

The Private Sector and Emergency and Temporary Accommodation in Europe

12

**EOH Comparative Studies
on Homelessness**

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- Laco Toušek, the **Czech Republic**
- Lars Benjaminsen, **Denmark**
- Julien Damon, **France**
- Volker Busch-Geertsema, **Germany**
- Boróka Fehér and Nóra Teller, **Hungary**
- Eoin O'Sullivan, **Ireland**
- Maarten Davelaar, **Netherlands**
- Maša Filipovič Hrast, **Slovenia**
- Albert Sales Campos, **Spain**
- Marcus Knutagård, **Sweden**

Nicholas Pleace

Mike Allen

Lars Benjaminsen

Volker Busch-Geertsema

Maša Filipovič Hrast

Eoin O'Sullivan

Nóra Teller

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Disclaimer

The interpretation and reporting of the questionnaires may not reflect the views of the respondents for each country. Responsibility for any errors lies with the authors.

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Foreword

This enlightening comparative research on the private sector and emergency and temporary accommodation in Europe shows how shortsightedly many countries in Europe are dealing with homelessness. There is a fitting quote that says, *“If you don’t know where you’re going, it doesn’t matter which way you go”*. Temporary ad hoc solutions will continue to be the only option, unless countries, regions, municipalities have or develop the necessary strategies and plans to face homelessness or acute crises. For acute homelessness and crises such as the Covid pandemic, there will always be a need for a certain amount of temporary housing, but to overcome homelessness from a sustainability perspective, it requires long-term housing strategies.

When the free market sees an opportunity to make money, it doesn’t matter what arena it plays in! When it is a social arena to help socially excluded people, it is easy to be led to believe that actors perform these services with an ambition of goodness and not of money! Therefore, the initiative to do regular checks and follow-ups does not take place in the same way as it is done for example in the technical industry. On top of that there are socially excluded service users who does not have a strong voice, it’s a great risk that highest price for the lowest quality will become a standard.

However, if authorities use procurement regulation in public contracts with the private market correctly, there are also advantages. When we in our time live with New Public Management even in social work and how we solve temporary accommodations, it is economically sound that there are both for-profit and not-for-profit organizations in that arena. With higher quality we can reduce unregulated temporary accommodations, which also will reduce the knowledge gap for hidden homelessness

The private market is not a black or white issue, and it consists of both serious and less serious enterprises, and there is also a development in many countries of hybrid NGOs, that is NGOs that contain both charity and private market dimensions and like to use corporate terminology with business plans etc. in responding to these public contracts, but this is a development that may be the basis for further research. We hope that this research will lead to a more informed debate on the role of private sector and emergency and temporary accommodation in Europe.

Kjell Larsson.
FEANTSA President

Summary

- This report is the twelfth in a series of comparative studies on homelessness in Europe. The focus is on private sector activity in delivering temporary and emergency accommodation to people experiencing homelessness.
- The report defines the private sector as encompassing organisations that exist to create profit for owners, investors, and shareholders. This broadly excludes NGOs, social businesses, and social enterprises that might make operational surpluses, but which are not generally focused on generating profit. However, it is difficult to draw a precise line between for-profit and non-profit organisations.
- Three main types of temporary accommodation are included: emergency shelter, temporary supported housing, and for-profit temporary accommodation, i.e., the use of hotels, B&Bs, and other commercial accommodation.
- Experts in homelessness in the Czech Republic, Denmark, France, Germany, Hungary, Ireland, Netherlands, Slovenia, Spain, and Sweden were asked to complete a standardised questionnaire devised by the European Observatory on Homelessness. Some comparisons are drawn with the UK as a former EU Member State. The countries varied in how they defined and responded to homelessness and there were differences in the scale of the markets for private sector temporary accommodation.
- There has been increasing privatisation and marketisation of wider European social and housing policy since 1980, which has mainstreamed the idea of private sector activity in areas that include homelessness. Debates about private sector involvement can become polarised, i.e., that the private sector and free markets are seen as offering unparalleled efficiency compared to government or NGOs, or they are seen as inherently socially destructive and as exploiting vulnerable and marginalised populations. Competition between NGOs to secure public funding of homelessness services is quite widespread, particularly in North Western Europe.
- Where there has been public debate and political concern about the use of private sector temporary accommodation, it has tended to focus on high prices being charged for poor quality services. There are also worries about long-term residence in these forms of accommodation for people experiencing homelessness, including families, as they are often not designed for long-term use.

- The potential benefits of private sector activity were also explored in this research. For example, a capacity to respond very quickly when someone needs emergency accommodation which was illustrated during the COVID-19 pandemic.
- Private sector activity varies. There was some planned use of the private sector, where an individual or household was *temporarily* accommodated, as part of a normal process of meeting their housing need or preventing homelessness. There was also *unplanned*, 'overflow' use of private sector accommodation, where people experiencing homelessness were placed in private sector accommodation for *indefinite* periods, not as part of a plan or system, but because homelessness services and systems were overwhelmed. This pattern occurred when demand for affordable and social housing far exceeded supply.
- For-profit private sector provision of emergency shelters and supported housing for people experiencing homelessness was not widespread. Most homelessness services were reportedly run by NGOs (often with public funding) or were part of the public sector (provided by municipalities/social services). However, private sector bidding for municipal or state contracts to run services was increasing in some Member States. This trend merits attention because of its potential consequences around the financialisation of accommodation and housing for people experiencing homelessness. This concerns private for-profit investment in the sector, which is sometimes labelled as social investment.
- Some Member States had very low-cost accommodation markets in which people experiencing hidden homelessness, housing exclusion, and homelessness lived or were temporarily accommodated. This included informal, unregulated private rented sector housing, (very) low end private rented housing, holiday parks (static caravans), and workers' hostels in some Member States. Legal security of tenure and physical standards were reported as often being very poor.
- The nature of the homelessness system and regulatory framework, as well as pressure on affordable housing supply influenced the nature and extent of the private sector presence in temporary accommodation across EU Member States. In some countries, including France, Ireland, and Sweden, private sector activity was integral to responses to homelessness, in some others, such as the Netherlands and Spain, it seemed to be growing. In other cases, including Hungary and Slovenia, there was much more limited scope for development as formal overflow accommodation, but informal overflow was being provided by private sector provision of insecure, substandard accommodation.
- Among the participating Member States, the highest absolute and relative use of private sector temporary accommodation was occurring in France, Germany, Ireland, and Sweden. Use was least common in the Czech Republic, Hungary,

and Slovenia. Looking across Europe as a whole, France and England (in the UK) had the highest numbers of people experiencing homelessness in private sector temporary accommodation.¹

- Two broad trends were evident across several of the participating Member States. The first was a growing presence of the private sector in the provision of temporary accommodation and the second was the private sector increasingly competing with NGOs for publicly funded contracts to run homelessness services, usually at the municipal level.
- The three main concerns about the use of private sector temporary accommodation across Europe were that it offered poor standards, was often expensive, and that it was sometimes being used for inappropriately long periods of time for families, children, and people with support needs. However, there were significant differences around the definitions of what constituted acceptable living conditions for people experiencing homelessness between the participating Member States.
- The partially or unregulated nature of temporary accommodation markets often enables the private sector to charge high prices for low quality services. There are structural drivers, centred on the commodification of European housing markets and systemic, long-term shortfalls in affordable housing supply, underpinning the creation and maintenance of these temporary accommodation markets. In some countries, such as the Czech Republic, hidden homelessness may be present at scale in unregulated private sector provision.
- The solution to European homelessness lies in addressing shortfalls in affordable and social housing supply and the creation and proper resourcing of integrated, preventative, housing-led strategies. Much of the current private sector activity in temporary accommodation in Europe does not support these goals, but there is scope to modify the ways in which these markets work, to shape them in ways that might encourage better services and better outcomes from the private sector.
- The failure of public policy to prevent and address homelessness creates opportunities for profit, without a requirement to provide high quality services in return, and this reality has hitherto been poorly understood and documented in Europe. This research points to the uncomfortable fact that a lot of money is being made from homelessness in Europe.

¹ France had a higher level of use of hotels than the UK and other EU Member States participating in this research.

Introduction

This is the twelfth in a series of comparative studies exploring the nature and extent of homelessness in Europe and the different dimensions of the strategies, policies, and services that are used to prevent, reduce, and end homelessness. This chapter describes the focus of the research, the methods employed, and the key questions that are explored. A brief outline of the report is provided at the end of the chapter.

The research

This research looks at the activities of for-profit providers of temporary accommodation for people experiencing homelessness in the EU. The study encompasses the use of private sector hotels, B&Bs, short-term lets in the private rented sector, and holiday homes as temporary accommodation and the activities of the private sector in delivering emergency shelter and temporary supported housing.

Drawing a line between private, not for profit, and public provision

This research looks at the use of private sector emergency and temporary accommodation in Europe. The term private sector is defined here as *for-profit* service provision, i.e., businesses whose core motivation is to make money. This can happen in two main ways:

- Providing emergency and temporary accommodation to people experiencing homelessness, which is paid for by welfare systems, homelessness programmes and services, and/or municipalities (local government);
- Investing in homeless service provision, i.e., developing emergency shelters and temporary supported housing and competing for public funding, e.g., contracts offered to provide homelessness services by municipalities.

The line between private sector, non-governmental organisation (NGO), charity, faith-based organisation, and hybrid forms of financial and administrative organisation, including social businesses and social enterprises, is not an exact one. There are situations in which an organisation primarily motivated by a social mission, in this instance the goal of alleviating the effects of homelessness and contributing toward the prevention and reduction of homelessness, can make an operational profit.

For example, in some Member States an NGO might be commissioned by a municipality (local authority) or central government to provide emergency or temporary accommodation and make an operational surplus from that contract. That NGO might then reinvest that surplus into those services or draw upon it to cross-subsidise other elements of homelessness service provision. However, there is no *extraction of value* to benefit investors and/or shareholders, the NGOs do not exist primarily to provide a profit for people who own and invest in a company.

The line is somewhat harder to draw between NGOs, charities, faith-based organisations, social businesses, and social enterprises. A social enterprise requires some profit in order to function, but it will typically work by extracting *less* value from its activities than an ordinary private sector company and reinvesting most of its profits into the service it provides, because alongside a need to generate an operating profit, there is a mission to (in this instance) help prevent and reduce homelessness. Some evidence suggests that these models have inherent limits, the tension between delivering their social goals and profit, particularly in relation to homelessness, creates problems around scaling-up and the sustainability of social enterprises.² By contrast, there are also some examples of social enterprise that have delivered positive outcomes in relation to homelessness and which operate at scale, perhaps the best known of which is *Emmaus*, which originated in France.³ Again, these organisations are distinct from for-profit, private sector activities because they do not exist *primarily* to extract surplus value and give that profit to owners, investors, and/or stockholders.

There are further potential complications around definition in the sense that many European countries have marketised and privatised systems operating across what was formerly public provision. The delivery of homelessness services may involve a mix of NGOs, public sector provision, social business or enterprises, charities, and faith-based organisations, which may be within a competitive or quasi competitive market for scarce funding. The issues around competition between homelessness service providers for grants and commissioners were looked at in the last of these comparative reports.⁴

² Teasdale, S. (2012) Negotiating Tensions: How Do Social Enterprises in the Homelessness Field Balance Social and Commercial Considerations?, *Housing Studies* 27(4) pp.514-532; Tanekenov, A., Fitzpatrick, S., and Johnsen, S. (2018) Empowerment, Capabilities and Homelessness: The Limitations of Employment-Focused Social Enterprises in Addressing Complex Needs, *Housing, Theory and Society* 35(1) pp.137-155.

³ <https://emmaus-france.org>

⁴ Pleace, N., Baptista, I., Benjaminsen, L., Busch-Geertsema, V., O'Sullivan, E., and Teller, N. (2021) *Financing Homelessness Services in Europe* (Brussels: FEANTSA).

Hybrid organisations have emerged that have charitable, for-profit, and social enterprise elements, particularly as some European countries have transitioned from government funded building of social housing to different ways of financing and delivering affordable housing. These hybrid models, encompassing various mixtures of NGO, charitable, and social enterprise/for profit elements, have also appeared among social/affordable housing providers that offer accommodation and support to people experiencing homelessness.⁵ An NGO may often make some profit and might behave in similar ways to a private sector company when competing with other NGOs, but profit will not be extracted, it will be reinvested or used to cross-subsidise other services and there will not be an attempt to maximise profit above all other considerations, such as service quality.

Providing emergency and temporary accommodation for people experiencing homelessness was not necessarily something the private sector had initially intended to do. Hotels had been co-opted into the responses to COVID-19, but limits to homeless service capacity and problems in securing enough affordable housing, brought low-cost hotels, some private rented sector accommodation, and other for-profit accommodation – none of which had originally been intended for people experiencing homelessness – into responses to homelessness, long before the pandemic, in some European countries.

In summary, the concern here is with private sector providers that are primarily motivated by the ways in which they can make money out of providing emergency and temporary accommodation. This may not necessarily mean they are not also motivated to provide adequate, or indeed good, quality services, and private sector providers might want to compete with other sectors on quality, as well as cost, to maintain their markets, but their main concern – their *overriding* concern – is with making a profit.

Defining emergency and temporary accommodation

As the 2018 report in this series, *Homelessness Services in Europe*⁶, showed, the line between ‘emergency’ and ‘temporary’ accommodation is not one that can really be drawn in any meaningful sense at European level. In some Member States, emergency and temporary accommodation are offered within the same services, while accommodation that is classified as ‘emergency’ in some Member States is classified as ‘temporary’ in others. This research uses the following classifications for describing private sector emergency and temporary accommodation:

⁵ Blood, I., Pleace, N., Alden, S., and Dulson, S. (2020) *A Traumatized System: Research into the Commissioning of Homelessness Services in the Last 10 Years* (Leicester: Riverside).

