



G15 autumn Budget submission to HM Treasury

About G15

The G15 is made up of London's leading housing associations. The G15's members provide more than 880,000 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 £2bn 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

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

For more information, please contact: G15@Peabody.org.uk.

Housing London to support growth in every postcode

Executive summary

The government has put good growth in every postcode at the centre of its economic programme. London has a central role in delivering that ambition.

London is the UK's largest regional economy and remains the biggest net contributor to the national finances. In 2024/25, London generated £48.8bn more in tax revenues than it received in identifiable public spending, with the South East the only other UK region to record a surplus. The capital also supports jobs, investment, exports and demand throughout UK supply chains.

Protecting that contribution depends on people being able to live and work in London. The housing crisis is making that increasingly difficult and risks holding back the capital's growth and, in turn, its contribution to growth across the country.

Our recent report, [*A city that works for everyone*](#), demonstrates the relationship between social housing and London's economy. Social housing residents generated £27.8bn of economic output in 2024, and 65% of employed social housing residents work in key worker occupations. Affordable homes help people remain connected to employment, schools, support networks and communities, while giving employers and public services access to the workforce they need.

The pressure on London's housing system is increasing. For lower- and middle-income households, younger Londoners and many key workers, housing costs create an increasingly significant barrier to remaining in the capital. This affects labour market participation and mobility, makes it harder for employers and public services to recruit and retain staff, and risks weakening London's long-term competitiveness.

The consequences are also visible in the public finances. Around 210,000 Londoners are living in temporary accommodation, including more than 100,000 children, while London boroughs spend more than £5m every day responding to homelessness. At the same time, housing delivery has fallen sharply, with only around 30,000 homes completed in London in the year to June 2025 and G15 development starts falling by 66% in two years.

Increasing housing supply, particularly social and affordable housing, remains fundamental. Government has provided a much stronger foundation through the security of the 10-year rent settlement, and the £39bn Social and Affordable Homes Programme, including £11.7bn identified for London, rent convergence and access to low-cost finance.

The ten-year rent settlement and convergence policy are fundamental to delivery. Housing associations' long-term financial plans, borrowing assumptions and investment programmes for both existing and new homes are built around the certainty they provide about our ongoing income. Maintaining that stability is a prerequisite for turning the government's housing commitments into delivery at scale.

With that foundation in place, the Government can also take steps to make existing investment work harder and address the wider constraints within the housing system. London needs to build more homes, make better use of the homes that already exist, release capital for

reinvestment and reduce the substantial sums currently spent responding to homelessness and housing insecurity.

The Chancellor has identified fiscal discipline, growth in every postcode and making full use of public and private investment as core priorities. The Prime Minister has made a commitment to invest in people's success and reduce the costs associated with failure.

Rewiring the State provides an opportunity to support this approach. Greater fiscal devolution, more control over housing and skills investment and greater flexibility over public land can give London the tools to invest in the conditions that support growth. Targeted national reforms can complement this by strengthening housing association investment capacity, improving the operation of shared ownership, reducing homelessness and protecting residents from housing insecurity.

Over the long term, give London the tools to sustain growth

The government should:

1. Give London a meaningful and enduring share of locally generated tax growth, providing multi-year certainty and genuine flexibility over investment in the foundations of growth.
2. Fully devolve London's Social and Affordable Homes Programme, giving London greater certainty over its share of national housing investment and the GLA full authority to allocate funding without individual decisions returning to Whitehall.
3. Work with London to reform property taxation, with the objective of replacing Council Tax and SDLT with a fairer, more efficient, devolved proportional property tax.
4. Give London greater control over the Growth and Skills Levy and employment support, allowing investment to respond to London's distinctive labour-market challenges and the workforce requirements created by housing, retrofit and infrastructure investment.
5. Give London greater freedom to use public land and land-value growth to unlock housing, including deferred payments, equity participation and land-value-sharing.

