

# Heritage and home

Investigating ethnic inequalities in housing affordability

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February 2025



## Acknowledgements

The authors would like to thank Nissa Finney from the University of St Andrews, Lucinda Platt from the London School of Economics and Political Science, and Serena Robinson from the Runnymede Trust for their comments on a draft of this report. Contributions and comments from colleagues at the Resolution Foundation are gratefully acknowledged, particularly Lindsay Judge and Mike Brewer.

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## Summary

Britain, today, is a more plural country than ever before. The share of the population from a White British background in England and Wales stood at just under 75 per cent in 2021, down from over 87 per cent in 2001. Tolerance is a core British value that is taught in schools, and recent polling shows that the country has become more accepting over time. In 2020, only 3 per cent of people thought that being White is necessary to be “truly British”, compared with 10 per cent in 2006. But despite positive developments such as these, there is still ample evidence that significant ethnic inequalities persist in the UK today. In this briefing note, we investigate one such inequality that has been largely under-researched to date: housing affordability.

We start by noting that on average, ethnic minority adults live in households that spend a larger share of their income on housing than their White British counterparts. This is true for all ethnic minority groups, but is especially the case for Bangladeshi, Black other and Arab adults, who spend more than twice as much of their household income on housing than White British adults (23 per cent, 24 per cent and 26 per cent respectively, compared to 11 per cent). This is not just a low-income story: Indian and Chinese adults have higher (unequalised) average household incomes than White British adults but still experience a stronger ‘housing costs headwind’ that drives down their living standards.

All of which begs the question: why is housing less affordable for ethnic minorities than their White British peers? One potential explanation is that housing tenure varies significantly by ethnicity. White British adults are more than twice as likely to live in a household that owns their home (outright or mortgaged) than Black African or Arab adults, for example (72 per cent, compared to 35 per cent and 31 per cent respectively). These tenure differences have a material effect on housing costs: on average, private renters pay more than three times per square metre of housing than mortgagors, and social renters pay twice the price. But it is also worth noting that there are some ethnic minorities whose rates of home ownership are closer to the White British group: two-thirds (66 per cent) of Indian and Chinese adults live in owner-occupied homes, for example, as do 60 per cent of Pakistani adults.

But there are other compositional differences beyond tenure between ethnic minority and White British adults that are also at play. We know that on average, younger people spend a higher share of their income on housing than older age groups, and most ethnic minority groups have a more youthful skew than the White British population. Around 40 per cent of Black African and Pakistani adults are aged 19-34 years, for example, compared to 23 per cent of White British adults. (The only ethnic minority group with a lower youth rate than White British is Black Caribbean, plausibly because of the earlier migration pattern of this group). Added to this, adults in every ethnic minority group are

more likely than their White British peers to live in London or the South East, regions renowned, of course, for their eye-watering rents and house prices.

When we formally test how much these compositional factors explain the difference between the housing cost to income ratios of each ethnic group relative to White British adults, we find that except for Pakistani adults, tenure, age and region explain at least half of the gap. Strikingly, tenure is by far the most important of the three, eliminating most of the effect of age given youth and renting are so strongly correlated. But we also find that region has only limited explanatory power which, at first glance, is surprising. We identify two main reasons why this is the case. First, there is little variation in regional-level housing cost to income ratios outside of London and Northern Ireland. Second, although all ethnic minorities are more likely to live in London than their White British peers, some groups in the capital are significantly more likely to live in social housing too. Adults of Arab, Black African and Black Caribbean heritage are all more than twice as likely to rent socially in London than those of White British heritage, for example, improving their housing affordability at least relative to those living in the private rented sector.

Nonetheless, a significant part of the housing affordability gap between ethnic minority and White British adults still remains unexplained. So, what other factors could sit behind these differences? One further potential explanation is that ethnic minorities live in larger households and therefore need to spend a higher share of their income on a bigger home. It is true that average household size for most minority ethnic groups is larger than the UK average: at the extreme, the average Pakistani adult lives in a household with an additional two people compared to the average White British adult. But ethnic minority groups are also more likely to live in overcrowded homes than their White British counterparts: 22 per cent of Pakistani adults live in homes overcrowded by standard measures, for example, compared to 2 per cent of White British. In addition, ethnic minorities are also more likely to live in multi-generational homes than White British adults, with more people able to contribute to household income which should, in theory at least, act to improve rather than decrease housing affordability.

But if ethnic minorities do not spend a higher share of their income on housing than White British adults because they live in larger households, perhaps they are simply spending on better-quality housing instead? The data quickly debunks this theory. Across the board, ethnic minorities are more likely to live in homes that fail to meet basic quality standards than the White British cohort. Bangladeshi, Black other and Black African-headed households are around three times more likely to live in homes with damp than their White British counterparts, despite spending approximately twice as much of their income on housing. And it is a similar story when it comes to (lack of) access to outdoor space for ethnic minority families with dependent children.

Finally, ethnic minority adults may face more constrained housing choices than their White British peers in the UK today, plausibly pushing up the relative cost of housing. We identify two key reasons why this could be the case. First, some groups such as Arab, Indian, Pakistani and Bangladeshi adults have an especially strong sense of belonging to their neighbourhood over and above that which we would expect given the average length of time in the areas, something for which they may be prepared to pay a premium. Second, and much less positively, racial and ethnic discrimination remains a reality for many in the UK when it comes to accessing housing. We find that 9 per cent of Arab, 7 per cent of Black Caribbean and 6 per cent of Black African adults report experiencing racial discrimination when accessing housing, with no ethnic minority group immune.

Looking across the board, we conclude that ethnic minorities are at the sharp end on almost every housing metric in the UK today. All minority groups find housing less affordable than their White British counterparts yet receive a poorer product and, with their higher rates of renting, lower security of tenure too. But it is also important to acknowledge the plurality of experience across ethnic minority groups. Arab, Bangladeshi, Black African and Black other adults have consistently poor housing outcomes; Indian, Chinese and ethnically mixed adults fare somewhat better and on occasion and have a housing experience that is closer to that of White British adults than many other ethnic minority groups. But overall, the housing ethnic inequalities highlighted in this paper provide yet more good reasons for the Government to act to tackle the well-documented nationwide housing crisis, as well as consider an official enquiry into discrimination and housing access that so many from minority backgrounds still encounter in the UK today.

## On average, ethnic minority adults live in households that spend a larger share of their income on housing than White British adults

Britain today is an increasingly plural country. The share of the population from a White British background in England and Wales stood at just under 75 per cent in 2021, down from over 87 per cent in 2001.<sup>1</sup> Likewise, tolerance is a core British value that is taught in schools.<sup>2</sup> And despite occasional pockets of racially motivated unrest such as the riots of summer 2024, polling shows the country has become more accepting over time. In 2020, only 3 per cent of people thought that being White is necessary to be “truly British”, down from 10 per cent in 2006.<sup>3</sup> Meanwhile,

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1 ONS, [Ethnic group, England and Wales: Census 2021](#), November 2022.

2 Department for Education & Lord Nash, [Guidance on promoting British values in schools published](#), November 2014.

3 Ipsos, [Attitudes to race and inequality in Great Britain](#), June 2020.

the share of people who believe that being born in Britain is important to being “truly British” has fallen from 74 per cent in 2013 to 55 per cent in 2024.<sup>4</sup>

But despite these positive developments, there is still ample evidence that significant ethnic inequalities persist in the UK.<sup>5</sup> This briefing note explores a key inequality between different ethnic groups that has been largely under-researched to date: housing affordability.<sup>6</sup> (Box 1 sets out some of the data issues we have encountered throughout). Our starting point is that on average, adults from all ethnic minority groups spend a larger share of their income on housing costs than their White British counterparts (see Figure 1).<sup>7</sup> As the chart makes plain, the differences are often substantial. White British adults live in households that spend on average 11 per cent of their income on housing; for Black African, Bangladeshi, and other Black adults this figure stands at one-fifth and over (21 per cent, 23 per cent and 24 per cent, respectively); and for those of Arab heritage it is over one-quarter (26 per cent).<sup>8</sup> But just as importantly, Figure 1 also shows that the average housing cost to income ratio of different ethnic minorities vary significantly too: Indian and Pakistani adults, for example, live in households spending a lower share of income on housing than other minorities.<sup>9</sup>

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<sup>4</sup> J Curtice & A Scholes, [British Social Attitudes 41 | National Identity](#), National Centre for Social Research, September 2024.

<sup>5</sup> See, for example: H Mirza & R Warwick, [Race and ethnicity](#), The IFS Deaton review, November 2022.

<sup>6</sup> See, for example: M Stephens et al., [2024 UK housing review](#), Chartered Institute of Housing, October 2024.

<sup>7</sup> When calculating housing cost to income ratios, we deduct the principal from the housing costs of mortgagors because, in contrast to the interest paid on a mortgage, it is not a payment for housing services but instead a form of wealth accumulation. In a small minority of observations, reported average housing costs are higher than reported income. Although it is possible that some households have housing costs that exceed their incomes for short periods – and for example, use savings to cover them during that time – we drop such observations from the analysis presented here.

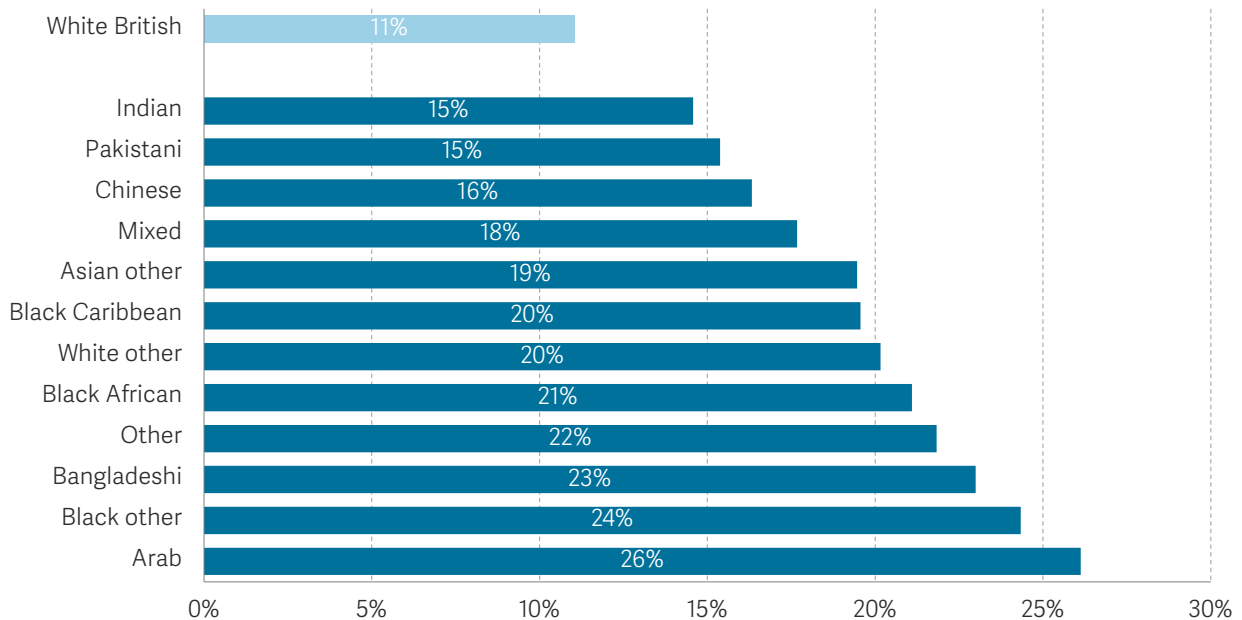
<sup>8</sup> The White Irish cohort is included in the White other ethnic group for England, Wales and Scotland. In Northern Ireland, the Family Resources Survey does not separate the White British and White Irish ethnic groups, instead it has only a White ethnic category. As a result, all White respondents in Northern Ireland are included in the White British category. Overall, this is a small number in the total of the White British group and therefore is unlikely to affect the results.

