

BUYING BACK BETTER

HOW SOCIAL HOUSING ACQUISITIONS IN LONDON CAN TACKLE HOMELESSNESS AND HELP COUNCILS AVERT BANKRUPTCY

Written by: Alex Diner, Sam Tims, and Abi O'Connor

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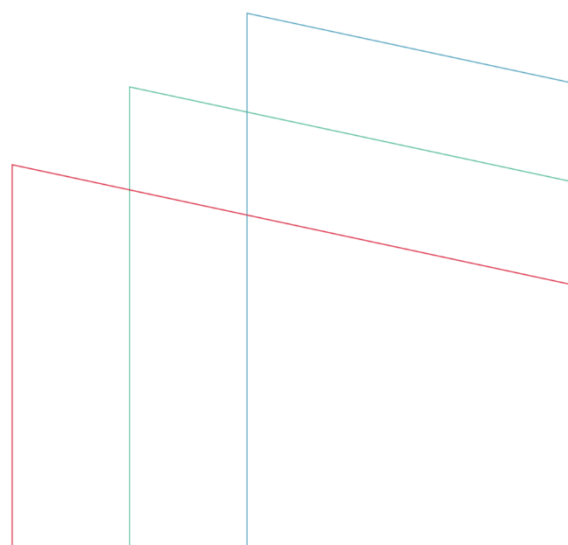
info@neweconomics.org

+44 (0)20 7820 6300

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CONTENTS

Executive summary	3
1. Introduction	6
2. Looking back: the Right to Buy-back scheme	9
2.1 The headline achievements	9
2.2 Conditions and delivery	13
2.3 The environmental impact	15
2.4 The equalities impact.....	16
3. Looking forward: the Council Homes Acquisition Programme	18
3.1 Why now is the time for social housing acquisitions	18
3.2 The programme's role in tackling the housing crisis.....	21
3.3 Cost-benefit analysis.....	23
3.4 Learning more	31
3.5 The programme in the context of social housing acquisitions across the country.....	32
3.6 Emboldening London's co-operative and community-led housing sector through acquisitions.....	34
4. Conclusion and recommendations	36
Endnotes	38

EXECUTIVE SUMMARY

The UK is in the midst of a longstanding but sharply deepening housing crisis. And in no part of the country is that crisis more visceral than in London. With already sky-high rents rising steeply as part of the cost-of-living squeeze, London's councils face record numbers of homeless families for whom they must provide homes. This is helping to push many local authorities to the brink of bankruptcy, as – owing to the chronic undersupply of social homes – they are forced to absorb the exorbitant costs of often woefully poor-quality temporary accommodation (TA).

Compounding this, macroeconomic headwinds – high construction costs, high interest rates, limited grant funding, poor and unaffordable land supply, planning backlogs, and a lack of local authority development capacity – mean that building the genuinely affordable homes Londoners need is increasingly challenging.

Building a new generation of new social homes offers the principal long-term solution to the housing crisis. But these adverse circumstances present a vital opportunity for councils to take action now, particularly with stagnating house prices in the capital and with some landlords wishing to sell their rental homes. Councils buying homes to let as general needs social housing (for those on council waiting lists) or TA helps them to deal with the immediate homelessness crisis.

When councils buy homes from the private market they can make a real difference in tackling homelessness in their communities. Homes can be bought relatively quickly, and can more closely match the type and size of homes that residents need. By improving the quality and energy efficiency of acquired homes, the approach can also improve the environmental efficiency of our housing stock. Acquisitions achieve this while circumventing many of the challenges associated with building new affordable homes, including the difficulties councils often have with land acquisition and developer negotiations. To offer value for money and not overheat local property markets, acquisitions must be done carefully, particularly in high-demand, high-cost areas. But they do play a vital, albeit supplementary, role in increasing the supply of new social homes and are an important part of the package of solutions to the housing crisis.