Act now to make existing investments work harder and reduce the cost of housing failure

The Budget should:

6. Release capital and make existing public investment work harder

- a. Protect the full £39bn SAHP commitment, maintain London's share through future phases of the programme, and roll out low-interest loans quickly in a way that strengthens providers' delivery capacity.
- b. Launch a shared ownership staircasing pilot, allowing housing associations to use recycled grant to fund a time-limited mortgage-rate discount and release capital for reinvestment.

- c. Review and raise the London household shared ownership income cap, which has remained at £90,000 since 2016 despite substantial increases in earnings and housing costs.
- d. While long-term reform of Council Tax and Stamp Duty is being developed, allow London to retain 25% of Stamp Duty receipts to create a London Housing and Homelessness Investment Fund, supporting permanent social housing and interventions that reduce reliance on expensive temporary accommodation.

7. Protect the capacity to invest in existing and new homes

- a. Protect the full Warm Homes Plan commitment and guarantee substantial multi-year funding for social housing, alongside longer-term certainty over government support for net zero.
- b. Reform the Economic Crime Levy for not-for-profit housing associations, ensuring liability reflects relevant regulated activity rather than the scale of providers' wider social housing operations.
- c. Reduce the VAT cost of investment in residents' homes, including permanent zero-rating of energy-saving materials and further consideration of retrofit, regeneration and fire-safety works.
- d. Extend access to Residential Personal Emergency Evacuation Plans (PEEPs) funding to leaseholders where registered providers are responsible for implementing the regulations.

8. Reduce the cost of housing failure and protect residents

- a. Protect low-income households from housing insecurity, including reviewing the household benefit cap and the case for a protected minimum level of Universal Credit.
- b. Provide long-term funding for Jobs Plus, maintaining existing pilots until at least autumn 2029 and beginning wider rollout from 2027.
- c. Restore Local Housing Allowance to the 30th percentile of current rents and uprate it annually, while reforming the outdated temporary accommodation subsidy system.
- d. Rebase temporary accommodation Housing Benefit subsidy against contemporary accommodation costs to help reduce long-term reliance on temporary accommodation.

These proposals are designed to help government deliver more from the commitments it has already made. The housing association model combines public investment with substantial private borrowing and long-term reinvestment: £1 of public investment in affordable housing can unlock up to £6 of additional private finance. G15 members then carry that investment over decades, maintaining residents' homes and reinvesting surpluses in existing communities and new supply.

The wider return is visible across government priorities. Affordable housing supports labour-market participation and the workforce on which London's public services and economy depend, while stable homes reduce pressure on homelessness and other public services.

These policy changes would help make the most of existing public commitments, mobilise more private investment, reduce spending on housing failure and strengthen London's contribution to growth across the country.

Make devolution work for housing and growth

1. Give London a meaningful stake in its own growth

Rewiring the State creates an opportunity to reset the fiscal relationship between central government and London. Government has committed to replacing central government grants with a share of locally generated income tax for every mayor from 2028, alongside greater local retention of business rates.

The detailed design of that settlement will determine whether fiscal devolution genuinely strengthens local incentives for growth. London should receive a meaningful and predictable share of the additional revenues its economy generates, with sufficient certainty over future income to support long-term investment decisions.

Housing should form part of the economic rationale for this reform. London needs affordable homes to maintain the workforce on which its economy and public services depend. Investment in housing, transport, skills and regeneration can increase employment, productivity and locally generated tax revenues. Allowing London to retain a meaningful proportion of that growth would give the Mayor and boroughs greater capacity to invest in the conditions needed to sustain it.

The share of revenues assigned to London should reflect the responsibilities being devolved. Centre for Cities estimates that around 2% of locally generated income tax would currently be sufficient to replace the relevant Greater London revenue grant. But this share would likely need to increase as mayoral responsibilities expand.

The settlement should provide multi-year certainty, maintain effective national equalisation and give London meaningful control over how devolved revenues are used. It should give boroughs a direct stake in the benefits of growth and allow predictable future revenues to support prudent borrowing and long-term capital investment.

