

Executive summary

The *UK Housing Review 2026* has three chapters looking in depth at contemporary issues, and six chapters which together provide an annual commentary on key aspects of housing across the UK. This analysis draws from and adds to the data contained in the *Review's* Compendium of Tables.

Contemporary Issues Chapters

1. For-profit registered providers of social housing – the next big thing?

Mark Stephens, David Gebbie and Peter Williams

For-profit registered providers (FPRPs) are a small but growing element of social housing provision in England. The *Review's* investigation provides a first-time overview of the subsector, its characteristics and the challenges it poses.

Disregarding subsidiaries, effectively there are 64 FPRPs, owning 46,555 homes in 2025, of which 58 per cent are for low-cost homeownership (LCHO) and 42 per cent are rented. Ownership is highly concentrated with the seven largest FPRPs owning 80 per cent.

FPRPs exist to generate returns for investors and have a variety of backers, ranging from Blackrock and Blackstone, the US investment firms, to pension funds and others. Across the spectrum the business models vary considerably. Overall, 55 per cent of FPRP stock is managed by its owners and 45 per cent by others. Outsourcing is therefore common, with some FPRPs doing no management themselves.

FPRP stock is widely distributed, especially in the East Midlands, East of England and the South East, but under-represented in London and some other regions. Additions to the stock are made by both acquisitions and new build, although data sources are poor. One survey indicated that FPRPs will produce around 36,000 new-build completions over five years to 2030. Stock transfers from non-profits to FPRPs in 2024/25 amounted to just over 1,000 homes.

Grant funding to this sub-sector by Homes England under the Affordable Homes Programme 2021-26 amounted to 3.5 per cent of the total, going to six FPRPs. Additionally, three FPRPs were involved in strategic partnerships, receiving six per cent of total funding for such partnerships. Further details are given of the breakdown of this funding. In London, six FPRPs have received £380 million in grants from the GLA.

Regulation of the sub-sector is essentially the same as for not-for-profit housing associations. However, issues could arise on the transfer of stock out of this sector, especially transfers to private landlords, which create fundamentally different tenant conditions. There are restrictions on transfers, but they may play a future part in FPRP exit strategies and the implications will need to be considered carefully.

Deregistration is possible but is not a straightforward exit route. There are potential financial risks, including possible failure, in the FPRP subsector which have not yet arisen and been faced.

The public policy case for FPRPs arises from their ability for to bring equity finance into affordable housing, and the case for them is strengthened if they offer additionality. FPRPs may well be 'nimble' than traditional social landlords, especially in acquiring stock. However, regulatory issues arise and need careful consideration. The *Review* concludes that it will be important, as the sub-sector grows, to shape it for the public good.

2. Housing and health in the United Kingdom

Emma Baker and Amy Clair

Housing affects health through multiple overlapping biological, psychological, and social pathways, with housing affordability in particular being an 'apex determinant' of health: it should be taken seriously by policymakers at all levels.

High housing costs, increased reliance on precarious tenancies, and variable housing quality have left many households without healthy living conditions.

This has affected life expectancy and the likelihood of enjoying 'healthy life years', creating a national 'stress crisis' around people's housing, health and financial circumstances.

This is particularly so for private renters, with poor affordability, and its risks to their health, being the 'norm'. In the PRS, poor-quality homes are also disproportionately occupied by low-income and marginalised households, including those with a long-term illness or disability.

Poor housing conditions, including damp, mould, inadequate indoor temperatures and safety hazards are direct and well-documented contributors to physical and mental ill-health, and have quantifiable impacts on NHS costs. The cognitive load of housing insecurity is a growing area of concern for mental health services. Housing instability associated with private renting may be associated with faster biological ageing. Homelessness and long periods in temporary accommodation are also damaging, especially to children, even leading to significant numbers of child deaths.

Housing suitability is particularly hard to find in the private rented sector and getting adaptations is more difficult. Overcrowding is increasing in both rental sectors. Some groups are more vulnerable to housing-related health problems, notably young and old people, migrants and ethnic minorities.

Measures to address sustainability can also mitigate health risks by reducing energy costs and helping to maintain adequate temperatures in the home.

Policy attention to housing and health has waxed and waned over the decades, although with recent signs of great efforts to address the issues, especially in Scotland and Wales. Investment in new social housing is a priority, but so is adequate support for housing costs, with freezing of local housing allowance rates a particular concern.

The evidence base on housing and health has improved substantially, but there is a pressing need for good quality, longitudinal data linking housing trajectories to health outcomes across the life course.

The UK's housing system sits at the heart of the nation's health and wellbeing. Recent evidence points to a dual challenge: improving housing affordability, quality, security and suitability while embedding health considerations into every stage of housing policy.