The Greater London Authority (GLA) Right to Buy-back (RTBB) scheme, which launched in 2021 and ended last year, saw around 1,300 homes bought by councils. Since then, the GLA has announced the new Council Homes Acquisition Programme (CHAP), which sets out its ambition to enable councils to buy 10,000 homes over the coming decade. Drawing on the GLA's allocation under the Affordable Homes Programme (AHP), these schemes have provided grant funding to London's councils to buy homes and mitigate rising homelessness.

This homelessness crisis is also a financial crisis for London's councils and comes at a high cost to taxpayers. Our research shows that acquisitions can deliver vital savings for local authorities and central government. If London's councils acquire 10,000 homes over the next 10 years, this will reduce their TA costs by £1.5bn, trim government housing benefit subsidies by £340m, and generate additional indirect savings of £440m over the next two decades. Annual government-wide savings from CHAP will outweigh annual costs after 16 years, meaning that from this point it begins to generate annual savings. And by year 25 the programme will have paid for itself, having delivered sufficient savings to cover its cumulative costs. All these savings will produce a dividend to be re-invested more productively in London's economy, while taking immediate steps to help tackle London's homelessness crisis.

Drawing on this analysis, this report makes a series of recommendations. To enable councils across the country, including London, to benefit from social housing acquisitions, the government should do the following:

1. Commit to a new AHP beyond 2026 at the earliest opportunity, which includes a longer-term funding settlement for both the GLA and housing providers.
2. Introduce a national housing conversion fund, backed by significant grant funding, to enable councils across the country to deliver more acquisitions.
3. Relax the 10% cap that limits the number of homes delivered by acquisitions under AHP grants administered by Homes England to match the higher 30% cap administered by the GLA, as well as the acquisitions cap on right-to-buy receipts, so that councils in London and across the country can maximise the advantages of acquisitions while continuing to prioritise grant for new build homes.

4. Allow councils to combine right-to-buy receipts with other forms of grant funding, such as CHAP funding, to give councils the flexibility they need to replace sold homes.
5. Uprate the TA housing benefit subsidy to current local housing allowance (LHA) rates and thereafter to create a sustainable funding settlement for TA for councils going forward.
6. Provide the GLA with additional grant funding to enable environmental improvements as part of future acquisitions programmes, so that the GLA can consider raising the standard of homes acquired to EPC 'C'.
7. Introduce a Community Right to Buy – pre-emptive rights of first refusal for councils – to provide them with a competitive advantage when acquiring new homes.
8. Make capital funding available to a wider range of community-led housing groups to acquire homes.

To maximise the benefits of future iterations of CHAP, the GLA should:

9. Require all acquisitions to be made in-borough. If a purchase is made out-of-borough: (a) it must be in a neighbouring borough; and (b) the local authority must demonstrate that the purchase would not have been financially viable in-borough, or should be made out-of-borough for specific, permitted reasons.
10. Consider asking local authorities to collect and provide data regarding the accessibility of acquired homes.
11. Obtain the views of councils who have not hitherto participated in either of their acquisitions programmes to understand the reasons for this and encourage their future participation.
12. Work with Community Led Housing Hub London and the wider housing co-operative sector to consider how housing co-operative acquisitions can be scaled up, including examining ways to improve their financial viability.

1. INTRODUCTION

The UK is in the midst of a longstanding, but sharply deepening housing crisis. In no part of the country is that crisis more visceral than it is in London. Despite recent falls, house prices in the capital significantly outstrip those across the rest of the country, averaging almost £510,000, nearly double the UK average.¹ Londoners pay by far the highest rent in the private rented sector (PRS), which rose by 17% in 2022 and by a further 9% in 2023,² pushing average rents in the capital to over £2,000 per month, almost double the UK average of £1,100.³ The average Londoner's rent constitutes over 40% of their income, compared to an average of 33% across the rest of England.⁴

