



# G15 Autumn Budget Submission to Treasury

October 2025



## About the G15

The G15 is made up of London's leading housing associations. The G15's members provide more than 850,000 homes across the country, including around one in ten homes for Londoners. Delivering good quality safe homes for our residents is our number one priority. Last year our members invested almost £1.5bn in improvement works and repairs to people's homes, ensuring people can live well. Together, we are the largest providers of new affordable homes in London and a significant proportion of all affordable homes across England. It's what we were set up to do and what we're committed to achieving. We are independent, charitable organisations and all the money we make is reinvested in building more affordable homes and delivering services for our residents.

Find out more and see our latest updates on our website: [www.g15.london](http://www.g15.london)

The G15 members are:

- A2Dominion
- Clarion Housing Group
- The Guinness Partnership
- Hyde
- L&Q
- MTVH
- Sovereign Network Group
- Notting Hill Genesis
- Peabody
- Riverside
- Southern Housing

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## **Executive summary**

Every part of the economy relies on people having a secure, affordable place to live. We acknowledge the Government must make difficult spending choices in the upcoming budget, but affordable housing is central to economic and social stability. Well-funded homes reduce pressure on temporary accommodation, welfare, and health services, while enabling people to work, contribute to the economy, and participate fully in their communities. Treating housing as an infrastructure – an investment that underpins productivity and growth – rather than simply a cost, delivers value for residents and the Exchequer alike.

Capital grant investment in affordable housing leverages several times its value in private finance, making it an extremely cost-effective form of public investment. Investment in London's social housing also drives inclusive growth by enabling people from across the income spectrum to live and work affordably in the capital. It stimulates the construction industry, creates green jobs, and unlocks significant economic gains, while supporting the capital's diverse economy. Ultimately, good-quality, affordable housing is a foundation for inclusive growth, allowing people from all walks of life to live and work in the city.

Strengthening London's housing market is not only essential for Londoners: it also supports the wider UK economy, boosting supply chains, employment, and tax revenues across the country.

Research by G15 member Hyde demonstrates the wider social value of social housing. In 2024, the Value of a Social Tenancy (VoST) stood at a minimum of £18,051 per tenancy per year, realised through helping people into work, cost savings to the NHS, reduced crime, and other benefits. Housing associations, which collectively own 2.5 million social homes, generate an estimated £46.3 billion in socioeconomic value each year.

Beyond improving the lives of many, research shows that a 1% increase in housing affordability leads to a 0.14% increase in productivity. Applied across London, this equates to a £7.3 billion increase in value added over a decade. These are practical, cost-effective steps that support growth, improve public health, and deliver better value for money for the Exchequer.

Addressing the housing crisis is fundamental to the Government's agenda, and the Government has made a series of positive policy decisions and funding commitments that have put the sector on a stronger footing.

Dedicated investment is urgently needed. Households in England are facing record levels of homelessness, with London at the epicentre of this crisis. One in 50 Londoners is now homeless, and one in 21 children are growing up in temporary accommodation. This is costing London's boroughs £5.5 million each day, diverting significant resources away from long-term investment to tackle the housing emergency.

The Treasury can make targeted changes to drive improvements in the housing system, helping to meet the ambition of building 1.5 million homes by the end of this Parliament.

The foundations are now in place; what's needed is confirmation of a fair rent convergence mechanism and assurance that existing delivery bodies are properly funded and functioning so that progress can continue.

We are asking the Treasury to use the Autumn Budget to:

**1. Provide long-term investment certainty** through a rent settlement from 2026 that includes a **£3 per week rent convergence mechanism**. This would help restore financial capacity for social landlords to maintain existing homes and, under the right conditions, access private finance to deliver new social and affordable housing.

**2. Tackle housing supply and planning barriers** by reforming grant rules, improving planning capacity, and enabling regeneration, so providers can deliver the affordable homes London and the wider economy need.

**3. Advance fiscal devolution for London** to allow local reinvestment of housing and infrastructure revenues to support the long-term delivery of new affordable housing in the capital.

