



Chartered
Institute of
Housing

CIH SUBMISSION TO AUTUMN BUDGET

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Summary

We recognise that the government made significant commitments to invest in housing at the June Spending Review, with a welcome focus on increasing the supply of much-needed social homes. This investment lays important foundations for long-term progress. But while it may help turn the corner on the housing crisis in the years ahead, there are immediate and growing pressures facing millions of people today.

Homelessness is at record levels, with over 131,000 households – including almost 170,000 children – stuck in ‘temporary’ accommodationⁱ, often for years. England now faces a deepening crisis: provision is costly, unsuitable, and inadequate. Meanwhile, supported housing is under severe strain, with rising costs, shrinking funding, and a welfare system that fails to keep pace. The resulting gap threatens the stability of vital services people rely on to stay housed and supported.

Too much of our housing fails to meet basic standards. In the private rented sector, around one in five homes is classed as non-decent, posing serious risks to health and wellbeing. Government plans for a new Decent Homes Standard are welcome, but without sufficient investment and strong enforcement, poor-quality housing will persist—driving up demand for health and social care and adding to long-term costs for the public purse.

We need a sustainable housing system that supports a healthy society and vibrant economy – one that works for everyone. We welcome the government’s commitment to take early action on the housing crisis and urge it to use the upcoming Autumn Budget to:

- 1. **Invest in supported housing to address rising levels of need and reduce pressure on public services**
- 2. **Invest in homelessness prevention by reforming social security provision to support those on the lowest incomes to manage their housing costs**
- 3. **Invest in homelessness support to address the current crisis, particularly in temporary accommodation**
- 4. **Invest in driving up the quality of existing homes**
- 5. **Reform the tax system as it relates to housing to make it progressive.**

About CIH: The [Chartered Institute of Housing](#) (CIH) is the independent voice for housing and the home of professional standards. Our goal is simple – to provide housing professionals and their organisations with the advice, support and knowledge they need. CIH is a registered charity and not-for-profit organisation so the money we make is put back into the organisation and funds the activities we carry out to support the housing sector. Further information is available at: www.cih.org.

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Detail

1. Invest in supported housing to address rising levels of need and reduce pressures on public services

We welcome the government’s mission to build an NHS fit for the future and the commitment to reduce NHS waiting lists. However, these goals cannot be fully achieved without a sustained focus on increasing the supply of specialist and accessible housing. Safe, suitable housing plays a critical role in keeping people well, supporting timely hospital discharge, and preventing avoidable admissions. Without action to expand housing that meets people’s health and care needs, pressure on the NHS will continue to grow and waiting lists will remain stubbornly high.

Poor-quality housing costs the NHS £1.4 billion each yearⁱⁱ and contributes to the considerable pressure on health and social care services, especially in winter. In contrast, quality, accessible housing is a firm foundation of good health and wellbeing and prevents the causation or exacerbation of health problems that can lead to increased use of primary care, ambulance services, and hospital visits. In addition, discharging people from hospital into housing unsuited to their needs increases the risk of readmissionⁱⁱⁱ, underlining the need for sufficient levels of appropriate housing that can support people to recover their health and independence when they are discharged.

Supported housing is a critical resource for accomplishing this mission. Government data^{iv} shows that it currently enables over 600,000 people of both working age and older with additional support needs to live well and safely in communities, and it can prevent or reduce reliance on more costly public services, especially social care and healthcare.

Supported housing can also be a critical route back into independent living for people who have experienced a crisis such as homelessness or domestic abuse. In the light of increasing homelessness (covered below), appropriate and affordable supported housing supports those with shorter as well as longer-term needs. Recent figures^v have revealed the extent of support needs within households presenting as homeless. With these statistics continuously rising they reinforce the importance of specialist housing as a route out of homelessness:

- **58.4 per cent of those owed a duty to prevent or relieve homelessness had at least one support need**
- **28 per cent, the most common, had a history of mental health problems**
- **21.7 per cent had physical ill health or a disability.**

We urgently need more investment to ensure this valuable sub-sector can be sustained and play its part in delivering the government’s mission to reduce waiting lists. Both the needs identified above and the benefits for individuals and public finances underline the strategic importance of specialist and supported housing within the overall strategy for meeting housing needs and rebuilding the NHS.

