

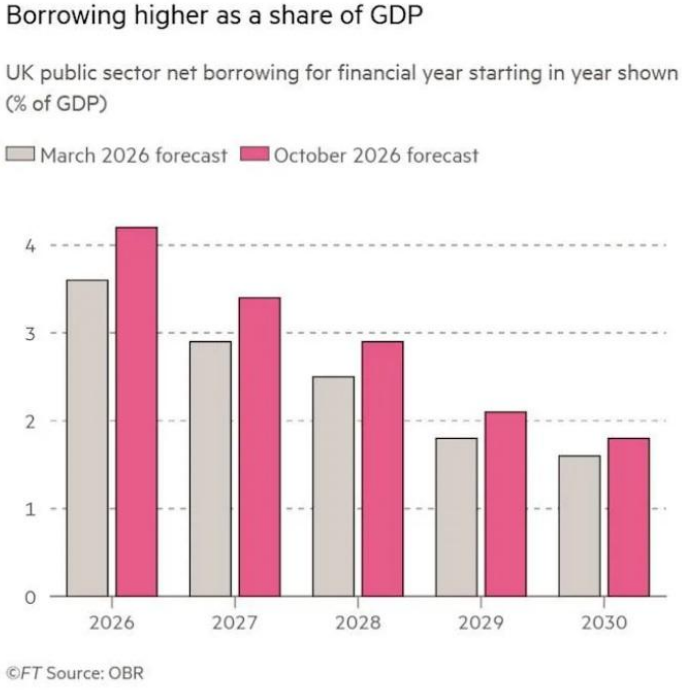
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Autumn Budget 2026

The impact on housing

The Budget and the OBR analysis

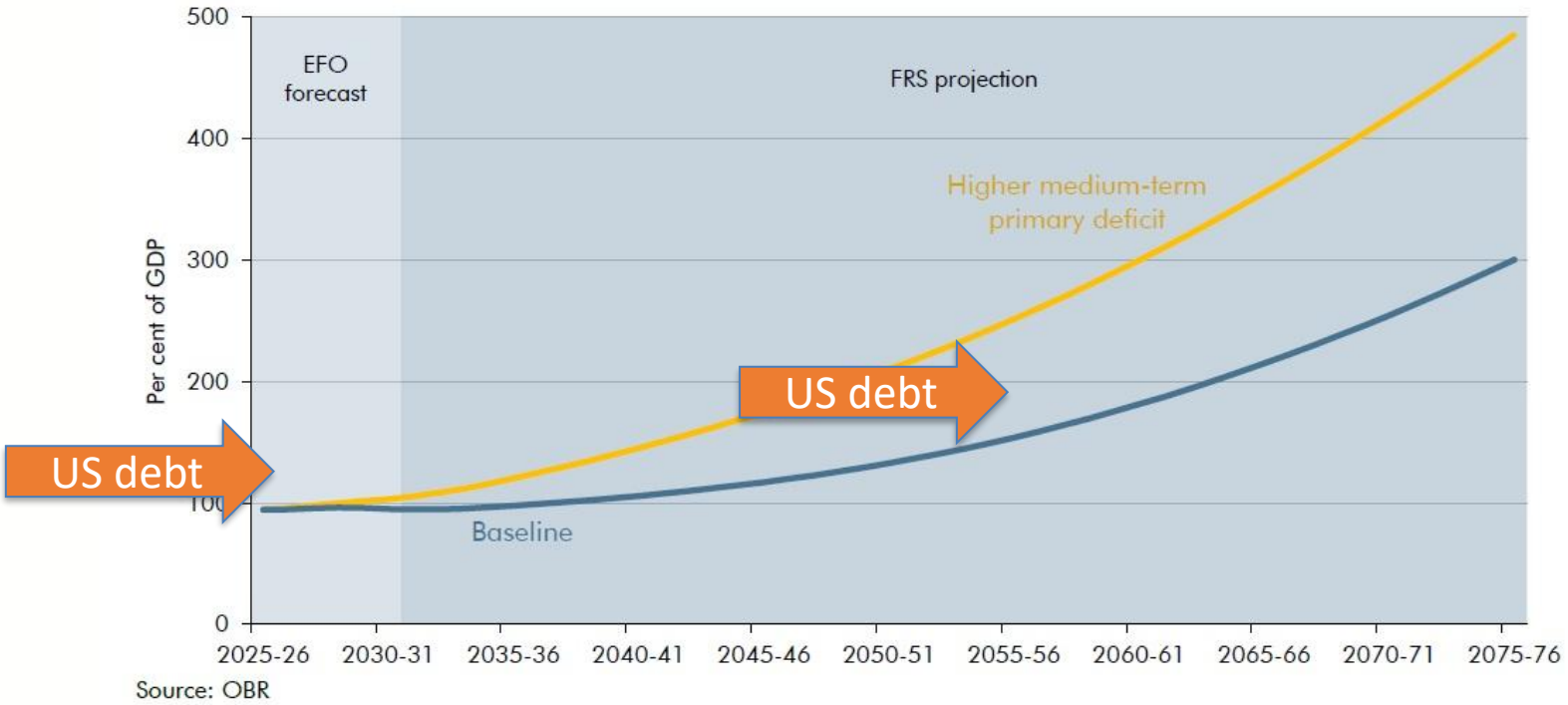
- The Budget: a "placeholder", a "nothingburger" - no national care service or publicly owned utilities
- Budget met fiscal rules, but allowed deficit target to shift back = £13bn extra borrowing each year (see chart)
- OBR - one big change to its March forecast – effects of Iran war on energy and borrowing costs
- Inflation peaks in early 2027 at 3.75%
- OBR shows "a country with near-stagnant real incomes and fragile public finances" (FT)



