

PLACES OVERVIEW AND SCRUTINY COMMITTEE

Subject Heading:	Update on current position in relation to Emergency Temporary Accommodation in Havering and the lack of supply
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Policy context:	Temporary Accommodation

SUMMARY



RECOMMENDATIONS

1. That Members note and comment on the contents of the report.

REPORT DETAIL

2. Temporary Accommodation in Havering – the current position
3. Havering Council's use of hotel and nightly charged accommodation has created enormous pressure on the Council's housing general fund budget.
4. The average number of households in hotels since 2021/22 rose from 25 to 189 and is forecasted to hit 194 by year end.
5. The average cost of emergency temporary accommodation had also risen in that period from £73 per night to £81 per night.
6. The increase in the average cost is not because of the use of hotels but the use of a nightly charged property. This is an ordinary home in Havering or another part of London. An ordinary home with a kitchen and bathroom which children are deprived of the former inside a hotel room.
7. Ordinary homes are now higher than the cost of the private rented market and landlords are leaving the private market in their droves to provide these ordinary homes at a far greater expense to the council whom can only achieve the local housing allowance 2011 less 10% before meeting the shortfall. Landlords are not doing this to line their pockets but to meet the higher mortgage costs, inflation and newly imposed taxes on their income.
8. That aside the impact is across London and presenting a risk to corporate budgets not simply the housing budget.
9. Local authorities in London can no longer rely on a fraught private rented sector and Havering Council must secure its own supply of affordable accommodation to avert the risk a continued unsustainable nightly charged market currently faced by other London boroughs with 1000s already in hotels and nightly charged accommodation.
10. The nightly charged market is a debilitating market offer from private landlords pivoting with established letting agents to offer poor quality homes at premium above market rents. The offer distorts the market and pushes even dual income households into poverty.
11. We have 230 households in hotel and nightly charged accommodation. We successfully navigated exiting families out of chain hotels where a maximum stay is 2 weeks. We have reduced the numbers of families with children in bed and breakfast hotels over 6 weeks (a statutory obligation) from 76 households to 15 and are continuing to make every effort to improve this position.

12. The following shows the different types of properties that the Council supply for Temporary Accommodation and direct placement made into them:
13. Table 1. Number of households directly placed into temporary accommodation over the last 4 years

Type of Accommodation	Number of Households directly placed 1 April 20 – March 21	Number of Households directly placed 1 April 21 – March 22	Number of Households directly placed 1 April 22 – March 23	Number of Households directly placed 1 April 23 – March 24
Hotel	123	116	358	485
Private Sector Leases	23	28	17	2
Short-life Accommodation	23	24	4	1
Hostel	147	147	51	15
TOTALS:	316	315	430	509

14. Havering Council are not the only borough experiencing these challenges and although the proportion of the risk might appear lower in Havering, as a borough it utilises significantly lower hotel and nightly charged accommodation provision than its neighbours, however, there is an acute risk that Havering could see significant increases in use of hotels and nightly charged accommodation over the next 5 years.
15. A recent report from London Councils in September stated:
16. *London boroughs now spend more than £90 million per month on TA, up nearly 40% from a year earlier. Having overspent by more than £200 million in 2023/24, most boroughs are already forecasting further significant overspends this year. Consequently, the cost of TA has quickly become one of the biggest factors undermining London boroughs' financial stability.*
17. *Increases in TA costs are being driven by four broad factors;*
- i. Increased Demand: increased homelessness presentations;*
 - ii. Reduced Supply: reduction in the availability of TA and private rental accommodations;*
 - iii. Increased Costs: increasing reliance on high-cost temporary accommodation (e.g. commercial hotels) alongside growing cost of all other accommodation types;*
 - iv. Insufficient funding: funding has never met the cost of TA provision in London but the gap has increased in recent years, primarily as a result of a freeze in the Housing Benefit (HB) subsidy payable to authorities for TA.*
18. *Many of these issues are structural or products of central government policy and London Councils has continually worked to highlight these issues through lobbying and communications activity.*

19. Regional perspective

20. Table 2: shows the numbers in temporary accommodation as at the end of December 2023 for the eight London boroughs that comprise the East London region:

