

2025 UK HOUSING REVIEW

Autumn Briefing Paper

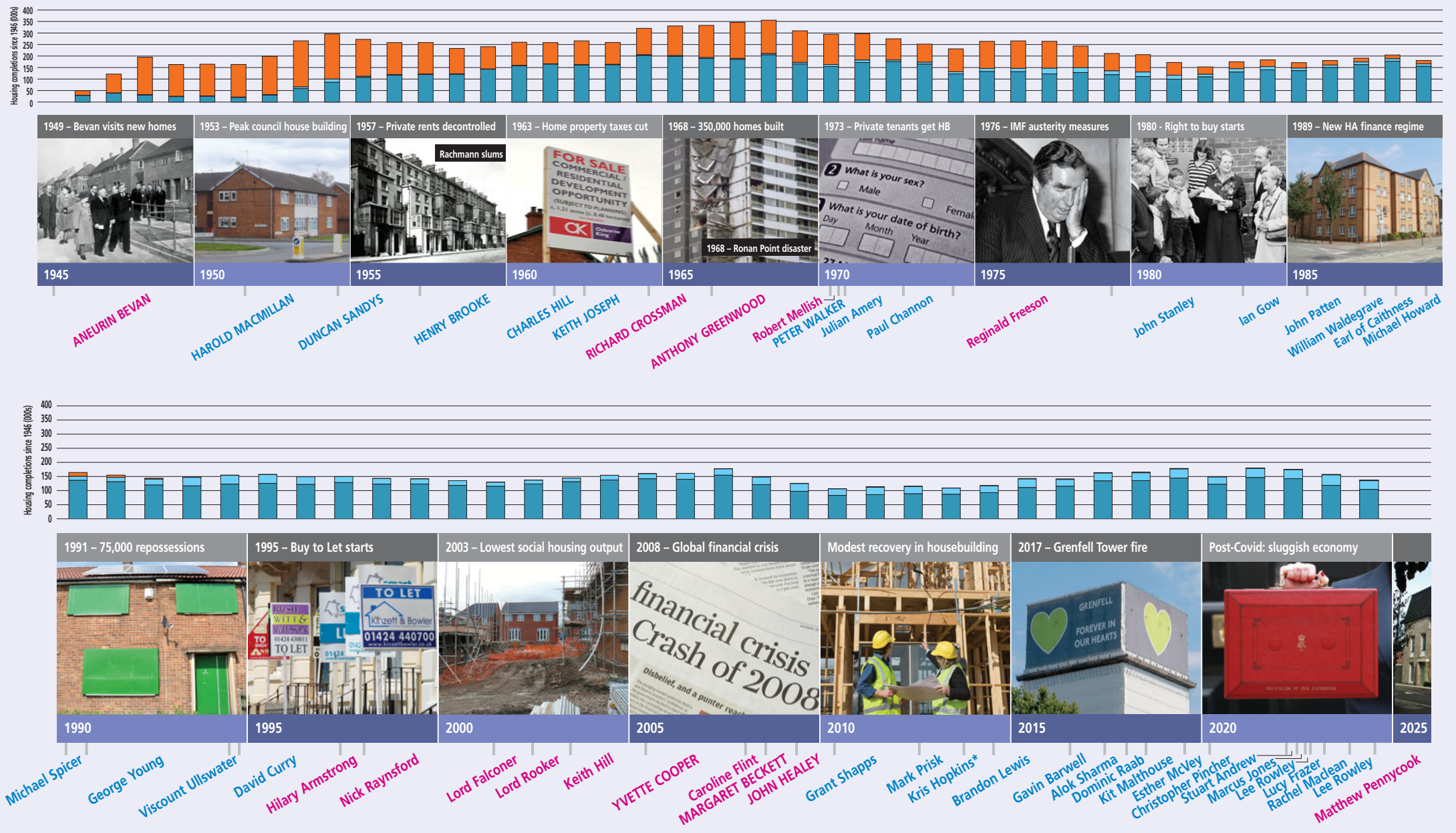
Mark Stephens, John Perry,
Peter Williams, Gillian Young
and guest contributors



University
of Glasgow



Roll-call of post-war English housing ministers



KEY: Names in blue = Conservative. Names in red = Labour. Names in lower case were not members of the cabinet (*not a Minister of State)

GRAPH KEY: Local authorities Housing associations Private sector

Source: Authors' investigations with assistance from the two parliamentary libraries.

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The Chartered Institute of Housing

The Chartered Institute of Housing (CIH) is the independent voice for housing and the home of professional standards. Our goal is simple – to provide housing professionals and their organisations with the advice, support and knowledge. CIH is a registered charity and not-for-profit organisation. This means that the money we make is put back into the organisation and funds the activities we carry out to support the housing sector. We have a diverse membership of people who work in both the public and private sectors, in 20 countries on five continents across the world.

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Front cover: Maisons à Trouville by Raoul Dufy (1877-1953). Oil on canvas, 1933.

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Introduction

The *UK Housing Review* is published annually each Spring. For 16 years it has been complemented by an Autumn Briefing Paper, which provides short articles on current topics, based in part on an updated set of statistics in the *Review's* online Compendium of Tables.

This edition is published shortly before the Westminster government's Autumn Budget, while the other three UK administrations struggle with tight financial circumstances that threaten the housing targets they have set. On the Briefing Paper's chart showing ministerial responsibility for housing in England, Matthew Pennycook has been in post for more than a year, a rare period of stability. His position was confirmed in the summer reshuffle.

Drawing on the latest statistics, the Briefing Paper assesses the implications of the changes since the full *UK Housing Review 2025* was published in March. It covers twelve different topic areas, several focusing on policy developments under Westminster's Labour government. Three dedicated pages cover specific policy developments in Scotland, Wales and Northern Ireland. Our final page provides a list of updated tables now available on the *Review's* website (www.ukhousingreview.org.uk).

The UK economy and the government's Spending Review

Mark Stephens' regular piece on the economy highlights the country's difficult fiscal position and the likelihood of tax increases in the forthcoming Budget. This is followed by his analysis of the Spending Review 2025, 'not an easy job for the chancellor', which tightened unprotected departments' revenue budgets (accompanied by renewed promises to 'cut waste') while increasing capital investment, including in housing.

Government attempts to boost housebuilding in England

There follow four articles on the government's attempts to boost housing development in England. Andy Inch, Professor of Planning at the University of Glasgow, reviews the government's intended planning reforms. He acknowledges that these 'go all out for supply' of new homes, but questions the sacrifice of environmental protections and their 'undermining of local democracy'. Mark Stephens looks in detail at proposals for land value capture within these planning reforms.

John Perry welcomes the government's 'stretching' target to provide 1.5 million new homes over the parliament, but says the evidence so far is that it will fall short. While Labour has also promised more new council housing, Southwark Council's Hakeem Osinaike shows how their research into English councils' finances indicates that this will be very difficult to achieve unless they receive more support to upgrade existing council housing stocks.

Boosting homeownership, regulating the private rented sector and other topics

Private sector housing across the UK is covered by Peter Williams (prospects for first-time buyers and for levels of homeownership) and by Andrew Watson of the University of Glasgow (compliance and enforcement challenges in the private rented sector).

There are three articles on specialist housing topics. CIH's Matthew Scott points to the challenges Labour faces in another of its key areas for investment – getting back on track towards meeting the UK's 'net zero' targets. He argues that area-based approaches offer hope of recovering some of the progress lost in recent years.

An article on leasehold reform in England concludes that 'the government's eggs are in the commonhold basket, but that seems to be a policy still in development and, a cynic might say, will not ameliorate existing problems, while potentially creating new ones'.

Alice Dore from Crisis looks at the data on physical disability, housing insecurity and homelessness, pointing out that there has been an alarming increase over the last seven years in numbers presenting as homeless with a physical ill health and disability support need, and who are ill-served by the current support system.

Devolution in England

In England, the government is taking radical steps to devolve decision-making to more local levels. The Northern Housing Consortium's Patrick Murray is optimistic that this will help tackle poor housing and high poverty levels in Northern England. In London, where new housebuilding is slow compared with other regions, Kath Scanlon of the London School of Economics looks at the causes.

Scotland, Wales and Northern Ireland

Mark Stephens asks whether the 'housing emergency' in Scotland is now being fully addressed, concluding that efforts still fall short. Bob Smith, honorary senior research fellow at Cardiff University, considers challenges facing the housing sector in Wales. Paddy Gray of Ulster University discusses the deepening housing crisis in Northern Ireland, which worsens despite devolved government having been restored.

All three articles look at the consequences for affordable housing targets of each administration's limited capital budgets.

In March next year the *UK Housing Review 2026* will aim to provide a considered appraisal of the Westminster government's evolving housing and welfare policies, and will also, of course, assess the latest policy developments in Scotland, Wales and Northern Ireland.

This Autumn Briefing Paper has brought in a range of writers alongside the *Review's* normal team of authors and editors. They are named above and we thank them for their excellent contributions.

Mark Stephens, John Perry, Peter Williams and Gillian Young

October 2025

The UK economy has remained locked into a pathway of low growth, the result of the halving of trend productivity growth since the Global Financial Crisis (GFC) of 2007-2009. Compounded by the subsequent pandemic and inflationary resurgence, this has resulted in stagnant living standards and subdued tax revenues. The Spending Review 2025 heralded short-term tax increases followed by more stringent times ahead (see p.5).

In her first Budget, Rachel Reeves introduced tax rises of some £40 billion, including the controversial increase in employers' NICs. She was quick to assure businesses that she was 'not coming back with more borrowing or taxes,' but as Reeves prepares her second Budget for 26 November, the statement appears overly optimistic.

Growth slowed to 0.2 per cent in the three months to July, whilst inflation remained at 3.8 per cent in August – almost double the target rate. Base Rates were held at four per cent in September, twice those in the eurozone. Blaming the hike in employers' NICs and the increase in the minimum wage for persistent inflation, the Bank of England's governor warned that 'we're not out of the woods yet...' Few economists now expect further rate cuts this year.

