Comprehensive Spending Review

Submission 2025

Comprehensive Spending Review

This submission to the Comprehensive Spending Review is for the attention of HM Treasury and the Ministry of Housing, Communities and Local Government.

This is the first time a collective representation has been made by the six Housing Partnerships in the devolved regions across Yorkshire, Greater Manchester and Merseyside - and also includes Homes for the South West.

Between them, the members of these groups own or manage more than **1.7 million homes** across the UK.

This reflects our united call for long-term investment that will accelerate housing delivery, enable sustained economic growth, and create lasting prosperity across the country. This is a game-changing opportunity for the Government to back a transformative vision with the full weight of regional leadership behind it.

Greater Manchester Housing Partnership

Greater Manchester Housing Partnership comprises 24 housing providers in Greater Manchester managing 260,000 homes across the region.

Liverpool City Regions Housing Associations Group

The Liverpool City Region Housing Associations (LCRHA) is an alliance of 16 housing associations working across the Liverpool City Region.

Hull and East Yorkshire Housing Partnership

The Hull and East Riding Housing Partnership is in its formative stage. There are 24 housing providers operating in Hull and East Yorkshire, and it is anticipated these will join the Partnership. Collectively they manage more than 48,000 homes in the region.

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South Yorkshire Housing Partnership

The South Yorkshire Housing Partnership is made up of 15 members, including 11 housing associations and four stock-holding local authorities. The Partnership provides 127,000 homes across the region.

West Yorkshire Housing Partnership

The West Yorkshire Housing Partnership is made up of 15 members, including 13 housing associations and two stock-holding local authorities. The Partnership owns or manages around 167,000 homes across the region, or 17% of the total number of homes.

York and North Yorkshire Housing Partnership

The York and North Yorkshire Housing Partnership is made up of 25 members, including 23 housing associations and two stock-holding local authorities. The Partnership owns and manages more than 46,000 homes across the region.

Homes for the South West

Homes for the South West (H4SW) is a leading voice for affordable housing in the South West. The partnership is a coalition of the regions 12 largest housing associations, committed to building the high quality, affordable and sustainable housing the region desperately needs.

gmhp | Greater Manchester Housing Providers

HOMES FOR THE SOUTH WEST

Hull and East Yorkshire Housing Partnership

LIVERPOOL CITY REGION HOUSING ASSOCIATIONS

South Yorkshire Housing Partnership

West Yorkshire Housing Partnership

York & North Yorkshire Housing Partnership

Introduction

The long-term plan for housing is due to be published in Spring 2025. But what does the sector **need to deliver** the "biggest boost to affordable housing for a generation"?

We need the right conditions and tools to deliver on the Government's ambitious target of **1.5 million new homes** within this parliamentary term.

That's why housing providers from across the country have collaborated on this submission to the Government. It outlines **our priorities** and forms the foundation of our requests for the upcoming Comprehensive Spending Review.

The Spending Review

The housing sector needs long-term **financial certainty** and solid framework to fully support the Government's ambitious housing goals.

This will increase the supply of affordable homes whilst also delivering sustained economic growth, creating thousands of jobs, and supporting SMEs through ongoing investment in building, regeneration, and retrofitting. Investment in housing is essential for delivering the Government's ambition on growth, housing and net zero.

The detailed rationale is outlined later in this paper. In summary we're calling for:

Streamlined funding

We propose simplifying the current cocktail of funding streams into two clear categories – one dedicated to building new homes and another focused on investing in existing homes. This approach would eliminate misaligned funding and bidding cycles that hinder progress and slow down delivery.

Investment in existing homes should integrate funding for Decent Homes, decarbonisation and building safety, creating a more cohesive and streamlined approach to housing upgrades.

Additionally, housing investment should be reclassified as infrastructure spending. This shift would allow for more efficient and effective use of funds, supported by the long-term certainty such classification brings. Resulting in greater efficiency and more impactful improvements for people living in or seeking affordable homes.

