The Resolution Foundation Housing Outlook

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Housing is fundamental to living standards. It's no surprise that a Government committed to raising living standards has put housing at the heart of its agenda – most notably through its ambition to build 1.5 million new homes by the end of this Parliament. And it is most families' largest expense, meaning that disposable incomes are highly sensitive to changes in rents or mortgage payments.

The Resolution Foundation has today launched a new website tracking 12 indicators of how housing is affecting living standards in the UK. These include both indicators which describe the situation today – such as affordability and housing quality – but also forward-looking indicators like housing supply and the performance of the planning system.

To demonstrate the value of these indicators, this Housing Outlook highlights five important housing trends that deserve greater attention. Each sheds light on the link between housing and living standards, and all are based on data available from our indicators page.

At the sharpest end of the housing crisis, the number of households in temporary accommodation continues to rise. 128,000 households are currently living in temporary accommodation in England, over half of which (72,000) are from London. Two important drivers are the decline in the availability of homes in the social rented sector (annual social rent completions have fallen by 83 per cent since 1992–93 in England), and a housing benefit system which increasingly falls short of covering claimants' rents in the private sector (48 per cent of privately renting families on Universal Credit do not have their housing costs fully covered by Local Housing Allowance in Great Britain). Another symptom of the difficulties in affording housing is the growing number of young adults living with their parents: in 2023–24, over half (51 per cent) of 19–29-year-olds in the UK did so, up from 41 per cent in 1994–95.

To the extent that housing supply is key to easing the crisis in the long-term, we are starting from a very low base. Planning approvals in England for new housing developments were at record lows in 2024, reflecting a drop in applications, and underscoring the scale of the challenge facing the Government.

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12 new housing indicators

The Government has made progress on housing a central test of its performance. Its manifesto commits it to building 1.5 million new homes in England by the end of the Parliament and to "[making] housing more affordable". These ambitions are welcome, because housing has long been a major headwind to living standards growth in the UK. Accelerating house prices since the 1980s have made home ownership increasingly unaffordable for many, while a shrinking social rented sector has left many families facing insecurity and high costs in the private rented sector. The housing living standards headwind has intensified recently with rapid growth in rents and mortgage payments, at the same time as housing support in the benefits system has been frozen in nominal terms. This all leaves the UK in the far from enviable position of having the highest quality-adjusted price of housing of any rich country.

Against this backdrop, the Resolution Foundation is now launching 12 new indicators to track how housing is shaping living standards for families. The indicators cover a mixture of geographies: four are UK-wide, one is Great Britain and seven are England only. These can be accessed here. Some of these indicators focus on the present, and set out the latest picture on housing affordability and quality. Others point to the future, with indicators including housing supply and the functioning of the planning system. We have tried to focus on indicators that are not readily available and accessible elsewhere, which is why we do not duplicate the ONS's rental costs and house price indices, available here. All indicators use the latest available data, and will be updated at least annually, but quarterly where possible. We also include a rich set of breakdowns for each indicator; for example, for many indicators we show how the picture varies by region, age, household type, and tenure. Helpfully, readers are able to download the underlying data.

The full list of the 12 indicators we are offering are as follows, grouped into five themes.

Tenure	1. Overall tenure. 2. Share of families with children living in the private rented sector. 3. Households in temporary accommodation.
Supply	4. Net additions per 1000 stock. 5. Social rent completions as a share of all affordable homes completions, and total affordable homes completions. 6. Total planning decisions and approvals for new housing developments.
Affordability	7. Housing cost to income ratios. 8. Housing cost by square metre. 9. Estimated number of years required to save for a first-time buyer deposit.
Quality	10. Proportion of homes with damp. 11. Proportion of homes with EPC rating D-G.
Welfare	12. Families on Universal Credit with housing costs not fully covered by Local Housing Allowance (LHA).