	2019	2019	2023	2023
	No of Households in TA	Total no. in TA per 1,000 popn.	No of Households in TA ¹	Total no. in TA per 1,000 popn.
Barking & Dagenham	1,609	20.33	1,230	15.43
City of London	11	3.19	31	7.16
Hackney	3,223	27.06	3,169	25.68
Havering	805	7.64	1,161	10.80
Newham	5,280	46.12	6,269	53.06
Redbridge	2,993	27.06
Tower Hamlets	2,647	20.41	2,815	19.77
Waltham Forest	2,064	19.99	1,083	10.34
TOTAL	5,639		12,482	

21. What is driving the supply shock for Havering?

22. Private sector lease

23. In 2019/20 we enjoyed 840 properties in Havering supplied by individual landlords on a private sector lease contract. We have managed these properties for over 10 years and for many of those landlords they have been able to achieve this on low rents compared to the market.

24. However, market forces such as high interest rates, inflation and low local housing allowance rates has meant that landlords can no longer sustain this provision and as a result our private sector lease portfolio has fallen by 284 properties with impact most felt in the supply of 2 and 3 bed houses.

25. Table 3: Number of properties on private sector lease contracts over the last 4 years.

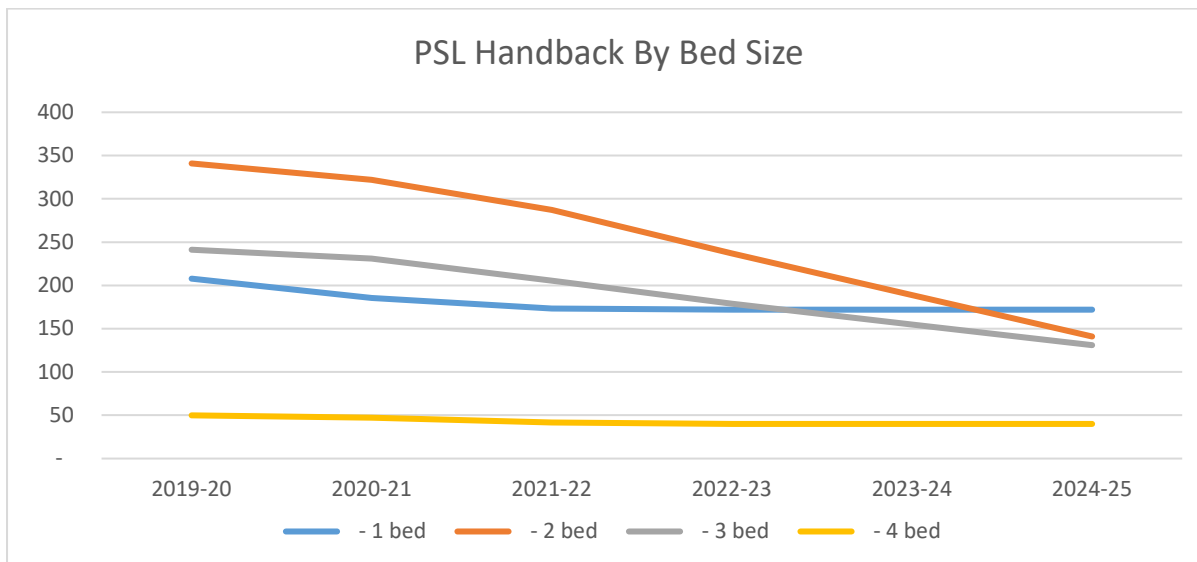
Average number of properties	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
- 1 bed	208	186	173	172	172	172
- 2 bed	341	322	287	237	189	141
- 3 bed	241	231	206	179	155	131
- 4 bed	50	47	42	40	40	40
Total	840	786	708	628	556	484

26. Handbacks

27. The private sector leasing housing market has provided the bulk of our temporary accommodation portfolio and recent cost of living crisis has impacted our ability to continue to use the private rented sector.

28. The stamp duty break between July 2020 and 1 October 2021 saw owners giving three-month notices to put their properties onto the open market for sale. The Private Sector Lease housing stock has reduced significantly over the past year with the Council unable to replace them at the same pace.

29. The graph below shows the forecast of the number of properties (by bedroom size) to be handed back. Two-bedroom properties were handed back at the fastest rate.