We call on the government to:

1a) Create an emergency fund for supported-housing support services to prevent more schemes from having to close their doors this year

Supported housing is facing huge viability challenges: a survey^{vi} by the National Housing Federation last year reported that 60 per cent of supported housing providers had to close services in 2024. Since then, pressures have exacerbated. A recent survey^{vii} of 126 supported housing providers revealed major risks to the sector. Over half (56 per cent) warned some schemes may close without long-term sustainable funding, while more than a fifth (22 per cent) said they may have to end provision entirely. In total, over 50,000 homes could be at risk. The sector is facing a permanent loss of services that will increase pressure on the NHS and wider health and social care services.

1b) Continue funding for new supported housing development

We welcome the increased investment for social and affordable housing in the next programme (SAHP). However, members have raised concerns about the removal of specific targets for supported and specialist housing, including homes for older people. While we recognise the flexibility this gives to respond to local needs, and the government’s encouragement of ‘ambitious bids,’ there is a risk that, without clear targets, delivery of these higher-cost homes will fall behind. The pressure to maximise overall numbers of social homes may act against bids for supported provision. We therefore urge government and Homes England to reinforce the importance of supported housing in its guidance, encourage its inclusion within wider bids, and ensure robust monitoring of delivery to assess the impact.

1c) Provide a clearly identified funding stream for housing-related support, and for supported accommodation and floating support

The Supporting People programme^{viii} (2003–2009) made a significant difference by providing a dedicated, ring-fenced budget for housing-related support. It enabled local authorities and providers to deliver tailored services that helped people maintain their tenancies, live more independently, and avoid crisis points such as homelessness or hospitalisation. Crucially, it recognised the value of preventative, person-centred support and gave providers stability to plan and improve services in partnership with local agencies.

Alongside more capital funding for supported housing, CIH urges the government to ensure stable, consistent investment in the support services within specialist housing that help people live independently. The lack of funding for a core element of supported housing causes real difficulties for landlords and service providers and does not create a conducive environment in which to invest in new supported housing. There is also a need for floating support to help residents with complex needs to sustain tenancies in general social housing, addressing the risk of homelessness.

A clearly identified funding stream is needed, ideally at least equivalent to the previous major investment of £1.6 billion for England. The figures of £1.58 billion for England and £2.05 billion for Great Britain were estimated in the 2016 government-supported accommodation evidence review. However, the latest 2023 Supported Housing Review highlights that current funding levels and structures have not kept pace with increasing demand and complexities in the sector across England, Scotland, and Wales. Recent Homelessness Prevention Grant allocations for 2025/26 provide councils in England with an uplift but still well below the historic investment scale required to meet today’s challenges. As the review calls for, we urge the government to introduce a significantly enhanced and sustained funding programme to deliver the improvements needed for supported housing services and infrastructure.

1d) Develop funding streams to support effective and speedier transfer of care from hospital to housing-based solutions

Transitional support environments – such as step-down housing or supported accommodation – play a vital role in helping people recover and return home safely or in providing longer-term housing and support when returning home is not possible. These services are critical to the government’s ambitions to reduce hospital backlogs and reform adult social care, by easing pressures on acute settings and enabling timely discharge.

Greater investment in good quality, accessible, and supported housing – in places where people want to live – can significantly improve health and wellbeing, reduce demand for emergency services, and support people to live independently for longer. These options provide a more sustainable and efficient alternative to crisis responses, while also supporting preventative models of care.

Delivering on the government’s commitment to raise the minimum accessibility standard of new homes to M4(2) (accessible and adaptable) is also key. It will ensure more people remain in their homes as their needs change, reduce avoidable hospital admissions, and support the shift towards community-based health and social care.

1e) Address the use of temporary accommodation when extra support is required

The House of Lords’ library definition^{ix} of supported housing includes “housing individuals and families at risk of or who have experienced homelessness”. In January–March 2025, this represented over 131,000 households over half (58.4 per cent) of households owed a prevention or relief duty were known to have one or more support needs. Too often no accompanying support is provided, and in the case of out-of-area placements, households are removed from informal support networks. The extended placement of households in ‘unsupported’ temporary accommodation has been shown to exacerbate mental and physical health issues and entrench social inequalities. This worsening homelessness crisis will invariably increase the need for more specialist and supported homes, even with the rapid delivery of more general need homes at social rent.