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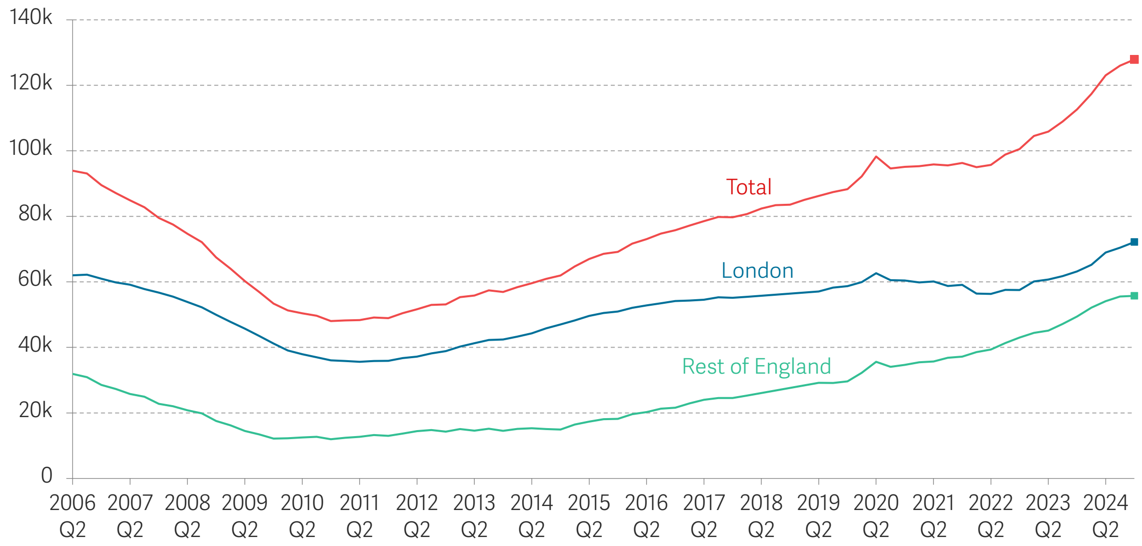
Five housing trends we need to talk about

1. 128,000 households are living in temporary accommodation

Families living in temporary accommodation are at the sharpest edge of the housing crisis. Today, 128,000 households in England are living in such conditions – up by 78,000 (160 per cent) since 2010 – with numbers rising in 46 of the last 53 quarters outside the pandemic period. This is highest number on record and the highest as a share of all households in England. Over half (72,000 or 56 per cent) of families in temporary accommodation are in London, even though only 15 per cent of households in England are in London. In Newham, the local authority with the highest rates of temporary accommodation, one-in-20 households and one-in-10 children are in temporary accommodation. And, although single-parent families make up 16 per cent of UK households, they represent 35 per cent (45,000 total) of those in temporary accommodation in England. Including those living with two parents, 166,000 children were in temporary accommodation in the last quarter of 2024.

FIGURE 1: **The temporary accommodation crisis continues to grow, driven by the numbers in London**

Households in temporary accommodation by whether from London, England



SOURCE: RF analysis of MHCLG, Statutory homelessness live tables.

The impact on families is profound. The instability fuels anxiety and mental health problems, especially when households are uprooted from support networks. Children can face long commutes to school, limited space to study, and disrupted education. Evidence shows that growing up in temporary accommodation significantly harms GCSE attainment. Though intended as short-term, many households spend years in temporary accommodation.

The crisis also places mounting financial strain on local authorities, who are legally responsible for housing homeless families. In 2023–24, councils in England spent £2.3

billion on temporary accommodation. To put the cost of this intervention into perspective, the Government spent £12 billion (five times as much as on temporary accommodation) on housing benefit support for 1.6 million privately renting households (12.5 times more than the number of households in temporary accommodation) in the UK in the same year, highlighting just how expensive per household the cost of temporary accommodation is for local authorities. Against this challenging financial backdrop, more councils are seeking emergency financial support from the Government – 29 for the 2025–26 financial year, up from just five in 2022–23.

Ultimately, if the Government is serious about solving the housing crisis, progress must be visible for those in temporary accommodation.