30. Reasons for handback

- I. Landlord requesting a handback
- II. Sell the property
- III. Request a rental increase

31. 90% of our stock have an expired lease and negotiating with landlords to sign a new lease has also been complicated. This has raised expectations on rent without any desire for remedial works to be carried out for dilapidations. Many of our properties have been in our portfolio for over 10 years. In order to sign new lease terms due diligence and compliance has also been quite prohibitive and delayed leases being signed and sealed.
32. In 24/25 there are 71 handbacks and we have a further 88 new handbacks in the pipeline from February 24.
33. Table 4: shows the outstanding handbacks we are working through

Status	Numbers of handbacks	Commentary
Handbacks overdue from 2022	0	handbacks overdue from 2022 completed from 7
SSH void	1	Returning keys
Handbacks overdue from 2023/24	12	Remained with voids or currently tenanted
Handbacks overdue	46	11 imminently out of notice. Households awaiting a move on
Handbacks within 3 months' Notice	12	Under notice within timeframe
Total	71	Overall total – handbacks

34. Landlords are selling their properties

35. Landlords are choosing to either sell or place their property with the highest rents offered. Further to this, there are properties that have been with the Council for many years but now fallen into decline and in need of modernisation. A proportion of properties are given back to the owners where living standards have fallen short of the letting standards.
36. The risk of increasing handbacks and a poor market for procurement is that the Council need to use more nightly lets to fulfil its duty.



37. The table 5: below provides the number of properties handed back by bedroom size and reason during the year ending 31st March 2022:

Number of bedrooms	1 bedroom	2 bedroom	3 bedroom	4 bedroom	Total
Selling	9	23	9	1	42
No rent increase	3	10	7	0	20
Council served notice - Refusal to do works/ not required by us	2	10	7	1	20
ASB	0	1	2	0	3
Need for family member	1	1	1	0	3
Total	15	45	26	2	88

38. Reasons for delays in handbacks

39. Lack of stock available to move households on to

40. Risk of placing in hotels and inflating our existing expenditure

41. Collapse of the private rented sector

42. The impact of the volume of homeless demand

43. Havering Council have seen sustained and unprecedented volumes in homeless demand after it doubled during COVID lockdown. The three main reasons for homelessness are:

- i. Family and friends eviction
- ii. Private rented eviction
- iii. Domestic abuse

44. Table 6: Homeless Approaches

The number of homeless approaches has consistently peaked above 220 whereas in 2020 we saw this occur on a single occasion. In 2021/22 so far the number of approaches have almost doubled on the previous year and in 2022/23 the average approaches per month was 293. The average remains high in 2023/24 with 296 approaches per month.

	April	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	YTD
2019-20	155	186	160	195	177	165	187	174	111	233	160	129	2032
2020-21	114	141	165	166	228	269	236	256	175	239	255	292	2536
2021-22	235	270	312	248	273	301	260	280	169	258	250	281	3137
2022-23	261	294	237	280	319	300	305	300	249	282	325	365	3517
2023-24	272	274	315	326	308	305	291	293	212	348	309	299	3552

45. Table 7: The three top main reasons for homelessness

2020/21	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Total
Domestic abuse	8	12	9	12	29	19	24	29	15	22	18	29	226
Private rented eviction	15	28	29	17	41	31	41	41	27	27	36	57	390
Family/ friends exclusion	52	55	78	64	71	99	77	87	51	75	84	78	871

2021/22													
Domestic abuse	22	24	26	19	31	28	18	25	12	18	13	18	254
Private rented eviction	39	48	55	46	41	69	52	64	38	55	53	62	622
Family/Friends exclusion	64	76	72	65	69	79	62	74	31	71	50	67	780
2022/23													
Domestic abuse	20	31	19	16	20	19	22	24	22	19	18	17	247
Private rented eviction	48	67	58	58	71	55	64	53	54	56	55	57	696
Family/Friends exclusion	54	61	63	69	71	63	65	48	43	57	68	50	712
2023/24													
Domestic abuse	24	22	33	22	33	27	25	20	23	36	27	27	319
Private rented eviction	75	67	68	77	66	78	63	68	49	80	79	77	847
Family/Friends exclusion	59	63	78	88	76	84	81	81	49	91	92	96	938