<sup>9</sup> This is why looking at ethnicity in a granular way is so important: grouping categories as White versus Black, Asian and Minority Ethnic (BAME) loses these important differences between minorities. Indeed, using broader ethnic categories such as Asian loses important variations between the Indian, Pakistani and Bangladeshi cohorts. To illustrate the point, the average Bangladeshi adult has a housing cost to income ratio 8 percentage points higher than their Indian and Pakistani peers, something that would be obscured if we used the broader category of ‘Asian’ in our analysis.



### FIGURE 1: Ethnic minority adults, on average, live in households that spend a larger share of their income on housing costs than their White British counterparts

Average housing cost to income ratio, by ethnicity: UK, 2021/22-2022/23



NOTES: Aged 19 and over only. We ascribe the household's housing cost to income ratio to all adults in the household. Average housing cost is gross of housing benefit and no principal.

SOURCE: RF analysis of DWP, Family Resources Survey and Households Below Average Income.

#### BOX 1: Data and ethnicity analysis

In many datasets, ethnicity is determined as the ethnic group of the Household Reference Person (HRP), typically defined as the highest-earning or oldest individual within a household. This approach simplifies data analysis, but it has significant limitations. Most importantly, this method fails to account for the growing number of multi-ethnicity households. Census data tells us that the prevalence of multi-ethnicity households in the UK has increased, growing from 8.7 per

cent (2 million) in 2011 to 10 per cent (2.5 million) in 2021.<sup>10</sup> In such households, the HRP's ethnicity will not represent all members.

Our approach has been where possible to analyse outcomes at the level of the individual's ethnicity. This method provides a more accurate representation of ethnic differences when it comes to housing than traditional HRP-based approaches. The Family Resources Survey collects

<sup>10</sup> ONS, [Ethnic group, England and Wales: Census 2021](#), November 2022.

ethnicity data on all adults in the household, but not children, so our analysis is restricted to adults only.

However, we have had to resort to using the ethnicity of the HRP in two pieces of analysis because of data limitations. First, MHCLG data on temporary accommodation only captures the ethnicity of the applicant from the household (see Figure 4). Second, English Housing Survey published tables on the proportion of homes with damp uses the ethnicity of the HRP (Figure 12) although we note that in the microdata of the English Housing Survey the ethnicity of the spouse of the HRP is also recorded (but not other adults or children in the household).

Finally, when analysing ethnicity at a high level of granularity, sample sizes often become an issue. In line with guidelines from the Family Resources Survey, we combine the latest two years of available data together to boost sample sizes for each ethnic group. Ordinarily, Family Resources Survey guidance is to bundle three years, but the guidance states that the 2020/2021 data should not be used due to the pandemic, and hence we bundle two years (2021/22 and 2022/23).<sup>11</sup> We then run checks to ensure that for all analysis, the sample size is at least 70 for each ethnic group in line with best practice.

One obvious question this throws up is whether this is simply a function of low average incomes rather than high housing costs. Figure 2 suggests it is not. Although Arab and Black Caribbean adults, on average, live in households with an unequivalised (i.e. not taking household size into account) income that is at least £100 a week lower than White British adults, for Indian and White other adults, their income is over £100 a week higher, and for Chinese adults £250 higher.<sup>12</sup> And yet all five minority groups face a housing cost to income ratio that is higher than White British adults. So whether they have a lower average household income than White British adults or not, ethnic minorities' housing costs act as a stronger living standards 'headwind' across the board. Why could this be?

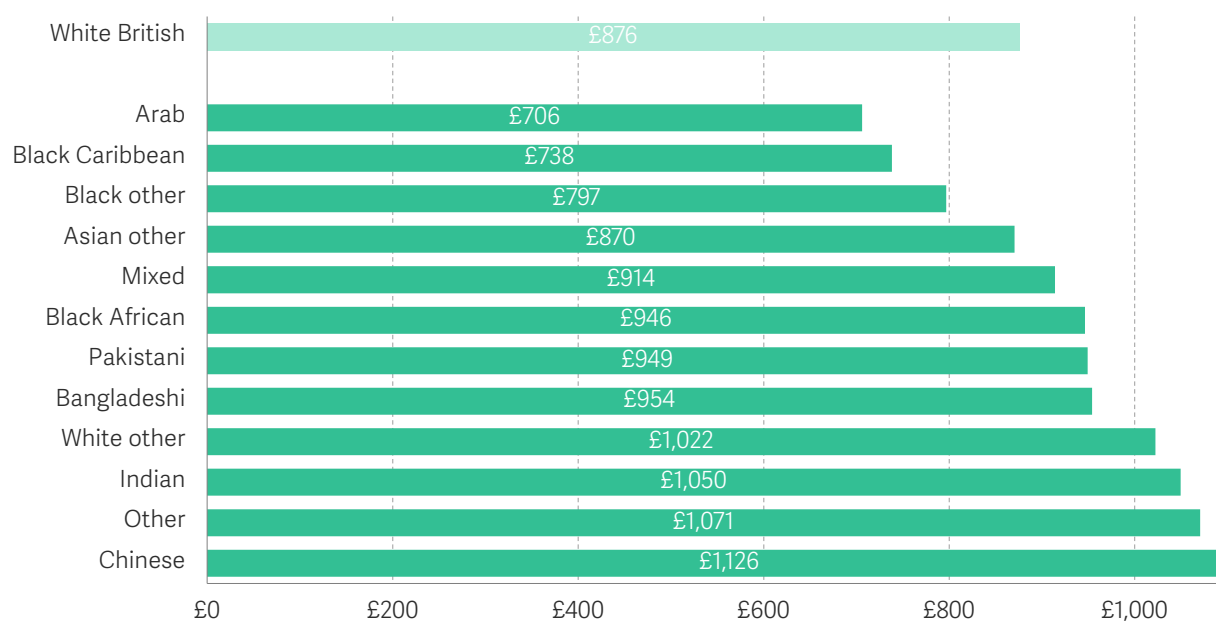
<sup>11</sup> DWP, *Family Resources Survey Stat-Xplore database guide*, May 2024.

<sup>12</sup> As with calculating housing cost to income ratios, this fact and Figure 2 exclude those with average housing costs that are higher than reported income.



## FIGURE 2: Ethnic minority adults' higher housing cost to income ratios are not just a function of lower household income

Average weekly unequivalised household income, by ethnicity: UK, 2021/22-2022/23



Source: RF analysis of DWP, Family Resources Survey and Households Below Average Income.

## There are substantial differences in housing tenure across ethnicities

We know that housing cost to income ratios vary a great deal by tenure.<sup>13</sup> Owning a home outright obviously entails the lowest housing costs, and thereby a lower housing cost to income ratio (the average housing cost to income ratio among adults who live in a household that owns their home outright is just 3 per cent).<sup>14</sup> Two-fifths (41 per cent) of White British adults live in a household that owns their home outright, more than any other ethnicity and over three times the proportion of adults in Arab (12 per cent), other (11 per cent), Black African (7 per cent) and Black other (6 per cent) groups (see Figure 3).<sup>15</sup> Migration patterns clearly play a part here. Black Caribbean adults, for example, are around four times more likely to live in a household that owns their home outright than Black African adults, and they are also significantly more likely than Black Africans to have been born in the UK.<sup>16</sup>

<sup>13</sup> Throughout this briefing note we ascribe the household tenure to all adults in that household.

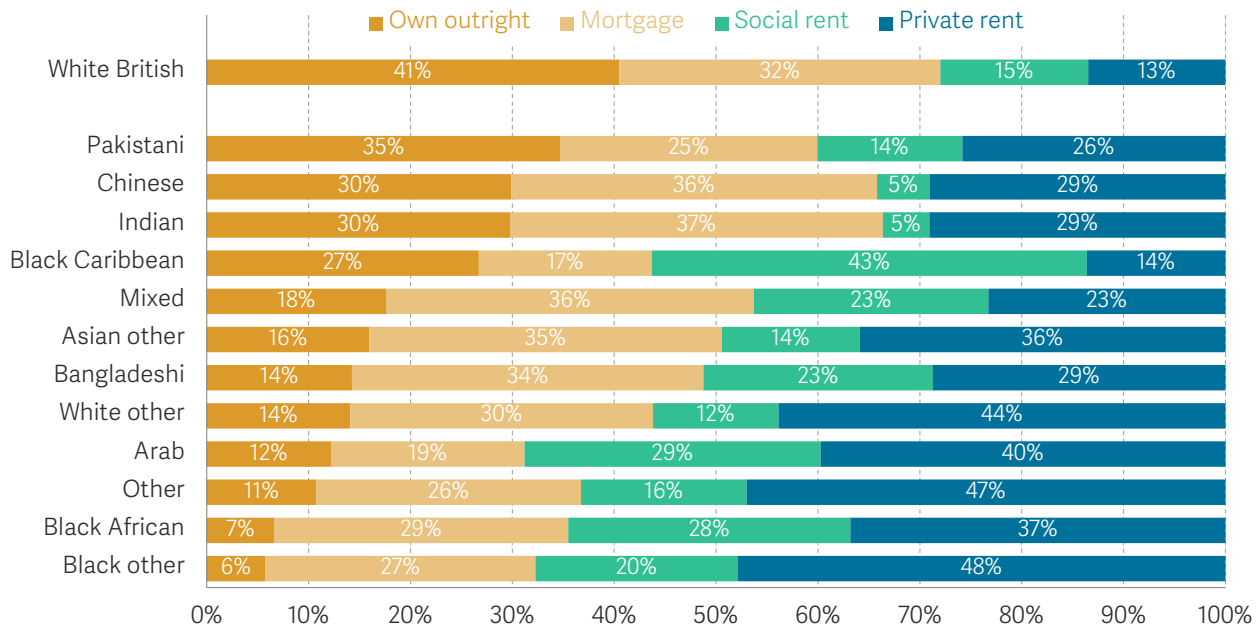
<sup>14</sup> The housing cost to income ratio for outright owners is not 0 per cent, as housing costs include water, ground rents, service charges and structural insurance.