The Spending Review

Higher grant rates for new development and the co-location of Homes England with Combined Authorities

The existing grant funding model is no longer fit for purpose and needs urgent reform. Between 2008 and 2023, housing associations have been able to secure historically low borrowing costs. However, the financial landscape has shifted dramatically, with significantly higher short and long-term borrowing costs making fewer schemes financially viable. Persisting with this model exposes housing associations to serious financial and regulatory risks.

Relying on increasingly expensive borrowing to fund new homes is unsustainable. To meet the Government's ambitious housing targets at the scale and pace required, substantial investment, at levels not seen for decades, is necessary.

Grant rates must reflect local circumstances, rising development costs, and the additional expense of building low-carbon homes. These homes deliver long-term benefits, including lower energy costs and improved quality of life for future generations.

The Government must also accelerate the process for confirming funding arrangements for new developments. Prolonged delays in grant approvals have stalled housing projects, with the certainty needed to move forward missing.

By the time the next Affordable Homes Programme funding is confirmed – likely to be a full year after the Government's election – we will have lost at least 18 months of housebuilding. Without timely, adequate grant funding, the risk of committing to new developments becomes too great.

Greater flexibility and additional funding for regeneration and renewal

Solving the housing crisis requires a dual focus – revitalising existing towns and creating new ones. Both are essential for building a better future.

Recent changes have made Homes England funding more flexible for housing renewal, but this support must go further. To truly address outdated, unsuitable housing and meet modern housing needs, we must expand and extend this funding. Renewal and regeneration are just as critical as building new homes and towns to ensure existing communities aren't left behind in substandard living conditions.

The Spending Review

Long-term rent certainty and the reintroduction of convergence

The recent consultation on the rent settlement is a step in the right direction, and including a 10-year settlement option is a positive move. Long-term certainty is essential to support sustained housing delivery. However, it's disappointing that rent convergence was omitted.

This vital funding mechanism could generate an additional £3.5 billion in rental income nationally and unlock 90,000 additional new homes. We're asking that a convergence mechanism is included in the settlement, allowing housing associations to gradually increase rents that are below the rent formula.

Grant funding for changes to the Decent Homes Standard

The original Decent Homes Programme was launched with government grant funding in 2000. As the Decent Homes Standard undergoes review, it's essential to apply the same principles as the previous programme, namely, ringfenced funding to ensure effective delivery.

Today, housing providers face mounting financial pressures from rent cuts, rising operating costs and new financial burdens such as increased regulation.

To make the new programme a success, it must be backed by adequate financial support to empower housing associations to meet these new standards and continue delivering high-quality housing.

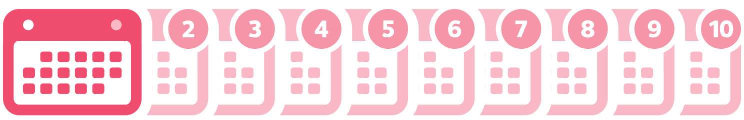
Route Map

The Government's commitment to launching a long-term plan for housing in Spring 2025 is a welcome step forward. We **fully support** this approach and look forward to the clarity and direction it will bring to the sector.

This strategy must outline a vision for at least the next 10 years, establish certainty around policy and regulation, and set clear, measurable outcomes to track progress.

Most importantly, it must provide the tools and mechanisms needed to tackle the housing crisis, creating an environment where delivery can thrive.

10 years



This strategy must outline a vision for at least the next 10 years.

Rent Policy

A sustainable **long-term plan** must be paired with a 10-year rent settlement that is consistent and adhered to. Without this, **investment** in both new and existing homes will remain limited.

While we welcomed the Government's consultation on rent policy, the proposals must go further.