Long-term UK (and US) debt scenarios

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Chart 1.12: Long term debt scenarios: 2026 *Fiscal risks and sustainability* report

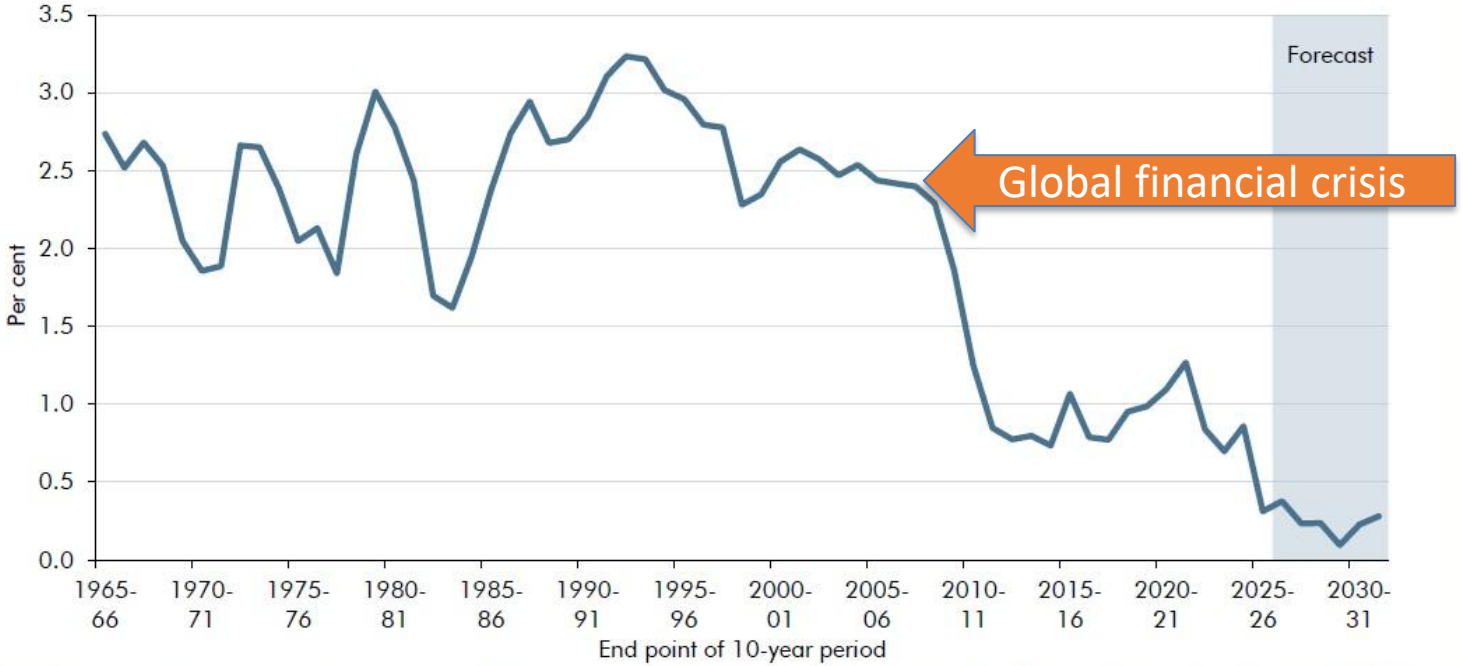


Source: OBR

A decade after the pandemic, real disposable income will be just 1 per cent higher than before it began

