



## What you need to know about the spending review and autumn statement 2015

Today (25 November) the chancellor has presented his autumn statement for 2015 and the spending review covering the period up to the 2020 general election. Our submission to the spending review called for the government to:

- **help councils and housing associations build homes for below market rent for people who can't afford to buy**
- **help local authorities make better use of their land and property and increase the supply of new homes**
- **increase support for people affected by welfare reform**
- **set up a £100 million fund to support vulnerable people living in the private rented sector and reduce homelessness**
- **support regeneration by establishing a revolving/equity loan fund to 'pump-prime' regeneration activity**

Headlines from the spending review and autumn statement affecting housing:

- Funding for new affordable homes will be doubled and refocused so that most of the funding will be spent supporting new homes for low cost home ownership, rather than to rent. In total the chancellor committed £2bn per year to deliver 400,000 affordable new homes by the end of the decade. This will deliver:
  - 200,000 'starter homes' aimed at first-time buyers, who will get a 20 per cent discount on prices up to £450,000 in London and £250,000 elsewhere

- 135,000 'help to buy: shared ownership' homes, for households earning less than £80,000 (or £90,000 in London)
- 10,000 new homes that tenants can live in for five years at reduced rents while they save for a deposit. They will then have 'first right' to buy the home
- 8,000 specialist homes for older people or those with disabilities.
- Five housing associations – L&Q, Riverside, Sovereign, Thames Valley and Saffron Housing - will pilot the extension of the right to buy from midnight on 25 November 2015 .
- An increase in the equity loans available under help to buy for purchasers in London. Under the 'London help to buy' those purchasing a new build home in the capital will qualify for a loan of up to 40% of the property's total value, compared to 20% elsewhere
- Housing benefit in the social housing sector will be capped at local housing allowance rates for new tenants. This includes extending the shared room rate, whereby single people under 35 are only eligible for enough support to cover the cost of a room in a shared house. The change will apply to tenancies starting from April 2016 and will take effect from 2018.



Other changes also affecting housing include:

- Reductions in the Department for Communities and Local Government's resource budget (ie its on-going, annual expenditure) of 29 per cent by 2019/20
- The cuts to working tax credits announced as part of the summer budget will not now be implemented. However cuts to child tax credits will still go ahead as planned.
- There will be changes to the way the management of temporary accommodation is funded. The management fee currently paid by the Department for Work and Pensions to local authorities on a per household basis will end from 2017-18 and instead an up front fund will be established.
- From April 2016 there will be a three per cent increase in stamp duty for anyone purchasing a buy to let property or a second home.
- The maximum amount of time over which someone can continue to claim housing benefit and pension credit while out of the country will be reduced from 13 weeks to four weeks.
- Local authorities will have the power to levy a two per cent council tax precept to raise extra funds for social care.
- The better care fund has been expanded with an extra £1.5bn funding to integrate health and social care.
- Extending the builders finance fund, which supports small to medium-sized house builders.

### Initial CIH response

It's good to see the chancellor putting house building at the heart of his plans with a significant investment in much-needed new homes. Right now millions of people are struggling to access a decent home at a price they can afford – housing professionals are looking forward to working with the government to deliver the new homes that we so desperately need.

We have been calling for an expansion in shared ownership, together with Orbit, and the new scheme announced today could help thousands of people who have been priced out of a decent place to call their own. Our work with Orbit showed that households benefiting from shared ownership tend to have an income of between £20,000 and £35,000 compared to nearer £40,000 for first-time buyers.

However we need to make sure that we are building a range of new homes which are truly affordable to people on all incomes, including those that cannot afford to buy.

Capping housing benefit for new tenants in the social housing sector to local housing allowance rates could have a major impact on young people. The chancellor talked about helping young people realise their housing aspirations, but this change will make it very difficult in many areas for single people under 35 to find a home that they can afford.

[View our full response](#)