

October 2025



The Housing Forum input into the Autumn Budget 2025

Response submitted by:

Anna Clarke, Director of Policy and Public Affairs

On behalf of [The Housing Forum](https://www.housingforum.org.uk), 1 Minster Court, Mincing Lane, London EC3R 7AA

[Anna.clarke@housingforum.org.uk](mailto:anna.clarke@housingforum.org.uk) or info@housingforum.org.uk. 07442 405513.

info@
housingforum.org.uk

About The Housing Forum

The Housing Forum is the UK's cross-sector, industry-wide organisation that represents the entire housing supply chain. Our growing membership drawn from over 150 organisations across the public and private sectors and includes local authorities, housing associations, housebuilders, architects and manufacturers. All share our determination to drive quality in the design, construction and decarbonisation of UK homes. They have a commitment to partnership working and share in our vision of 'A Quality Home for All'.

In order to achieve this, we have advocate for policy change needed for everyone to live in a good quality, sustainable and affordable home.

Summary

The Government faces tough fiscal choices – nevertheless spending on housing will support growth, reduce future costs to other departments (welfare, healthcare) and is essential to deliver the Government’s ambition of 1.5 million homes.

The Housing Forum published a review of the Government’s progress in its first year: [Roadmap to 1.5m homes: One year in](#). This sets out what the housing sector knows is needed, what has been delivered and what is still to do. We have also published the [Costs of Building a House](#), which highlights how Government can reduce costs, freeing up more funding for infrastructure and affordable housing.

We’re calling for:

1. Funding for the social housing sector to ensure landlords can maintain and upgrade their existing homes, alongside building new homes

- The Government must implement rent convergence to allow social landlords to increase social rents back to target rents, of at least £2 a week above the CPI+1% annual increase.
- Grant rates for affordable housing should be reformed so that they are at a rate per habitable room in order to encourage building larger family homes where needed. Additional funding would facilitate this without the loss of overall numbers.

2. Financial support for the wider housing sector

- The Government should adequately and urgently resource the Building Safety Regulator to unblock the backlog in new and existing buildings
- The proposed changes to landfill tax which could add around £25,000 to the cost of building a new home on a brownfield site need rethinking.
- Changes are needed to the way that the for-profit Registered Provider sector and Build-to-Rent sectors are taxed around SDLT, VAT and Corporation Tax.
- Government should support local authority housebuilding.
- Support is needed for first time buyers, targeted at newbuild. A DIY Shared Ownership scheme for newbuild homes could be a good option here.

3. Improving housing quality

- VAT should be permanently removed from retrofitting, regeneration and fire safety work undertaken by Registered Providers and the public sector.
- Additional funding must be provided to fully cover additional costs associated with meeting higher energy efficiency standards or a higher service level via the new Decent Homes Standard.

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In detail - Our key asks

1. Funding social landlords so that they can maintain and upgrade their existing homes, alongside building new ones

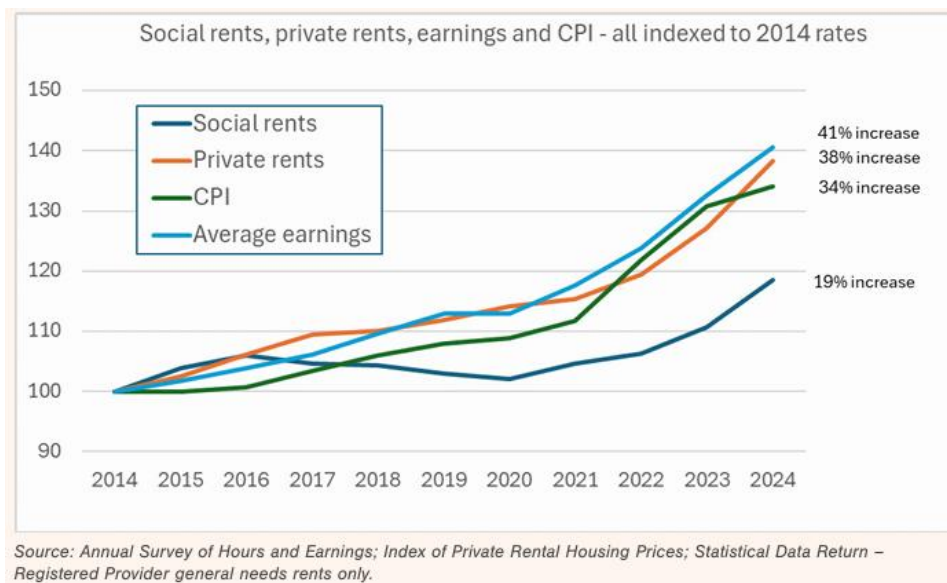
The ten-year Affordable Homes Programme, ten-year rent settlement, commitment to rent convergence and access to the Building Safety Fund have all been warmly welcomed by the social housing sector and indicate that the Government is aware that the finances of both housing associations and local authorities are simply not strong enough to support their development ambitions currently.

