

Shelter
88 Old St
London
EC1V 9HU

HM Treasury

Unit 1, Horse Guards Rd
Westminster
London
SW1A 2HQ

03/11/2017

Dear Chancellor of the Exchequer,

The Prime Minister has spoken of her commitment to help people living in privately rented accommodation. Currently, there are 1.2 million households receiving Local Housing Allowance (LHA) in the private rented sector, more than one third of whom are in low-paid work and require support to help top-up their rent.

We believe the Autumn Budget offers an opportunity for the government to help those struggling to pay their rent and avoid homelessness. As the Homelessness Reduction Act is set to be introduced, we fear the growing shortfall between market rents and housing benefit will obstruct and undermine the good intentions of the legislation.

Despite year-on-year rent increases, LHA rates (which determine the level of housing benefit private renters are eligible for) are currently frozen. This means there are now shortfalls in the majority of the country between rents at even the lowest quartile and the maximum support households can receive, making it practically impossible for low-income renters to cope. The average family on LHA is typically £35 a month worse off as a result of the freeze. This shortfall is projected to reach £108 by 2020. Often this means overcrowding in unsuitable accommodation or turning to dangerous debt. Ultimately, this increases instability and the risk of homelessness. These low income renters are rapidly running out of options.

The National Audit Office recently said that since the LHA cuts began in 2011, the number of homeless households in temporary accommodation has increased from fewer than 49,000 to around 77,000 today. The NAO has concluded that the LHA changes have likely contributed to this rise in homelessness. It is a hugely costly problem, the NAO found local authorities spent £1.15 billion on homelessness services in 2015/16, the majority on temporary accommodation.

Until there's a home for everyone

shelter.org.uk

Shelter, the National Campaign for Homeless People Limited Registered address: 88 Old Street, London EC1V 9HU. Registered in England and Wales. Company number 1038133. Registered VAT number 626 5556 24. Registered charity in England and Wales (263710) and in Scotland (SC002327)

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Introduced as a market intervention to put downward pressure on rents, the changes to LHA have backfired. Instead, low-income renters bear the unintended consequences. Research shows that if the LHA freeze is not lifted, more than one million households in Britain could be at risk of homelessness by 2020. This is because over a million households who claim housing benefit, live in an area where there will be a shortfall between the amount of housing benefit they can claim and the cost of renting one of the cheapest homes by 2020. Once their tenancy ends, they may struggle to find a new one, and we know this is the greatest cause of homelessness.

This is why we call on government to announce in the Autumn Budget that it will end the freeze on LHA by April 2018. This is essential if low-income households are able to get a private tenancy and avoid homelessness. It would help people to afford their rent, remain in their homes, and reduce the number of people being made homeless every day.

Yours sincerely,

- Polly Neate, CEO, Shelter
- The Reverend Adam Atkinson, Vicar of St Peter's Bethnal Green
- Terrie Alafat, Chief Executive, Chartered Institute of Housing (CIH)
- Lord Richard Best
- The Lord Bishop of Rochester and Bishop to Prisons, Chair of Housing Justice
- Sir Steve Bullock, Executive Member for Housing, on behalf of London Councils
- Balbir Chatrik, Director of Policy and Communications, Centrepoin
- David Cox, CEO, ARLA Propertymark
- Dan Wilson Craw, Director, Generation Rent
- Jim Cunningham MP
- Paul Dennett, Salford City Mayor
- Rosie Ferguson, Chief Executive, Gingerbread
- Cllr Fewitt, Southend-on-Sea Borough Council
- Denise Hatton, Chief Executive of YMCA [England & Wales]
- Helen Hayes MP
- Rick Henderson, CEO, Homeless Link

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The Shelter logo consists of the word "Shelter" in a white, sans-serif font, centered within a solid red rectangular background.

- Lord John Horam, Conservative Peer
- Cllr Joe Howes, Vice Chair Community Committee, Canterbury City Council
- Raji Hunjan – Chief Executive, Zacchaeus 2000 Trust (Z2K)
- Lt-Col David Kelly, Secretary for Communications, The Salvation Army
- Lord Kennedy of Southwark
- Beth Knowles, Andy Burnham’s Mayoral Leads for Homelessness and Rough Sleeping
- Cllr Claire Kober, Chair, Local Government Association Resources Board
- Richard Lambert, CEO, National Landlords Association (NLA)
- Ivan Lewis MP, Andy Burnham’s Mayoral Leads for Homelessness and Rough Sleeping
- Cllr Peter Marland, Leader of Milton Keynes Council
- Rob Owen OBE, Chief Executive, St Giles Trust
- Leigh Pearce, Chief Executive, The Nationwide Foundation
- Cllr Sachin Shah, Leader of Harrow Council, Harrow Council
- Lord John Shipley OBE, Liberal Democrat
- Cllr Paul Smith, Cabinet Member for Housing, Bristol City Council
- Councillor Sharon Thompson, Ambassador for Addressing Rough Sleeping & Homelessness, Birmingham Council
- Alan Ward, Chairman, Residential Landlords Association (RLA)
- Cllr Martin Whelton, Cabinet member for Regeneration, Environment and Housing, London Borough of Merton
- Chris Williamson MP
- Dominic Williamson, Executive Director of Strategy and Policy, St Mungo's
- Mohammad Yasin MP

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