2. The decline of social rent

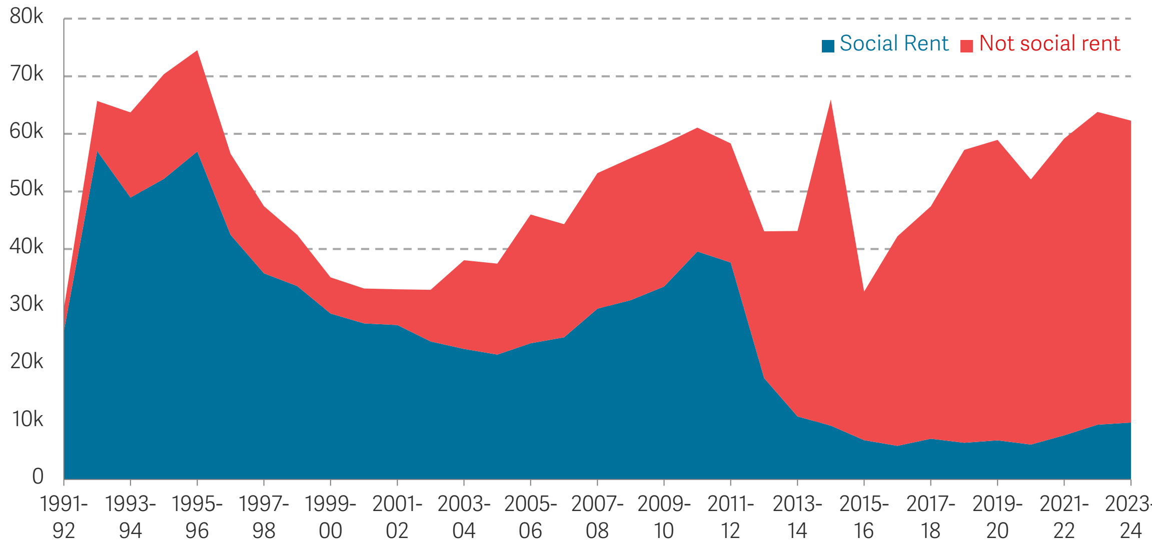
A failure to build enough social housing is an important driver of the large number of families in temporary accommodation, and more social housing will be an important part of the solution. The Government has centred its housing agenda on the headline goal of 1.5 million new homes by the end of the Parliament, but there will be significant focus on just how many of these new houses will be social housing.

Any housing which is provided to families at below-market rents is helpful to low-income families (compared to the alternative of renting in the private rented sector at full market rents). But within this overall category of below-market-rent housing there are big differences in the level at which rents are set. Homes available for 'social rent' (generally provided by local authorities), refers to housing in which rents are typically set at roughly 50 per cent of market rents. Alongside this is housing provided at 'affordable' or 'intermediate' rents (generally by housing associations), where the rent can be set as high as 80 per cent of market rents.

Clearly, by offering lower rents, 'social' rent provides the most support to its occupants. But in recent decades social rent has formed an increasingly small part of below-market-rent housing. The focus has instead shifted to homes offered at 'affordable or 'intermediate' rent levels, and to shared ownership (where a buyer purchases between 10 and 75 per cent of the home's full market value and pays rent to the landlord for the share they own). In 2023–24, just 16 per cent of new below-market-rent homes were for social rent, a dramatic fall from 87 per cent in 1992-93. If social rent's share of below-market-rent housebuilding had continued at the 1992-93 level, there would be 618,000 more social houses today (alongside, of course, 618,000 fewer houses at below-market but above-social rents). Regional disparities deepen the picture: 28 per cent of affordable homes built in the West Midlands last year were for social rent, but just 8 per cent were in London, the region facing some of the country's highest housing costs.

FIGURE 2: **Social rent completions have fallen substantially in England, as other forms of affordable homes completions have risen**

Affordable homes completions by those for social rent and those for other affordable tenure types: England



SOURCE: RF analysis of MHCLG, Affordable housing supply open data.

Admittedly, there is a trade-off that exists here – by setting a price point that is sub-market, but not as low as social rent, the Government is able to build more units with the same amount of public money. This could, in theory, explain the shift over time from social to 'affordable or intermediate rent'. But the fall in the social housing share since 2010 has coincided with lower grant spending overall (annual spending on the Affordable Homes Programme fell by 62 per cent in 2011-2015 compared to 2008-2011) , suggesting that it's more a case of this shift being a means to save money rather than deliver more units.

At the spending review, the Government announced it will allocate £39 billion to the Affordable Homes Programme (the grant funding provided to local authorities and housing associations to build below-market-rent housing) over the next 10 years. This is a welcome long-term commitment, the highest in annual terms since the then-Labour Government's 2008-2011 National Affordable homes programme (which ran for a much shorter period of time). The Government has announced that 60 per cent of the £39 billion will be for social rent, suggesting they have grappled with the units versus subsidy level trade-off, and believe that over the last decade and a half too few of the affordable homes built have been for social rent.