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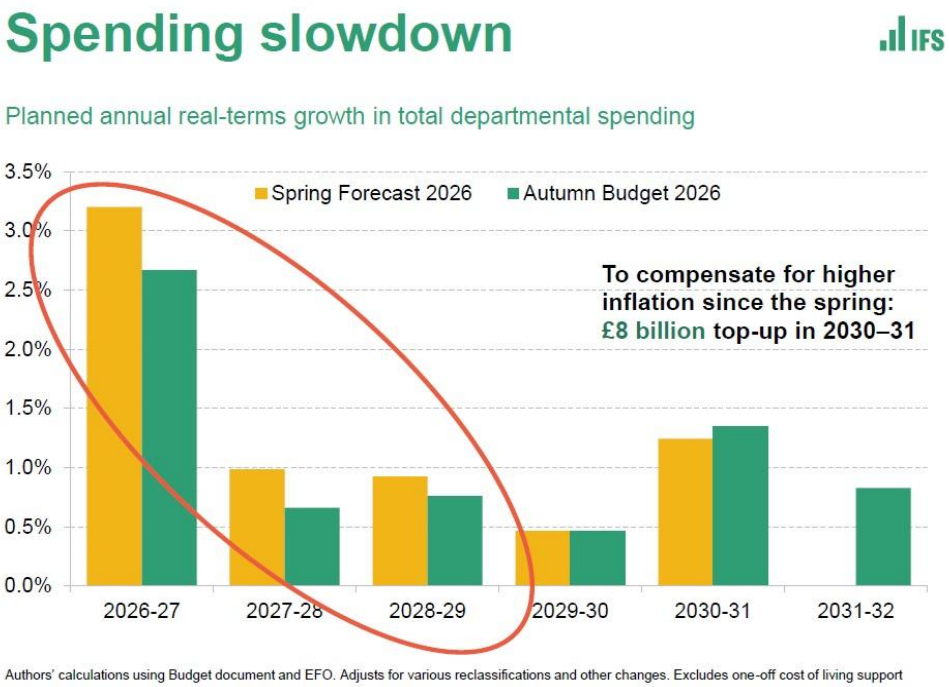
Chart 2.7: Rolling 10-year average growth in RHDI per person



Note: Compound average growth rate over a 10-year period. 2025-26 is the final year of outturn data, with forecast ending in 2031-32.
Source: ONS, OBR