A 10-year settlement aligned with the long-term plan for housing is critical. Past failures to stick to rent settlements – abandoned in eight of the last 10 years - have significantly undermined the sector's ability to invest in new and existing homes. Legislative measures should be considered to underpin any settlement and provide the confidence and security the housing sector requires to ensure stability and to plan and deliver at the scale required. Implementing a clear policy is one vital element, but sticking to it is just as important.

A glaring omission from the proposed rent policy is the reinstatement of rent convergence. Introduced in 2002 to address disparities in rent levels across similar social housing properties, the policy was abolished in 2015, leaving many social housing rents below the established formula.

Without reintroducing rent convergence we're missing out on the potential to raise £3.5bn and deliver 90,000 additional homes. Building these homes would boost economic growth, create thousands of jobs and improve thousands of lives.

£3.5bn

Potential that could be raised with reintroducing rent convergence.

90k

Potential additional homes that could be delivered.

Rent Policy

Without the application of **rent convergence,** the gap between rents below and at the formula rent will never be closed.

This will result in a continued loss of income and a reduction in the ability of the sector to invest in new and existing homes. The current inequity in the system will be further compounded with some tenants continuing to pay rents which are lower than is reasonable for the home they occupy.

Analysis by the Regulator of Social Housing reflects the increasing pressures on housing association and council budgets. It brings into stark focus the need for separate, additional funding to cover the cost of new and emerging policy and property standard requirements. The most notable are the revised Decent Homes Standard, Awaab's Law, retrofit/decarbonisation and Minimum Energy Efficiency Standards.

> ***"Analysis by the Regulator of Social Housing reflects the increasing pressures on housing association and council budgets"***

It is important to note that rent was never intended to cover these new demands. As a result of rent cuts and rising costs, rental income is insufficient in its current form to meet these requirements.

Reclassification

Short-term funding cycles are stalling housing delivery and holding back economic growth.

While spending reviews occur every 2-3 years and the Affordable Homes Programme spans five years, large developments often require longer timeframes to plan and complete. This mismatch has led to a stop/start approach, undermining progress. Peaks and troughs in investment cycles drive up costs and reduce confidence to invest. A long-term strategy must be aligned with a long-term spending framework.

In 2022-23, £255 million (about 8%) in Affordable Homes Programme funds went unused, alongside underspends in building safety (£245 million) and the Help to Buy Scheme (£1.2 billion). These funds could have delivered 5,000 urgently needed new homes.

Reclassifying housing investment as infrastructure spend would unlock long-term funding, enabling consistent delivery, larger strategic developments, and better deployment of resources. Reclassification is the only way we can we deliver the pipeline of new homes needed, alongside the decarbonisation of existing homes and the renewal of our towns and cities.

Housing is fundamentally essential and significant infrastructure, and therefore funding should be classified in the same way as other significant national projects such as road, rail, schools and hospitals. With the support of recent planning reforms, new homes could be delivered at the pace and scale needed to tackle the housing crisis.

Securing longer-term funding is key to unlocking the private investment required to make more projects viable. While short-term initiatives struggle to attract these critical resources, reclassification could open the doors to substantial investment, accelerating the creation of new homes and driving meaningful progress at scale. Around 10% of private investment is allocated for infrastructure, and 48% of investors believe they are falling short on their infrastructure allocation. Reclassification could overcome the barriers caused by short term funding cycles, stimulate interest from private investors and boost the supply of new homes.

Reclassification

To ensure effective oversight, Homes England should continue to manage **housing investment** for both existing and new homes, leveraging its expertise in delivering large-scale programmes.

The National Infrastructure and Service Transformation Authority (NISTA) should have the statutory responsibility for owning and delivering a long-term infrastructure strategy. Clear coordination between Homes England and NISTA is vital to align housing with broader national growth objectives – giving Parliament and the taxpayers the accountability they deserve.

We must recognise that housing, infrastructure, and economic growth are inseparable. Without all three working together, we won't unlock the Government's ambition to deliver stronger economic growth.

