

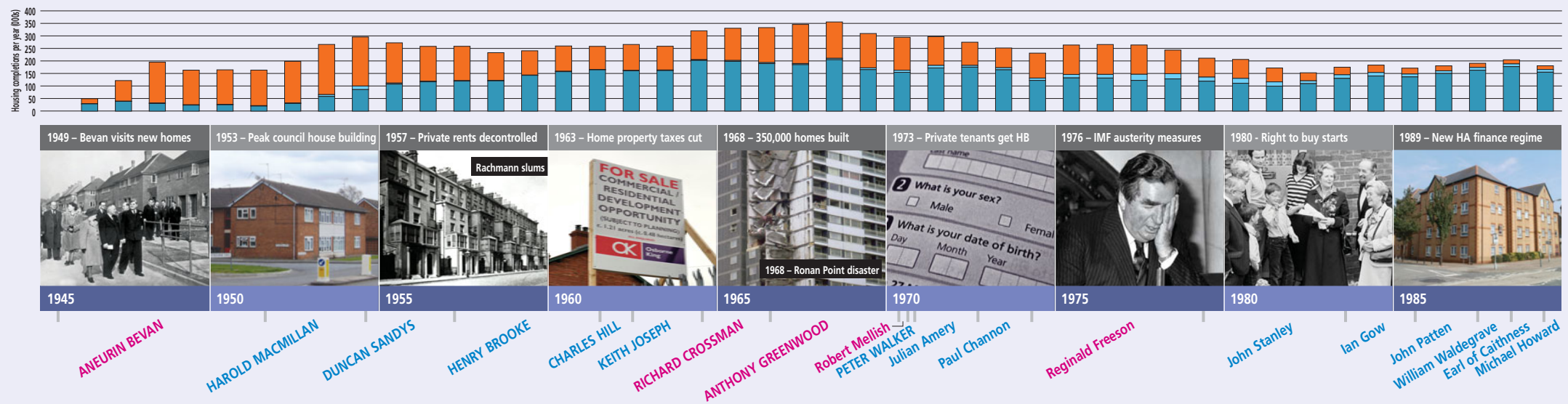
2026 UK HOUSING REVIEW

Autumn Briefing Paper

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



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

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Chartered Institute of Housing

Rowan House, Westwood Way, Coventry CV4 8HS

Tel: 024 7685 1700

Email: customer.services@cih.org

Website: www.cih.org

UK Housing Review website: www.ukhousingreview.org.uk

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Introduction

The *UK Housing Review* is published annually each Spring. For 17 years it has been complemented by an Autumn Briefing Paper, which provides short articles on current topics, based in part on updated statistics in the *Review's* online Compendium of Tables.

Drawing on these, the Briefing Paper assesses the changes since the full *UK Housing Review 2026* was published in March. It covers twelve different topic areas, several focusing on policy developments under Westminster's Labour government. Four dedicated pages cover specific developments in Scotland, Wales, Northern Ireland and in London. Our final page provides a list of updated tables available on the *Review's* website (www.ukhousingreview.org.uk).

The Briefing appears shortly before the UK 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 continues in post, a rare period of stability. He also now attends cabinet.

The UK economy and the forthcoming Budget

Mark Stephens' regular piece on the economy highlights the country's difficult fiscal position and the challenges in meeting extra commitments made by the new prime minister, especially the aim of achieving more radical financial devolution. Will there be tax increases and/or spending cuts in the forthcoming Budget? – 'we shall have to wait until October 28 to see what decisions on taxation are finally made'.

The housebuilding target in England

Government attempts to boost housing output in England are – once again – a feature of the Briefing. John Perry and Matthew Scott reconsider the assessment of the government's 1.5 million homes target made in the 2026 edition of the *Review*. While they assess the social sector to still be on course to reach output of around 70,000 homes annually, it also faces pressing demands for investment in existing stock. The overall target will also be heavily undercut by the continued low output of new market homes.

This year's full *Review* took a close look at the contribution to affordable housing in England being made by for-profit providers. Here, Peter Williams and Mark Stephens look at recent developments.

Phil Jenkins, CEO of Centrus Advisors, appraises England's new National Housing Bank. He outlines several ways in which it could help boost output, but is sceptical about the current emphasis on providing very low-cost loans to housing associations.

Boosting homeownership, rent controls in the private rented sector and 'rightsizing'

Private sector housing across the UK is covered by Peter Williams. He asks whether the market is 'marking time or going backwards?' Andrew Watson of Glasgow University takes a

bold look at rent controls – strongly advocated for England in several recent thinktank reports – and argues that raising local housing allowances would more effectively improve affordability.

Harry Cheong of Places for People reports on research looking at proportions of households in different tenures in 'wrong-sized' homes (overcrowded or under-occupied), and the possible ways we could achieve more 'rightsizing'.

Kathleen Dunmore and Laura Easton from the Three Dragons consultancy assess the contribution being made to affordable provision by shared ownership – and how it might play a stronger role.

Local issues in England

The hottest topic in local government in England is devolution, after 'a dizzying few months'. The CIH's Tom Arnold considers progress so far and how it will impact housing delivery.

Jocelyne Fleming of Glasgow University considers another hot topic, the high cost of temporary accommodation for homeless households in England. Different councils are pursuing innovative ways to control costs but, she says, real progress depends on greater financial relief action from central government and, of course, an increase in affordable housing supply.

In a new topic for the *Review*, Eve Blezard from CIH looks at the prevalence of stigma in social housing and its effects on tenants and the services they receive. While regulation to tackle the issue is now in place, concerted action by the sector is still needed.

Scotland, Wales and Northern Ireland – and London

Mark Stephens asks whether the affordable housing targets and associated investment in Scotland are sustainable, given budget pressures. Bob Smith, honorary senior research fellow at Cardiff University, considers challenges facing the sector in Wales after the biggest political change since devolved government began. Ulster University's Louise Brown discusses the deepening housing crisis in Northern Ireland, reflected in a growing waiting list and faltering attempts to increase supply. In a new regular article, Kath Scanlon of the LSE assesses the (limited) possibilities of achieving London's housing targets.

In April next year the *UK Housing Review 2027* 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.

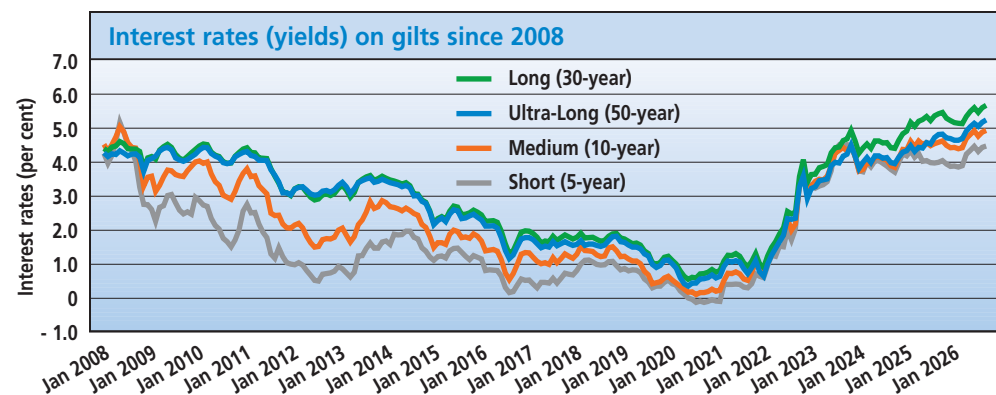
Mark Stephens, John Perry, Peter Williams and Gillian Young
October 2026

The UK's new prime minister – the fifth in as many years – inherits much the same economic prospects as did the others: sluggish economic growth, inflationary pressures and difficult decisions on taxation and public spending to stay within the fiscal rules.

The US-Iran conflict in the Gulf has impacted on the world economy, and fears of energy-related inflationary pressures caused the Bank of England to keep Base Rates at 3.75 per cent throughout 2026.

Anticipated inflationary pressures contributed to a 'global sell-off' of bonds in August/September, as markets expected central banks to raise interest rates in response. The sale of bonds has also been prompted by high levels of government debt in advanced economies, combined with expenditure pressures arising from ageing populations and new defence commitments.

The UK is not alone in experiencing these pressures, but they are exacerbated by perceived weaknesses in spending controls and by greater exposure to energy-price inflation (especially gas). In early September, yields on ten-year gilts (UK government bonds) rose to 5.21 per cent, the highest since the global financial crisis in 2008. Meanwhile 30-year gilt yields rose to 5.82 per cent, the highest since 1998. The UK government pays more for its borrowing than comparable economies, including the US, Germany and France.



Source: UK Debt Management Office.

The OBR suggests that interest payments have risen from an average of two per cent of GDP in the decade up to the pandemic, to 3.6 per cent in 2025/26. This amounts to more than £100 billion a year. This is around one-third of expenditure on social security (including pensions), or half of health expenditure. Hence higher interest payments are a significant additional call on government spending.

Before becoming prime minister, Andy Burnham said that the UK should not be 'in hock' to the bond markets. During his first week in post he made a series of spending

commitments, including £340 million over five years to tackle rough sleeping, to be funded from 'uncommitted' budgets in the MHCLG; removing VAT from electricity bills (£1.8 billion over the next three years, unfunded); reducing the cap on bus fares (£500 million p.a. to be paid from switching some international grants to loans) and reducing business rates on pubs (£100 million p.a., which the government says is funded).¹ An earlier pledge to fund 'the biggest council housebuilding programme since the postwar period' appeared to fall back to being more closely aligned with existing commitments.²

But these measures are dwarfed by the potential expenditure arising from the prime minister's commitment to reforming social care to create a National Care Service, and the commitment to increase defence spending to the NATO target of 3.5 per cent of GDP by 2035 (although he has not committed to an interim target of 3 per cent by 2030).

Nonetheless, in July Burnham also affirmed his commitment to the government's existing fiscal rules and in September told parliament: 'We are taking the action needed to get debt down. This will be a government that is grounded in fiscal responsibility.'

In his first major speech³ as chancellor, John Healey echoed Burnham's commitment and also outlined a growth strategy. This is centred on devolution within England, accelerating the direction of travel towards mayoral authorities. He committed to setting out details of fiscal devolution in his budget but indicated that local and strategic authorities would retain a greater share of business rates, and that from 2028 grants would be replaced with a share of income tax generated locally. A key issue will be how the government deals with regions with less buoyant income-tax bases.