This crisis of affordability is driving disproportionately high rates of homelessness in London. In 2022/23, there were over 10,000 people seen sleeping rough in the capital.⁵ In June 2023, there were almost 17 households per 1,000 in London living in temporary accommodation (TA), almost nine times greater than the average of around 2 per 1,000 across the rest of England.⁶ One in 25 children in London, an average of one child in every classroom, does not have a secure place they can call home. The more than 83,000 young Londoners in TA could almost fill Wembley Stadium. In Westminster, more than 12% of under-18s reside in TA, and in Newham and Kensington & Chelsea (RBKC) around one in 10 do so.⁷ And TA is often not 'temporary' at all: more than 20% of those in TA in London have been in it for at least five years.⁸ All this is generating a financial crisis for London's councils, as they are forced to absorb the exorbitant costs of woefully inadequate TA.⁹

It is no wonder, then, that Londoners list housing as one of their most pressing issues.^{a,10} While new build completions across London as a whole have not kept pace with the higher targets set in the most recent London Plan – despite reaching the highest level in decades - the Greater London Authority (GLA) has established itself as a trailblazer in affordable housing supply.¹¹ It is right that the GLA has focused particularly on delivering more genuinely affordable homes, rather than homes that would otherwise remain beyond the reach of most Londoners.

^a Across the UK as a whole, housing is the fourth most pressing issue.

The result has been a rising supply of affordable homes over recent years, including those for social rent. Between 2015/16 and 2022/23, the GLA exceeded its target of starting 116,000 genuinely affordable homes.¹² In 2022/23, London councils started building twice as many council homes as the rest of the country combined. Since 2018, over 23,000 council homes have been or are being built with the assistance of GLA grant funding, the highest numbers since the 1970s.¹³

As part of the London Affordable Homes Programme (AHP) 2016–23, the GLA launched the Right to Buy-back (RTBB) scheme in July 2021. The scheme provided grant funding to London’s local authorities to purchase almost 1,300 homes from the private market to let as general needs housing (for those on council waiting lists, at either social or London Affordable Rent) or as TA.¹⁴ Following recommendations from the London Housing Delivery Taskforce,¹⁵ the GLA launched the Council Homes Acquisition Programme (CHAP) in November 2023.¹⁶ Contingent on continued funding from central government, the GLA aims to support councils to purchase 10,000 homes over the coming decade.

Social housing acquisitions do not obviate the need for new affordable housing supply to be upscaled through building new social homes, the principal route out of the housing crisis. But the circumstances of this current moment are ideal for acquisitions. Homes should not be bought by councils so as to increase demand significantly, particularly in areas in which house prices are already overheated. But this presents only a minimal risk for a programme on the scale of CHAP. And they must offer value for money for taxpayers, which is assisted by the fact that house prices in the capital are currently falling.

Social housing acquisitions should play an important, supplementary role to new build social homes as part of a package of measures to resolve the housing crisis in the capital. Indeed, while rents are rising sharply, driving an avalanche of homelessness and rising demand for social homes, councils are already increasingly turning to acquisitions to provide homes for social rent and TA.¹⁷ They allow councils to circumvent many of the macroeconomic headwinds that are currently dampening house building, allowing councils to expedite the supply of affordable homes, ensuring that supply better matches need.

Using publicly available information, internal GLA data and reports, as well as interviews with officers from participating councils, this report – commissioned by the GLA - examines the RTBB scheme, drawing out its headline achievements and its impact in tackling housing needs in London since 2021. It also identifies the further questions to be asked to draw more lessons from the scheme.

Importantly, this report also looks forward to CHAP and future acquisitions programmes, discusses the opportunities to maximise their potential to address homelessness, and assesses their value for money for councils and taxpayers. Our research shows that acquisitions can deliver vital savings for local authorities and taxpayers. If London's councils acquire 10,000 homes over the next 10 years, this will reduce their TA costs by £1.5bn, trim central government housing benefit subsidies by £340m, and generate additional indirect savings of £440m over the next two decades. Annual government-wide savings from CHAP will outweigh annual costs after 16 years, meaning that from this point it begins to generate annual savings. And by year 25 the programme will have paid for itself, having delivered sufficient savings to cover its cumulative costs. All these savings will produce a dividend to be re-invested more productively in London's economy, while taking immediate steps to help tackle London's homelessness crisis.