<sup>15</sup> This is also a key reason why wealth varies so much between ethnicities. See: E Karagiannaki, [The scale and drivers of ethnic wealth gaps across the wealth distribution in the UK: evidence from Understanding Society](#), Centre for Analysis of Social Exclusion (CASE) and the International Inequalities Institute, July 2023.

<sup>16</sup> S Wilkinson, [Black History Month 2023 – Census data shines a new light on the Windrush generation](#), Centre for Ageing Better, October 2023.

**FIGURE 3: Although there is significant variation between different ethnic minorities, home ownership rates are consistently lower than the White British cohort**

Proportion of adults in different household tenures, by ethnicity: UK, 2021/22-2022/23



NOTES: Aged 19 and over only.

SOURCE: RF analysis of DWP, Family Resources Survey and Households Below Average Income.

If we broaden our concept of home ownership to include those with a mortgage, then home ownership rates for some ethnic minorities come close to White British, but significant differences between ethnicities remain.<sup>17</sup> Over 60 per cent of White British, Pakistani, Indian and Chinese adults live in a household that owns their home, but this falls dramatically to around one-third for Black African and Black other adults. This matters because renters pay much more for the same amount of housing than homeowners: on average, private and social renters pay over three times and two times more per square metre respectively for their housing than mortgagors.<sup>18</sup> This in turn means that private and social renters face housing cost to income ratios that are far higher than the 9 per cent ratio that the average mortgaged household faces.

<sup>17</sup> The tenure results by ethnicity presented in Figure 2, which are based on our analysis of the Family Resources Survey, differ very slightly to results presented in the Census. For example, while our analysis has the White British ethnic group with the highest rate of home ownership, the Census has Indian home ownership as a few percentage points higher than White British. Ultimately, the overall picture of our analysis of the Family Resources Survey is broadly similar to the Census, with the same ethnic groups of White British, Indian, Pakistani and Chinese having the highest levels of home ownership, and the Black other, Black African and Arab groups having the lowest. This gives us confidence that our analysis is robust. Furthermore, for the purposes of our analysis, we calculate tenure as the tenure of the household you live in, so if an adult is living in their parents who own their home, they are treated as having the same housing tenure of their parents. However, in the Census, such a group would be treated as a private renter since their data is categorised as private renter or lives rent free. This further helps to explain the small percentage point differences between our FRS analysis and the Census.

<sup>18</sup> C Aref-Adib et al., [Home truths: Putting housing policy in context for the 2024 general election](#), Resolution Foundation, June 2024; C Pacitti, [Through the roof: Recent trends in rental-price growth](#), Resolution Foundation, April 2024.

We also see substantial differences when it comes to types of rental. Adults from Black Caribbean backgrounds are nearly three times as likely to live in the social rent sector than their White British counterparts, while Indian and Chinese adults are one-third as likely to. Meanwhile some groups are particularly likely to live in the private rented sector, such as the White other, Arab, Black other and other cohorts, where 40 per cent or more of adults do. Social renters face lower housing costs than private renters, although the gap in housing cost to income ratio is relatively small, at 25 per cent compared to 29 per cent. Why? Because even though housing costs are lower in the social rented sector, to qualify for social housing, income must also be low, and this therefore drives up the housing cost to income ratio. But beyond housing cost to income ratios, tenure also has an impact on housing security, with the private rented sector providing the least stable form of tenure. And this insecurity leads to different ethnic groups being disproportionately impacted by homelessness, as discussed in Box 2.

## BOX 2: Homelessness among ethnic minority groups

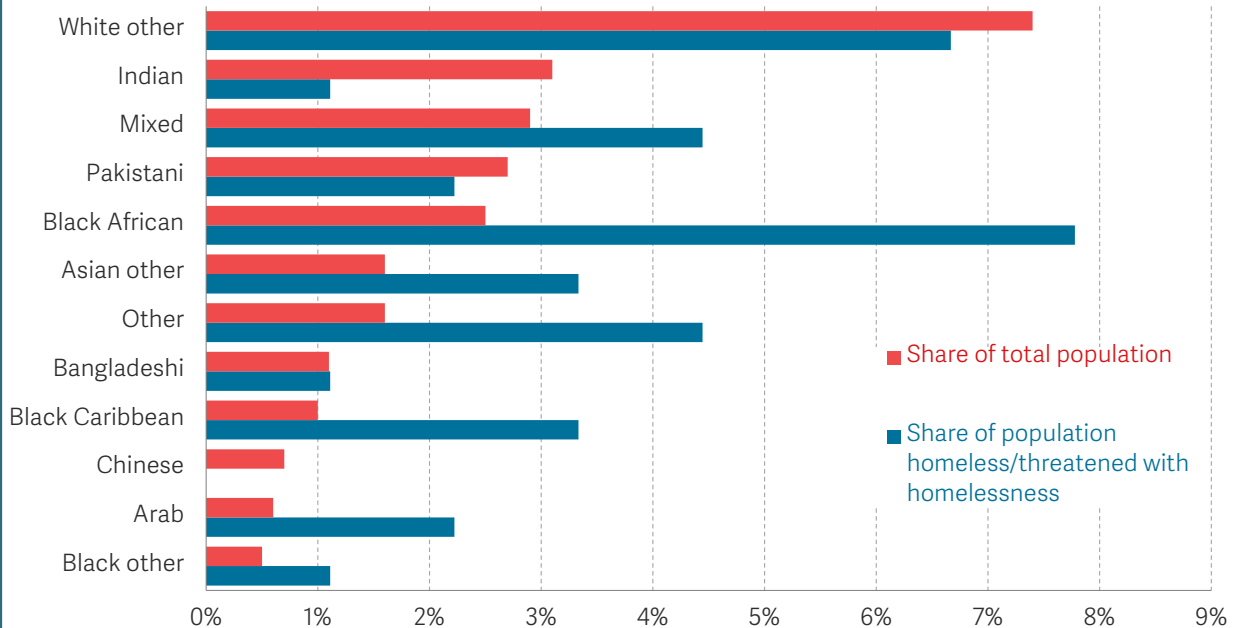
The number of people living in temporary accommodation has reached record levels in the UK: in England the number stands at over 120,000 households.<sup>19</sup> When we look at households threatened with homelessness (owed the 'prevention duty' by local authorities) or homeless (owed the 'relief duty') in England, we see that some ethnicities are significantly over-represented (Figure

4). Those from a Black African, Black Caribbean and Arab background are over-represented at least three-fold among the population that are 'homeless/threatened with homelessness' relative to their share of the overall population. In contrast, those from Indian backgrounds are heavily under-represented in the 'homeless/threatened with homelessness' population.

<sup>19</sup> MHCLG, Statutory homelessness live tables, November 2024.

### FIGURE 4: Those from Black African, Black Caribbean and Arab backgrounds are heavily over-represented in the homeless population

Share of total population and share threatened with homelessness (owed prevention duty) or homeless (owed relief duty), by ethnicity: England, 2023-24



NOTES: Ethnicity here is ethnicity of the main applicant of the household. Share of the total population is England and Wales 2021 data and share of population homeless/threatened with homelessness is England only 2023-24 data. The White British population are under-represented in the share of the population homeless/threatened with homelessness (74 per cent of the total population compared to 62 per cent of the population homeless/threatened with homelessness).

SOURCE: RF analysis of ONS, Census 2021, November 2022; MHCLG, Statutory homelessness live tables, November 2024.

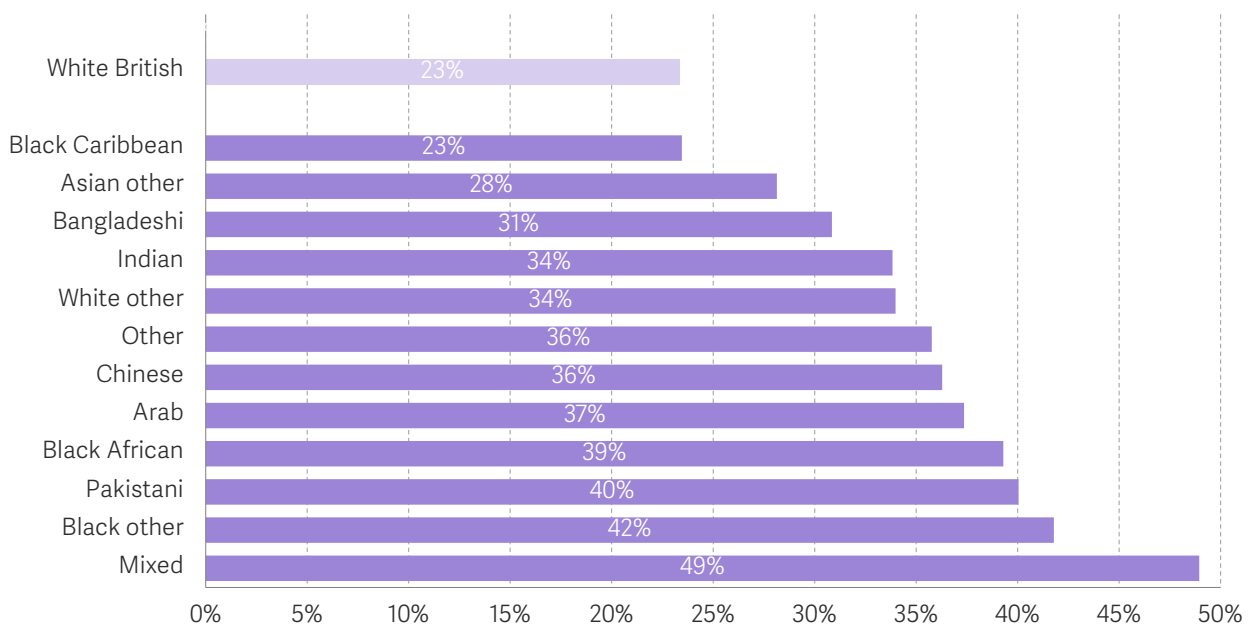
## Ethnic minorities are more likely to be young, and to reside in London or the South East, than their White British peers

Many studies have shown that young people are more likely to rent than older cohorts: the proportion of those aged 25-34 renting privately now stands at 33 per cent.<sup>20</sup> Given this, the relative youth of ethnic minorities is another compositional factor which may have some explanatory power when it comes to housing affordability. Figure 5 emphasises just how much younger some minority cohorts are than the White British group. Around 40 per cent of Black African, Pakistani and Black other adults are aged 19-34, compared to 23 per cent of White British adults. But it is not the case that all minority cohorts have this youthful age skew: young people make up the same share of Black Caribbean adults as they do of White British adults.