Recommendation: Design the new fiscal settlement so London retains a meaningful and enduring share of locally generated tax growth, with multi-year certainty and freedom to invest those revenues in the foundations of future growth. The share should increase as further responsibilities are devolved and provide the Mayor and boroughs with the certainty and flexibility to invest in the foundations of future growth.

2. Fully devolve London's Social and Affordable Homes Programme

The £39bn Social and Affordable Homes Programme provides a stronger long-term foundation for affordable housing delivery. London can receive up to £11.7bn through the programme, reflecting the scale of housing need and delivery opportunity in the capital.

The current arrangements still fall short of full devolution in two important respects.

London's funding envelope remains subject to negotiation rather than being a settled share against which the GLA, boroughs and providers can plan with certainty. Decisions made locally can also remain subject to central government agreement, creating an additional stage after bids have been assessed by the GLA.

Full devolution should give London greater certainty over its funding envelope and allow final allocation decisions to be taken in London within an agreed national accountability framework. Greater autonomy should be matched by clear expectations around transparency, timely decision-making, consistent funding criteria and meaningful engagement with boroughs and delivery partners.

Within that framework, the GLA should have discretion over grant rates, tenure mix, acquisitions, regeneration, individual allocations, payment profiles and programme flexibilities. Government should set national objectives and hold London accountable for outcomes and value for money, while the Mayor should be accountable for the investment decisions required to achieve them.

This would give providers greater certainty when developing pipelines and business plans and shorten the route from a successful bid to confirmed funding.

Recommendation: Establish a predictable London share of future Social and Affordable Homes Programme investment and give local leaders full programme-level authority to allocate it within an agreed national outcomes and accountability framework.

3. Replace taxes on moving with a fairer property tax

London needs to build substantially more homes, particularly social and affordable homes. Alongside increasing supply, government should remove barriers that prevent London making better use of the homes that already exist.

Stamp Duty works against that objective because it taxes transactions. Moving can trigger a substantial upfront tax bill, giving households a financial incentive to remain in homes that no longer suit their circumstances. This suppresses "churn" through the housing system and reduces the number of larger homes becoming available to families.

Centre for London estimates that abolishing Stamp Duty on primary residences could support around 79,000 additional moves each year in London, including around 24,000 three and four-bedroom homes.

Council Tax is also putting increasing pressure on household and local government finances. The system remains based on 1991 property values and is highly regressive relative to property wealth, with lower-value homes paying a much larger share of their value than the most expensive properties. At the same time, councils face growing difficulty collecting the tax. Council

Tax arrears across England reached £7.4bn by March 2026, while London alone had around £1.4bn of outstanding Council Tax arrears by March 2025.

Centre for London has modelled an alternative Proportional Property Tax based on current property values, with national, borough and Mayoral components. Its model could generate around £912m of additional annual revenue in London, which it estimates could support around 4,100 additional social rented homes each year at the modelled grant rate.

Property tax reform could therefore provide a more stable revenue base for investment while removing a significant financial disincentive to moving. Any transition would need protections for households with high-value homes but low incomes and appropriate treatment of recent purchasers who have already paid substantial Stamp Duty.

Recommendation: Develop a partially devolved Proportional Property Tax to replace Council Tax and Stamp Duty, with national, borough and Mayoral components and additional regional revenues available for social and affordable housing investment.

4. Give London control over the skills investment needed for growth

London combines a highly skilled labour market with significant unemployment and economic inactivity, alongside employer shortages in sectors needed to deliver growth.

The government's housing, retrofit and infrastructure ambitions will create substantial demand for construction trades, engineers, retrofit specialists, building-safety professionals and the wider supply chain. Greater control over skills investment would allow London to connect that demand with people who need better routes into employment.

London already controls substantial adult skills funding. Greater control over the Growth and Skills Levy would allow the Mayor to align apprenticeships and recognised training more closely with the investment pipeline and the needs of London employers. The GLA has previously estimated a London Growth and Skills Levy allocation of around £808m annually, giving a sense of the scale of funding that could be aligned more closely with the capital's labour-market needs.