⁶ Pleace, N., Baptista, I., Benjaminsen, L., and Busch-Geertsema, V. (2018) *Homelessness Services in Europe* (Brussels: FEANTSA).

- Private sector emergency shelters and hostels, providing immediate relief from literal homelessness, i.e., living on the street, which may be communal (shared living and sleeping spaces) or congregate (shared spaces but everyone has their own room and/or studio flat).
- Private sector supported housing, which may be congregate or communal and which offers temporary accommodation and support. This includes ‘housing ready’ or ‘staircase’ services that are designed to provide a pathway to resettlement into ordinary housing by addressing support and treatment needs and training people experiencing homelessness to live independently.
- The use of private sector hotels, bed and breakfast accommodation, and apartment hotels as emergency/temporary accommodation.
- Short-term (insecure) lets of private rented sector housing as emergency/temporary accommodation.

The research does not include the provision of for-profit housing-led, Housing First, or other floating/peripatetic support models that use ordinary housing.⁷ One reason for this is that there seems no real evidence of a private sector presence in the delivery of these services⁸, whereas there is evidence of private sector activity in shelters, hostels, and – particularly – provision of emergency and temporary accommodation.

Methods

As with the last 11 reports in this series⁹, this research is based on a questionnaire, devised by the European Observatory on Homelessness (EOH)¹⁰ which operates under the auspices of FEANTSA¹¹, the European Federation of National Organisations Working with the Homeless. Experts in each country were asked to share data and commentary in a consistent way, structured by the questionnaire, to allow direct comparisons between the different countries. Using this approach brings an element of standardisation to comparative analysis that cannot be as easily achieved when comparing countries that are hugely varied in administration, policy, practice, and definitions. The limitations centre on using a single point of

⁷ Although there is often use of private rented sector housing by Housing First, the Housing First service itself, i.e., the support provided, is generally delivered by NGOs or public sector services.

⁸ Pleace, N., Baptista, I., and Knutagård, M. (2019) *Housing First in Europe: An Overview of Implementation, Strategy and Fidelity* (Brussels: Housing First Hub Europe).

⁹ <https://www.feantsaresearch.org/en/publications/comparative-studies>

¹⁰ <https://www.feantsaresearch.org/en>

¹¹ <https://www.feantsa.org/en>

comparison, which may not always capture all the nuances and variations within each Member State. The experts in each are encouraged to consult with others with expertise in their field.

The countries included those with highly integrated and developed homelessness strategies, services, and systems, i.e., countries in which there is a distinctive homeless sector and those in which the homeless sector is more variable in its scale, scope, and nature. As is always the case in comparative European research, the countries varied in how they defined homelessness¹² and this had an effect on the types of homelessness services in operation and the scale of service provision.¹³ Resource levels for social, housing, and homelessness policy also varied markedly between the participating countries.

Member States with narrower definitions of homelessness tend to have fewer services, which are more likely to be emergency accommodation/shelters, than those with broader definitions, which provide more types of service and assist relatively greater numbers of people. In looking at the role of the private sector in providing emergency and temporary accommodation, it is important to bear in mind that the extent of homeless service provision and support varies considerably – generally in line with how homelessness is defined – one effect of which is that the potential *market* for private sector emergency/temporary accommodation is relatively larger in some EU Member States than in others.

Another variation between Member States, again reflected among those countries that participated in this comparative research, is the relative degree of spending on homelessness. While Member States with broader definitions may spend more than those with narrower definitions, the amount they will spend also varies because of significant economic variations. For example, the amount that some North Western EU Member States can and will pay for emergency/temporary accommodation will often be *much* higher than in some Eastern or Southern European states. Alongside variations in the scale of the homelessness markets, there are also important *price* differences, i.e., it may be much more profitable to provide emergency and temporary accommodation in some Member States than in others.

The EU Member States taking part in this research were:

¹² Pleace, N. and Hermans, K. (2020) Counting All Homelessness in Europe: The Case for Ending Separate Enumeration of 'Hidden Homelessness', *European Journal of Homelessness* 14(3) pp.35-62.

¹³ Pleace, N., Baptista, I., Benjaminsen, L., and Busch-Geertsema, V. (2018) *Homelessness Services in Europe* (Brussels: FEANTSA).

- The Czech Republic
- Denmark
- France
- Germany
- Hungary
- Ireland
- Netherlands
- Slovenia
- Spain
- Sweden

The questionnaire was completed by experts in each of 10 EU Member States. Some comparisons are also provided with the UK, which was a Member State between 1973-2020.

Key questions

This report is concerned with the nature, extent, and implications of the private sector activity in providing emergency and temporary accommodation. Debates about the role of the private sector working with people who may be vulnerable in multiple senses, ranging from the presence of support and treatment needs, through to deep social and economic exclusion, including destitution, can become intense.

The core issue being explored here is whether the private sector provides poor quality services because it is only motivated by profit, i.e., whether the human misery of homelessness is seen only as a profit-making opportunity, rather than as also being about the private sector fulfilling its social responsibilities and supporting human rights. Alongside this, it is important to look at the counterargument that poor standards, abuse, and ineffectiveness can quickly multiply in the public sector, NGO, and charitable services that are not subject to the discipline of competition. Here, the argument is that rather than being substandard because of an obsession with profit, publicly funded homelessness services can become lazy, complacent, and ineffective because there is nothing – no superior competition that might take their place – that is stopping that from occurring.

Regulation and legal frameworks are potentially important here, as they can set parameters around how the private sector behaves. This report consequently considers the nature, extent, and effectiveness of the governance and the regulation of the private sector in providing emergency and temporary accommodation. This regulation can, theoretically, extend to ensuring competition within the private sector, i.e., removing inefficient and poor-quality private sector emergency and temporary accommodation through the operation of the free market. Quasi markets exist, where NGOs (and sometimes private sector companies) compete with each other to secure publicly funded contracts to provide homelessness services, quite often organised at municipality/local authority level, and again, it is important to understand how these markets are regulated and how efficient they are.

Another concern in recent years has been the rise of so-called 'predatory' finance, i.e., Capital seeking to invest in areas that offer the maximum returns, and which has little or no interest in human wellbeing, taking an interest in emergency and temporary accommodation for people experiencing homelessness. The opportunities for profit can involve several elements:

- Use of politicians, mass, and social media to undermine confidence in public sector and or charitable service provision. This might involve using political connections and lobbying to starve services of resources and using mass and social media to exaggerate isolated examples of scandalous failures in public/NGO/charitable services. This creates a narrative framework within which the case for diverting public resources into 'more efficient' private sector services can be advanced because of distrust in publicly funded services.
- Diverting public budgets into quasi-market systems that create competition between public sector, NGO, and charitable organisations, while also introducing private competition into the mix. Private companies can take a 'loss leader' approach when establishing new markets, i.e., drastically undercut NGO and charitable pricing (which NGOs and charities cannot survive) and take a temporary loss to create greater opportunities for profit in the medium term, establishing monopolistic positions where possible. This sort of behaviour can also be emulated by NGOs, a large NGO with better economies of scale might outcompete smaller NGOs using the same approach, where two or more NGOs are competing with each other for a publicly funded contract for homelessness services. EU public procurement legislation can encourage these sorts of competitive processes.
- An often messy reality stemming more from issues around a lack of capacity and a need for expediency in homelessness systems, rather than anything the private sector has sought to engineer. Opportunities arise because homelessness services

are overwhelmed, if, for example, the *only* quickly available emergency accommodation available is in the private sector. This is not a systematic campaign to privatise services that once were public, more a question of allowing markets to operate in providing emergency and temporary accommodation because homelessness systems are underdeveloped, not working properly, or are under resourced. Opportunities arise for profit because gaps exist in relatively neglected homelessness policies, systems, and strategies.

The emergence of social investment is also important in understanding the context for the discussion of the scope and nature of for-profit homeless accommodation and services. Social investment is the use of finance to generate social impact as well as returns, which in earlier stages of development included social impact bonds.¹⁴ The European Union is increasingly focused on social investment, as one dimension of sustainable investment and is increasingly trying to create a regulatory framework for social investment. For example, the EU has recently proposed a social taxonomy classifying economic activities that significantly contribute to social goals in the EU.¹⁵ As is explored in this report, there is growing interest from private investors in the homeless sector in some countries, as social investment markets are developing, bringing both opportunities and risks. There are questions around the extent to which models of ethical, socially responsible, capitalism are actually present in private sector, for-profit, activity around homelessness in Europe.

The degree to which the private sector is present and, where present, the degree to which it might expand, is highly variable. As is explored in this report, some Member States, like Sweden, are much further down the road of privatised and marketised approaches to homelessness than others. Others have mixed levels of privatisation depending on what aspect of policy, services, and element of homelessness is being talked about, with some areas of policy and practice being heavily privatised, while other elements are not, France being one example of this. Alongside this, the private sector is barely present, if indeed present at all, in responses to homelessness in some Member States, Hungary being an example of this. Whether and how best to manage these different patterns of private sector involvement in homelessness is another question with which this research is concerned.

This research begins a process of looking at the role of the private sector in responding to homelessness. There are potential advantages as well as concerns here, as the private sector might have a speed, agility, and innovation that is not necessarily present in other sectors. The questions centre on whether, and under what condi-

¹⁴ <https://www.gov.uk/government/publications/london-homelessness-social-impact-bond-evaluation>

¹⁵ https://ec.europa.eu/info/sites/default/files/business_economy_euro/banking_and_finance/documents/280222-sustainable-finance-platform-finance-report-social-taxonomy.pdf

tions, the private sector plays and should play a role and how that compares to non-profit provision. There are also the questions of how NGOs, public services, and the private sector may be operating in parallel and how the interrelationships between those sectors ideally should work. Another way of thinking about this is around what the practical response to the private sector should look like, which may be how best to manage its presence and cultivate its potential strengths, rather than finding ways to minimise or remove its presence in responses to homelessness.

The report

Chapter Two provides a description of the types of private sector involvement in the provision of emergency and temporary accommodation across the participating EU Member States. This provides summaries of the differences between the participating Member States. Chapter Three looks at the key issues in private sector provision of emergency and temporary accommodation, including the ways in which markets were operating, standards, and models of regulation. Chapter Four brings together the findings of this comparative research and considers the wider implications of the research. This includes consideration of the role of private sector provision of emergency and temporary accommodation in relation to delivery of the *European Platform on Combatting Homelessness*.¹⁶

¹⁶ <https://ec.europa.eu/social/main.jsp?catId=1550&langId=en>

1. Private sector emergency and temporary accommodation in Europe

This chapter of the report looks at the patterns of emergency and temporary accommodation use in the participating EU Member States. The first section looks at the policy governing the use of the private sector, or as will become apparent to the reader, what is often the absence and limits of policy in relation to private emergency and temporary accommodation. The second section examines the scale and nature of provision, and the third section explores the extent – and limits – of regulation of private sector activity. This chapter then briefly discusses the role of private sector emergency and temporary accommodation in the response to COVID-19. The chapter concludes by exploring patterns in European private sector markets in temporary accommodation.

1.1 Policy

There is limited formal use of the private sector for emergency/temporary accommodation in some EU Member States, one example of which is the **Czech Republic**. However, there is an extensive network of *ubytovny*, commercial hostels in which people experiencing homelessness can live and claim housing benefits¹⁷, with services being available for families experiencing homelessness as well as individuals. These services would (and have been) classified as temporary accommodation by wider European standards¹⁸, but they are not regarded as such, and are instead defined as inadequate housing.

There is no right to emergency/temporary accommodation in the Czech Republic and the *ubytovny* are not comprehensively regulated. A recent proposal to expand provision of emergency shelter over the winter months, including repurposing some accommodation that is not often used during that period of the year, would have meant some use of the private sector to provide emergency/temporary accommodation, but this was not yet being implemented. Emergency shelters are provided through municipalities, churches, and NGOs, and until the impacts of COVID-19,

¹⁷ The accommodation costs can be paid through “supplementary housing payments” [doplátek na bydlení] provided by the State, which can be used for rental (private or social) housing as well.

¹⁸ Pleace, N., Baptista, I., Benjaminsen, L., and Busch-Geertsema, V. (2018) *Homelessness Services in Europe* (Brussels: FEANTSA).

these were typically only available overnight. There was limited use of private sector hotels and hostels as emergency accommodation during the pandemic, but this has ceased at the time of writing.

The ubytovny commercial hostels are not designated as temporary accommodation, nor are they regarded as housing. There has been a debate about the use of public money, as residents are supported by the welfare system, for services that have a poor standard of accommodation and that are insecure and expensive.¹⁹ Criticism includes the assertion that a business is being made out of poverty, in services that do not offer self-contained accommodation, but only individual poor quality rooms with shared facilities. There are also concerns that the ubytovny hostels are not designed as long-stay accommodation and are unsuitable for children, despite still being used by families with children on the long-term.

In **Denmark**, homelessness services tend to follow a social services model, i.e., they are intended for people with social problems, mental health problems, etc. and with other support needs beyond not having a place to live. Available evidence suggests that extensive social protection systems and relatively extensive homelessness services mean that there is not widespread structural homelessness, i.e., homelessness directly generated by or closely associated with poverty. Family homelessness is relatively rare in Denmark and widely dealt with using municipal referral to public housing.²⁰ Denmark does not make extensive use of 'overflow' accommodation and so a significant market for that form of emergency and temporary accommodation, i.e., use of hotels and short-term lets, has not developed for the private sector.