46. Table 8: Domestic Abuse Approaches

	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Total
2019/20	7	5	7	7	5	7	12	9	2	7	4	5	77
2020/21	8	12	9	12	29	19	24	29	15	22	18	29	226
2021/22	22	24	26	19	31	28	18	25	12	18	13	18	254
2022/23	20	31	19	16	20	19	22	24	22	19	18	17	247
2023/24	24	22	33	22	33	27	25	20	23	36	27	27	319

47. The Rent Deposit Scheme – Find Your Own

48. The housing solutions team administer the Find Your Own Scheme and with a budget of £425k would look to support as many households singles and families in to the private rented sector.

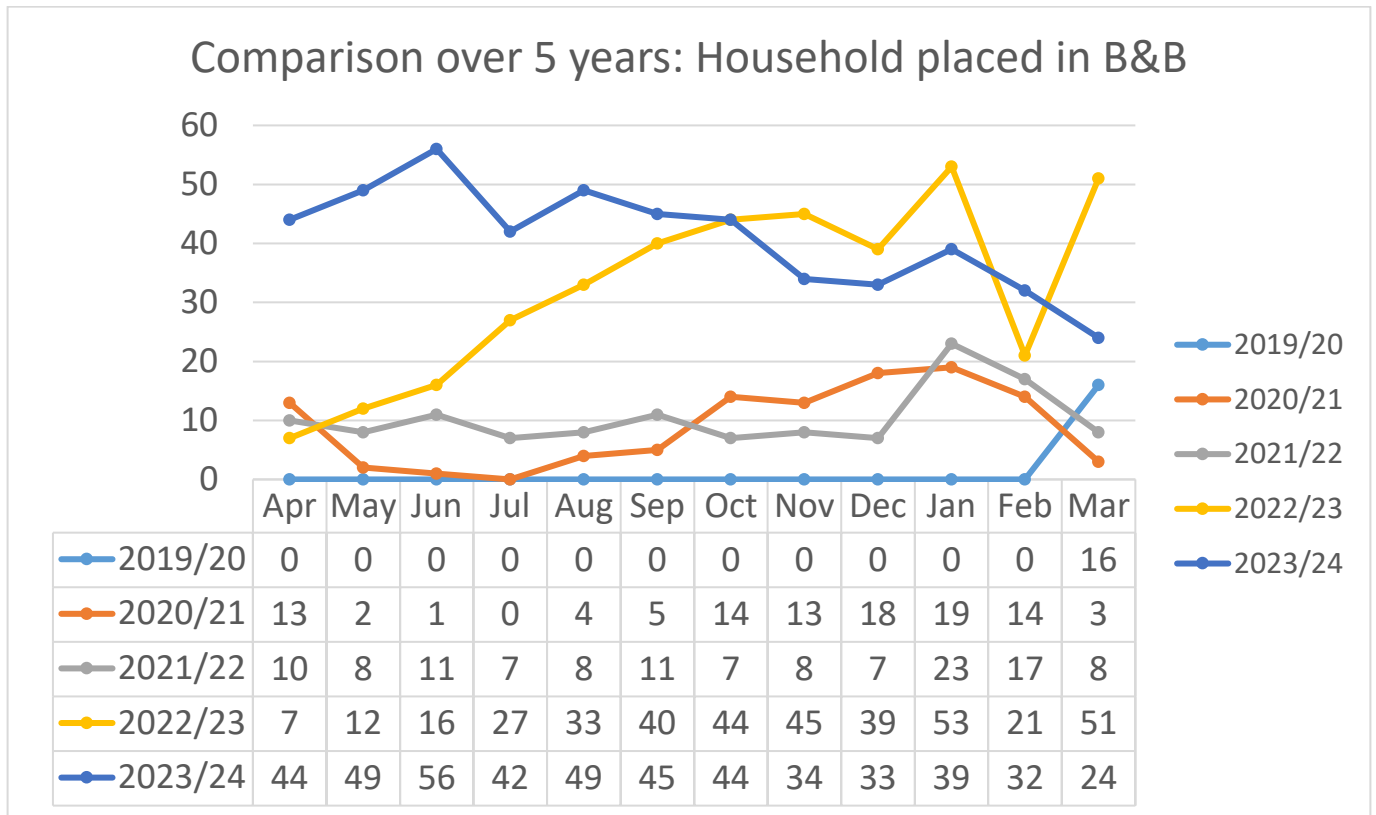
49. Table 9: illustrates the performance of the find your own scheme over the last 4 years.

