



Housing Select Committee

Report title:
Temporary Accommodation - Supply and Pressures

Date: 4 January 2024

Key decision: No

Class: Part 1

Ward(s) affected: All

Contributors: Fenella Beckman, Director of Housing Strategy

Outline and recommendations

Housing Select Committee are asked to note the briefing.

Timeline of engagement and decision-making

17 th November 2022	Accommodation Procurement Strategy report presented to Housing Select Committee
7 th December 2022	Accommodation Procurement Strategy approved at Mayor and Cabinet
8 th March 2023	Housing Acquisition Programme for Homeless Households approved at Mayor and Cabinet

1. Summary

- 1.1. This report sets out the context in which the temporary accommodation service is operating, and the supply challenges faced by the service. It goes on to set out the measures which are in place to try to address these challenges.

2. Recommendations

- 2.1. Housing Select Committee are asked to note the briefing.

3. Policy Context

- 3.1. The contents of this report are consistent with the Council's policy framework. It supports the achievements of the Corporate Strategy objectives:
- 3.1..1. Tackling the housing crisis – Everyone has a decent home that is secure

and affordable.

- 3.2. The contents of this report support the achievement of the following Housing Strategy 2020-26 objectives:
 - 3.2..1. Preventing Homelessness and meeting housing need;
 - 3.2..2. Improving the quality, standard and safety of housing;
 - 3.2..3. Supporting our residents to live safe, independent and active lives.

4. Background

- 4.1. The Homelessness Reduction Act came into force in April 2018. At the same time, Homelessness Case Level Information Collection (H-CLIC) data system replaced the P1E form for all new homeless applications. Local authorities submit their H-CLIC data each quarter, and the performance is reported via performance dashboards published on the government website. The reported information is always two quarters in arrears.
- 4.2. As at the end of June 2023, 105,750 households were in temporary accommodation, which is an increase of 10.5% from June 2022. Households with children increased by 13.8% to 68,070, and single households increased by 5.0% to 37,680. Compared to the previous quarter, the number of households in temporary accommodation has increased by 1.2%.¹
- 4.3. Many councils are experiencing financial challenges, with several warning of bankruptcy due to the cost of homelessness.
- 4.4. There has been a recent unprecedented shortage in the supply of private rented accommodation across London, and nationwide, which has resulted in a significant rise in costs incurred by the Council to provide temporary accommodation.
- 4.5. Research conducted by LSE Consulting and funded by London Councils, Trust for London, and Capital Letters, and published in July 2023, looked at the supply of private rented sector accommodation in London. The research found that rental listing have fallen across all bedroom types (by 36 % for 1, 2, and 3 beds compared to the 2017-19 average) and properties that were previously being advertised for rent prior to the pandemic, are now being advertised for sale². *'The proportion of 3, 4 and 5+ bed properties listed for sale that were previously listed to rent doubled from 2018-19 to 2022, and for 1 and 2 bed properties the proportion increased by a factor of 2.5'*³ Asking rents in London are 20% above the pre-pandemic levels and it has been increasingly difficult to find properties within local housing allowance rates.⁴
- 4.6. Tenants are remaining in rental homes for longer period of time, this is driven by the shortage of vacant homes and the high cost of homeownership. Landlords are reducing their portfolios, and smaller, more accidental landlords are the ones more likely to be leaving the market – these are the landlords who

¹ <https://www.gov.uk/government/statistics/statutory-homelessness-in-england-april-to-june-2023>

² LSE Consulting, Supply of Private Rented Sector Accommodation in London, Summary Report, July 2023, page 5

³ *ibid*

⁴ LSE Consulting, Supply of Private Rented Sector Accommodation in London, Summary Report, July 2023, pages 5-6