If this were not enough, the Office for Budgetary Responsibility (OBR) revealed that government borrowing in August had escalated to £18 billion – its highest for this month since 2020, 44 per cent above its March forecast.¹ The OBR is also expected to downgrade its productivity forecasts, which are currently 1.1 per cent. JP Morgan warned that even a 0.1 or 0.2 percentage point reduction would result in a deterioration in the public finances of between £9 billion and £18 billion.²

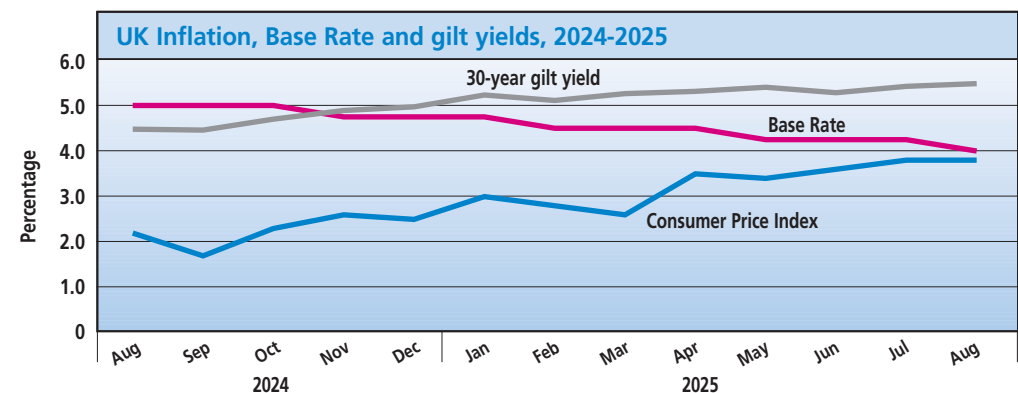
Under the government's fiscal rules, expenditure (excluding investment) should be balanced by revenues by 2029/30. Additionally, the government is anxious to maintain fiscal credibility, lest the markets send gilt yields spiralling as happened after the Truss administration's 'mini budget'. Last year the chancellor blamed her tax rises on a 'black hole' bequeathed by the previous government; now she faces another 'black hole' of at least £30 billion.³

The government is holding a late Budget (causing headaches for the devolved administrations) to give it time to convince the OBR that productivity and growth will be boosted through public investment, trade deals and reduced regulatory barriers. Notably, it is the Treasury rather than MHCLG that leads on the next phase of planning reforms to boost infrastructure investment. If successful, the OBR's Budget forecasts will reduce the tax rises required to meet fiscal rules.

Whilst there has been much speculation about the form of possible tax rises, less attention has been paid to the impact on the public finances of the Bank's quantitative tightening (QT) programme. Through its asset purchase facility, the Bank acquired around £900 billion of (predominantly government) bonds during the GFC and pandemic to stimulate economic activity. In 2022 the Bank began to reverse this process through QT, allowing bonds to mature or actively selling them.

When QT began, interest rates and bond yields were rising and bond prices were falling, leading to losses. Under an agreement with the Bank, the Treasury makes good these losses, estimated to have reached £120 billion (four per cent of GDP) by November 2024.⁴ The release of government bonds ('gilts') onto the market at a time when the UK and other governments are actively borrowing may have contributed to the rise in gilt yields, adding to the cost of servicing government debt. The Bank has rejected this analysis but, in September, the governor said that slowing the QT programme would 'minimise the impact on the gilt market conditions.'⁵ Over the next year, QT will be reduced from the planned £100 billion to £70 billion although the implied £21 billion of 'active' bond sales is still faster than in the previous year.

Some commentators believe that the UK's approach to QT has been overly aggressive and that practices employed by other central banks, such as focussing on allowing bonds to mature, would better protect public finances.⁶



Source: ONS, Bank of England and Debt Management Office.

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The 2025 Spending Review (SR25), published in June, sets out the government's day-to-day ('resource') spending for the three years up to and including 2028/29 and capital investment for the four years up to 2029/30. Although this was the first multi-year review since 2021, the government has decided that they should be held every two years. This means that there will be another review in 2027 which could lead to changes in both resource and capital spending in 2028/29 and in capital spending in 2029/30.

SR25 was not an easy job for the chancellor. The UK faces upward pressures on spending arising from an ageing society, and the aftermath of Covid has been associated with rising numbers of working-age people claiming disability benefits and the NHS facing a severe appointment backlog. The international environment has also caused the government to commit to increasing defence expenditure. Attempts to contain social security spending on the winter fuel allowance and working-age disability benefits were partially thwarted by backbench rebellions.

These upward pressures on spending are compounded by a sluggish economy, the rising costs of servicing government debt and abiding by the chancellor's 'non-negotiable' fiscal rules, set last autumn.

SR25 delivers average, real-terms annual growth in departmental budgets of 2.3 per cent between 2023/24 and 2028/29. However, the balance is in favour of capital spending, which averages annual growth of 3.6 per cent against just 1.7 per cent for day-to-day resource spending. Moreover, as Paul Johnson of the Institute for Fiscal Studies observed, the NHS is prioritised with overall annual increases of three per cent, leaving little for other departments. Some, including the Home Office and the Department for Environment, Food and Rural Affairs, experience cuts. Spending has also been front-loaded with departmental budgets boosted in 2025/26, meaning that life will get even tougher further into the SR25 period.

The Treasury's answer to the squeeze is that it will be 'ruthlessly bearing down on waste'. It claims that SR25 marked 'the first zero-based review [of expenditure] in 18 years' and that after scrutiny of 'every line' of government expenditure, all departments have identified efficiencies and savings of at least five per cent by 2028/29. This is not a new tactic: governments have made commitments on efficiency savings in 2010 and 2022. Whilst they have claimed some success, the NAO has warned that short-term savings can sometimes be counterproductive.¹

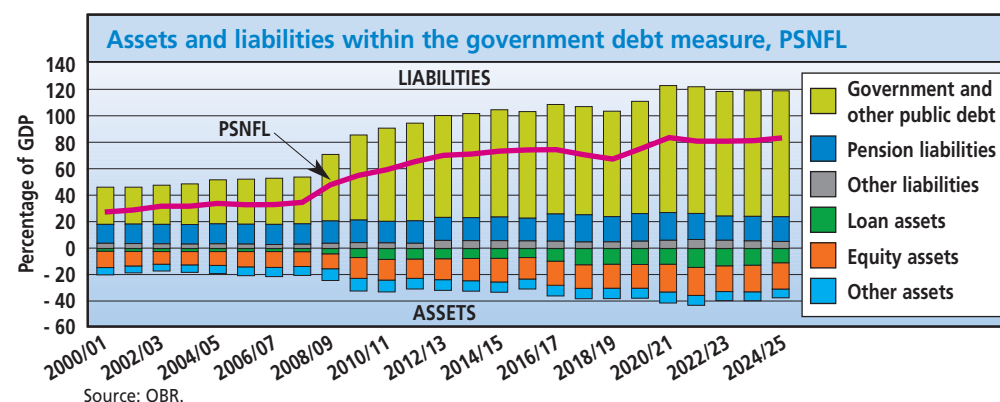
Capital expenditure is seen as the government's priority, as a way to boost economic growth. The highlights of the capital commitments included £15.6 billion to be allocated through Transport for City Regions by 2031/32, and £14.2 billion for the new Sizewell C nuclear power station.

Of course it is the £39 billion allocated to the Social and Affordable Homes Programme that is of most significance for readers of the *Review*. This is a commitment over 10 years – extending way beyond the end of the SR25 period – so could be vulnerable to shifts in policy. The social housing sector widely welcomed the

announcement which the government characterised as representing the 'biggest boost to investment in social and affordable housing in a generation.'

In addition, SR25 included £100 million to help tackle homelessness and rough sleeping, and £950 million capital investment for the fourth round of the Local Authority Housing Fund between 2026/27 and 2029/30. This is intended to reduce dependence on hotels and B&Bs by increasing the supply of higher-quality temporary accommodation.

SR25 also allocated an extra £9.6 billion for financial transactions (funding used for lending by government) for 2026/27 to 2029/30 bringing the total to £16.8 billion. This has been facilitated by the government's adoption of PSNFL (Public Sector Net Financial Liabilities) in its debt rule because 'any loan assets acquired will largely offset the debt liabilities issued to fund the outlay'² (see chart).



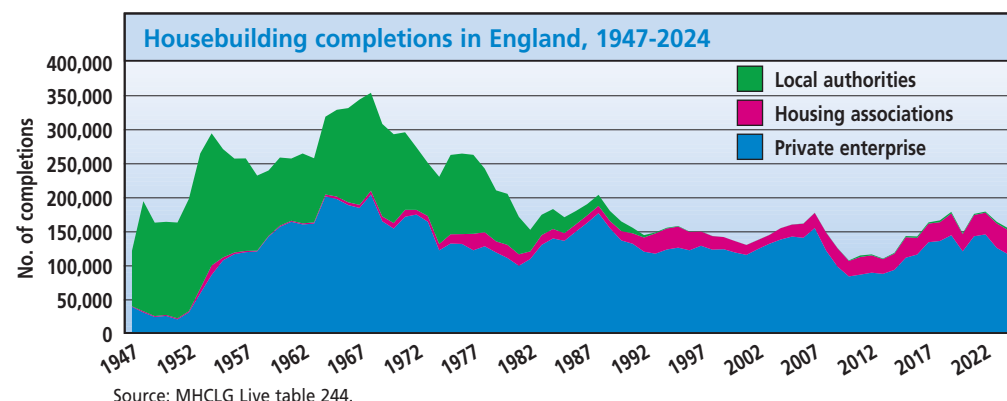
Some £5.1 billion of financial transactions will fund the new National Housing Bank, under the aegis of Homes England, which 'will offer a broad range of products, including direct lending to SMEs to help them to grow; equity investments to support new platforms that can bring new capital into housing; and guarantees to leverage private investment into complex development projects.'³

Departmental settlements in SR25 fed through into the block grants to the devolved administrations. Using 2025/26 as the base year, SR 25 indicates (in Table B1) that Scotland will see annual average growth in real funding by 0.8 per cent, Wales by 0.7 per cent and Northern Ireland by 0.5 per cent (up to 2028/29).

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Labour have argued that reform of the planning system is essential for delivering a manifesto commitment to build 1.5 million new homes. However, previous attempts to reverse the decline in housebuilding (see chart) and unlock economic growth through planning reform have often failed, while generating concerted political opposition. Are there reasons to think it will be different this time?



The government is certainly talking the talk, promising 'seismic reform' to create 'the biggest building boom in a generation'. In late 2024 they published a revised National Planning Policy Framework, bringing back the requirement for local authorities to maintain a five-year supply of land to meet increased housing targets and introducing the 'grey belt' designation to open some previously protected green belt land for development.

Further reform measures were then announced in the Planning and Infrastructure Bill (PIB). A national scheme of delegation for planning decisions will reduce the power of elected officials, curtailing local democratic oversight to limit the ability of residents to delay or block new development. The bill also reintroduces sub-regional spatial plans which will rescale debates over housing allocations to mayoral and combined authorities, with central government retaining strong powers of intervention.

Perhaps the most controversial part of the PIB is its approach to environmental protections. Natural England will be given powers to create 'Environmental Delivery Plans' (EDPs) that identify protected sites and species, setting thresholds within which development can go ahead in exchange for contributions to a Nature Restoration Fund. This has been widely criticised by environmental groups as a 'cash to trash' principle, allowing developers to pay their way out of on-site environmental obligations. Notwithstanding amendments promising that biodiversity will be enhanced, significant unease remains.