Growth in real public spending to fall dramatically

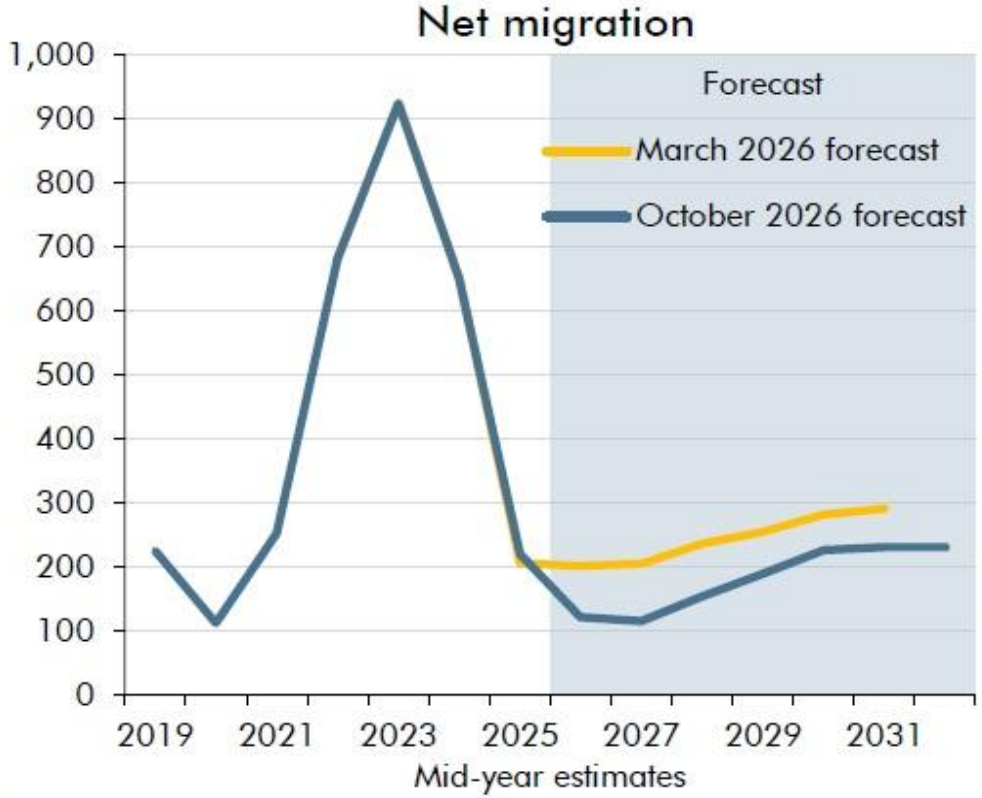
- *Growth* in real-terms public spending due to fall in 2027/28 and 2028/29 (election year?)
- Spending lower than Spring plans because of inflation (i.e. Iran war; no new cuts)
- Departmental spending will be worse if defence/ NHS are protected
- Ten-year spending review, due Dec/Jan, will be 'brutal' (FT)
- Some preventative spending to be covered by 'PDEL'.



Net migration projected to fall to 120,000 annually then gradually rise

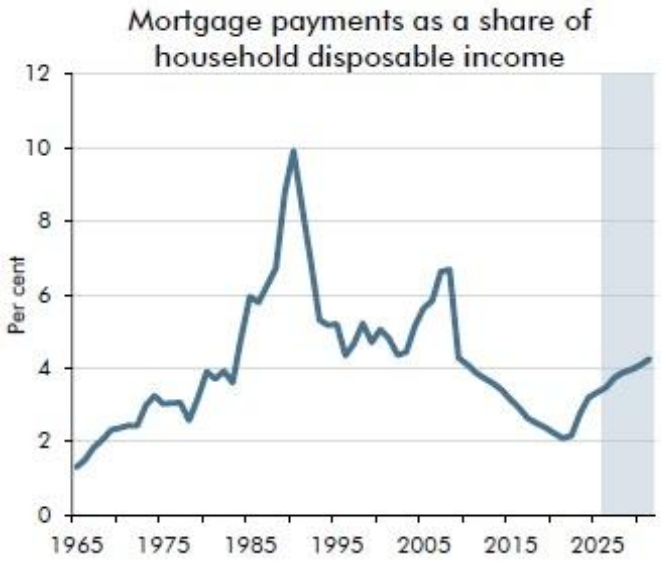
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Net migration – projected at 120,000 in 2026 - will be lowest since 1997 (except for 2020 - year of pandemic)
OBR: no effect on economy