The report also identifies the role that acquisitions could play in emboldening London's small but vibrant housing co-operative sector. Finally, building on research already published by NEF,^{18,19} the report distils some vital recommendations for both central government and the GLA. These recommendations will better ensure the GLA's acquisitions programmes have maximum impact, as well as empowering and resourcing local authorities across the country to acquire homes, tackle homelessness, and help avert council bankruptcy.

2. LOOKING BACK: THE RIGHT TO BUY-BACK SCHEME

Drawn from its allocation under the AHP 2016–23, the GLA considered bids for the RTBB scheme that would fund acquisitions at the following grant rate guidelines:

- Up to £100,000 for each general needs home, including homes for social rent and London Affordable Rent (LAR).²⁰
- Up to £65,000 for each TA home, with rent capped at Local Housing Allowance (LHA) levels.²¹

It is important to note that the RTBB scheme is not the only source of grant funding for council-led social housing acquisitions. Around 3,600 homes were acquired for social rent, affordable rent, and London Affordable Rent in 2022/23 across England, around 9.5% of the total 38,164 new homes across these tenures.²² First, funding is available for acquisitions through the AHP but subject to a cap, as well as other specialist and supported housing programmes.²³ Second, the Local Authority Housing Fund (LAHF) is available to councils, a third round of which was announced by the Chancellor at the last autumn statement taking the total size of the fund to £1.2bn.²⁴ Designed primarily to support councils in providing housing for refugee settlement, it will continue to assist councils in reducing general housing pressures. Third, councils can also draw on their own reserves, including right-to-buy receipts, to fund acquisitions.

2.1 THE HEADLINE ACHIEVEMENTS

Under the RTBB scheme, 1,294 homes were bought by 15 local authorities (and, where relevant, their associated delivery bodies) in the capital between July 2021 and March 2023.^b Little more than 50% of these homes (664) were purchased to provide general needs housing for those already on council waiting lists, of which 483 were purchased for social rent, while 181 were purchased for London Affordable Rent; 630 homes – almost 50% – were purchased to provide TA.^c The RTBB scheme

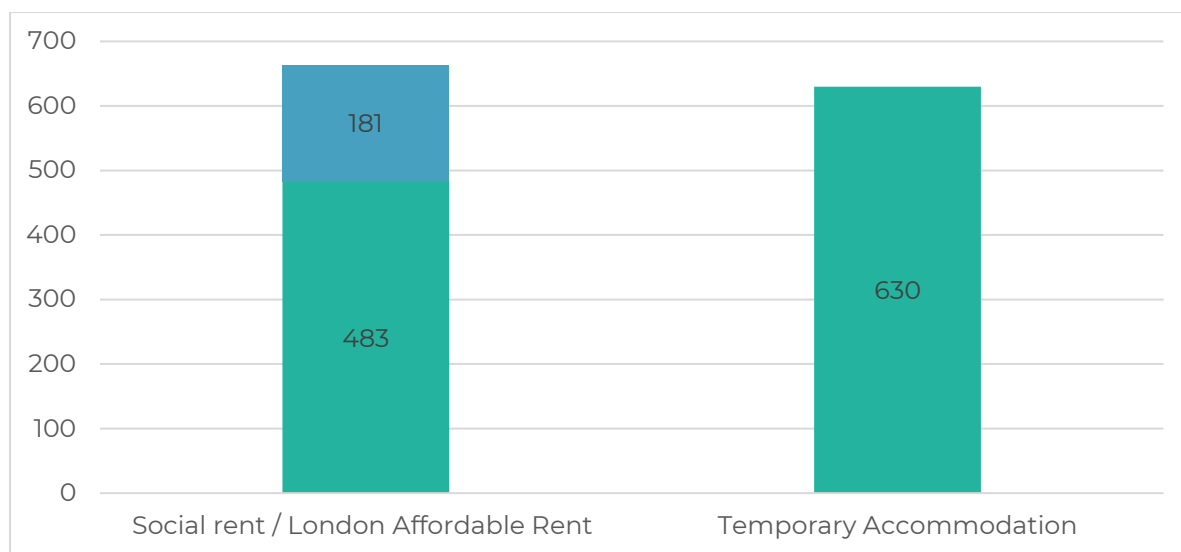
^b Eighty-eight of Barnet's 148 homes were delivered through Opendoor Homes, a subsidiary of Barnet Homes, Barnet Council's arm's length management organisation.