	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Total
2019/20	10	13	19	20	25	24	22	19	12	23	27	26	240
2020/21	12	6	19	38	33	41	30	47	32	27	20	17	322
2021/22	17	15	14	18	30	27	13	11	24	22	13	17	221
2022/23	19	10	12	16	14	16	10	14	11	8	6	14	150
2023/24	13	7	18	12	15	7	7	6	8	11	18	15	137

50. Table 10: illustrates the spend on rent deposits for private rented properties

	Apr 22 to Mar 23	Apr 21 to Mar 22	Apr 20 to Mar 21	Apr 19 to Mar 20
Find your Own	150	222	322	240
Budget	£425,000	£425,000	£425,000	£425,000
Find your own expenditure	£412,339	£538,140	£639,000	£839,000
Capital Letters	13	59	0	0

51. For those households unable to secure a private rented property will likely be placed into emergency hotel or nightly rate property. We have seen a 57% reduction in private rented sector placements through the Find Your Own Scheme and an increase of 2968% increase of placements into hotels since 2019.



52. The cost of temporary accommodation over the next 3 years

53. The cost of temporary accommodation in Havering is the single biggest risk budget of the housing general fund.

54. Table 11: shows the cost of temporary, PSL accommodation, broken down across income collection and spend (including landlord rents), void costs and bad debts:

	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Landlord Rents	9,460,780	8,763,885	7,864,445	7,021,828	6,673,019	6,436,466
Average monthly landlord rent per property	938	929	926	937	947	952
Tenant Rent Income	-8,140,838	-	-	-	-6,331,948	-6,138,801
Void Cost	293,395	517,690	523,900	542,623	557,558	562,051
Bad Debts	134,191	119,406	242,792	119,606	115,487	111,535

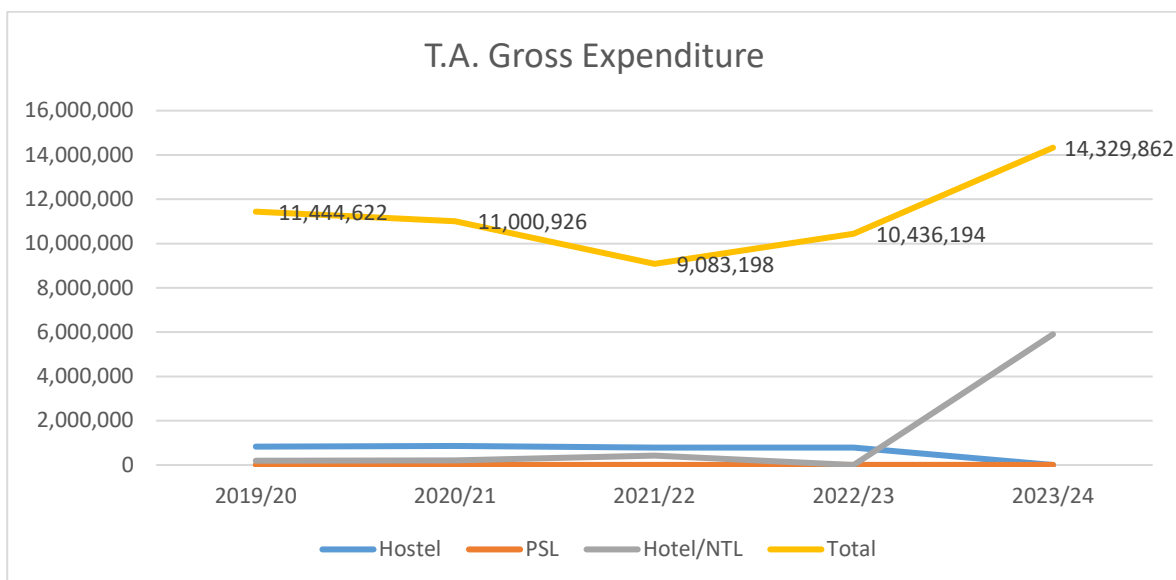
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PSL NET TOTAL COST (Landlord rent less tenant rent income)	1,747,529	1,900,483	1,865,794	1,161,112	1,014,117	971,251
Total average property numbers	840	785	707	624	587	563
Net Cost per property	2,080	2,421	2,639	1,860	1,727	1,725

55. The table 12: and graph below shows the financial impact on the Council for temporary accommodation services in Havering.

