



22 September 2025

Sent by email

To:

Rt Hon Sir Keir Starmer MP – Prime Minister

Rt Hon Rachel Reeves MP – Chancellor of the Exchequer

Rt Hon Steve Reed OBE MP – Secretary of State for Housing, Communities and Local Government

Rt Hon Pat McFadden MP – Secretary of State for Work and Pensions

Copied to:

Dame Meg Hillier MP – Chair of the Treasury Select Committee

Florence Eshalomi MP – Chair of the Housing, Communities & Local Government Select Committee

Debbie Abrahams MP – Chair of the Work and Pensions Select Committee

Re: Joint sector letter on local housing allowance

Dear Ministers,

As the Government prepares for the Budget in the Autumn, it will be considering at what level to set the local housing allowance (LHA) for 2026/27. The LHA sets the limit on how much rent support people who receive benefits can get, helping families and individuals across the UK to afford their private rented homes. We are united in calling for LHA rates to be unfrozen.

While we support the UK Government's commitment to deliver 1.5 million new homes and the welcome announcement at the spending review of £39bn investment in social and affordable homes in England, we have real and pressing concerns that the on-going freeze on LHA is leaving people up and down the length of the country unable to find or maintain an affordable home. It is resulting in a surge in demand for homelessness services and an increase in the use of costly temporary accommodation. Without a stable home, people are being pushed out of work and there is heightened pressure on public services.

As of November 2024, almost half (48 per cent) of the 1.6 million private rented households in receipt of universal credit had a shortfall between the support they received and their rent.¹

The Valuation Office Agency shadow data shows that the number of homes covered by the LHA shrank by more than a third this year – the steepest decline in one year of any previous freeze or failure to uprate. For those who are homeless the picture looks even more bleak. Research by Crisis suggests that fewer than three in every 100 private rented properties in England are now affordable for people on housing benefit (with similarly constrained markets in Scotland, Wales and Northern Ireland).² This is down from 12 per cent in 2021-22 – the first year of the previous freeze.

As a result, people are having to make up significant monthly shortfalls between their rents and their local LHA rate – hundreds of pounds for some households. The LHA freeze is forcing people to make

¹ DWP, November 2024, Stat Xplore

² Crisis (2025), www.crisis.org.uk/about-us/crisis-media-centre/fewer-than-three-in-every-100-privately-rented-properties-listed-in-england-are-affordable-for-people-on-housing-benefit-crisis-reveals/

impossible decisions between paying rent and other essentials. It also directly undermines measures in the Renters' Rights Bill designed to improve access for people receiving benefits to pay their rent and substantially increases the risk of homelessness. Abel³, a former Crisis member, who was forced to sleep rough after struggling to find anywhere affordable within the LHA rate to rent says:

"Housing is really expensive where I live, and the amount I could get from [...] benefit wasn't enough. [...] It took me five months to find an affordable place. [...] Rough sleeping really impacted me. I became depressed. For five months, I hadn't slept on a bed. Can you imagine?"

With support from Crisis, Abel was able to move into a stable home which has also helped him to find and maintain employment. But if LHA rates had been kept in line with market rents, he may have avoided homelessness altogether, as is the case for many people in situations like his.

The Local Government Association has warned that frozen LHA rates have burdened councils in England with over £700 million in unrecoverable costs over the past five years. As a result, thousands of people, including nearly 170,000 children, are trapped in temporary accommodation, which is often overcrowded and of poor quality, unable to move on into settled homes. Latest government data shows councils in England spent £2.8 billion on temporary accommodation last year — an increase of 25 per cent in just 12 months. ⁴ Devolved administrations across the UK report similar pressures

While we welcome the UK Government's focus on developing strategies to end homelessness and child poverty, none of this will be possible without a welfare system that supports access to housing for those most in need. At present the system is simply not working.

