

SHELTER

Growing demand: future trends in temporary accommodation

In the last year we've seen record numbers of households and children who are homeless and living in temporary accommodation. **Over 164,000 children are now growing up in insecure and costly accommodation** that's often cramped and in poor condition.¹

Temporary accommodation (TA) is costing councils eye-watering sums. Last year councils spent £2.3 billion providing accommodation for households experiencing homelessness. That's £6 million per day.² As costs continue to grow, councils spend more of their budgets on temporary accommodation and a growing number are at risk of bankruptcy.³

Shelter has carried out **new analysis to estimate the scale and cost of the temporary accommodation emergency in 2029** if the government does not commit to significantly more funding for social rent homes in the June Spending Review. We are calling on the government to deliver 90,000 social rent homes over 10 years to end the housing emergency.

Key findings

Shelter's new analysis estimates that if recent trends continue:

- The number of children living in temporary accommodation (TA) could increase to over 206,000 by 2029. This is a predicted increase of 26% compared to current levels.
- The number of households who are homeless and living in TA could increase to almost 182,000 households by 2029. This is an increase of 44% compared to current levels.
- The cost of temporary accommodation is estimated to increase to £3.9 billion by 2029 – over £10 million per day. This is a 71% increase over the next five years.
- The cost of TA per household could increase to £22,000 per year – an estimated increase of 13% since 2023/24. This works out as £1,833 per month per household.⁴

The affordability crisis is the key driver of the increase in homelessness

The continued affordability crisis is the key driver of the predicted increase in temporary accommodation. Although ending section 21 evictions should limit the flow of people into temporary accommodation, the lack of social housing and unaffordable private rents, if unaddressed, could continue to drive up homelessness. A recent National Audit Office report highlighted the lack of social rent homes and the expensive private rented sector as key drivers of increasing homelessness.⁵

In June's Spending Review the government must commit to a significant increase in funding for social rent homes. There have been welcome recent announcements to increase funding for the Affordable Homes Programme (AHP).⁶ These announcements are predicted to slow the rate of increase towards the end of the projection period as more households move out of TA. However, homelessness is set to continue to rise without a significant increase to investment in social rent homes in the Spending Review.



The current supply and availability of social homes is not sufficient to address increasing TA use. In 2022/23 fewer than 30,000 new social lettings were allocated to people who were previously living in temporary accommodation. This means that only three in ten (29%) households in TA were able to move into a social rent home.⁷ If recent trends continue, we may see the number of children growing up homeless in TA reach 206,000 by 2029 – a 26% increase over the next five years (see figure 1). This is more than double the number of children experiencing homelessness compared to 10 years ago.⁸

