

# Modelling the future of emergency accommodation in England

A Crisis briefing on research conducted by Dr Michela Tinelli, London School of Economics and Political Science

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## Background

The UK is facing a housing and homelessness crisis. Growing numbers of households are facing homelessness, and in a context of diminishing social housing stock<sup>1,2</sup>, Local Authorities are increasingly relying on emergency accommodation for households experiencing homelessness.

Last year (2024) saw the highest figures on record for households receiving a homelessness assessment from their Local Authority<sup>3</sup>, households assessed as being at risk of or experiencing homelessness, households in temporary accommodation, and children in temporary emergency accommodation. The number of households placed in B&Bs, generally recognised as being one of the most unsuitable forms of accommodation, also reached a record high in 2024. Additionally, households are frequently staying in these placements for long periods of time. Of the 56,310 households in the most unsuitable forms of emergency accommodation (B&Bs, nightly paid, and hostels) as of 31 March 2024, most (55.8%) had been there for over six months. Nearly one in 10 (9.0%) of these households had been trapped in unsuitable emergency accommodation for five years or more.<sup>4</sup>

As well as the negative impacts on people and families<sup>5</sup>, local government expenditure on emergency temporary accommodation is at a record high and is now threatening the financial viability of some Local Authorities.<sup>6</sup>

Since returning to government, the Labour party has made commitments promising to address the housing and homelessness crisis. It has pledged a generational increase in the amount of new affordable housing, within a wider goal to build 1.5m homes. It has already taken steps to achieve this including consulting on planning reform and making changes to Right to Buy. The government has also pledged an extra £500m to the affordable homes programme, as well as committing to a new Westminster government-wide strategy to end all forms of homelessness.

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<sup>1</sup> MHCLG (2025), Live tables on social housing sales. Available online:

<https://www.gov.uk/government/statistical-data-sets/live-tables-on-social-housing-sales>

<sup>2</sup> MHCLG (2024), Affordable housing supply. Available online:

<https://www.gov.uk/government/collections/affordable-housing-supply>

<sup>3</sup> Records for duties go back to 2018 after the Homelessness Reduction Act was brought in.

<sup>4</sup> MHCLG (2024), Homelessness statistics. Available online:

<https://www.gov.uk/government/collections/homelessness-statistics>

<sup>5</sup> E.g. see Shelter (2023), Still Living in Limbo: Why Use of Temporary Accommodation Must End. Available online:

[https://downloads.ctfassets.net/6sxvmndnnp0s/2tH1VaV0nD4E1yfkNVgZpd/18a40c539d3d6b8771c55c318f4c0a74/Still\\_Living\\_in\\_Limbo.pdf](https://downloads.ctfassets.net/6sxvmndnnp0s/2tH1VaV0nD4E1yfkNVgZpd/18a40c539d3d6b8771c55c318f4c0a74/Still_Living_in_Limbo.pdf)

<sup>6</sup> Wilkins, M., Gray, T. and Reeder, N. (2024) *Spending on Temporary Accommodation: Is It Value for Money?* Centre for Homelessness Impact. Available online:

<https://www.homelessnessimpact.org/publication/spending-on-temporary-accommodation-value-for-money>

On 25<sup>th</sup> February 2025 Crisis is hosting a summit in London to raise ambitions and inspire new solutions for ending homelessness, ahead of the publication of the government’s cross-department strategy. In the lead up to this, Crisis commissioned research from the London School of Economics and Political Sciences (LSE), to evaluate previous and current English local authority spending on the most unsuitable forms of emergency accommodation and to estimate future spending. LSE also looked at the cost-effectiveness of alternative solutions to homelessness compared to the current reliance on emergency accommodation. The objectives of this research were to:

1. Assess the expenditure on emergency accommodation and its broader financial and social impact, including potential effects on productivity and other public budgets.
2. Investigate the potential savings and benefits of prevention services diverting households from emergency accommodation.
3. Provide evidence-based recommendations to guide more efficient and impactful strategies for addressing homelessness.

The key points of the methodology and findings are summarised below. Throughout, ‘emergency accommodation’ is defined as nightly paid placements, B&Bs, and hostels. Expenditure is quantified as net expenditure (as opposed to total expenditure) by Local Authorities.