Provision of homelessness services is dominated by municipalities and non-profit, NGO homelessness service providers. However, a market for the private sector does exist in the provision of emergency shelters. Danish homelessness shelters can bill municipalities for shelter stays and the law does not prohibit private sector activity in this space. These services fall under the remit of social services and are subject to regulation, but there has been debate and controversy about the possibilities of extracting profits from such services. A recent attempt by the minority government to ban profit-making from the provision of social services was rejected by a majority in parliament. The proposal reflected these concerns, but there were not clear data as to how much profit these services might be making. Other forms of private sector homeless service provision are not common in Denmark.

¹⁹ At the time of writing the ubytovny are the subject of a collective complaint at the Council of Europe because of conditions and very weak security of tenure. <https://rm.coe.int/cc191casedoc1-en/16809cdf24>

²⁰ Allen, M., Benjaminsen, L., O'Sullivan, E., and Pleace, N. (2020) *Ending Homelessness in Denmark, Finland and Ireland* (Bristol: Policy Press).

In **France**, there is heavy reliance on non-profit and, to a lesser extent, private sector operators for the provision of emergency and temporary accommodation. A marked contrast exists between services offering accommodation and support for people with a limiting illness or disability, including older people, which remains largely in the public domain, and the response to homelessness. Use of private hotels as emergency/temporary accommodation for people at risk of, or experiencing, homelessness is growing. This was not a deliberate policy choice, rather it was a situation in which homeless service provision became overwhelmed and *unplanned* 'overflow' use emergency/temporary accommodation began to increase, with use of hotels being the only real option. Approximately one-third of temporary accommodation in France at any one point is being provided using hotels. Some use of hotels has been occurring since the 1990s and, despite efforts to contain it, has tended to increase over time.

The policy has been one of attempted containment, trying to find ways to back away from the use of hotel accommodation within policy responses to homelessness. This has included investment in other services and attempts to regulate expenditure. The use of hotels as temporary accommodation was reported as being widely perceived as an undesirable necessity that needs to be contained and limited, rather than as a positive contribution to national homelessness strategy.

The status of irregular (undocumented) migrants in France, who when they experience homelessness can access basic temporary accommodation in the form of private sector hotels, but who have limited rights to other homelessness services and settled housing, is a key issue. There is a migrant homeless population in hotels who cannot easily leave those hotels, at least through support by homelessness and social services.

German policy in relation to the use of private rented sector emergency and temporary accommodation is highly decentralised, i.e., decided at the level of individual municipalities/local authorities and also highly variable. There are examples of cities with extensive use of the private sector for emergency and temporary accommodation, but many municipalities make little or no use of the private sector.

Hungarian experience of private sector activity was limited. While there were no barriers to municipalities fulfilling their legal obligations to provide temporary accommodation by contracting out services to NGOs or the private sector, the funding levels were seen as so low as to mean that the private sector could not make a profit. By one reported estimate, the amount of funding for temporary accommodation typically available from municipalities only covered about 60% of the operating costs. Private sector activity did exist in social services that offered supported housing and residential services for older people and people with a

limiting illness or disability, where fees were higher, but they were constrained to specific activities, i.e., cleaning, laundry, and maintenance. There was not a private sector presence in homelessness services or temporary accommodation and policy had therefore not developed to manage that presence. There were no private sector homelessness services, including emergency shelters or supported housing, known to be operating in Hungary.

Like the Czech Republic, Hungary also had a private hostel sector that had the characteristics of temporary accommodation, but which also contained people in situations of housing exclusion and precarity. A voucher scheme, “Támogatott munkásszállás” can provide financial support for people living in these hostels, which were described as a sort of mid-point between supported temporary accommodation and affordable rented housing. However, these – generally for-profit – hostels were more recently fully occupied by the construction industry to house workers and had relatively high fees, which meant the role they played in relation to temporary accommodation for people experiencing homelessness became more limited over time and is now marginal.

Hungary is also a Member State in which the European Social Fund (ESF) provided significant funding for homelessness services. This funding is not open to the private sector.

In **Ireland**, as in France, there was never any explicit policy to use private sector emergency and temporary accommodation, but there is use of widespread hotels and bed and breakfast²¹ (B&B) rooms as *unplanned* ‘overflow’²² emergency accommodation. This again emerged as formal homelessness services reached capacity and securing affordable housing became increasingly, and then extremely, difficult. This has been part of the response to homelessness since the early 1990s. Increases in the levels of homelessness, linked to a crisis in affordable housing supply and recession, saw an expansion in private sector emergency and temporary accommodation use²³ which began to be recorded from 2014 onwards. The use of hotels and B&Bs as emergency and temporary accommodation is handled at the local authority (municipality) level, which is monitored by central government in the sense of ensuring procurement processes are followed and that sufficient funding is in place.

²¹ Usually smaller, independently run hotels, which, for tourists, tend to be cheaper than some large hotel chains.

²² Pleace, N., Baptista, I., Benjaminsen, L., Busch-Geertsema, V., O’Sullivan, E., and Teller, N. (2021) *Financing Homelessness Services in Europe* (Brussels: FEANTSA).

²³ Baptista, I., Culhane, D.P., Pleace, N., and O’Sullivan, E. (2022) *Housing the Homeless? How International Experience Can Inform the Delivery of Housing for All* (Dublin: Focus Ireland).

As the costs of using this accommodation increased, Ireland opened 29 emergency/temporary accommodation facilities known as ‘hubs’ that focused on families experiencing homelessness and which were largely managed by NGOs. These services were designed to improve the standard of temporary accommodation and to better manage costs. Strategy, policy, and practice are orientated toward minimising use of private sector hotels and B&Bs as emergency/temporary accommodation, centring on a preventative, housing-led, and integrated national homelessness strategy. Nevertheless, increasing levels of homelessness over the last eight years, which continued after the initial waves and emergency measures introduced in response to COVID-19, has seen ongoing use of private sector B&Bs and hotels during 2022.²⁴

Exits from private sector emergency/temporary accommodation are steady if not always rapid. Taking the example of Dublin, between January 2017 and May 2022, nearly 5000 families exited homelessness, primarily from a stay in a not-for-profit accommodation provider or a Family Hub. Approximately two-thirds exited to a social housing support, that is the private rented sector with a Housing Assistance Payment (HAP), with one-third exiting to a social housing tenancy provided by a local authority or a not-for profit Approved Housing Body. In Ireland, one of the primary metrics used to measure success in national homelessness policy is the number of households in emergency/temporary accommodation.

In the **Netherlands** by contrast, the use of private sector emergency and temporary accommodation is limited, and such services are not an integral part of policy or strategy. Policy does not prohibit private sector involvement, but neither is private sector activity specifically encouraged. Much of the provision of homelessness services in the Netherlands is undertaken by non-profit NGOs that are funded either by subsidies or grants or via contracts offered by municipalities. Municipalities do not require that organisations bidding for homelessness service or temporary accommodation contracts are non-profit NGOs, creating some opportunities for the private sector.

However, there is variation between municipalities. Large private sector care providers have entered the market, including through the route of creating non-profit arms that have won tenders for homelessness services, one example being in Utrecht. The potential issue here is whether a ‘loss leader’ model of making no, or very limited profit, to secure a strong market position, which can eventually be exploited, is being pursued. In this instance, the strategy *might* be to out compete non-profit NGOs at a rate that drives them out of existence, which then creates a new market for private sector competition.

²⁴ Baptista, I., Culhane, D.P., Pleace, N., and O’Sullivan, E. (2022) *Housing the Homeless? How International Experience Can Inform the Delivery of Housing for All* (Dublin: Focus Ireland).

The wider context was one of a broad shift among municipalities toward using competitive tenders to provide homelessness services, i.e., to contract out homelessness services, which the homelessness sector has criticised as a potential 'race to the bottom', as decisions are seen as being driven by cost, rather than quality. The picture in the Netherlands was mixed, with some municipalities being prepared to fund high quality services for sustained periods, i.e., six-year contracts replacing four-year contracts. The very widespread use of competitive tendering, combined with falling budgets, has been associated with challenges to the scale, scope and quality of the UK homelessness services, although the contracts are often insufficiently lucrative to attract much private sector interest.²⁵

Informal use of holiday parks, i.e., fixed site caravans, as accommodation, rather than for holidays, is an issue that receives public attention in the Netherlands, as conditions can be poor on some sites. However, use of private sector temporary accommodation for people experiencing homelessness was not reported as receiving much public or political attention. There is no significant presence of the private sector in the provision of emergency shelters.

There is no direct duty on government in **Slovenia** to provide temporary accommodation, but there is a constitutional duty to enable access to appropriate dwellings for citizens. Policy governing homelessness service provision categorises their activity as social protection programmes that are based on a non-profit principle. Services offering support are free at the point of use, but a charge can be made by services providing accommodation.

As in the Czech Republic, Hungary, and the Netherlands, there is a private sector that provides temporary accommodation to people experiencing homelessness, housing exclusion, and precarity. This temporary accommodation is not generally arranged by social services or municipalities, but instead through people placing themselves in this sector, which includes workers' hotels ('samski domovi'), hotels and B&Bs, and private rented sector apartments, usually at the lower quality end of the market. As in the Czech Republic, people experiencing homelessness can fund their places in these forms of private sector temporary accommodation through the support offered by the welfare system. It was reported that in some areas, municipalities may make some use of private sector temporary accommodation because there is a lack of shelter provision, or no shelter is available. There is no private sector provision of homeless shelters.

²⁵ Blood, I., Pleace, N., Alden, S., and Dulson, S. (2020) *A Traumatized System: Research into the Commissioning of Homelessness Services in the Last 10 Years* (Leicester: Riverside).

In **Spain** the homelessness sector has tended to be dominated by non-profit organisations, with a strong presence from faith-based organisations. Until the 1990s, temporary accommodation, services, and housing for people experiencing homelessness was managed largely by the Catholic Church. Municipal social services became increasingly engaged with homelessness as a result of rising numbers of street-based sleepers in the 2000s. New services were created, including shelters, that were run by other forms of NGOs.

As in the Netherlands, there has been an increasing use of contracting out of social services/social care in other sectors in Spain. The private sector is present in care and support for older people and people with a limiting illness or disability. At present, the bulk of tenders offered by municipalities to run shelters, temporary accommodation, and housing-led/Housing First programmes are won by non-profit NGOs, but the presence of the private sector, again paralleling the Netherlands, is increasing, as these contracts can be perceived as lucrative.

There has also been a growth in the use of B&B hotels to temporarily accommodate people experiencing homelessness, including families. The pattern is the same as that reported in several other Member States, the private sector is being used as *unplanned* 'overflow' emergency accommodation in a context in which there are significant constraints on affordable housing supply and NGO, non-profit, homelessness services are under more pressure than they can manage.

Spain parallels several other EU Member States in other ways, the use of the private sector for temporary accommodation is not happening in a planned way, it is being used as unplanned overflow accommodation, but is not intended or designed to be part of the formal homelessness strategy.²⁶ There are regional variations, such as the right to emergency accommodation in Catalonia, where wider public duties toward people experiencing homelessness have led to a larger role for the private sector in providing temporary accommodation. No public debate on the use of private sector temporary accommodation was reported, although social movements have criticised long stays in temporary accommodation associated with a lack of affordable housing supply and there has been criticism of the cost of some private sector temporary accommodation.

In **Sweden**, the law centres on a basic right to emergency accommodation which places a broad duty on municipalities in relation to people who require social services. While there is no specific encouragement of private sector activity at a national level, private housing companies and the wider private sector can rent out

²⁶ Spain has a national strategy.

housing that is both congregate supported accommodation and used for temporary scattered supported housing. It was reported that in the larger cities it is common to rent out entire blocks of flats (apartments) for temporary accommodation.

Recent changes in housing markets and legislation have created conditions in which it has become possible for the private sector to become more active and private sector temporary accommodation is more common than was once the case. It was reported that while there was awareness that this pattern of significantly increased private sector activity had emerged, Sweden's decentralised system of local government means that national level data on private sector activity in providing temporary accommodation is not available.

Pressure on homelessness systems has increased over time. Privatisation and marketisation of social housing from the 1990s onwards, combined with high population growth and low production of affordable housing, create high housing demand relative to supply. From 2011 onwards, municipal (local authority) housing companies were required to operate on a for-profit basis and subsequent rent increases began to put up barriers to lower income people. These trends have seen escalations in the level of demand for temporary accommodation. High volumes of migrants in the 2015 crisis increased pressure on some housing markets and has been associated, alongside rising levels of general homelessness, with the creation of a profitable private sector market in temporary accommodation.

Sweden has a broad right to temporary accommodation which is encompassed in social services legislation, creating a duty on municipalities to assist anyone with the support and assistance they need. Since 1999, Stockholm has operated a 'roof over your head' guarantee, a policy which gives outreach and other social workers the capacity to place someone experiencing homelessness in emergency accommodation without requiring a formal decision by social services, simplifying the process required under social services law.

1.2 The scale and nature of private sector emergency and temporary accommodation

There are some definitional issues, but the **Czech Republic** has a network of commercial hostels, which are not designated as temporary accommodation, but are low cost, minimal standard hostels in which people experiencing homelessness can stay, funding their places through the welfare systems. These ubytovny (commercial hostels) do not offer self-contained housing or security of tenure. In 2018, research by EOH reported there were some 211 of these services offering around 7 000 bedspaces, including rooms for families experiencing homeless-

ness.²⁷ A more recent estimate is that approximately 16 000 people (10 000 households) live long-term in commercial hostels and received welfare benefits in 2020.²⁸ In total, there were 753 commercial hostels where at least one resident was claiming welfare benefits in 2020.²⁹

The people using the ubytovny are both individuals and families. A high proportion are reported as receiving welfare benefits and includes Roma people who faced barriers to the housing market. It is unusual for people who are experiencing street-based living to use these hostels, as they can often lack the ID needed to access welfare payments and this accommodation can be reluctant to accommodate anyone without a steady income. This accommodation includes former office buildings, former youth hostels, and tiny apartments with shared facilities that were formerly for the armed forces. There is also a tendency to maximise the number of people per room in this accommodation.