^c GLA data.

contributed around 20% of all acquisitions in England across these tenures during the period in which it was in operation.^{d,25} The scheme helped to mitigate a proportionate and overall fall in affordable acquisitions over this period, from 4,345 affordable homes (7%) in 2021/22 to 3,948 (6%) in 2022/23.²⁶

Figure 1: Almost 50% of the homes acquired under the RTBB scheme were bought to provide TA

Homes bought under the RTBB scheme, by tenure



Source: GLA

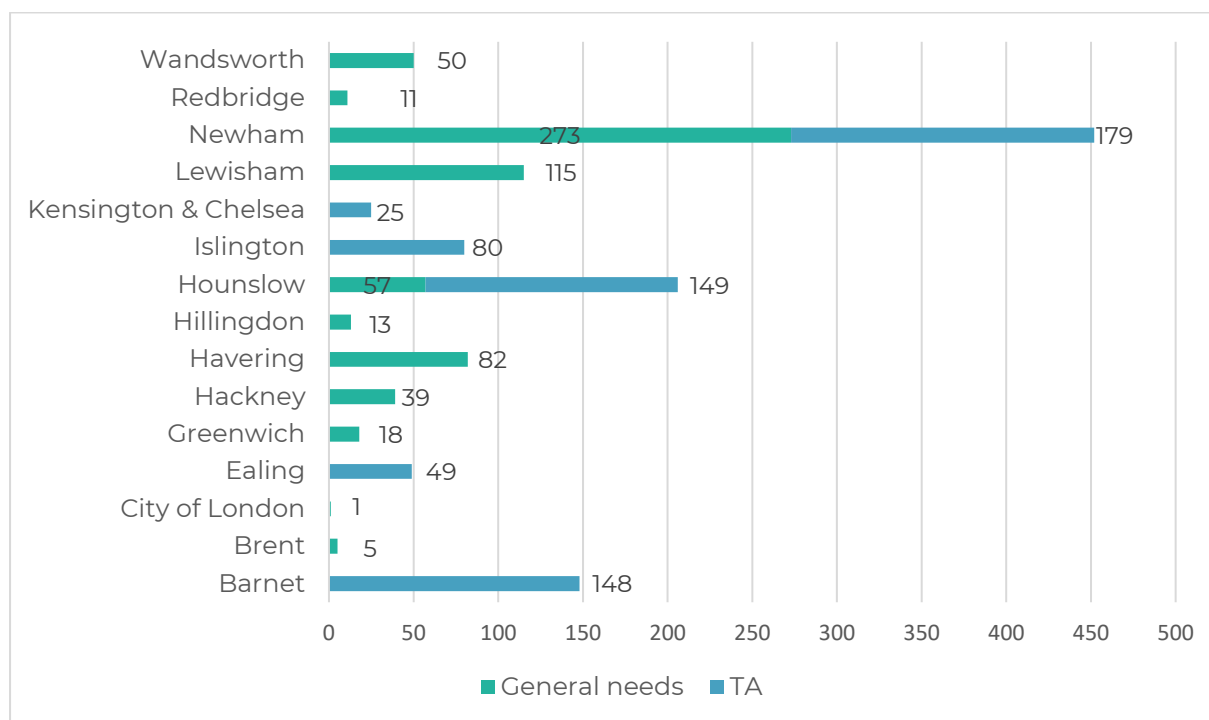
2.1.2 The geography of RTBB acquisitions