## Methodology

### Data sources

The research involved analysis of existing data from the following sources:

- Data on emergency accommodation expenditure were gathered from Local Authority revenue reports.<sup>7</sup>
- Numbers of households in emergency accommodation were sourced from statutory homelessness statistics.<sup>8</sup>
- Costs of prevention services were sourced from previous research, which has estimated the higher end of prevention service cost in London against MHCLG England-wide estimates.<sup>9</sup>

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<sup>7</sup> MHCLG (2024), Local authority revenue expenditure and financing England. Available online: <https://www.gov.uk/government/collections/local-authority-revenue-expenditure-and-financing#2023-to-2024>

<sup>8</sup> MHCLG (2024), Homelessness statistics. Available online: <https://www.gov.uk/government/collections/homelessness-statistics>

<sup>9</sup> Whitehead, K., Edge, C.M.E., Edge, A. and Chihiro, U. (2019), The cost of homelessness services in London. London School of Economics and Political Science. Available online: <https://www.lse.ac.uk/business/consulting/assets/documents/the-cost-of-homelessness-services-in-london.pdf>

- Social costs of emergency accommodation, including public budgets expenditures and societal productivity loss, were estimates based on previous research and economic analysis.<sup>10,11,12,13</sup>

### **Emergency accommodation use and costs over the last five years**

- The number of households in emergency accommodation and Local Authority expenditure on emergency accommodation were analysed over time (from 2017-18 to 2023-24).
- Social costs, including productivity losses, over this time were quantified. A 'discount rate' of 3.5% was applied for social costs in the past.

### **Forecasting future costs of emergency accommodation**

- Linear regression modelling was used to forecast the direct expenditure and social costs if use of emergency accommodation continues according to its current trajectory, over a three-year period.

### **Scenario modelling**

Alternatives to the continuation of current use of emergency accommodation were modelled including investment in prevention services and the building of social housing. Here we focus on the following scenario: 25% of households who were in emergency accommodation in 2023-24 diverted by prevention services.

Additional investment required under this scenario was quantified alongside potential cost savings and social impacts over one year. These were compared against the actual expenditure on emergency accommodation and associated social costs in 2023/24. The overall return on investment in this scenario was calculated.

Further qualitative evidence on the benefits of prevention services, as well as evidence on the longer-term benefits of delivering social homes, were drawn from the literature.

## **Key findings**

### **Households in emergency accommodation**

- The number of households in emergency accommodation has increased 65% from 2017-18 to 2023-24, reaching approximately 56,000.

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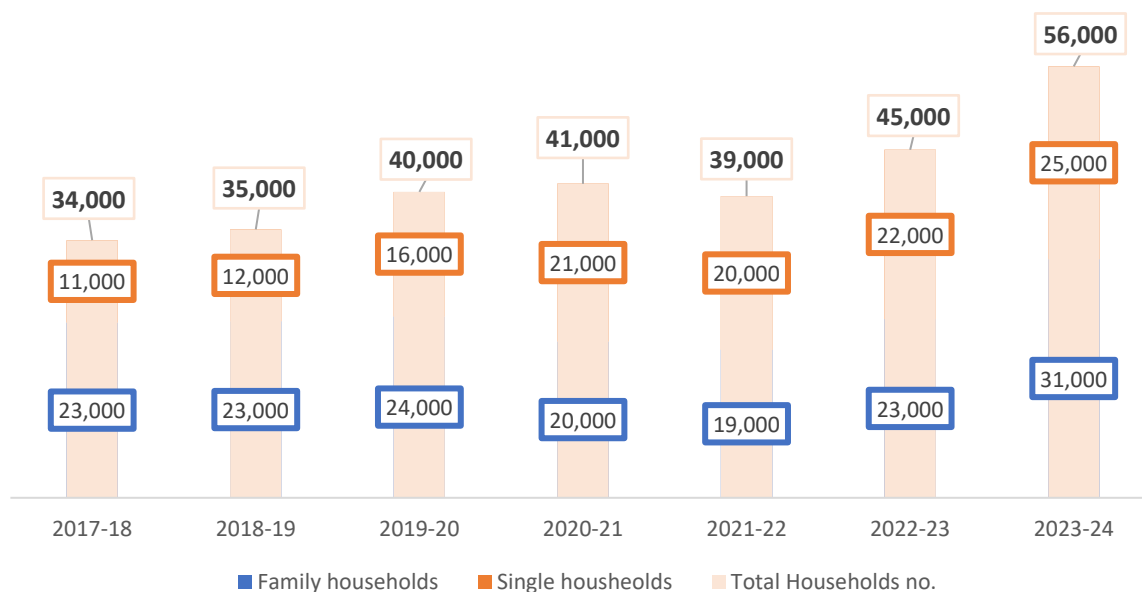
<sup>10</sup> London School for Economics and Political Science (2025), Empowering people who are homeless to rebuild their lives and thrive in society. Available online: <https://www.lse.ac.uk/research/research-for-the-world/society/empowering-homeless-rebuild-lives>