Use of hotels and B&Bs as emergency/temporary accommodation is unusual, although limited and short-term use was made of this part of the private sector during the 2020-2021 phases of COVID-19. None of the 79 reported emergency shelters are run by the private sector and it was reported that these NGO and municipality run services were receiving public funding that did not fully cover their operating costs.³⁰ Temporary accommodation for migrants experiencing homelessness is also run by NGOs and the municipalities, rather than the private sector.

In **Denmark** municipal and non-profit NGO homelessness services predominate with the bulk of emergency and temporary accommodation being provided by shelters/supported housing operated by those providers. The most recent homelessness count in Denmark from 2022 showed that in week six of 2022, there were about 2 700 people staying in a homeless shelter in Denmark.³¹ On a yearly basis, the most recent shelter statistics are from 2020, where about 6 600 people in total used a homeless shelter.³² There is some private sector provision of homeless

²⁷ Pleace, N., Baptista, I., Benjaminsen, L., and Busch-Geertsema, V. (2018) *Homelessness Services in Europe* (Brussels: FEANTSA).

²⁸ PLATFORMA PRO SOCIÁLNÍ BYDLENÍ (2021) *Sociální bydlení v České republice*. Online. Praha: Platforma pro sociální bydlení. https://socialnibydeni.org/wp-content/uploads/2021/12/Socialni-bydeni-v-CR_final.pdf

²⁹ PLATFORMA PRO SOCIÁLNÍ BYDLENÍ (2021) *Bydlení jako problém v číslech. Zpráva o vyloučení z bydlení 2021*. Online. Praha: Platforma pro sociální bydlení <https://socialnibydeni.org/wp-content/uploads/2021/08/Bydeni-jako-problem-2021.pdf>

³⁰ See also: Pleace, N., Baptista, I., Benjaminsen, L., Busch-Geertsema, V., O'Sullivan, E., and Teller, N. (2021) *Financing Homelessness Services in Europe* (Brussels: FEANTSA).

³¹ Benjaminsen, L. (2022) *Hjemløshed i Danmark 2022. National kortlægning* [Homelessness in Denmark 2022. National count]. VIVE

³² Statistics Denmark: <https://www.statistikbanken.dk/>

shelters; it is rather limited in scale but there has been a growth in the number of private sector shelters in recent years. There is only very limited use of hotels and B&Bs as emergency/temporary accommodation. General levels of homelessness in Denmark are relatively lower than in some other EU Member States.

The policy framework and funding regime in Denmark, which as noted requires municipalities to pay for the use of shelter stays for eligible people, may have attracted enough private sector interest to plug some potential gaps in provision. Denmark does have an integrated, preventative, and housing-led/Housing First approach to homelessness, but emergency accommodation provision might have been less sufficient if the private sector had not provided an additional number of shelter places in recent years.

The rise in unplanned temporary accommodation use in general and the use of hotels as unplanned overflow accommodation has risen very significantly over the last quarter of a century in **France**. In 1998, 1 000 people experiencing homelessness were temporarily accommodated in hotels in France, compared to 4 000 in publicly funded emergency shelters and 31 000 in long-term shelters. By 2010, the numbers had reached 14 000 for hotels, 19 000 for emergency shelters, and 39 000 in long-term shelters. In 2020, 70 000 people were in hotels, 78 000 in emergency shelters, and 45 000 in long-term shelters. By 2020, one-third of publicly funded temporary accommodation for people experiencing homelessness in France was in private sector hotels.³³

There are three issues in France that are worth noting. One is that the escalation in private sector hotel use has occurred in a context of generally increased expenditure on homelessness and homelessness services. More and more shelter places have been provided and yet the escalation in hotel use has continued, alongside significant French public investment in a national Housing First programme.³⁴ Another, which is a pattern found in other EU Member States involved in this research, is that temporary accommodation use in general and the use of the private sector in general, is concentrated on the capital city. The Paris region uses hotels as temporary accommodation at the highest rate.

Finally, and most importantly, France has a legal principle that allows unconditional access to shelter for any person who is homeless and in a medical, mental health, or social emergency. This means that the scope of the legal duties to provide emergency accommodation is very wide in France, i.e., unlike many other EU Member States, it encompasses groups that include homeless migrants who may not have a legally recognised right to residence in France. It is estimated that a

³³ Source: Analysis by French expert, using data from OFII, DREES, Ministère de l'intérieur

³⁴ <https://www.ecologie.gouv.fr/chez-soi-dabord>

majority of the people experiencing homelessness in hotels are migrants. As noted, restrictions in the rights to other services and settled housing for some migrant groups create barriers moving away from temporary accommodation in hotels. The national '115' system, in use since 1997, is a 24/7 phoneline that acts as an emergency number for people experiencing homelessness, connecting them to temporary accommodation services.³⁵ There is not a significant private sector presence in homelessness services other than the provision of temporary accommodation by hotels in France.

Germany has recent data that gives some indication of the scale of private sector activity in emergency/temporary accommodation provision. Like Denmark, the bulk of provision at any one point was by non-profit NGOs (14%) and services run directly by municipalities (56%), but 16% was being provided by for-profit private sector services. This was based on total homelessness levels of some 178 000 people at any one point, i.e., around 28 480 people in private sector emergency/temporary accommodation.³⁶ The private sector tends to be composed of hotels and hostels that are of relatively low quality, sometimes offering only emergency/temporary accommodation and sometimes a mix of that accommodation and rooms for tourists.

However, in Berlin, similar patterns to those found in Paris, Dublin, and London were reported. Like those other major cities, Berlin had levels of emergency/temporary accommodation above those seen elsewhere in the country and was making use of private sector accommodation at scale. Part of this use of private sector accommodation is unplanned, i.e., overflow use, but other aspects of private sector accommodation provision are an integral part of municipal provision and the line between the two uses is not exact. Efforts were being made by the Berlin Senate to better regulate this private sector provision, but there was not the kind of systematic effort centred on reducing the use of private sector accommodation seen in Ireland.

Private sector hotels and other accommodation was being used when homelessness services became overwhelmed and because securing affordable housing to quickly end homelessness had become more and more challenging. The formal sector, i.e., registered municipal and NGO services, accounted for 190 facilities offering 11 200 beds and was subject to minimum standards. It is estimated by homelessness experts in Berlin that two-thirds of this provision is private sector and one-third is non-profit NGOs. Alongside this, around 500 low price private sector hotels and hostels were providing emergency/temporary accommodation of

³⁵ <https://www.feantsa.org/download/access-to-shelter-in-france3385873972280013712.pdf>

³⁶ Source: German expert and national homelessness survey. The remaining 13% of services were defined as 'other' see: Busch-Geertsema, V., Henke, J., and Steffen, A. (2020) Homelessness in Germany, *European Journal of Homelessness* 14(1) pp.81-91.

around 6000 beds, with this provision being subject to considerable churn, i.e., private sector providers entered and exited this market at a high rate. The bulk of these 6000 places were being provided by the private sector.³⁷ After the initial waves of COVID-19, numbers were reported as being 10 166 households in registered emergency/temporary accommodation and 5 588 in unregistered places, with another 919 in other arrangements.³⁸ While exact figures are not available, it is clear that the overwhelming majority of temporary accommodation in Berlin is from the private sector, and while some of that provision is regulated, a substantial proportion is not.

Another German city, Bremen, which did not have the same sort of levels of homelessness reported in Berlin, was also making heavy use of private sector emergency/temporary accommodation. Data were available on the 680 people experiencing homelessness in shelters, hotels, and hostels in the city. A total of 108 beds were being provided in four non-profit NGO run shelters, compared to 230 in low price private sector hotels. Again, a majority of emergency and temporary accommodation was being provided by the private sector, which was accommodating two-thirds of the people experiencing homelessness in temporary accommodation in the city.³⁹ Bremen was also using housing company homes as temporary accommodation, taking on the tenancy itself and then sub-letting to people experiencing homelessness, who pay a fee equivalent to the rent but have none of the usual tenancy rights. Outside the EU, similar arrangements are employed in London, where local authority and housing association⁴⁰ homes are also used as temporary accommodation without granting residents full tenancy rights.

There was no provision of temporary accommodation by the private sector in **Hungary**. This included the use of hotels. This was in the context of services not routinely providing emergency shelter or temporary accommodation when capacity was reached, i.e., there were waiting lists for temporary accommodation services in Hungary.

In **Ireland**, unplanned use of B&Bs and hotels as overflow temporary accommodation increased as formal homelessness services came under increasing pressure. The numbers went up from accommodating 814 adults in June 2014 to over 3500 adults by late 2019. Various COVID-19 measures brought numbers back down to approximately 3000 adults by mid-2021, but numbers then increased dramatically

³⁷ <https://www.parlament-berlin.de/adosservice/18/Haupt/vorgang/h18-3368.A-v.pdf>

³⁸ <https://pardok.parlament-berlin.de/starweb/adis/citat/VT/19/SchrAnfr/S19-10494.pdf>

³⁹ <https://www.service.bremen.de/dienstleistungen/notunterkuenfte-11450?reg=dienstleistung>

⁴⁰ Former social housing charities that are now a mix of social landlord, social business/enterprise, and for-profit developers (often in the same organisation).

to 4 125 by July 2022, most of whom were in Dublin (73%).⁴¹ While use of private sector hotels and B&Bs had been concentrated in Dublin, the levels seen outside the capital have started to increase in recent years, numbering over 1 150 adults in July 2022 in comparison with approximately 100 adults in July 2014. Setting these figures in context, Ireland was experiencing overall increases in homelessness during 2022, after a drop during the emergency measures introduced during the COVID-19 pandemic, with 7 431 people in emergency/temporary accommodation as of July 2022. Around four out of every 10 adults were in private sector emergency and temporary accommodation on this measure. The private sector did not feature in the provision of emergency accommodation designed specifically for people experiencing homelessness, such as homeless shelters or dedicated congregate or communal supported housing, in Ireland.

The **Netherlands** was seeing some growth of private sector emergency/temporary accommodation, but the scale remained small, with very few temporary supported housing projects or emergency shelters being run for profit. There is use of private sector hotels and fixed-site caravans in holiday parks as emergency/temporary accommodation, which was estimated as being provided for several hundred people at any given point in a year. Sometimes places are negotiated in advance, which, for example, allows NGOs to have capacity available when and if they need it. A recently reported trend has seen some private sector providers approaching NGOs delivering homelessness services and municipalities with offers of temporary accommodation. Specifically, this has involved private sector construction companies specialising in building semi-permanent housing units and presenting this housing to NGOs.⁴²

In parallel with the Czech Republic, there is an informal temporary accommodation sector that is lived in by people at the margins of housing exclusion and homelessness in the Netherlands. In this instance, it is the use of fixed-site caravans in holiday parks by people who are semi-permanent residents, in what is referred to as the souterrain (basement) of the housing market. These forms of temporary accommodation, called 'park homes' in the UK or 'trailer homes' in North America, use semi-permanent but movable structures whose construction is fibreglass, aluminium, and plastic. These structures are nominally designed as holiday homes, i.e., for short-term use. Conditions in these holiday parks, which can be densely populated spaces, are not always good. People who are in situations of housing exclusion and housing precarity and people who are defined as homeless by municipalities and temporarily placed there, are resident in these holiday parks.

⁴¹ Source: Department of Housing, Local Government and Heritage.

⁴² <https://www.demeeuw.com/en/>

Social enterprises also provide temporary housing in buildings that are scheduled to be demolished or changing use. This sort of cooperation has been seen with private sector companies offering ‘property guardianship’ services in London, which offer temporary accommodation/housing within commercial and buildings that are being redeveloped, in return for those residents providing basic security and keeping a watch on the building. The arrangements have been criticised as precarious and unpredictable, i.e., they have no legal rights to what has become at least a temporary home when the building is redeveloped.⁴³

While the scale of private sector activity in the Netherlands remained relatively small, the drivers behind the growth of that activity were the same as those reported in some other Member States. There was a structural shortfall in affordable housing supply, this created pressures on homelessness systems and was broadly associated with homelessness causation, leading to use of the private sector to provide accommodation.

The experience of private sector temporary accommodation in **Slovenia** has some similarities with that reported in the Netherlands, in that private sector activity appeared to be increasing over time, although it was currently at low levels. Systematically collected data on what was happening were not available at the time of writing, but there were indications that standards were not high and that prices were increasing, including in Ljubljana. One workers’ hostel had been bought and converted into temporary accommodation by the Municipality of Ljubljana.

There was limited private sector activity in **Spain**. However, there were increases in the presence of the private sector in tendering process for homelessness services and in the provision of temporary accommodation. Most homelessness services were still run by non-profit NGOs. The main drivers in private sector activity were increased use of hostel and B&B beds as unplanned, overflow temporary accommodation for people experiencing homelessness who could not access formal homelessness services. The same hostel and B&B rooms were used for temporarily accommodating asylum seekers, migrants in emergency situations, and women at risk of domestic abuse.