<sup>20</sup> | Acharya & M Broome, *Housing hurdles: The changing housing circumstances of young people in Britain*, Resolution Foundation, December 2024.

FIGURE 5: Almost all minority cohorts are younger than the White British group

Proportion of adults aged 19-34, by ethnicity: UK, 2021/22-2022/23



SOURCE: RF analysis of DWP, Family Resources Survey and Households Below Average Income.

Another factor of note is regional variation in where ethnic minorities live. Although there has been a strong growth in diversity across towns and cities in the UK as more people live with neighbours of different ethnic backgrounds, it remains the case that minority cohorts are more likely to live in London and the South East (where housing costs are typically higher) than the White British population.<sup>21</sup> As Figure 6 shows, the regional variations between minorities and the White British group are significant. Indian, Bangladeshi, Black Caribbean and Black African adults are over twice as likely to reside in London and the South East than their White British counterparts.<sup>22</sup> Given what we know around the higher housing costs in London and the South East, and the longer social housing waiting lists, together with the high regional variation among ethnic minorities, this indicates a potential role of geography in explaining the housing cost to income ratio gap.<sup>23</sup>

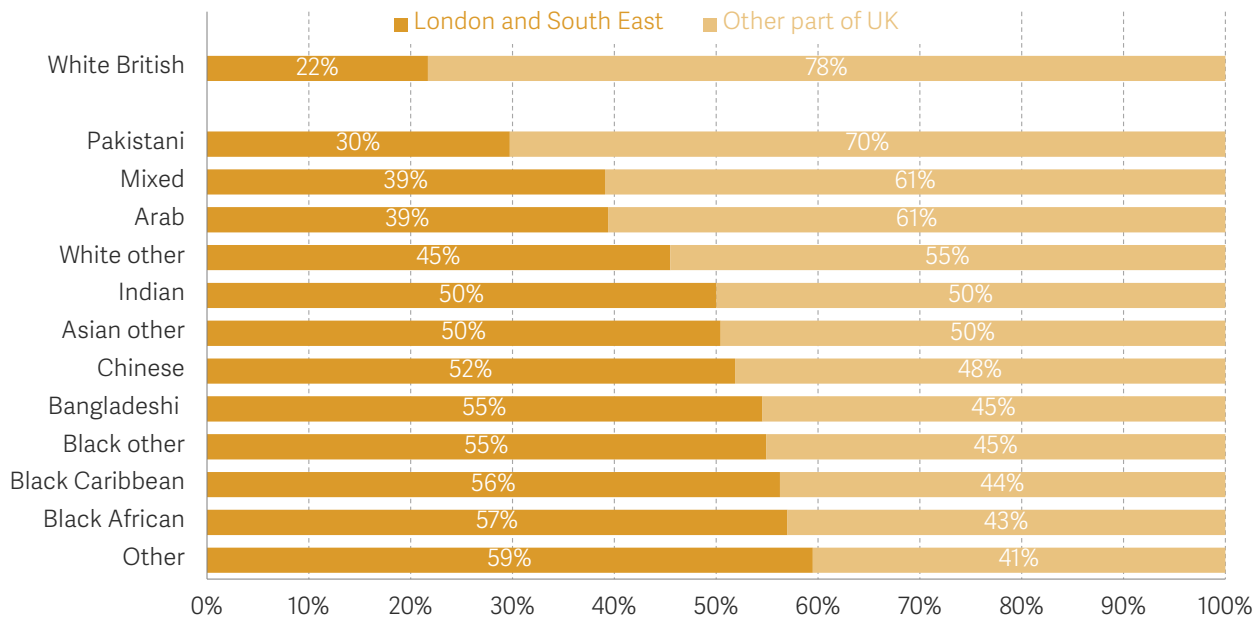
<sup>21</sup> G Catney et al., *Ethnic diversification and neighbourhood mixing: A rapid response of the 2021 Census of England and Wales*, *The Geographical Journal*, January 2023.

<sup>22</sup> The regional variation is more than a London phenomenon, extending to cities in general. For example, while 30 per cent of Pakistani adults live in London and the South East, over 90 per cent reside in a core urban area, with hubs in Birmingham and Bradford in particular. And we know that housing in core urban areas is generally less affordable than their surrounding rural areas. For example, see M Lange, *Restarting housebuilding II: Social housing and the public sector*, Centre for Cities, December 2024.

<sup>23</sup> G Daw, *London has the most households waiting for social housing*, SWLondoner, 2 February 2024.

### FIGURE 6: Ethnic minority adults are more likely than their White British peers to live in London and the South East

Proportion of adults that live in London and the South East, by ethnicity: UK, 2021/22-2022/23



NOTES: Aged 19 and over only.

SOURCE: RF analysis of DWP, Family Resources Survey and Households Below Average Income.

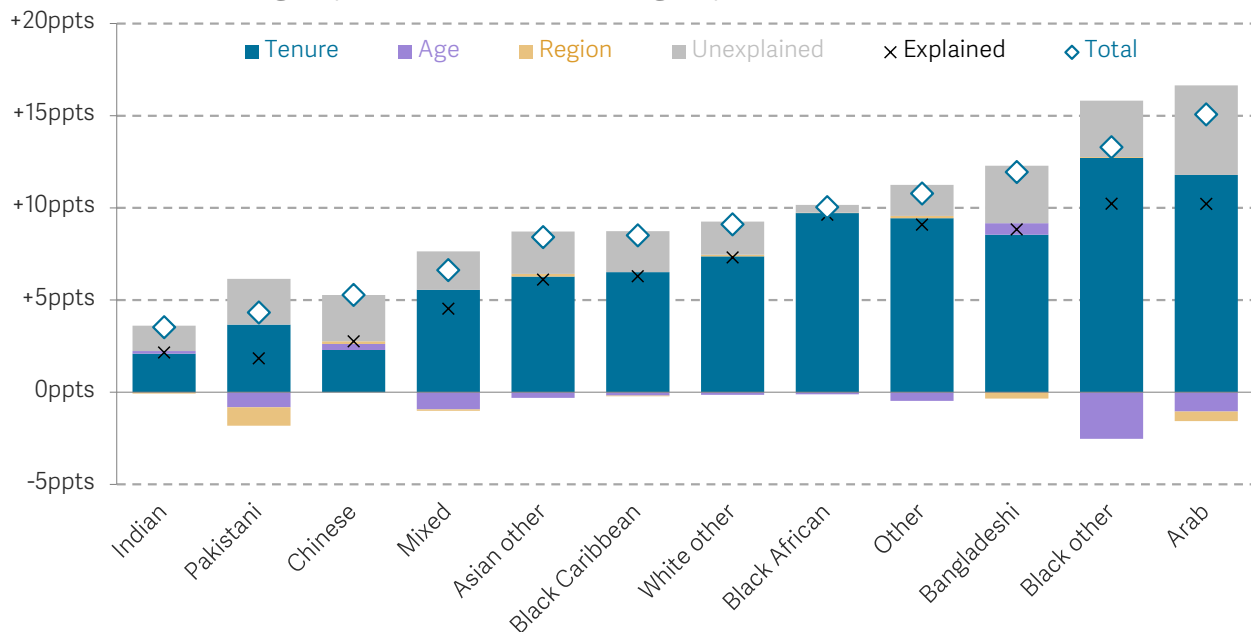
### Tenure helps explain the housing affordability ethnicity gap, but region and age have less power

Taken together, it is plausible that tenure, age and regional differences between ethnic minority and White British adults could play a large role in explaining the gaps we observe when it comes to housing affordability. To analyse the role of each composition factor separately, we have carried out a Oaxaca-Blinder decomposition, the results of which are in Figure 7. In this, the outcome variable is the gap in the housing cost to income ratio for each ethnic group relative to the White British cohort; the white diamonds in the chart represent this gap. For example, for the Arab group this gap is 15 percentage points, as the Arab housing cost to income ratio shown in Figure 1 is 26 per cent compared to the White British ratio of 11 per cent. The coloured bars represent the extent to which tenure, age, region and household size 'explain' this gap, and these sum to the black crosses on the chart, to what we describe as the 'explained effect'. The grey bars are the 'unexplained effect', i.e. the differences in the respective housing cost to income ratios for each ethnic group compared to White British adults that cannot be attributed to tenure, age, or region.



**FIGURE 7: Tenure plays the largest role in explaining the gap between the housing cost to income ratio of ethnic minority and White British adults**

Contribution of various factors to the difference in housing cost to income ratios between ethnic groups and the White British group: UK, 2021/22-2022/23



NOTES: Aged 19 and over only. Results are from a 'Oaxaca-Blinder' decomposition.

SOURCE: RF analysis of DWP, Family Resources Survey and Households Below Average Income.

The decomposition shows that, for all ethnic groups with the exception of the Pakistani group, tenure, age and region explain at least half of the gap in their housing cost to income ratio relative to the White British group. Of the three, tenure is the most important: indeed, for the Black African group, tenure explains nearly all of the gap. Interestingly, age has very little effect, suggesting that it is its interaction with tenure that primarily drives the differences in housing cost to income ratios across age groups.