Healey also announced measures to increase investment in northern regions, including greater use of public finance institutions, such as the British Business Bank, to channel investment into private companies, and reducing the discount rate in the Treasury's Green Book (expected to make more projects outside London viable). The speech also signalled a continuation of policy to reduce 'red tape' such as business regulation, and to limit the scope for the 'vexatious' use of judicial review to halt infrastructure projects.

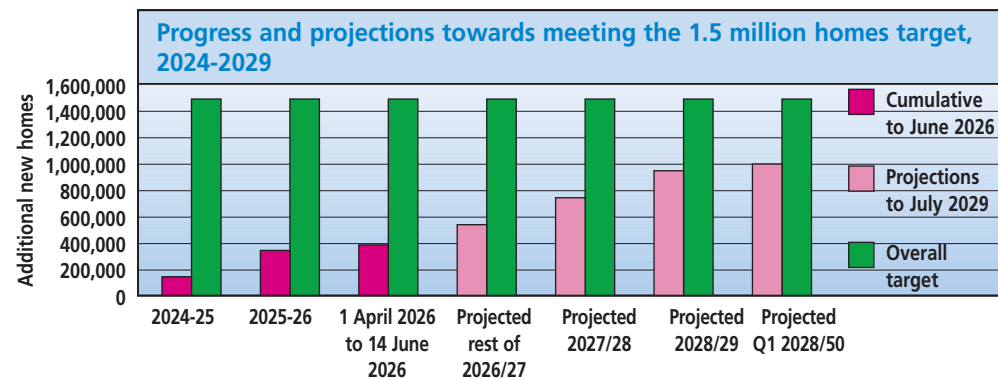
The Burnham administration has reiterated the 2024 Labour manifesto commitment to avoid increasing the three main taxes on households. The new chancellor has also avoided the kite-flying of possible tax increases in the run up to the Budget that contributed to economic uncertainty in the recent past. However, we shall have to wait until October 28 to see what decisions on taxation are finally made.

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Returning to her ministerial post, Angela Rayner was quick to restate the government commitment to building 1.5 million new homes in England in the current parliament. However, she conceded that there is only 'a slim chance' of meeting the target. The problems are fourfold: the private market is failing to build enough, partly held back by capacity problems, while the social sector cannot gear up quickly enough, in part due to the growing need to invest in existing homes.

The scale of the challenge is shown by the chart: by June this year, an estimated 392,400 homes had been added since July 2024 (and 437,900 by September 2026). Projected forward at the same rate, output would fall one-third short of the target.



Source: Author calculations based on MHCLG statistics on Housing supply: indicators of new supply, England.

Given the time lag in producing supply statistics, an indication of progress is provided by registrations of energy performance certificates for new properties.¹ These average around 50,000 quarterly and show little movement over the first two years of the current parliament.

Most new provision is expected to come from the private market. As our analysis shows (p.7), demand is held back by low confidence and stretched affordability, while what was a buoyant build-to-rent market has seen a fall in new starts.² There has been an uplift in new build starts generally, but this may be attributable to eased bottlenecks in scheme processing by the Building Safety Regulator, rather than being a real sign of increasing output.

Housebuilders have identified a 'viability crunch', where rising construction costs, higher taxes as well as additional policy costs and levies make many marginal sites unviable.³ Not surprisingly about half of extra costs are blamed on new government requirements, due to increase further in October with new building safety levies. Added to these are inflationary costs of labour and materials, with the National Audit Office assessing a need for 317,000 more construction workers to meet the 1.5 million target.⁴ Infrastructure limitations are also increasingly cited as holding up delivery.

Consequently, latest industry forecasts are not encouraging. Glenigan shows housebuilding starts falling sharply, down 25 per cent in July against the preceding three months and 46 per cent compared with the previous year.⁵

Government has taken a range of actions, notably major planning reforms – with their progress recently reviewed in detail by Lichfields.⁶ It has also committed £625 million to improve construction skills and its 'new homes accelerator' is claimed to have 'unlocked' over 125,000 homes in large developments. However, economic conditions remain difficult, with the housing market in 'suspended animation'.⁷ Consequently, there is considerable discussion about the need for a stronger stimulus such as a revived and more targeted version of Help to Buy (HtB).

Social housing's contribution

The government did not publish a figure on social housing's expected contribution to the target, but CIH and the National Housing Federation agreed in their submissions to the last Spending Review that output of around 140,000 would be needed.

Grant-funded supply of new homes has been increasing steadily – to 43,104 homes in 2025/26, about 3,000 more than the previous year; there has also been an encouraging increase in starts. In the recent past, around half of social delivery has come through developer contributions. A survey of large housing associations indicates that while they formed 37 per cent of output in 2024/25, this will fall steadily to 29 per cent by 2026/27.⁸ Overall, this suggests that, when data become available, affordable output in 2025/26 may be little more than the previous year (64,762).

April 2026 saw the start of the ambitious Social and Affordable Homes Programme (SAHP). While the combination of this and ongoing spending from earlier programmes signals a modest rise in investment, the sector's response has been mixed, with some associations expanding output while others cut back to invest in existing homes (see below). Local authorities are also severely constrained by their excessive debt, despite a government aim to increase their output. Nevertheless, an optimistic sign is that development forecasts are increasing quarter-on-quarter according to the sector's regulator,⁹ although the government held back SAHP approvals until September because of the danger of an overspend.

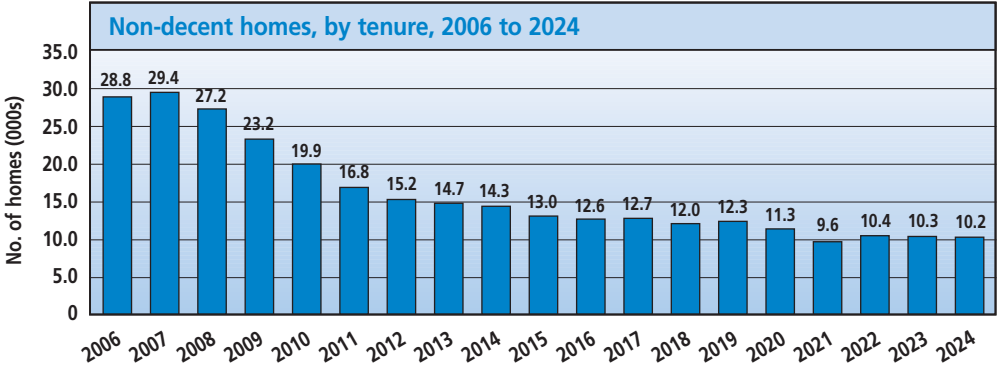
The *Review's* 2026 edition, published in March, suggested that output might rise slightly to around 70,000, well short of what is required. Half a year later, this assessment still looks realistic. Burnham's government has been urged to boost supply by releasing further SAHP approvals, increasing SAHP funding and enabling local authorities to contribute far more by relieving the debt levels in their HRAs.¹⁰

Competing investment in existing homes in the social sector

Pressure on output in England is exacerbated in the social sector by investment requirements in existing homes. In the past year, the government has largely concluded its updating of quality and safety standards.

Of these, meeting new energy standards requires the greatest investment. The estimated cost of achieving the new Minimum Energy Efficiency Standards (MEES) will be over £16 billion, with two deadlines for the sector to meet in 2030 and 2039.¹¹ These figures may prove to be underestimates if the minimum requirements are more ambitious than the proxies used in government modelling. Alongside MEES, the sector may also have to budget up to £2.1 billion for the cost of upgrading existing heat networks over the next ten years, depending how much can be recovered via service charges or is supported by grant funding.¹²

Meanwhile, the new Decent Homes Standard (DHS) is estimated to cost the sector an extra £2 billion over 15 years, on top of about £8.9 billion needed to meet the existing DHS (see chart).¹³ Other regulatory reforms are in hand, such as Awaab’s Law, the Competence and Conduct Standard, and the new Social Tenant Access to Information Requirements (STAIRs).



Source: MHCLG (2026) English Housing Survey 2024/25 Annex Tables, Annex Table 1.4.
 Note: Existing DHS only, not the 2026 updates that form the basis for the new 2035 standard.

These will all absorb significant financial capacity over the next decade. Analysis by Savills showed that policies on rent increases and rent convergence – though welcome – will not be sufficient to meet the twin demands of improving the quality of existing homes and building the 140,000 homes noted above.¹⁴ Legal obligations to existing homes and residents will inevitably be prioritised.

For this balance to be shifted, private finance and grant funding for improving existing homes must increase. Private finance, especially for energy improvements, is starting to take off. Major banks, sometimes unilaterally or in partnership with the National Wealth Fund, are accelerating their lending to housing associations, and a recently released ‘playbook’ on deploying innovative financial models encourages the sector to look beyond grant funding for retrofit.¹⁵ The government’s proposed Warm Homes Fund, backed by £5 billion of financial transactions, could also support the sector with the cost of meeting MEES and upgrading existing heat networks.¹⁶

However, grant availability to the sector is still unclear over the longer term. Government plans to combine its main low-income fuel poverty schemes into an area-based programme

from 2027/28, placing a question mark over how future funding will be distributed across tenures.¹⁷ Other capital programmes are insufficient to the task ahead. To give an illustration, the Warm Homes Plan commits £15 million per annum to 2029/30 for the Heat Network Efficiency Scheme (HNES).¹⁸ In the very unlikely scenario that all of this goes to the social sector, it will still cover less than five per cent of the cost of meeting proposed technical standards.¹⁹

Ultimately, whatever combination of private finance and grant is deployed to improve existing social homes, it is unlikely to free up enough capacity for the social sector to significantly boost its contribution to the 1.5 million homes target.

The unanimous industry view is that the target will fall short by at least 500,000.²⁰ In March, a government analysis for different purposes, based on Office for Budget Responsibility projections, implied a gap of around 400,000.²¹ The *Review’s* conclusion in March this year of a 25 per cent shortfall therefore appears optimistic, and the projection in the first chart, showing additions by the target date of around one million, rather than 1.5 million, now looks realistic – in the absence of much stronger government incentives over the remaining three years.

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Andy Burnham's government foresees more council housebuilding in England, but so far lacks a strategy for the UK's private sector, particularly homeownership, at a time of diminished confidence for investors and homebuyers alike. Rising interest rates are forecast, reflecting the state of the economy (see p.4), fuel costs and inflation. Existing borrowers who had hoped to refinance onto falling rates face rising fixed-rate loan costs.

The housing market has changed, not least for younger people. Although house prices have stalled in real terms (and even nominally in some areas), a combination of longer-term high prices and increased borrowing costs have stretched affordability in both the rental and ownership markets. Many younger households are being squeezed with, for some, compulsory deductions for student debt repayments.