The Government's own analysis has identified 200 large, stalled sites capable of delivering up to 300,000 new homes. These sites will be the focus of the New Homes Accelerator Programme. Yet, countless smaller sites remain stuck in limbo, hampered by the limitations of short-term funding cycles.

This lack of certainty stifles progress, wasting valuable time and resources, delaying delivery and undermining the viability of projects. For instance, fluctuating contractor costs between contract agreement and the start of construction can derail timelines and budgets, making it even harder to bring these homes to life.

In addition, living, or running a business, next to derelict sites is rarely a good experience. Through increased certainty of funding to speed up development, we can minimise the impact of stalled sites on the communities that surround them.

Reclassification

At a practical level, large new housing developments and large new infrastructure projects **need to be aligned** to unlock the greatest benefits.

Devolution should allow for this to happen at a Strategic Authority level over time, but even this leaves a gap around large national infrastructure which spans boundaries, most notably transport.

These proposals have the potential to align seamlessly with major infrastructure projects which have left housing sites stalled, for example the TransPennine Route Upgrade. By introducing long-term certainty for significant housing developments, we would unlock more sites and turn untapped potential into thriving communities.

Homes England's Strategic Plan, and the implied strategy of the Standard Method in the National Planning Policy Framework, place the onus on new homes to be delivery-led and are both lacking in a spatial strategy for the country. Putting this within the context of new towns or mirroring large scale infrastructure programmes, there is no sense of the grand plan or where the priority for new homes is. Addressing this via infrastructure and housing strategies is vital.

> ***"By introducing long-term certainty for significant housing developments, we would unlock more sites and turn untapped potential into thriving communities"***

Renewal & Retrofit

The Government's ambitions to deliver **1.5 million new homes** over 5 years are bold and exciting, and we look forward to the emergence of new towns.

However, this should not distract from the need to renew existing towns and places to provide high quality, safe homes which are fit for the future.

Many homes across the social housing sector are outdated, unsuitable, or uneconomical to improve, requiring replacement to better meet community needs.

The Government must prioritise regeneration and renewal. Both in terms of funding and policy. This includes recognising the need to demolish obsolete housing stock and replace it with new homes to meet housing needs.

Retrofit

Housing associations, who manage 1 in 6 UK homes, are essential to achieving national decarbonisation goals. This is key when considering 14% of all the UK's emissions come from domestic properties.

However, inconsistent requirements, expectations and short-term funding have hampered progress. A clear, long-term plan for retrofitting homes is critical to reducing emissions, improving energy efficiency, and supporting sustainable communities. It would also support jobs creation and boost economic growth.

1in6

Homes in the uk are managed by Housing associations, that's 16.67% of all homes.

14%

Of all UK's emissions come from domestic properties.

Right to Buy

The Government's proposed reforms to **Right to Buy** are likely to reduce the volume of social housing sold through the scheme.

However, without more significant changes, we will continue to see a haemorrhaging of social rented homes at a time when they're needed the most.

Since its introduction in 1980, over 2 million social homes have been sold, with insufficient replacement. A more radical overhaul of the scheme would eliminate the loss of social homes whilst still supporting tenants to achieve their housing ambitions.

The hidden loss of social rented homes which the Right to Buy Scheme has created can be seen when looking at new social housing stock in the vibrant and successful city of Leeds. Despite the huge numbers of new homes that have been delivered in the city over the last 10 years, there has been a net gain of only 22 affordable homes when Right to Buy reductions are considered, with a net loss of over 3,000 social rented homes. Over the last 5 years this total is a net gain of just 235 affordable homes across all tenures, with a net loss of 1,672 social rented homes.

Now is the time for a new Right to Buy model, offering a fixed monetary incentive which tenants can use to purchase a property on the open market or through affordable home ownership schemes such as Shared Ownership. This approach would support tenants into home ownership through a more equitable approach. It would also completely remove social housing from Right to Buy sales, protecting supply for those who need it most.

