



General Election 2024

Addressing the worsening Housing Crisis in Leicester

Summary



Since Leicester City Council declared a housing crisis on November 24, 2022, the availability of affordable housing has significantly deteriorated. A growing number of families and individuals are being placed in temporary accommodation, with the most acute impact on those who do not meet the statutory duty for council housing. This briefing paper outlines the current challenges and contributing factors, compares housing costs in Leicester to other cities, and provides recommendations for addressing the crisis.

Current Situation

1. **Temporary Accommodation:** Increasing numbers of families and individuals are being housed in temporary accommodation.
2. **Lack of Statutory Duty:** Those who do not meet the statutory criteria for council housing are particularly vulnerable, often resorting to sofa surfing or unstable temporary accommodation.
3. **Service Strain:** Support services are overstretched, struggling to meet the growing demand.

Challenges in the Private Rental Sector

1. **High Rental Costs:** Despite an increase in the Local Housing Allowance (LHA) in April, the allowance remains significantly below actual market rents in Leicester.
2. **Demand versus Supply:** Given the imbalance between demand and supply, landlords can be selective about whom they rent to. Despite it being illegal to exclude those on benefits, many landlords require large deposits, rent in advance, and guarantors, which excludes those reliant on benefits or without savings.
3. **Council "Top-Up":** While the City Council offers a PRS "top-up," this still limits the accommodation available. Securing affordable properties remains difficult due to high costs and because landlords are often unwilling to wait for the process of obtaining funds.

4. **Benefits Caps for Under 35s:** Single individuals under 35 usually only qualify for the shared accommodation rate to cover the cost of renting a room in a shared house. However, this rate is often insufficient and lower than other LHA rates.

Exposure to Rising Costs

A recent Office for National Statistics (ONS) study assessed areas in England and Wales based on exposure to rising mortgage and rent costs in 2023. Leicester's scores indicate:

- **High Exposure to Rent Increases:** A higher proportion of households have seen rent increases, and affected households experienced slightly higher cost increases than the national average.
- **Low Exposure to Mortgage Increases:** A lower proportion of households have seen mortgage payment increases, with those affected experiencing a medium cost increase.

Census 2021 Data:

- 22.1% of households in Leicester were owned with a mortgage.
- 29.4% of households were rented privately.

Rent vs. Salary Analysis

City	Average Monthly Salary (after tax)	Average Monthly Rent (1-bed flat)	Rent as % of Salary
Leicester	£2,400	£909	38%
Oxford	£3,566	£1,300	36%
Glasgow	£2,805	£776	28%
Reading	£3,010	£996	33%
Bristol	£2,874	£998	35%
Coventry	£2,250	£550	24%
Derby	£2,225	£500	22%
Birmingham	£2,285	£709	31%
Manchester	£2,324	£916	39%

Leicester's rent as a percentage of salary is notably high, exacerbating the affordability crisis.

Recommendations

The root of the housing crisis is the under investment in housing in the county for many decades and can only be solved by a significant increase in new house building and especially homes for social rents.

However, there are also a significant number of empty or under-utilised properties in Leicester, in particular older street properties and mixed commercial e.g. flats above shops. Much of this stock is in poor condition and requires investment, but would suit single people and smaller families. We would ask that the new government provided funds to local authorities and other housing organisations to support landlords to bring their properties back in to use, similar to the Empty Homes Community Grants Programme(2), provided by Government in the last decade.

The housing crisis will not be resolved quickly by any new government, and as a consequence, many will continue to struggle to find affordable homes, particularly those on benefits, under 35s, and those who do not qualify for statutory housing. The impact on people who continue to have insecure housing is cumulative, with many developing mental health or substance misuse problems, and inevitably, people often run out of options and end up having to sleep rough.

Action Homeless urges that the new government address the issue as soon as they come into office and adopt the following interventions:

1. **Increase LHA rates to match rents:** Align LHA rates more closely with actual market rents in Leicester to ensure benefits adequately cover housing costs.
2. **Enhance support services:** Increase funding and resources for support services to reduce the strain and better assist those in need.
3. **Address barriers:** Implement policies that prevent discrimination against benefit recipients in the private rental market.
4. **Abolish the under-35 shared room rate:** Allow single individuals under 35 to receive higher LHA rates.
5. **Financial assistance:** Provide additional financial assistance for deposits and upfront rental costs to make housing more accessible. The Department for Work and Pensions (DWP) should provide local authorities and charities with funds to cover adequate housing costs in advance and adopt a national “rent guarantee” scheme to encourage more landlords to let to those without the means to provide deposits or rent in advance.
6. **Provide funding and powers to bring empty or underutilised property back into use at affordable housing**
7. **Policy coordination:** Foster coordinated efforts between local councils, housing associations, and policymakers to create comprehensive solutions for secure and affordable housing for those who there do not owed a statutory duty.

By addressing these challenges and implementing the recommended actions, Leicester can make significant strides towards alleviating the housing crisis and ensuring secure, affordable housing for all residents.

How can you help as a Prospective Parliamentary Candidate?

As a parliamentary candidate, you can help us to improve the lives of people affected by homelessness by getting to know more about the challenges that those individuals and families in your constituency area face. At this stage, we'd like to invite you to meet with us and to hear directly from people who are impacted to understand more about the current situation in Leicester. Going forward, we're appealing to you to be part of the solution which will require committed cross party and cross departmental partnership working. Your support could mean that we are able to break the cycle of homelessness.

We know that there will be huge pressures on your time in the run up to the election, and are happy to facilitate an online meeting, phone call or project visit. Please contact Eilidh Stringer on 0116 2211851 or by email at eilidhstringer@actionhomeless.org.uk to organise next steps and a further conversation.