Despite Labour being elected on a platform of change, these measures follow the neoliberal planning orthodoxy of recent decades. The core idea is that 'streamlining' the system and making it more 'rules based' will ensure more land is released, freeing the private sector to

build more homes. More stringent targets, coupled with the speculative opportunities afforded by 'grey belt', the sidelining of local democracy and scaling back of environmental protections may well increase the supply of land for housing development and generate significant financial windfalls for agents and intermediaries.¹ It is far less certain that it will translate into a significant increase in housing supply as the volume housebuilders, who account for 40-50 per cent of the market, are unlikely to significantly increase construction rates.²

A working paper on 'build out rates'³ suggests some recognition of this, advocating disciplinary approaches including penalties where development is delayed, better support for SME builders or direct public intervention in land markets and housing development. Other initiatives also suggest some interest in more proactive state intervention. A New Towns Taskforce is working to identify sites for 10-12 new or expanded settlements of at least 10,000 new homes with work promised to begin during the current parliament. The PIB will clarify the powers of development corporations and speed up land acquisition, potentially making the process easier and less costly. This builds on the previous government's Levelling-up and Regeneration Act which allowed for the removal of 'hope value' when authorities compulsorily purchase land for certain types of development, including affordable housing.

For now, these moves seem likely to be aimed at de-risking private investment in exchange for public benefits like affordable housing. The scale of funding for the Social and Affordable Homes Programme and National Housing Bank mean direct state provision is unlikely to make a significant extra contribution to housing supply.

In this context, even former secretary of state Angela Rayner accepted that meeting the 1.5 million target will be 'stretching'. The Office for Budget Responsibility settled on a more conservative (but still optimistic) estimate (see p.7), forecasting that it would result in 'a modest boost to the level of potential [economic] output of 0.2 per cent in 2029'.⁴ Beyond the numbers game, the 'YIMBY' (Yes In My Backyard) enthusiasm⁵ driving the whole agenda seems unconcerned about any wider costs of going all out for supply, including impacts on the UK's legally binding climate and nature recovery commitments. The undermining of local democracy may also prove politically contentious, particularly as communities discover their lack of power in the face of new housing proposals as the next election approaches.

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Government confirmation of a target to build 1.5 million homes in England in this parliament has been greeted by many with scepticism and by others with recommendations on the policy changes needed to achieve it. Most agree that the target is welcome but, in the former deputy prime minister's word, 'stretching'.

The target is measured in terms of 'net additional dwellings' over the parliamentary term (to 9 July 2029). Provisional figures show that net additions fell from 221,070 in 2023/24 to 196,500 in 2024/25 (and just 231,300 net additional homes were delivered from 9 July 2024 to 14 September 2025).¹

The *Review's* 2024 Briefing Paper suggested that the target might translate into a series of annual steps: 255,000 completions in year one, rising towards 350,000 in year five. On this basis the first year's shortfall was about 70,000. Immediate prospects are mixed: new build starts, energy performance certificates for new dwellings and residential planning approvals were all down in Q1 2025 compared to the previous quarter. However, deliveries of building materials are increasing and Capital Economics now forecasts starts to rise from 30,900 in Q4 2024 to 40,000 in Q4 2027.²

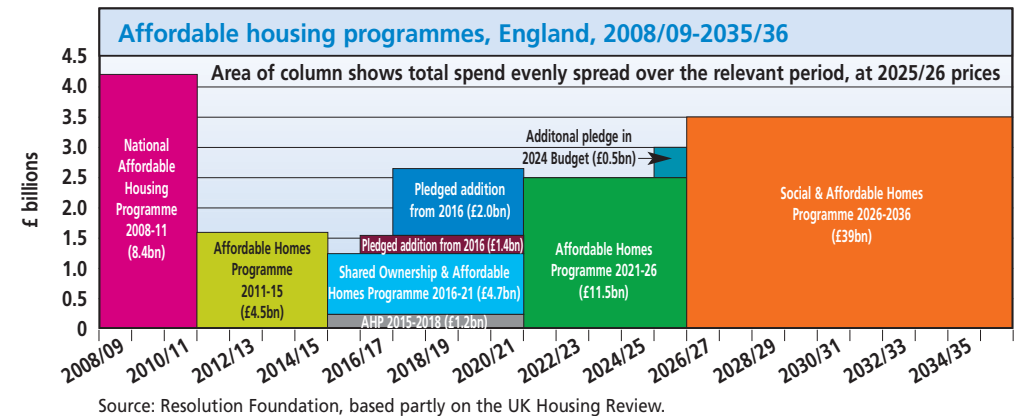
Nonetheless, this is not enough. Recent projections of total housebuilding differ, but all agree that there is a shortfall:

- Capital Economics forecast starts to average 150,000 annually for the first three years of the target period.³ Against our stepped target, this indicates a shortfall of 360,000 by the end of 2027.
- JLL are more optimistic:⁴ they forecast total completions of 1.2 million by 2029, 300,000 short of the target.
- Savills endorses a forecast of 1.2 million total output by 2029, but only with extra incentives for first-time buyers and more grant to social landlords.⁵ Without these, total output would only be 840,000.

Construction industry capacity, even with government measures to improve it, will likely prevent output reaching 1.5 million in any event. The Housing Forum, which remains optimistic, sets out a 'roadmap' to achieving the target.⁶ However, this would require output to reach an improbable 450,000 by 2028/29 (a 125 per cent increase in just four years).

In March, the OBR forecast that 1.3 million net additional dwellings will be built across the UK by the end of 2029/30, boosted by around 170,000 extra dwellings judged to result from the government's planning reforms.⁷ This translates into a forecast for England alone of about 1.1 million, well short of the target (see chart).

Within the overall target, the government expects 30,000 homes to be delivered annually by the new Social and Affordable Homes Programme (SAHP). Only the first three years of this 'count' towards the target, but there will still be completions from the previous AHP. Available investment is increasing (see chart), although in real terms falls slightly short of that provided by the previous Labour government.



As well as the SAHP, the government has a range of measures (the new housing bank, a long-term rent policy, curbing right to buy, etc.) to incentivise social-sector housebuilding. The sector's total output runs at about 60,000 annually but, in addition to grant, relies on developer contributions which have run into opposition from social landlords, who need to buy the homes provided. A taskforce to clear the backlog is making slow progress.⁸ In part this reflects pressures on landlords to invest in existing stock to meet higher safety and quality standards, and for which government finance is so far insufficient.

Grant-funded starts and completions increased significantly in 2024/25. Taking this and the factors above into consideration, CIH suggests that output from the social sector might increase to around 70,000 homes annually for the next three years – a welcome improvement but insufficient to fill the gap created by the private sector's slow recovery.

A reasonable conclusion from all recent forecasts is that the government is likely to fall perhaps 25 per cent short of its target, and that while extra incentives may be required to achieve this figure, capacity constraints mean it is unlikely to surpass it.

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Councils are determined to secure a sustainable future where council housing can once again be the foundation for secure homes that provide the safety, stability, and opportunity everyone deserves. However, unsustainably increasing financial pressures threaten the long-term viability of council housing. Rising costs, reduced income and policy changes have placed significant strain on Housing Revenue Accounts (HRAs), leading to reduced maintenance budgets, a gradual decline in the condition of the stock, and growing barriers for councils seeking to deliver new homes.

Evidence has included the report *Securing the Future of Council Housing*, developed by Southwark Council and supported by 112 authorities.¹ It shows that a majority of councils forecast growing HRA deficits, with many already scaling back planned maintenance and new build.

A sustainable HRA framework is essential to protect existing stock, safeguard tenants' homes, and support future investment in both maintenance and new housing delivery. Without reform, there will be continuing pressure on homelessness services, with temporary accommodation costs reaching £2.8 billion in 2024/25 and with increasing reliance on the private rented sector.

Councils face huge financial pressures simply to keep existing homes safe, modern, and sustainable. Some £7.7 billion is needed to meet building safety standards, with an estimated £3.5 billion required to bring all homes up to the EPC C standard by 2030. Achieving net zero will cost an estimated £78 billion by 2050, £23 billion of this linked to decarbonisation.² These figures highlight the need for interventions to make council housing finances sustainable.

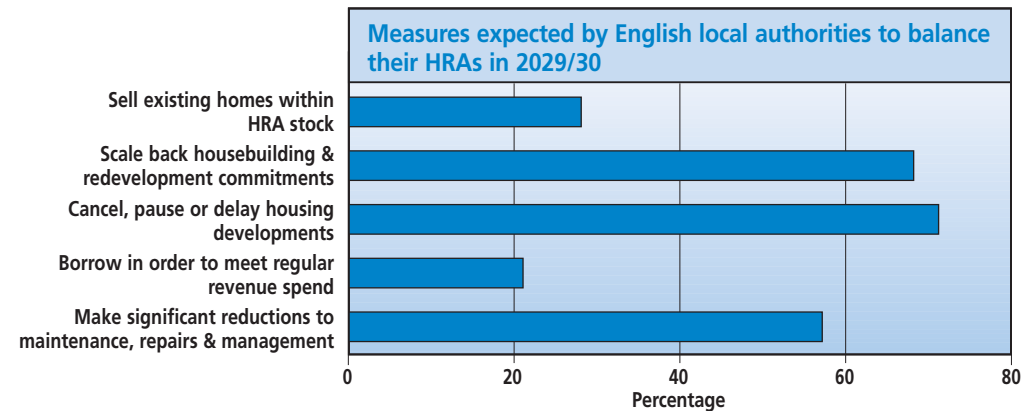
In January 2025, Southwark surveyed 76 councils examining the financial health of their HRAs over the next five years: 93 per cent flagged at least one indicator of financial stress; 45 per cent are using reserves, and 33 per cent forecast reserves being exhausted.³ Various actions are contemplated (see chart), including 71 per cent needing to pause, delay or cancel new developments. One council stated:

'Borrowing significant amounts of funding to invest in new stock is not sustainable. This is borrowing against existing tenants' income due to rising construction costs and low rent increases.'

These findings highlight the weaknesses of the current HRA model.

The government's £39 billion Social and Affordable Homes Programme (with 60 per cent allocated to social rent), alongside a ten-year rent settlement and likely reintroduction of rent convergence, promise a significant boost to housing supply. But unless structured differently from previous programmes, the welcome investment is unlikely to meaningfully reduce HRA borrowing pressures. Furthermore, addressing the accumulated backlog of repairs and poor conditions may require longer than a 10-year capital and rent settlement.

The government proposal to reintroduce rent convergence is a crucial intervention to unlock investment needed to meet these new standards and address the housing crisis. Years of rent policy restrictions have left many councils under significant financial pressure, limiting their ability to maintain and improve their stock. Even so, in Southwark (for example), where 97 per cent of rents are below formula, deficits will continue even with convergence.



Source: Survey by Southwark Council in January 2025 of 76 councils that have HRAs. Note: Figures do not sum to 100 as more than one answer possible.

Analysis by CIH and Savills suggests that rent convergence could deliver a national HRA surplus by 2036 with annual HRA deficits persisting until that point.⁴

The proposed updates to the Decent Homes Standard (DHS) and the introduction of Minimum Energy Efficiency Standards (MEES) represent an important step toward improving housing quality, safety, and sustainability. However, these requirements place significant additional pressure on HRAs and without further government support, councils will struggle to meet these new obligations.