Lenders have offered higher loan-to-value (LTV) loans and longer repayment terms, but it has been ever harder to fully negate the impact on borrowers. Longer terms mean ever-higher interest costs and slowing capital repayments – taking mortgaged homeownership ever deeper into retirement years. Little wonder that over 28 per cent of young adults aged 20-34 now live with their parents.¹

The private rented sector

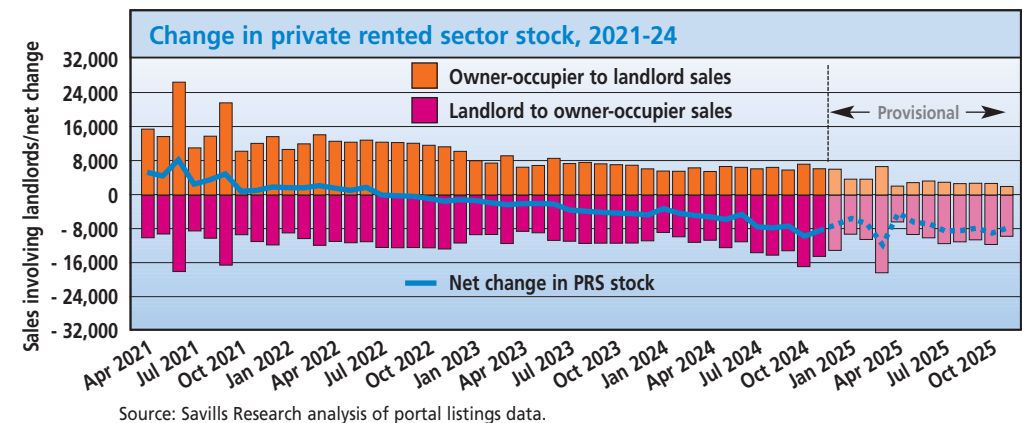
A complex reshaping of the UK's mainstream rental market has been underway, partly triggered by macro-economic realities, policy, legislation and tax changes and the demographics of landlords and tenants. In addition, we have a 'new' and expanding build to rent (BtR) market focused upon relatively affluent tenants who in part are making lifestyle choices. As this suggests, there is more than one private rental market.

In the year to April 2026, the ONS UK private rents index rose by 3.5 per cent, slightly up on the previous period. Wales had the biggest rise and Scotland the lowest; in England, rent inflation was highest in the North East at 6.5 per cent and lowest in London at two per cent.

Given the lack of alternatives, demand for private renting has remained strong although Zoopla suggests it has fallen from the peak in 2022,² a decline in part explained by significant affordability challenges. The *Review's* 2026 edition (and recently the JRF³) show the difficulties faced by low-income renters as benefit levels fall behind rent inflation.

Savills' review of the PRS highlighted fundamental change now working through after decades of growth built on the buy-to-let market.⁴ This has now peaked: the BtR sector emerged as a new growth point but its new supply is not keeping pace with losses of existing lettings. Savills estimated that sales by landlords to owner-occupiers were five times higher than purchases from them (see chart), although losses may have slowed. The PRS was also undergoing consolidation: in 2010, 40 per cent of landlords owned only one property, by 2024 this had fallen to 21 per cent; in contrast, in 2010, 17.5 per cent owned 5-24 homes but by 2024 this was 35.4 per cent.

These differing trends highlight the tensions within the housing market. Balancing these factors and retaining a supply response commensurate with the overall needs of the housing system is posing a considerable challenge.



The owner-occupied market

Much of the above is echoed in the homeownership market. Confidence is low and affordability is stretched, sales have been falling through and turnover is down. The Yorkshire Building Society has highlighted the failing housing ladder at all stages of the life cycle, and its societal consequences.⁵ Along with others (notably builders) it argued for a targeted Help to Buy (HtB) scheme and stamp duty reform.

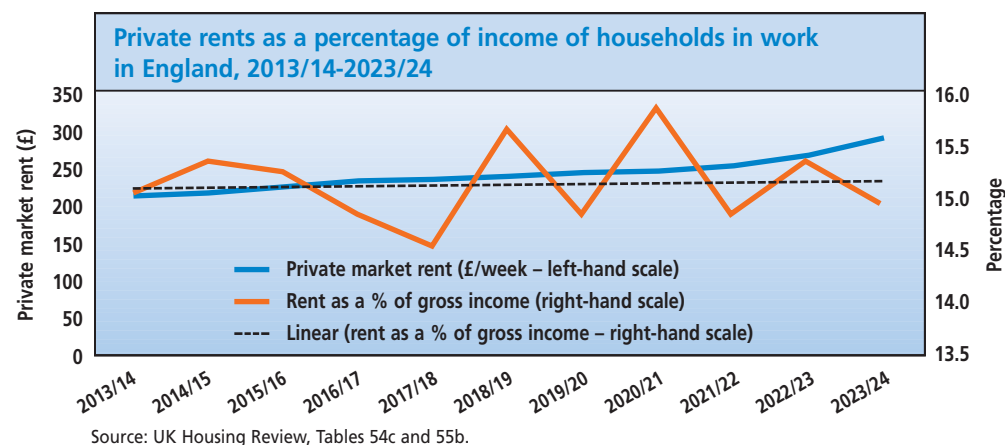
Shared ownership is of particular significance for lower-income buyers and a recent Commons report highlighted the tenure's weaknesses and what is being done to tackle them.⁶ Not least of the issues has been inadequate data allowing policymakers and analysts to assess the programme. Though more needs to be done, the English Housing Survey has recently put a focus on the tenure.⁷ With the New Homes Quality Board now operating the Shared Ownership Code we can see some long-awaited momentum in this neglected tenure (see also p.14).

Although housebuilders scrapped their own scheme aimed at replacing HtB, lenders have increased the supply of high LTV loans and of targeted schemes for first-time buyers, but the market is a long way from matching demand. However, stable and falling prices may themselves bring relief to a very strained system.

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The average monthly rent in England increased from £966 in 2015 to £1,400 in 2025,¹ £63 higher than if rents had risen by inflation alone, and is routinely described as unaffordable. However, popular but subjective definitions of affordability (usually set at around 30 per cent of income spent on rent) remain contested. The *Review's* data show private rents were remarkably stable at 14.5-15.8 per cent of working households' gross income between 2013/14 and 2023/24 (see chart), versus 21.7-24.8 per cent for all PRS households. Moreover, the ONS reports that 197 of 294 local authorities had average rents equivalent to 30 per cent or less of median private-renter household income in 2024. Median figures hide considerable variation but suggest the 'affordability crisis' is unevenly felt.



Rising rents reflect multiple pressures, including constrained supply and higher operating and financing costs. They also reflect the impact of taxation, regulatory intervention and uncertainty, which increase perceived investment risk and therefore required returns.²

Several 'treatment pathways' are available. First, more homes could be built to meet demand. Second, incomes could be improved among groups facing affordability pressures. However, neither offers a timely solution. Third, rare cross-sector agreement supports restoring and maintaining LHA at the 30th percentile of market rents, consistent with the post-1988 consensus that housing benefit should bridge the gap between rents and benefit levels. However, some critics view this as a transfer to landlords, making it less politically and fiscally palatable.³

The fourth, invasive 'pathway' is rent control, advocated in several recent reports.⁴ Most contend that returns are so excessive that landlords can absorb the burden of rent control without significant risk of exit, although some exits may be necessary or desirable. But, if affordability is uneven, why is its proposed treatment universal? Is a 30 per cent affordability measure appropriate across household types? Does transferring burdens from tenants to

landlords always produce a social or economic gain? Are landlords rational investors? How generalisable are claims of 'supernormal returns'? Are exits from the market 'desirable' and will transferring a dwelling to another tenure really 'make it cheaper to occupy'? And so on.

Claims that rent controls operate well in some countries require caution, given differences in housing systems, cultures, and institutional arrangements. An international review found that rent control can slow rent growth but 'also leads to a wide range of adverse effects', including reduced supply, housing quality and mobility.⁵ Recent papers report a failure to reduce rents in several French cities, fewer tenancy agreements in Catalonia, reduced portfolio sizes in Berlin, and fewer rental listings in Ireland.⁶

Evidence from Scotland suggests that landlords' investment decisions respond not only to current returns, but also to policy signals, the cumulative impact of regulation and taxation, and perceived anti-landlord sentiment. The 2022-24 temporary cap on rent increases disrupted investment and changed both landlords' exit intentions and rent-setting behaviour.⁷

In England, the Renters' Rights Act is only partly implemented, raising questions about the sector's capacity for further change, particularly given mooted reform to property taxation.

The affordability crisis is not sufficiently understood, uneven in its effects and driven by a complex range of factors. Transferring the affordability burden to landlords via rent control potentially offers a politically and fiscally expedient short-term solution. But it is no panacea; the long-term prognosis remains unclear and its advocates acknowledge that there may be unintended outcomes. Given the uncertainties, it may be wiser to start by restoring and maintaining LHA at the 30th percentile of market rents.

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England's temporary accommodation system can be compared to a bathtub where the water level is determined by the balance between households entering and leaving the system.¹ If more households enter than leave, the bathtub fills. At the end of 2025, 134,210 households were living in temporary accommodation (TA) across England. Although a slight reduction from the previous record-setting quarter, this figure is five per cent higher than in 2024. Currently, not only is England's TA bathtub overflowing, but the cost of the bathwater also continues to rise. The result: local authorities (LAs) are left holding buckets, trying to contain the overflow.