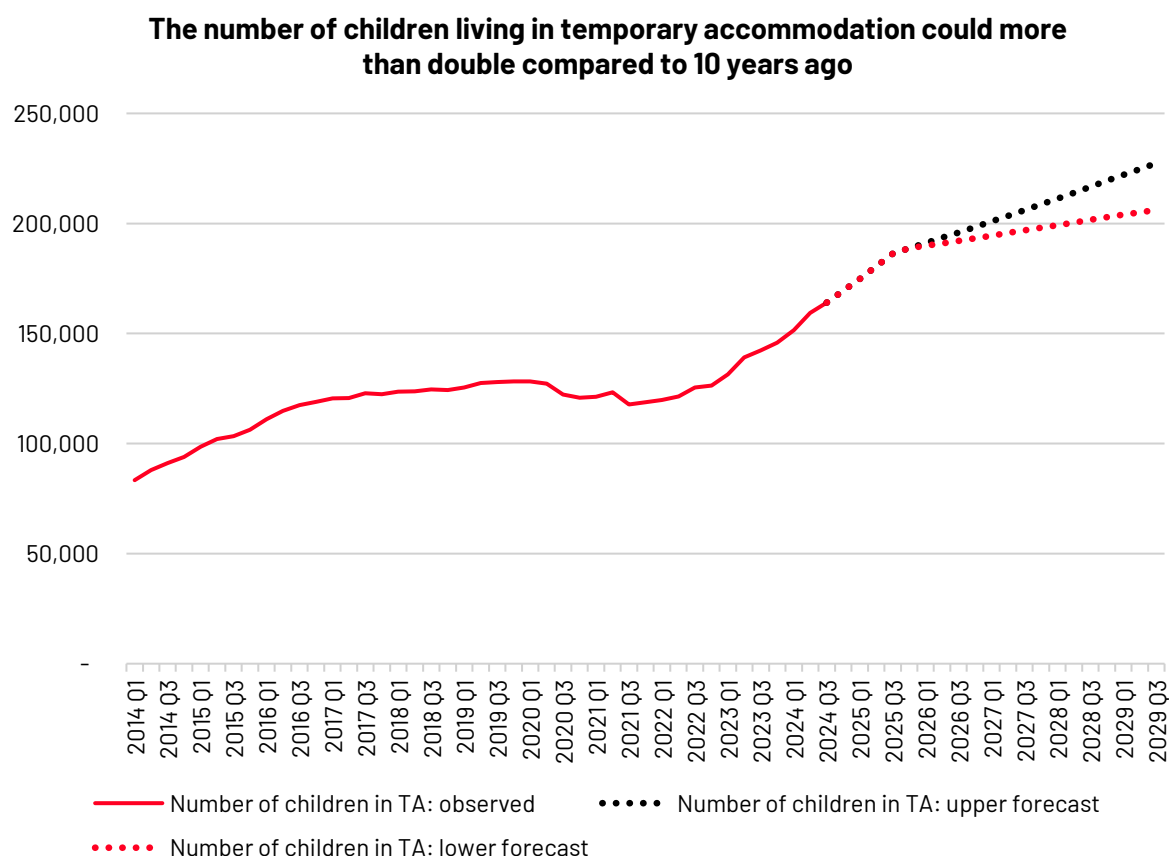


Figure 1 The observed and projected increase in the number of children living in temporary accommodation, 2014-2029.
 Source: Shelter analysis of MHCLG statutory homelessness data.

Inadequate Local Housing Allowance (LHA) is another key driver of the increase. LHA was uplifted to the 30th percentile in April 2024 but in the last year alone private rents have increased by 9%.⁹ Crisis research reveals that only 2.5% of private rented properties listed in England were affordable to people on housing benefit between April and October 2024.¹⁰ Rents are likely to continue to rise whilst LHA is frozen from April 2025, further reducing the pool of affordable private rentals. People will continue to become homeless due to private renting unaffordability.

The new Shelter analysis is based on historical trends in TA levels, social rent delivery and LHA policy changes. As figure 2 shows, homelessness levels have increased as social rent delivery has declined. There was also an increase in households living in TA following the reduction of LHA from median rents (50th percentile) to the 30th percentile in 2011.



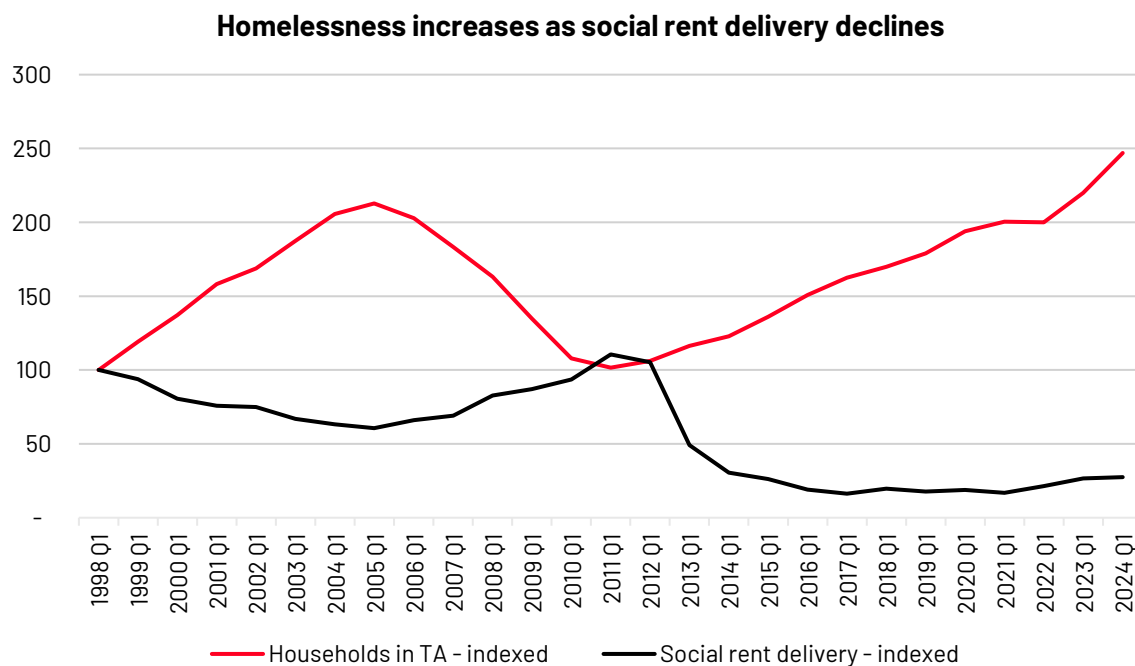


Figure 2 Comparison of households in TA and new social rent homes delivered. Index 1998=100, 1998-2024. Source: MHCLG statutory homelessness data and affordable housing supply data.