Housing market: little change

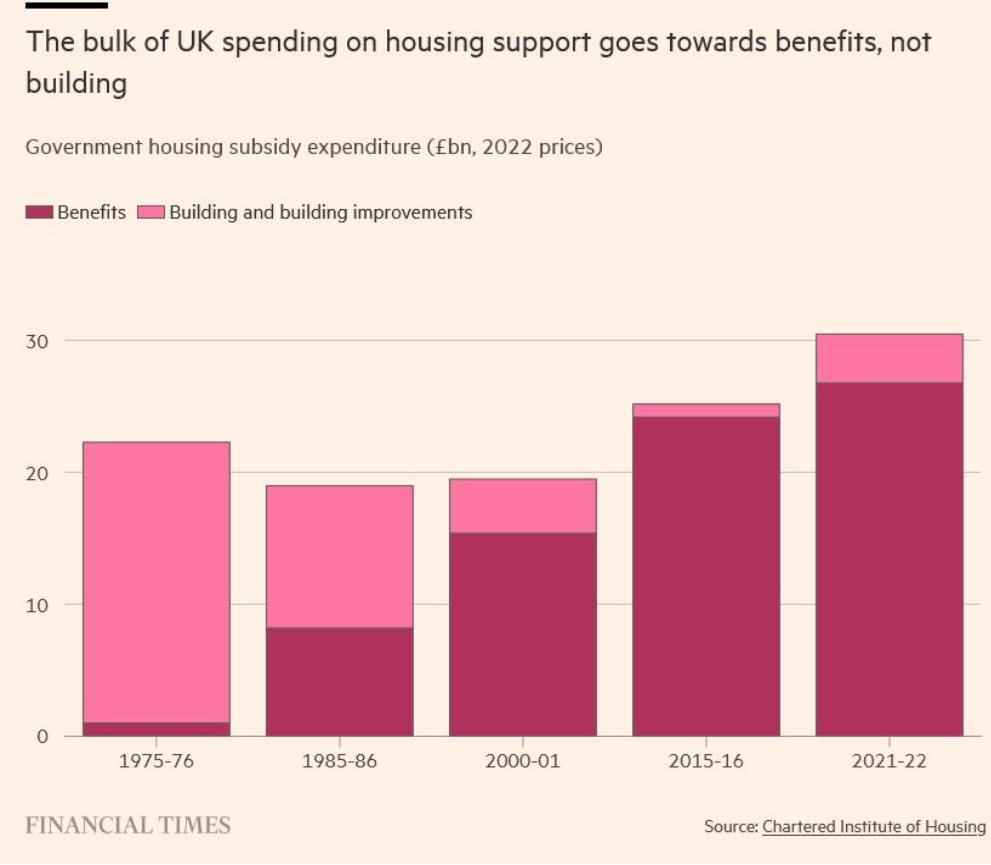
- Slower economic growth next year, then steady recovery – but depends on many factors
- Interest rates stay high
- Mortgage payments as share of household income due to increase to 4.25%, highest since 2009 (see chart)
- House prices to increase by 2% (2026), 2.5% (2027), i.e. below inflation
- Slightly lower forecast of total transactions than in March OBR
- Hamptons: "...immediate market backdrop remains much as it was before the Chancellor stood up"



Bulk of housing spending goes to benefits support, not building

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FT reproduces a chart from the UK Housing Review – shows the big shift over four decades from supply subsidy to demand subsidy – will be largely unchanged by the Budget