LA spending on TA has reached record levels. Since 2019/20, their net spending on homelessness services has increased by £950 million, or 125 per cent in real terms.² Challenges are particularly acute in London, where net spending reached £739.9 million in 2024/25, a real-terms increase of 1,143 per cent since 2011/12.³

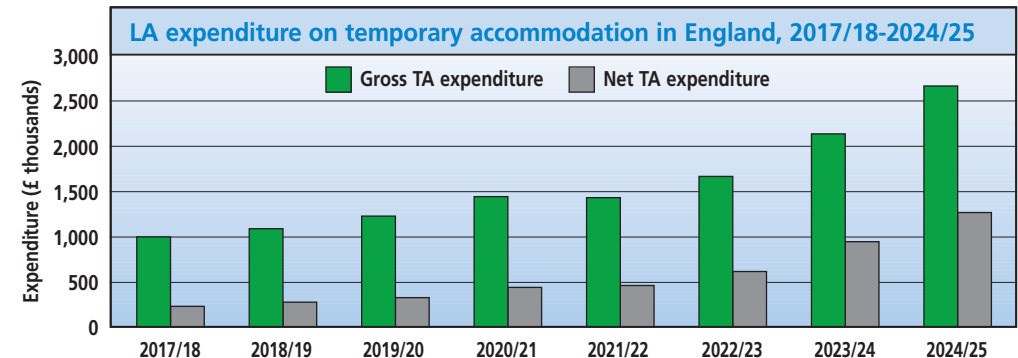
TA costs are principally met by rent and service charges, with most residents in receipt of housing benefit (HB), administered by LAs, going towards these costs. The HB subsidy paid by the DWP to LAs remains frozen at 2011 local housing allowance (LHA) rates, well below current private rent levels. This disparity leaves councils to cover the widening gap between subsidy and actual costs from General Fund expenditure and government grants, in particular, the Homelessness Prevention Grant (HPG). However, from 2026/27, some elements of HPG have been incorporated into the new ring-fenced Homelessness, Rough Sleeping and Domestic Abuse Grant, while £969 million in former HPG funding for TA has been incorporated into the multi-year local government finance settlement.⁴

Shortages of social rented housing and worsening availability and affordability in the PRS, exacerbated by ongoing LHA freezes, have increased demand for TA (see pp.7 and 8). In London, the availability of private rented homes in early 2023 had fallen by more than 35 per cent since before the pandemic.⁵ Further, the Homelessness Reduction Act expanded LAs' duties, bringing many previously excluded people into the homelessness system and increasing the use of TA without addressing the constraints on households moving into settled accommodation. These constraints are further compounded by competition from other parts of government, primarily the need for asylum-seeker accommodation.

Fewer households are moving on from TA as councils increasingly struggle to secure affordable, settled housing. In 2025, 69 per cent of LAs surveyed reported that accessing social housing for those facing homelessness had become harder in the previous year, with 87 per cent reporting the same for private tenancies.⁶

Many landlords have also moved away from long-term leasing arrangements in favour of more lucrative (for landlords) nightly-paid accommodation.⁷ The result is a growing reliance on one of the most expensive forms of TA, further widening the subsidy gap.

As the gap increases, LAs' contribution to TA expenditure has risen from 7.1 per cent in 2009/10 to a staggering 50.6 per cent in 2024/25, with one-third of English authorities using more than ten per cent of their core spending on TA.⁸ The consequences are stark. TA subsidy losses are now a 'critical financial risk' to LA finances,⁹ with warnings that some authorities



Source: MHCLG Revenue Outturn data (2026). Note: TA administration excluded for consistency over time.

face service cuts or bankruptcy as resources are diverted to meet statutory homelessness duties. Prolonged stays in TA are also, of course, harmful to households, with poorer outcomes across health, education, and wellbeing.

LAs are pursuing local measures to contain TA costs. Greater Manchester, for example, has £11.5 million committed in 2026/27 to bring 400 empty homes back into use, while Brighton is investing £50 million to buy homes from private landlords.¹⁰ Such initiatives can help LAs manage immediate pressures, but greater financial relief requires action from central government. Extending initiatives such as the Local Authority Housing Fund and reforms to LHA and TA subsidy could help to narrow the subsidy gap. However, until government policy also addresses wider systemic pressures, including the supply of genuinely affordable housing, LAs are left holding their buckets, doing their best to contain the overflow.

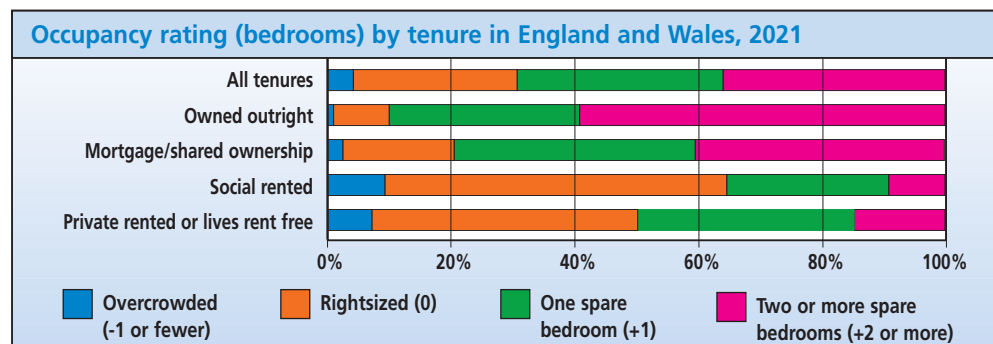
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In the context of housing shortages, distribution of living space has become an important issue warranting greater policy attention. A system that better matches households to homes would reduce overcrowding and expand choice.

Places for People (PfP) and the Cambridge Centre for Housing and Planning Research recently examined under-occupation and overcrowding in social housing, highlighting the challenge of 'locked-in space'.¹ They found that older people are more likely to under-occupy, and younger people to experience overcrowding. Geographical concentrations of concurrent under-occupation and overcrowding occur, especially in large urban and post-industrial areas.

Census data show (see chart) that housing mismatch is a wider feature of the housing system. Only one-third of households are 'rightsized', i.e. with proportionately distributed living space relative to household size. Household occupancy patterns vary significantly across tenures: owner-occupiers are more likely to have spare bedrooms, while social tenants are most likely to be either rightsized or overcrowded. This reinforces the case for a systems-wide approach to housing mismatch.



Source: Census 2021.

Note: 'Rightsized' is an ONS Occupancy Rating of 0; a rating of -1 or lower indicates households with fewer rooms than required (overcrowded); +1 or more implies under-occupancy.

Any discussion of rightsizing must start with supply – whether suitable homes exist across markets, at the right price and located within existing kinship and care networks. While identifying the precise drivers of under-occupancy and overcrowding requires more detailed study, prospective solutions can be scoped at least for social housing and owner-occupation.

For *social housing*, the root issue is constrained choice and limited supply. Policy levers for occupancy management are clearly insufficient given that overcrowding is rising. Experience with the 'bedroom tax' shows the limits of treating under-occupancy as a behavioural problem, with shortage of smaller homes and care/community networks deterring downsizing.

While an ambitious housebuilding programme partially addresses supply constraints, the types of homes built are important, particularly whether they are suitable for older people or

those with disabilities. Measures beyond housebuilding that could expand choice include greater use of mutual exchange and cross-landlord transfer agreements.

PfP's pilot showed that housing mismatch is often a result of uncertainty, inertia or lack of attractive alternatives. There is also a need to move away from allocations systems responding to current need, towards anticipated need. At moments in a household's life-course such as retirement or children leaving, rightsizing could be promoted. This need not necessarily rely on financial incentives, as timely reviews, future-needs planning and 'opt-out' policies would help awareness of available choices.

Owner-occupiers are most likely to have spare bedrooms, although they are valued for family visits, caregiving, etc. Yet this does not preclude possible rightsizing pathways. A mix of measures can be observed from other countries. For example, Singapore provides a 'Silver Housing Bonus' (a cash incentive of up to £20,000) for eligible seniors who downsize, and lease buyback schemes allow them to sell part of a public housing lease to boost retirement income. Australia's 'Downsizer Superannuation Contribution' allows eligible older homeowners to use sales proceeds for housing wealth and retirement saving redistribution.

While such approaches cannot be replicated entirely, the UK does have policy levers such as taxation. For many, decisions to move are informed by a mix of transaction costs, accumulated housing wealth, emotional attachments and caregiving arrangements. Offering tax exemptions of up to £7,500, the current Rent a Room Scheme is a good example of engaging with housing choice. Further options could include:

- *Stamp duty land tax reforms (reduce transaction costs to encourage moving)*: These could include expanding relief eligibility and/or reducing tax liabilities in the context of rightsizing, to reduce the upfront costs. Careful design would be needed to avoid subsidising moves that would have happened regardless.
- *Inheritance tax reforms (encourage giving up larger homes by reducing perceived financial penalty)*: While downsizing provisions are already in place to preserve some of the residence nil rate band, they could be expanded (for example, relaxing the restriction linked to qualifying assets for downsizing additions).
- *Council tax reforms (remove under-occupation incentives)*: Any forthcoming review could consider how the current system shapes housing choices, e.g. encourages under-occupation through single-person discounts.

The Rent a Room Scheme also raises the possibility of whether spare bedrooms could be used even more flexibly. The Homes for Ukraine scheme showed that utilising spare rooms can be compatible with broader social purposes. While 'hosting' is not a substitute for rightsizing, it helps ease pressures caused by housing scarcity.

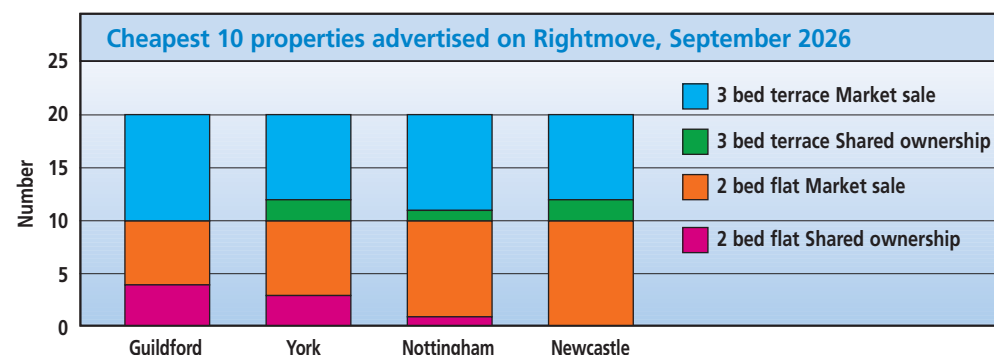
Regardless of approach, households are more likely to move if offered greater security, independence and agency, as opposed to simply loss of space. The challenge for politicians and the housing sector is to balance a shared policy objective with a suite of tenure sensitive tools.

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There are nearly a quarter of a million shared owners in England. In 2024/25, 20,353 new shared-ownership homes were delivered, two-thirds of them being houses. The average market price was £323,700 and the average share purchased was 38 per cent. Three-quarters of buyers were aged under 40 and 70 per cent were first-time buyers. Sales are concentrated in London and the South East, which have 43 per cent of the market.¹

Shared ownership's role as an entry route into homeownership is more significant in high-value areas. The chart compares asking prices for lower-value homes for sale in September 2026 with those advertised for similar-sized SO properties. In lower-value areas such as Newcastle it is possible to buy a property outright for less than a SO property, although of course we do not have details on property condition or most desirable local areas for these properties.



Source: Rightmove, September 2026.

Note: Excludes tenanted properties and retirement housing.

In all locations SO can relieve pressure on the waiting list and help housing associations deliver viable mixed-tenure schemes from day one. In the longer term the value of the unbought shares (uplifted by any increase in local house prices) helps provide valuable collateral for loans to housing associations.