This could start by giving the GLA access to unspent levy funding generated by London employers, allowing it to be retained and targeted at skills and employment priorities in the capital.

Skills devolution should sit alongside greater control over employment support. This would create a clearer route from neighbourhood programmes such as Jobs Plus into training and vacancies in construction, retrofit and other sectors where employers need workers.

Recommendation: Establish an identifiable London allocation of the Growth and Skills Levy, controlled by the Mayor and designed with employers, alongside further devolution of employment-support funding.

5. Use public land to create long-term public value

High upfront land costs can make otherwise viable housing schemes undeliverable, particularly where developments provide significant levels of social housing. The way public bodies account for and dispose of land can reinforce this problem by prioritising an immediate receipt over the longer-term value created through development.

Public bodies should have greater freedom to use deferred land payments, equity participation and land-value-sharing arrangements where these improve viability and increase delivery.

A public landowner could, for example, reduce the upfront land cost facing a development while retaining an entitlement to future receipts as homes are completed or values increase. This can reduce the amount of additional cash grant needed to make a scheme viable while ensuring the public sector shares in the value created through development.

Recommendation: Reform public-land disposal and accounting rules to support deferred receipts, equity participation and land-value-sharing where these approaches increase social and affordable housing delivery and provide better long-term public value.

Release capital and make existing public investment work harder

6a. Protect the Social and Affordable Homes Programme and get low-interest finance working

The £39bn Social and Affordable Homes Programme gives the sector a much stronger long-term foundation for delivery. London can receive up to £11.7bn through the programme, reflecting the scale of need and the difficulty of delivering affordable housing in the capital. But housing associations, councils and other partners need confidence that the funding announced will remain available so they can maintain development pipelines, commit resources and continue preparing schemes for delivery.

London also has substantial delivery capacity. G15 members have delivered more than 109,000 homes since 2016, including almost 70,000 in London, around 70% of which were affordable. We use a combination of public grant, organisational investment and private finance to do this.

The SAHP programme has attracted strong demand from providers, demonstrating that there are further opportunities to convert public investment into homes where viable schemes and delivery capacity exist.

Low-interest finance should form a central part of the settlement. G15 members continue to invest heavily in building safety, existing homes and decarbonisation, while higher financing costs have reduced financial headroom and pushed interest cover down sharply.

For some providers, the constraint is not a lack of expertise, land or viable schemes. It is a temporary inability to take on additional market borrowing while EBITDA and interest cover

recover. Low-interest loans can bridge that gap, allowing organisations with established pipelines and delivery capacity to keep schemes moving now rather than waiting for balance-sheet capacity to rebuild.

The Treasury should therefore work with MHCLG and the GLA to deploy the programme quickly and on terms that genuinely relieve current financing constraints. The objective should be to accelerate delivery during this Parliament by unlocking schemes that are ready to proceed but currently constrained by borrowing capacity.

Recommendation: Protect the full £39bn SAHP commitment, maintain London's share through future phases, and deploy low-interest loans quickly as a bridge through current interest-cover constraints so viable schemes can proceed while sector financial capacity recovers.

6b. Help shared owners buy more of their home and release capital for reinvestment

Shared ownership is intended to provide a route towards greater home ownership, but relatively few shared owners currently staircase.

There are around 250,000 housing association shared ownership homes nationally, with an estimated market value of around £65bn. Shared owners hold around 40% of the equity on average, leaving approximately £39bn of equity held by housing associations.

Only around 2% of shared owners staircase to full ownership each year. A major barrier is the relationship between subsidised rent and mortgage costs. Shared owners pay below-market rent on the share they do not own, while mortgage borrowing receives no equivalent support. Buying more of their home can therefore increase immediate monthly costs, even where the household is building substantially more equity.

Evidence from our member, Southern Housing, illustrates the scale of the issue. Across 8,051 shared ownership homes, staircasing to 100% at a typical mortgage rate of 4.7% would be more expensive than remaining a shared owner for 94% of households.