Expansion of private sector temporary accommodation was described as being the result of the level of need for homelessness services outstripping the rate at which new centres and services for people experiencing homelessness could be developed. The complexities of finding and paying for rooms in private sector

⁴³ Hunter, C.M. and Meers, J.G. (2018) The ‘Affordable Alternative to Renting’: Property Guardians and Legal Dimensions of Housing Precariousness, in: H. Carr, B. Edgeworth, and C. Hunter (Eds.) *Law and the Precarious Home: Socio Legal Perspectives on the Home in Insecure Times* pp.65-86. (Location: Hart Publishing).

hostels and hotels have also led some municipalities to contract out, i.e., privatise, the location and management of private sector accommodation. This means both temporary accommodation itself and the administration of temporary accommodation are both becoming increasingly privatised.

In **Sweden**, the nature of the homelessness services varies between municipalities. Some have largely or wholly privatised services, but it is estimated that most still retain publicly run services, supplemented by NGO/not for profit services. While there was not a policy directly advocating the use of private sector temporary accommodation at national level, in practical terms this sort of accommodation might sometimes be the only thing that was available, particularly in municipalities in which the homelessness sector did not have a strong presence and there was limited provision of public housing.

It is possible for the private sector to compete for public contracts. In Stockholm, a for-profit provider won a contract to provide 55 emergency and short-term places, with an option to add at least seven further places. This use of the private sector to deliver a municipal homelessness strategy by providing homelessness services, in this instance part of Stockholm's 'Roof over your head' programme, was not reported in France or Ireland. For profit, private sector providers are also present at scale in addiction services, and this includes services that may be working with people experiencing homelessness who have addictions.

Alongside use of hotels, B&Bs, and some private sector hostels, Sweden also uses private sector camping parks with fixed-site caravans as temporary accommodation. Swedish practice can involve using holiday parks, or some caravans within a holiday park, as temporary accommodation. There is some European evidence of people at risk of homelessness arranging to live in these holiday parks for themselves when they are empty, i.e., outside holiday season.⁴⁴

1.3 Regulation

Czech ubytovny (commercial hostels) are not subject to regulation from social services as they are not registered to provide support. Standards are reported as being low. Access to floating/peripatetic support from social services can also be difficult for people living in these hostels because the owners of this accommodation may not allow services to enter. There is little control over how this sector behaves, in contrast to formal homelessness services, that are not provided by the private sector and funded by social services budgets.

⁴⁴ Meert, H. and Bourgeois, M. (2005) Between Rural and Urban Slums: A Geography of Pathways Through Homelessness, *Housing Studies* 20(1) pp.107-125.

While there is increasing activity by the private sector in the **Danish** provision of shelters, this is subject to approval and regulation. Municipalities are obliged to pay for shelter stays by their citizens. Shelters exercise control over who they admit, within a quite broadly defined group of people who do not have anywhere they can live, or are unable to live in a dwelling because of social problems, which centre on mental health and other support issues. The financial arrangements mean that a shelter, if it has been approved as following social services guidance and regulation, can admit people at its own discretion and expect to be paid by a municipality for doing so based on the billing of individual stays. Municipalities are responsible for their homeless citizens outside their own boundaries, so there are arrangements in place for the use of shelter stays in other municipalities to be paid for. Half the cost for municipalities is reimbursed by central government, although a recent reform will introduce a time cap of three months on this reimbursement, after which the municipality will pay for the entire cost.

Limits on private sector activity in this space stem from regulatory requirements to fulfil the criteria necessary to act as a social service. The Danish private sector has to tick a lot of regulatory boxes before it can become active in this market and fulfilling these requirements has a cost, which will in turn impact on potential profit. Regulations were recently tightened introducing a range of further control measures. As part of these regulations, the inspection authorities scrutinise the accounts of private sector operated services, which are required to report when a dividend has been paid to owners, investors, or shareholders. This puts an operational limit on how much money these services can make. Moreover, regulations set limits on management salaries and examine whether private sector shelters are charging artificially high rents. Inspection authorities do ultimately have the power to close services down. However, municipalities cannot choose not to use a shelter, because the funding arrangements work on the basis of requiring a municipality to pay for a shelter stay whenever a citizen of that municipality is enrolled in a shelter nationwide, no matter the location of the shelter.

In **France**, exploitation of the demand for temporary accommodation in hotels by the private sector is seen as a problem. One policy response included the purchase of a low-cost hotel chain, F1, by the French State in 2017 to provide temporary accommodation itself. This pattern has been seen elsewhere, for example the purchase and conversion of low-cost hotels as homelessness accommodation in California.⁴⁵ The level of demand for temporary accommodation in hotels has been described as creating new markets for hotels that are small businesses. Stays in these hotels, which are essentially reclassified as temporary accommodation, can last for years. Attempts primarily centred on reducing hotel use, rather than regu-

⁴⁵ <https://www.nytimes.com/2021/04/17/business/california-homeless-hotels.html>

lating it, have been a feature of French policy. However, a three-year initiative, starting in 2015, to reduce the number of hotel beds being used was not able to secure any reduction in ever-expanding, unplanned, use of hotels as overflow emergency/temporary accommodation.

There is evidence of private sector interest in the emergency accommodation markets in France. Large real estate companies have directed philanthropic activity toward the French homelessness sector, including relationships between the real estate sector and homelessness charities.

Unregulated elements of the private rented sector, essentially operating at the margins of the law or breaking it, are also reported to be exploiting groups like migrants in France. This informal temporary accommodation crosses the lines between hidden homelessness, housing exclusion, and homelessness. Other countries in Europe, including the UK⁴⁶, also have illegal/unregulated private rented sector activity, including the same sort of exploitation of migrant groups.

German provision of emergency and temporary accommodation at a national level was predominantly regulated municipal and non-profit services, but as already described, the picture in some cities, including Berlin and Bremen, was markedly different. The private sector was very active in these cities and while some private, temporary accommodation was within regulatory frameworks, there was significant unplanned use of private sector hotels and hostels as overflow accommodation which was not subject to the same regulation. Another issue was the scale of provision, with Berlin reporting nearly 700 organisations and businesses providing emergency and temporary accommodation in 2020.⁴⁷ Again, at the time of writing, the Berlin Senate was seeking to improve standards and regulation of temporary accommodation.

In **Ireland**, the approach has also centred on seeking to reduce the use of private sector B&Bs and hotels through the development of alternative temporary accommodation, including the 29 hub services for families experiencing homelessness. These hubs include some converted hotels and are largely provided by not-for-profit NGO/charitable organisations with support services onsite. There is active discouragement of the use of private sector accommodation with current strategy emphasising the need for a preventative and housing-led approach to homelessness. A standards framework is designed to reinforce the national homelessness policy which centres on enabling people experiencing or at risk of homelessness to move into and sustain their own housing, with appropriate levels of support. Rather than an emphasis on regulation, Irish policy has shifted toward minimisation of the unplanned use of private sector B&Bs

⁴⁶ <https://www.york.ac.uk/news-and-events/news/2020/research/criminal-landlords-evictions/>

⁴⁷ <https://www.parlament-berlin.de/adosservice/18/Haupt/vorgang/h18-3368.A-v.pdf>

and hotels as overflow accommodation, both by promoting shifts toward an integrated, preventative, and housing-led strategy and by physically providing alternative forms of temporary accommodation.

The **Netherlands** has no specific laws and regulations in relation to commercially run temporary accommodation for people experiencing homelessness, beyond those applying to any occupied building. A lack of uniformity in the standards required of the homelessness sector was reported, something also noted in an earlier comparative study in this series.⁴⁸

Slovenia also had regulations governing the operations of homelessness services, but was another example of a Member State that did not have a specific regulatory framework for private sector temporary accommodation. No housing or accommodation standard existed for the homeless sector. In one city, the example was given of the municipality employing a private sector B&B as temporary accommodation when the workers' hostel in the area had closed. No specific rules were applied, beyond setting a budget for the rooms, which the people experiencing homelessness were expected to make a contribution to. Quality standards were somewhat higher in the B&B than they had been in the hostel. By contrast, homelessness services were part of social services and worked within a regulatory and legal framework.

Spanish regulation does not distinguish between non-profit and for-profit providers. Social services regulations are decentralised and while there is a legal framework around what sorts of services should be provided, the specifications for homelessness services are not very detailed and there is considerable flexibility. The detail of homelessness service provision was generally determined in the contract between a municipality and the service provider, contracts for which the private sector can compete, but where it was not yet widely present. There were no formal statistical data on the presence of the private sector in homelessness services and temporary accommodation provision at the time of writing.

In **Sweden**, criticism of the profits made by for-profit housing has arisen, including from the Swedish Union of Tenants. However, the issue was not reported to be one that was receiving any particular public scrutiny. Some formal homelessness services can also be more expensive than the hotels used for emergency/temporary accommodation, but this may reflect the relative cost of Nordic homelessness services, which may be more likely to have high staffing levels and use

⁴⁸ Pleace, N., Baptista, I., Benjaminsen, L., and Busch-Geertsema, V. (2019) *The Regulation and Quality of Homelessness Services* (Brussels: FEANTSA).

of staff who are trained social workers.⁴⁹ Criticism from neighbours of apartments that have been purchased to be let to municipalities as temporary accommodation has also occurred.

Blocks of flats can be rented out as temporary accommodation in larger cities. This includes the renting out of apartments on a day-by-day basis, something that also occurs in some private sector provision of temporary accommodation in the form of 'apartment hotels' in the UK. This capacity to offer and agree nightly rates for temporary accommodation in Sweden has created a new niche market, in which regulatory limits placed on monthly charges can be breached, sometimes leading to what were described as rent levels that are 'dramatically higher' than those seen in normal rental agreements, which are subject to regulation. Again, Swedish systems are highly decentralised, with the decision making around whether to use private sector temporary accommodation and how to use it, devolved to municipality level. One point to note here, again, is that most temporary accommodation and homelessness services were still thought to be in the public sector or run by charities/NGOs. However, as in Ireland, there are also reports that an increasing number of families experiencing homelessness (which tends to include large numbers of lone women parents who have often experienced domestic abuse)⁵⁰ making increased use of private sector emergency/temporary accommodation.

Uncertainties are reported to exist around what the full impact of increasingly privatised health, welfare, education, and housing policy. A few large corporations are thought to collectively run groups of homelessness services, but again, as systems are highly decentralised, getting reliable data is difficult. Sweden has experienced a pattern of a small number of private sector companies and corporations taking larger and larger roles in areas of public policy that have been marketised, including education and welfare services.⁵¹ The costs of private sector provision has led some municipalities to try to run services themselves.

⁴⁹ Pleace, N., Baptista, I., Benjaminsen, L., and Busch-Geertsema, V. (2018) *Homelessness Services in Europe* (Brussels: FEANTSA).

⁵⁰ Baptista, I., Benjaminsen, L., Busch-Geertsema, V., and Pleace, N. (2017) *Family Homelessness in Europe* (Brussels: FEANTSA).

⁵¹ Hartman, L. (red.) (2011) *Konkurrensens konsekvenser: vad händer med svensk välfärd* [The consequences of competition: what is happening to Swedish welfare]. 2. uppl. Stockholm: SNS förlag. Available at: https://snsse.cdn.triggerfish.cloud/uploads/2020/02/konkurrensens_konsekvenser_pod_2.pdf
<https://www.sns.se/en/articles/the-consequences-of-competition-what-is-happening-to-swedish-welfare/>

1.4 COVID-19

Prague, in the **Czech Republic** employed hotels and hostels, which were otherwise unoccupied as temporary accommodation and housed 220 people. The measure was short-term and ceased in July 2022. Use of the private sector as emergency or temporary accommodation is not common.

In **Denmark**, very little use is made of hotels and B&Bs as emergency or temporary accommodation under normal circumstances, but there was an expansion of activity as a result of lockdowns and other COVID-19 emergency measures. While there is some ongoing use of hotels and B&Bs as emergency and temporary accommodation, the scale is not significant and as the situation in relation COVID-19 began to change, the default policy of using formal homelessness shelters returned.

French use of hotels as temporary accommodation in response to the early stages of the pandemic reached what can only really be described as astronomical levels. In 2021, in the Paris region more than 60 000 hotel rooms were being booked by the public sector every evening, reaching the point at which some 20% of *all the hotel beds* in the Paris region were being used by people experiencing homelessness, supported by public funding.⁵² At the height of the pandemic, hotels were operating with only people experiencing homelessness in residence, as they could not have any other guests.

Several **German** cities made increasing use of tourist hotels and commercial hostels during the COVID-19 phase in order to 'deconcentrate' temporary accommodation for people experiencing homelessness.⁵³ In Hamburg, an initiative by NGOs received significant public attention. A tobacco company gave a large amount of money (almost €450 000) to a voluntary organisation to rent tourism hotel rooms of good quality for street-based sleepers. About 170 people were accommodated in single hotel rooms between April and June 2020, but then had to leave again as the hotels reopened for touristic purposes and the money was spent. In Berlin, a hostel was rented and a youth hostel providing rooms for maximum two people each (a total of 200 beds).

Irish use of private sector emergency and temporary accommodation expanded during the special measures introduced in response to the virus. From March 2020, adult-only households were provided with unscheduled emergency accommodation, particularly for the purposes of shielding and isolation. Numbers initially fell as special measures to provide emergency accommodation for people experiencing

⁵² Source: OFII, DREES, Ministère de l'intérieur

⁵³ I.e., reduce the risks associated with 'shared air' services, where people shared sleeping and/or living areas see: Pleace, N., Baptista, I., Benjaminsen, L., Busch-Geertsema, V., O'Sullivan, E., and Teller, N. (2021) *European Homelessness and COVID 19* (Brussels: FEANTSA).

homelessness during COVID-19 were relaxed, but continued pressures on the housing market and other factors saw rises in use, so that use of private sector temporary accommodation peaked in May 2022.