3. Nearly half of privately renting families on Universal Credit are facing Local Housing Allowance shortfalls on their rent

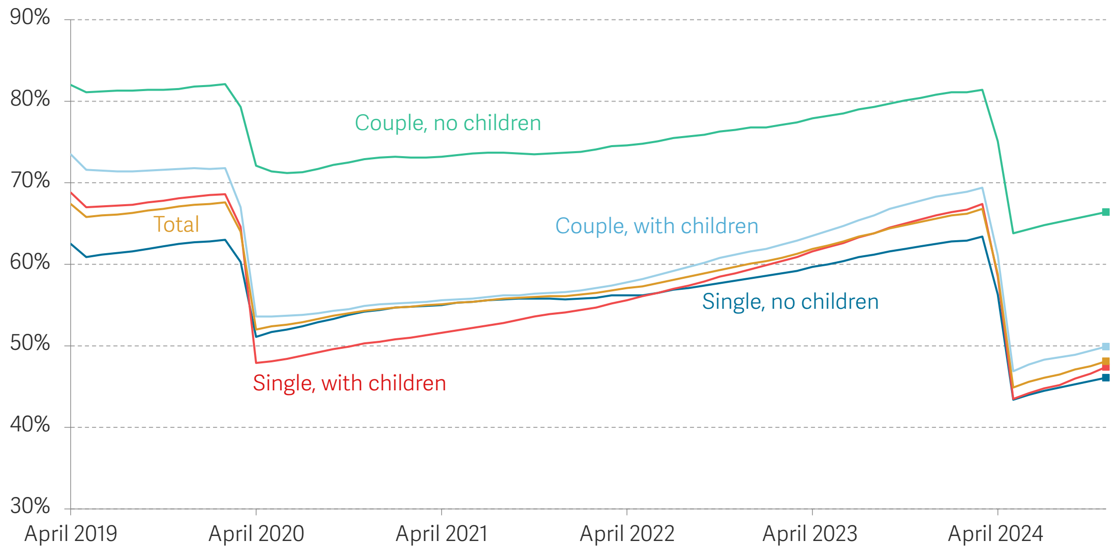
It's not just a lack of social housing that is driving high numbers of families into temporary accommodation; the welfare system is also playing a part.

Since 2013, private rents in Great Britain have increased by 54 per cent, but Local Housing Allowance (LHA) rates have increased by just 36 per cent. And the stop-start history of repegging and then freezing LHA to the 30th percentile of local rents has not been conducive to supporting low-income private renters. As rents grow, freezing allowances leads to more benefit recipients facing a shortfall between housing benefit, and to the size of that gap increasing for those already facing a shortfall. These impacts are greater the faster rents are increasing – in the year to March 2024, average annual rents increased at 9.1 per cent in Great Britain, the fastest rate on record. And while the increase has slowed somewhat, it still stood at 7 per cent annual growth in May 2025. Importantly, rental increases vary hugely across local areas, meaning so does the impact of LHA freezes on rent shortfalls. For example, over the last year rents have grown by 8 per cent in London and 9 per cent in the North East, compared to 4 per cent in Yorkshire and the Humber and 5 per cent in the South West. This means that the geographical impact of freezing LHA rates is essentially arbitrary.

The current situation means that nearly half (48 per cent) of privately renting families on Universal Credit do not have their housing costs fully covered by LHA. Figure 3 shows that when LHA was re-pegged to the 30th percentile of local rents in April 2024, four years after being frozen, the share of families on Universal Credit with housing costs not fully covered by LHA fell from 67 per cent in March 2024 to 45 per cent in May 2024, a fall of over 325,000 households. But these numbers are growing now that LHA is frozen again, with couples without children the group most likely not to have their rent fully covered by LHA.

FIGURE 3: **Nearly half of privately renting families on Universal Credit are facing shortfalls between their rent and Local Housing Allowance**

Proportion of families on Universal Credit with housing costs not fully covered by Local Housing Allowance, GB



SOURCE: DWP, Stat-Xplore.