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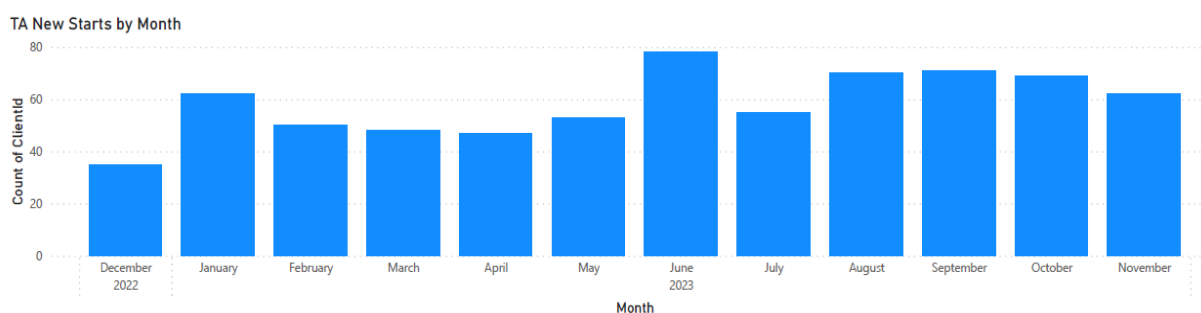
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were more likely to let their properties to a council.⁵ The survey found that 40% of landlords who had let to tenants with low incomes in the past have reduced their exposure in the last two years.⁶

- 4.7. Mayor & Cabinet approved an updated Accommodation Procurement Strategy in December 2022, setting out how the Council will ensure a sufficient supply of accommodation. The strategy also aimed to assist in managing accommodation pressures and help officers to make the best use of the resources available to them.
- 4.8. Despite this, managing the number of people in temporary accommodation remains a challenging process because there is a continuing drop in supply of move-on accommodation in the private rented sector. This is placing significant strain on the Councils temporary accommodation budget, which is forecast to overspend by £9m in 2023/24.

5. Demand for housing assistance in Lewisham

- 5.1. The number of households approaching the Council for assistance remains high in comparison with previous years. To the end of November in the 2023/24 financial, the council has received 2,416 homeless applications. The number for the whole of the 22/23 financial year was 2,452.
- 5.2. The number of new TA starts per month during 2023/24 is shown below:



- 5.3. The service has taken a number of steps to reduce the number of households entering temporary accommodation, by focussing on early intervention work to avoid crisis and homelessness.
- 5.4. The shortage of affordable accommodation has led to an increase in the number of households needing assistance and the service being dependent on the use of nightly paid and hotel accommodation. This in turn means that the cost of temporary accommodation has escalated considerably.

6. Temporary accommodation in Lewisham

- 6.1. There are currently 2,806 households in temporary accommodation provided by Lewisham. Demand for temporary accommodation comes from new households that are accepted as homeless and households that need to move from existing temporary accommodation (because the landlord has decided to sell the property, for example). If a homeless applicant meets all relevant criteria, the council has a duty to provide them with accommodation until a more permanent solution can be found. Given Lewisham's lack of availability of social

⁵ LSE Consulting, Supply of Private Rented Sector Accommodation in London, Summary Report, July 2023, page 6

⁶ ibid

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housing, and record waiting lists for accommodation, the Private Rented Sector (PRS) is the only realistic route out of Temporary Accommodation for most homeless households.

- 6.2. The council's Accommodation Supply Team are responsible for procuring accommodation from landlords willing to rent their properties to homeless households at housing benefit affordable rents. However, both the economic downturn in the last year and changing housing market are resulting in an increasing percentage of private landlords choosing to increase their rent in line with market prices or choosing to no longer rent out their properties resulting in them disposing of the properties altogether, as referred to in section 4 above. Some landlords, who officers are in touch with, report that they intend to sell their properties due to reduced cash flow caused by higher interest rates and changes to buy-to-let tax relief.
- 6.3. In the 2023 Autumn statement, the government announced that Local Housing Allowance (LHA) rates would be unfrozen from April 2024, and reset to cover 30% of local market rents, they will subsequently be frozen again.
- 6.4. LHA rates serve as the upper limits for housing support in private rented properties, applicable to claimants of Universal Credit and Housing Benefit. These rates are determined by the Department for Work and Pensions drawing on data provided by the Valuation Office Agency (VOA). LHA rates are set at the 30th percentile for market rents compiled by the VOA but have been frozen since 2020/21. A report commissioned by London Councils, prior to the rate increase announcement, estimated that an additional 16,500 to 22,000 London households would become homeless between 2023/24 and 2030/31 if the rates freeze continued⁷.
- 6.5. Unfreezing the LHA rates will mean Universal Credit and Housing Benefit payments to 1.7m tenants in the private rented sector will increase from April 2024, this will help to prevent tenants on low incomes becoming homeless.