Shared owners are leaseholders, not freeholders. They can buy a share of between 10-75 per cent and pay rent at 2.75 per cent on the remaining unbought share. As well as these costs, shared owners usually pay a service charge and are responsible for repairs (outside their new-build guarantee or initial period for structural repair). The English Housing Survey indicates that shared owners are less satisfied with services received than are other leaseholders. Shared owners were more likely to say the amount they pay was 'high' (61 per cent) compared with other leaseholders (46 per cent). Of all shared owners, 43 per cent had considered making a complaint. Looking only at those who complained, the proportion complaining about repairs was higher (78 per cent) than for other leaseholders (56 per cent).²

Over the period 2022/23-2024/25, SO completions averaged 32 per cent of all affordable completions in England. This was far higher than the alternative initiative, First Homes, which had a minimal impact, delivering less than two per cent of all affordable completions even in its peak year of 2022/23.³

Shared-ownership provision can take the form of new build within standalone developments or through section 106 purchases from developers of market housing. During the 2010s, s106 provision accounted for a large share of new homes, reaching 67 per cent in 2017/18.⁴ More recently, this has declined as the 2026-36 Social and Affordable Homes Programme (SAHP) comes onstream and private-sector starts fall. At least 60 per cent of SAHP starts are expected to be for social rent.

Housing associations report that they do not generally like mixing social and affordable rental properties on the same site, because tenants pay different rents for the same product. SO produces higher revenue per unit than rental tenures. Typically, the authors assess this at around 75 per cent of revenue from market sale compared with 45-62 per cent for Affordable Rent and 37-45 per cent for social rent.

For both reasons it is therefore likely that, in a mixed programme, the main alternative tenure to social rent will be shared ownership rather than Affordable Rent.

Section 106 schemes on small sites can be problematic as they are not always cost-effective to manage or maintain. Informal indications from providers suggest that a scheme with a typical 70:30 mix of rent and SO needs to consist of at least 25 units and for maximum efficiency closer to 50-60 units.

Shared ownership has an important role as a mechanism for helping lower-income households into homeownership and ease demand pressures. But having to service a mortgage alongside rent, service charges and repairs can make it less accessible to modest-income households. It works better in high-value areas where the gap between incomes and entry-level properties is greatest compared to low-value areas where more properties may be affordable for normal purchase.

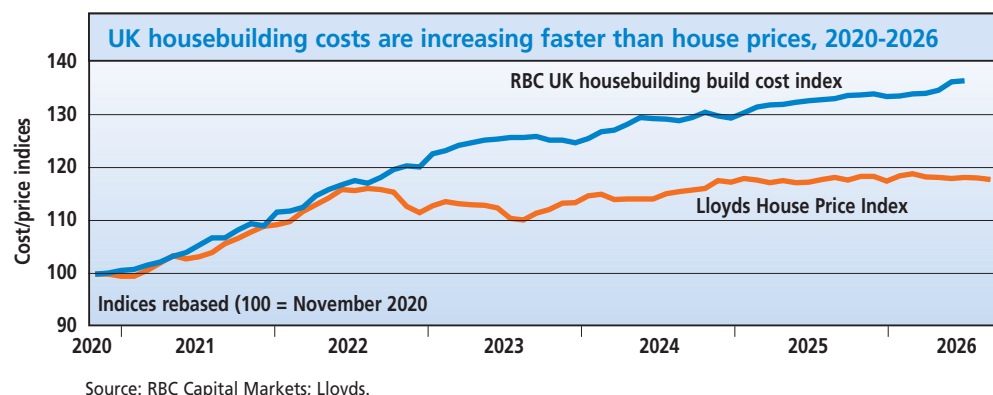
Shared ownership can also help ease viability pressures for both private developers and housing associations by generating higher value compared to rental tenures. However, for housing associations, new schemes need to be large enough to be managed cost effectively.

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England's National Housing Bank (NHB) opened for business in March, with up to £16 billion to invest and ambitions to unlock a further £50 billion of private capital. Indications from within the bank suggest that the £10.5 billion of investment capital and £5.5 billion of guarantees could be deployed over the five years 2026-31.

The NHB's stated mission is to 'drive the delivery of new homes and create vibrant communities' and to 'make the unviable viable' by supporting schemes that would struggle to progress under prevailing market conditions. Like its fellow public financial institutions, GB Energy and The National Wealth Fund, the NHB is designed to crowd in private investment through co-investment of debt, equity and guarantees and de-risking private capital.



Given that the housebuilding industry is struggling with viability through a combination of higher building costs and reduced households' purchasing power, 'making the unviable viable' seems a tall order. The NHB and Greater London Authority between them have announced £2.5 billion of low-interest loans for housing associations (HAs), at a fixed rate of 0.1 per cent, to tackle this viability problem. On the face of it, these feel like a crude and expensive use of the NHB's resources – with every £1 of loan equivalent to 70p of grant according to research by the Resolution Foundation.¹

While no HA is likely to turn down near-free, 30-year money, this accounts for almost 16 per cent of the NHB's initial investment. The Resolution Foundation estimates that this could deliver an additional 13,500 homes. Given the NHB's target of delivering at least 500,000 homes, allocating this proportion to deliver just 2.7 per cent of the target doesn't feel like an efficient allocation of resources.

What about further guarantee programmes for on-balance-sheet HA borrowings? In theory the NHB will build upon the Affordable Homes Guarantee Scheme (AHGS), using the £5.5 billion earmarked for guarantees. The author rather rudely described the original AHGS as 'a solution looking for a problem' because neither the marginal cost nor the availability of

on-balance-sheet funding acted as fundamental constraints on HA capacity. While no one turns down marginally cheaper finance, there is so much 'noise' in a typical HA business plan (historic performance, existing stock investment, regulatory changes, refinancing, etc.), that drawing a direct link between the provision of guarantees and measurable extra housing supply is near impossible. Going forward, we may expect the NHB to be more explicit in demanding a clear and transparent output from its interventions.

So aside from targeted site acquisitions, partnership acquisitions and investments with the likes of Aviva, Hill Group, Starlight and Richborough, including major strategic sites such as Cambridge East, how might NHB deploy capital in the most efficient manner to reach its 500,000+ target? Given the established, cost-effective market for conventional funding for housing associations, the NHB could potentially have more impact and unlock significant volumes of private capital through different routes.

Support for off-balance sheet, project-financing structures could unlock volumes of long-term, investment-grade insurance capital. With HA balance sheets facing increasing constraints, models are being developed to essentially re-capitalise the sector and enable it to ramp-up development volumes in ways HAs are unable to do via conventional borrowing. These structures represent a new departure for investors, so the NHB has an influential role to play, whether through debt guarantees, or subordinated debt which would take a higher-risk position versus conventional debt, to underpin the senior debt.

Support for financing structures to accelerate bulk purchases of residual shared-ownership interests from non-profit HAs could recycle capital to free up development capacity, for example by providing more certainty around minimum levels of staircasing to reduce uncertainty of cashflows for investors and lenders.

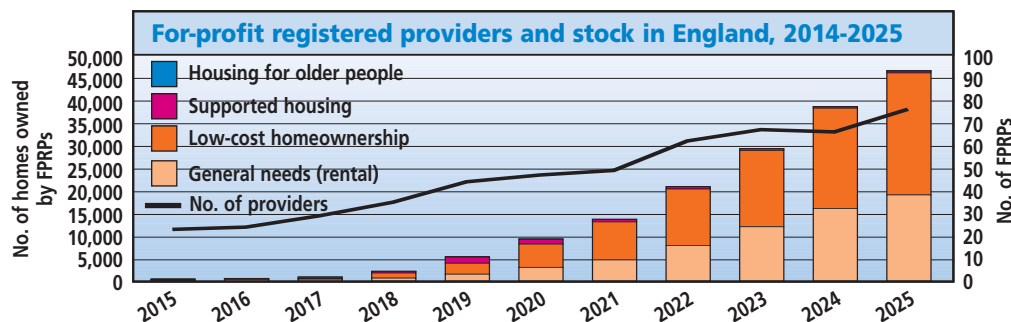
If off-balance sheet solutions are the answer to the housing sector's financial capacity problem, HAs also have a key role in facilitating larger-scale development. This will ultimately create its own challenges in terms of capacity and risk appetite for HAs to on-lend to their own development vehicles. Banks have traditionally treated HA development subsidiaries with some suspicion, willing only to lend scheme-by-scheme finance, as opposed to the corporate facilities available to more established house builders. By co-investing debt and equity alongside the HAs, the NHB can play an important role in unlocking more flexible, lower-cost and borrower-friendly, non-recourse financing to the development subsidiaries of developing HAs. This may provide a new route for government to get homes built.

Significant headwinds remain in terms of broad viability, but by fine-tuning new capital structures and facilitating significant investment of private capital, the National Housing Bank can demonstrate its value in delivering new, affordable housing.

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This year's *UK Housing Review* posed a question about for-profit registered providers (FPRPs): 'Were they the next big thing?' The subsector is relatively immature, and the near start-up status of some providers means that it will inevitably evolve and change. Here we consider recent developments in England.



Source: RSH (2025) Private Registered Provider (PRP) social housing stock in England 2024 to 2025, Table 3.3.

Playing a key part is the overall health of traditional, non-profit providers. Whereas the focus of the non-profits on investment in their existing stock had created scope for FPRPs to fill any gaps in new development or acquisitions, there has been a degree of recovery in non-profits' capacity. This has been aided by progress on the backlog of work on existing stock, the new Social and Affordable Homes Programme and the longer-term rent settlement, allowing some non-profits to restart or expand their development programmes.

For some non-profits it has also created an appetite to seek a 'collaborative' way forward, looking to create longer-term partnerships and lever-in further funding.

In April, L&G argued¹ that joint ventures, co-owned by non-profit associations and for-profit institutional investors, could increase affordable housing output to 80,000 homes per year, without additional government subsidy. The model involves the sale of existing affordable properties to these joint ventures, allowing receipts and released subsidy to be used for new build.

Reactions to this proposal have been mixed, but there is clearly an appetite to explore this and other models. A survey of the top 40 (by stock) non-profits found that one-quarter of the 12 that responded were exploring alternative finance or partnership models.² Evidence of this is the announcement in March of a joint venture between the G15 non-profit provider, Hyde Group, and L&G, which will have an initial portfolio of 1,000 homes.³ Probably the greatest stumbling block in the sector will be the matter of stock ownership. And while most of the current activity centres on larger providers, such ideas will no doubt ripple wider in the sector.