Reducing the mortgage rate by 1.5 percentage points materially changes that calculation. At an illustrative 3.2% rate, 43% of households could staircase fully without paying more than their previous housing costs on an interest-only comparison, while a further 25% would pay no more than £250 a month above existing costs.

Government should test a time-limited mortgage incentive. Eligible shared owners purchasing additional equity would receive a 1.5 percentage point mortgage-rate discount for five years, tapering over the following five years. Mortgages would continue to be provided by regulated lenders and normal affordability requirements would apply.

The intervention could principally be funded by changing the permitted use of recycled grant. Around £600m of grant is generated through staircasing each year, while approximately £243m of recycled grant is currently held by housing associations awaiting deployment.

Under the central modelling, increasing annual full staircasing from around 2% to 6% could generate approximately £7.8bn of additional capital receipts over five years. After recycled grant principally used to finance the intervention, around £7.1bn of net additional capital could be available for reinvestment in new and existing homes.

Recommendation: Amend Recycled Capital Grant Fund rules and launch a pilot allowing recycled grant generated through staircasing to fund a 1.5 percentage point mortgage-rate discount for eligible shared owners.

6c. Review and raise the London shared ownership household income cap

The London shared ownership household income cap has remained at £90,000 since 2016, despite substantial changes in earnings, housing costs and mortgage affordability.

Median London earnings have increased by around 33% since 2016. Two median earners are now close to the existing household limit, while two-earner key-worker households can exceed it despite remaining unable to purchase a suitable London home outright. Had the threshold simply increased with CPI since 2016, it would now be around £124,000.

The current threshold also affects development viability. Lenders and providers assess whether total mortgage, rent and service-charge costs are affordable for purchasers. In higher-value parts of London, the £90,000 cap can leave too few eligible households able to meet those affordability requirements.

Providers can respond by reducing rent on the share that the resident has not purchased, but doing so reduces scheme income and increases the subsidy required to make shared ownership viable. There is also evidence that lower-rent schemes experience substantially less staircasing over time, further reducing the capital available for reinvestment.

Modelling across four London schemes found that using a £120,000 threshold increased modelled financial performance by an average of 25%, equivalent to £5.8m across the schemes, while potentially expanding the eligible purchaser pool by between 246,000 and 358,000 households.

The evidence supports raising the threshold, but government should determine the appropriate level through a review rather than replacing one fixed threshold with another. Applicants would continue to undergo lender and provider affordability assessments and demonstrate that they cannot afford a suitable home outright.

Recommendation: Review and increase the London shared ownership household income cap to reflect changes in earnings and housing costs since 2016, and introduce a regular uprating mechanism.

6d. Let London reinvest part of its Stamp Duty receipts in tackling the housing and homelessness emergency

Fundamental property tax reform will take time. While Stamp Duty Land Tax remains in place, government should allow London to retain 25% of the receipts generated in the capital and invest them in tackling the housing and homelessness emergency.

This builds on a longstanding London-wide case for fiscal devolution. The cross-party London Finance Commission recommended in 2017 that Stamp Duty, alongside the wider suite of property taxes, should be devolved to London government. It argued that property taxes are particularly suitable for local control and that locally retained revenues could support investment in housing, infrastructure and growth. The Commission's proposals were endorsed collectively by London government and by successive Mayors.

In 2024/25, London generated £5.14bn in SDLT, 37% of total receipts across the country.

The same high property values that generate those receipts also sit at the heart of London's housing pressures. They make home ownership harder to access, increase the cost of private renting and make it more expensive to provide permanent affordable homes. Those pressures feed directly into homelessness and temporary accommodation.

There is a strong case for creating a direct fiscal link between the revenues generated by London's housing market and investment in fixing its housing system.

Allowing London to retain 25% of its SDLT receipts would have generated around £1.285bn in 2024/25, equivalent to around £3.5m every day for housing and homelessness investment. For context, London boroughs spent £2.025bn on homelessness in 2024/25, including around £5m a day on temporary accommodation. The proposed fund would therefore be equivalent in scale to almost two thirds of London's total annual homelessness expenditure. Had London retained 25% of its receipts over the last ten years, it would have generated around £11.7bn for housing and homelessness investment.