These reforms are both practical as well as necessary. Rent convergence can be implemented within existing rent-setting mechanisms, so no new regulatory structures are required. Rather than adding further complexity to the planning system, the focus should be on properly resourcing Local Planning Authorities and regulatory bodies to process applications efficiently and reduce delays.

Fiscal devolution would recognise and help to address London's uniquely acute housing and infrastructure challenges. The capital generates a disproportionate share of national property and development revenues but currently retains only a small fraction to reinvest locally. Allowing London to keep a larger share of existing revenues would enable more coherent, long-term investment in affordable housing, retrofit, and regeneration in the capital, while continuing to generate wealth that benefits the whole country. This approach would build on existing local tax systems and complements the Government's wider devolution agenda, aligning local investment with strategic housing and infrastructure priorities, without requiring additional public spending.

Ensuring a stable and sufficiently funded housing system is fundamental to both social progress and economic resilience. The measures outlined in this submission provide straightforward and cost-effective means of stimulating growth and securing long-term value for the Exchequer.

## [Our key asks in more detail](#)

### **1. Investment certainty and long-term funding**

#### **Headline policies:**

- **Reintroduce rent convergence at £3 per week from 2026**

- **Properly fund updated energy efficiency and decency regulations**
- **Remove VAT from retrofit, regeneration and fire safety work**

We welcome the Government's commitment to reintroduce rent convergence. This long-overdue policy is vital to restoring financial capacity across the social housing sector while ensuring tenants benefit from fair and predictable rents. The next step is securing the right settlement: G15 members urge the Government to introduce a £3 per week rent convergence mechanism from 2026.

G15 members currently have 225,000 homes where residents pay less than the government's target social rent. In 2024/25, this created a collective shortfall of £167.6 million in rental income. The disparity between actual rent levels and formula rents, particularly given rising costs in London, is unsustainable. This structural shortfall limits our ability to maintain and invest in existing homes and to meet London's wider housing needs.

Set at £1 per week, the additional income generated from convergence would be too limited to restore capacity at the pace required. It would prolong the current constraints on our investment programme and mean we continue to find it difficult to commit to new supply. At £2 per week, the impact would be more meaningful, bringing forward income in the early years and helping to fund larger investment programmes sooner.

Only a £3 per week mechanism would provide the scale of income needed to deliver across all fronts. It would restore financial capacity at the pace required to meet new regulatory requirements, support timely and sustained investment in existing homes, and enable the delivery of new affordable homes where there is capacity. It would also ensure that the vast majority of homes - around 95% - reach formula rent within a decade, finally addressing long-standing inequities in social rent levels.

Members feel this rate is fair, particularly given that the original convergence mechanism introduced in the early 2000s was set at £2 per week, and inflation and cost pressures have increased substantially since then.

Rent convergence also has the biggest impact in London, where the proportion of homes below formula rent is much higher. Only 9.3% of London homes are currently at formula rent, compared with a national average of 35.4%. This shows the particular challenge for London providers, who face the largest shortfalls while operating in the highest-cost environment in the country.

A £3 per week mechanism would allow us to:

- Respond to new regulations and maintain the necessary level of investment in existing homes: £3 per week accelerates the pace at which our rental income recovers to the correct levels, giving us the ability to respond to investment needs from upcoming regulations sooner and more comprehensively.
- Achieve rent fairness more quickly: because of the sheer number of homes below formula, a £3 per week mechanism would mean that 95% of our homes would reach target rent within

10 years.

- Unlock new supply: the sooner we restore our financial capacity, the more confidently we can access the private investment required to support the development of new social and affordable homes.

This must be understood in relation to the fact that rents, in real terms, have fallen by 13% since 2014/15. Analysis by the Housing Forum demonstrates how average rents in 2014 were £92.30 a week, and that if they had kept up with inflation, they would be £123.73, or if they'd kept up with earnings, they'd be £129.70. Instead, they're £109.44.