Partly triggered by government pressure for all regulators to look at how they can help support economic growth, the Regulator of Social Housing (RSH) issued a call for evidence on *More and better social homes* in June.⁴ Its desire to support innovation in the ways

associations fund, develop and manage homes at least in principle gives more space for FPRPs to become mainstream alongside non-profits.

Regulatory challenges

In 2024 the RSH acknowledged that it needs the ability to understand and scrutinise FPRPs, and it has staffed up accordingly.⁵ We have thus seen gradually tightening scrutiny around some of the models put in place at the outset.

Most recently, the entry of two of Heylo's investment companies into administration has highlighted the possible consequences.⁶ The RSH's intervention focussed on the way in which the company was structured, with Heylo Housing RP Ltd being registered, but leasing some 10,000 shared-ownership properties from six investment companies (or 'pods') that are not. RSH deemed Heylo Housing RP to be non-compliant towards the end of 2022 on grounds of both governance and financial viability. Heylo RP had sought to become compliant by taking all six pods under its control.⁷ However, noteholders in two of the pods did not agree, precipitating entry into administration.

This puts in doubt the future of the 3,500 social homes owned by these pods, along with the public grants they received. The administrator, PwC, was not appointed by RSH as it would have been where the owner was registered. PwC's responsibility is to protect investors rather than ensuring that the homes remain in the social sector.

The case illustrates the vulnerability of social housing transitioning out of the sector and of the potential loss of public grants that would normally be recycled. RSH's chief executive has said that it illustrates 'the importance of going through full registration so potential issues can be identified early – rather than bypassed through acquisitions.'⁸

Without doubt the RSH will be put further to the test as the subsector evolves and starts to generate profits. However, the increasingly blurred divisions between FPRPs and non-profits begin to hold out the promise that issues of ownership and control might settle, and offer an acceptable way forward.

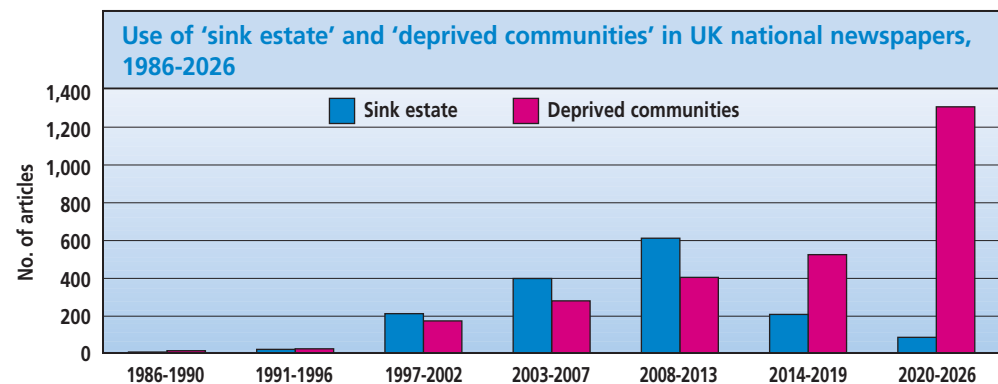
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Social housing in the UK has changed profoundly over recent decades, undergoing a long process of residualisation, largely housing those with the greatest need and fewest options. Negative narratives about estates and their residents are shaping not just public attitudes but how decisions are made. Residents have found themselves misjudged or unheard, with even their understanding of their own homes and communities treated as unreliable and irrelevant.

Tragedies such as the Grenfell Tower fire and the death of Awaab Ishak brought these issues to the forefront, revealing not just regulatory failure but a deeper problem of residents' concerns going unheard. Government acknowledged this, strengthening the regulatory system in England, including through the Competence and Conduct Standard. But there is still evidence of residents experiencing failures in service delivery and culture.¹

To test one aspect of the issue, UK national newspapers were examined to check for use of the term 'sink estate' over the 40 years to 2026, updating research by Tom Slater.² Usage increased at particular political moments, for example after a speech by David Cameron on estate regeneration in 2016. Extended to 2026, it reveals a post-Grenfell drop in the term's use (see chart). However, use of the term 'deprived communities' has become prevalent instead, suggesting that the stigma continues.³



Source: Author's analysis, updating research by Tom Slater.

Note: Not all titles have complete digital archives from 1986; figures for earlier years should be read with caution.

This matters because how places are described not only shapes policy and service delivery, but also how organisations respond to residents and communities. Research on stigma in social housing consistently finds that it creates credibility gaps: residents' complaints are treated as isolated grievances rather than early warning signs, lived experience is considered less reliable than technical or managerial knowledge, and decisions get made about communities rather than with them.⁴ A study of residents of a northern England estate found exactly this pattern in practice.⁵ Residents' knowledge of their own homes and

communities was treated as secondary opinion. Stigmatising assumptions about the estate shaped decisions rather than residents' experiences. They become embedded in organisational culture and everyday practice and can persist even when personal intentions are positive.

Recent evidence confirms that this pattern continues; for example, a national survey of social housing tenants found that 70 per cent feel stigmatised and 68 per cent believe the government has done little to address this since Grenfell.⁶ G15 research in London found nearly half of residents had experienced discrimination because of their housing status.⁷ Housing Ombudsman casework reports have repeatedly identified cultures of dismissal and delay, with 73 per cent of complaint determinations in 2023/24 resulting in maladministration findings.⁸ The language shifts shown in the chart have arguably not been matched by equivalent shifts in practice.

Some work is underway: for example, a ministerial roundtable brought together sector leaders, researchers and resident voices to consider how to address stigma in social housing. CIH has made this a dedicated area of work, partnering with Stop Social Housing Stigma, Peabody and a group of providers to evaluate whether efforts to tackle stigma actually make a difference.⁹

Whilst this marks progress, the sector needs to move forward with a unified, government-backed response, or risks uncertainty about who is doing what and at what scale. The Cambridge Centre for Housing and Planning Research is working with Places for People to map sector activity and develop a diagnostic tool for housing associations.¹⁰

The regulatory framework is in place, and the means to measure cultural change are being developed; therefore, what is needed now is the will to act on what that measurement reveals.

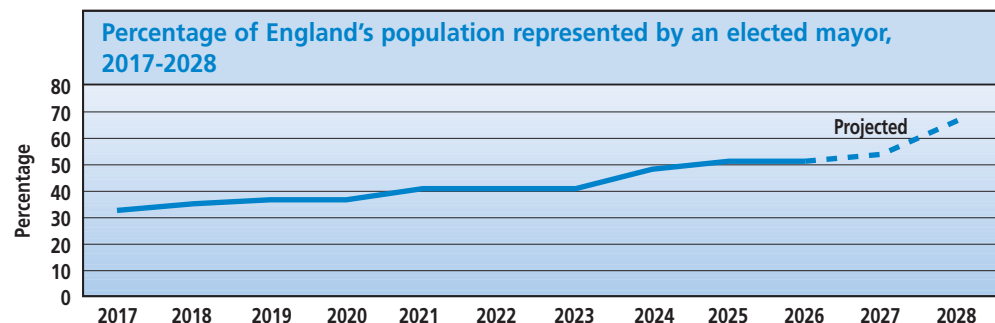
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In July, Andy Burnham's ascent to the top of British politics led to an ambitious promise about how policy would be designed and delivered by his administration. Devolution in England would go further and faster, leading to 'a fundamental rewiring of the way our country works'.¹

As we await details of the next steps, uncertainties remain – particularly about how fiscal devolution will avoid disadvantaging less affluent regions where tax receipts are currently lower than public spending. There are also questions about how mayoral accountability and transparency can be enhanced. There are, however, some things we do know.

First, elected regional mayors are now an established part of the political landscape with significant influence over housing policy and delivery. Over half of England's population is now represented by an elected mayor, a figure which will rise to over two thirds in 2028 (see chart). Legislation gives mayors planning powers, including the ability to establish mayoral development corporations, to introduce community infrastructure levies and to 'call in' strategically important planning decisions. Planning powers of mayors across England now look set to align closely with those held by London's mayor – potentially risking the same tensions with local planning authorities that have been evident in the capital.



Source: Author calculations from official sources.

Note: Figures include London.

Second, the geography of English regional government is beginning to stabilise. Public services – such as police units and Integrated Care Boards – are now set to align with these structures, and statutory spatial development strategies will coordinate planning activity across these areas. Local government reorganisation replaces one form of two-tier government (the county/district model still in place across much of England) with another (strategic authorities, with large unitary councils at the lower tier).

Third, housing policy is rapidly coalescing around this new map of sub-national governance. Homes England moved to a regional model in April 2026. Six 'Established Mayoral Strategic Authorities' (MSAs) were designated as strategic partners for affordable homes delivery. Cross-boundary housing partnerships, which include housing associations, are increasingly common.

With mayoral strategic authorities now established, it is worth considering how they are placed to support housing delivery.

A key benefit is their ability to co-ordinate place-based policy and align policy design and delivery across wider geographies. Spatial development strategies potentially bring together policies in public health, planning, transport, education and industrial strategy to develop the right homes in the right places.

Current mayoral planning powers are more suited to regeneration than large green belt sites. Mayoral Development Corporations (MDCs) – statutory bodies established by mayors – are a popular model for developing new homes, particularly close to transport hubs. In Stockport, Greater Manchester, around 1,500 homes have been built through its MDC so far, mostly located close to the recently redeveloped rail and bus stations. At present, these are primarily privately rented – delivering more homes for social rent will require more direct intervention and spending from MSAs, local authorities and public sector partners. There is also a need for better scrutiny of MDC activity, evidenced by governance issues in the South Tees Development Corporation,² and work to ensure local authorities are not sidelined. Combined authorities have generally operated effectively where there is political alignment with constituent authorities, but there is a risk of collaboration breaking down as electoral politics appears increasingly splintered.

Mayors also have significant soft power, to act as advocates for their region and explain the benefits of housebuilding. After its integrated financial settlement in 2025, West Midlands mayor Richard Parker launched a 'Homes for Everyone' programme which includes affordable housing as a priority, linked to his aim to reduce homelessness and numbers of children in temporary accommodation.

The primary constraint on mayors is their inability to raise money. Unlike their counterparts in Germany, Spain and France, they have few revenue-raising levers and largely rely on central-government transfers. This looks set to shift, with plans to devolve a small portion of income-tax receipts to mayoral strategic authorities and also allow greater retention of business-rate income. Further fiscal devolution might look at how the council-tax system could be reformed to provide fairer links between what residents pay and the services they receive. More effective forms of land value capture would also enable more effective delivery of Burnham's housebuilding ambitions.