There are further measures that would support the sector back into delivery at scale:

The Government must implement rent convergence to allow social landlords to increase social rents back to target rents, of at least £2 a week above the CPI+1% annual increase.

This will ensure that stock can be maintained and that social landlords can build new homes. A slower rate of convergence would not achieve these ambitions this parliament.

Rent convergence will also reduce the current unfairness between tenants paying different rents for identical properties. We published some [analysis of trends in social rents](#), which shows that they have fallen in real terms, as shown below.



Grant rates for affordable housing should be reformed so that they are at a rate per habitable room in order to encourage building larger family homes where needed.

Funding for the next Affordable Homes Programme was announced in June 2025. This was widely welcomed across the sector, though higher construction costs and a desire to focus on social rented homes will mean that it will still struggle to achieve the same scale of delivery as it has in recent years.

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There is a particularly acute shortage of larger homes, causing severe overcrowding of larger households across much of the country. Building larger homes can also generate moves within the social housing sector (as overcrowded households move, freeing up smaller homes for others). The grant regime does not currently encourage building larger homes, and nor is this encouraged by targets that count only the number of dwellings, not the number of people who will live in them (and still less, the number helped indirectly via longer vacancy chains generated through building larger homes).

The Government should collect and publish data on the number of different sized homes that are built.

The insurance market for buildings owned by social landlords should be reviewed.

Costs have risen hugely for reasons that are not fully understood. A review should consider the potential role of regulation and state underwriting of costs in bringing insurance costs down for the benefit of current and future occupants of buildings owned by social landlords.

The Continuous Market Engagement funding route needs more flexibility and earlier engagement.

At present funding bids can only be submitted after planning consent is received, forcing councils to be risk-adverse when submitting planning applications because they do not know if funding will be available. Greater certainty of grant levels prior to submitted planning applications would help councils to grant consents with confidence, and accelerate development.

2. Financial support for the wider housing sector

Financial support to the wider housing sector will accelerate housebuilding, create new jobs and stimulate the economy – as well as providing the new homes that are so badly needed.

The Government should adequately and urgently resource the Building Safety Regulator to unblock the backlog.

During the last year, there has been growing concern about the delays caused by the Building Safety Regulator taking much longer than anticipated to assess applications on both new build and existing buildings. This is holding up large numbers of new homes, mainly in London and other larger cities. MHCLG needs to ensure that the Regulator changes the way it engages with applicants, but it cannot address the backlog unless it is adequately staffed and resourced.

The proposed changes to landfill tax which could add around £25,000 to the cost of building a new home on a brownfield site need rethinking.

A [consultation](#) was undertaken on this over the summer. The proposals are to charge the full rate on all forms of landfill, including the currently-exempt inert waste (which

includes most builders' waste) that goes into filling quarries. [Analysis by the Mineral Products Association](#) and [by Business Waste](#) both suggest that the changes would add around £25,000 per new home. This poses a clear threat to viability of housebuilding, which is already very marginal, or in need of state subsidy in many areas, especially brownfield sites.

Changes are needed to the way that the for-profit Registered Provider sector and Build-to-Rent sectors are taxed around SDLT, VAT and Corporation Tax.

There is institutional capital that wants to invest in affordable housing (as it does in other residential assets e.g. BTR or PBSA), and the investors have a strong track record of partnering with developers to deliver cross tenure portfolios (such as Vistry and Blackstone/Sage). There is also interest from investors in investing in retrofit of existing social housing stock. For-Profit Register Providers have committed £10bn to the sector over the past five years, and [according to Savills](#) their contribution to sector delivery could easily treble over the next four years. Institutional investment in affordable housing could be encouraged by some tweaks of tax policy to assist the for-profit Registered Providers and help this emerging part of the sector to grow. In particular:

- **SDLT exemptions** that already apply to the housing association sector being applied to the for-profit Registered Providers.
- **Shared ownership grant repayment/recycling clauses** for for-profit RPs are a very poor use of public subsidy. The requirement to pay an 'uplift' in addition to the original grant received upon staircasing events simply means that higher levels of initial grant funding will be required by any rational investor to ensure the viability of a scheme. In addition, the rules around grant administration make for a more onerous management of a grant programme for for-profits. This reduces affordable housing delivery.
- Most housing associations do not pay **Corporation Tax**, yet for-profit RPs are liable for it. To avoid "double taxation" (ie tax payable by both the FPRP and the investor on its returns) complicated and expensive tax structures are required (for example the use of the well-established REIT regime). The need for tax structuring adds to the cost of capital and could be avoided by making all (or perhaps those that are funded by regulated funds) RPs exempt from Corporation Tax, especially over the coming 5-10 years where significantly more institutional capital needs to be 'crowded in' to boost supply.
- Most FPRPs outsource housing management to the housing association sector but in doing so incur 20% **VAT** that is not recoverable – increasing costs to the investor. Government should reduce the VAT on management costs (which would also have the added benefit of allowing large housing associations to devolve management to local partners more easily).

Government should support local authority housebuilding.