Key sector voices, including CIH, emphasise the need to align DHS with building and fire safety regulations, MEES, and Awaab's Law to avoid duplication and confusion. They also call for realistic cost assessments and a fully funded, long-term programme, recommending a phased approach that prioritises urgent health and safety issues such as damp, mould, and heating, with full implementation targeted by 2030. These calls are endorsed by 112 councils in a proposed *Green and Decent Homes* programme.⁵

With adequate funding, clear guidance, and collaboration between government, councils and residents, such reforms could deliver long-term sustainability, improve housing quality, and create safer, healthier homes for council tenants.

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- 4 CIH and Savills (2015) *Rent convergence – updated analysis for the social housing sector* (www.cih.org/news/rent-convergence-updated-analysis-for-the-social-housing-sector/).
- 5 Southwark Council (2025) *Green and Decent Homes* (www.southwark.gov.uk/community-updates/2025/green-and-decent-homes).

As the inquiry on land value capture (LVC) being conducted by the House of Commons Housing, Communities and Local Government Committee¹ continues, a report from the Town & Country Planning Association (TCPA)² comments on current forms of LVC, revisits the history of UK development taxation and suggests future reforms.

The principle that underpins attempts at LVC is that land values are driven by factors that have nothing to do with the owner. Build a metro station near a housing estate and the value of the houses – or more accurately the land on which they are built – rockets. This is, as economist Henry George observed, an ‘unearned increment’ that could be taxed without distorting land markets.

In the UK, the principle has been applied to planning permission after development rights were nationalised in 1947. The rationale that underpinned the Attlee government’s development charge was that the state owns development rights and hence any rise in land values arising from the state conferring planning permission.

A more pragmatic approach underpinned subsequent development taxes as well as the two principal forms of LVC that exist today.

Section 106 agreements, introduced in England and Wales in 1990,³ seek to capture part of the uplift in land values arising from planning permission to pay for infrastructure requirements, including affordable housing. Unlike previous taxes, s106 is not formally a tax, but negotiated on a site-by-site basis.

On the upside, s106 has been durable and between 2015 and 2024 delivered between 38 per cent (12,500 homes) and 51 per cent (30,075) of all affordable homes. However, whilst this may appear to be a big win for affordable housing at a time when subsidy has been tight, the coverage is patchy. Section 106 is not applied in two-thirds of small (<10 units) residential developments, 30 per cent of developments of 25-100 units, or in almost half of ‘commuter belt’ developments. Even in London – where the scope for LVC is greatest – almost two-thirds of residential development escapes s106.

The authors attribute the patchy coverage to lack of capacity or appetite to negotiate agreements in all cases, even where there is value to be captured. They tend to focus on the largest sites where benefits can be most easily demonstrated. And whilst negotiation creates flexibility, the Home Builders Federation complains that s106 leads to delays as the average agreement takes over 500 days to be concluded.

Other shortcomings include a suspicion that s106 is becoming more like a tax as developers are permitted to make (non-housing) contributions in cash rather than in kind, risking them feeling that they are being ‘held to ransom’ and, for the public, that contributions are ‘bribes’. Lack of transparency associated with s106 agreements only adds to poor public perception: whilst the ‘heads of terms’ are published, the actual agreements remain secret. Moreover, there have long been complaints about the quality of housing being offered to housing associations by developers.

The authors also consider the record of CIL – the Community Infrastructure Levy – introduced in 2010. Unlike s106, CIL is a tax, based on floorspace, intended to contribute towards general infrastructure needs and not usable for affordable housing. In 2018/19 it raised £1 billion, a similar figure to the non-housing element of s106 (estimated at £1.2 billion; the housing element of s106 is estimated to have been worth £5.9 billion in the same year). Whilst it is cheap to collect and avoids the time-consuming negotiation process associated with s106, it is used only by around half of English and Welsh local authorities. Whilst viability might be an issue in some low land-value authorities, it cannot explain why Leeds uses CIL, but Manchester does not.

Although it might be tempting to leave things as they are, the authors warn that ‘no government has ever met its housing targets under the system of development value capture which prevails today’.

They suggest some ways to improve the existing system, emphasising that these two instruments should be regarded as complementary. The speed and efficiency of s106 could be improved through the provision of template agreements and enhancing the skills and capacity of local authorities. If cash contributions are favoured, they should be delivered through CIL which is much faster. Local authorities should be permitted to spend CIL on affordable housing, broadening the type of development that contributes to it. Further, they should be able to borrow against CIL to provide a more stable income, whilst there is a case for making it mandatory, especially in larger authorities like Manchester.

But the authors believe we may need to go further by allowing local authorities to switch from charging CIL by floorspace to value, and create a national or regional development levy to fund developments that cut across boundaries. But most radically, they argue for a more active compulsory land purchase programme delivered by a central agency.

In addition to these reforms, it should be noted that most increased land value accrues to land whose use does not change, including existing housing. Focusing exclusively on LVC at the point of development neglects the importance of wider land and property tax reform, a topic that will be discussed in the 2026 edition of the *Review*.

References

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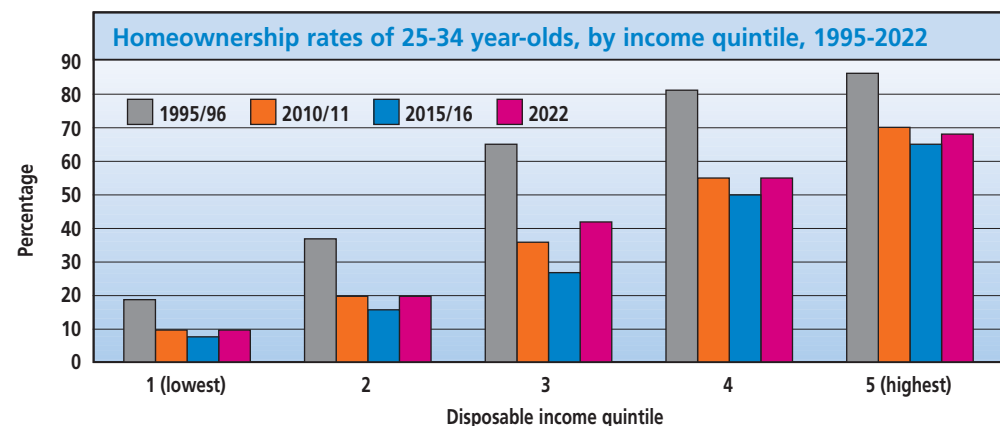
3 Section 106 refers to the relevant section of the Town and Country Planning Act 1990. The Scottish equivalent is section 75 of the Town and Country Planning (Scotland) Act 1997.

Homeownership remains an aspiration for most younger households even though some might now opt for renting with the flexibility it can offer, while others might highlight the disappointments that homeownership can bring. With higher mortgage costs compared to the recent past and an uncertain house-price outlook, the cost comparison between the two sectors is more closely balanced, even if a longer-term outlook favours ownership. The shorter term has become more important as many households are already carrying a weight of debt (from student loans) and are less certain about where to live given a fluid labour market.

Over the last 50 years the average annual number of first-time buyer (FTB) mortgages in the UK was 387,440 annually. The peak was 612,700 in 1986 and the trough 188,000 in 2011. In 2022 there were around 370,000 mortgaged FTBs, falling to 287,000 in 2023 before rising to over 332,000 in 2024. On current trends, 2025 should see the numbers rise though probably still below the long-run average.

The UKHR Affordability Index (Compendium Table 45 in the *Review*) highlights trends since 2000. These have steadily worsened over the last decade. As noted in the recent Nationwide commentary,¹ the average interest rate for a five-year fixed-rate loan (with a 25 per cent deposit) was 5.7 per cent in late 2023. Whilst it is now 4.2 per cent this is three times higher than in Autumn 2021.

Higher mortgage rates put a premium on bigger deposits to reduce on-going costs, but unless a FTB has access to the Bank of Mum and Dad – around 50 per cent do – then it may be a challenge.² Some 3.6 million young adults aged 20-34 (up ten per cent since 2014) live with their parents, some of whom will be trying to build deposits. Others are in the PRS paying ever rising rents and caught in a Catch 22 – high rents prevent saving for a deposit needed to keep pace with rising prices and mortgage rates. Rent inflation has now begun to ease along with mortgage rates.



Source: IFS, Homeownership for young adults has recovered to its 2010 level.

The upshot is that homeownership for younger age groups fell over the period 1996-2022.³ The slightly dated IFS analysis (see chart) shows ownership rates by age and income; not only have overall rates been falling for 25-34 year-olds until recently, but there is a wide divergence by income quintile.

Given the importance of FTBs for the market overall, this suggests that overall UK homeownership rates are very unlikely to return to the peak of 71 per cent in 2003. It is no surprise that the proportion of outright homeowners exceeds the proportion who own with a mortgage (in 2023/24, 37 per cent of households owned outright and 28 per cent had mortgages). If lower ownership rates persist in successive generations, then this can only drag the overall rate down. Offsetting this to a degree will be an inheritance effect that will roll through with the benefits of the peak homeownership years being felt for some decades to come. But there are stark differences in the experience of different generations, not least when inflation is taken into account, so this must be factored in.⁴

Where next? With FTB numbers edging up, partly via rising incomes, falling interest costs and slower house-price growth, what should government do? The prime minister has pledged to do more,⁵ as has new housing secretary Steve Reed. Recent YouGov polls show that while housing is not a top issue it is notably higher for 18-24 year-olds. A response is needed.

The government has made the mortgage guarantee scheme permanent (now called 'Freedom to Buy') and has a £3.2 billion guarantee fund to underwrite any lender losses. This should support an expanded higher loan-to-value (LTV) mortgage market largely used by FTBs. With the easing of the macroprudential flow limit on high LTV loans, lenders have increased income multiples and reduced minimum-income requirements, projected to result in an extra 36,000 FTBs annually.⁶ Then there is the possibility of new measures to assist FTBs but with any government proposals still awaited.

In the meantime, it is market fundamentals that are leading the way. The pressure is on!

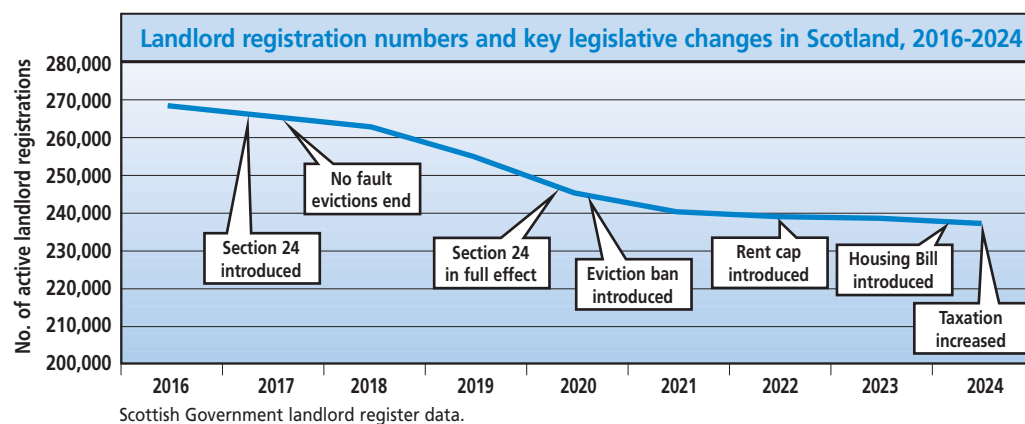
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- 6 Bank of England (2025) *Prudential Regulation Authority announces review of the Loan to Income (LTI) flow limit rule* (<https://www.bankofengland.co.uk/prudential-regulation/publication/2025/july/pru-review-of-the-lti-flow-limit-rule-and-offers-interim-mbc-statement>).