The number of households and children in TA is predicted to increase over the next five years due to continued affordability pressures. There has been no announcement to deliver a significant number of new social rent homes and Local Housing Allowance is frozen at April 2025 levels whilst private rents skyrocket.

The cost is predicted to increase due to the use of expensive temporary accommodation

The cost of temporary accommodation is the highest it's ever been and has doubled in the last five years.¹¹ This skyrocketing cost is threatening the financial sustainability of local authorities as councils are having to spend more of their own budgets on providing temporary accommodation.¹² Some local authorities are even at risk of bankruptcy due to growing temporary accommodation costs.¹³

The cost of TA is projected to increase to almost £3.9 billion by 2029 due to the growing number of households and children living and growing up in TA. Another key driver is the continued shift to more expensive types of TA, including nightly paid self-contained accommodation and B&Bs. As a recent Centre for Homelessness Impact report found, B&Bs are the most expensive to the public purse followed by hostels and nightly paid self-contained accommodation.¹⁴

Over the last five years the amount spent on expensive types of TA has increased significantly. The amount spent on nightly paid, privately managed TA has increased by 4.8 times (375% increase) and the amount spent on B&Bs has more than doubled (110% increase). In 2023/24 62% of the total TA expenditure was on nightly paid, self-contained accommodation and B&Bs despite less than half (46%) of households being accommodated in these types of accommodation.¹⁵



In December 2024 the government announced new funding to support 20 councils to move away from the use of costly emergency accommodation.¹⁶ This funding may reduce the use of B&Bs in these 20 local authorities, but without a significant increase in investment in permanent and genuinely affordable social rent homes, councils will still be forced to rely on expensive private suppliers.

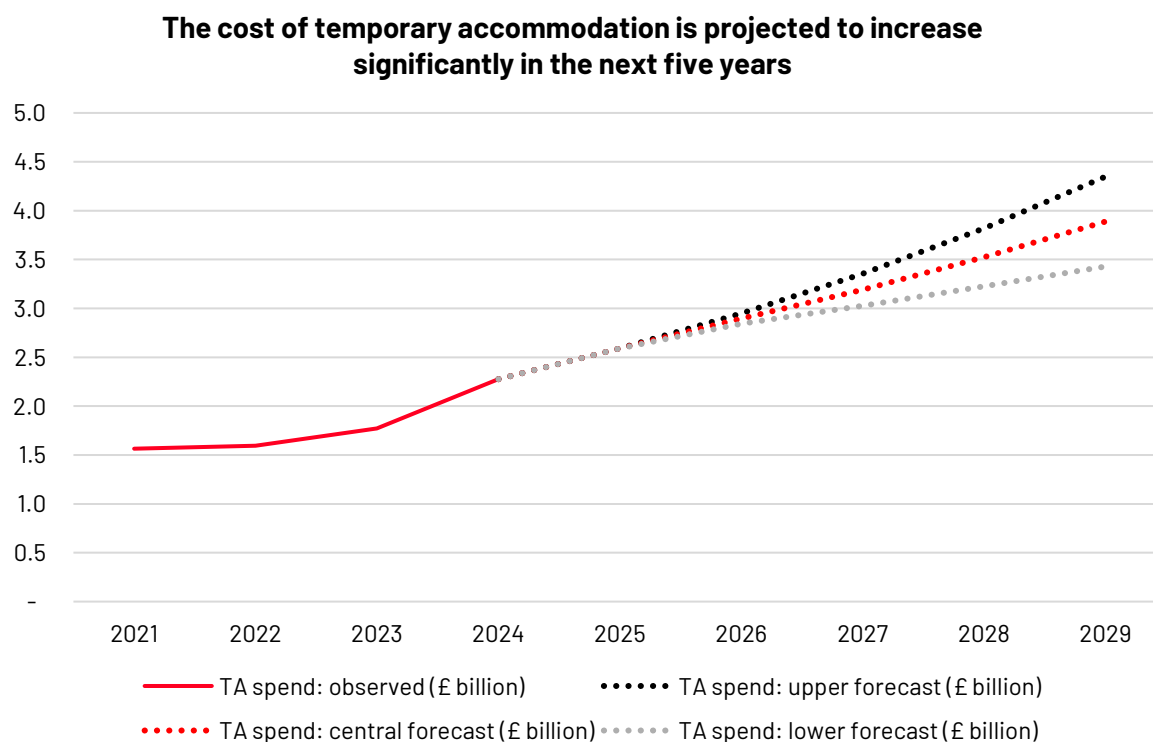


Figure 3 The observed and projected increase in TA expenditure, 2021-2029. Data is published by financial year.
 Source: Shelter analysis of MHCLG local authority revenue and expenditure data.

