



**Under embargo until
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JOINT STATEMENT

Joint statement by: The Big Issue Ride Out Recession Alliance, Crisis, The Mortgage Works, Nationwide Building Society, the National Residential Landlords Association, Propertymark, StepChange Debt Charity and Shelter

The UK Government must complete and publish a full assessment of the impact on renters of their decisions to freeze Local Housing Allowance and cut Universal Credit, which risk pushing many households into poverty, problem debt, and homelessness.

In the wake of the pandemic, we saw bold and swift action from the Government to prevent a housing debt crisis including restoring Local Housing Allowance rates to the 30th percentile of market rents and increasing the Universal Credit Personal Allowance.

With the economic impact of the pandemic increasing the financial strain on families, across the country the number of private rented households in receipt of the housing element of Universal Credit increased by 107 per cent between February 2020 and February 2021. Over 55 per cent of these households have a shortfall between the housing support they receive and the rent they have to pay.

The UK Government has confirmed that where such shortfalls exist, the median amount is £100 a month. This points to a need for continued support for families and individuals to cover the cost of rents. Yet since April this year, Local Housing Allowance has been frozen in cash terms, and later this year, Universal Credit will be cut by £20 a week.

Whilst the Institute for Fiscal Studies has described changes to Local Housing Allowance as “arbitrary and unfair” we have seen no assessment from the UK Government of the impact either of these policies will have on the capacity of recipients to cover rent payments.

As organisations representing landlords, letting agents, tenants, people facing homelessness, and debt advice services, we are united in calling on the UK Government to complete and publish a full assessment of the impact of both of these policies on the ability of renters to meet their housing costs.

We believe that the UK Government should reverse its decisions to cut Universal Credit and to freeze Local Housing Allowance. To apply policies like these without doing any meaningful impact assessment is, we argue, lacking the necessary foresight and consideration of the impact they will have on people’s security of tenure and well-being and for many will threaten their chance of recovery.

-Ends-

Notes:

- According to the DWP’s StatXplore website:
 - In England, Scotland and Wales, the number of private rented households in receipt of Universal Credit with an entitlement to housing support as part of the payment has increased by almost 107% from 746,694 in February 2020 to 1,545,024 in February 2021.
 - As of February 2021, over 55% of these households (858,606) have a gap between their housing cost support and the rent they had to pay.
- The Work and Pensions Minister, Will Quince MP, has noted that in such cases the median shortfall is £100 a month. See <https://questions-statements.parliament.uk/written-questions/detail/2021-05-24/6183>.
- On the 19th July, responding to a written parliamentary question from the Shadow Work and Pensions Secretary, Jonathan Reynolds MP, asking what assessment the DWP has made of the potential effect of removing the uplift to the universal credit standard allowance on rent arrears accrued by universal credit claimants, the Work and Pensions Minister, Will Quince MP, responded:

“No assessment has been made.”

Source: <https://questions-statements.parliament.uk/written-questions/detail/2021-07-14/33219>.

- Following the decision in the November 2020 Spending Review to freeze Local Housing Allowance rates in cash terms, the Institute for Fiscal Studies said:

“Another expansion the government brought in eight months ago was increasing the maximum amount that low-income private renters can get to help with their housing costs, so that they can afford the cheapest 30% of properties in their local area. They have now announced that those maximum amounts will be frozen in cash terms going forwards. This has two consequences. First, as time goes on and rents rise, the fraction of housing that private renters can afford will steadily dwindle. Second, the support that low-income renters get to help with housing will be related not to the

current level of rents in their area, but to rents in 2019. That will look decidedly odd in, say, 2025. A similar policy over the past eight years resulted in those in some high rent areas getting less support than those in some low rent ones. It is entirely coherent to decide that the state should reduce its support for low-income renters but doing it in this fashion is arbitrary and unfair, and its consequences will only become more bizarre over time.”

Source: <https://ifs.org.uk/publications/15203>

- On 29th June, responding to a written parliamentary question from Baroness Lister asking what assessment the Government has made of the impact of the decision to freeze the Local Housing Allowance in cash terms on the ability of recipients to cover their rental costs, the Work and Pensions Minister, Baroness Stedman-Scott, responded:

“In April 2020 Local Housing Allowance rates were increased to the 30th percentile of local rents. This investment of nearly £1 billion provided 1.5 million claimants with an average £600 more housing support in 2020/21 than they would otherwise have received.

“LHA rates have been maintained at the same cash level for 2021/22 rather than reverting to previous rates which were much less generous. This provides a reasonable amount of support and ensures that all claimants who benefitted from the increased levels of housing support will continue to do so.

“For those who require additional support with housing costs Discretionary Housing Payments (DHP) are available. Since 2011 we have provided over £1 billion in DHP funding. We have allocated a further £140 million for Discretionary Housing Payments for 2021/22 in England and Wales.”

Source: <https://questions-statements.parliament.uk/written-questions/detail/2021-06-21/HL1252>.

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