3. A new generation of new towns

Nick Raynsford

New towns are back on the agenda. Eighty years after the postwar Labour government first initiated such a programme, the current government has committed itself to a new generation of new towns. It appointed a taskforce to take the initial steps, and it has identified 12 sites for new towns or urban extensions with the potential for between 250,000 and 300,000 homes.

The government aims to mobilise numbers of providers in each location and, working to master plans, deliver a step change in housing output.

The taskforce sought to learn from the experience of previous new towns, where proper provision of green spaces and community facilities was seen as essential, and this depended in turn on achieving relatively high densities of development, albeit without high-rise buildings. A strong tenure mix, quality and character in housing design, local employment opportunities and good transport links were also seen as vital elements. This led the taskforce to recommend ten 'placemaking principles' for the next generation of new towns.

In evaluating possible locations, the taskforce looked for a strong economic case for new development, aiming to avoid the assumption that simply building homes will attract new business investment, irrespective of location. The taskforce also saw advantages in extending existing urban areas in some cases, as well as earmarking completely new settlements. The generally positive local responses to their recommendations were seen as an advantage in overcoming hostility to new housing schemes.

The taskforce urged the government not to delay in proceeding with its programme if it wants to see an early impact on new housing provision. It also urged the government to set up equivalent bodies to the development

corporations that oversaw the earlier generations of new towns. It set out key tasks that needed to be started, such as allocating sufficient capital and revenue resources; making decisions on governance, including the role of local authorities in designated areas; putting mechanisms in place to secure land ownership with appropriate land-value capture, and addressing construction-industry capacity through promotion of modern methods of construction.

New towns can make a substantial contribution to tackling and overcoming probably the single most damaging feature of housing policy in England – the persistent failure to build enough homes to meet the country’s needs.

Commentary Chapters

1. Economic prospects and public expenditure

Mark Stephens

Successive shocks to the economy have suppressed growth since the financial crisis, created a situation where taxes are increasing but public services are underfunded. Inflation has fallen but remains stubbornly above target. Employment has not recovered to pre-pandemic levels, with participation now stalled. Rising unemployment particularly affects younger age-groups.

The June 2025 Spending Review looked ahead four years but will be reviewed after a further two years. It was ‘not an easy job’ for the chancellor, with upward pressures on spending compounded by a sluggish economy, rising debt costs and a difficult international environment.

Departmental spending will grow by 2.3 per cent in real terms between 2023/24 and 2028/29, but with some departments being prioritised and capital spending being favoured.

The £39 billion allocated to the Social and Affordable Homes Programme is the headline commitment in housing, with financial transactions funding also increased and providing £5.1 billion for the new National Housing Bank.

The Autumn Budget saw the welcome ending of the two-child limit in the benefits system, as well as extra funding for decarbonisation. Spending increases in the Budget are up-front whilst tax rises will bite later, leaving typical workers worse off.

The Budget also announced a new ‘mansion tax’ for England, expected to raise £439 million by 2030/31. Various issues about its design lead the *Review* to label it ‘another poorly designed tax bolted on to another poorly designed tax (the council tax)’.

The chancellor also increased the tax on rental income, raising the question of whether this is the beginning of a process that will involve incremental increases to a more onerous level. Changes to property taxation over time could have unforeseen consequences for the housing market and could prove difficult to unwind.

Budgets in Scotland, Wales and Northern Ireland also set new plans for housing investment for 2026/27 and beyond.

2. Dwellings, stock condition and households

Matthew Scott and John Perry

Population growth across the UK remains dependent on net migration, which is now falling. Official household projections do not take this recent decline into account: a new projection for England suggests household numbers increasing by 240,000 annually, although with considerable possible variation around this figure.

New housing supply in England remains well below the level needed to achieve the government’s target of 1.5 million new homes within five years. A range of steps are aimed at boosting supply, but it seems likely that there will be a shortfall of perhaps 25 per cent against the target.

Broadly speaking, overall supply in Scotland exceeds projected household formation, supply in Wales falls well below newly estimated requirements, and supply in Northern Ireland is at or above projected levels of need.

The 2025 *Review* described UK-wide progress in improving the quality, energy efficiency and safety of existing homes as being largely incremental. This conclusion remains broadly accurate.

The prevalence of disrepair, mould, damp, and condensation is unchanged from a year ago in England and Scotland according to official measures, but there is still no recent survey evidence for Wales. A new survey in Northern Ireland suggests continuing low levels of unfit. However, independent surveys of perceptions of damp and disrepair invariably suggest more widespread problems than indicated by official reports.