Why do these shortfalls matter? Because they can get very big, with the average shortfall between rent at the 30th percentile and LHA reaching £14 a week in just the five months between April and September 2024, and as high as £60 a week in inner London. Families must make up these large difference from other means, including other benefit support which has declined significantly in value over the past two decades. And if they cannot make up the difference, they can end up homeless and housed in temporary accommodation by their local authorities. Moreover, it's not just inadequate LHA that can mean a shortfall for families – there are 68,000 households on Universal Credit in the private rented sector who are benefit capped, reducing their income.

Importantly, a frozen rate of LHA is now baked into the OBR's forecasts, meaning that any uprating of LHA 'scores' (to use HM Treasury or OBR jargon) as a policy decision that increases welfare spending. This is not the case with most other benefits, which are assumed to be uprated in line with CPI inflation in the forecasts. But it is manifestly unsustainable for LHA to be frozen in this way – it's another example of fiscal fictions. LHA should be permanently pegged to the 30th percentile of local rents, with this baked into OBR forecasts.

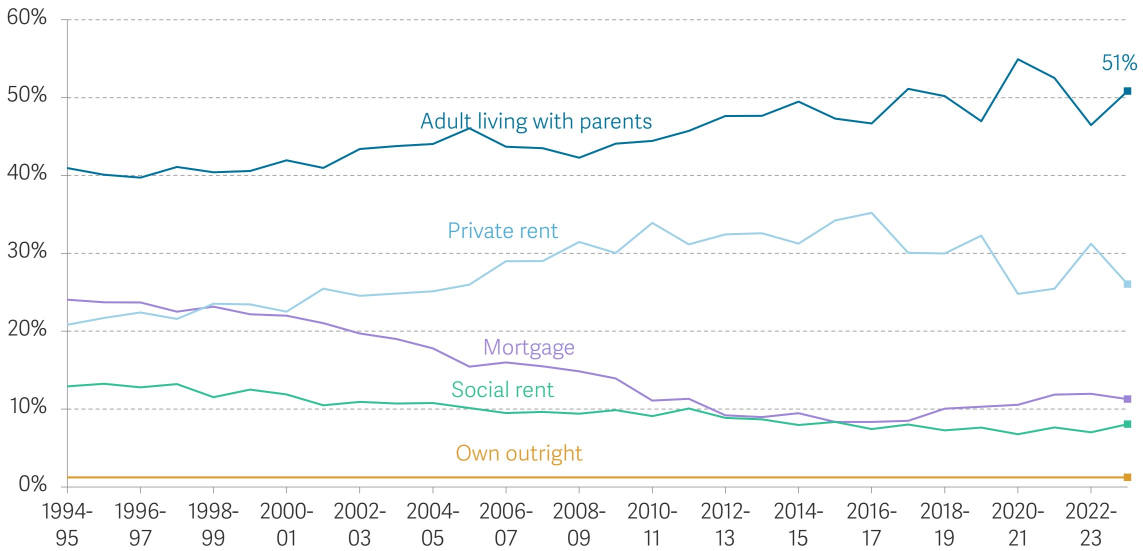
4. Half of 18-29-year-olds are living with their parents

Another key housing trend is the growing number of young people unable to leave the parental home and live independently.

Much has been made of this trend, with references to rise of "Hotel of Mum and Dad". But this trend is more than a cultural talking point: living with parents has become the housing reality for nearly half of young adults, as shown in Figure 4. In 2023–24, 51 per cent of 19–29-year-olds lived at home, up 10 percentage points since 1994–95. The divide is especially stark by gender: 55 per cent of young men lived with their parents, compared to 46 per cent of young women.

FIGURE 4: **Nearly half of 19–29-year-olds are living with their parents**

Housing tenure, 19–29-year-olds: UK



SOURCE: RF analysis of DWP, Households Below Average Income.

What is driving this? One important factor is the high rental price growth post-pandemic. Since September 2022, each month has seen annual average rent price growth of 5 per cent or more in the UK. To put this context, this rate of growth has not been seen in any month before September 2022 since comparable data began in 2005. And on average (mean) in 2023-24, a 19–29-year-old living in the private rented sector spent around one-third (34 per cent) of their income on their housing costs[1]. On top of the impact of high rents (as well as high house prices and the difficulty in saving for a deposit) , we know that the challenge of finding stable employment is further increasing the likelihood of young adults living with their parents – the unemployment rate of young people living with their parents is three times higher than other young people, and they are twice as likely to be in either low-paid jobs or on temporary contracts. This highlights how any change in the share of young adults living it at home relies on a multitude of factors, beyond private rent (and house price) levels.