Even for English devolution, which has experienced rapid churn over the last decade, these have been a dizzying few months. A key challenge for mayors and strategic authorities is how to use their housing and planning powers to deliver the right type of homes in the right places. Central government must provide them with better fiscal tools to ensure that they can go further and faster on housing delivery.

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2 Department for Levelling Up, Housing and Communities (2024) *Independent review report: South Tees Development Corporation and Teesworks joint venture*. London: DLUHC.

Housing campaigners, politicians, developers and the public agree that London has a housing crisis but not about how to solve it. London needs 85,000 additional homes per year but 2024/25 saw only 32,700 additional dwellings provided, with recent figures showing that starts are falling, not rising.

Most of London's housing, both market and affordable, is built by for-profit developers. This model has broken down. The Aylesham Centre scheme illustrates the challenges. This tired 1980s shopping centre in Peckham, a diverse neighbourhood in Southwark, was designated for redevelopment in 2014. Various schemes were worked up but withdrawn after local campaigns.¹ In 2024, Berkeley Homes applied for permission to build 857 homes, with a reduced affordable housing element of 12 per cent compared with 35 per cent promised earlier.

In summer 2025 Berkeley appealed to the planning inspectorate as Southwark had not yet taken a decision. In May 2026 the inspector refused the application, and in July Berkeley applied for judicial review; the case is ongoing.

Meeting housebuilding targets relies on big, high-density schemes and this one appeared to face fewer hurdles than many: a designated brownfield site with undistinguished buildings and no existing housing. But the planning process has taken a decade and is unresolved. With falling demand for new-build homes in London, for-profit housebuilders may be increasingly unwilling to accept this level of risk.

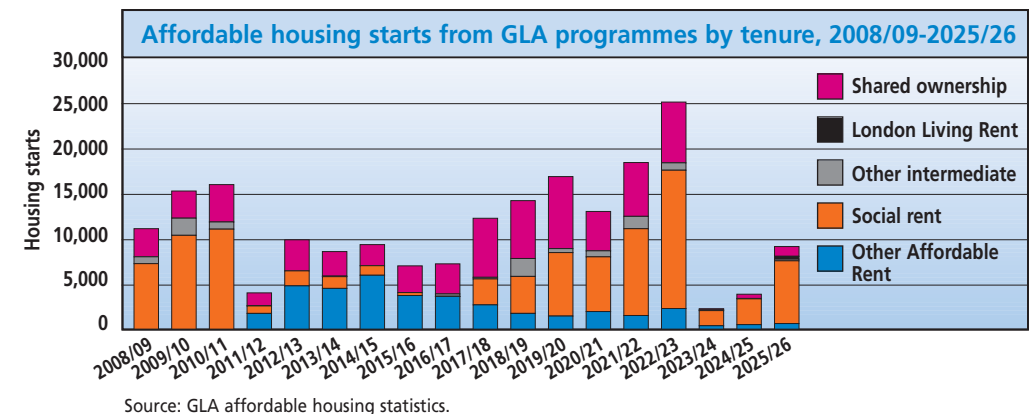
The case highlights the disjunction between the incentives for developers and what local people want in their communities. Developers make profits from building homes that will sell, regardless of where buyers come from; locals prefer homes that will suit and be affordable to them. There is a vast gulf between these two visions.

Developers fund section 106 affordable housing using cross-subsidy from market sales, which falters when demand falls. From 2016, the mayor allowed boroughs to fast-track developments providing at least 35 per cent affordable housing but in October 2025 reduced this to 20 per cent,² as 'a temporary short-term package of emergency measures',³ contingent on construction starting by April 2028.

A draft new London Plan, published in July, has housing as its main focus. Once in force (probably 2028) it will govern boroughs' decisions about developments. The proposed housing target is 55,800 homes annually, against 52,000 in the current plan and 'housing need' of 85,000. Even this modest increase seems more hopeful than realistic.

A return to council housing could address some of the shortcomings of the developer-led model (though would introduce other challenges) and both the new prime minister and current mayor want more public-sector homes. Most boroughs now have in-house development arms or wholly owned companies producing small numbers. But a return to large-scale public housing production is impossible in the short term: neither local authorities nor central government can afford it.

The mayors have controlled London's various affordable homes programmes since 2012/13, and performance in terms of the preferred measure (starts) is shown in the chart. In 2025/26, starts were up significantly from two years earlier but well below the high reached in 2022/23. This reflects rising costs, competing financial priorities for providers, and the fact that in the last three years most funding has gone to social rented homes, requiring deeper subsidy.



Turning to the private rented sector, the Renters' Rights Act that came into effect in May 2026 (see p.8) has been welcomed by housing advocates and by the mayor, although it does not grant him the long-sought power to introduce rent control. The Act abolishes section 21 evictions, but other types of no-fault eviction are still permitted, so the change may not reduce homelessness presentations as much as hoped.

In London as in other high-cost areas, affordability pressures are more acute in the PRS than in other tenures. Although the Act limits the frequency of within-tenancy rent increases it does not cap initial rents. The London Assembly has warned that landlords will become more selective, possibly limiting access for those who cannot pass standard tenancy screening, such as international renters and those with unconventional circumstances. A report by Molior⁴ shows that off-plan purchases of new homes by buy-to-let landlords, which underpin the financing of high-density schemes, have dried up. At least in the short term the Act is likely to benefit existing tenants, but may disadvantage those seeking a new home.

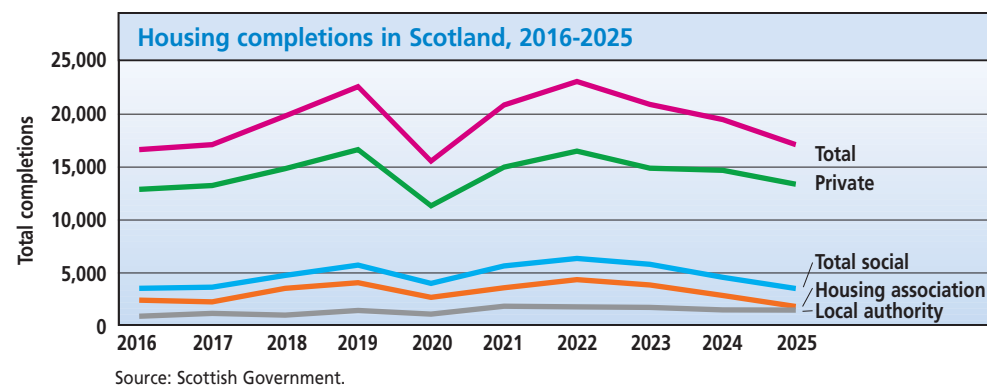
References

- 1 The story of opposition to the development is detailed on the website put together by the well-organised community group that led it: [Peckham Vision](#).
- 2 In the draft plan, from 2028 a new system will apply, with three different tiers of affordable housing requirement (35%/25%/20%) applying in roughly concentric rings from the centre to outer London.
- 3 Mendonça, S. & Elgueta, A. (2026) *Affordable housing quota for London falls to 20%*. London: BBC.
- 4 Molior (2026) *Residential Development In London, O2 2026*. London: Molior.

The SNP was once again returned as the largest party in Scotland's May elections, seven seats short of a parliamentary majority. In the 'streamlined' cabinet, the bespoke housing portfolio created in June 2025 was merged with social justice. However, the new minister, Shirley-Anne Somerville, is known in the sector as having worked previously for CIH Scotland.

The SNP manifesto suggests that we can expect continuity in housing policy, within the framework of the government's Housing Emergency Action Plan.

The manifesto repeated the previous £4.9 billion commitment to affordable housebuilding over the next four years, to support construction of around 36,000 homes. The 2026/27 housing budget had already been increased by 15 per cent to a (nominal) record £926 million. Extra funding followed cuts earlier in the last parliament, during which affordable starts fell by a third after 2021/22, threatening the ambitious target of 110,000 affordable homes by 2032.



Whether this level of funding can be sustained over the parliament is a moot point. Before the election, the Scottish Fiscal Commission warned of a government funding gap of £4.8 billion by 2029/30, and economist Anton Muscatelli anticipates 'the most serious fiscal challenge that a new Scottish parliament has ever faced'.¹ Consequently, Scottish housing associations' dependence on an average grant rate of 62 per cent – far higher than England's 37 per cent outside London (see the *Review's* 2026 edition) – must come under scrutiny. A new national housing agency, More Homes Scotland, is expected to be fully operational by 2028/29.² Its purpose is to increase the scale and pace of housing supply by simplifying delivery. Priorities are likely to include affordable housing, rural and island communities and sites stalled due to infrastructure or viability constraints. The agency will take an active role in land assembly and site preparation and work in collaboration with the Scottish National Investment Bank. Nonetheless, a CaCHE report argues it will need to 'justify its overarching governance and modes of collaboration' and 'demonstrate a clear sense of working within system complexity'.³

The manifesto also contained a vague commitment to 'work to further to enhance the planning system to ensure that new housebuilding can take place that meets the needs of the Scottish people'.⁴

It also promised a new First Homes Fund, a shared-equity scheme with a budget of £100 million, launched in June. As with the Scottish Help to Buy scheme, which ended in 2021, it is open to first-time buyers and is not restricted to newly built homes. The maximum eligible property value is £300,000 and the minimum deposit is normally five per cent. The government's maximum stake is £10,000, substantially lower than its £26,000 average stake under Help to Buy.⁵

Following the Housing (Scotland) Act 2025, which introduced a duty for named public bodies to 'ask and act', prevention remains at the heart of homelessness policy, with a fund of £50 million over ten years. The manifesto also committed to ending the use of 'unsafe and harmful temporary accommodation for children'.

Other policies included funds for rural housebuilding and for key workers' housing, the reform of tenement law to improve management and maintenance, and a right for private tenants of first refusal to purchase their house being sold by their landlord 'at a fair market price'.