2. Invest in homelessness prevention by reforming social security provision to support those on the lowest incomes to manage their housing and energy costs

Around two-thirds of social housing and one-third of private tenants receive help with their rent and/or service charges through housing benefit/universal credit. Many of these are working but on low incomes that need topping up, or unable to work because of disabilities or caring responsibilities. Whilst inflation has passed its peak, the pressures created by high housing costs and the growing wealth divide^{xi} are evident. This is particularly acute in the private rented sector^{xii}. At the sharp end, we are seeing record numbers of children now living in expensive and often poor-quality temporary accommodation due to family homelessness being at a record high^{xiii}.

Whilst the best way to tackle this is by boosting the supply of social rented housing as the government is committed to doing, in the immediate term, many people need help with their housing costs. The July 2024 National Audit Office^{xiv} report shows that homelessness has increased to the highest levels since comparable data collection began, with temporary accommodation use surging – and much of this accommodation, such as B&Bs, being unsuitable, especially for households with children. The report reveals that 60 per cent of local authorities' housing-related gross expenditure in 2022-23 was spent coping with homelessness, rather than on maintaining or increasing their housing stock. Latest government data shows councils in England spent £2.8 billion on temporary accommodation last year – an increase of 25 per cent in just 12 months.^{xv} Devolved administrations across the UK report similar pressures. This reactive approach is unsustainable and places severe financial strain on councils, some of which face the risk of issuing Section 114 notices, effectively declarations of bankruptcy.

Investing strategically in homelessness prevention can reduce prolonged use of temporary accommodation, improve outcomes for vulnerable families, and create long-term savings for public services. We therefore call on the government to:

2a) Commit to ensuring local housing allowance (LHA) rates reflect the true cost of renting

The evidence is clear: the freeze on LHA rates is deepening affordability problems in the private rented sector and undermining efforts to prevent and reduce homelessness. While resets during the pandemic and again in April 2024 temporarily restored alignment with rents, the subsequent freeze has eroded this at an alarming pace. Due to unprecedented rent inflation during the period October 2023 to September 2024,^{xvi} the nominal cash shortfalls between frozen LHA rates and the shadow 30th percentile rents as of April 2025 are already similar to those at the end of the previous three-year freeze (2021 to 2023) and the seven-year failure to reset (2013 to 2019).^{xvii} Between October 2024 and July 2025 (the latest figure available) rent inflation averaged 7.8 per cent, higher than every month from January 2016 to June 2023 that covered the previous two freezes. The Valuation Office Agency shadow data shows that the number of homes covered by the LHA shrank by more than a third this year – the steepest decline in one year of any previous freeze or failure to uprate.

Frozen LHA is leaving record numbers of households trapped in costly, unsuitable temporary accommodation, driving the escalating multi-billion-pound cost to councils. It is far more expensive to support someone who becomes homeless than to help them meet their rent in the first place. Nearly half of private renters on universal credit now face a shortfall, with fewer than three in every 100 homes affordable to those on housing benefit. Councils in England have already absorbed over £700 million

in unrecoverable costs in the past five years, while almost 170,000 children remain stuck in temporary accommodation.

Restoring LHA rates to at least the 30th percentile of local rents from 2026/27 – and committing to maintain this level – would help sustain tenancies, reduce homelessness, and lift 75,000 children and 125,000 adults out of poverty. To ensure fairness, the benefit cap must also be reviewed (covered below). The government should additionally assess the wider social and economic impact of going further and restoring rates to the median (50th percentile).

We set out our analysis for LHA uprating as part of a [joint sector call](#) from housing organisations and charities across the UK.

2b) Remove the shared accommodation rate of LHA

The current Shared Accommodation Rate (SAR) policy disproportionately affects young people and care leavers, placing them at an increased risk of homelessness. SAR restricts housing benefits to the cost of renting a room in a shared house, significantly limiting access to affordable housing options for these vulnerable groups. Additionally, SAR does not adequately reflect local housing markets, especially in rural or less densely populated areas where shared housing options are scarce or non-existent. Consequently, many young people are unable to secure suitable accommodation, leading to housing insecurity and potential homelessness^{xix}.