In the **Netherlands** there was increased use of private sector emergency and temporary accommodation in response to the pandemic. This included expanded use of hotels and holiday parks, i.e., fixed site caravan (park home) sites. This form of temporary accommodation was not seen as growing rapidly as the effects of COVID-19 began to lessen over the course of 2022, but there was ongoing use of the private sector as temporary accommodation by NGOs, in consultation with municipalities.

In **Spain**, there was increased use of Airbnb and holiday homes by municipalities to house people experiencing homelessness during lockdowns, albeit with some resistance from owners. Expenditure on hostel/hotel rooms increased as the tourist industry recovered over the course of 2022.

Across Europe, there is a sense of a reset, with reduced use of private sector temporary accommodation that had been employed in programmes to end rough sleeping during the course of the pandemic and manage the pressures in shared-air services. This has not, however, necessarily been accompanied by an overall reduction in private sector temporary accommodation, as the pressures on homelessness systems that been switched off by the pandemic⁵⁴, including eviction being temporarily banned in several Member States, reactivated.

1.5 Building a typology of private sector activity

The two trends that are evident at pan-European level are increases in the use of private sector hotels, B&B, hostels, holiday parks, and short-term lets as emergency and temporary accommodation and the rising presence of the private sector in competitive tendering for publicly funded homelessness services, which is most commonly organised at a municipal level. The contexts in which higher use of private sector emergency/temporary accommodation is occurring are all similar: there is a shortage of affordable housing supply and non-profit, NGO, and municipality run homelessness services and temporary accommodation are being overwhelmed. Alongside this, the (apparent) retreat of COVID-19 has not significantly modified this pattern, even as the special measures that required more temporary accommodation were withdrawn, the trends toward more private sector temporary accommodation use and more private sector competition have continued upward.

⁵⁴ Pleace, N., Baptista, I., Benjaminsen, L., Busch-Geertsema, V., O'Sullivan, E., and Teller, N. (2021) *European Homelessness and COVID 19* (Brussels: FEANTSA).

Most of the participating Member States had elements of private sector activity in emergency and temporary accommodation, but no two were exactly alike. One way of summarising what is happening is presented in Table 2.1.

Type of activity	Member States
<i>Planned</i> use of private sector accommodation for emergency or temporary accommodation by homelessness services and systems.	Czech Republic, Denmark, France, Germany, Ireland, Netherlands, and Sweden. ⁵⁵
<i>Unplanned</i> 'overflow' use of private sector accommodation, i.e., indefinite placements resulting from capacity problems in homelessness services and/or very low availability of affordable housing to end homelessness.	France, Germany, Ireland, Spain, Slovenia, and Sweden. ⁵⁶
Private sector development of emergency shelters and/or supported housing and private sector competition for municipality and other public contracts.	Denmark, Netherlands, Spain, and Sweden.
Very low cost, precarious, private sector accommodation used by hidden homeless populations and sometimes as emergency/ temporary accommodation for people recognised as homeless (including unregistered/unregulated private sector housing, hostels, and holiday parks).	Czech Republic, Hungary, Netherlands, and Slovenia.

Assessing the true range and extent of private sector activity was difficult, partly because it varied very considerably within some countries, e.g., in Germany the private sector was very active in some major cities, but not to the same extent elsewhere. It was also the case that available data were often limited or only available in a highly fragmented state, e.g., at the level of individual municipalities. There was an awareness of the sorts of private sector activity in emergency and temporary accommodation and private sector homelessness services that were being used, but generally not a clear, robust, nationally representative statistical picture of what was going on, or how that compared in scale and nature to NGO or public sector provision of temporary accommodation, supported housing, and other homelessness services. Denmark, France, and Ireland had reasonably clear pictures of private sector activity at a national level, but this was not true for the other Member States. There was nowhere, outside of Hungary, where the private sector did not have some presence in the accommodation of people experiencing homelessness and/or hidden homelessness.

What was being interpreted as potentially predatory private sector investment in provision of temporary accommodation, and the delivery of homelessness services under municipal/local authority contract, was present in some of the Member States. Reports from the Netherlands and Spain both drew attention to an increased

⁵⁵ The UK would have also been in this group if it were still a Member State.

⁵⁶ The UK would have also been in this group if it were still a Member State.

presence when municipalities tendered contracts to provide homelessness services, which would have hitherto only have been competed for by non-profit NGOs. This may become an issue across Europe, but the reports from these Member States show that arrangements and expectations governing the provision of homelessness services and the level of budgets might make a significant difference. In Hungary, there was nothing stopping the private sector bidding for shelter services, but the budgets were not reported as being enough to run a shelter, let alone make a profit.

Outside the EU, the UK has been characterised by private investor interest in emergency and temporary accommodation, particularly the highly lucrative markets that exist in unplanned ‘overflow’ use of private sector accommodation in London and some other areas. How far this sort of potentially ‘predatory’ investment is developing across the EU is difficult to clearly assess, as it requires specific conditions to be in place – in effect a captive market – to offer a return on investment. This issue is briefly revisited in the concluding chapter.

2. Key issues in private sector provision

This section of the report looks at the key issues reported in the use of private sector emergency and temporary accommodation. These issues were often related to the private sector being able to operate in a captive market, i.e., a market in which the consumer has no choice other than the product that a company or group of companies choose to offer, in which there is no effective competition. In several Member States, the use of the private sector as unplanned 'overflow' emergency/temporary accommodation was being resisted, but with limited degrees of success, because of shortfalls in non-profit homelessness sector operated emergency/temporary accommodation and near-universal problems with a sustained shortage of affordable housing. The main issues reported centred on standards, costs, and prolonged stays.

2.1 Standards

In the **Czech Republic**, the *ubytovny* (commercial hostels) do not offer self-contained housing or security of tenure, the standard of accommodation relative to the costs has also been criticised. While technically not classified as temporary accommodation, these very low-cost services effectively operate as such, in the sense of providing accommodation that stops physical homelessness, i.e., being literally roofless. A key difference however is that these services are not designated as 'temporary', they can be used on a short-term basis, but are often used for long stays. The suitability of these services for prolonged periods, including for children, has been questioned in part because they have the insecurity of tenure and physical characteristics of hostels which are intended to be used on a *temporary* basis elsewhere in Europe. Alongside this, standards in construction, utilities, space, and shared social spaces are described as poor. One of the larger hostels in a city had 92 rooms, with shared kitchens and bathrooms, it was described as having insufficient hot water and being in poor repair and having a poor standard of cleanliness.

Private sector provision of emergency/temporary accommodation in **Denmark** is centred on shelters. The sector is regulated at multiple levels, including requirements to register and be approved as a social service and being subject to inspections of both standards and accounts. While service standards and the extent of profit being made are monitored, the provision of places is only partly determined by municipalities (although municipalities run a substantial number of shelters

themselves), but they are also determined by the supply from both NGO and privately run shelters and the demand from shelter users themselves. Funding to some extent follows individuals, as municipalities are obliged to pay for the stays of people enrolling in shelters, the criteria for admission being that people besides having no place to live also have other support needs, e.g., due to mental health problems, addiction problems, or the like. However, one identified risk is that the private sector might ‘cherry-pick’ the least complex cases and leave the shelters run by municipalities and non-profit NGOs (which form the bulk of services) to pick up the people with multiple and complex needs. However, there has not yet been any systematic evidence suggesting this pattern is actually occurring. Danish ‘shelter’ accommodation takes the form of relatively well resourced, relatively small services with professional support staff (most of the recently opened private shelters have about 10-20 beds), with homelessness services in general being quite heavily resourced compared to those in some other Member States.

Questions have been raised about the general condition of emergency/temporary accommodation for people experiencing homelessness in **Germany**, including provision from the private sector. The German Institute for Human Rights has called for minimum standards in emergency/temporary accommodation, particularly around the use of accommodation designed for only short-term use over prolonged periods. Some shelters were described as very low-quality services. Proposed regulation has so far centred on provision run by municipalities and NGOs, not the private sector. Some of the general concerns around the nature of emergency/temporary accommodation include the use of modular housing, including converted shipping containers and fixed-site caravans.

There was not a widespread or public debate on the use of hotels as temporary accommodation in **France**. Academic research on the subject was described as critical of the standards, quality, and cost of the accommodation offered by hotels. As the use of hotels has increased, criticism of their use has also increased, with blame being focused on traditional homelessness charities as well as public administration. Alongside concerns about quality, which include evidence of overcrowding, there is often an issue with the physical location of the hotels, which can be remote from city centres and very distant from schools and/or employment opportunities.⁵⁷ Compared to formal homelessness services, very little or no support is reported to be offered to people experiencing homelessness who are living in hotels as temporary accommodation.

Concern has been repeatedly expressed about the standard and nature of emergency and temporary accommodation provided by the private sector in **Ireland** on the basis that this accommodation was not intended for this purpose.

⁵⁷ www.senat.fr/rap/r20-632/r20-632_mono.html

There is a consensus amongst all key players, including central and local government and the homelessness sector, that the use of such accommodation is inappropriate to the needs of families, and particularly detrimental to the developmental and educational needs of the children in such situations.⁵⁸

Standards in temporary accommodation in the **Netherlands** were reported as being inconsistent and concerns had been reported about the conditions in the holiday parks containing fixed-site caravans. Much of the homelessness sector was run by non-profit NGOs under municipal contracts and, while standards could be variable, was regulated.

In **Slovenia**, standards in temporary accommodation were regarded as poor, but this was based on experience and perception of what the private sector was doing, rather than national or municipal level datasets. In one city, the shift away from a workers' hostel to a B&B had meant that only two, rather than six, people were sharing one room. The B&B also had amenities that the hostel did not. As would have been the case in other Member States, standards within the private sector itself were not necessarily uniformly poor.

Slovenian experience also illustrates some of the challenges that can arise in comparative European research on homelessness. In this instance, the shift from hostel to B&B meant less sharing and more individual space, but the rooms were still shared. In other Member States, Denmark being one example, the operational norm across homelessness services and temporary accommodation was that someone would (at least) have their own room.

Quality and standards, as earlier reports in this series have pointed out⁵⁹, are not a constant, with the nature of what is seen as constituting a good quality homelessness service, or good quality temporary accommodation, varying by everything from GDP per capita through to definitions and understanding of homelessness. In some Member States, quality in temporary accommodation means limits on how many people can be in a shared sleeping space and the square metres allocated to each person, in others, it can include whether or not they have their own bathroom and kitchen facilities. This is not hyperbole. There really is that level of difference.

⁵⁸ Baptista, I., Culhane, D.P., Pleace, N., and O'Sullivan, E. (2022) *Housing the Homeless? How International Experience Can Inform the Delivery of Housing for All* (Dublin: Focus Ireland).

⁵⁹ Pleace, N., Baptista, I., Benjaminsen, L., and Busch-Geertsema, V. (2019) *The Regulation and Quality of Homelessness Services* (Brussels: FEANTSA).

In **Spain**, there were not systematically collected data available on the standards in private sector temporary accommodation. Criticism of the amount of time that families experiencing homelessness spent in hostels awaiting adequate housing has occurred, and there has been media coverage of poor standards in temporary accommodation and homelessness services.

The same concerns about low standards and high costs of private sector temporary accommodation have been raised in **Sweden**. Quality was described as highly variable, but there were reports of temporary short-term contracts that used very poor housing. The use of modular housing as temporary accommodation was also occurring. Temporary accommodation stays did not build up the references needed to secure access to settled housing in the ordinary housing market. This is in the context of increasing levels of the use of private rented sector housing to offer settled housing to homeless families, and reports of some people experiencing homelessness for structural (economic) reasons only having to find homes through low quality private landlords. Municipalities were reported to be forced to use the private sector to provide both temporary accommodation and more settled housing as shortages of affordable housing supply meant they had no other option.

2.2 Costs

Expenditure on commercial hostels in **Czech Republic** has been questioned. This is because these services, which are funded through welfare system allowances paid to the people staying there, do not offer self-contained housing or security of tenure and can be of a low standard. The profits made by these hostels have sometimes been criticised as making money from poverty. The costs of ubytovny (commercial hostels) can be extremely high for what is reported as being often small and substandard accommodation. In one example presented as typical, a Roma family living in one room in a hostel was found to paying more than three and a half times what the rent would be on a single bedroomed apartment. However, this is in the context of wider discrimination against Roma families. An absence of social housing provision was described as creating a captive market for these hostels among people who were experiencing housing exclusion and what is increasingly recognised at European level as hidden homelessness.

In **Denmark**, the private sector is only really active in the provision of shelters, although it only accounts for a minority of service provision that is largely run by municipalities and non-profit homelessness NGOs. The funding arrangements centre on a requirement for municipalities to fund a shelter place for someone who meets the eligibility criteria, centring on an inability to secure and sustain housing linked to mental health and other support needs. Municipalities are responsible for

their citizens when outside their boundaries, so will also pay for the use of shelter places outside their own area. Half the costs are refunded to municipalities by central government. However, a change in these reimbursement mechanisms has been proposed by the Government to take place in the coming years limiting the 50 percent reimbursement from the central government to three months, although these proposed changes have not yet been turned into law. This is designed to give municipalities a better incentive to provide a long-term housing solution for homeless shelter users. The market has a number of limits from a private sector perspective in that formal registration as a social service is required and services are subject to inspection, which includes detailed scrutiny of their accounts.