When considering resident affordability, it's important to look beyond rents and to the wider costs affecting disposable income. Since 2013–14, the average social rent in London has grown at a slightly slower rate than inflation (CPIH). However, from 2020 onwards, as inflation rose sharply, many of the goods and services residents rely on - particularly energy, insurance, food, and transport - have increased far more quickly than social rents.

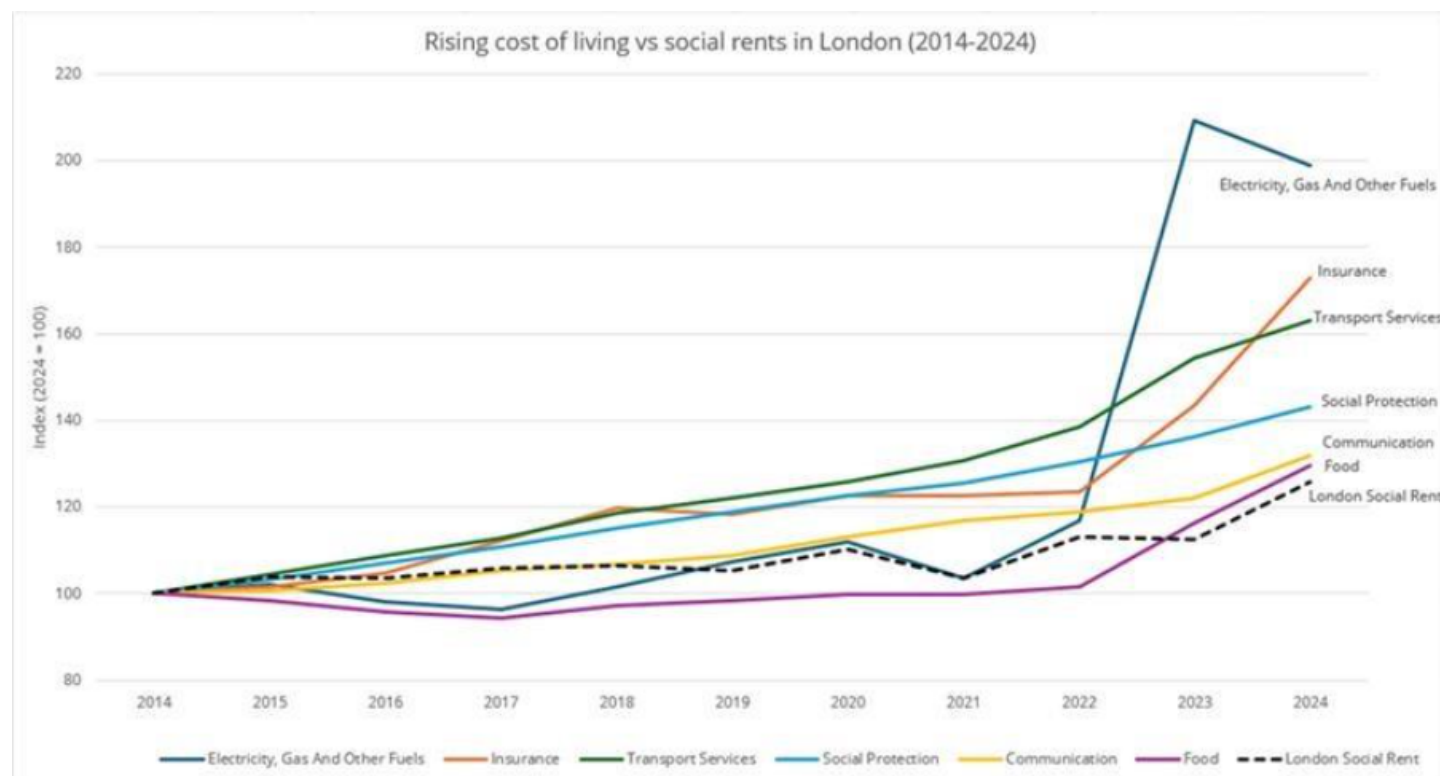


Figure 1: Inflationary rates compared with London mean social rents. Sources: ONS, Consumer Price Inflation time series dataset (CPIH), July 2025; English Housing Survey 2023–24, Annex Tables 2.4 and 2.5.