Local authorities are well placed to develop lasting partnerships which use the financial freedoms and resources available to them to build. Many of our members already work together in partnerships, and are delivering new council homes and

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other social housing. The flexibilities recently given to councils over spending of Right to Buy receipts have been very helpful and we are already hearing about some councils who have been able to use this to bring new homes forward.

The Housing Forum has been working with the [1.5 million homes campaign](#) on [The Local Authority Challenge: Annual Review](#). This identified the following fiscal measures which would help councils to deliver at scale:

1. **Long-term funding to the affordable housing sector** via direct grants rather than competitive bidding would give councils (and housing association partners) the financial strength to develop new homes.
2. **First time buyer support** would help boost homeownership and support mixed tenure developments and the private sales that subsidise social and affordable homes.
3. Central government should **reward councils who are delivering**, to boost delivery capacity where new homes are most welcome, and to support the local political drive to provide them.

Other ways in which The Housing Forum members identify that councils could be supported to deliver new homes include:

- Councils who want to build should be awarded **Strategic Partnership Status** to support them with developing partnerships to deliver new homes.
- The Government should use its **capital funding tools to encourage and reward local authorities forging strategic investment at scale.**

Support is needed for first time buyers, targeted at newbuild. A DIY Shared Ownership scheme for newbuild homes could be a good option here.

Housing Forum members believe that there is value in targeted homeownership, demand side measures via a national shared ownership – similar to the DIY Shared Ownership scheme that operated in the early 2000s. Our members have been involved in analysis which shows that such a scheme would have a significant impact on affordability for first time buyers by increasing the number of homes currently for sale where outgoings would be lower than private rental costs by a minimum of 15% in all regions and 30% in London, and by reducing the deposit requirements (from £40-£80k to below £20k in all regions apart from London, and from just over £100k down to around £20k in London).

Targeting the support at newbuild homes would help increase housing supply especially in parts of the country where housebuilding is only just viable. It is, however, essential, that new funding is brought in to ensure these are viable, as existing RPs are already backing away from S106 sites, because their budgets are too stretched. Bringing in newer RPs and for-profit RPs may help here.

The launch of Freedom to Buy now offers a permanent mortgage guarantee scheme, which should help support first-time buyers who struggle to save for a large deposit, with lower mortgage costs. However, this is a very limited measure, particularly given that the biggest barrier to homeownership in the current climate is the level of repayments. First Homes is largely not supporting newbuild purchasers, nor

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purchasers of flats. Government should work with lenders involved in the scheme to ensure that they offer it across these typologies.

The income thresholds for shared ownership should be updated to reflect wage growth over the last five years.

The household upper income thresholds (£90,000 in London or £80,000 outside London) were introduced in April 2021. Wages have gone up by around 36% in the last five years, meaning that shared ownership is inaccessible to some households who cannot afford full ownership – especially families who require more space. Inflating the thresholds in line with earnings would ensure that shared ownership remains accessible to its intended group

The Government should ensure that any reforms to property taxation are mindful of the impact on the rental sectors and new supply.

There has been a fair amount of speculation in the press around possible reforms to property taxation (stamp duty and council tax) and taxation of private landlords. Reforms to stamp duty could have a positive impact on the housing sector if it encourages mobility, and makes it easier for people to purchase newbuild homes. However, there are clear risks that uncertainty about future reform could inhibit activity in the sector in the shorter term.

It is vital that any reforms to property taxation consider not just the owner-occupied market but have a positive impact on the different types of rental housing, and on the housebuilding sector.

The Community Housing Fund should be reinstated.

Community-led approaches can help build local support for housing, by allowing those who will live in it to be at the heart of the process. This may include multi-generational housing and co-housing for older people and other groups. Support needs to be reflected in planning policy.

The Community Housing Fund should be reinstated, and Homes England funds and activities should be reviewed and designed to support community-led housing.

There is potential for Homes England to use its **anticipated single consolidated capital fund creatively** to support diversification, or to commission some resources with an explicit requirement to support community-led housing, self-build and SMEs.

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3. Improving housing quality

Government should remove VAT from retrofitting and regeneration work undertaken by Registered Providers or the public sector.

This would help level the playing field between retrofitting and demolition and newbuild, thus freeing up councils and social landlords to make what are actually the most cost-effective decisions. It would also make it easier for social landlords to apply a holistic approach to stock improvements that improve both energy efficiency and wider objectives, by removing the difficulties they currently experience in claiming VAT relief only for part of the works.

Additional funding must be provided to fully cover additional costs associated with meeting higher energy efficiency standards or a higher service level via the new Decent Homes Standard.

This is necessary in order to ensure that social landlords remain able to meet the expectations of government, both in maintaining and upgrading their existing stock and in investing in new homes. Significant additional costs for a higher standard of homes, such as carpets, must be either fully-funded from government, or self-funded by some other means (such as higher rents or loans to tenants).

*Alleviating the housing crisis will not only help millions of people, but save the public purse billions each year as the downstream costs of the housing crisis on welfare, the health service and other public sector administration is reduced. The government has the opportunity to turn around the housing crisis and by working in partnership with the housing sector, to ensure there is a **quality home for all**.*

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