This would preserve London's substantial contribution to the national finances while creating a clearer growth incentive locally. Three quarters of SDLT raised in the capital would continue to flow to the Exchequer, with one quarter reinvested in addressing the housing pressures that weaken London's economic capacity and increase public spending elsewhere.

The fund should be jointly shaped by the Mayor and boroughs and focused on investments that reduce the long-term economic and fiscal costs of the housing crisis. It could support permanent social housing, acquisitions where they provide a cost-effective alternative to temporary accommodation, homelessness prevention, and interventions needed to unlock stalled housing and regeneration schemes.

This would also allow London to connect currently fragmented expenditure. Housing grant supports permanent supply, boroughs spend substantial sums responding to homelessness and securing temporary accommodation, welfare spending supports housing costs, and wider public services absorb the consequences when households lack a stable home.

SDLT receipts fluctuate with housing market activity. The allocation should therefore operate over a multi-year period, with an appropriate smoothing mechanism and the ability to carry receipts between years. This would allow the GLA and boroughs to plan investment against a prudent medium-term revenue assumption.

This proposal should be seen as an interim step towards wider property-tax and fiscal devolution. If SDLT is subsequently replaced, London should retain an equivalent fiscal assignment through the successor system.

Recommendation: Allow London to retain 25% of SDLT generated in the capital for a multi-year London Housing and Homelessness Investment Fund, jointly shaped by the Mayor and boroughs. This would create significant additional capacity to increase permanent social housing and reduce the long-term cost of homelessness.

Protect the capacity to invest in existing and new homes

7a. Protect social housing retrofit funding and provide long-term certainty over net zero

We welcome the scale of investment committed through the Warm Homes Plan and the government's focus on improving homes for low-income and fuel-poor households. Social housing provides an opportunity to deliver these improvements at scale, reducing residents' energy bills while improving the quality and energy efficiency of entire buildings and neighbourhoods.

The funding available to deliver these ambitions is changing significantly. The Warm Homes Plan includes around £5bn of support for low-income households to 2030, including £4.4bn of direct capital grants. At the same time, the Energy Company Obligation is being phased out. ECO and the Great British Insulation Scheme represented around £1.4bn to £1.6bn of investment in home energy efficiency in 2025/26 alone.

Government should ensure that the transition between these funding models does not create a gap that reduces the pace of investment in social housing and fuel-poor households. The future low-income scheme should therefore provide a substantial, predictable and multi-year allocation for social housing, reflecting the scale of investment required and the ability of social landlords to match public funding with their own resources.

The £5bn Warm Homes Fund provides a further opportunity to increase investment. Government should provide clarity on how the financial transactions within the Fund will be deployed and ensure housing associations can access appropriate products, including very low-interest loans, guarantees and other forms of finance that strengthen rather than constrain providers' investment capacity.

Meeting the new Minimum Energy Efficiency Standards by 2030 underlines the need for certainty over future funding. The £10,000 spend cap will also have an important role in ensuring investment is targeted fairly and proportionately, recognising the differing costs and practicalities of improving individual homes.

The need for certainty extends beyond individual funding programmes. Housing associations prepare long-term financial plans spanning decades and must balance investment in energy efficiency and decarbonisation with maintaining residents' homes, building safety and new supply.

Providers cannot prudently assume future government support that has not been confirmed. Greater visibility over the scale, duration and trajectory of public support would allow boards and lenders to make better-informed assumptions about future costs and investment capacity.

Government does not need to allocate every future pound now. But a credible long-term funding framework, combining grant for measures that cannot support additional borrowing with appropriately structured low-cost finance, would allow providers to plan programmes more efficiently and invest with greater confidence.

