

Press release

Supported housing residents to keep more of what they earn under new rules

More than 300,000 residents in supported housing and temporary accommodation will no longer face a drop in income when increasing their working hours, under new rules laid in Parliament today [Monday 6 July].

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SUPPORTED HOUSING

Residents in supported housing and temporary accommodation to **keep more of what they earn** under new rules

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- Residents in supported housing and temporary accommodation previously faced a “cliff edge” loss of income when increasing their working hours
- New changes to the welfare system which encourage work and ensure it always pays come into force in October
- Measure to benefit around 300,000 vulnerable claimants living in supported housing and temporary accommodation

More than 300,000 residents in supported housing and temporary accommodation will no longer face a drop in income when increasing their working hours, under new rules laid in Parliament today [Monday 6 July].

The system inherited by this Government left vulnerable people in supported housing having to choose between staying out of work, or risk losing their housing support, because the work allowance was higher for Universal Credit than it was for Housing Benefit.

The less generous rules for Housing Benefit created a cliff edge that trapped people on benefits rather than supporting them into work. Some landlords even discouraged residents from taking jobs to protect their own rental income.

As part of the Government's commitment to move from a welfare state to a working state, the regulations change how Housing Benefit is calculated so it works in the same way as Universal Credit – a change that will incentivise work for 315,000 people when they come into force in October 2026.

Sir Stephen Timms, Minister for Social Security and Disability, said:

“The system we inherited was actively pushing some of the most vulnerable residents away from work rather than towards it. These changes fix that - ensuring residents can keep more of what they earn, so that taking a job or increasing hours always pays better than benefits.”

“This announcement delivers on a commitment made in our Autumn Budget, and forms part of the government's wider plan to reform the welfare system - tearing out the barriers that have trapped people in dependency.”

“We are replacing that system with one that rewards work and ensures people keep more of what they earn, while protecting those who need it most.”

Today's rules come alongside previous steps to help people on disability benefits that want to work, into work. We have already rebalanced Universal Credit to tackle the perverse incentives that discouraged work and introduced Right to Try legislation, allowing sick or disabled people to try work without the immediate fear of reassessment.

These measures come alongside our Connect to Work programme, which delivers tailored, personalised, local support that will help 300,000 people into work, and the deployment of 1000 Pathways to Work advisers to help those written off by the previous Government.

Additional Information

- The Housing Benefit (Earned Income Disregards) Regulations 2026 laid before parliament on 6th July 2026, come into force on 5 October 2026.
- Five new earned income disregards are being introduced for working-age Housing Benefit claimants in supported housing and temporary accommodation.
- Disregard values will be updated annually. No group is made worse off by this change; any variation in the immediate financial gain reflects how existing Universal Credit and Housing Benefit tapers already operate.



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