Despite high levels of housing satisfaction within the private rented sector (PRS) recorded in the English Housing Survey, concerns over security of tenure, poor conditions and rogue landlords raise questions about regulation and enforcement in the sector.

The pace and depth of regulatory change have varied significantly across the UK. Scotland has led the way with the Private Housing (Tenancies) (Scotland) Act 2016; the current Housing Bill will further enhance tenants' rights and introduce permanent rent controls. Wales has followed a similar path with the Renting Homes (Wales) Act 2016, simplifying rental law and strengthening tenant rights; while Northern Ireland has advanced reforms through the Private Tenancies Act (NI) 2022, tightening rules on notice periods, deposits, and safety standards. England has lagged behind, but the Renters' Rights Bill should bring it into closer alignment with the devolved nations in terms of compulsory landlord registration and core tenant protections, of which the centrepiece is the abolition of Section 21 notices, or 'no fault' evictions.

While lauded by tenant groups, questions remain about the effectiveness of legislative reforms on their own. Tenants in Scotland continue to be unlawfully evicted, for example, by landlords claiming intent to sell but failing to do so.¹ The number of registered landlords in Scotland has also fallen from 268,513 in December 2016 to 232,922 in July 2025, during a period of notable legislative change (see chart).



Longstanding concerns over the enforcement of the regulations also persist in Scotland and elsewhere in the UK. A key challenge is the fragmented and complex legislative framework, with duties spread across multiple statutes covering tenancy protection, property standards, safety, energy efficiency, registration, licensing and letting practice. Adding to this complexity, different regulations are enforceable by different entities, including various local authority departments, tribunals, redress schemes, and specialist regulators, each of which may adopt different enforcement strategies. Sanctions also differ by geography, scheme, breach type, and enforcement approach. Enforcement is further complicated by landlords being numerous, heterogeneous and geographically dispersed.

Financial pressures mean there are often 'insufficient staff with the right training' to undertake the work.² Environmental health professionals, who often lead on enforcement activity, are under particular strain. Responding to the Renters' Rights Bill, the Chartered Institute of Environmental Health noted that on average councils have fewer than three enforcement officers for every 10,000 PRS properties.³ Not surprisingly, enforcement is often light-touch, and landlords know the chance of action is low.

Problems are also caused by poor communication and low engagement from both landlords and tenants, many of whom have little knowledge of PRS regulation and struggle to keep up with change. Even when aware of their rights, tenants may fear redress mechanisms due to landlord-tenant power imbalances. This is particularly problematic as the onus often lies with tenants to report non-compliance.

A persistent lack of robust PRS data hampers effective monitoring and enforcement. Key gaps include the number of landlords operating in the sector, annual flows of landlords and properties entering or exiting, levels of compliance, and the impact of interventions. These omissions make it difficult to evaluate what works and to understand landlords' behavioural responses to legislative change. While many support regulations they perceive as fair and proportionate, landlords often express dissatisfaction with the pace, direction, relevance, and increasingly hard-line approach of reforms. Landlords' perceptions of fairness matter, since limited enforcement capacity means that compliance often depends on convention and consent.

Paradoxically, the landlords who strive to comply are often those most disillusioned by the lack of action against persistent offenders, some of whom appear to operate with impunity. This perceived unfairness risks undermining trust, eroding voluntary compliance and prompting landlords to question further the growth of regulation and their future within the sector.

While sector reform is required, it is critical that regulation is effectively enforced to tackle bad actors. This will require better guidance and communication and significant investment in enforcement capacity and data. It will also require the adoption of tools that promote compliance without discouraging or alienating those already striving to comply. Examples include simplified guidance, nudges that highlight peer norms, and light-touch incentives for landlords who consistently meet standards. Above all, reforms should sit within a coherent housing strategy, ensuring that the PRS contributes to a fair, well-functioning housing system.

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- 3 Chartered Institute of Environmental Health (2024) Evidence submitted on Renters' Rights Bill (<https://publications.parliament.uk/pa/cm5901/cmpublic/RentersRights/memo/RRB80.htm>).

The Review's 2024 Autumn Briefing noted that, to meet the government's target of upgrading five million homes in five years, it would need to scale-up installations very significantly. One part of the plan has started to emerge.

For several years, government support for retrofit across all four nations has been primarily aimed at household level, tightly targeting those in fuel poverty. Typical criteria have been income, being in receipt of benefits or home-energy performance.

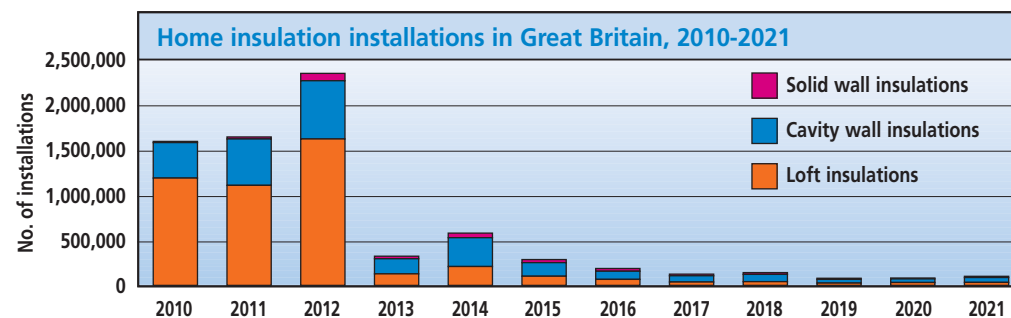
In practice, it has led to increasingly complex eligibility rules, such as in the GB-wide Energy Company Obligation (ECO) or the Nest scheme in Wales. It has also resulted in the removal of area-based criteria from schemes such as the Index of Multiple Deprivation (IMD), taken out of the Fuel Poor Network Extension Scheme in 2018.

The approach has merits, but also many drawbacks. Tighter targeting is usually more costly for delivery organisations than more flexible approaches, and can place challenging, even stigmatising, requirements on occupants to demonstrate their eligibility.¹ The emphasis it places on administrative process, audit and documentation is also at odds with a desire for speed and scale. Retrofit numbers were last in the millions per year in the early 2010s, when the main scheme was essentially untargeted (see chart). Overall, this evidence suggests that more flexible targeting aids delivery.

As a result, the Westminster government is now keen to adopt area-based approaches as part of its forthcoming Warm Homes Plan,² using indicators like the IMD as a proxy for fuel-poverty risk. This is already apparent in two ways.

First, regional devolution in England will involve the partial transfer of retrofit scheme design to combined authorities. For example, Net Zero Neighbourhood pilots are in progress in the West Midlands, with the stated aim of 'neighbourhood-scale transitions', encompassing retrofit, low-carbon travel, community energy, and green space enhancement, all underpinned by an ethos of community co-design.³

Second, the eligibility criteria are changing. For example, in the Warm Homes: Local Grant, homes within the top 20 per cent of deprived areas in England do not require an income verification check.⁴



Source: Climate Change Committee, 2022 Report to Parliament, Figure 4.6.

Wave 3 of the Warm Homes: Social Housing Fund also invited innovative area-based approaches for its partnership application route.⁵ Both changes incentivise projects to retrofit large numbers of homes in the same area.

Taken together, these represent the first steps towards meeting Labour's manifesto promise to upgrade five million homes across this parliament.

Nevertheless, although local or combined authorities are sometimes thought best able to coordinate area-based retrofit schemes, they have significant capacity challenges, and they may not be the best vehicles in all localities. The emergence of neighbourhood-level projects across the country could create additional administrative challenges for housing associations, many of which own homes in dozens of local authority areas.

Area-based schemes will have to navigate the complex motivations, priorities, and spending powers of the different tenures. A focus on area-based retrofit will also inevitably need to confront the case for demolition and regeneration in some places, especially in northern England, as Patrick Murray notes (see p.15).

However, the area-based approach is not universally supported. The Resolution Foundation argues that 'the distributional merit of this approach is contestable' because fewer poor families may benefit compared to schemes where eligibility is more tightly targeted.⁶

Nevertheless, if these challenges can be outweighed by the scale of delivery made possible by flexible eligibility criteria, the prize of area-based retrofit schemes is large. Regional devolution offers a possible path towards this, with combined authorities being local enough to connect into communities and tap into policy and economic networks, yet large enough to play a coordinating role across tenures, local areas, housing types and supply chains.⁷

Combined authorities may therefore occupy this 'Goldilocks' zone, neither too big nor too small, to lead area-based retrofit. However, they need to be enabled to do so, not just given responsibility – and this is one of the biggest challenges that the Warm Homes Plan will need to address.

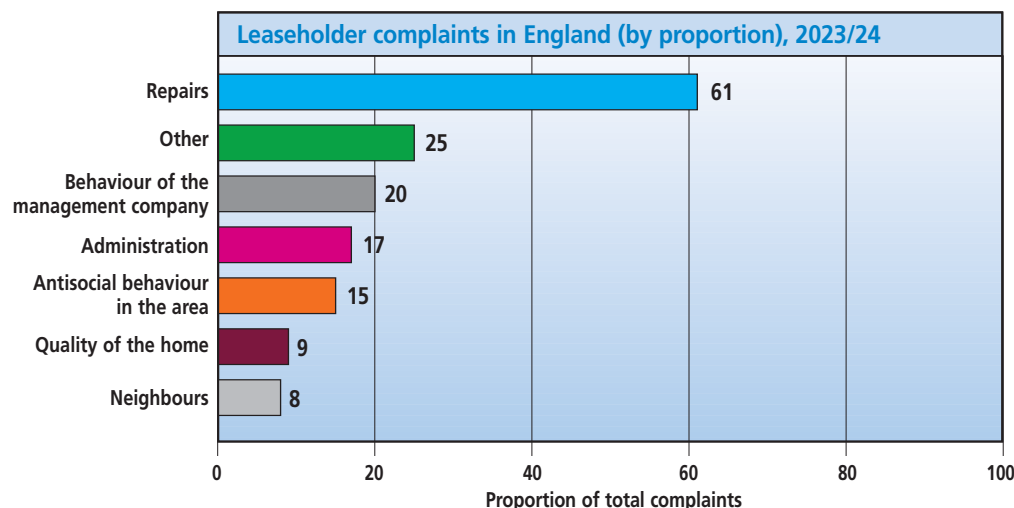
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- 7 Powells, G, et al, *op.cit.*

In the 2022 edition of the *Review*, leasehold was described as ‘a mess’. It is referred to in policy documents (albeit inaccurately) as a ‘feudal’ tenure. It probably feels feudal to those leaseholders who are stuck with large bills for works which suddenly appear (a main source of complaints – see chart), following a consultation process which is difficult to understand and might require technical knowledge; or are required to pay buildings insurance organised by landlords for which the landlord (and any intermediary) might get a kickback; or feel that their landlord or managing agent lack the skills to manage the building; and that any challenge may end up in a tribunal where they might have to pay legal costs. As a result, there has been a blizzard of policy and legislative activity.