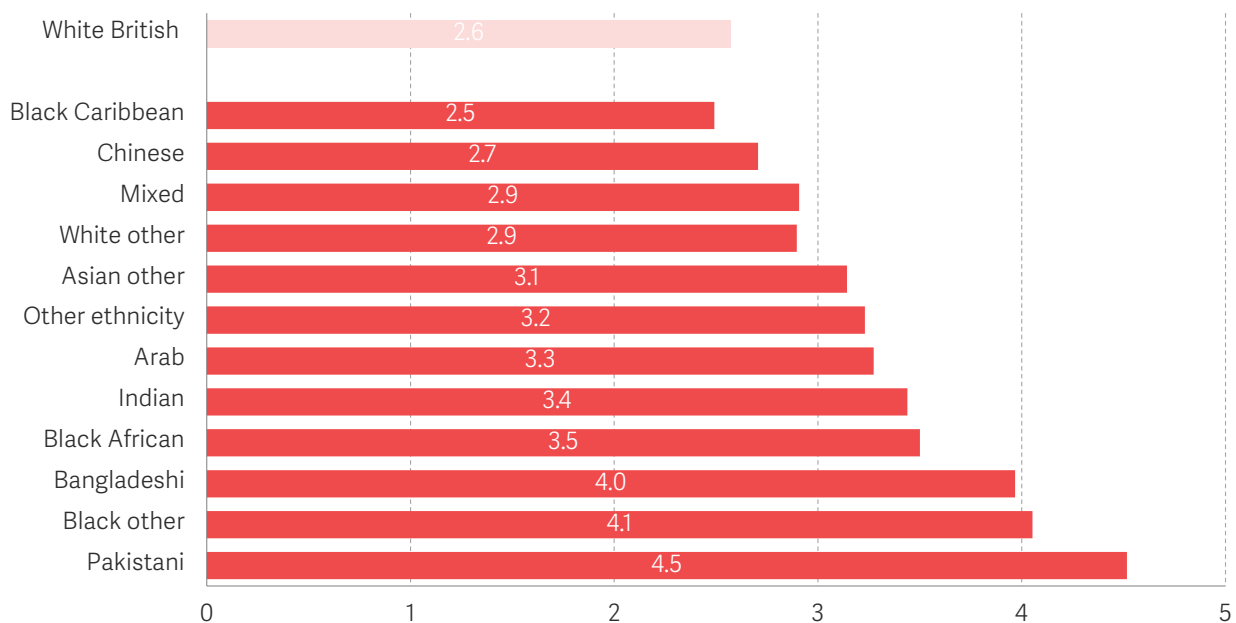
But the absence of almost any effect of region is more surprising, given the higher housing costs associated in certain regions such as London. We ascribe this to two reasons. First, the average housing cost to income ratios are broadly similar across regions: with the exception of London and Northern Ireland, average housing cost to income ratios are between 11 and 14 per cent across all regions. Second, although at 19 per cent the average housing cost to income ratio is much higher in London, the differences in social housing tenure between ethnic minorities and the White British group in the capital potentially serve to limit any regional effect. In London, a number of ethnic minority groups are significantly more likely to live in social housing (where housing costs are lower than market rates) than the White British cohort. For example, adults of Arab, Black African and Black Caribbean backgrounds are all over twice as likely to live in social housing in the capital than the White British group.

## Ethnic minority adults live in larger households than White British, but this does not explain why they spend more income on housing

There are, of course, other factors beyond tenure, age and region that could explain why ethnic minorities spend a larger share of their household income on housing than their White British counterparts. One would be if ethnic minorities live in larger – and therefore more expensive – homes. Average family size has fallen over time, but the differences in household size between White British groups and ethnic minorities are still stark.<sup>24</sup> For example, Black African, Bangladeshi and Pakistani households are not only more likely to have children than their white counterparts, they are also more likely to have larger families with three or more children.<sup>25</sup> Figure 8 shows that this translates to a larger average household size than White British adults for all ethnic minorities bar the Black Caribbean group. At the extreme, Pakistani adults are on average likely to live in a household with two more people than their White British counterparts (with an average household size of 4.5 and 2.6 respectively).

**FIGURE 8: On average, almost all ethnic minority groups live in larger households than White British adults**

Average number of people in a household, by ethnicity of adults in household: UK, 2021/22-2022/23



NOTES: The number of people in the household includes children.

SOURCE: RF analysis of DWP, Family Resources Survey and Households Below Average Income.

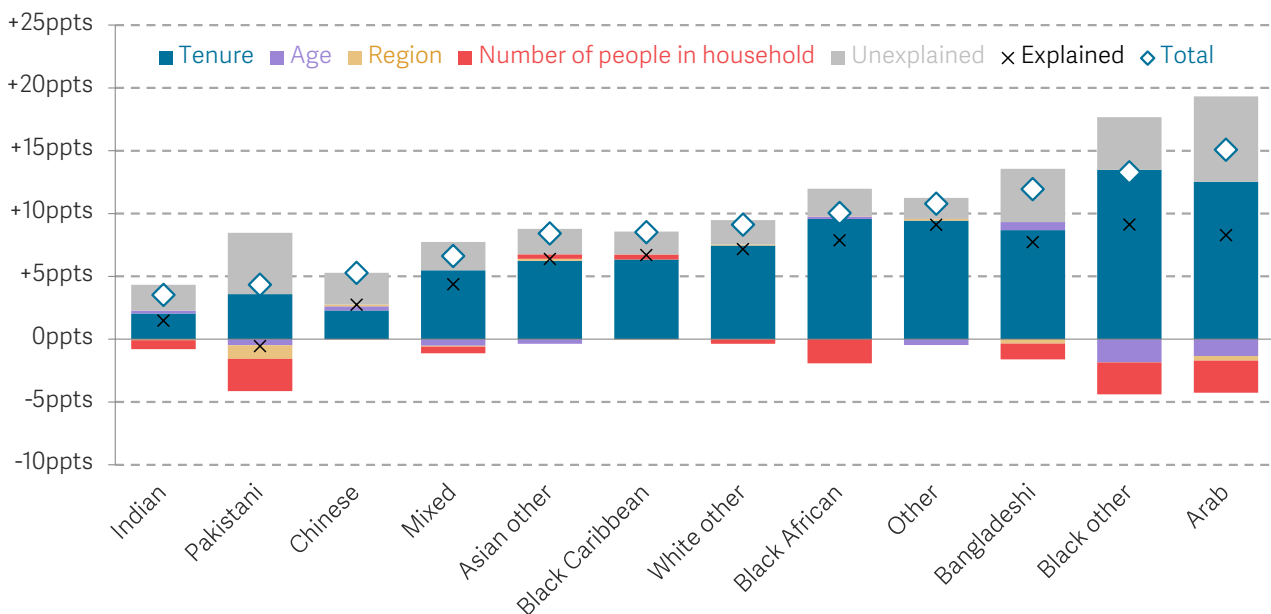
<sup>24</sup> ONS, *Births in England and Wales: 2023*, October 2024.

<sup>25</sup> P Matejic et al., *Bangladeshi, Black African and Pakistani households at higher risk of very deep, long-term poverty*, Joseph Rowntree Foundation, December 2024.

Plausibly, then, the differences in housing cost to income ratios with White British adults could be partly down to the fact that ethnic minorities need to live in households with more bedrooms, pushing up their housing costs. But when we bring household size into our decomposition as we do in Figure 9, we find something surprising. Rather than explaining any of the housing cost to income ratio gap we observe between White British and ethnic minority adults, household size actually works in the opposite direction. Put differently, if ethnic minority groups lived in households the same size as White British adults, the gap between their housing cost to income ratio would go up and not down.

**FIGURE 9: Household size has no explanatory power when it comes to the affordability gap between ethnic minority and White British adults**

Contribution of composition to the difference in housing cost to income ratios between ethnic groups and the White British group: UK, 2021/22-2022/23



NOTES: Aged 19 and over only. Results are from a 'Oaxaca' decomposition, including tenure, age, region and household size.

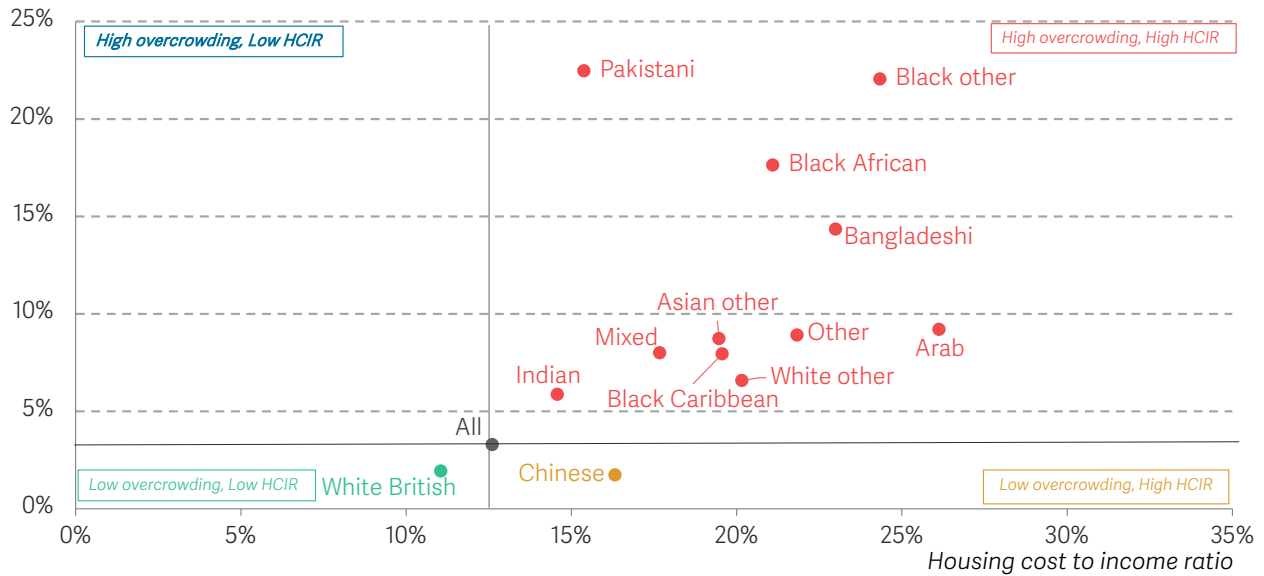
SOURCE: RF analysis of DWP, Family Resources Survey and Households Below Average Income.

So, what lies behind this counterintuitive finding? One reason is that all ethnic minorities but one group experience higher rates of overcrowding than the White British group, as highlighted in Figure 10. And the scale of the disparities is often striking: for Pakistani and Black other households, overcrowding rates exceed 20 per cent, making them over 10 times more likely to live in overcrowded homes than White British adults. And Black African and Bangladeshi households are also disproportionately affected, with overcrowding rates 9 and 7 times higher compared to those observed among their White British peers.