However, municipalities do not have direct control over placements in shelters, the discretion – within a quite broadly defined group of people experiencing homelessness – lies with the shelter itself and providing those criteria have been met, a municipality has to meet the cost of a stay. One other point to again note here is that the Danish version of a ‘shelter’ generally means offering individual rooms and the provision of on-site, trained staffing, including qualified social workers. These services tend to be expensive to run. Typical costs were reported as €150–€250 per person per *day*. The recent attempt from the Danish minority government (which did not achieve parliamentary support) to ban the extraction of profit from private social services reflected a concern that public funds might be used to generate profit for service owners, rather than providing quality for service users.

There is regulation of the amount offered to hotels to provide temporary accommodation in **France**. Hotels are not funded at a high nightly cost, typically €21 a night in 2022, compared to €45 for a CHRS service offering supported accommodation. However, French convention is that hotels charge per person, rather than per room, so these costs start to escalate quickly once a family is sharing a hotel room. As noted, one response by the French State has been to buy some hotels to regulate their costs, alongside exercising limits on the level of nightly expenditure that is allowed, but most of the temporary accommodation in hotels is still provided by the private sector.

Containment of the costs of using private sector hotels in France has proved challenging. Hotels are reported as able to force prices up in situations in which there is no other temporary accommodation available. National audits of expenditure have reported this as a structural problem with the temporary accommodation markets.⁶⁰ Prices are still negotiated and set to try to manage costs.

⁶⁰ <https://www.ccomptes.fr/sites/default/files/2021-03/20210318-03-Tomel-hebergement%20-logement-%20personnes-domicile-pendant-crise-sanitaire-printemps-2020.pdf>

In **Germany**, the cost per night of emergency and temporary accommodation was not reported as being particularly high, at an average €26-€27 a night across regulated and unregulated temporary accommodation in Berlin, the bulk of which was private sector.⁶¹ At a national level, the private sector made up only a minority of emergency/temporary accommodation provision, but in cities including Berlin and Bremen, the private sector represented the majority of services and was operating at scale. In Berlin in particular, thousands of places were being paid for every night and there were questions about the standards in at least some of the hotels, hostels, and other private sector businesses offering temporary accommodation. However, in general terms, these problems are not a significant theme within public debates in Germany.

The funding arrangements in **Ireland** allow local authorities (municipalities) to recoup up to 90% of their spending on private sector emergency and temporary accommodation from central government. While the use of the private sector is actively discouraged through a preventative, housing-led, and integrated national strategy, continued rises in the use of private sector emergency/temporary accommodation has occurred. Public expenditure on emergency accommodation by for-profit providers increased from €15.2m in 2014 to an estimated €138.2m for 2022. The number of adults in such accommodation increased from just over 800 to over 4000 over the same time period, giving a crude average expenditure per adult that has more than doubled, from just over €18 000 per annum in 2014 to nearly €36 000 in 2022, based on trends to-date and estimated expenditure for 2022.⁶² These extremely high costs do not compare well with those for even the most intensive homelessness services, including Housing First.⁶³

Alongside representing a relatively small proportion of homelessness service and temporary accommodation provision, the private sector in the **Netherlands** was not seen as making large profits. A return of 3-4% was reported as being typical (which might be seen as high compared to a non-profit model). Some concerns were raised, as noted above, that the private sector was operating at low or no profit in order to secure a foothold in the markets offered by municipalities contracting out homelessness services. Maximum limits, which were regarded as low, were set on the amounts that municipalities were prepared to pay for unplanned use of temporary accommodation or other private sector services. Issues were reported, not specifically in relation to the homelessness sector, in higher intensity supported

⁶¹ <https://www.parlament-berlin.de/adosservice/18/Haupt/vorgang/h18-3368.A-v.pdf>

⁶² Source: Analysis by Irish expert respondent, based on Department of Housing, Local Government and Heritage data.

⁶³ Pleave, N. and Bretherton, J. (2019) *The Cost Effectiveness of Housing First in England* (London: Homeless Link).

housing, which could have significant fees averaging €50 000 a year, and which, with around 36 000 residents, represented a potentially lucrative market. While many providers were legitimate, there was reported to be evidence of fraud in this sector⁶⁴, but this was in terms of higher intensity supported housing services offering accommodation and support in general, not in relation to homelessness services in particular.

There were also reports from the Netherlands of the costs and strain of working in a competitive market for non-profit NGOs focusing on homelessness. NGOs spent significant time and effort responding to tenders and faced mid-term uncertainty, i.e., even when successful, they could not be confident that a tender for the services they were providing would be awarded again in 4-6 years' time. The UK's contracting out homelessness services, operating with ever shrinking budgets and to very short timescales, i.e., often including contracts of a year or two in length, has been described as a 'traumatised' system.⁶⁵

The reported costs in **Slovenia** were not as high as some of those reported in other Member States. In one smaller city, €150 a month was being paid for B&B accommodation, of which €65 was funded by the person experiencing homelessness and the rest by the municipality. Costs are, however, relative, and there were reports of rising charges for private sector temporary accommodation in Ljubljana and other cities.

In **Spain**, upper limits on direct contracting, which cannot exceed €15 000, set effective limits on case-by-case deals with private sector temporary accommodation, as costs above that level are automatically subject to public tender. It is feasible for a municipality to contract out the provision of apartments for social use, but this had only been pursued by Madrid at the time of writing. Fraud had not been reported. During the pandemic, Spain explored the purchasing of hotels for conversion into temporary accommodation/supported housing, as has occurred in the USA⁶⁶, but the policy was not pursued.

Municipalities in **Sweden** could again be in captive markets. The lack of other alternatives meant that they could be effectively forced to use the private sector to provide temporary accommodation and were also having to sometimes use it as the source of more settled housing. While there were attempts to move away from use of the private sector, a lack of affordable alternatives, both in terms of temporary

⁶⁴ <https://www.ikz.nl/documenten/publicaties/2019/11/12/fraude-en-zorgverwaarlozing-bij-beschermd-en-begeleid-wonen>

⁶⁵ Blood, I., Pleace, N., Alden, S., and Dulson, S. (2020) *A Traumatised System: Research into the Commissioning of Homelessness Services in the Last 10 Years* (Leicester: Riverside).

⁶⁶ Lee, B.A., Shinn, M., and Culhane, D.P. (2021) Homelessness as a Moving Target, *The ANNALS of the American Academy of Political and Social Science* 693(1) pp.8-26.

accommodation and settled housing, meant that some municipalities were paying unreasonable costs for temporary accommodation and housing of variable standard. In one example, a contract with the City of Malmö involved a private sector provider that rented apartments from housing companies and then sub-let those apartments to social services for a much higher price, which could range from between €102–€167 a day rather than a substantially lower monthly rent. As noted in the last chapter, while the private sector provision of temporary accommodation was constrained by publicly set limits in terms of monthly rent, recategorisation of the accommodation as ‘temporary’ allowed companies to charge much more because they could require a daily charge rather than a monthly rent. The UK has seen a similar practice, in which apartments are reclassified as ‘apartment hotels’ for temporary accommodation purposes, and, as a ‘hotel’, they make a nightly charge rather than being offered at a lower monthly rent.⁶⁷

2.3 Prolonged stays

Where data were available, it suggested that prolonged stays in private sector accommodation, which included stays in accommodation that was not designed or suitable for long-term residence, were at least something of an issue. There were also reports from the experts and anecdotal evidence suggesting that where private sector temporary accommodation was being used, it was sometimes being used for prolonged periods.

Alongside this, there was prolonged use of inadequate accommodation in the ‘workers’ hostels’ and, to borrow the Dutch expression, the wider souterrain (basement) of the housing market, which alongside hostels, encompassed the unregulated elements of the private rented sector and fixed site caravans on certain holiday parks. The people living in these informal private sector temporary accommodations were not necessarily always ‘homeless’ in the formal sense, i.e., according to national definitions or ETHOS/ETHOS Light⁶⁸, but they were in situations of housing exclusion and precarity. There also seemed to be people who were experiencing hidden homelessness in these forms of accommodation.

There were not enough data or a sufficient range of clearly evidenced examples to be clear about the nature and extent of these issues at a pan EU level. There was, as noted, variation among the Member States included in this research in the nature and extent of private sector activity, these were also countries with different ideas,

⁶⁷ Rugg, J. (2016) *Temporary Accommodation in London: Local Authorities under Pressure* (London Councils).

⁶⁸ <https://www.feantsa.org/en/toolkit/2005/04/01/ethos-typology-on-homelessness-and-housing-exclusion>

approaches, and definitions of homelessness and with marked differences in the resources they had available. Ireland could systemically demonstrate a capacity to move people out of temporary accommodation, including that provided by the private sector, but seemed to be the only participating country that had this sort of evidence. In other countries, including France and, outside the EU, the UK, people appeared to get stuck in private sector accommodation for what could be long periods of time.

2.4 Bad markets

The image of the free market as a place of creative destruction and innovation, in which competition drives down prices and increases quality, is hard to reconcile with the sorts of patterns being reported here. The patterns that appear to be in evidence include:

- Exploitation of captive markets, particularly around the unplanned overflow use of temporary accommodation in hotels, hostels, B&B, fixed site caravans, or short-term private sector lets, with quality trending downwards while prices trend upwards. This can occur when there is no other temporary accommodation option, where public authorities have a duty to provide emergency/temporary accommodation, there is a significant shortfall in affordable housing supply and non-profit (municipal and/or NGO) homelessness services are overrun.
- Some suggestions of predatory private sector activity in relation to temporary accommodation and competing with non-profits/NGOs in tendering for shelters, supported housing, and other services, although the scale and range of this activity appeared to be quite restricted.

Several things were not in evidence. The private sector was not offering better standard services for lower costs than municipalities or non-profit NGOs, nor was the private sector demonstrating innovative ways to prevent, reduce, or move toward ending homelessness.

Again, European temporary accommodation markets exist in two main forms, which overlap to some extent, as illustrated by the Netherlands. There is planned use of private sector emergency and temporary accommodation as an integral part of how homelessness systems work and there is unplanned, 'overflow' use of the private sector, which is not an intended part of policy or strategy and has emerged because homelessness services, systems, and affordable housing supply have been overwhelmed. There is also a precarious, very low-cost private sector accommodation market, including unregulated private rented sector housing, hostels, and holiday parks, which has a 'skid row' like function in providing often substandard and insecure

accommodation to hidden homeless populations and people in situations of housing exclusion. This accommodation may also be used by municipalities or social services as planned or unplanned emergency/temporary accommodation. The nature and extent of this private rented sector emergency and temporary accommodation varies among Member States and within Member States. Alongside this, there is private provision of homelessness services, which while it is occurring in Member States including Denmark, the Netherlands, Spain, and Sweden, is variable in its extent and does not, as yet, appear to be very widespread.

These markets often have not arisen because of any sort of plan, and they are often a side effect. They are a result of another market failure, the sustained inability of commodified European housing markets to produce enough adequate and affordable homes. Commodified housing markets mean that more homelessness occurs that takes longer to resolve, sending more and more people to homelessness services that find it harder and harder to locate suitable housing to prevent or end their homelessness. More could be spent on municipal, non-profit NGO, and other socially focused and responsible homelessness services – and part of the response to private sector temporary accommodation markets has been to build or buy more municipality or NGO run temporary accommodation – but the problem is ultimately structural, i.e., wider housing and social policy is often *creating* these private sector emergency and temporary accommodation markets. Much of the European private sector temporary accommodation market is unintentional and largely unregulated, it is wide open to exploitative practice, indeed, in its current forms, elements of it are almost like it is custom built to *enable* exploitation.

3. Discussion

In 1866, the British Parliament was, characteristically, arguing with itself about the *Metropolitan Houseless Poor Act*. Various MPs were asserting, drawing on statistical data, that while increases in workhouses⁶⁹ and casual wards⁷⁰ had stopped distressing scenes of mass street-based sleeping, a group of work avoiding and generally naughty ‘professional vagrants’ were also being encouraged into a socially harmful lifestyle by the existence of these services (there was little evidence these ‘professional vagrants’ actually existed).⁷¹ The data collected on workhouse and casual ward activity had shown something else, when these services filled up, they were putting people in nearby inns. The workhouses and casual wards were using the private sector to provide unplanned overflow emergency accommodation.

The emergence of overpriced, substandard private sector temporary accommodation markets across Europe is not something that has been planned. It is a result of longstanding shortfalls in affordable, adequate housing supply and, to a lesser extent, how much resource can be put into homelessness services and how quickly those services can be deployed. Regulation of private sector activity might improve things, up to – and including – regulating these markets out of existence, because as Hungarian experience shows, where the opportunity does not exist, there is little or no activity. The level of Danish regulation appears to have also curbed the excesses seen in some other Member States.

The problem is what to do instead. For all the misdirected and wasteful expenditure on substandard and overpriced private sector temporary accommodation, stepping up expenditure on higher quality municipal and NGO run homelessness services would take time to have an effect. It is also clear that even building the very best homelessness services and integrated strategies has inherent limits if the ever-increasing shortfalls in adequate and affordable housing supply are not simultaneously addressed. The lessons of Finland, so often held up as an example as the way out of endemic European homelessness, do centre on developing a truly integrated, preventative, and housing-led strategy, but also on the Finns systematically *building more social housing* at the scale needed to address long-term home-

⁶⁹ A locally run service offering basic accommodation and food in return for work, see: Higginbotham, P. (2012) *The Workhouse Encyclopaedia* (Stroud: The History Press).

⁷⁰ Provision within or sometimes separate from workhouses for people who were unable to perform any sort of work.