Removing the SAR for these groups and supporting their transition to independent living would reduce homelessness risk, improve housing stability, and better meet their unique needs. An alternative solution would be to restore the housing benefit rule to allow young people who could afford their rent at the time they entered into their agreement, to qualify for the one-bedroomed self-contained LHA rate under universal credit for the first three months of their tenancy. This would provide them with a crucial period of financial stability to establish themselves in suitable accommodation without the immediate pressure of unaffordable rent costs.

2c) Remove the benefit cap

We welcomed the announcement in the 2022 Autumn Statement to increase the benefit cap by CPI, after having been frozen for six years, but it has since been frozen at its 2023 level. The average loss for capped households is £60 each week (£260 per month) which puts in jeopardy tenants' ability to sustain their tenancy (and worsens their employment prospects).

In the worst cases, households who have their housing costs award reduced to nil (or 50p per week for housing benefit) have no viable housing options at all. In practice, they are likely to be completely dependent on discretionary housing payments to avoid [homelessness](#).^{xx} Furthermore, the benefit cap disproportionately affects women, with no easement for domestic violence survivors/victims if they find permanent accommodation, making it difficult for survivors to move on from a refuge/emergency accommodation. Latest government data reveals that, since the previous data point in February 2025, there has been an 11 per cent increase in capped households (circa 12,300 households). Eighty-two per cent of universal-credit-capped households include children.^{xxii}

2d) Remove the two-child limit

While the two-child limit policy was originally intended to promote fairness and sustainability, it has had significant unintended consequences – particularly for housing affordability and security. Government figures from April 2025^{xxiii} show that approximately 469,780 households with universal credit are affected by the policy, with 1,665,540 children living in these households – an increase of over 35,000 children compared to the previous year. Larger families are disproportionately affected, with 46 per cent of children in households with three plus children living below the poverty line. For these families, covering the rising cost of rent, bills, and everyday essentials remains especially challenging.

Larger families often require larger homes, which are in shorter supply and more expensive. Without adequate support, many are pushed into overcrowded conditions, unaffordable housing, or, in the worst cases, homelessness. This places additional pressure on local authorities and temporary accommodation services and can have a long-term impact on children’s health and wellbeing.

Analysis from the Child Poverty Action Group^{xxiv} suggests removing the two-child limit would lift approximately 300,000 children out of poverty and help many more avoid hardship. It is one of the most effective ways to reduce child poverty and, in doing so, could help prevent housing instability and reduce pressure on homelessness services.

2e) Extend and deepen energy bill support

The current Warm Home Discount regulations are due to expire in 2026. CIH has welcomed the action government has taken to widen energy bill support over the winter of 2025/26. However, with the energy price cap set to rise to £1,755 on 1 October 2025 and remain above^{xxv} £1,700 until spring 2026, the £150 rebate provided through the Warm Home Discount is likely to be insufficient to ensure households struggling with their energy bills can stay warm and safe over the winter period. Social housing residents will be particularly affected^{xxvi}, due to their lower household incomes than other tenures (on average).

CIH would like to see the government examine the options for deepening and broadening energy bill support at the Autumn Budget from winter 2026/27 onwards. In the short term, this should be delivered through a further extension and expansion of the Warm Home Discount. Longer-term, we support the analysis and findings of a recent report^{xxvii} led by charities and consumer groups, showing the benefits of a larger fixed or income-linked rebate on bills. The government should work towards implementing the findings of this report, as well as ensuring that the parallel energy debt relief scheme^{xxviii} is delivered in a timely fashion.



3. Invest in homelessness support to address the current crisis, particularly in temporary accommodation

England’s homelessness crisis is deepening and escalating. Less visible forms of homelessness, such as the rapidly increasing use of temporary accommodation are laying bare the systemic factors driving homelessness in England.

There have been significant injections of funding to the homelessness sector over recent years, and we warmly welcome the additional £84 million announced by government recently to support homelessness prevention, rough sleeping, and families in temporary accommodation.

However, this funding does not in itself resolve the structural challenges in the homelessness system. For example, local authority budgets are under immense strain, and most homelessness service contracts have remained static despite rising operating costs. Too often funding pays for expensive and poor-quality temporary accommodation^{xxix}, rather than much-needed affordable housing and specialist services. Council spending on emergency accommodation reached £2.3 billion in 2023/24, a 29 per cent increase in one year, pushing some councils toward insolvency – money that would be better invested in building more social homes at affordable rents.

