports that 64% of all councils, and 85% of district councils, are facing budgetary pressures from temporary accommodation costs.<sup>7</sup>

### **Adequately subsidise councils to provide suitable temporary accommodation**

12. Last year, councils spent an eye-watering £2.3 billion on temporary accommodation (TA). However, the subsidy councils receive from government to cover the costs of TA has been frozen since 2011. This has left them struggling to cover the costs of suitable TA.
13. The impact is slum-like conditions, huge disruption and high costs for homeless households, who are expected to pay as much as they can bear. Almost nine in ten (87%) struggle to keep up with the costs of their TA. One in four (26%) report falling behind and almost half (47%) have borrowed money to keep up. Three-quarters (75%) live in poor conditions, including one in five (21%) with a safety hazard, such as faulty wiring or fire risks. Three in ten (31%) are accommodated outside their home area.
14. The government must ensure local authorities are adequately resourced to accommodate the record number of homeless households. It must remove the housing benefit subsidy cap to fully fund councils to provide decent temporary accommodation within their own districts.

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<sup>3</sup> Shelter, Child Poverty Action Group and Women's Aid, Joint briefing: Why scrapping the household benefit cap is vital for families, children and survivors of abuse, September 2024.

<sup>4</sup> M. Fransham et al., Capped and trapped (in the UK's housing market): how the benefit cap makes it almost impossible to find affordable housing, July 2024

<sup>5</sup> Op. cit.

<sup>6</sup> MHCLG, [Local authority revenue expenditure and financing England: 2023 to 2024 individual local authority data](#), Table R04, August 2024.

<sup>7</sup> Local Government Association, [1 in 4 councils likely to need emergency government support](#), October 2024.

## Social housing is a foundation for wealthier, healthier and safer communities

15. To build a better future where everyone has the foundation for a productive and happy life, people need the safety of a decent, secure and genuinely affordable place to call home.
16. Social rent is the only genuinely affordable tenure as rents are set by a formula that is linked to local incomes. Tenancies are secure and rent increases are more predictable than in the private rental sector. On average, social rents are a third (33%) of private rents – whereas ‘affordable rents’ are up to 80% of market rents.<sup>8</sup> People on ‘lower’ incomes – in some places reportedly with salaries as high as £30,000 – can fail affordability checks for Affordable Rent, so it is not truly affordable.<sup>9</sup>
17. Building a new generation of social homes will help our communities to flourish. Research by the Centre for Economic and Business Research commissioned by Shelter and the National Housing Federation<sup>10</sup> found that building one years’ supply of 90,000 social rent homes would have multiple social and economic benefits, including:
  - 17.1 **Housing Benefit:** There would be £4.5 billion savings on housing benefit as private tenants move into social rented homes where rents are on average are a third (33%) of private rents.<sup>11</sup>
  - 17.2 **Reduction in homelessness:** There would be far fewer people living in temporary accommodation and requiring homelessness assistance, leading to cumulative savings of £4.5 billion for local authorities. Building 90,000 homes a year for 10 years would end homelessness.
  - 17.3 **Employment:** A stable home increases people’s access to employment and their productivity. The cumulative value of this is estimated at £8.9 billion with a further benefit of £3.8 billion to the Exchequer through increased tax revenue.
  - 17.4 **Health:** Social housing tends to have fewer health hazards like damp and mould than private rented properties. A stable home is also linked to better wellbeing. Introducing 90,000 new social homes could save the NHS £5.2 billion.
  - 17.5 **Social security:** Due to higher employment, yearly Universal Credit claims would be cut by £1,218 per household, adding up to a saving of £3.3 billion for the Exchequer over the long term.

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<sup>8</sup> Social rent data is published by DLUHC: Social housing lettings (<https://www.gov.uk/government/collections/rents-lettings-and-tenancies#social-housing-lettings>). Private renting rent data is published by the ONS: The Price Index of Private Rents.

<sup>9</sup> Sivathasan, N. and Stewart, J., ‘Affordable housing schemes: ‘Invisible’ renters earning £30k not eligible’, BBC News, 1 August 2024, <https://www.bbc.co.uk/news/uk-66255727>

<sup>10</sup> CEBR, Research: The economic impact of building social housing, [https://england.shelter.org.uk/professional\\_resources/policy\\_and\\_research/policy\\_library/economic\\_impact\\_social\\_housing](https://england.shelter.org.uk/professional_resources/policy_and_research/policy_library/economic_impact_social_housing) February 2024.

<sup>11</sup> Shelter analysis of DLUHC and ONS data. DLUHC, Social housing lettings in England, April 2021 to March 2022, Table 2di, accessed June 2024, <https://www.gov.uk/government/statistics/social-housing-lettings-in-england-april-2021-to-march-2022>; ONS, Price Index of Private Rents, UK: monthly price statistics, accessed June 2024, [www.ons.gov.uk/economy/inflationandpriceindices/datasets/priceindexofprivaterentsukmonthlypricestatistics](http://www.ons.gov.uk/economy/inflationandpriceindices/datasets/priceindexofprivaterentsukmonthlypricestatistics)

- 17.6 **Lower crime:** Research shows social housing leads to fewer police callouts and tenants experiencing less crime. Introducing 90,000 new social homes could save £3.1 billion.
- 17.7 **Education:** Unfit housing harms children by disrupting their education, which leads to lower economic contributions, increased crime, and greater use of public services. 90,000 new social homes would reduce such disruptions and lead to overall savings of £2.7 billion.
18. The total benefit of building one year's supply of 90,000 social rent homes is estimated to be £51.2 billion over 30 years. The cost of building is balanced out by the economic benefits within only a few years. It pays for itself to the economy in three years and the Exchequer would get its money back in just over a decade.
19. In the Government's Spring Spending Review, it must set a clear ambition to end homelessness and house everyone on social housing waitlists, rather than spending billions on damaging temporary accommodation. To get there, it needs a clear target to build 90,000 social rent homes a year for 10 years.

**November 2024**