As the table above shows, despite rising in recent years, social rent increases within London remain significantly below the increases in most goods and services social housing residents buy and access.

G15 landlords provide services to address these rising costs and always want to ensure residents are financially stable. However, rises elsewhere should not detract from social providers being able to charge the correct level of social rent to enable us to effectively invest in our homes.

Rent convergence must also be understood in the context of rising regulatory and quality expectations. Rental income is a fundamental enabler of our ability to maintain and improve homes to the standards our residents rightly expect. We are wholly committed to investing in the quality of our existing homes, but we are operating in an environment of rapidly escalating costs. Since 2020, G15 members have collectively seen a 50% increase in the average maintenance and major repairs cost per unit (£3,382 in 2024 vs £2,258 in 2020).

At the same time, our rents remain unsustainably low. Such constraints on our rental income ultimately dictate the scale of investment we are able to deliver. This is not about arbitrarily raising rents but enabling landlords to charge the correct rent - as set by the Regulator - and ensuring that our homes are financially sustainable to manage in the long term.

This chart below illustrates this divergence in investment and rental income. It shows the net present value (NPV) of a single property in London – which compares rental income against projected investment over a 60- year period.

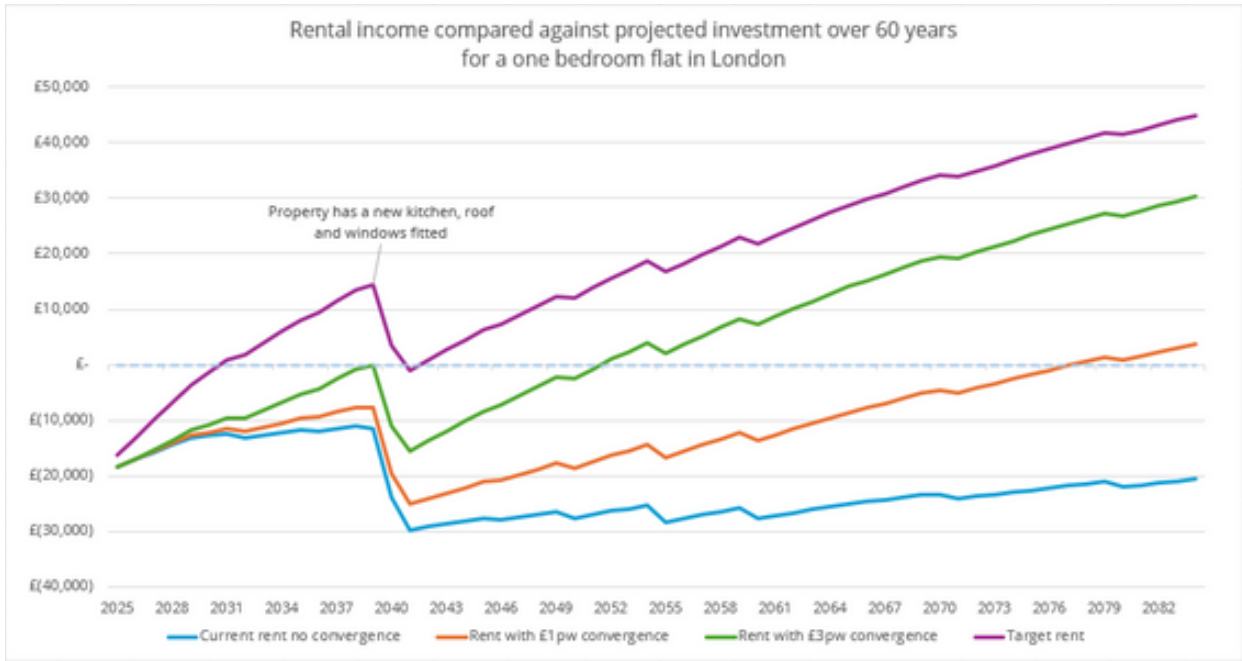


Figure 2: Net present value (NPV) of a London property over 60 years under different rent settlements.  
Source: G15 member analysis.