Tackling this issue is critical amidst the ongoing housing and cost-of-living crisis. With nearly 1.3 million people on social housing waiting lists in England and over 150,000 children living in temporary accommodation, the stakes couldn't be higher.

Further details on our proposal can be found here.

Wider Benefits

The proposals outlined in this representation would deliver benefits **far beyond** the housing sector.

These measures, in particular the reclassification of housing spend, could be a game-changer for the Government's growth agenda. By driving economic growth and providing the housing supply chain with much needed certainty, these steps would unlock investment across the sector.

Research has shown that building 90,000 social rented homes would add £51.2 billion to the economy and support over 350,000 jobs. A steady increase in housebuilding and investment in retrofitting would fuel job creation, enhance skills and empower SMEs – delivering tangible benefits that ripple through local economies and communities.

Retrofitting homes to make them warmer, safer and more affordable doesn't just transform lives – it also boosts the green economy and generates vital employment opportunities. Analysis has identified that 500,000 jobs could be supported annually by fully retrofitting the UK's housing stock.

Imagine the impact we could achieve if we removed the barriers holding back housebuilding, regeneration and retrofit efforts – it would unlock transformative benefits for communities and the economy alike.

90,000

New social rented homes being built.

£51.2bn

Added to the economy.

500,000

Jobs could be supported annually by fully retrofitting the UK's housing stock.

Wider Benefits

Reforming Right to Buy by removing the option to purchase social rented homes would improve the prospects of finding suitable housing for the **1.3 million** people stuck on waiting lists.

Supporting people into low-cost home ownership creates greater choice for would-be purchasers, releases more social rented homes and could stimulate demand for products like Shared Ownership. As Shared Ownership is more financially viable to develop, these changes would result in more new affordable homes being delivered than if we continue to focus on the like for like replacement of homes sold through Right to Buy.

The shortage of high quality, affordable homes is taking a devastating toll - impacting education, productivity and health and care services. It costs the UK economy £18.5 billion annually, including £1.4 billion in NHS spending to treat housing-related illnesses.

Grant funding the delivery of 90,000 social rent homes would have a net positive impact of £11.9 billion on the Exchequer, including £7 billion of direct benefits through housing benefits and tax from construction, and £16.8 billion of indirect benefits in healthcare, reductions in homelessness, Universal Credit and taxes from higher employment levels.

Our proposed measures will not only protect and grow the supply of affordable homes but also deliver far-reaching benefits. They will deliver financial benefits - to the Government and the taxpayer – but, arguably more importantly, they will provide more and better homes which support good health, education and employment and wellbeing. By creating safe, affordable, high-quality homes in well planned and well-managed neighbourhoods we can create stronger, more cohesive communities.

£18.5bn

Shortage of high quality, affordable homes cost to the UK economy annually.

Conclusion

Aligning **rent policy, route map** and **investment** would enable the social housing sector to maximise its contribution towards the Government's ambition to build **1.5 million homes**, whilst also delivering improvements to existing homes.

It would also deliver sustained economic growth. Alongside greater support for renewal and an overhaul of Right to Buy, this package of measures has the potential to make significant strides towards tackling the housing crisis. The sector would be able to build more homes, keep improving the quality of existing homes and stem the loss of affordable housing.

Working together, we can reduce reliance on temporary accommodation, improve access to high-quality homes, and raise living standards across the country. Safe, warm, affordable housing in well-planned neighbourhoods is the foundation for stronger communities and a brighter future for all.

Reference sources:

Future Social Housing Rent Policy

Reclassifying housing as infrastructure could take the housebuilding revolution to the next level

Sector Risk Profile

DLUHC underspend could have funded 5,000 new affordable homes, says CIH

Reducing carbon emissions in all homes

New Homes Accelerator programme to unblock thousands of new homes

The economic impact of building social housing

Making homes more energy efficient could sustain 500,000 jobs

Building Health Equity: The Role of the Property Sector in Improving Health

Cebr Report