**FIGURE 10: Ethnic minorities are more likely to live in overcrowded homes than White British adults despite spending a larger share of household income on housing**

Proportion of adults that live in an overcrowded home and average housing cost to income ratio, by ethnicity: UK, 2021/22-2022/23

Proportion of overcrowded homes

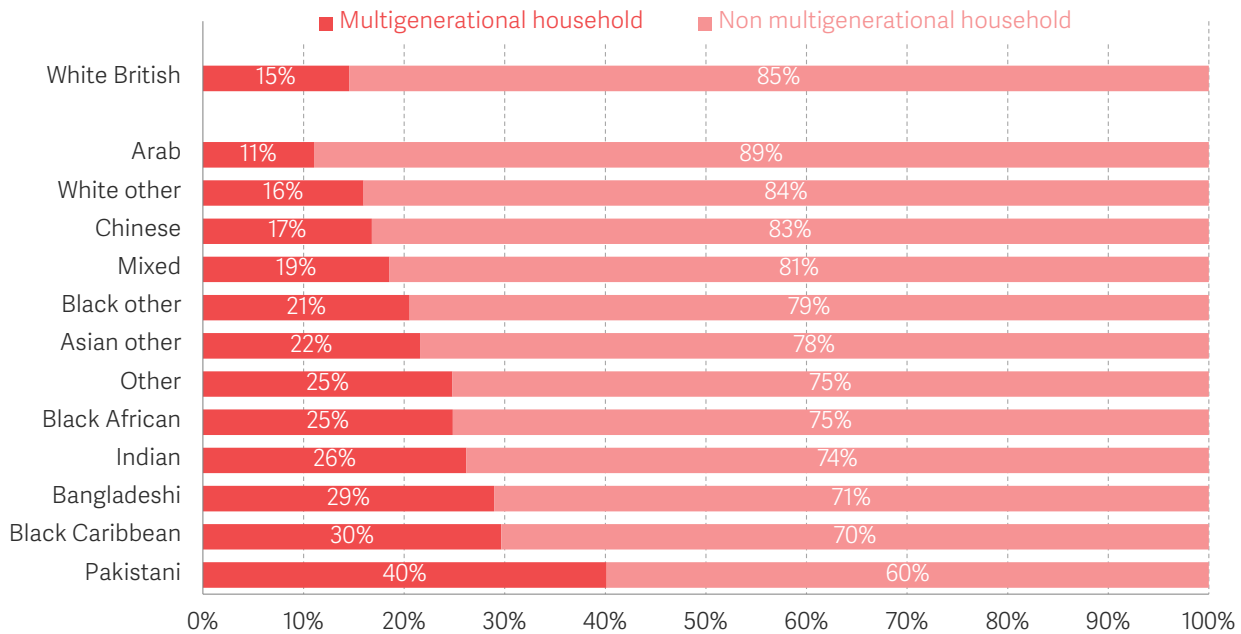


NOTES: Housing cost to income ratio is the two-year average of 2021/2022 and 2022/23 data from the Family Resources Survey. Overcrowding is measured at the household level; where an overcrowded household consists of more than one benefit unit, all benefit units are assumed to be overcrowded. "High" and "Low" indicate values above or below the average, SOURCE: RF analysis of DWP, Family Resources Survey and Households Below Average Income.

But there is another way in which the household make-up can affect housing cost to income ratios. As Figure 11 shows, most ethnic minority groups are more likely to live in a multigenerational household (those with at least two adult generations) than their White British counterparts. This is particularly the case for other, Black African, Indian, Bangladeshi, Black Caribbean and Pakistani groups, where at least one-quarter of adults live in a multi-generational household, compared to 15 per cent of the White British adult population. More adults in a household means higher income whether that comes from earnings, pensions, benefits or other sources, which may well drive down the housing cost to income ratio for a given household size.

### FIGURE 11: Ethnic minorities are more likely to live in multigenerational households than White British adults

Proportion of adults living in a multigenerational household, by ethnicity: UK, 2021/22-2022/23



SOURCE: RF analysis of DWP, Family Resources Survey and Households Below Average Income.

## Better housing quality cannot explain why ethnic minorities spend more of their income on housing than White British adults

Another potential explanation for the higher housing cost to income ratios observed among ethnic minority groups is that these households are paying more for better-quality housing. However, the evidence contradicts this. In fact, many ethnic minority households are more likely than the White British group to live in homes that fail to meet basic quality standards.<sup>26</sup>

An example of this is shown in Figure 12, which maps rates of damp for each ethnic group against their average housing cost to income ratio. Some minority groups are less likely to live in homes with damp than the White British group, but there are others that are substantially more likely to.<sup>27</sup> This includes minorities with particularly high housing cost to income ratios such as the Black African, Bangladeshi and Black other groups. Alarming, these are also some of the groups that report the highest levels of overcrowding, as discussed earlier.<sup>28</sup>

<sup>26</sup> The Health Foundation, *Inequalities between groups of people living in non-decent homes*, October 2024.

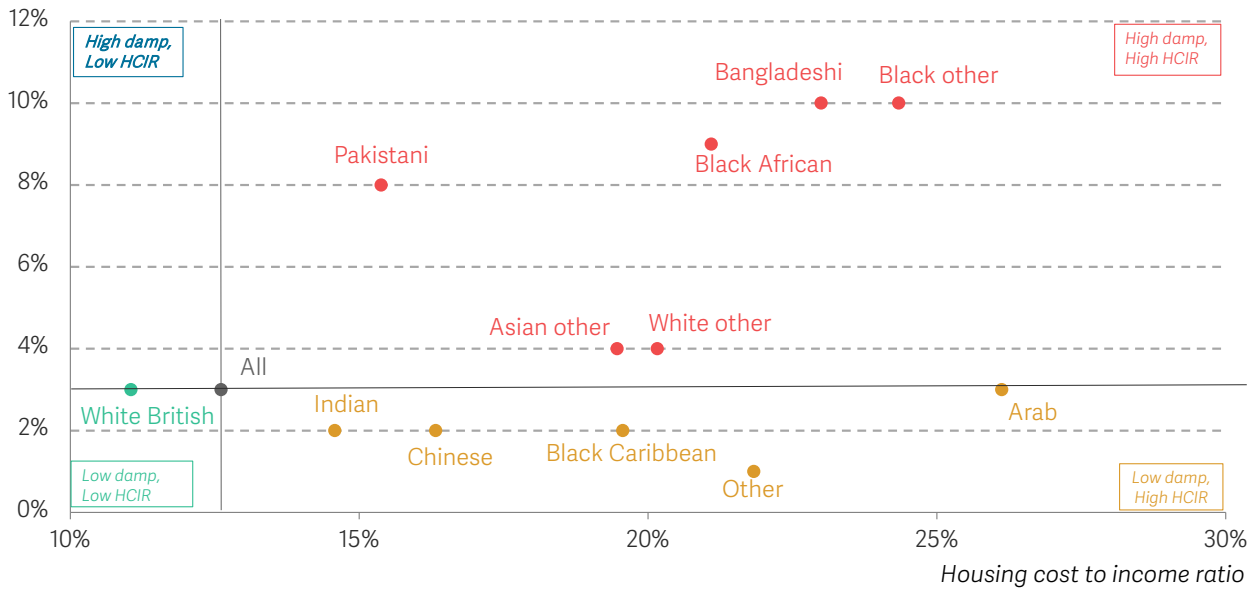
<sup>27</sup> SAGE, *Housing, household transmission and ethnicity*, December 2020

<sup>28</sup> It is important to note that the data on damp in this chart uses data from the English Housing Survey, where ethnicity is based on the Household Reference Person (HRP); see Box 1 for more details.

**FIGURE 12: Many minority adults face high housing cost to income ratios, and are also more likely to live in damp homes**

Proportion of households with damp and average housing cost to income ratio, by ethnicity: England, 2017-2019 & UK, 2021/22-2022/23

Proportion of homes with damp



NOTES: Housing cost to income ratio is the two-year average of 2021/2022 and 2022/23 data from the Family Resources Survey and is UK-wide with ethnicity at the individual level. Proportion of homes with damp is the two-year average of the English Housing Survey from April 2017 to March 2019 and is England only with ethnicity that of the household reference person. "High" and "Low" indicate values above or below the average. SOURCE: RF analysis of DWP, Family Resources Survey and Households Below Average Income; English Housing Survey 2017-2019.

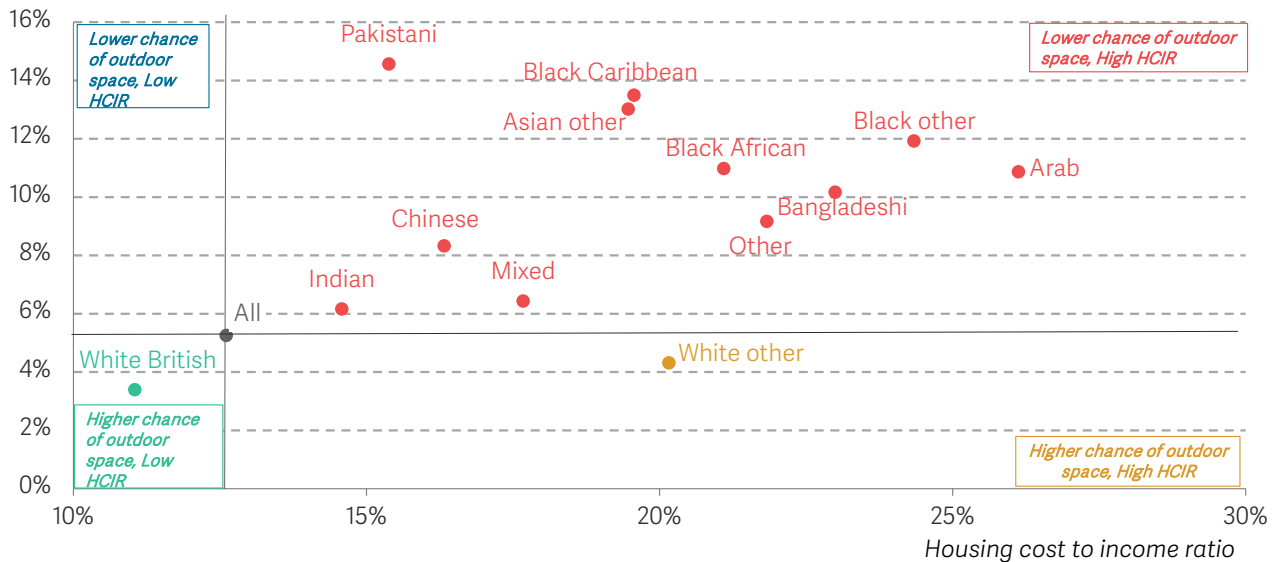
The difference in housing quality extends beyond damp and includes factors such as access to outdoor space. Figure 13 shows that on average, almost all minority groups with dependent children are less likely to live in a home with access to outdoor space than their White British counterparts (the exception is the White other group). In fact, Bangladeshi, Black other and Arab adults with dependent children are more than twice as likely to live in a home that does not have access to outdoor space, despite spending over twice as much of their income on housing.



### FIGURE 13: Ethnic minority adults with children are less likely to live in homes with access to outdoor space than White British families

Proportion of adults with dependent children living in homes without outdoor space and facilities to play safely and housing costs to income ratio, by ethnicity: UK, 2021/22-2022/23

Proportion of adults with dependent children without access to outdoor space



NOTES: Housing cost to income ratio and proportion of adults with dependent children without outdoor space is the two-year average of 2021/2022 and 2022/23. The metric for families without access to outdoor space is derived from the Households Below Average Income children material deprivation question "Does your child have/do your children have an outdoor space or facilities nearby where they can play safely?". "High" and "Low" indicate values above or below the average, SOURCE: RF analysis of DWP, Family Resources Survey and Households Below Average Income.