The cost of TA is projected to increase significantly over the next five years due to the growing use of TA and the continued shift to expensive nightly paid accommodation. Private providers will likely have an increasing grip on the sector without a significant increase to investment in social rent homes in the June Spending Review.

Scope of analysis

Shelter analysis estimates the number of households and children living in temporary accommodation in 2029 and the associated cost of provision. The projection is based on historical trends and government data to show the likely forecast if current trends continue.

We have taken account of the impact of the Renters' Rights Bill and the abolition of section 21 eviction notices and used the pandemic eviction ban as a proxy to estimate its impact.¹⁷ The analysis is not intended to be a full prediction of the impact of the Bill on homelessness.

The analysis also accounts for the three recent AHP funding announcements. We have estimated the number of social rent homes that will be delivered using this funding and assumed that 14% of these new homes will be available for TA residents to move into.¹⁸



Sources

- ¹ MHCLG, [Statutory homelessness live tables](#), Detailed local authority level tables, Table TA1
Garvie, D., Pennington, J., Rich, H. and Schofield, M. [Still Living in Limbo: Why the use of temporary accommodation must end](#), Shelter, March 2023
- ² MHCLG, [Local authority revenue expenditure and financing England: 2023 to 2024](#), Table RO4
- ³ DCN, [‘Most of our council tax is spent on temporary accommodation’](#), October 2024
- ⁴ Data on temporary accommodation spend is published by financial year. To calculate the average spend per household we have compared the total estimated cost in 2028/29 with the estimated number of households living in TA in 2029 Q1 (177,000 households).
- ⁵ National Audit Office, [The effectiveness of government in tackling homelessness](#), July 2024
- ⁶ There have been three recent AHP funding announcements. The first two were a top up of the AHP 2021-26 programme: £500 million was announced in the Autumn budget to deliver 5,000 social and affordable homes and £300 million was announced in February 2025 to deliver 2,800 homes, including 1,400 social rent homes. In the March 2025 Spring statement £2 billion was announced to deliver up to 18,000 social and affordable homes. MHCLG, [Thousands to benefit from the security of a safe home - GOV.UK](#) and MHCLG, [Government paves the way for local people to build more homes](#)
- ⁷ In 2022/23 29,995 households who moved into a social rent home were previously living in temporary accommodation. Comparing this with the number of households in TA at the end of March 2023 shows that only 29% of households in TA were able to move into a social rent home. MHCLG, [Social housing lettings in England, April 2022 to March 2023](#), Table 3g
- ⁸ In 2014 Q3 there were 91,090 children living in temporary accommodation in England. An increase to over 206,000 children by 2029 would be an increase of 126%. MHCLG, [Statutory homelessness live tables](#), Detailed local authority level tables, Table TA1
- ⁹ ONS, [Price Index of Private Rents, UK: monthly price statistics](#), Table 1
- ¹⁰ Crisis analysis of Zoopla data for one to three bedroom properties. Crisis, [Fewer than three in every 100 privately rented properties listed in England are affordable for people on housing benefit](#), April 2025
- ¹¹ Shelter, [Homelessness bill doubles in five years to £2.3bn](#), August 2024
- ¹² In recent years the financial burden of TA has shifted from central government housing benefit subsidy to local government general fund expenditure. Centre for Homelessness Impact, [Spending on Temporary Accommodation: Is it Value for Money?](#) November 2024
- ¹³ Some local authorities told the National Audit Office that meeting their duty to provide temporary accommodation could result in them issuing a Section 114 notice, meaning they believe they will exceed their resources in a financial year. National Audit Office, [The effectiveness of government in tackling homelessness](#), July 2024
- ¹⁴ Centre for Homelessness Impact, [Spending on Temporary Accommodation: Is it Value for Money?](#) November 2024
- ¹⁵ MHCLG, [Local authority revenue expenditure and financing England: 2023 to 2024](#), Table RO4 and MHCLG, [Statutory homelessness live tables](#), Detailed local authority level tables, Table TA1
- ¹⁶ £5 million was announced for 20 local authorities (£250k per LA on average). MHCLG, [Press release: Largest ever cash boost to turn the tide on homelessness](#), 18 December 2024
- ¹⁷ The analysis assumes that the Renters’ Rights Bill won’t be implemented until Autumn 2025 and therefore the earliest we will start to see the ending of section 21 evictions impacting TA levels will be 2025 Q4 with a more significant impact from 2026 Q1 onwards.
- ¹⁸ We have assumed average grant rates between £154k and £160k for social rent homes. Over the last five years on average 14% of social rent lettings were allocated to households who were previously living in temporary accommodation (between 2019/20 and 2023/24). MHCLG, [Social housing lettings in England, April 2022 to March 2023](#), Table 3g