Slightly better yet still incremental progress has been made in improving the energy efficiency of existing homes. Energy-efficiency targets are now increasingly connected to decarbonisation targets, but data show that installations of low-carbon heating systems run well below the required levels. The government continues to place considerable emphasis on heat networks to achieve an energy transformation. Even so, Budget decisions reduced funding for energy-efficiency work on homes across the UK during this parliament by approximately 25 per cent.

Building safety remediation, an issue primarily in England, is required on 280,000 dwellings.

Decent Homes Standards in England and Northern Ireland have been reviewed, and standards are also being raised in Scotland and Wales – principally to reflect higher energy-efficiency requirements in all cases. There has also been new building safety legislation in Scotland and Wales, following England's, and in Scotland there is promised legislation on heat in buildings.

Overall, however, across the various spend and tax measures, primary legislation, and government strategies, the UK situation is one where the *Review* concludes that 'flickers of possibility are studded in a wider landscape of delay and uncertainty'.

3. Private housing

Peter Williams

Surprisingly in the Autumn Budget there was limited help promised for first-time buyers (FTBs), but while the government's focus is on supply it is engaged in other housing-market reforms. One is a raft of changes in the private rented sector (PRS), another is a mortgage-market review, and a third is the promised (but delayed) housing strategy which may bring together disparate elements of housing policy.

Property taxation is again on the agenda, with a new 'mansion tax' in England, a slightly more ambitious version planned in 2028 in Scotland and radical tax changes under consideration in Wales.

However, it is market dynamics that dominate this part of the housing system rather than policy interventions. Affordability is a key issue, especially in the PRS in England, which also limits renters' ability to become homeowners. And for homeowners, despite reductions in mortgage rates, rising incomes and relatively stagnant house prices, affordability has not improved.

The housing market has been changing – households are moving less frequently, reflecting both the slower market in price terms, higher transaction costs and stressed affordability. Indeed, the UK mortgage market has been shrinking, reflecting lower levels of homeownership, although the markets in the other UK countries are increasingly distinct from the English market.

Transactions may decline in 2026; Northern Ireland is likely to see the highest price rises, while London and the South East will have the lowest. Attention will again focus on FTBs, with up to three million would-be homebuyers in the PRS representing considerable pent-up demand. They are likely to be helped by the easing of various regulatory measures and a reformed Lifetime ISA.

Overall, the PRS may continue its slow decline although this may be offset by the rapid growth of the build-to-rent sector. Similarly, the decline in mortgaged homeownership maybe offset by growth in numbers of FTBs, providing that any stimulus measures do not provoke above-inflation house-price increases.

4. Housing expenditure plans

John Perry

The past year has seen modest expansion in affordable housing investment, although – except in Wales – leading to output that still falls short of estimated requirements. The focus towards improving the quality and safety of their existing stock has continued, against a background of high costs, labour shortages and the need to comply with stronger regulations. Nevertheless, with an expanded programme in England beginning in April 2026, and consequent benefits for the devolved governments, expectations have been raised.

The *Review* assesses progress in investment in affordable housing in each of the four nations across the past year and concludes with some UK-wide comparisons.

England's Affordable Homes Programme (AHP) 2021-26 received an extra £800 million in new funding, expected to produce 7,800 more homes. The *Review* gives details of the likely output of the AHP in terms of tenure, costs, grant rates and other data. A new, ten-year Social and Affordable Homes Programme then begins in April 2026.

Considering the two programmes together, with other incentives to new-build investment and the constraints and challenges social landlords face, the *Review* assesses the sector's likely contribution towards the government's overall target of providing 1.5 million homes in England by July 2029. It concludes that there will be a shortfall.

Scotland has an ambitious commitment to deliver 110,000 affordable homes by 2032, with at least 70 per cent being for social rent. Funding fell markedly in 2024/25, although recovered in 2025/26 and will increase further in 2026/27. However, it seems unlikely to meet the target, which is now also argued to be insufficient according to recent research.

Wales's Programme for Government 2021 to 2026 aimed to deliver 20,000 new low carbon homes for rent within the social sector over five years. As at March 2025, some 6,600 more homes were still required to meet the target; output looks likely to fall short but will perhaps reach the target later in 2026.

Northern Ireland's housing supply strategy sets a 15-year goal 'to deliver at least 100,000 homes and more, if needed, with one third of these being social homes'. This implies an annual target of 2,200 additions to the social housing stock. However, despite an increase in budget during the year, 2025/26 is likely to see only around 1,750 homes started.