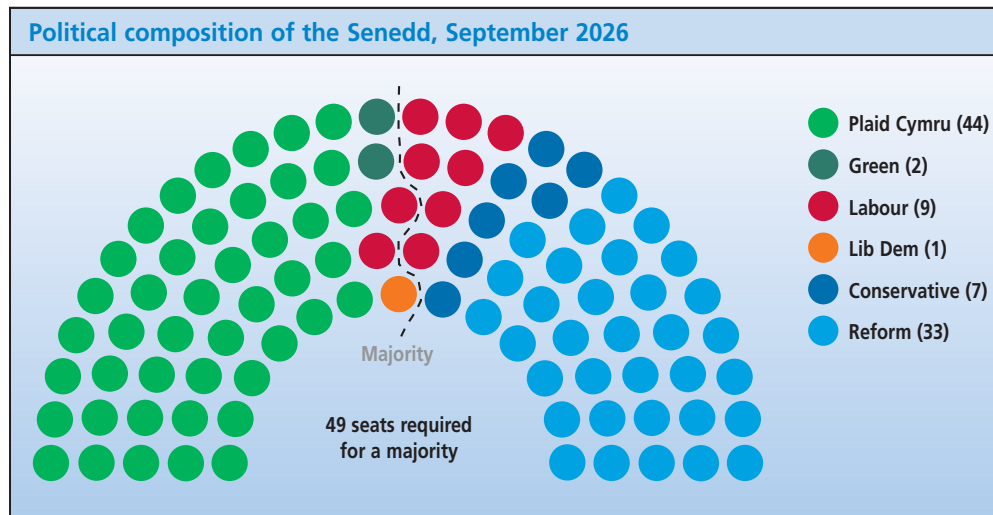
Successive Scottish Governments have failed to make progress in replacing or reforming the council tax, still based on 1991 values. The manifesto promises to 'set a high priority... of seeking cross-party agreement on reform.' However, this echoes the Commission on Local Tax Reform, established in 2014/15 to secure cross-party consensus. This produced little except some minor tweaks to the system in 2017, suggesting that leadership rather than consensus is required. Meantime, a 'mansion tax' is planned for 2028, involving two additional council tax bands for properties valued over £1 million and £2 million, following a broadly similar approach by the UK Government.

Scotland's housing market – and economy – would benefit from an 'in-the-round' reassessment of land and property taxation. Regrettably, there is no mention of a Land and Buildings Transaction Tax in the manifesto and following the outcome of an underwhelming 'independent review', the Scottish Government responded that it is 'committed to ensuring that LBTT operates fairly, progressively, and in alignment with wider economic, social, and environmental objectives'.⁶

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- 4 SNP (2026) *On Scotland's Side: SNP Manifesto 2026*. Edinburgh: SNP.
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- 6 Scottish Government (2026) *Independent Review of Land & Buildings Property Tax: Scottish Government response*. Edinburgh: Scottish Government.

This year Wales has seen the biggest political reset since devolution in 1999. In the May Senedd election, Plaid Cymru won the most seats (43, six short of a majority) in an enlarged Welsh Parliament (from 60 to 96 members), with Reform (34 seats) forming the official opposition. The balance of seats shifted slightly in September, with a Reform member defected to Plaid Cymru (see chart). For the first time Welsh Labour is no longer the largest party, with first minister Rhun ap Iwerth now leading a minority government. So, what does this mean for housing in Wales?



Source: Senedd elections results, updated to show Plaid Cymru with 44 seats and Reform 33.

The new government has inherited a housing crisis which has built up over many years. Some of Plaid Cymru's housing ambitions were shared by the previous Labour government and some are new. It has replicated the earlier commitment to an additional 20,000 social rented homes (which was not quite achieved), with a timescale of four years (instead of five) to 2030 and a more tightly defined target. It also intends to establish Unnos, a new national development agency, to accelerate the delivery of social housing through land assembly, facilitating access to funding and supporting organisations with planning and procurement. Three existing schemes to support homeownership, including Help to Buy Wales, are extended to March 2027. Consultations on the National Development Framework are also proceeding; it will project the numbers of homes needed, and where, through to 2050.

Before the summer recess the first minister announced his intention to strengthen private tenants' rights and the regulatory role of Rent Smart Wales, and to increase the capacity for enforcement in the sector. He argued this would provide the foundations for making rents

fairer, limiting no-fault evictions and improving housing affordability. Legislation to establish a right to adequate housing, following a campaign led by CIH Cymru, Shelter Cymru and Tai Pawb, may also get a green light.

Collaborative working and inter-governmental relations will be critical to delivery of Plaid Cymru's priorities. The previous government set out the 2026/27 Budget ahead of the election, but a subsequent increase in UK government spending now means additional monies for Wales. The new government published a Supplementary Budget in June, which included an additional £20 million capital funding for social housing. However, in mid-July, opposition parties voted down this Supplementary Budget.

The previous Labour government emphasised the importance of close working relationships with its counterpart at Westminster. However, the unpopularity of Sir Keir Starmer may have contributed to Labour's disappointing performance in the 2026 Senedd election. A new prime minister (and new secretary of state for Wales) may have benefits, not only in terms of support for council and social housing (where Wales will have the responsibility to deliver) but also in terms of a more positive attitude to devolution (although the Treasury may be less enthusiastic). However, there is a danger that Wales will be less of a UK priority than moves to strengthen regional devolution across England.

The Welsh Government will need to continue to make the case for a fairer share of UK public investment and increased powers, whilst making the most of the powers and resources it already has. Although the powers devolved to Wales have increased since 1999, they are significantly fewer than those that are available in Scotland.

The Welsh Government will also need to ensure effective working relationships with Welsh local authorities. The Welsh Centre for Public Policy has argued that the current local government model is unsustainable.¹ The context in which Welsh local authorities operate is tough, there are rising demands for many services, the financial constraints on local councils are considerable and there are increased expectations following the introduction of the Homelessness and Social Housing Allocation (Wales) Act 2026, passed just before the last Senedd election. Wales will hold local council elections in May 2027.

The Welsh Government and the wider Senedd face a very significant number of housing challenges. Given the degree of political change there are signs of shifting Welsh Government priorities, but it will need to do things differently and more effectively if it is to deliver on its promises and address the key challenges it faces.

Reference

¹ Wales Centre for Public Policy in collaboration with Welsh Local Government Association (2026) *A firm foundation for change: Towards a new operating model for local government in Wales*. Cardiff, WCPP and WLGA.

Northern Ireland continues to face a significant housing crisis. More than 50,000 households are currently on the Northern Ireland Housing Executive (NIHE) waiting list with 78 per cent in housing 'stress' (see table). These include 34,091 households who are statutorily homeless. The highest rate of homelessness is in Belfast with 7.6 per 1,000 population,¹ although this is still low compared to other parts of the UK – London for example with 22.2 per 1000.² Whilst the overall total is similar to June 2025, it is noteworthy that the type of temporary accommodation in use shows a decline in hotel and B&B accommodation from 39 to 30 per cent, and a rise in leased property from three per cent to 13.7 per cent.

Earlier in the year concerns were raised by the Public Accounts Committee (PAC)³ about the rising cost of hotels and B&Bs and the impact on household health and education, so these figures indicate a positive shift in direction. PAC seeks prevention measures and a more people-focused approach to official reporting. In Northern Ireland, despite social housing investment, housing need exceeds supply, resulting in sustained pressures on homelessness services and temporary accommodation.

Northern Ireland's waiting list, housing stress and homelessness, 2024-2026

	No. of households on waiting list	No. in housing stress	No. statutorily homeless
Jun-24	47,936	36,137	30,069
Sep-24	48,366	36,741	30,658
Dec-24	48,325	36,891	30,982
Mar-25	49,083	37,635	31,719
Jun-25	49,129	37,939	32,159
Sep-25	49,588	38,366	32,607
Dec-25	49,755	38,620	32,993
Mar-26	50,381	39,008	33,412
Jun-26	50,891	39,617	34,091

Source : NISRA (2026) Northern Ireland Housing Bulletin (April-June 2026).

Addressing housing need will require both greater provision of new housing and protecting existing social housing stock. In 2026 Q1 there were 1,700 new social housing starts under the Social Housing Development Programme and 676 completions, reinforcing concerns that delivery is insufficient to meet the target of 33,000 new social homes under the current Housing Strategy (2024-2039). Regarding existing stock, results from a consultation on changes to the House Sales Scheme are not yet available but this represents an opportunity to curb sales, as has happened in the rest of the UK.

Responses to the Department of Finance draft Budget for Northern Ireland for 2026/7-2029/30 welcomed the opportunity for longer-term planning of housing investment. CIH raised concerns over homelessness, infrastructure investment and retrofitting housing stock

to comply with climate change targets. The Northern Ireland Federation of Housing Associations consider longer-term planning beneficial for managing land acquisition and construction pipelines effectively. However, they argued that provision remains insufficient to deal with the scale of the problem.

Funding for water infrastructure was also announced to 'help unlock housing supply'.⁴ This will begin to address a planning constraint and costly barrier that has limited new housing development. A recent Wastewater Infrastructure Group⁵ report states that 55,000 homes are currently affected by wastewater constraints and that a further sustained effort is required. Its key proposals include sustainable drainage systems legislation and the use of voluntary developer contributions for strategic infrastructure together with a progressive household levy. It estimates that without sufficient infrastructure, funding, the economy could forego £10.9 billion (in Gross Value Added), a third of which would directly affect the construction sector and housebuilding.

All tenures contribute to delivering affordable and sustainable housing provision, with the recent House Condition Survey⁶ showing little change in the tenure breakdown of the Northern Ireland dwelling stock since 2016, with low vacancy rates. The private rental sector continues to play an important role in the housing market particularly for those aged 25-39 years old. Private sector rents remain strong with an annual increase of 3.8 per cent and a higher level of enquiries reported per rental property, indicating strong demand.⁷ The launch of Northern Ireland's first build-to-rent scheme is a significant step. It will contain 778 apartments with approximately ten per cent allocated to social housing and managed by a housing association subsidiary. Applications have opened for homes within an intermediate rent scheme launched by DfC in August. The innovative funding model includes a repayable capital loan of £61.5 million and seeks to provide 300 long-term rental homes at 20 per cent below market rent.

In the private sales sector, a recent house-price index⁸ indicated that Northern Ireland has the highest house-price growth in the UK, with average prices rising to £231,131, an increase of 7.6 per cent compared with 0.1 per cent for the UK generally. Rising prices, high rents and continued pressure on social housing provision indicate the growing challenge for accessing housing in Northern Ireland.

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- 8 Lloyds (2026) *Lloyds House Price Index*, August. London: Lloyds.

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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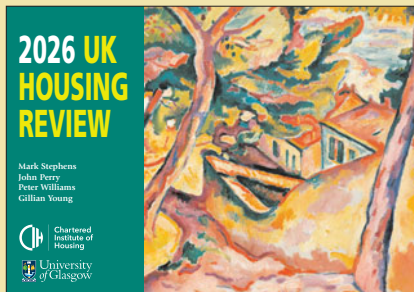
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- *The government's housing target in England and whether it can be met*
- *The UK housing market, first-time buyers and rent controls in the private rented sector*
- *Local devolution in England and the housing market in London*
- *Homelessness, and options for achieving 'rightsizing'*
- *Stigma in social housing*
- *Shared ownership, for-profit providers and the National Housing Bank.*

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