Restoring the LHA to cover at least the cheapest 30 per cent of rents in a local area would lift 75,000 children and 125,000 adults out of poverty across the UK.⁶⁵ Restoring it to the median (50th percentile) rent would lift 130,000 children and 215,000 adults out of poverty.

To alleviate poverty for struggling families, prevent homelessness, and reduce the financial strain on local councils providing crisis homelessness services, LHA rates need to be urgently unfrozen. That's why we are calling on the UK Government to:

- **Restore LHA rates to at least the 30th percentile from 2026/27**, with a commitment to maintain this level for the duration of this Parliament and increase the benefit cap accordingly. It is simply not fair that tenants reliant on the LHA face year-to-year uncertainty about whether they will be able to afford a roof over their heads. This would go a long way to helping to sustain tenancies and prevent homelessness.
- **Undertake a full assessment of the likely social and economic impact of restoring LHA rates to the median rent.** Understanding the wider benefits of a more adequate support system is essential to informed policymaking.

We look forward to hearing from you and would welcome the opportunity to discuss further. Given the importance of this issue, we will be issuing this letter to the press.

A copy of the letter will also be sent to respective ministers in the devolved nations.

Yours sincerely,

Gavin Smart, Chief Executive, Chartered Institute of Housing
Matt Downie, Chief Executive, Crisis
Ben Beadle, Chief Executive, NRLA

³ *Abel is a pseudonym

⁴ Local authority revenue expenditure and financing England: 2024 to 2025 – first release - GOV.UK

⁵ Resolution Foundation (2025), <https://www.resolutionfoundation.org/publications/housing-outlook-q4-2024/>

Steve Harriott, Chief Executive, The Dispute Service
Alistair Smyth, Director of Policy and Research, National Housing Federation
Cllr Tom Hunt, Leader of Sheffield Council & Chair of the LGA Inclusive Growth Policy Committee.
Alison Inman, Chair, TPAS England
Duncan Shrubsole, Chief Executive, St Martin-in-the-Fields Charity
Andrew Lord, Chief Executive, Alabaré
Helen Barnard, Director of Policy, Research and Impact, Trussell
Kerry Booth, Chief Executive, Rural Services Network
Sarah Elliott, Chief Executive, Shelter
Rick Henderson, Chief Executive, Homeless Link
Emma Haddad, Chief Executive, St Mungo's
Ben Twomey, Chief Executive at Generation Rent
Stewart McCulloch, Chief Executive, Christians Against Poverty
Paul Stephenson, Chair, National Federation of ALMOs
Geoff Beales, Chair, Councils with ALMOs Group
Janet Sharpe, Chief Executive, Association of Retained Council Housing
Nathan Emerson, Chief Executive, Propertymark
Nick Redmore, Director of Homeless Services, Salvation Army
Joanna Elson, Chief Executive, Independent Age
Alison Watson, Director, Shelter Scotland.
Steffan Evans, Chief Executive, Bevan Foundation
Charlotte Talbott, Chief Executive, Emmaus UK
Seamus Leheny, Chief Executive, The Northern Ireland Federation of Housing Associations
Nicola McCrudden, Chief Executive, Homeless Connect
John Blackwood, Chief Executive, Scottish Association of Landlords
Stuart Ropke, Chief Executive, Community Housing Cymru
Kate McCauley, Chief Executive Officer, Housing Rights
Richard Meade, Chief Executive, Scottish Federation of Housing Associations
Patrick Murray, Director of Policy and External Relations, Northern Housing Consortium
Alicja Zalesinska, Chief Executive, Tai Pawb
Katie Dalton, Director, Cymorth Cymru
Sian Aldridge, Director of Operations, The Wallich
Ruth Power, Chief Executive, Shelter Cymru
Andrea Cleaver, Chief Executive, Welsh Refugee Council
Sam Austin, Chief Executive, Llamau
Louisa Devonish, Director, Gypsies and Travellers Wales
David Wilton, Chief Executive, TPAS Cymru
Catherine Ryder, Chief Executive, PlaceShapers