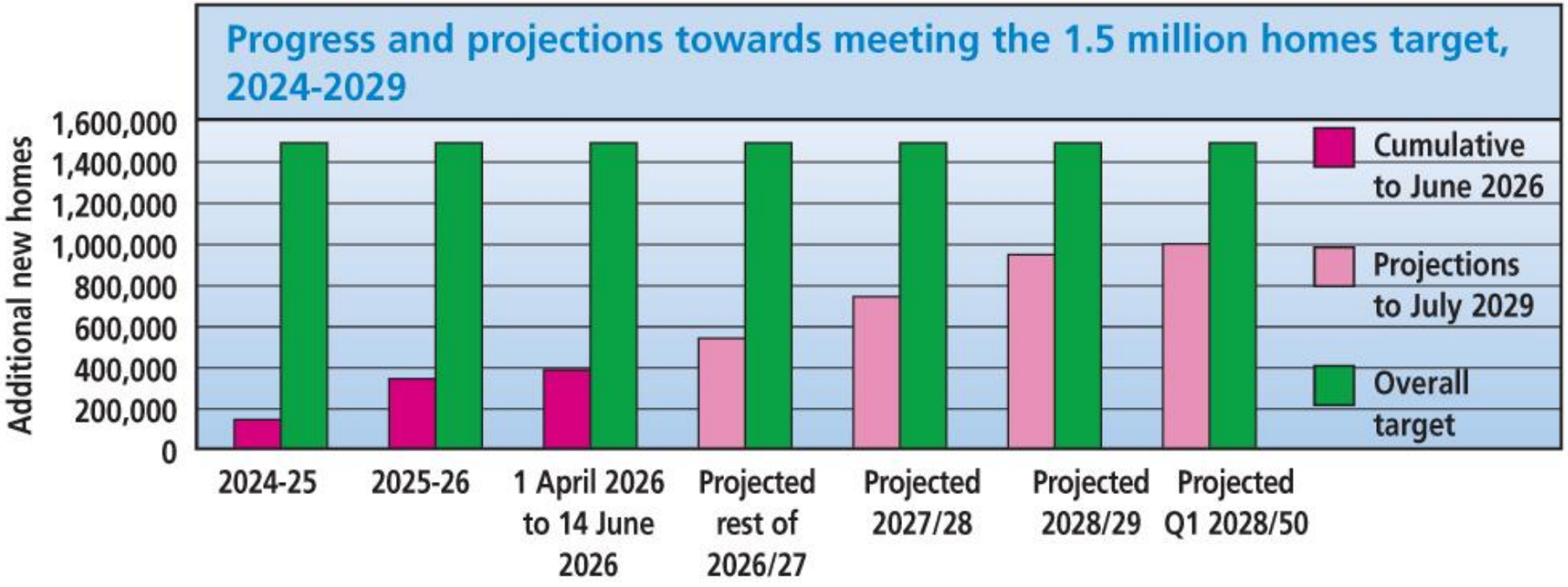


OBR projections and the 1.5 million homes target

- Net additions to the UK housing stock fall from around 230,000 (2025/26) to 220,000 (2026/27), then increase to 260,000 by 2030/31
- Compared to March forecast, OBR expect 190,000 fewer cumulative net additions over the forecast period
- Reasons: weak demand, rising material costs and the impact of other regulatory changes (building safety, etc.)
- Savills says YFH will have 'marginal impact on housing supply'; about 15k contribution to 1.5m target
- Latest CIH UK Housing Review forecast (early October): government would fall short of 1.5m target by 0.5 million
- OBR forecast for the five years of the parliament, adjusted for England (not UK), projects net additions at about 976,000

UK Housing Review projection: 1.5m target to fall short by 0.5m

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Source: Author calculations based on MHCLG statistics on Housing supply: indicators of new supply, England.

Development of new homes

- An additional £1.5 billion of funding for the Social and Affordable Homes Programme
- Funding allocated between 2027-28 and 2030-31
- Total 10 year programme over £40 billion
- Prioritisation of social rent and council housing
- Increasing role for mayors and strategic authorities



Planning and building regs

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VAT relief on land for registered social housing providers

- Aims to reduce development costs and avoid additional complexity on mixed-use developments
- Currently only after 'golden-brick' stage
- Legislation required, expected early 2027 to take effect 1 April 2027

Freeze on new buildings regulations

- No further major changes to building regulations in this Parliament (not including building safety)
- Exemption from Biodiversity Net Gain for residential brownfield sites

Affordable homeownership

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Your First Home

- £4.7 billion scheme to support 70,000 households and build 20,000 new homes
- 20% equity loan on new build homes
- Targeted approach – income caps and local property price caps
- Developer contributions
- First loans in April 2027

First Time Buyer ISA (FTB ISA)

- Replacing the Lifetime ISA (but still can have both)
- Available from 18 years old, no upper age limit
- Save up to £4000 a year for first time buyers with 25% government bonus
- Existing property price cap of £450k
- No withdrawal charge, reduced withdrawal charge for Lifetime ISA

Council housing

- Reiterated commitment to oversee “the largest council housebuilding programme since the post-war era”
- OBR continued to note the financial pressure on Housing Revenue Accounts (HRAs) and an increase in HRA borrowing from £0.2 billion in 2015/16 to a forecast £7 billion this year
- Public Works Loan Board (PWLB) borrowing rate extended for another year to March 2028
- Next steps to support council capacity to be announced in the 10 year plan