<sup>11</sup> Shelter (2025), Costs and affordability of accommodation. Available online: [https://england.shelter.org.uk/professional\\_resources/legal/homelessness\\_applications/suitability\\_of\\_accommodation\\_for\\_homeless\\_applicants/costs\\_and\\_affordability\\_of\\_accommodation](https://england.shelter.org.uk/professional_resources/legal/homelessness_applications/suitability_of_accommodation_for_homeless_applicants/costs_and_affordability_of_accommodation)

<sup>12</sup> Pleace, N. and Culhane, D.P. (2016), Better than Cure? Testing the Case for Enhancing Prevention of Single Homelessness in England. University of Pennsylvania, the University of York, and Crisis. Available online: [https://eprints.whiterose.ac.uk/106641/1/Better\\_than\\_cure\\_Testing\\_the\\_case\\_for\\_enhancing\\_prevention\\_of\\_single\\_homelessness\\_in\\_England\\_FINAL\\_FULL\\_REPORT\\_2.pdf](https://eprints.whiterose.ac.uk/106641/1/Better_than_cure_Testing_the_case_for_enhancing_prevention_of_single_homelessness_in_England_FINAL_FULL_REPORT_2.pdf)

<sup>13</sup> Shelter (2023), Almost half of children who become homeless forced to move schools. Available online: [https://england.shelter.org.uk/media/press\\_release/almost\\_half\\_of\\_children\\_who\\_become\\_homeless\\_forced\\_to\\_move\\_schools](https://england.shelter.org.uk/media/press_release/almost_half_of_children_who_become_homeless_forced_to_move_schools)

Figure 1: The number of households in emergency accommodation (nightly paid, B&Bs and hostels) in England from 2018-19 to 2023-24.



### Costs of emergency accommodation

- Net expenditure by Local Authorities on emergency accommodation (nightly paid, hostels and B&Bs) has increased more than fivefold from 2017-18 to 2023-24, from £135 million to £732 million. This accounted for the majority (69%) of overall net expenditure on temporary accommodation by Local Authorities in 2023-24.
- Using available research and economic analysis by LSE, social costs associated with emergency accommodation – such as impacts on health, criminal justice, education, and substance misuse – were estimated to be £3.1 billion in 2023/24, with £733 million attributed to productivity losses.
- If the use of emergency accommodation continues its current trajectory, net expenditure on this alone is projected to reach £1.2 billion by 2026-27 (see blue column in figure 3).

Figure 2: Net expenditure by local authorities in England on emergency accommodation (nightly paid, B&Bs and hostels), and the average expenditure per household in emergency accommodation, from 2017-18 to 2023-24.