Heat networks will also require specific attention. They are disproportionately concentrated in social housing, with social landlords responsible for a significant share of existing networks. New regulatory and technical requirements will require substantial investment to upgrade and decarbonise them. Ofgem has estimated upgrade costs of more than £2.1bn for the social housing sector, with sector evidence suggesting the eventual requirement could be higher. Government should ensure dedicated support is available for these costs, rather than requiring them to be absorbed from resources that would otherwise be invested in residents' homes and new supply.

Recommendation: Provide sufficient grant and appropriately structured low-cost finance to support social housing decarbonisation, alongside setting out a credible long-term trajectory for government support towards net zero.

7b. Reform the Economic Crime Levy

Housing associations can become liable for the Economic Crime Levy because particular activities fall within anti-money-laundering regulation. However, the levy band is determined using total organisational revenue, even though most income relates to providing and maintaining social and affordable homes.

From April 2026, organisations with revenues between £500m and £1bn can face a £500,000 annual levy, while those above £1bn can face a £1m annual charge.

The National Housing Federation has estimated that the sector could face annual costs of up to £14m by 2027, reducing borrowing capacity by £224m and potentially resulting in around 1,100 fewer social homes.

A levy designed to reflect exposure to economic crime should be proportionate to the activity creating that exposure. For not-for-profit registered providers, using total organisational revenue can produce charges that bear little relationship to the regulated activity giving rise to liability.

Recommendation: Introduce specific Economic Crime Levy treatment for not-for-profit registered providers, with liability reflecting the scale of relevant regulated activity rather than total organisational revenue.

7c. Reduce the VAT cost of investing in residents' homes

Government is requiring social landlords to increase investment in energy efficiency, building safety and the quality of existing homes. Irrecoverable VAT reduces the amount providers can invest directly in those priorities.

Government should make the existing zero rate of VAT on qualifying energy-saving materials permanent and widen the range of eligible measures. It should also ensure qualifying measures retain relief when delivered as part of wider programmes of work.

There is a wider case for examining VAT on major social housing investment, including retrofit, regeneration and fire-safety programmes. We recognise that broader zero-rating would have an Exchequer cost and requires further assessment. HMT should quantify that cost alongside the additional investment that could be generated by reducing irrecoverable VAT for not-for-profit providers.

Recommendation: Make the zero rate on energy-saving materials permanent and widen its scope, alongside an HMT review of the costs and investment benefits of extending VAT relief to major retrofit, regeneration and fire-safety programmes.

7d. Extend Residential Personal Emergency Evacuation Plans (PEEPs) funding to leaseholders

The Residential PEEPs regulations introduced in April 2026 place additional duties on building owners and managers to identify and mitigate evacuation risks faced by disabled and vulnerable residents.

Government has provided funding to support social housing providers with the costs of eligible measures for social housing renters. Equivalent protection does not currently extend to leaseholders living in homes managed by registered providers.

This can create different financial outcomes for residents living in the same building and subject to the same fire-safety requirements. Where a registered provider is responsible for implementing the regulations, government funding should follow that statutory responsibility rather than depend on the resident's tenure.

Recommendation: Extend Residential PEEPs funding available to registered providers to cover eligible measures required for leaseholders.

Reduce the cost of housing failure and protect residents

8a. Protect low-income households from housing insecurity

High housing costs mean the interaction between housing support and the wider benefits system has a particularly significant effect in London.

Our recent report, *A city that works for everyone*, showed that stable and affordable homes support financial security, economic participation and stronger long-term outcomes for residents. Social housing residents contribute an estimated £27.8bn to London's economy, with almost two thirds of those in work employed in key worker occupations. Their economic contribution outweighs the value of housing benefit received by more than nine to one.

Protecting that contribution means ensuring households on the lowest incomes have enough support to sustain a stable home. The household benefit cap can leave families with housing support that does not reflect their actual rent, even where they would otherwise qualify for it. This increases pressure on household budgets and can contribute to arrears and housing insecurity.

The wider benefits system should reinforce the stability that affordable housing provides. Government should remove the household benefit cap and develop a protected minimum level of Universal Credit below which household income cannot fall following deductions and other reduction.

A protected minimum would need to balance essential household income with appropriate arrangements for debt recovery. We would want to develop the detailed design with government and resident organisations.