5. Planning approvals are at a record low, a function of fewer applications coming in

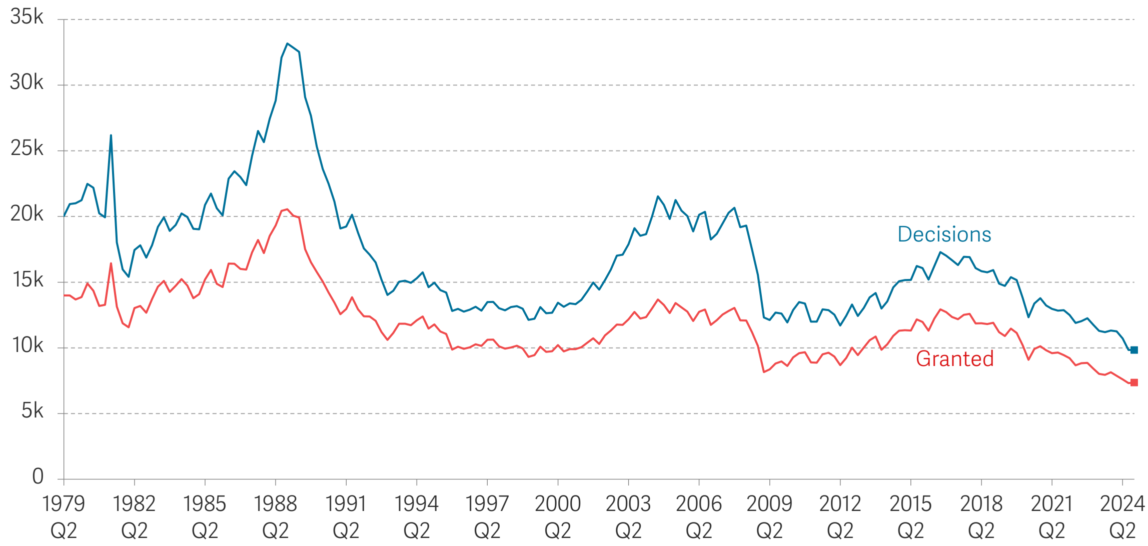
If housing supply is the long-term key to easing the pressure, then there's cause for concern.

The Government has placed major hopes on planning reform as the way to drive up housebuilding to the level needed to hit its 1.5 million target for new properties in England. The Government's ambition is laudable, but it starts from a difficult place. The total number of planning approvals for housing developments in the latest quarter (2024 Q4) was the lowest seen since 1979, standing at just 7,356. This shows that while there is merit to the Government placing weight on planning reform as a vehicle to drive housebuilding, they are starting from a very low base.

FIGURE 5: **Both planning decisions and approvals for new housing developments are at record lows**

Total decisions and permissions granted for housing developments, England

NOTES: Includes both minor and major dwellings planning applications.



SOURCE: RF analysis of MHCLG, District Planning application statistics (PS2) – full dataset.

It's important to note that Figure 5 shows the number of planning approvals, not the number of housing units approved. One large major dwellings (10 or more dwellings) planning application can account for far more homes than several smaller ones. On that front, estimates suggest 241,000 housing units were granted permission in 2024 – not quite a record low, but still below any year in the past decade. This may be why the OBR, even while judging that the new National Planning Policy framework will indeed boost housebuilding, doesn't expect the Government to hit its 1.5 million target. But, more broadly, no government aiming to boost housebuilding would want to see planning approvals – or planning decisions, which also reflect the volume of applications – at record lows. Tracking planning approvals, including regional trends, will be a critical in assessing whether planning reform delivers the results the OBR forecasts and the Government is banking on.

Together, these five trends paint a stark picture of the pressures facing the UK housing system. The temporary accommodation crisis, driven by a lack of affordable housing supply and an increasingly inadequate housing benefit system, shows no signs of easing. Meanwhile, the share of young adults living with their parents continues its upward trajectory. And while the Government is right to focus on planning reform as a vehicle to boost housing supply, it is starting from a very challenging base – planning approvals for new housing developments were at a record low in the last quarter.

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[1] RF analysis of DWP, Households Below Average Income.