The blue line represents the property’s current rent, (£116 a week), which is around £2,000 per annum below target rent. At this rate, over 60 years, there is a long-term net loss of around £23,000.

The green line shows the impact of applying rent convergence at £3 per week. With this, the property stops being loss-making and over the 60 years, the property's NPV shifts from -£23,000 to +£23,000.

This also illustrates how a £3 per week convergence mechanism delivers the most meaningful improvement and enables properties to become sustainable much earlier. For example, this property would remain loss-making throughout the 60 years with no convergence but would move into a positive NPV in 2052 with a £3 per week convergence. Under a £1 per week mechanism, it would not achieve this until 2078 (visible with the orange line).

The purple line demonstrates the position if the property was re-let at target rent. Over 60 years, this generates an additional £44,000 in income, all of which would be reinvested into improving existing homes, meeting decarbonisation targets and building new social homes for those in need.

Members welcome the funding made available through the Warm Homes Plan, which supports energy-efficiency improvements across social housing. However, the programme does not cover the full range of works required to meet the updated Decent Homes Standard, and most schemes still rely on matched funding. This is increasingly difficult when landlords face tight financial constraints. Rent convergence is therefore a necessary prerequisite for meeting new regulatory standards and delivering investment at scale.

Furthermore, while the Warm Homes Plan focuses on energy efficiency, there is currently no dedicated funding for broader decency works, despite the original Decent Homes Standard being successful precisely because it was backed by substantial, ring-fenced capital funding. **If a strong rent convergence package is not secured, Government should establish a Warm and Decent Homes Fund** to provide targeted support for improving housing quality.

At a minimum, we urge Government to provide a £3.7 billion settlement for energy-efficiency improvements, ring-fenced specifically for social housing within the £13.2 billion Warm Homes Plan allocation announced in the Comprehensive Spending Review. The bidding and allocation process should also be reformed to make it simpler, more transparent, and less resource-intensive for providers.

Additionally, **VAT should be permanently removed from retrofit, regeneration and fire safety work** undertaken by registered providers. Applying a zero rate would cut costs for providers and create fairer tax treatment between retrofit, demolition and new build. Currently, new developments are zero-rated for VAT, which can encourage demolition and rebuild over retrofit - despite the much higher embodied carbon this creates.

## 2.Housing supply and planning barriers

### Headline policies:

- **Set grant rates per habitable room to support delivery of larger, family-sized homes**
- **Allow grant funding for replacement as well as additionality**
- **Increase funding for Local Planning Authorities and the Building Safety Regulator to improve capacity and speed up decision-making**

Following the welcome announcements in the Comprehensive Spending Review, confidence in the sector is beginning to return. We now need grant rates to be realistic and sufficient to make development viable. This is particularly important if we're to build more of the desperately needed homes for social rent in London. Any reduction in grant rates from current levels will significantly impact delivery of these.

The programme should move towards grant rates based on habitable rooms rather than units, ensuring that family-sized homes - the most needed in London - can be delivered. But this should be seen in the context that rates also need to keep in line with the sharply rising costs of land, materials, and regulation to ensure that higher proportions of social rent homes remain deliverable. Simply taking the current amount allocated to the SAHP and splitting this on a habitable room basis and requiring delivery of the same number of homes will impact delivery adversely.

We are asking the Government to make the next iteration of the SAHP more flexible; enabling funding for estate regeneration and modernisation, as well as Recycled Capital Grant Funding to be 'rolled-over' to support stalled development activity and to assist with the investment required in our existing homes.