England underinvests in affordable housing compared with the three other countries: it produces fewer affordable homes per 10,000 population; housing investment is also proportionally lower than in Scotland and Wales and England has lower grant rates, particularly in comparison with Scotland. England has also been

out-of-step with the rest of the UK in directing a high proportion of government support towards the private market, but this proportion will fall over the next four years.

All four UK countries aim to put in place multi-year investment programmes, although all struggle to maintain the original targets and planned budgets. Social landlords' own resources are constrained by rent policies in England and Wales, although now with promised ten-year time horizons. Across the UK, investment in new homes faces intense competition for resources from the equally high priority of ensuring the quality of the existing stock.

5. Homelessness and lettings

Lynne McMordie and Gillian Young

Four distinct policy systems addressing homelessness apply across the UK, and while they are generally positive in their intent, putting strong emphasis on prevention, there are considerable gaps in statutory services and pressures on local authorities, especially in England.

Although the basis of the statistics differs between administrations, across Great Britain the level of 'full-duty' homelessness acceptances has continued to rise, driven by growing numbers in England. However, in 2024/25, the rate of growth appears to have slowed a little compared with the exceptional increases in the preceding two years.

Use of temporary accommodation (TA) has risen sharply since 2010, reaching record levels and affecting growing number of adults and children. In England, 169,050 dependent children were living in TA. Pressure remains acute across all four nations, including on the rising costs of TA, although Wales showed a slight fall in TA use and in Scotland growth has slowed.

The form and quality of temporary accommodation used across the UK is still a major concern. Hotels and B&Bs are widely recognised as particularly unsuitable, especially for families with children. However, 2024/25 saw a modest, 11 per cent reduction in B&B use in Great Britain, albeit levels remain more than five times higher than in 2009/10. In Northern Ireland such placements also fell, albeit still accounting for 39 per cent of TA placements.

Rough sleeping in England remains high and shows signs of increasing further. There is evidence that official figures undercount women who are sleeping rough. In Scotland, reported rough sleeping among those accepted as homeless rose to its highest level since 2010/11.

‘Core homelessness’ – which includes rough sleeping, use of unconventional accommodation and unsuitable TA – is also increasing across GB, with the rate per 100 households highest in England. Modelling shows how different policy initiatives could combine to significantly reduce core homelessness.

A factor contributing to the rise in homelessness has been the decline in lettings by social landlords. In England, Wales and Northern Ireland, lettings to new social tenants have fallen by about a quarter since 2014/15. In Scotland, which has more favourable policies to sustain its social housing stock, such lettings have declined by just three per cent. Local authorities in England let a significantly higher proportion of new, general-needs tenancies to homeless households than do housing associations.

6. Help with housing costs

Sam Lister

The *Review* tackles three topical issues about how households are helped with their housing costs in this chapter.

The first is final transfer of all legacy-benefit claims onto universal credit (UC). The steady-state UC caseload, once migration is complete, is expected to be between 6.9 and 7.2 million households, an increase of around half a million. Of these, some 2.6 million social renters and 1.7 million private renters will receive help with their rent.

The transfer to UC significantly reduces the depth of the poverty trap for households in employment. However, a potential disadvantage is that the huge expenditure arising from combining six benefits into one means that it creates one big target for cuts during any future economic downturn. Another is that the generosity to those working at least 16 hours comes at the expense of keeping UC basic allowances at or below destitution levels.

The second issue is the adequacy of social assistance for larger families. From April 2026, the two-child limit is removed but the household benefit cap is retained. Both have contributed to a rise in child poverty in larger households.

Lifting of the two-child limit restores UC to its original policy goal of integrating all the main low-income benefits, tax credits and help with rent payments into a single system for all family sizes. But it is disappointing that the household benefit cap policy remains in place, so that some 160,000 children in families with three or more children will not benefit from the measure – while those with higher incomes will.

Third, we return to the issue of the local housing allowance (LHA) for private renters and the government’s failure to maintain its real value. By the start of the first year of the current freeze, the proportion of the market covered by the frozen LHA rate had shrunk to around 20 per cent across all LHA categories, severely restricting access to an affordable letting. The freeze creates a shortfall between rents and benefits of around £100 per month for an average property.

The social security system assumes that reasonable rent payments are fully covered within social assistance payments (i.e. UC and pension credit), because other pensions and benefits have no element for rent. Therefore, to avoid rent-induced poverty it is essential that the rent covered by social assistance realistically reflects the local rate. In times of low rent-inflation, freezing LHA rates might be achieved with only modest adverse impact. But ‘implementing a freeze at a time of historically high rent-inflation and expecting the same results makes no sense’.

The *Review* argues that government should break its addiction to freezing LHA rates and return to a policy of maintaining the real value of LHA rates, as it does with other pensions and benefits through annual upratings.