Year	2019-20	2020-21	2021-22	2022-23	2023-24
Hostels	£823,479	£860,626	£784,320	£789,767	£1,210,817
Private Sector Housing	£10,420,229	£9,931,525	£7,868,296	£8,516,700	£7,216,822
Hotels & Nightly lets	£200,914	£208,775	£430,582	£1,129,727	£5,902,223
Total Spend	£11,444,622	£11,000,926	£9,083,198	£10,436,194	£14,329,862

* This is Gross spend, it does not include income



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56. What does Havering have planned to address these challenges?

57. Bed and Breakfast exit plan

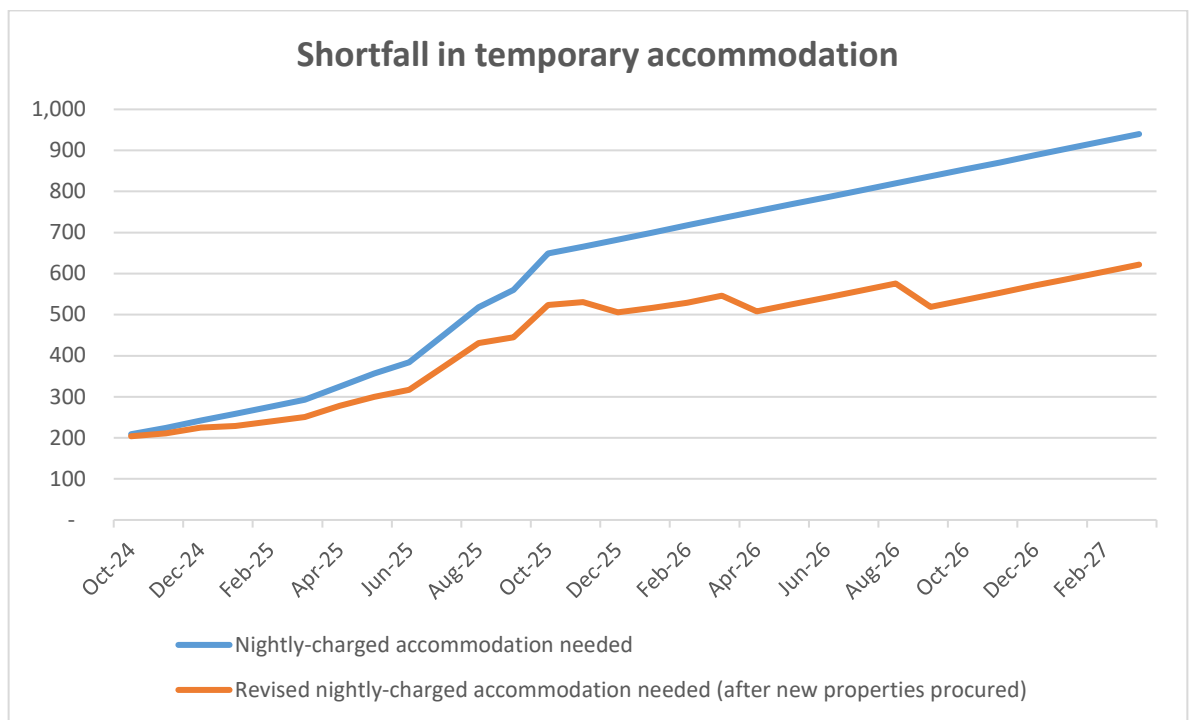
58. To exit out of the current 230 hotel and nightly charged accommodation places and to sustain this position, Havering will need to have a number of meaningful property and pipeline initiatives to address the homeless pressures over the next 5 years.