Properly funding regeneration is essential as it enables providers to unlock new development opportunities and better utilise existing sites, particularly as development becomes more complex and costly. Without dedicated funding for regeneration, which does not deliver net new homes, providers are limited in their ability to ensure that all homes meet the rising standards of decency and energy efficiency. Regeneration projects benefit residents and local communities by raising the quality and sustainability of homes, tackling overcrowding, and better meeting local housing needs; as well as attracting significant economic investment locally.

Many G15 landlords have EBITDA-MRI cash interest cover well below 100%, limiting their ability to participate meaningfully in the Social and Affordable Homes Programme and preventing even modest bids. We therefore welcome the announcement at the Spending Review of £2.5 billion in low-interest loans to support new development. With careful design, these loans could address one of the key barriers to development affecting some of our members, helping to significantly increase the supply of new affordable homes over the course of this Parliament. We continue to work closely with Government to ensure these measures are structured in a way that maximises their impact for London's housing supply.

Alongside this, planning delays and regulatory bottlenecks remain major obstacles to delivery. Many Local Planning Authorities lack the resources to process applications efficiently. Funding their planning teams properly would help unblock schemes and accelerate delivery. Similarly, delays of up to 40 weeks at Gateway 2 within the Building Safety Regulator are creating

significant cost and uncertainty for new developments. Requirement for building safety cases where we are making changes to our existing homes needs urgent review as to the intent of the Building Safety Act. There is potential for significant delays in improving our homes and increasing resident dissatisfaction. We understand the Building Safety Regulator is very aware of these issues and are encouraged that he will seek to make changes in these areas.

The development of new homes is needed now more than ever and brings long-term benefits for residents, communities, and the wider economy. Every new home built generates savings for the Exchequer. Research by the National Housing Federation and Shelter estimates that if 90,000 social homes were built in a year, the net economic and social benefit would be £51.2 billion, with a significant proportion of these benefits realised in the short term.

### 3.Fiscal Devolution for London

#### Headline policies:

- **Review the share of taxation receipts London is permitted to retain**
- **Work with the GLA and London Councils to develop a new devolved fiscal framework for the capital**

Despite being the UK's largest and most complex city, London's devolved powers fall well short of those held by other global cities and UK devolved administrations. London's ability to plan and invest strategically is limited by the current fiscal framework.

The city's housing market is distinct and its challenges acute, yet it lacks the flexibility to retain and reinvest a greater share of its own revenues. At present, only seven per cent of all the tax paid by London residents and businesses is retained by the Mayor and the boroughs - the equivalent figure in New York is over 50 per cent.

We see property taxes as the logical starting point for increasing London's fiscal autonomy. Taxes such as business rates, council tax, and stamp duty land tax are already partially under local control, including through Section 106 agreements and the Community Infrastructure Levy. These taxes are particularly suitable for local management because their bases are fixed, they are relatively straightforward to collect and enforce, and they relate directly to land, making them economically efficient.

Allowing the Greater London Authority and London boroughs to retain and deploy more of their housing and infrastructure-related receipts would enable a more coherent, long-term approach to housing delivery, retrofit, and regeneration.

Members believe that such income should be ringfenced for investment in affordable housing in the capital, so those who oversee the city have more at their disposal to address London's most pressing issues.

Greater fiscal autonomy would also simplify the system in the interests of transparency and help rebalance the power dynamic between central government and London's democratically elected leaders.

HM Treasury should work with the GLA and London Councils to develop a new devolved fiscal framework for London that supports long-term investment in homes, places, and communities.

Additionally, we support London Councils' response to the Fair Funding Review 2.0 consultation and share their view that the current approach to assessing local need is outdated. A fairer funding formula is essential to ensure that resources properly reflect local pressures, particularly in areas with high levels of deprivation and housing demand. Aligning funding more closely with need would help sustain essential services, ease pressure on already stretched budgets, and strengthen local government's financial resilience.

We also support Council's calls to a clear commitment that no authority will lose funding as a result of the review. Many councils are already operating at the limits of financial viability. A fair and stable settlement would help them continue delivering core services and give local businesses and developers the confidence to invest, supporting stronger, more resilient communities.