7. Temporary Accommodation – Supply challenges

- 7.1. The Council's stock of temporary accommodation includes 568 Privately Managed Accommodation (PMA) properties which are procured from private landlords on long leases and 286 Private Sector Leased (PSL) properties managed by the authority.
- 7.2. The council has seen a significant increase in the number of these properties which landlords are requesting to be returned to them. As at the end of November 2023, there were 168 active notices for hand backs. 135 notices were received during 2022/23 and 90 properties have been handed back. The majority of hand backs to date have been two beds (57 out of 90).
- 7.3. It is becoming increasingly difficult to find properties which meet the pan-London Inter Borough Accommodation Agreement (IBAA) rates. Landlords are therefore exiting the TA market or requesting higher rates from councils in order to meet their costs.
- 7.4. The council has become increasingly reliant on the use of nightly paid temporary accommodation, the mostly expensive form of TA. The use of nightly paid accommodation has risen from 745 at the start of April 2021 to 1,178 at

⁷ <https://www.londoncouncils.gov.uk/download/file/fid/29677>

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mid December 2023.

- 7.5. The drop in supply of rental properties across London also means that the number of households moving out of temporary accommodation into the private rented sector has stalled. The proportion of rentals at LHA rates is down to 2.3% compared to 18.9% prior to the Covid-19 pandemic. This is driving the overall increase in the number of households in TA.
- 7.6. The benefit cap is another factor impacting move on from TA. It places a limit on the maximum benefits that some households, such as non-working households, can receive. In London that limit is set at £25,323 per year for couples and single parents with children, and £16,967 per year for single adults.
- 7.7. Due to the cost of housing in London, the majority of non-working households are being capped because the housing element of their benefits uses up most of their entitlement before living costs are taken into account. Properties are therefore judged to be not affordable and consequently very few reasonable housing offers can be made. This is resulting in households spending longer in TA, which impacts supply.
- 7.8. The current stock of TA is spread across 47 local authorities, with over half (53%) of all placements within the borough of Lewisham. As at December 2023, records for 2,666 properties where we have reportable location data, show the properties were located:
 - In Lewisham – 53%
 - In other London boroughs = 43%
 - o The majority (65%) of the placements in other London Boroughs were made within neighbouring boroughs and within south-east London (i.e. Croydon, Bromley, Greenwich, Bexley, Southwark, Lambeth)
 - o Outside of south-east London, the most placements (more than 20 placements per borough) are made in Newham, Barking and Dagenham, Wandsworth, Redbridge, Waltham Forest, Tower Hamlets, Brent and Hackney.
 - o Smaller numbers of placements are made in majority of the remaining London boroughs.
 - Outside London: = 4%
 - o The majority (57%) of the placements outside London were within north Kent.
- 7.9. Households with specific needs are often accommodated for long periods of time in insecure, expensive accommodation whilst the council sources a property that is suitable for the household. There are currently over 200 households in temporary accommodation in need of 4/5 bedroom property and 60 households on the housing register who require a permanent wheelchair adapted property.
- 7.10. The Housing Service is in competition with other council partners, organisations such as the Home Office and Ministry of Justice and provider/third sector organisations, who are able to access housing without being subject to pan-London local authority rent cap agreements. This can mean that fewer landlords are interested in leasing their property to the housing service.

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8. Addressing the TA supply challenges

- 8.1. The council is undertaking a number of measures to attempt to address the supply challenges faced by the service. This includes internally reviewing TA activity and implementation of a number of service improvement projects to ensure we are managing our overspend forecasts. These ensure ensuring applications for housing benefit are made promptly and tightening processes around the management of rent accounts.
- 8.2. In December 2022 Mayor and Cabinet approved the councils new Accommodation Procurement Strategy, which sets out an action plan for meeting demand procurement activities that will be followed to sourcing properties, both for temporary accommodation and/or for discharge of duty.
- 8.3. The strategy aims to provide enough housing in the private rented sector to prevent households at risk of homelessness from entering temporary accommodation, and for households in temporary accommodation who are able to be re-settled into the private rented sector.
- 8.4. Given the market challenge officers took a paper to the Executive Management Team meeting to advise of the risk that officers will not be able to procure enough properties to meet demand. This is highlighted as a corporate risk.