Recent research published by Homeless Link^{xxx} revealed a sector overwhelmed by rising demand and complexity of needs, at a time of great financial pressures and a blocking-up of the system. Seventy-two per cent of accommodation providers in the homelessness sector had to turn people away in 2024 because the project was full.

We welcome the government’s commitment to deliver a long-term housing strategy and homelessness strategy. We need a long-term plan for homelessness that is centrally funded and ringfenced and that includes policy representation from health, justice, immigration, welfare, and education.

We urge that new funding be complemented by the following reforms:

3a) Commit to uprating the temporary accommodation subsidy rate

The subsidy rate for temporary accommodation has been frozen since January 2011, capped at 90 per cent of the LHA rate at that time, or £375 per week if lower.^{xxxi} This outdated system takes no account of the steep rise in housing costs over the past decade and a half, leaving councils to absorb an ever-growing shortfall. With demand for temporary accommodation at record levels, this funding gap has become the single biggest threat to councils’ financial viability.

A recent LSE London report^{xxxii} for London Councils shows that, in 2024/25, London boroughs faced a £543 million temporary accommodation cost but could only recover £320 million, leaving a £223 million shortfall to be covered from general funds. That unfunded expense equates to roughly £202 per London household per year, or 11–12 per cent of average council tax, eroding funding that would otherwise go to statutory services.

Without urgent action, councils will continue to face spiralling and unrecoverable costs, diverting resources away from other essential local services. Uprating the subsidy rate to reflect today’s market rents would provide councils with the resources they need to respond to rising homelessness pressures, reduce reliance on unsuitable and costly provision, and create a more sustainable foundation for tackling the temporary accommodation crisis.

3b) Confirm homelessness support funding and uplift in line with inflation

After years of piecemeal and short-term funding, frontline organisations supporting people experiencing homelessness are facing a critical funding cliff-edge, with many reporting that they may have to close their doors entirely. The latest statutory homelessness statistics for England^{xxxiii} reveal a record high of 131,140 households in temporary accommodation as of March 2025 – an 11.8 per cent increase from the previous year. London’s CHAIN data^{xxxiv} shows a 26 per cent rise in people sleeping rough from April to June 2025 compared to the same period last year, further highlighting the escalating pressures on services.

We welcomed the sustained funding for homelessness and rough sleeping announced in the Spending Review, and renewed focus on homelessness prevention, accompanied by an additional £100 million in funding. The decision to separate temporary accommodation costs from prevention and single homelessness spending is a welcome step. The additional £70 million announced in October for the Rough Sleeping Prevention and Recovery Grant (RSPRG) will assist thousands of people experiencing homelessness this winter. However, there are concerns about merging the RSPRG with the Homelessness Prevention Grant (HPG), and the sector needs more clarity following 2026 of how funding for non-statutory services – such as support for single homeless adults not owed a prevention duty – will be protected.

The move towards multi-year settlements must be reflected in commissioning cycles to stabilise homelessness services. This is critical, not only to maintain existing services but also to support the development of a comprehensive long-term homelessness strategy focused on prevention, support, and sustainable housing solutions.

3c) Invest in scaling up Housing First

The Housing First model is a proven means to end homelessness for people with high support needs, evidenced in the UK through government evaluations^{xxxv} of the pilot schemes, with its benefits extending further than tenancy sustainment. We recommend that high fidelity Housing First^{xxxvi} be scaled up as the default offer for people with histories of repeat homelessness, very complex needs, and multiple disadvantages.

Housing First is an internationally recognised and evidence-based approach proven to end homelessness for people with the most high and complex support needs. The Housing First model prioritises providing people who are chronically homeless or at risk of repeat homelessness with a permanent, stable home as the first step, alongside open-ended, wraparound support tailored to individual needs – without preconditions such as engagement with treatment or demonstrated ‘housing readiness’.

In England, government-backed Housing First pilots launched in Greater Manchester, the Liverpool City Region, and the West Midlands, all of which have provided robust evidence of the model’s effectiveness. As of the latest government evaluations^{xxxvi} of the pilots and independent research published in late 2024^{xxxviii}, the key findings show:

- **High tenancy sustainment:** 84 per cent of participants supported through the regional Housing First pilots remained in stable accommodation after three years, matching results seen internationally.
- **Improved outcomes beyond housing:** Clients benefited from enhanced physical and mental health, increased registration with health services (from 60 to 92 per cent), reductions in emergency service use, improved social connectedness and feelings of safety, and engagement with support for substance use.

