



Ministry of Housing,
Communities &
Local Government

Matthew Pennycook

Minister of State for Housing and Planning

*Ministry of Housing, Communities and Local
Government*

2 Marsham Street

London

SW1P 4DF

25 March 2025

All Housing Association Chief Executives in England
via NHF
via email only

Dear Chief Executive,

In the multi-year Spending Review later this year, the government will set out the full details of a new grant programme to succeed the 2021-26 Affordable Homes Programme. Alongside wider investment across the Parliament, this new programme will help deliver our firm commitment to deliver the biggest increase in social and affordable housebuilding in a generation.

We have already allocated an additional £800 million in new in-year funding for the 2021-26 Affordable Homes Programme to drive early progress towards these goals. But, as a result of significant demand from housing providers across the country, this additional funding is already on course to be oversubscribed.

We know from engaging with you and your members that there are a large number of providers who could progress new housing developments if the necessary funding were made available. We also know that providing greater funding certainty ahead of the forthcoming Spending Review will encourage more providers to come forward with ambitious projects and help drive up social and affordable housing supply in this Parliament.

We have heard that clear message and ambition from the sector and want to do all we can to support it.

To that end, the Chancellor and the Deputy Prime Minister today announced an immediate injection of £2 billion of new capital investment into social and affordable housebuilding, to support the delivery of the biggest boost in social and affordable housebuilding in a generation, and to contribute to our Plan for Change milestone of building 1.5 million safe and decent homes in this Parliament.

Today's funding announcement comes on top of the tail of funding that has been contractually committed in 26/27 for completions of those schemes funded under the current programme - so this £2 billion is all new funding available for new schemes.

This new funding will be made available to housing associations and local authorities on the same terms as the Affordable Homes Programme for 2021-26.

We will be asking Homes England and the Greater London Authority, to continue to prioritise homes for social rent in their proposed developments, in line with the approach taken to recent in-year top ups. This will act as a bridge to a future grant programme to be announced at Spending Review, and thereby maximise rates of social and affordable housebuilding in this Parliament.

The funding will deliver up to 18,000 additional new social and affordable homes by the end of the Parliament. The majority of the additional funding will fall in 2026/27, and all projects funded will need to have started by March 2027. A tail of funding will cover completions, and projects funded by this new £2 billion will be required to finish by June 2029.

Homes England and the Greater London Authority will update their bidding guidance shortly to bring this new 'bridge' funding into its scope. I encourage providers to approach Homes England and the Greater London Authority in the usual way as soon as possible with bids for new ambitious projects.

This £2 billion of new capital investment announced today will be supplemented with additional funding for 26/27 and beyond. Full details of wider long-term and future grant investment will be announced at the Spending Review. Once the new grant programme to succeed the 2021-26 Affordable Homes Programme opens for bidding, bidding for the £2 billion of capital investment announced today will close and any unallocated funding will then be allocated under the terms of the successor programme.

I hope you welcome the announcement today as further evidence that we are dedicated to working closely with you all to ensure you are supported to deliver on our shared mission to build the new homes the country needs. I hope in return that you and your members will be confident and ambitious in their planning, recognising we need everyone in the sector to contribute more if we are going to succeed in delivering such an ambitious housebuilding agenda.

I look forward to hearing your views and working with you to deliver this programme.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Matthew Pennycook', is centered on the page. The signature is fluid and cursive, with a large initial 'M'.

MATTHEW PENNYCOOK MP
Minister of State for Housing and Planning