Since the 2022 *Review*, there appears to be broad agreement among policymakers that leasehold is outdated and should be replaced by a new system called ‘commonhold’. Commonhold essentially enables flat owners to own the freehold, with common areas managed by a commonhold association. The government describes it as ‘a purpose-built, democratic framework for shared living, designed to simplify ownership and eliminate the complexities and perceived unfairness often associated with leasehold arrangements’. It resembles the North American model of condominium (which fans of *Frasier* or *Only Murders in the Building* might recognise as having its own issues).

Commonhold has been available for some time but is little used because of its complexity. The Law Commission reported in 2020 on reforms to simplify it and make it workable. The Labour government, with leasehold campaigner Matthew Pennycook as minister, is committed to introducing legislation which creates more flexibility in commonhold.



Source: English Housing Survey 2023-24.

Note: Total sums to more than 100% as respondents could select more than one answer.

However, as a white paper admits, reform is ‘ongoing’ and there remain issues to be resolved.¹ It will also consult on banning the use of leasehold in flats. Commonhold, then, will become the default tenure for multi-occupancy buildings. It is important to remember that the principal complaint of leaseholders – service charges – will remain even under commonhold, although their name will change.

The problem, though, is what to do with leasehold in the meantime given its incredibly wide-ranging uses – from shared ownership, to management of flats, to sale-and-rentback type agreements. In the washup before the 2024 general election, parliament passed the Leasehold and Freehold Reform Act 2024, which followed (in part) the Law Commission’s recommendations. This was designed to tackle a range of issues but, as with much modern legislation in this technical area, was beset by problems with the government bringing in late amendments, compromises and, frankly, leaving technical issues which might have been better thought through. The Act requires some amendment going forward, although at least some of it can be done by secondary legislation. The sheer weight of technical requirements has meant further consultations and most of the provisions are not yet in force.

One of these exemplifies the issues. The policy is to ban the use of leasehold in houses. That makes perfect sense and, legally, there is at best far less justification for the use of leasehold with houses. However, there are policy and legal contortions – what is a ‘lease’ and a ‘house’ for these purposes? And there need to be exceptions for leases of certain types of property (e.g. shared ownership) which are (confusingly) called ‘permitted leases’ and need to be signed off by a tribunal.

What underpins a number of the reforms is a move to transparency of charges, by requiring an annual report and future demand notice, which should enable leaseholders to plan for major expenditure; standardising the detail to be provided by landlords or managers to the leaseholders; and removing certain kickbacks (insurance). Additionally, there are new rules on the ability of landlords to recoup their legal costs, as well as the ability for the leaseholder to be awarded legal costs. These rules may not be as extensive as leaseholders would like (the landlord can recoup their legal costs by making an application to the tribunal, for example). There are new freedoms enabling leaseholders to buy longer extensions to their leases, earlier and at a cheaper cost. Managing agents are regularly cited as problematic: they are now regulated and will have to undertake mandatory qualifications.

In summary, leasehold is still a mess. There is policy and legislative time and the will to reform it, but the complexity and obscurity of the issues (as well as their real-life effects) remain problematic. The government’s eggs are in the commonhold basket, but that seems to be a policy still in development and, a cynic might say, will not ameliorate existing problems, while potentially creating new ones.

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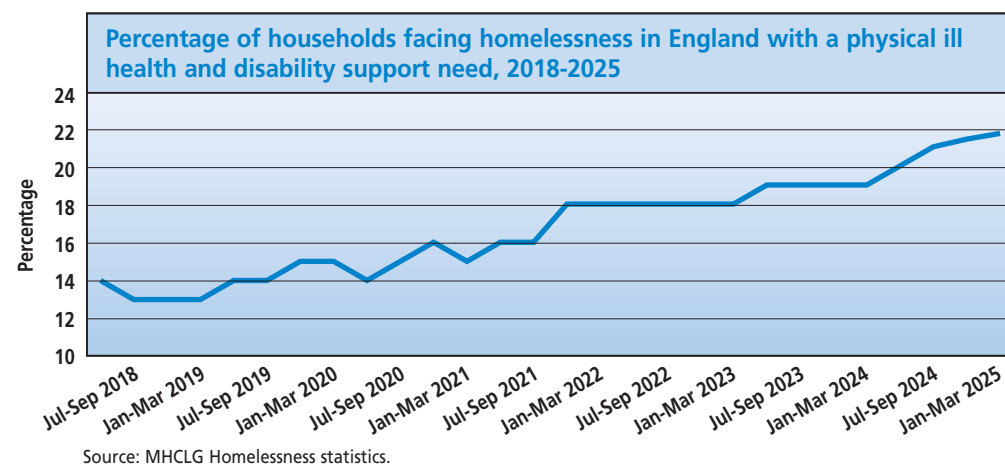
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Housing is a key building block for improving health, as poor housing conditions, unaffordable rents and homelessness impose significant health risks. Physical ill health and disability function both as risk factors for homelessness and as barriers to moving into stable accommodation.

Disability and long-term illness significantly raise the risk of homelessness.¹ This is likely to be driven, at least in part, by the relationship between disability and poverty,² compounded by the barriers to employment and the additional costs associated with having a disability. While this wider evidence refers to disability and long-term illness, we focus here on homelessness and associated barriers among households with an *identified support need* relating to physical ill health and/or physical disability.

Analysis by Crisis of data on homelessness in England³ shows that the proportion of households facing homelessness affected by 'physical ill health and disability', as recorded in the statutory data, has been rising. In 2023/24, 62,040 (or 19 per cent of) households with such support needs were assessed as being homeless or at risk of homelessness. This is a substantial rise since 2018/19, when they represented 35,860 (or 13 per cent of) households facing homelessness. In the first quarter of 2025 this has risen even further, to 22 per cent (see chart).

Comparing the rising rates of households with a 'physical ill health and disability' support need facing homelessness with changes to the proportion of the general population who are physically disabled, is not straightforward. There are differences in how 'disability' is defined in population-level data vs homelessness statistics.⁴ However, the data indicate that the proportion of households facing homelessness with physical ill health and disability support needs has risen at a faster rate than the proportion of the general population with a disability. This suggests that the heightened risk of homelessness for those living with a disability or physical health condition has worsened in England over recent years.



As well as the impact on the risk of homelessness, those with accessibility needs are likely to face additional barriers to moving into a suitable and stable home. One in three disabled people in private rented properties live in unsuitable accommodation, and many are left stuck on decades-long waiting lists for accessible social housing.⁵ In recent years, as the proportion of those facing homelessness with physical health and disability support needs has risen, the number of social homes allocated to households with a disability has fallen.⁶ While this points to housing disadvantages for those with disabilities, the cause of the rise in the proportion of households with such needs who face homelessness is not yet clear and warrants further investigation.

As well as heightening the risk of homelessness and creating barriers to moving into suitable accommodation, health issues are also likely to be exacerbated by housing instability and homelessness. For example, a survey of people on housing waiting lists found that 73 per cent experienced problems with their accommodation that were harmful to their health, while awaiting an allocation.⁷

This is even more concerning given the barriers to accessing health care while experiencing homelessness. There is evidence of people being refused access to GPs because of a lack of ID and proof of address, and dentistry services for people experiencing homelessness have been described as 'non-existent'.⁸

The government's commitment to building new social homes is very welcome but will only go so far towards addressing waiting list challenges and housing need. Alongside this they must focus attention on proposed cuts to personal independence payments, the freezing of local housing allowances, and on the barriers to healthcare services, if they really wish to prevent further housing disadvantage for people with physical ill health and disabilities.

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England faces multiple housing crises. London and the South are marred by excessive house prices and unaffordability, buoyed by high land values. The North has, on average, lower house prices, lower wages, lower land values than London and the South.

But this isn't the full picture. *The Northern Housing Monitor* shows that housing poverty is endemic across the North: 3.6 million households live in poverty after housing costs, including one in three children (see chart). While housing costs drive poverty in London, low and insecure wages are major drivers of poverty in the North. For many this is compounded by living in the private rented sector (PRS): one-quarter of the lowest-income quartile households live in the PRS, compared to 18 per cent nationally. These include some of the country's worst quality homes – 27 per cent of PRS homes in the North fail the Decent Homes Standard compared to 21 per cent nationally.

Poverty, fuel poverty and non-decent homes in Northern England

	Households in the lowest income quintile		Fuel poor households	Non-decent homes (PRS only)
	All tenures	Private renters		
North East	22.9%	24.4%	10.6%	22.7%
North West	24.1%	26.7%	14.4%	27.0%
Yorkshire & The Humber	23.4%	22.4%	16.4%	31.0%
North	23.4%	24.8%	14.4%	26.9%
England	20.0%	17.9%	13.0%	21.1%

Source: Northern Housing Monitor

Note: Income figures are three-year averages and include housing support.

But even that is not the full story. Manchester and Leeds face different challenges to coastal towns or former mining communities. These in turn are different from the wealthier towns of North Yorkshire and their rural hinterland, or communities around the Tyne and Wear or the River Mersey. The North once powered the industrial revolution. Now regeneration is at the heart of tackling its housing crisis. While there is land for 320,000 homes on brownfield sites, much of it needs remediating due to its legacy.

Meanwhile, local authorities have been hit hard by austerity. Their housing services spend is down 56 per cent compared to 37 per cent nationally, and there has been a staggering 71 per cent reduction in spending on housing strategy, advice and enabling. Local authorities may be the link to place and neighbourhoods, but funding cuts are pushing them to the brink.

Mayoral Combined Authorities (MCAs) offer the potential 'missing middle' of the British state. They combine constituent local authorities, retaining the link to place while operating strategically across meaningful economic areas. Mayors are powerful political figureheads to pressure central government and galvanise local collaboration.

Under government devolution plans, mayors will be responsible for producing and delivering a Strategic Development Strategy. At the highest level, mayors can set up development corporations, use compulsory purchase and land assembly powers and set a levy to raise funds for infrastructure. They will have strategic influence with Homes England over the Social and Affordable Homes Programme, able to set priorities for their area, identify key sites, influence tenure balance and have an indicative spending allocation. The new Housing Bank will help unlock land and infrastructure and build more homes. Funding for retrofitting homes to cut fuel bills and improve energy efficiency will be devolved over this parliament. Other powers offer potentially better alignment between transport investment and unlocking strategic sites.