59. If we do nothing verses doing something

60. In the event that Havering do not take significant action to address the housing supply shock we expect the need for nightly charged accommodation and hotels will continue to grow and become unsustainable.

61. Table 12: Illustrates the number of emergency forms of accommodation required if we do nothing and with actions we will look to take to achieve a pipeline

	24/25	25/26	26/27
Without a pipeline	293	735	940
With a pipeline	251	502	253



62. Temporary accommodation supply

63. We have a range of mitigations to provide additional supply to temporary accommodation many of the initiatives have already secured approval at cabinet and are being mobilised others are still in negotiation. We have currently in the

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process of securing a supply of 562 units and anticipate will need another 700 properties to avoid the council facing high profile risks we have identified.

64. These include the following initiatives

- I. Private equity finance
- II. Office to residential conversions
- III. Pension fund property investments
- IV. New development opportunities for temporary accommodation.

65. Table 13: Is a temporary accommodation pipeline planned to meet the existing volume of demand

Action/Mitigation	Number of units	Delivery Date	In YR proposed cost reduction or income generation	Future Year application – if yes add value in future years
Property Purchasing Scheme (Chalkhill)	150	October 25	-0.3m revenue (with a further -0.4m capital saving)	£18.2m revenue (with a further -30.6m capital) (10 years)
Mother and Baby Unit	12	October 24	0	£0.2m (pa)
Open and fully occupy Royal Jubilee Court	74	March 24	-2.3m	£4.6m (over 2 years)
Family Welcome Centre	74	Sept 26	0	£2.3m(pa)
Mercury House	115	November 26	0	£24m (over 10 years)
Eastgate House	34	February 26	0	£8.6m (over 10 years)
Chesham House	55	February 26	0	£18.5m (over 10 years)
Notting Hill Genesis Joint Venture (Temporary Accommodation)	9	February 25	TBC	TBC

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Modular Units (18) Waterloo Estate	18	Sept 25	0	-£0.3m 24-25, - £0.4m pa thereafter
Modular Units	30	October 26	0	-£0.3m 26-27, - £0.7m pa thereafter

IMPLICATIONS AND RISKS

Financial implications and risks:

None associated with this report

Legal implications and risks:

None associated with this report

Human Resources implications and risks:

There are no human resources or risks from this report.

Equalities implications and risks:

None associated with this report

Environmental and Climate Change Implications and Risks:

None associated with this report

BACKGROUND PAPERS

Appendix 1



Appendix 1 Overview
and Scrutiny Local ho



Havering
LONDON BOROUGH

Appendix 1 Housing Association Stock Numbers in Havering 2024

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Regulator of
Social Housing

[Return to Area Summary](#)

[To change area return to Area Summary](#)

Havering

Number of social stock owning providers in area;
(LARPs and PRPs who do not own stock are excluded):