Energy bills

- Households in council tax bands A-D will receive a £100 ‘household energy payment’ in January 2027
- A further £100 million will be provided to local authorities to fund additional targeted support with living costs and energy over the winter
- The Warm Homes Plan is being reduced overall – more detail is expected in the Devolution White Paper
- Standing charges on gas bills to be removed and transferred to unit rates.
- The removal of VAT from electricity bills will be extended to 1 July 2027
- Further reforms to electricity standing charges in 2027
- Temporarily suspending tariffs on kerosene heating oil until December 2028
- Published a new energy debt strategy, in which government sets out a range of actions it will take to reduce and prevent debt.

Rough sleeping

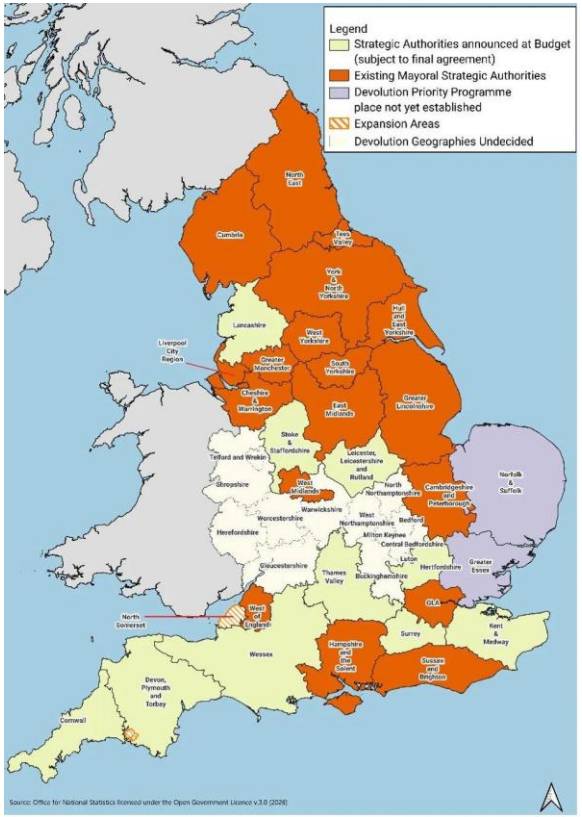
- A further £432 million to extend the Rough Sleepers Programme for an additional two years beyond this Christmas = total of £874m
- Council spending on housing support grown from £2bn in 2010-11 to £4bn in. 2025-26
- No uplift of LHA rates.

"The government's ambitions to reduce the level of homelessness and improve the standard of temporary accommodation are likely to increase pressure on local authority spending in this area."

OBR Economic and Fiscal Outlook

Devolution

- 10 more strategic authorities
- 90% of England's population covered by some form of devolution by 2030
- Clear hierarchy of devolution and pathway to 'established' status
- The budget focused on aligning funding with new powers
- Fiscal devolution – a radical change in how strategic authorities are funded



Devolution

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Old model

Central government

Establishes funding streams for specific housing policy objectives e.g. brownfield remediation