Alongside this, to drive growth mayors will have devolved powers over areas such as skills funding, making it easier to align pipelines for development and retrofit, and work with local businesses and skills providers to develop the workforce required.

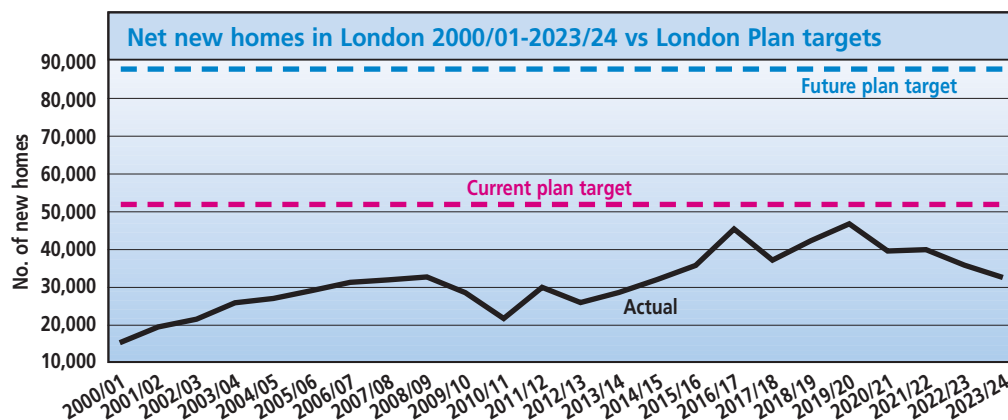
Underpinning this is the idea of an 'integrated settlement'. Greater Manchester went first, but from April 2026 Liverpool City Region, West Yorkshire, South Yorkshire and the North East will follow. Consisting of existing funding streams, but governed by a set of interlocking outcomes agreed locally, one funding pot will allow local leaders to set priorities and use funding flexibly to deliver what is needed locally. For example, in an environment where regeneration funding is still scarce, blending grant for new supply and retrofit may offer solutions. Forthcoming changes to the Treasury's Green Book also appear to be a genuine attempt by central government to support place-based working.

The most exciting aspect of devolution is how the sector is responding. Across the North, housing partnerships are bringing together housing providers, MCAs and Homes England to implement regional housing priorities. As vehicles for collaborative delivery across housing, regeneration, growth, retrofit, skills and employment, health and homelessness, they can shape the future in the North.

Challenges still remain. This is a journey, and different areas are at different stages. It is critical that MCAs have the capacity to fully use their new responsibilities. Homes England's scale, expertise and resources make them a vital partner. Although working well across the North, the mayoral model may not be the right structure across all areas of the country; devolution that attempts to enforce a one-size-fits-all model defeats the point.

Tackling the enormous housing challenges across the regions is not easy and cannot be done by MCAs alone. But if the sector collectively harnesses the power of partnership and devolution, we have a real opportunity to tackle England's multiple housing crises.

London isn't building enough houses. Production has risen since 2000 (see chart) but never reached the 2021 London Plan target of 52,000 homes per annum. A much more ambitious target of 88,000 will appear in the next London Plan, expected in 2027. This would exceed even the output of the boom years of council-house building in the 1960s and is more than 2½ times the numbers built in 2023/24.



Source: MHCLG live table 118; London Plan.

Several factors – some national, some London-specific – explain the city's failure to build enough new homes despite political will and a perennial housing affordability crisis. One is London's green belt, which limits the city's lateral expansion and means new homes must be built more densely. In a striking reversal of decades of City Hall policy, the mayor said in May 2025 he would explore building housing on accessible green belt sites, although this policy would apply only to the seven per cent of green belt land within London's boundaries.

More than half of homes built in London since 2002 are in high-rise blocks,¹ and the safety regulations brought in after the Grenfell Tower disaster have slowed schemes dramatically. All buildings over 18 meters now require two stair cores rather than one, and the Building Safety Regulator must approve high-rise plans at three stages. Developers and politicians have complained of long delays.

Although the mayor is often blamed for low housing output – and is happy to take credit for successes – he has little direct control over production: most development is done by private housebuilders and housing associations. The mayor has three main tools to influence production: the London Plan, Affordable Homes Programme (AHP) funding (controlled by Homes England in the rest of the country) and land owned by public bodies under mayoral control.

Although the mayor sets the city's housing target, individual boroughs are the planning authorities. In a well-rehearsed cycle of delay, boroughs often refuse locally controversial

applications for major residential developments which the mayor then 'calls in' and ultimately approves. The mayor's target is for 50 per cent of new homes to be 'genuinely' affordable. As an incentive, applications delivering at least 35 per cent affordable housing (50 per cent on public land and former industrial land) can be fast tracked through the planning system.

London was allocated £4 billion in grant funding through the AHP 2021-26. The original delivery target of 35,000 homes was gradually negotiated down by about half due to London's 'difficult conditions' (i.e. high costs). At the June 2025 Spending Review the government – now politically aligned with London's mayor for the first time since 2016 – significantly increased funding for affordable housing in the capital, allocating up to £11.7 billion for the 2026-2036 programme.

Through various GLA-controlled bodies the mayor controls a significant amount of land: Transport for London alone owns 5,700 acres. TfL's property division is responsible for developing its land with two main (competing) aims: maximising the amount of affordable housing provided, and making a profit to subsidise TfL services.

In 2023/24, 12,719 new affordable homes were built, but losses of affordable stock took the net figure to just 7,674. This was well below the assessed need of 42,841 homes per year in the 2017 Strategic Housing Market Assessment (SHMA). An updated SHMA should be published in autumn 2025 and will likely show a much higher requirement.

Shared ownership and London Affordable Rent (tenancies let at somewhat higher than social rent) together made up 60 per cent of London's new affordable dwellings in 2023/24, with social rented housing accounting for 8.3 per cent. Social homes require deep subsidy and most such units received funding from the GLA. Most shared ownership and intermediate rent properties were delivered through section 106, with nil grant.

London's housing crisis most acutely affects those who become homeless. As of end-March 2025, 73,320 London households lived in temporary accommodation (TA), more than half of the England total. Several TA homes are poor quality and households may stay in such accommodation for several years.

Local authorities are required to provide TA for certain households, usually procuring accommodation from private landlords because of low turnover in the social stock. TA rents have been rising and central government reimburses only a small proportion of local authority expenditure. Individual boroughs must cover the shortfalls (in some cases tens of millions of pounds) from their General Funds, reducing the amount they can spend on other services and contributing strongly to the financial crisis experienced by most of them.

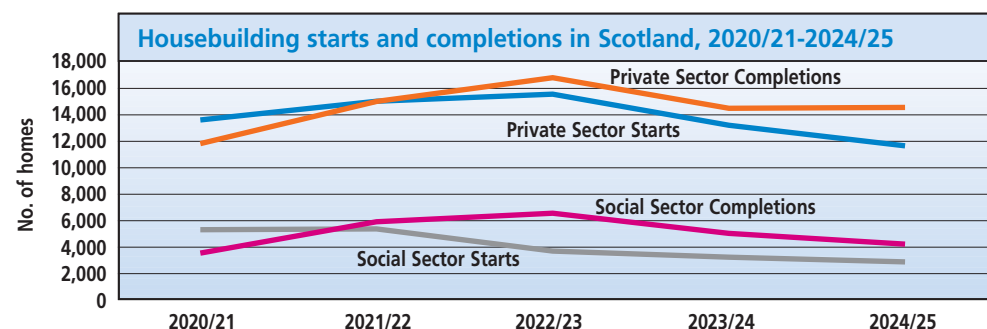
Reference

¹ GLA Research Unit (2024) *London's Housing Stock* (www.london.gov.uk/london-has-four-times-national-average-high-rise-homes-london-assembly-analysis-shows).

In May 2024, the Scottish Parliament declared a 'housing emergency'. Since then there have been few signs that the crisis is alleviating. Indeed, realisation that in some ways it is getting worse has prompted much discussion which now appears to be leading to some action.

Homelessness lies at the core of the emergency, with the Scottish Housing Regulator concluding that, 'For many local authorities the demands in the homelessness system – the number of people who are homeless, and the level of need they have – exceed the capacity in the system to respond. Some local authorities are now at, or are approaching, the limits of their capacity to do more. This is what we mean by systemic failure.'¹ In March 2025, three local authorities were experiencing such 'systemic' failure, one more than a year earlier.

Although the alarming news that more than 3,500 children in Glasgow and 3,000 in Edinburgh were living in temporary accommodation in February exemplified the crisis, witnesses to a Scottish Parliament committee inquiry stressed that the problem is much wider, and includes pressures on social housing waiting lists, shortages of rental housing in rural areas, and anaemic rates of housebuilding.



Source: Scottish Government Housing Statistics.

Although the inquiry was told that it may have been 'decades in the making', the Scottish Government has been under fire. The cuts to the Affordable Housing Supply Programme (AHSP) in 2023/24 and 2024/25, along with rising costs, make meeting the 110,000 affordable homes target by 2030 implausible. The government claims that the restoration of £200 million to it for 2025/26 will enable an additional 8,000 affordable homes to be constructed. However, CIH and others point out that the housing investment budget remains lower than 2021/22 in real terms.

The consequential increases to the Scottish Budget arising from the UK Spending Review and allocated by the Barnett formula have given rise to demands for additional spending on housing.

Nonetheless, in policy circles there is a growing acceptance that in Scotland, where higher levels of grant funding have arguably inhibited the more innovative approaches adopted in England, a greater variety of financing approaches is needed if the housing emergency is to be tackled. Whether the sector is ready for change is another matter, particularly as we approach an election.

The Scottish Government's Housing Investment Taskforce, whose main report was published in March, maintained that grant would remain the 'cornerstone' of the affordable housing system. However, it also called for a review of housing association capacity, and for the government to 'Reconsider whether allocation of affordable housing supply funds is maximising investment and value for money, take a more expansive approach to delivery with improved clarity on what safeguards are in place for tenants, and enter into strategic commitments with providers that can leverage private finance more effectively.'²

The Taskforce also called for debt write-offs for local authority HRAs, the exemption of local authority borrowing for housing from government borrowing limits, allowing mid-market rents to be counted as part of RSLs 'core' business, and to allow for-profit providers to enter the social sector. A supporting paper by Kenneth Gibb adds the prospect of drawing lessons from international housing systems to increase investment in the Scottish sector.³

Màiri McAllan, the new Cabinet Secretary for Housing, unveiled a Housing Emergency Action Plan in September.⁴ The plan commits investment of up to £4.9 billion to support the delivery of 36,000 affordable homes by 2029-30. It also commits to doubling spending on acquisitions to £80 million. The plan includes commitments to create a new £1 million 'fund to leave' programme to help women and children to leave abusive partners, and using the Scottish National Investment Bank to help release land for housing in rural authorities.