Procuring new units of accommodation

- 8.5. There is a target to procure 200 units of temporary accommodation and currently, 39 properties have been procured to the end of November 2023, reflecting the struggles, as detailed above, to procure new accommodation.
- 8.6. A further target is to procure 400 properties for the provision of private rented sector accommodation and 177 units have been procured to November 2023.

Housing Acquisitions Programme

- 8.7. In March 2023 Mayor and Cabinet approved the Housing Acquisition Programme for the purchase up to 300 homes from the open market to increase the supply of temporary accommodation.
- 8.8. The properties will provide much needed, good quality accommodation in and close to the borough, which will be owned by the Council. This will enable the Council to have control over setting benefit-affordable rents, thereby avoiding the payment of a subsidy.
- 8.9. At present, there are 30 units with accepted offers and 50 in discussion.

Capital Letters

- 8.10. In 2018 the council agreed to join Capital Letters, a pan-London initiative aimed at procuring homes across London in a joined-up way. The council has been an active partner and figures show 201 properties were offered to the council in 2021/22, and all-borough average was 288 property offers.
- 8.11. Unfortunately, for many of the reasons detailed above, the numbers of properties becoming available through Capital Letters has also declined, and only 39 properties were offered to Lewisham in 2022/23 (the all-borough average was 54 properties).
- 8.12. The council continues to work closely with Capital Letters to bring in as many properties for Lewisham households as possible.

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Empty homes

8.13. Work is ongoing to ensure empty properties in the borough are brought back into use as soon as possible, using a combination of support for landlords / owners, issuing Empty Property grants and carrying out enforcement action. In the past 6 months for example, the following work has taken place in increase supply:

- traced 2 long term empty property owners and currently working with them/supporting them to bring back their empty properties into residential use
- granted 3 Empty Property Grants applications

9. Financial implications

9.1. Housing Select Committee are asked to note this briefing and, as such, there are no direct financial implications.

9.2. There are significant costs associated with housing generally, including managing the allocations service, managing the supply and provision of council housing and providing services to those experiencing homelessness or the threat of homelessness and rough sleeping. All of these are affected over time by demand. Development of the Housing Strategy 2020-26 and Homelessness and Rough Sleeping strategy 2023-26 and ongoing continued review of service delivery helps to manage this demand with the resources allocated for that purpose.

10. Legal implications

10.1. This is a report for noting. There are no direct legal implications.

11. Equalities implications

11.1. A full equalities impact assessment was undertaken for the Procurement Strategy.

11.2. The council aims to ensure that housing, for both temporary accommodation and for private rented offers, is affordable to low-income households and within benefit levels, so it is sustainable in the longer term. This means that some properties procured will be outside London. The council also aims to ensure that locations where properties are procured are suitable for homeless households.

12. Climate change and environmental implications

12.1. There are no anticipated climate change and environmental implications.

13. Crime and disorder implications

13.1. There are no anticipated crime and disorder implications.

14. Health and wellbeing implications

14.1. Accommodation procured must meet appropriate levels of suitability. Checks will be carried out to ensure that properties are of a decent quality and landlords hold all relevant licenses where applicable.

14.2. The Location Priority Policy gives in borough preference to residents with medical need, classified as under-going treatment for a physical or mental

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health condition, which cannot be transferred. It also gives preference to children subject to a Child Protection Plan, an Education Health and Care Plan or a Statement of Educational Needs in the London Borough of Lewisham, which cannot be transferred to another local authority. Those in receipt of care or those caring for someone outside of their household through longstanding arrangements are also given preference for allocations in-borough.

15. Background papers

- 15.1. [Accommodation Procurement Strategy](#)

16. Report author and contact

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