- **Cost-effectiveness:** Cost-benefit analysis found annual spending of around £7,700 per person supported, with estimated public sector savings and improved wellbeing generating benefits of £15,880 per person per year. More than half of these benefits materialised within a year of entering the programme.
- **Flexibility and longevity of support:** The pilots demonstrated that people with extensive histories of rough sleeping or repeat homelessness may need support that is flexible and lasts as long as is needed, rather than being constrained by short-term funding cycles. There is clear consensus that scalable, long-term investment is vital for success.

Despite measurable success, there have been no new commitments to extending Housing First provision and current funding for most of the Housing First services in England remains short term and insecure, with even fewer being supported by local authority adult social care or public health budgets.

Given the proven impact on tenancy sustainment, health, wellbeing, and broader cost-savings to the public purse, the evidence strongly supports scaling up high-fidelity Housing First as the default offer for people experiencing homelessness with complex needs, repeat homelessness, and multiple disadvantages. Sustained, multi-year funding is essential to fully realise the benefits of Housing First and make an enduring difference to the most vulnerable in our communities.

3d) Give councils the tools to house people fairly and sustainably and end the use of asylum hotels

To end the use of costly and unsuitable ‘asylum hotels’, the government must equip councils with the resources and powers they need to provide safe, fair, and sustainable housing solutions. This requires a single, joined-up cross-government response, ensuring that housing, immigration, and support services work together rather than in silos. Dedicated funding should enable local authorities (where appropriate in partnership with housing associations) to acquire and manage homes for temporary accommodation, including for asylum seekers, so that people are supported within communities rather than placed in inappropriate hotel settings. By giving councils the right tools and coordinating action across departments, we can reduce reliance on emergency provision, ease pressure on local services, and create more stable housing outcomes for everyone.



4. Invest in driving up the quality of existing homes

CIH welcomes the government's recent progress in setting a long-term direction on social rents and social housing supply. Having a 10-year time horizon for both investment and rents policy is of critical importance.

Within this, the government's acceptance of the need to rationalise social sector rents, so that tenants are all paying comparable rents for comparable housing, is also very welcome. This requires rents to 'converge' on target rent levels, and the government is consulting on how this should be implemented. In our response to the consultation, we sought to balance the need for financial stability and certainty for the sector with affordability concerns of tenants. CIH therefore supported convergence at £2 per week, which should begin in April 2026 and continue over the 10-year rent settlement period (or longer, if needed in some cases).

However, the full benefits of these policies, including rent convergence, will only be realised if councils, ALMOs, and housing associations are able to sustain investment in their existing homes alongside building new supply.

The scale of the challenge facing social landlords is significant. The reformed Decent Homes Standard (DHS) will rightly raise expectations, but the consultation's Impact Assessment substantially underestimates compliance costs. At the same time, the proposed Minimum Energy Efficiency Standards (MEES) introduce new uncertainty: while a fabric-first approach could cut bills and support net zero, the preferred dual-metric model risks higher costs and disruption to business plans, diverting resources away from building new homes. Although the planned introduction of rent convergence is welcome and necessary to restore viability, much of the additional capacity it will create will be absorbed by meeting DHS, MEES, Awaab's Law, and wider compliance duties. With over a third of Housing Revenue Accounts (HRAs) already in deficit and many councils running down reserves, convergence alone cannot resolve the mounting financial pressures on existing stock.

Investment in existing homes is not just a housing issue but a driver of public value. BRE analysis shows poor housing costs the NHS £1.4 billion annually. Tackling damp, mould, and disrepair would reduce these costs, improve health, and cut wider socio-economic burdens. Energy-efficient homes directly support the government's statutory 2030 fuel poverty target and protect low-income tenants from volatile energy markets. Without ongoing funding support and longer-term timelines for delivery, landlords will face difficult trade-offs, with the risk of new development stalled to meet legal and regulatory duties on existing homes.