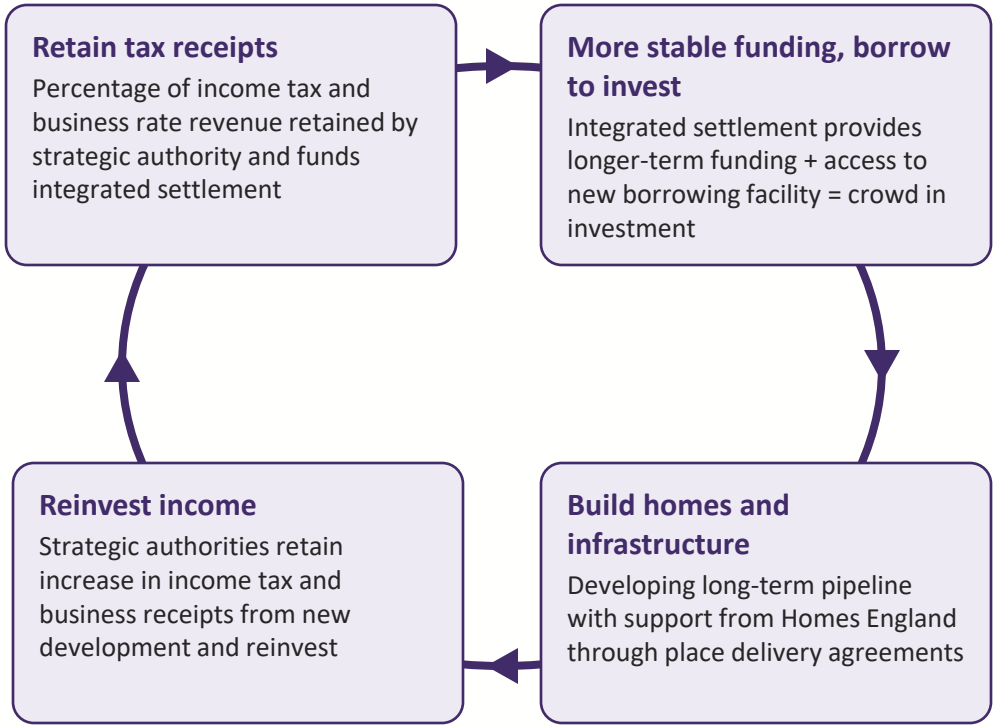
Grant allocations

Ring-fenced 'pots' decided by competitive bidding processes

Strategic authority

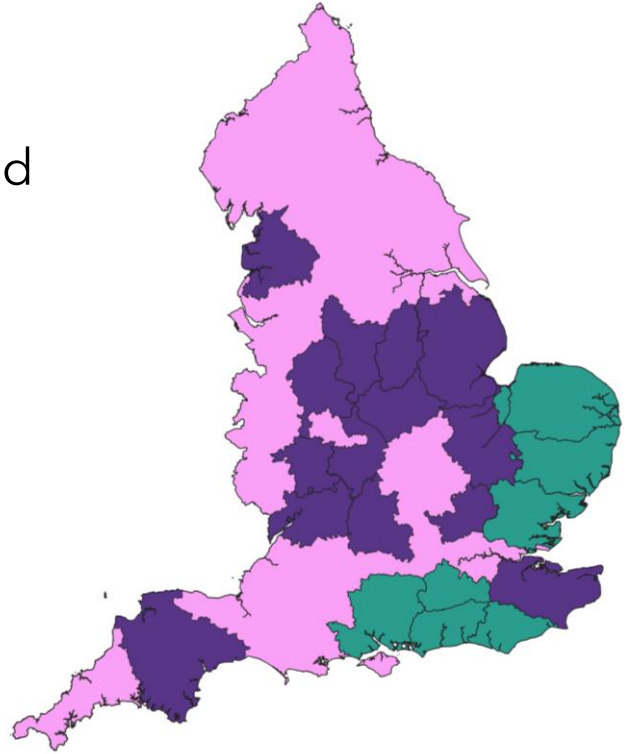
Bids for funding, manages programmes

New model



Local government reorganisation

- LGR paused early September. Now partially unpaused.
- 5 areas to go ahead with previously announced decisions: East Sussex and Brighton; Gloucestershire; Oxfordshire; Warwickshire; Worcestershire
- 15 areas decisions still to be made
- Elections on old boundaries May 2027
- Elections for new councils May 2028
- New councils up and running April 2029
- LGR continues in Surrey with new councils in April 2027



What comes next?

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10 Year Plan

The government has announced its intention to publish a 10 Year Plan, which is expected to be published in the coming months. The Budget makes several references to the plan, including the next steps to deliver the promised *"largest council housebuilding programme since the post-war era"*. The Budget document states that the 10 Year Plan will *"detail reforms to ensure that councils have the capacity to start building at scale again, significantly reduce the complexity and cost of the development process, and release public land for affordable housing"*. More broadly, the plan is expected to set out the government's long-term vision and priorities ahead of the next spending review, including details on how it will deliver more public control over energy and utilities.