On these two aspects of housing quality, then, it is clear that the higher housing cost to income ratios for ethnic minorities are not driven by their enjoying better-quality housing services than the White British population. Instead, many minority groups are substantially more likely to live in poor quality housing despite spending a higher share of their household income on their home.

### Some ethnic minorities have an especially strong sense of belonging to their area, which they may pay a premium for

But housing is more than just a physical phenomenon defined by things such as size, quality and access to amenities. Feeling safe, secure, and emotionally connected to an area – in essence, having a sense of belonging – is just as crucial to what makes a house a home. The interplay between cultural identity and attachment to a local area is not straightforward.<sup>29</sup> In some cases, studies have shown that belonging for ethnic minorities is often tied to living in visibly diverse areas which are perceived as more inclusive and provide a sense of fitting in, compared to more homogenous areas where individuals may

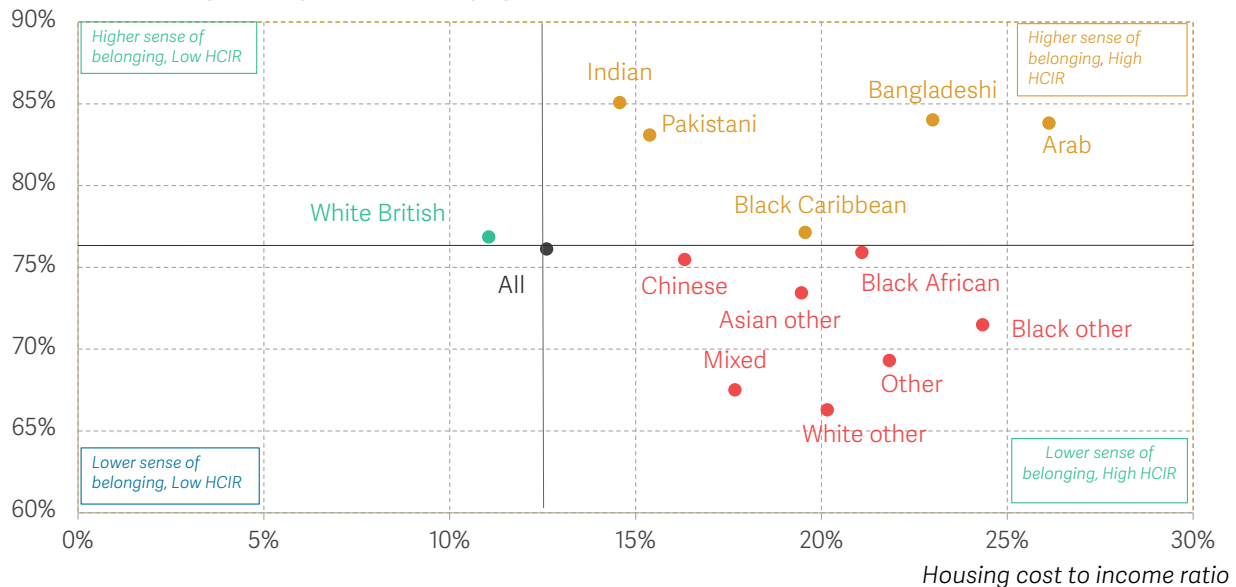
<sup>29</sup> S Jansen, *What is the worth of values in guiding residential preferences and choices?*, February 2012.

feel alienated. On the other hand, for many minority groups, a sense of belonging is often strengthened by proximity to religious networks, cultural community centres and hubs with which they are familiar.<sup>30</sup> But whatever the preference, Figure 14 confirms that some groups in particular, such as South Asian and Arab adults, have a particularly strong sense of belonging to their local area compared to what we would expect given their length of residence.<sup>31</sup>

### FIGURE 14: South Asian and Arab groups have a particularly strong sense of belonging to their local areas even after factoring in length of residence

Average sense of belonging by length of residence in local area, by ethnicity: UK, 2021

Proportion reporting a strong sense of belonging to local area



NOTES: Sense of belonging is based on the survey question: "How strongly do you feel you belong to your local area (within a 15-minute walk from your home)?" The strong sense of belonging variables combines both those who responded "Strongly agree" and "Fairly agree".

SOURCE: RF analysis of Evidence for Equality National Survey (EVENS).

It may be the case that living in an area where one truly feels like one belongs is worth paying a premium for – and hence attachment to a place may help to explain the differences in housing cost to income ratios that we observe between different ethnic groups. Figure 15 investigates this issue. Groups such as Arab, Indian, Pakistani, and Bangladeshi, have over 80 per cent of their populations reporting a strong sense of belonging to their neighbourhoods. On the other hand, groups such as Mixed, Black African, and Asian other, were not as likely to report strong levels of belonging alongside

<sup>30</sup> S Wessendorf, *Migrant belonging, social location and the neighbourhood: Recent migrants in East London and Birmingham*, 2019

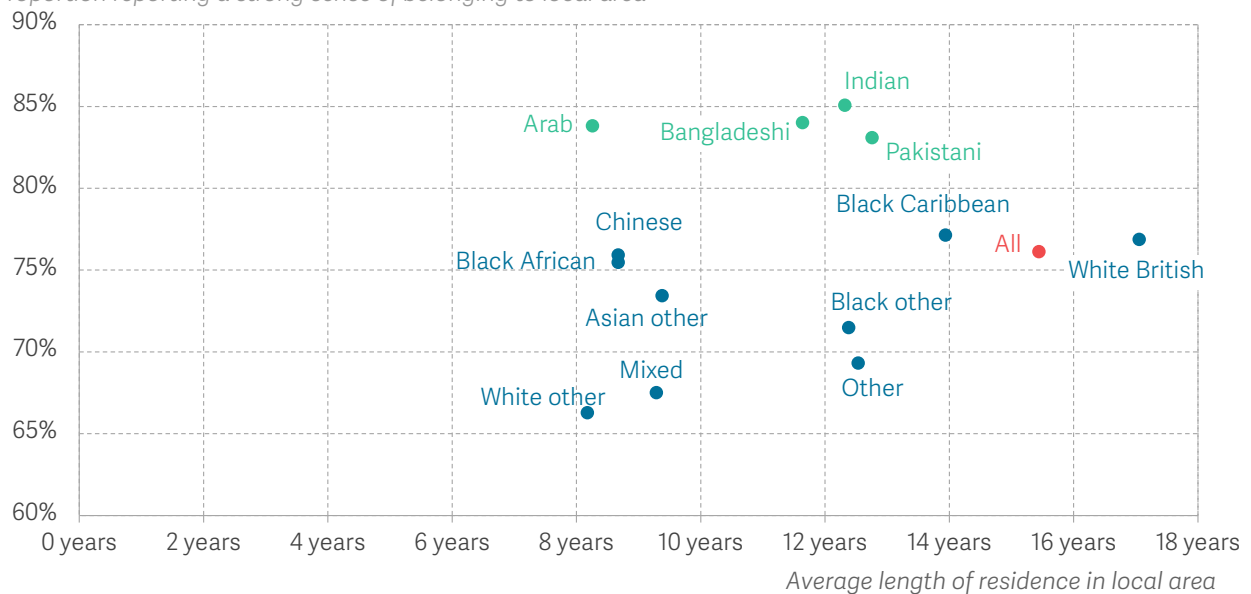
<sup>31</sup> We use the Evidence for Equality National Survey (EVENS) for this analysis. The survey was conducted in 2021 and therefore reflects the unique social and economic conditions of that period. EVENS reports higher belonging levels across all ethnic categories than other data sources such as Understanding Society but the relative position of groups remains, with South Asian groups reporting the strongest sense of belonging. For more information see here: [Evidence for Equality National Survey \(EVENS\)](#).

their higher housing cost to income ratios compared to the average and White British group. Notably, South Asian and Arab groups, which report the strongest sense of belonging to their local areas, also display significant unexplained variation in their higher housing cost to income ratios (as shown in Figure 9). This could suggest that their housing decisions, in particular, are more likely to be influenced by factors beyond affordability, such as the value placed on cultural or community ties.<sup>32</sup>

### FIGURE 15: Some ethnic minority groups have an especially strong sense of belonging to their local area

Proportion of adults reporting a strong sense of belonging to local area and average housing cost to income ratio, by ethnicity: UK, 2021 & 2021/22-2022/23

Proportion reporting a strong sense of belonging to local area



NOTES: Housing cost to income ratio is the two-year average of 2021/2022 and 2022/23 and sense of belonging data is 2021. Sense of belonging is based on the survey question: "How strongly do you feel you belong to your local area (within a 15-minute walk from your home)?" The metric combines both those who responded, "Strongly agree" and "Fairly strongly". "High" and "Low" indicate values above or below the average.

SOURCE: RF analysis of Evidence for Equality National Survey (EVENS); DWP, Family Resources Survey and Households Below Average Income.

## Discrimination in housing access remains a reality in the UK today

The choice to live in specific neighbourhoods may not solely be for good reasons. For some, it is a way to avoid potential discrimination that might be more prevalent elsewhere.<sup>33</sup> This brings us on to the issue of discrimination and how – directly or indirectly – it can play a role in limiting housing choices for minority groups.<sup>34</sup>

<sup>32</sup> H Mirza & R Warwick, *Race and ethnicity*, The IFS Deaton review, November 2022.

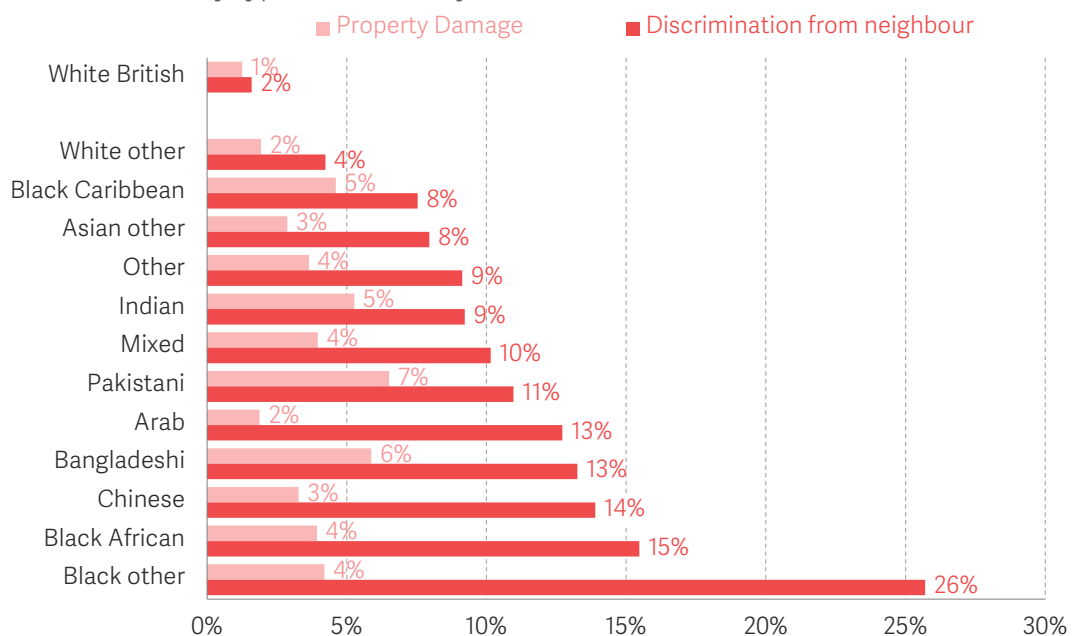
<sup>33</sup> The University of Manchester, *Diversity or deprivation – what's the issue?*, accessed 13 January 2025.