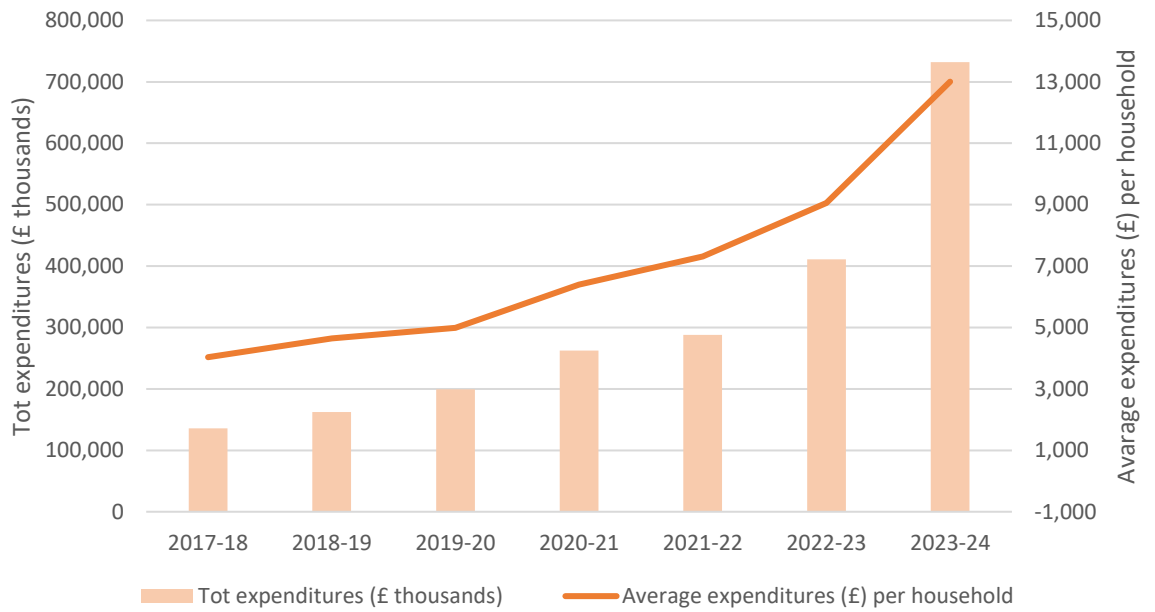
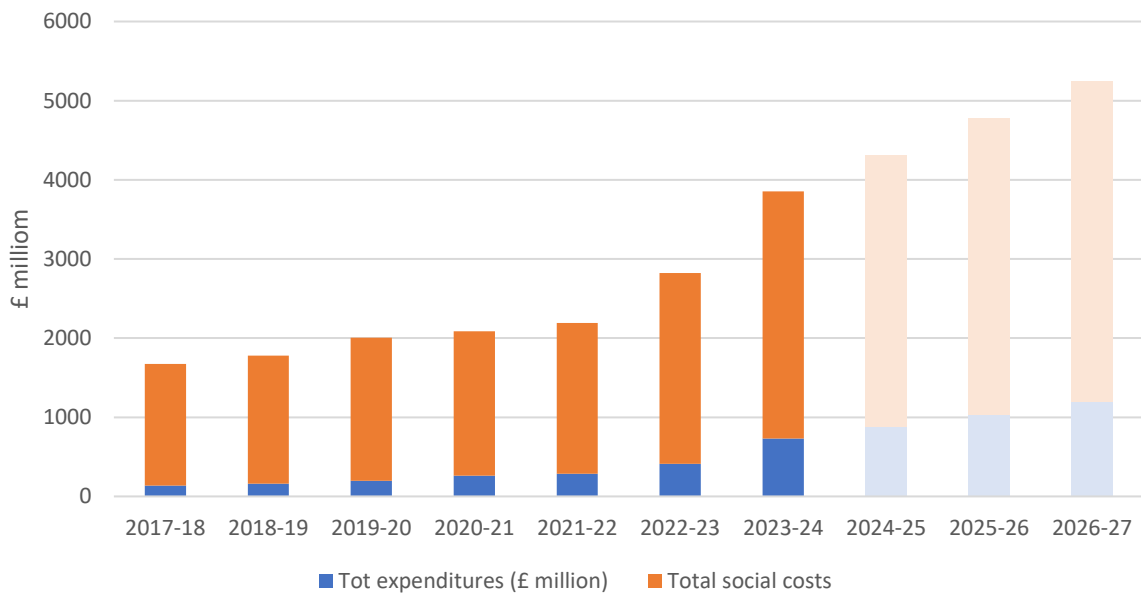


Figure 3: Emergency accommodation (nightly paid, B&Bs and hostels) total expenditure by local authorities in England plus social costs (£ million) (extrapolation to 2026-27 with linear model)



### Prevention

- Findings suggest that increasing funding for prevention services to divert households from emergency accommodation would have a positive return on investment within a year.

