



Ministry of Housing, Communities & Local Government

Rt Hon Angela Rayner MP
*Secretary of State for Housing,
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*Minister of State for Housing and
Planning*

**Ministry of Housing, Communities and
Local Government**
2 Marsham Street
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All Council Leaders

25 August 2026

Dear Leaders,

THE SOCIAL AND AFFORDABLE HOMES PROGRAMME AND THE REINVIGORATION OF COUNCIL HOUSEBUILDING

Everyone deserves to live in a decent, safe, secure and affordable home. Yet far too many families in need of one are languishing on local authority waiting lists and almost 180,000 children are growing up in temporary accommodation, including over 100,000 in London. That is why this government committed in its manifesto to delivering the biggest increase in social and affordable housebuilding in a generation and supporting councils and housing associations to make a greater contribution to affordable housing.

After years of marginalisation, we are once again asserting the necessity and the value of social rented homes. They are a crucial national asset to be proud of, to invest in, to protect and to maintain. Under the leadership of the new Prime Minister, the government is also determined not only to build upon the steps we have already taken to reinvigorate council housebuilding but to decisively raise our ambition to ensure we build council houses on a scale not seen in decades.

Today, we are setting out initial allocations of funding from the Social and Affordable Homes Programme so that we can start to deliver the significant increase in supply it will facilitate. We are also taking the opportunity to set out how the Programme will evolve over its ten-year lifetime, reflecting the emphasis the new Prime Minister has placed on increasing council housing delivery and deepening devolution through a major transfer of powers, resources and functions from central government to elected mayors and local authorities in regions across England.

Progress to date

As you will know, the government has taken a number of steps over the past two years to reinvigorate council housebuilding. These include fundamental reform of the Right to Buy scheme; enabling councils to retain 100% of receipts from Right to Buy sales; a 10-year social housing rent settlement at CPI+1%; Social Rent convergence; the extension of the

'preferential' Public Works Loan Board borrowing rates until the end of March 2027; an increase to the threshold for when a council must open an HRA from 200 to 1,000 homes; and funding to increase skills and capacity within councils to build. These changes are already bearing fruit with councils in 2024/25 delivering the highest number of social homes since the current reporting period began in 1991/92.

The Social and Affordable Homes Programme

As part of the initial Social and Affordable Homes Programme funding allocations we are setting out today, we are confirming the first Strategic Partnerships designed to support providers who have asked for greater certainty of funding for the duration of the Programme and are in a position to quickly begin delivering large numbers of new social and affordable homes. For the first time ever, three councils will also be awarded Strategic Partnership status with Homes England: Cambridge City Council, Eastleigh Borough Council and Newcastle City Council – demonstrating how councils are stepping up to meet our bold ambitions.

In the early years of the Programme, London will receive 30% of the funding, and up to £11.7bn overall across the lifetime of the Programme. As such, we are confirming today that the Greater London Authority intend to offer allocations of at least £6bn to providers of social and affordable housing operating in the capital to support housebuilding efforts there and address the city's acute need for new social rented homes.

The £9.58bn of funding being allocated today through Strategic Partnerships in England will deliver tens of thousands of social and affordable homes across the country in the coming years, but with £39bn of funding available over the lifetime of the Programme there is over £16bn of funding outside London and around £5bn in London still yet to allocate. This includes funding in each year of this Spending Review period (2026-30) and significant sums in the second half of the Programme.

In allocating this funding, the government intends to prioritise Social Rent homes and in particular council homes so that we can achieve the Prime Minister's ambition to deliver the biggest council housebuilding programme since the post-war boom ended in the early 1980s. That said, funding will also be available for other providers, and we call on partners to come forward with strong bids in respect of specific sites.

In calling on councils to come forward with bids for new council homes, we will look to raise the cap on funding for acquisitions so that councils can buy more homes while they increase their capacity and capability to deliver homes directly. In the later years of the Social and Affordable Homes Programme, marked by a deepening of devolution and significantly more unallocated funding, we will look to ramp up rates of council housebuilding even further.

Devolution

We have seen in London what can be achieved when local leaders have the powers, capability and long-term certainty to shape housing investment. We want more mayors to have the opportunity to reach that position.

We therefore intend to ensure that as the Programme progresses more funding will flow directly to EMSAs outside London, building on the strategic direction they have set to ensure decisions about social and affordable housing investment are made locally. As mayors are given more power over grant-funded delivery, the government will work closely with mayors and local councils to maximise council housing delivery.

Supporting Capacity to Build

To give councils access to the skills and support they need to deliver ambitious housebuilding plans, we are also reinvigorating our existing skills and capacity programme, re-branding it '[Capacity to Build](#)' and providing it with an extra £46 million to be invested over the next three years. Working with Homes England and the Local Government Association, this will include more funding for the existing [Council Housebuilding Support Fund](#), [Council Housebuilding Support Service](#), and [Pathways to Planning](#) graduate scheme to help councils develop ambitious pipelines, overcome barriers to delivery and strengthen specialist housing capacity. I encourage councils to reach out and use this support as soon as possible.

Further detail on today's announcements can be found in the [Policy Statement](#) and the [full list of Strategic Partners](#).

What we need from you

The government is putting substantial funding, flexibilities and support in place and we will continue to work with councils to remove barriers where they still exist. We now need every council to examine its ambition and go further. We are asking you to:

- review your council's plan for increasing the supply of council homes;
- examine your financial position and make use of Right to Buy receipts;
- make full use of Section 106 opportunities; engage with the new [guidance](#) and respond to the [consultation](#) on a new standard template for medium sites;
- consider how council-owned land and buildings could be used for housebuilding;
- bring forward ambitious bids for the remaining SAHP funding; and,
- tell us what barriers are preventing you from building ambitiously and quickly.

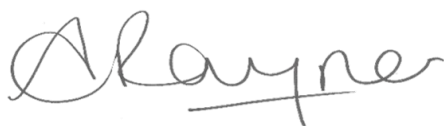
Every council must consider how they can stretch every pound and every site to build council homes. I recognise that councils are starting from different positions, but I expect every council to scale up now. To help us understand your ambition and any barriers remaining, we have enclosed a short form to consult you on your:

- a) plans for new council homes;
- b) use of Right to Buy receipts and developer contributions;
- c) available land; and,
- d) further support or flexibilities needed.

Please return the completed form to council-housebuilding@communities.gov.uk by **22 September 2026**. **London councils, please return by 16 October 2026**. Your responses will directly inform our thinking ahead of Autumn Budget and help us target support where it can make the greatest difference.

Government will continue to provide funding, support and greater local influence over investment. In return, we are asking every council to step up, use the resources available and work with us to build the homes our country urgently needs.

Best wishes,



RT HON ANGELA RAYNER MP
Secretary of State for Housing,
Communities and Local Government



**RT HON MATTHEW PENNYCOOK
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