<sup>34</sup> S Lukes, N de Noronha & N Finney, *Slippery discrimination: a review of the drivers of migrant and minority housing disadvantage*, July 2018.

Unfortunately, despite many groups having strong attachments to their local areas, direct forms of discrimination are often prevalent against ethnic minority groups, as shown in Figure 16. The patterns of discrimination vary across ethnic groups. For example, some Black groups and the Chinese group are most likely to face discrimination from neighbours, while South Asian groups are more likely to report incidents of property damage. Such levels of discrimination point to some of the unsettling and unpleasant realities that ethnic minorities may face.

### FIGURE 16: Black African and Black other adults are especially likely to experience racial discrimination in their local areas

Proportion of the adults who report facing racial discrimination within the past five years in their local area, by type and ethnicity: UK, 2021



NOTES: Local area was defined as the space within a 15-minute walk from the respondent's home.

Discrimination defined based on ethnicity, race, colour, or religion.

SOURCE: RF analysis of Evidence for Equality National Survey (EVENS).

But discrimination is not always overt; it can also act as a structural constraint on housing access. Studies have shown, for example, that minorities are more likely to face barriers when renting due to landlords' or letting agents' biases, often rooted in stereotypes.<sup>35</sup> These barriers can restrict access to affordable housing or confine minorities to certain areas or types of housing, reducing their mobility and choice.<sup>36</sup> Figure 17 illustrates the share of individuals from different ethnic groups reporting to have experienced discrimination in accessing housing. It is deeply concerning that housing access discrimination persists at such levels, with figures above 1 per cent for

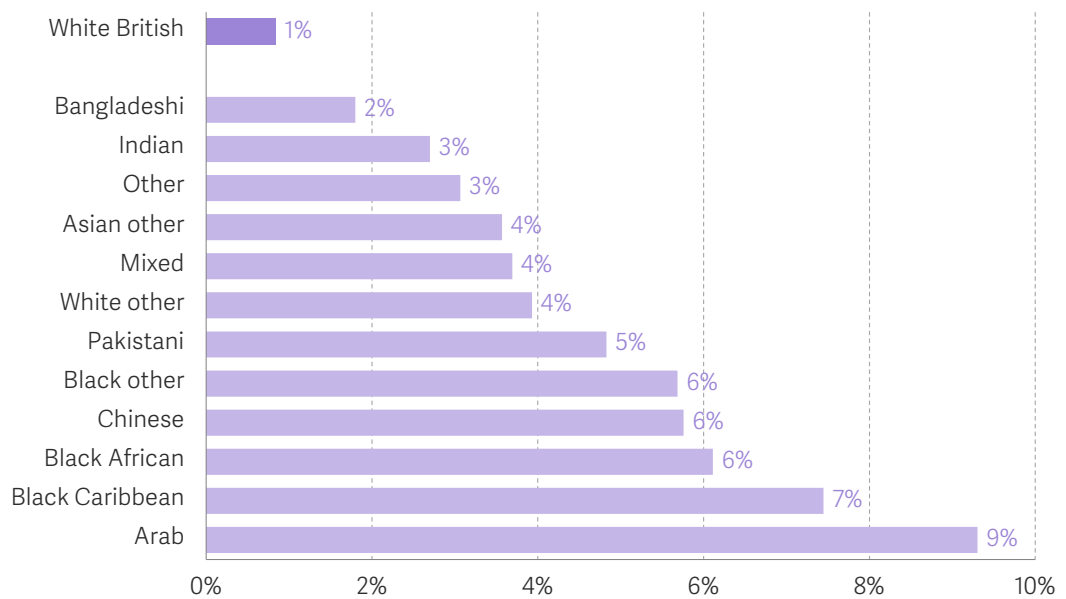
<sup>35</sup> J Elliott, D Baxter & K Rogaly, *What's causing structural racism in housing?*, September 2021.

<sup>36</sup> C V. Zuccotti, *Ethnicity and neighbourhood attainment in England and Wales: A study of second generations' spatial integration*, 2019.

every minority group. And disparities between groups are stark: Arab adults report the highest rates of discrimination (9 per cent), followed by Black Caribbean (7 per cent), Black African, Chinese, and Black other groups (all at 6 per cent). Such systemic barriers not only reinforce existing disadvantages but also limit opportunities for ethnic minorities to access fair and equitable housing, which could, in part, explain why housing costs are disproportionately higher for these groups.

### FIGURE 17: Ethnic discrimination when accessing housing is concerning

Proportion of adults who report facing racial discrimination in accessing housing within the past five years, by ethnicity: UK, 2021



NOTES: Discrimination defined based on ethnicity, race, colour, or religion.

SOURCE: RF analysis of Evidence for Equality National Survey (EVENS).

## Arab, Black African and Black other adults are at the sharp end of Britain's housing crisis

Overall, we have shown that across the board, ethnic minority adults spend a larger share of household income on housing than their White British counterparts, and generally get poorer housing services in return. But it is also the case that housing experiences differ substantially between ethnic minorities, a key reason why granular ethnic analysis that goes beyond high-level categories such as White, Asian and Black is so important. Figure 18 brings both these points home. Those of Indian and Chinese heritage have far better housing outcomes relative to those of Bangladeshi, Pakistani and mixed ethnicities, for example. But it is adults from Arab, Black African and Black other backgrounds that have relatively poor experiences on every single housing metric we have investigated

in this report, from affordability, rates of private renting and the insecurity that brings, poor housing conditions, and discrimination both from neighbours and when it comes to housing access.

**FIGURE 18: The overall housing picture for ethnic minorities is varied, but all have weaker outcomes than their White British counterparts**

Housing outcomes by ethnicity: various geographies and years

	Housing cost to income ratio	Private renting	Overcrowding	Damp	No access to outside space	Discrimination from neighbour	Housing access discrimination
White British	11%	13%	2%	3%	3%	2%	1%
Indian	15%	29%	6%	2%	6%	9%	3%
Pakistani	15%	26%	22%	8%	15%	11%	5%
Chinese	16%	29%	2%	2%	8%	14%	6%
Mixed	18%	23%	8%	0%	6%	10%	4%
Asian other	19%	36%	9%	4%	13%	8%	4%
Black Caribbean	20%	14%	8%	2%	13%	8%	7%
White other	20%	44%	7%	4%	4%	4%	4%
Black African	21%	37%	18%	9%	11%	15%	6%
Other	22%	47%	9%	1%	9%	9%	3%
Bangladeshi	23%	29%	14%	10%	10%	13%	2%
Black other	24%	48%	22%	10%	12%	26%	6%
Arab	26%	40%	9%	3%	11%	13%	9%

NOTES: Green shading represents the best outcome relative to other ethnicities, amber shading a middling experience and red represents the worst outcome. "No access to outdoor space" is for families with dependent children only. Ethnicity for damp is Housing Reference Person; for all other metrics, it is all adults. For housing cost to income ratio, private renting and overcrowding, data is UK-wide and the two-year average of 2021/22 and 2022/23. For damp, data is England only and is 2017-2019. For discrimination from neighbour and housing access discrimination, data is UK-wide and is 2021.

SOURCE: RF analysis of DWP, Family Resources Survey and Households Below Average Income; English Housing Survey 2017-2019; Evidence for Equality National Survey (EVENS).

So, what does this mean for policy? The Government has placed tackling the housing crisis firmly at the top of its agenda, and any reforms are likely to disproportionately benefit ethnic minorities given they are at the sharp end of the crisis. Building homes at scale and then sustaining building rates at this higher level could, in the medium-term, affect price levels and overall affordability.<sup>37</sup> Strengthening rights for private renters would give the many ethnic minority families who have only a slim prospect of home ownership, the security all tenures need.<sup>38</sup> And programmes to improve the quality of the existing housing stock are welcome given the boost this would give to physical and mental health. But beyond these general policies, there is also a case for tackling

<sup>37</sup> The Government has set itself an ambitious target of building 1.5 million new homes in England over this Parliament, for more information see here: MHCLG, The Rt Hon Angela Rayner MP & The Rt Hon Sir Keir Starmer KCB KC MP, Planning overhaul to reach 1.5 million new homes, 12 December 2024.

<sup>38</sup> For strengthening rights for private renters, see here: House of Commons Library, Renters' Rights Bill 2024-2025: Progress of the bill, January 2025.



ethnic inequalities in housing to be included in the Government's forthcoming long-term housing strategy and specific action such as an inquiry to investigate discrimination when it comes to access to housing.<sup>39</sup> However the Government decides to proceed, the scale of the ethnic inequalities in housing affordability, quality and discrimination, highlighted in this note, adds further urgency to its plan of action.

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<sup>39</sup> MHCLG & The Rt Hon Angela Rayner MP, [Deputy Prime Minister on changes to national planning policy](#), 30 July 2024.

# Annex 1

## Data citations

- Family Resources Survey (series page [here](#)):
  - Department for Work and Pensions, NatCen Social Research. (2021). Family Resources Survey. [data series]. 4th Release. UK Data Service. SN: 200017, DOI: <http://doi.org/10.5255/UKDA-Series-200017>
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  - Department for Work and Pensions. (2021). Households Below Average Income. [data series]. 3rd Release. UK Data Service. SN: 2000022, DOI: <http://doi.org/10.5255/UKDA-Series-2000022>
- Evidence for Equality National Survey: a Survey of Ethnic Minorities During the Covid-19 pandemic, 2021 (series page [here](#)):
  - Finney, N., Nazroo, J., Shlomo, N., Kapadia, D., Becares, L., Byrne, B. (2024). Evidence for Equality National Survey: a Survey of Ethnic Minorities During the COVID-19 Pandemic, 2021. [data collection]. UK Data Service. SN: 9116, DOI: [DOI: http://doi.org/10.5255/UKDA-SN-9116-1](http://doi.org/10.5255/UKDA-SN-9116-1)

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