

What housing associations need from the Spending Review 2025

The National Housing Federation is the voice of England's housing associations who provide homes for six million people. Housing associations are uniquely placed to support the government to deliver the Plan for Change – by kickstarting growth, ending homelessness, building 1.5m new homes and tackling the climate emergency. But this cannot be done without funding and a long-term housing plan.

Rebuilding financial capacity to build new homes

Financial pressure and a challenging operating environment mean housing associations are reducing their development programmes and their expenditure on Section 106 homes.

To turn this around requires a package of measures to rebuild capacity, unlocking housing associations' ability to borrow and build new social homes. This includes:

- A 10-year rent settlement with annual increases capped at CPI+1% and a fair and consistent approach to rent convergence for those homes below formula rent.
- Targeted grant funding and policy support for the safety, quality and decarbonisation of existing social homes, to speed up remediation, improve homes, and unlock borrowing capacity for new supply.

To ensure housing associations rebuild financial capacity to invest in new homes, while also meeting building safety standards, we are asking for:

- Equal access to the Building Safety Fund and Cladding Safety Scheme for social landlords.

- Zero-rating of VAT on building safety works.
- Underwriting of buildings insurance risk for buildings with safety defects.
- Adequate funding for evacuation support.

To rebuild financial capacity while also investing in improving the future quality of social homes, the Spending Review should include:

- Funding to meet the requirements of an updated Decent Homes Standard, alongside clarity on standards and realistic implementation timescales.

£51.2bn

Building 90,000 social rented homes would result in net economic benefits worth £51.2bn

To deliver the required improvements in decarbonisation and energy efficiency, alongside investment in new homes, the Spending Review should:

- Continue to fund the Warm Homes: Social Housing Fund in line with manifesto commitments and the National Insurance Contributions assessment – delivering £5bn in total investment by 2030.
- Ensure sufficient funding is made available to deliver the required investments in heat networks, particularly for the Heat Network Technical Assurance Scheme.

A new Affordable Homes Programme

To deliver new homes we need a new, long-term and ambitious Affordable Homes Programme that prioritises social rent and shared ownership, with higher grant rates to reflect the current operating environment. It should also include funding for regeneration, and transition funding to ensure no drop-off in delivery between programmes. Our modelling of housing association finances shows that our sector could deliver 320,000 new affordable homes over five years with the following support in place:

- Ten-year rent policy of CPI+1% annual increases and the reintroduction of convergence.
- £2bn per year in grant funding to invest in existing social homes.
- Lower interest costs.
- A ten-year Affordable Homes Programme with an average of £4.6bn per year over its first five years.
- An increase in delivery of affordable homes via s106.

Looking more broadly at the whole social housing sector, an Affordable Homes Programme of £7.8bn per year across all social landlords, with a larger uptick in s106, could deliver 500,000 homes over five years – one third of the government’s 1.5m home target.

320,000

new affordable homes could be delivered in the next five years with the right support

Save our supported housing

Supported housing helps half a million people in the community and is a vital part of a sustainable housing, health and social care system. But it is facing a financial crisis, exacerbated by the recent changes to National Insurance.

To ensure a sustainable future for supported housing, we are calling for:

- Long-term and increased funding for housing-related support, clearly identifiable in consolidated funding allocations, starting with £1.6bn per year until a full assessment of need is undertaken.
- Reinstating the £300m Housing Transformation Fund, or an equivalent, to integrate health, social care and housing and deliver supported housing strategically.
- Committing to deliver at least 180,000 more supported homes by 2040, with clear funding in the Affordable Homes Programme, and making sure supported homes form part of the 1.5m homes target.
- Ensuring that the long-term housing strategy and homeless strategy recognise the vital role of supported housing in the housing system, and the long-term housing strategy specifically considers housing for older people.