⁷¹ <https://api.parliament.uk/historic-hansard/commons/1866/jul/23/observations-1>

lessness.⁷² Time and money create a weird logic for continuing spending on private sector temporary accommodation. Building a world where private sector temporary accommodation is unnecessary means building one with far more affordable homes in general and with social and affordable housing supply in place to effectively deliver integrated homelessness strategies. This requires a different kind of thinking, a different strategic horizon, and different kind of expenditure than has hitherto characterised much European homelessness policy.

Structurally, the issues in 19th century Britain centred on the way society and housing markets worked, how they created mass homelessness, and how the systems that were in place to manage that effect became overwhelmed and, as now, began to use the private sector to haphazardly contain the problem. The infrastructure to cope with homelessness could not cope with the rate homelessness was being generated and, as now, it could not prevent or reduce the problem at a sufficient rate, because there was no system of affordable or subsidised housing in place.

Plenty of challenges exist for the 2021 Lisbon Declaration of *European Platform to Combat Homelessness*.⁷³ The Platform is designed as the beginning of a process that will create more consistent, stable, and effective responses to homelessness across the EU-27, focusing on a person-centred, housing-led, and integrated approach, working toward the ending of homelessness by 2030. The immediate goals centre on ensuring that:

- No one sleeps on the street for lack of accessible, safe, and appropriate emergency accommodation;
- No one lives in emergency or transitional accommodation longer than is required for successful move-on to a permanent housing solution;
- No one is discharged from any institution (e.g., prison, hospital, care facility) without an offer of appropriate housing;
- Evictions should be prevented whenever possible and no one is evicted without assistance for an appropriate housing solution, when needed; and
- No one is discriminated against due to their homelessness status.⁷⁴

⁷² Allen, M., Benjaminsen, L., O'Sullivan, E., and Pleace, N. (2020) *Ending Homelessness in Denmark, Finland and Ireland* (Bristol: Policy Press).

⁷³ <https://ec.europa.eu/social/main.jsp?catId=1550&langId=en>

⁷⁴ European Commission *Governance, Work Programme and Way Forward for the European Platform on Combating Homelessness 2022-2024* https://ec.europa.eu/commission/press-corner/detail/en/IP_21_3044

Clearly, the nature of private sector temporary accommodation markets in Europe directly undermines the goals in relation to people sleeping on the street, because the emergency accommodation being offered appears to often not be safe, accessible to all, or appropriate to their needs. The private sector might provide beds and might be able to do so quickly, but if those services are not adequate, may often be poor quality, and are also expensive, a more strategic response, putting better services that are not solely motivated by profit in place, has to be considered. While the issues are structural, centring on affordable and social housing supply as much as on building the right kind of strategic response to homelessness prevention and reduction, the question does arise as to whether the excesses of the private sector might be contained and redirected to (at least) offer a better emergency/temporary accommodation solution.

Modifying the way these markets work, setting clear standards, and ensuring sufficient regulation and inspection could encourage those elements of the private sector that might be interested in combining a sufficient profit with a broadly social mission, which would include social enterprises and social businesses. Capitalism will always do what it needs to generate and to maximise profit, it exists for that purpose, but that does not mean that it cannot be persuaded to accept some regulation, such as adopting goals that are not socially destructive, while still making money. Regulated markets can work, companies can generate profits and accept following social, environmental, and safety rules, even if they will still try to get away with pollution, safety violations, and market rigging, given half a chance.

The point here is that Capitalism can be directed, it can be encouraged and regulated into positive directions. There is creativity, innovation, and progress alongside all the downsides of free market systems, if Capitalism were incentivised to build a better temporary accommodation solution, to build systems that *minimised* temporary accommodation use, what might it come up with? This would not and could never be any sort of answer in and of itself, as the problems of affordable housing supply, of social housing supply and of sufficient resource and the political will to deliver preventative, housing-led, integrated homelessness strategies have to be overcome to end European homelessness. Nevertheless, part of the solution might be to encourage and support different companies into this space, to use Capitalism itself to out-compete and replace the undesirable and destructive elements of private sector temporary accommodation and replace it with something better.

Left alone, commodified housing markets and other free market systems will always create the conditions for housing exclusion and homelessness. Only significant intervention, through increasing social and affordable housing supply and integrated preventative and housing-led strategies, will end homelessness. There is no

single service model, no technique for organising services, that will end homelessness by being 'effective' unless it is combined with addressing the structural factors that ceaselessly generate European homelessness. It is clear that an end to European homelessness can be achieved, the necessary policies and practice are known, and in that world, the use of private sector temporary accommodation in the ways that are happening now would be an anomaly, not a growing practice. However, for now, encouraging a different sort of competition, with different sorts of companies, by changing the parameters of these markets, may be the best short-term solution to address the concerns about private sector temporary accommodation in Europe.

Another broader point here is the need to be cautious around social investment in EU policy as it relates to homelessness services, this is both in the sense of being clear about what it does and does not mean. Alternative forms of capitalism, that focus on ethical, socially responsible, and sustainable practices as an integral part of their model, seem conspicuous by their absence when it comes to private sector, for-profit, activity around homelessness in Europe. At present, private sector activity is often for profit, sometimes for significant profit, it often involves filling gaps and exploiting shortfalls in homelessness systems, strategies, and policies that create captive markets in which being able to quickly offer emergency and temporary accommodation can return a healthy, and sometimes unhealthily, large profit. Social investment is not evident at scale, in the sense of (at least partially) ethically driven private sector investment in building and delivering better homelessness services, systems, and strategies and what corporate investor interest there is in homelessness services is viewed with some suspicion, examples here include the Netherlands and Spain. It is important that private sector investment in homelessness does not become a 'social wash', or to use more old-fashioned language, a sort of falsely 'ethical' smokescreen for private sector investors whose interests begin and end with maximising profit.

3.1 London: A cautionary tale

London represents a situation in which unplanned, unregulated, and ultimately chaotic private sector activity in emergency and temporary accommodation has created a policy mess, in which poor standard, extremely expensive private sector accommodation has become embedded in homelessness systems without there ever being any policy or intent for this to be the case. This situation existed long before Brexit and has persisted since the UK left the EU. The example of London is unique, but there are echoes of the experiences in unplanned, uncontrolled

private sector expansion in temporary accommodation provision in the UK's Capital, in the experiences in Dublin, Berlin, across France, and beyond which have been documented above.

Multiple factors have come into play in creating a huge and profitable temporary accommodation market for the private sector. London's temporary accommodation market was worth in excess of £663m (€847m⁷⁵) in 2014/15⁷⁶ with total English expenditure on temporary accommodation, mainly occurring in London, reaching an estimated £1.1bn (€1.22bn⁷⁷) in 2018/19.⁷⁸ Very high profits are made by hoteliers and private sector landlords offering short-term lets, often at a very poor standard⁷⁹, within this temporary accommodation market.

These market conditions did not arise overnight but were the *unintended* result of a sequence of events driven by wider public policy. The first part of the equation was a massive reduction in social and affordable housing supply, accomplished by the sale of former social housing and the privatisation of finance for new social and affordable housing. The second part was a significant reduction in budgets given to local authorities (municipalities), in London the 33 elected boroughs that administer the city, to fulfil their duties to provide temporary accommodation under England's homelessness laws. The capacity of the boroughs to run their own homelessness services would have been significantly reduced by these budget cuts on their own, but many services ceased to be provided directly because the boroughs were also required to contract out homelessness services, on a competitive basis, to NGOs and the private sector. In turn, these budgets continued to be cut, making it difficult for NGOs to offer high standard services, although as in Hungary, the level of funding began to reach levels at which it was not profitable for the private sector to pursue these contracts either.

This meant that there was less and less social and affordable housing, that the boroughs could not provide significant temporary accommodation directly and that their remaining budgets to fund NGO provision of temporary accommodation and other homelessness services were being constantly cut. Their legal duties to provide temporary accommodation under the homelessness laws remained,

⁷⁵ At January 2015 exchange rates, source: https://ec.europa.eu/info/funding-tenders/procedures-guidelines-tenders/information-contractors-and-beneficiaries/exchange-rate-infoeuro_en

⁷⁶ Rugg, J. (2016) *Temporary Accommodation in London: Local Authorities under Pressure* (London Councils).

⁷⁷ At January 2019 exchange rates, source: https://ec.europa.eu/info/funding-tenders/procedures-guidelines-tenders/information-contractors-and-beneficiaries/exchange-rate-infoeuro_en

⁷⁸ https://england.shelter.org.uk/professional_resources/policy_and_research/policy_library/briefing_temporary_accommodation_and_the_cost_of_homelessness_in_london

⁷⁹ <https://www.hrw.org/report/2022/01/17/i-want-us-live-humans-again/families-temporary-accommodation-london-uk>

however, and were expanded with wider preventative duties under the 2017 Homelessness Reduction Act legislation. Using their own resources and the welfare system, often the *only* way in which temporary accommodation could be provided was through the private sector. This was never a policy, never a plan, people experiencing homelessness were overflowing from formal homelessness systems that were totally overloaded into private sector temporary accommodation, because there was nowhere else to put them and their stays were not part of a process, they were often indefinite, not temporary, and could – and often do – extend for *years*.⁸⁰

While concerns were raised about ineffective and highly wasteful use of public money⁸¹, the London local authorities collaborated, so they were not forcing up prices further by bidding against themselves⁸², the private sector profits that could be made from temporary accommodation grew and grew. Distinctly predatory finance has been attracted by the prospect of extremely high returns being possible by investing in housing and offering it as temporary accommodation, particularly in London. One response has been the formation of organisations, including social enterprises and businesses, supported by local authorities themselves⁸³ and the homelessness sector⁸⁴, to try to use the housing market in much more socially conscious ways to provide temporary accommodation. However, across England, spending on temporary accommodation continued to escalate as the UK left the EU⁸⁵ with 87% of over £1.2bn (€1.4bn⁸⁶) in spending going to private landlords, letting agents, or companies in 2020, a 66% increase on the amount paid to private providers in 2014/15.⁸⁷ On 31 March 2022, 95 060 homeless households were in temporary accommodation in England, of which 58 910 contained one or more dependent children.⁸⁸ Again, the bulk of this temporary accommodation use was within London.

⁸⁰ Pleece, N., Fitzpatrick, S., Johnsen, S., Quilgars, D., and Sanderson, D. (2008) *Statutory Homelessness in England: The Experience of Families and 16-17 Year Olds* (London: Department for Communities and Local Government).

⁸¹ <https://www.nao.org.uk/reports/homelessness/>

⁸² Rugg, J. (2016) *Temporary Accommodation in London: Local Authorities under Pressure* (London Councils).

⁸³ <https://www.insidehousing.co.uk/news/news/company-owned-by-london-councils-announces-plans-to-lease-4000-homes-from-investors-73701>

⁸⁴ <https://www.insidehousing.co.uk/news/news/homelessness-accommodation-reit-makes-first-acquisition-68241>

⁸⁵ <https://www.insidehousing.co.uk/news/news/temporary-accommodation-spend-soars-to-12bn-with-majority-being-paid-to-private-companies-68305>

⁸⁶ At January 2020 exchange rates, source: https://ec.europa.eu/info/funding-tenders/procedures-guidelines-tenders/information-contractors-and-beneficiaries/exchange-rate-infoeuro_en

⁸⁷ Source: DCLG.

⁸⁸ https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1094516/Statutory_Homelessness_Stats_Release_Jan-Mar_2022.pdf

Across London, there is evidence that very poor-quality accommodation is being offered on a temporary basis at extremely high prices, because the market conditions that allow this to happen remain in place. In March 2022, *Inside Housing* reported that one in five private sector studio flats and rooms in B&Bs (basic hotels) in London being used as temporary accommodation contained one or more health hazards.⁸⁹ Recent research on the impacts of COVID-19 on families experiencing homelessness in temporary accommodation also reported poor living conditions as a significant issue.⁹⁰

This illustration from a former Member State highlights what can go wrong when the private sector becomes involved in emergency and temporary accommodation provision for people experiencing homelessness or at risk of homelessness. Here, costs spiralled out of control and profit was further maximised by offering only substandard and even outright dangerous accommodation. The most important lessons from this experience centre on the lack of any sort of strategy or plan. The private sector grew in uncontrolled and unregulated ways because there was never a systematic approach to organise and regulate the ways in which it was providing temporary accommodation. Rather than creating and supporting a potentially beneficial and effective resource, this lack of any sort of governing framework or even a broad plan, meant that the private sector behaved not like an integral part of a clear and effective homelessness strategy, but like a virus.

⁸⁹ <https://www.insidehousing.co.uk/news/news/serious-hazards-found-in-one-in-five-temporary-accommodation-bbs-in-london-74819>

⁹⁰ Rosenthal, D.M., Ucci, M., Heys, M., Hayward, A., and Lakhanpaul, M. (2020) Impacts of COVID-19 on Vulnerable Children in Temporary Accommodation in the UK, *The Lancet Public Health* 5(5) pp.e241-e242.

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The Private Sector and Emergency and Temporary Accommodation in Europe

This comparative report is the twelfth in a series of studies led by the European Observatory on Homelessness. This research looks at how private sector activity in supplying emergency and temporary accommodation in Europe is expanding and changing. There are serious concerns about the standard and pricing of the temporary accommodation being provided by the private sector and with the possibility of predatory finance taking an interest in homelessness systems. The implications and ways forward in the context of the European Platform to Combat Homelessness are considered.

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■ **European Federation of National Associations Working with the Homeless AISBL**
Fédération Européenne d'Associations Nationales Travaillant avec les Sans-Abri AISBL

194, Chaussée de Louvain ■ 1210 Brussels ■ Belgium
Tel.: + 32 2 538 66 69 ■ Fax: + 32 2 539 41 74
research@feantsa.org ■ www.feantsaresearch.org