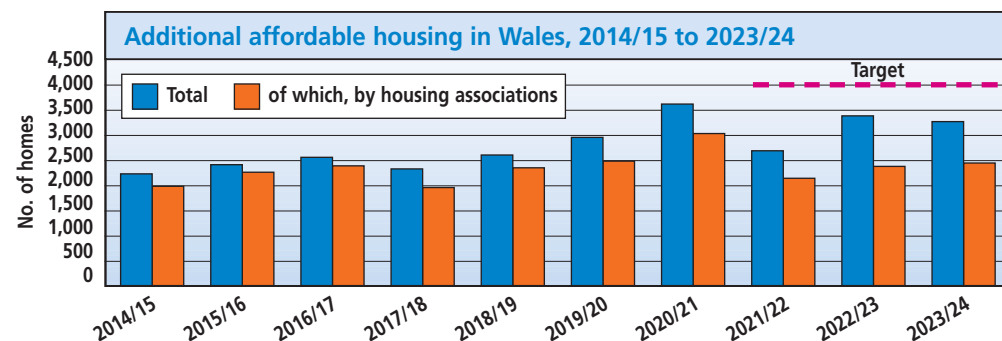
Meanwhile, a new Housing Bill has passed through the Scottish Parliament. SNP and Labour MSPs voted through a formula that would limit private sector rent increases to CPI+1 per cent (up to a maximum of six per cent) in Rent Control Areas. The action plan confirmed that the government has agreed 'in principle' to the heavily-lobbied-for exemption of mid-market rent and build to rent from rent controls 'where appropriate'.

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A new and enlarged Senedd (parliament) will be elected in May 2026, using a more proportionate electoral system. Current polling suggests that Labour may no longer be the largest single party and that there may be a change of government. Nevertheless, the housing challenges may be greater than ever.

The Wales Programme for Government (2021) gave a commitment to 20,000 new, low-carbon, socially rented homes in the current Senedd term, a more ambitious target than before, when the target included Help to Buy. Progress was slow in the first three years (see chart), and whilst annual delivery rates may well increase, the target may not be achieved.



Source: StatsWales.

Note: In measuring progress against the 20,000 target, Welsh Government includes social and intermediate rented homes, shared ownership and properties leased for more than one year to accommodate homeless families. It excludes shared-equity affordable homes.

In 2023/24, 3,158 additional social homes were delivered, bringing the total since 2021 to 8,933, of which 8,074 were for rent. Housing associations provided 2,433 homes of which 82 per cent were newbuild; local authorities provided 756 homes, over 60 per cent of which were delivered by just three authorities: Cardiff, Carmarthenshire and Pembrokeshire.

Following the Senedd report last year on housing supply,¹ housing secretary Jayne Bryant established an Affordable Housing Taskforce, to examine the barriers to delivery and how these might be overcome. The group reported in May, setting out numerous recommendations, both short-term (e.g. tackling vacant homes; promoting conversions; bringing forward underused public land) and longer-term (streamlining the planning process; addressing skills and capacity issues).² However, the overarching challenge – to better align national ambitions on housing with more effective local delivery – remains.

Also in May, the government introduced the Homelessness and Social Housing Allocations (Wales) Bill. This seeks to widen eligibility for support and encourage earlier interventions to prevent homelessness. It will end the priority need and intentionality tests, place extra duties on specified public bodies and increase the number of allocations made to homeless households.

Of course, legislation on its own will not end homelessness. Recent research has shown that the number of households experiencing its most severe forms has been rising more steeply in Wales than in either Scotland or England. Numbers of social lettings in Wales have fallen over the last decade, but since 2018/19 the proportion of new lettings going to homeless households has increased, although there is still significant local variation. Others have highlighted how the use of temporary solutions could add to the long-term crisis, arguing the need for strengthening prevention as well as the need to model the impacts of legislative and policy change on the workforce. In planning for prevention, all Welsh local authorities will need to estimate future demand for homelessness services so they have the appropriate resources to respond to their statutory duties.³ This is complex legislation and it is important that the limited time for scrutiny before the election is used to minimise unintended consequences.

The Welsh Government has also introduced the Building Safety (Wales) Bill designed to reform the current system and address some of the failures which contributed to England's Grenfell Tower tragedy.

The UK government's Spending Review will boost funding for Wales from April 2026 and provide an opportunity for increased delivery of affordable housing. However, while revenue funding will increase in real terms under the Barnett formula, the capital budget is expected to see an annual fall of 0.9 per cent over the period 2025-2029. The finance secretary has promised a one-year Budget in October 2025 which will increase departmental spending in line with inflation, with a pool of unallocated funding to be set aside for the next government.

In July, first minister Eluned Morgan highlighted the significant progress made over her first year as leader, including record investment in and high annual outputs of affordable housing. Nonetheless, Wales still faces enormous housing challenges, in terms of supply, access, security, affordability and quality across the housing system, all of which require co-ordinated and perhaps more radical responses. Moreover, housing is a multi-generational issue and that requires the Welsh Government and housing sector to work together to better integrate policies and initiatives into a properly resourced and more ambitious longer-term housing strategy, making Wales a better place to live.

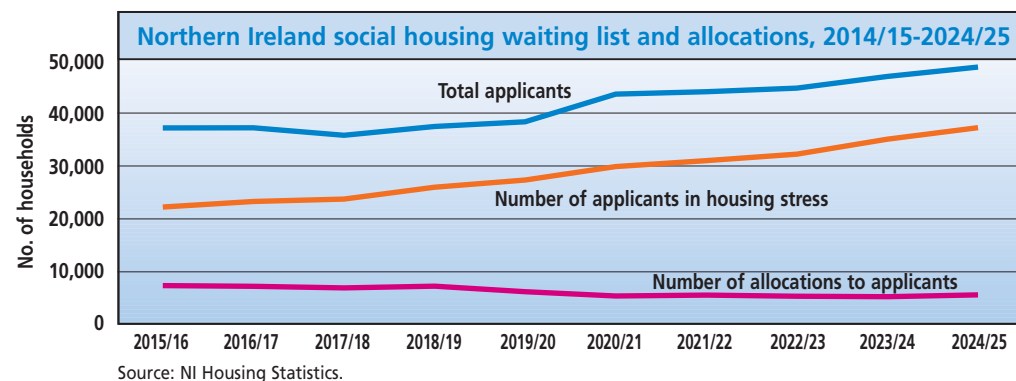
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3 Audit Wales (2025) *Temporary accommodation, long-term crisis?* Cardiff, Audit Wales. (www.audit.wales/sites/default/files/publications/Temporary%20accommodation%20-%20Eng.pdf).

Northern Ireland is currently experiencing a housing crisis driven by high demand and severely constrained supply, infrastructure failures and insufficient social housing. The waiting list for social housing is at a record high: in June 2025, there were 49,129 households on the Northern Ireland Housing Executive's (NIHE's) list, of whom 37,939 were in housing stress and almost two-thirds (32,159) were homeless (see chart). According to Homeless Connect, the number of households officially recognised as homeless on the waiting list has surged by 136 per cent since 2015.



The NIHE, which has statutory responsibility for homelessness, launched its fourth homelessness strategy, *Ending Homelessness Together (2022-2027)*, in 2022. Its central aim was to prioritise prevention and to encourage greater cooperation across statutory departments and agencies. Despite the strategy, homelessness continues to rise.

In March 2025, the Northern Ireland Audit Office's report on *Homelessness in Northern Ireland* criticised the governance structure as fragmented and inefficient. It warned that demand for temporary accommodation was escalating, with expenditure rising from £7.6 million in 2018/19 to £38.6 million in 2023/24. It noted that around 40 per cent of homeless households on the waiting list had been on it for more than four years.

In December 2024, the Northern Ireland Executive published its long-delayed Housing Supply Strategy. Initially drafted in 2021, publication was held up by the Covid pandemic and the collapse of the Northern Ireland Assembly in 2022. The plan's ambition is to build at least 100,000 homes between 2024 and 2039, highlighting the need for a cross-departmental approach that tackles housing supply, planning processes, and infrastructure barriers – particularly wastewater capacity. In late 2024, some 19,000 homes across 23 towns were delayed due to inadequate wastewater capacity, exacerbated by a 22 per cent cut in NI Water's funding for 2024/25.¹

Despite the new supply strategy, concerns have been raised about its adequacy. PropertyMark criticised the target of 6,670 homes per year, noting this represents a 15.5 per cent reduction

compared with average completions in the 15 years to 2020.² This added to warnings that, in the context of a 60-year low in housing completions in 2023, the target falls well short of demand.³

The first Programme for Government (PfG) in 13 years, *Doing What Matters Most (2024-2027)*, was adopted in February 2025. It set a target of 5,850 new social homes by 2027, averaging 2,000 new starts per year. However, the CIH argued that several thousand additional homes are needed annually to meet demand, reduce the backlog, and ease homelessness pressures.

In April 2025, the Northern Ireland Budget allocated £270 million to the Department for Communities, with £100 million earmarked for housing capital. CIH pointed out that this will cover contractual new build commitments from previous years rather than fund new homes for 2025/26, with only 1,000 new starts enabled. In June, the communities minister announced that £63 million will be allocated to start 900-1,000 new homes, acknowledging that this is not enough and will fund less than half of the PfG target.⁴ A further £9 million was added in June during a formal in-year process where departments adjust their spending plans and priorities.

Significantly, in March 2025, the NIHE was granted approval to purchase up to 600 homes from the private market for temporary accommodation in response to escalating costs (in 2023/24 NIHE had spent £12.2 million on non-standard accommodation such as hotels and B&Bs, up from £668,000 in 2017/18). This is expected to save £74 million over seven years. Meanwhile, fiscal reform discussions between Whitehall and the Northern Ireland Executive have opened up debate about NIHE's long-standing restrictions on borrowing.

While the public sector struggles with funding constraints, the private housing market has continued to record sharp increases in both property prices and rents, putting further pressure on affordability. In August, Halifax reported that Northern Ireland was the UK's strongest performing region, with prices rising 9.3 per cent over the past year, with the typical price of a home now at £214,832.⁵ The rental market has also tightened considerably: average monthly rents climbed to £960 in Q1 2025, up 8.5 per cent from the previous year. By Q2, rents had risen to £976, a 7.3 per cent annual increase and a 1.7 per cent rise from Q1.⁶

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Alongside the preparation of the Briefing Paper, a significant proportion of the Compendium of Tables in the main *Review* has been updated. The revised tables are listed below.

The new versions can be seen and downloaded at the *Review's* website, www.ukhousingreview.org.uk

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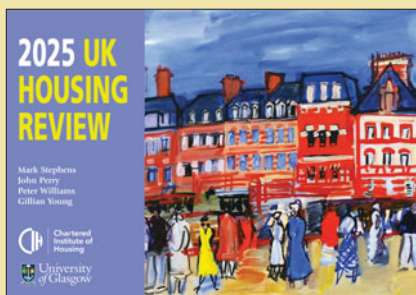
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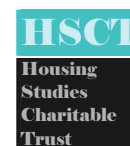
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