

Addressing the UK Temporary Accommodation Crisis

A Scalable, Cost-Effective Solution Using Modular Relocatable Housing on Brownfield and Meanwhile Sites

The UK is facing a record-breaking temporary accommodation (TA) crisis, placing unsustainable financial and operational pressure on Local Authorities (LAs). Rising homelessness, constrained housing supply, and outdated subsidy models have created a system that is both financially inefficient and socially inadequate.

Executive Summary

Modular, relocatable housing delivered via lease-based structures offers a compelling alternative by:

Reducing Reliance

Reducing reliance on expensive nightly-paid and B&B accommodation

Delivering Homes

Delivering self-contained, energy-efficient homes

Eliminating CapEx

Eliminating upfront capital expenditure

Cost-Neutral Models

Creating cost-neutral or cost-saving models

Portable Assets

Providing portable assets that can be redeployed across sites or other local authorities

The Scale of the Crisis

Record Demand for Temporary Accommodation

- Over **134,000 households** in England are currently in temporary accommodation
- This includes **175,000+ children**, highlighting significant social impact
- Numbers continue to rise year-on-year, reaching historic highs

Structural Inefficiencies

The current TA model is characterised by:

- Heavy reliance on nightly-paid private sector accommodation
- Use of unsuitable B&Bs and hotels
- Increasing use of out-of-area placements, disrupting communities

Unsustainable Financial Pressure on Local Authorities

- Councils spent **£2.8+ billion** on temporary accommodation in 2024/25
- Net cost to councils: **£1.43 billion** after subsidies
- Government reimbursement has fallen dramatically, in some cases covering as little as **34% of costs**
- A projected **£4 billion annual cost** by 2029/30

In many areas:

- Councils are spending over **10% of total budgets** on TA
- Some authorities spend up to **half of core budgets** on accommodation costs

This results in:

- High cost per unit
- Poor outcomes for families
- Limited asset creation for Local Authorities

The Opportunity: Modular Relocatable Housing

Definition

Modular relocatable homes are:

Factory-Built

High-quality residential units
manufactured off-site

Rapidly Installed

Installed rapidly on prepared sites

Demountable & Reusable

Designed to be demounted and
reused elsewhere

Suitable Land Use: Brownfield & Meanwhile Sites

Local Authorities hold significant land assets that are:

- Brownfield sites awaiting redevelopment
- Vacant or underutilised land
- Meanwhile-use sites pending planning or funding

☐ These sites can be activated quickly for temporary housing provision, unlocking value from dormant land.

Key Benefits of Modular Relocatable Housing



Rapid Deployment

- Delivery in weeks rather than years
- Immediate response to homelessness pressures



Cost Efficiency vs Traditional TA

Compared to nightly-paid accommodation:

- Lower cost per household
- Predictable long-term cost model
- Reduced reliance on unfit properties or hotel rooms for families

Given that councils spend over £1bn annually on nightly-paid accommodation alone, modular solutions offer substantial savings potential.



Self-Contained, Fit-for-Purpose Homes

Unlike hotels or hostels, modular homes provide:

- Private kitchens and bathrooms
- Family-appropriate space standards
- Dignified, specially designed family living environments

This aligns with government objectives to improve TA quality.

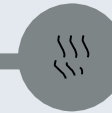
Energy Efficiency & Sustainability

Modern modular housing can integrate energy efficient technologies:



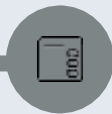
High-Performance Insulation

High-performance insulation and fabric



Air Source Heat Pumps

Low-carbon heating for all units



Solar PV Systems

On-site renewable energy generation



LED & Smart Controls

LED lighting and smart controls throughout

Benefits:

Reduced Energy Bills

Reduced energy bills for occupants

Lower Carbon Emissions

Lower carbon emissions across the estate

Climate Alignment

Alignment with Local Authority climate targets

Relocatable and Asset Reuse

A key differentiator:

- Units can be moved between sites
- Redeployed across boroughs or regions
- Extensive lifespan ensures fit with circular economy

☐ This avoids "stranded capital" typically associated with fixed developments.

Lease-Based Delivery Model

Eliminating Upfront Capital Spend

Through innovative lease models:

- ◆ No large initial capital outlay
- ◆ Costs spread over time in line with budgets and available revenue streams
- ◆ Faster project approval and mobilisation

Cost Neutral / Cost Saving Potential

By replacing expensive TA:

- Lease payments can be offset by avoided TA costs
- Reduced reliance on high-cost nightly accommodation
- Potential for budget-neutral delivery

Example Dynamic

Factor	Current Model	Modular Lease Model
Cost Structure	High nightly rates	Known predictable lease cost
Asset Availability	No control over availability	Access to reusable housing stock
Subsidy Exposure	Rising subsidy gap	Reduced exposure to subsidy shortfall

Wider Social and Economic Benefits



Improved Outcomes for Residents

Stable housing improves health, education, and employment outcomes. Reduces reliance on emergency services.



Reduced Out-of-Area Placements

Keeps families within their communities. Maintains access to schools, healthcare, and support networks.



Regeneration and Land Activation

Brings unused land into productive use. Supports phased regeneration strategies.



Financial Resilience for Local Authorities

Reduces volatility in TA costs. Improves medium-term financial planning. Frees up capital for other statutory services.

Strategic Case for Adoption

Modular relocatable housing offers Local Authorities:



Speed

Immediate deployment



Flexibility

Adaptable to changing demand



Affordability

Reduced long-term cost



Sustainability

Energy-efficient homes



Resilience

Reusable, non-permanent assets

Risks and Considerations

Planning consent
(temporary vs
permanent use)

Site servicing and
infrastructure

Community
engagement and
perception

Procurement and
supplier quality

Lease accounting treatment

Conclusion

The UK temporary accommodation crisis is financially unsustainable and socially damaging.

Modular relocatable housing represents a practical, scalable, and financially viable solution that:

- Reduces reliance on costly and unsuitable accommodation
- Eliminates upfront capital barriers
- Delivers high-quality, energy-efficient homes
- Creates flexible, reusable housing assets

❑ For Local Authorities, this approach offers a pathway to transform TA from a cost burden into a managed, cost effective strategic solution.

References

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