We therefore urge the government to:

- **Establish a long-term Decent Homes Programme, drawing together quality, safety, and decency into a single funded framework. This programme could also include funding for energy efficiency, clean heating, and climate resilience from 2030, after the conclusion of a prospective Wave 4 of the Warm Homes: Social Housing Fund, which CIH supports.**
- **Reform HRA financing by reopening the 2012 settlement, maintaining preferential borrowing rates, and updating the New Burdens doctrine so new requirements are fully funded.**

This investment would deliver warmer, safer homes, cut NHS costs, and improve wellbeing. It would enable progress towards net zero without undermining the delivery of new social housing, while safeguarding affordability for tenants and the financial sustainability of landlords. At the same time, it would provide certainty for supply chains, supporting jobs, and reducing the inflationary effects of stop-start investment cycles. We provide more detail on this in our [submission](#) to the Housing and Communities select committee inquiry on housing conditions in England.

5. Reform the tax system as it relates to housing to make it progressive rather than regressive

There is a strong argument that the government should undertake a comprehensive review of the tax system as it relates to housing. In the annual UK Housing Review, we have regularly drawn attention to the faults in the system and the way that it exacerbates differences in wealth, does not focus on best use of the housing stock, and (in the case of council tax) is unjust and urgently in need of reform.

In the UK Housing Review 2025, we argued that there are "compelling reasons for using tax to manage housing's role in amplifying economic inequality". Against the benchmarks of efficiency, equity, and revenue potential, Britain's property tax system performs poorly. Council tax, the biggest source of tax revenue from the housing system, is regressive both in respect of incomes and in respect of property values, mainly because the tax is so dated. The Review argued that council tax represents the opposite of 'levelling up' across the regions. While recent reforms use it to disincentivise second homes, the tax does nothing to disincentivise under-occupation, which is a chronic issue across the UK.

Stamp duty, in its different forms, is a brake on residential mobility and discourages downsizing. There is an argument for removing it altogether in favour of council tax reform. Property taxes also ignore the high proportion of residential values that accrues from the value of the land.

Recent changes to the tax system to discourage buy-to-let purchases are a rare example of positive change to help rebalance the housing market. New research by the Joseph Rowntree Foundation^{xxxix} shows that they have had a significant, positive impact on first-time buyers, and affirms that tax strategies designed to rebalance who has power in the housing market, and with it who owns homes, are viable strategies to pursue. These are important lessons for the government if it is to meet its goal of supporting more households into homeownership.

Without making detailed proposals, the CIH therefore urges the government to instigate a full review of housing-related taxation, to address the issues noted here, taking into account the full range of criticisms of the current system and setting out to redesign it to create a robust, progressive tax system which properly addresses wealth distribution issues and stimulates the best use of the housing stock to help address the current housing crisis.

Devolved nations

CIH works across the UK and draws around 25 per cent of its membership from the devolved nations. It is therefore important that we are conscious of the state of housing and the housing market across the whole of the UK. Many of the pressures on the housing market, and barriers to supply and affordability, are mirrored across all four nations. Our policy calls ahead of the Autumn Budget and Spending Review are made in the knowledge that many of them will result in consequential funding that devolved administrations will be able to focus on similar issues and gaps in their jurisdictions and support our members in delivering sustainable and affordable homes for all.

ⁱ<https://www.gov.uk/government/statistics/statutory-homelessness-in-england-january-to-march-2025/statutory-homelessness-in-england-january-to-march-2025>

ⁱⁱ<https://bregroup.com/news/bre-report-finds-poor-housing-is-costing-nhs-1.4bn-a-year#:~:text=Thursday%2011th%20November%202021,of%20Poor%20Housing%20in%20England>

ⁱⁱⁱhttps://www.local.gov.uk/sites/default/files/documents/The%20cost%20of%20living%2C%20hospital%20discharge%20and%20winter%20pressures%20a%20snapshot%20during%20April%202022%20-%20March%202023_0.pdf

^{iv}<https://www.gov.uk/government/publications/supported-housing-review-2023/supported-housing-review-2023-executive-summary>

^v<https://www.gov.uk/government/statistics/statutory-homelessness-in-england-january-to-march-2025/statutory-homelessness-in-england-january-to-march-2025>

^{vi}<https://www.housing.org.uk/resources/supported-and-older-persons-housing-development-survey-our-key-findings/>