Recommendation: Remove the household benefit cap and develop a protected minimum level of Universal Credit so deductions and reductions do not leave households without sufficient income for housing and essential living costs.

8b. Give Jobs Plus enough time to demonstrate what works

Jobs Plus tests a place-based employment model embedded in social housing communities, combining employment support, community engagement and financial incentives to reach residents who may be poorly served by conventional programmes.

This approach builds on a wider body of housing-led employment support. Many G15 members work closely with Communities that Work, the national body championing employment support within social housing, to connect residents with jobs, training and progression opportunities. That experience shows the value of using the trusted relationships housing providers have within communities to reach people who can be harder for mainstream employment services to engage.

The existing pilots need sufficient time to establish whether the programme creates sustained employment, earnings progression and improvements in household financial security. They should therefore continue for at least five years, taking evaluation through to autumn 2029.

Government should not need to wait until the end of that evaluation period before considering expansion. Subject to emerging evidence, phased wider rollout should begin from 2027.

Current delivery costs average around £250,000 per site annually. We estimate economies of scale could reduce this towards £200,000 per site as the programme expands.

There is also a direct connection with the wider skills reforms proposed in this submission. Greater London control of the Growth and Skills Levy could create stronger training routes into construction, retrofit and other sectors where employers need workers. Jobs Plus can help residents access those opportunities and ensure investment in London's growth translates into better employment outcomes in social housing communities.

Recommendation: Fund existing Jobs Plus pilots through at least autumn 2029 and begin phased wider rollout from 2027, with an ongoing funding route where evaluation demonstrates sustained outcomes and value for money.

8c. Restore Local Housing Allowance to current rents

LHA was restored to the 30th percentile of local rents in April 2024 and subsequently frozen. Private rents have continued to increase, rapidly reducing the number of homes available to households receiving housing support.

Latest Crisis and Zoopla analysis finds that only around 1.2% of advertised private rented homes in London are affordable at current LHA rates.

The shortfalls households face are increasingly significant. Crisis found an average monthly gap of around £393 for a two-bedroom home in England in 2025, while more recent analysis puts the gap between LHA and the cheapest 30% of local two-bedroom rents at around £419 a month.

For households on low incomes, these gaps must be met from income intended for food, energy and other essentials. Where that becomes impossible, households face arrears, displacement or homelessness.

The resulting public expenditure appears elsewhere. London boroughs are already spending around £5m every day on temporary accommodation, while more than 100,000 London children are living in temporary housing. Councils also spent £101m on Discretionary Housing Payments in 2025/26, exceeding their combined government allocation.

Restoring the relationship between LHA and actual rents would strengthen homelessness prevention while permanent social housing supply is increased. It would also provide greater predictability than the current cycle of prolonged freezes followed by occasional large resets.

Recommendation: Restore Local Housing Allowance to the 30th percentile of current local rents from April 2027 and establish annual uprating so support remains linked to local rental markets.

8d. Fix the temporary accommodation subsidy system

The Housing Benefit subsidy arrangements used for much temporary accommodation remain linked to 2011 LHA rates. Actual accommodation costs have increased substantially since then, leaving councils to absorb an increasing difference between what they pay to secure temporary homes and what they can recover from central government.

London Councils identified a £96m gap across just 24 boroughs in 2023/24 between temporary accommodation costs and the subsidy councils could recover.

Updating the subsidy will not resolve the underlying homelessness emergency. Increasing permanent social housing and preventing households from becoming homeless remain the routes to reducing the long-term cost. In the meantime, an outdated funding formula is placing additional pressure on borough finances while councils meet statutory homelessness duties.

The proposed London Housing and Homelessness Investment Fund would provide a complementary route to shift resources towards permanent housing and prevention, reducing reliance on temporary accommodation over time.

Recommendation: Rebase temporary accommodation Housing Benefit subsidy against contemporary accommodation costs, alongside investment in permanent social housing and homelessness prevention to reduce long-term reliance on temporary accommodation.