Reflecting the difficulties of councils buying homes in the highest-value areas of the capital, a greater proportion of RTBB homes were purchased in outer, lower-value parts of London, compared to higher-value, inner London neighbourhoods (Figure 2). More than half of London's councils did not take part in the scheme, including many of those with the highest rates of homelessness and gravest pressures on available social housing stock, such as Southwark, Lambeth, Westminster, and Camden. Some of these councils, however, operate their own acquisitions programmes outside the GLA's schemes.²⁷

^d In total around 7,600 homes were acquired for social rent, affordable rent, and London affordable rent in both 2021/22 and 2022/23.

Figure 2: Almost half of London councils took part in the RTBB scheme, delivering almost 1,300 homes, almost half of which are for use as TA

Homes bought under the RTBB scheme, by local authority and tenure



Source: GLA

2.1.3 Matching supply with need: the type of homes bought

Local authorities participating in the RTBB scheme focused their acquisitions on two-bedroom properties, with significant proportions of 1-bedroom and 3-bedroom properties being bought also. Compared to the new build affordable homes completed in London in recent years, RTBB acquisitions were more focused on 2- and 3-bedroom homes, and less on studio and 1-bedroom properties. Most London councils are in particular need of 2- and 3-bedroom properties.^{e,28} Indeed, the three London boroughs with the highest participation in the RTBB scheme – Newham, Hounslow, and Barnet – all require 2- and 3-bedroom properties above all.^{29,30,31}

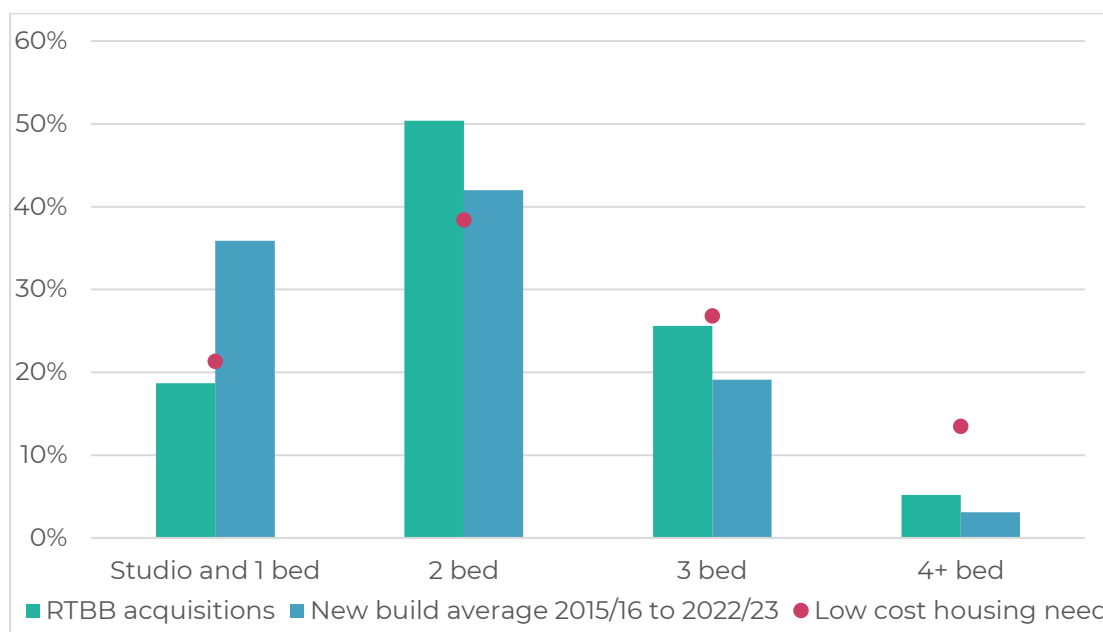
RTBB acquisitions therefore tended to be even more closely matched with the affordable housing needs of most local authorities compared to new build (Figure 3). That said, while there is a closer correlation between need and the type of homes

^e See low-cost rent tenure backlog.

acquired under the RTBB scheme, purchasing 4+ bedroom properties still proved challenging under the scheme. This reflects the limits of how far the grant rates stretch in an expensive city like London, as well as the extent to which the government's overall AHP 2021-26 settlement to the GLA is insufficient.