- If 25% of the households in emergency accommodation in 2023-24 had instead been supported with prevention services, savings are estimated at £177 million. This accounts for a higher-end estimate of delivering prevention based on service delivery costs in London.<sup>14</sup>
- In this scenario, for every £1 spent on prevention a minimum £1.32 return is estimated in the first year, rising to £2.72 if a 25% reduction in social costs associated with emergency accommodation is factored in.
- Previous research supports the findings that prevention services are more cost-effective than 'reactive' measures including temporary accommodation.<sup>15,16,17</sup>

### Delivering social housing

- The cost savings of transitioning households from emergency accommodation to newly-delivered social housing would take longer to manifest than the one-year timeframe applied in the economic model.
- Introducing social housing would require significant upfront investment but offer stability for households, a reduction in homelessness, and likely significant cost savings in the longer-term. Moving 25% of households currently in emergency accommodation (hostels, B&Bs and nightly paid accommodation) to new social housing would require £5.5 billion in upfront investment, with annual costs reducing to £622 million.
- Existing evidence from the literature also illustrates the potential for social housing to alleviate reliance on emergency accommodation and its associated negative impacts.
- Scaling up the development of social housing could significantly reduce the number of households in emergency accommodation, as well as other forms of homelessness, over the long-term.<sup>18</sup>
- Social housing has been found to be a cost-effective investment compared to emergency accommodation, as well as delivering positive outcomes for households.<sup>19,20</sup>

## Recommendations

Since July 2024 the new Westminster government has pledged 'the biggest increase to social and affordable housing for a generation', amid a wider goal to build 1.5million new homes. In February

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<sup>14</sup> Whitehead, K., Edge, C.M.E., Edge, A. and Chihiro, U. (2019), The cost of homelessness services in London. London School of Economics and Political Science. Available online:

<https://www.lse.ac.uk/business/consulting/assets/documents/the-cost-of-homelessness-services-in-london.pdf>

<sup>15</sup> Pleace, N. and Culhane, D.P. (2016), Better than Cure? Testing the Case for Enhancing Prevention of Single Homelessness in England. University of Pennsylvania, the University of York, and Crisis. Available online: [https://eprints.whiterose.ac.uk/106641/1/Better\\_than\\_cure\\_Testing\\_the\\_case\\_for\\_enhancing\\_prevention\\_of\\_single\\_homelessness\\_in\\_England\\_FINAL\\_FULL\\_REPORT\\_2.pdf](https://eprints.whiterose.ac.uk/106641/1/Better_than_cure_Testing_the_case_for_enhancing_prevention_of_single_homelessness_in_England_FINAL_FULL_REPORT_2.pdf)

<sup>16</sup> Mackie, P., Thomas, I., & Bibbings, J. (2017). Homelessness prevention: Reflecting on a year of pioneering Welsh legislation in practice. *European Journal of Homelessness*, 11(1), 81-107.

<sup>17</sup> Shinn, M., & Cohen, R. (2019). Homelessness prevention: A review of the literature. Center for Evidence-Based Solutions to Homelessness.

<sup>18</sup> Bramley, G. (2023). Housing supply requirements across Great Britain for low-income households and homeless people. Crisis and the National Housing Federation.

<sup>19</sup> Fitzpatrick, S., & Pawson, H. (2023). The case for social housing: A critical analysis of policy failure and future options. *Housing Studies*, 38(2), 295-317.

<sup>20</sup> Stephens, M., Perry, J., Wilcox, S., Williams, P., & Young, G. (2024). UK Housing Review 2024. Chartered Institute of Housing.

2025 ministers pledged £350m for affordable and social rent homes, which followed a further £500m investment in the Affordable Homes Programme in October 2024.

To end homelessness in England for good, Crisis sees the Westminster government's publication of its forthcoming homelessness strategy as a pivotal and potentially transformative moment. The government has pledged to introduce a cross-departmental strategy, helmed by the deputy prime minister, to 'put Britain back on track to ending homelessness'. If demonstrating the right ambition, Crisis believes the strategy can coordinate efforts across government and society that can end homelessness in England for good.

As part of, or in addition to, the strategy, Crisis is calling on ministers to:

- address plummeting rates of social housebuilding by supporting the building of 90,000 new social homes per year in England
- unfreeze local housing allowance (LHA) so it consistently covers at least the lowest 30% of local rents
- lift the temporary accommodation subsidy cap – frozen since 2011 – to ensure that councils are able to support people into good quality temporary accommodation
- restore funding for housing-related support so that people are properly supported to gain access to, and sustain, a settled home, helping to make sure people aren't pushed into homelessness again in future.