32

Social stock in Havering by provider 2024

		Number of additional LAs PRP operates in	Total Social Stock (unw eighted)	% Total Social Stock in area	% of LARP/PRPs total Social Stock	General needs self-contained units (unw eighted)	% General needs self-contained units in area	% of LARP/PRPs total general needs self-contained stock	General needs bedspaces (unw eighted)	% General needs bedspaces in area	% of LARP/PRPs total general needs bedspaces stock	Supported housing/ housing for older people units (unw eighted)	% Supported housing/ housing for older people units in area	% of LARP/PRPs total supported housing/ housing for older people stock	Low cost home ownership (LARPs and large PRPs only - unw eighted)
All units			15,141	100%		12,106	100%		290	100%		1,436	100%		1,309
1 London Borough of Havering Council	LARP	-	9,126	60.3%	100.0%	8,153	67.3%	100.0%	-	-	-	756	52.6%	100.0%	217
2 A2Dominion Homes Limited	Large	44	42	0.3%	0.3%	14	0.1%	0.2%	-	-	-	-	-	-	28
3 Anchor Hanover Group	Large	245	207	1.4%	0.6%	-	-	-	-	-	-	207	14.4%	0.6%	-
4 Bespoke Supportive Tenancies Ltd	Large	92	4	0.0%	0.3%	-	-	-	-	-	-	4	0.3%	0.3%	-
5 Brentwood Housing Trust Limited	Small	1	29	0.2%	17.0%	29	0.2%	17.7%	-	-	-	-	-	-	-
6 Centrepoint Soho	Small	15	12	0.1%	3.4%	-	-	-	-	-	-	12	0.8%	5.4%	-
7 Clarion Housing Association Limited	Large	161	638	4.2%	6.6%	496	4.1%	6.6%	-	-	-	14	1.0%	0.2%	128
8 Cromwood Housing Ltd	Small	25	34	0.2%	9.3%	34	0.3%	10.2%	-	-	-	-	-	-	-
9 Estuary Housing Association Limited	Large	17	585	3.9%	13.5%	430	3.6%	12.1%	-	-	-	8	0.6%	4.4%	147
10 Gateway Housing Association Limited	Large	5	1	0.0%	0.0%	-	-	-	-	-	-	-	-	-	1
11 Golden Lane Housing Limited	Large	197	1	0.0%	0.0%	-	-	-	-	-	-	1	0.1%	0.0%	-
12 Habinteg Housing Association Limited	Large	76	2	0.0%	0.1%	1	0.0%	0.0%	-	-	-	1	0.1%	0.1%	-
13 Hastoe Housing Association Limited	Large	62	119	0.8%	2.3%	119	1.0%	2.8%	-	-	-	-	-	-	-
14 Home Group Limited	Large	173	44	0.3%	0.1%	22	0.2%	0.1%	-	-	-	-	-	-	22
15 Housing 21	Large	209	113	0.7%	0.6%	-	-	-	-	-	-	108	7.5%	0.6%	5
16 Local Space	Large	18	113	0.7%	7.1%	113	0.9%	7.3%	-	-	-	-	-	-	-
17 London & Quadrant Housing Trust	Large	139	1,893	12.5%	2.1%	1,167	9.6%	1.7%	-	-	-	226	15.7%	3.0%	500
18 Look Ahead Care and Support Limited	Large	20	15	0.1%	1.3%	-	-	-	-	-	-	15	1.0%	1.4%	-
19 Metropolitan Housing Trust Limited	Large	116	20	0.1%	0.0%	16	0.1%	0.1%	-	-	-	-	-	-	4
20 Moat Homes Limited	Large	90	2	0.0%	0.0%	-	-	-	-	-	-	-	-	-	2
21 Newlon Housing Trust	Large	10	2	0.0%	0.0%	-	-	-	-	-	-	-	-	-	2
22 Notting Hill Genesis	Large	54	354	2.3%	0.8%	348	2.9%	1.0%	-	-	-	-	-	-	6
23 Notting Hill Home Ownership Limited	Large	68	28	0.2%	0.5%	-	-	-	-	-	-	-	-	-	28
24 Orbit Group Limited	Large	82	42	0.3%	0.7%	-	-	-	-	-	-	-	-	-	42
25 Peabody Trust	Large	86	160	1.1%	0.2%	141	1.2%	0.2%	-	-	-	-	-	-	19
26 Shepherds Bush Housing Association Limited	Large	34	1	0.0%	0.0%	-	-	-	-	-	-	-	-	-	1
27 Southern Housing	Large	106	10	0.1%	0.0%	-	-	-	-	-	-	-	-	-	10
28 Swan Housing Association Limited	Large	21	881	5.8%	10.4%	523	4.3%	7.3%	290	100.0%	43.0%	19	1.3%	5.1%	49
29 The Guinness Partnership Limited	Large	133	400	2.6%	0.7%	400	3.3%	0.9%	-	-	-	-	-	-	-
30 The Riverside Group Limited	Large	149	224	1.5%	0.3%	82	0.7%	0.2%	-	-	-	44	3.1%	0.4%	98
31 Trinity Housing Association Limited	Small	35	17	0.1%	4.1%	-	-	-	-	-	-	17	1.2%	4.1%	-
32 Westmoreland Supported Housing Limited	Small	61	4	0.0%	0.6%	-	-	-	-	-	-	4	0.3%	0.6%	-
33 YMCA Thames Gateway	Small	7	18	0.1%	3.9%	18	0.1%	13.4%	-	-	-	-	-	-	-