^{vii}<https://www.housing.org.uk/resources/the-risk-of-closure-for-supported-housing-providers-member-survey-2025/>

^{viii}<https://commonslibrary.parliament.uk/research-briefings/rp12-40/>

^{ix}<https://lordslibrary.parliament.uk/supported-housing/#:~:text=The%20government%20defines%20supported%20housing,people%20with%20a%20physical%20disability>

^x<https://groundswell.org.uk/wp-content/uploads/2023/09/Improving-the-health-of-people-living-in-Temporary-Accommodation-in-London-Sep23.pdf>

^{xi}https://www.centreforsocialjustice.org.uk/wp-content/uploads/2023/12/CSJ-Two_Nations.pdf

^{xii}<https://www.ons.gov.uk/economy/inflationandpriceindices/bulletins/private-rent-and-house-prices-uk/june-2025>

^{xiii}Statutory homelessness in England: January to March 2025 - GOV.UK

^{xiv}The effectiveness of government in tackling homelessness

^{xv}Local authority revenue expenditure and financing England: 2024 to 2025 – first release - GOV.UK

^{xiv}This is the period that would have been used to reset LHA back to 30th percentile rent in April 2025 had the LHA rate not been frozen. During this period the ONS Price Index of Private Rents (PIPR) showed an inflation rate of between 8.1 and 9.1 per cent.

^{xvii}CIH Analysis 2025 – evidence sent to DWP July 2025

^{xviii}ONS Price Index of Private Rents July 2025

^{xix}<https://centrepoin.org.uk/research-reports/exempting-homeless-young-people-and-care-leavers-shared-accommodation-rate>

^{xx}For a lone parent with two children the amount left over for rent (assuming that the standard allowance and benefit elements for children are spent – as intended – on non-housing costs) is just £636 per month or £911 per month in London. This is less than the rate for the local housing allowance in 99 out of the 152 housing market areas in England. CIH estimates that this will increase to 122 out of the 152 areas if the cap isn’t uprated in April.

^{xxi}The Oxford University-based larger families’ study found that the cap had little or nil effect in encouraging households back into work. It did however find a noticeable effect of claimants switching to long-term disability benefits (which exempted them from the cap) due to a decline in their mental health which appeared to be closely linked to the stress caused by the cap itself.

^{xxii}<https://www.gov.uk/government/statistics/benefit-cap-number-of-households-capped-to-may-2025/benefit-cap-number-of-households-capped-to-may-2025>

^{xxiii}Universal Credit claimants statistics on the two child limit policy, April 2025 - GOV.UK

^{xxiv}End Child Poverty Coalition reacts to government data on the two child limit: ‘the government’s moral mission to end child poverty will fail if this policy remains’ - End Child Poverty

^{xxv}<https://www.cornwall-insight.com/predictions-and-insights-into-the-default-tariff-cap/>

^{xxvi}<https://www.cih.org/publications/cih-response-to-ofgem-s-affordability-and-debt-call-for-input/>

^{xxvii}<https://www.publicfirst.co.uk/closing-the-fuel-poverty-gap.html>

^{xxviii}<https://www.ofgem.gov.uk/consultation/resetting-energy-debt-landscape-case-debt-relief-scheme>

^{xxix}<https://www.nao.org.uk/wp-content/uploads/2024/07/effectiveness-of-government-in-tackling-homelessness.pdf>

^{xxx}Annual review of support to end homelessness reveals a sector stretched to the limits | Homeless Link

^{xxxi}For seven broad rent market areas in London the cap is £500. The £375/£500 limit has also been frozen since January 2011.

^{xxxii}London-Councils-report-LSE-Consulting-final.pdf

^{xxxiii}Statutory homelessness in England: January to March 2025 - GOV.UK

^{xxxiv}Rough sleeping in London (CHAIN reports) - London Datastore

^{xxxv}https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1102005/Housing_First_Evaluation_Third_process_report.pdf

^{xxxvi}<https://homeless.org.uk/areas-of-expertise/housing-first/>

^{xxxvii}https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1102005/Housing_First_Evaluation_Third_process_report.pdf

^{xxxviii}Building a case for Housing First: Regional Pilots final evaluation report | Homeless Link

^{xxxix}<https://www.jrf.org.uk/housing/rebalancing-the-housing-market-through-tax-reform>





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