Figure 3: Acquisitions under the RTBB scheme were more aligned with need by reference to the number of bedrooms than the average for new build homes in London

Proportion of homes delivered by bedroom number, RTBB, and London Affordable Housing completions, 2015/16 to 2022/23, compared to low-cost rent backlog by bedroom



Source: GLA data, GLA Affordable Housing statistics, and London Strategic Housing Market Assessment

Nonetheless, some councils reported difficulty buying the types or size of homes required, and that grant rates were insufficient to allow them to purchase the most needed larger, family-sized homes. To better allow councils to target acquisitions to local housing needs, particularly 3- and 4-bedroom properties, the GLA often graduates grant levels by number of bedrooms. But to further assist councils with acquiring the right type of (often more expensive) homes, the government should abolish the restrictions that prevent councils from combining right-to-buy receipts with other grant funding, such as the CHAP funds.³² This would encourage more councils to participate in acquisitions, ensuring the homes bought match the type and size of those most needed.

2.2 CONDITIONS AND DELIVERY

Out-of-borough TA placements can cause significant disruption to people who are often already vulnerable: one in five families with school-age children in TA have to travel over an hour to get to school; one in three workers in TA have to travel over an hour to get to work; one in six have to travel over an hour to access GP and other healthcare appointments.³³ Because of a lack of local affordable housing supply and significant cost pressures, a record 24,000 (40%) new TA placements arranged by London boroughs in 2022/23 were outside the household's home borough. To help tackle this, RTBB guidelines stated that homes had to be within each council's geographical boundary.^{f,34} Of the 1,294 homes acquired under the RTBB scheme, the vast majority were bought in-borough, with only a small minority purchased in a bordering, neighbouring borough instead.

68% of TA tenants across England do not have adequate access to basic facilities, such as cooking or laundry facilities.³⁵ To deliver better standards, homes purchased as TA under the RTBB scheme had to be self-contained (meaning that the basic elements of living – sleeping, washing, and food preparation – are located together within a defined area and are not shared by multiple households).

Homes purchased under the RTBB scheme had to satisfy the Decent Homes Standard (DHS). To be compliant the homes therefore had to be free of category 1 hazards, such as damp and mould, and have adequate kitchen and bathroom facilities. The DHS requires homes to have “a reasonable degree of thermal comfort”, but without reference to any formal minimum energy efficiency standards.³⁶ While that definition is currently subject to government review,³⁷ it means there were no specific reporting requirements for homes acquired under the RTBB scheme to satisfy a particular energy performance certificate (EPC) rating.

Despite the name of the scheme, there was no requirement for acquired homes to have been previously owned by the council. In practice, however, many of the councils who participated in the scheme prioritised buying ex-council homes. This was because it avoided the complexity of purchasing homes with a third-party

^f A small number of out-of-borough purchases were made, but these were not given GLA grant funding and were counted as 'nil grant' under the programme.

freehold interest, allowing councils to buy back homes on estates and in buildings they already manage. Targeting former council homes also encouraged councils to cultivate interest among leaseholders who wished to sell. The GLA provided £1m in revenue funding to councils as part of the RTBB scheme to help them target prospective sellers.³⁸

Interviews with council officers who participated in the RTBB scheme revealed that many found the homes they wished to purchase by searching standard property market websites. The GLA sought to co-ordinate efforts across councils to share best practices around negotiations with sellers; some local authorities described how over time they developed relationships with estate agents who would flag suitable properties with them when they became available for sale. Some also developed internal price caps to ensure better value for money and strengthen their hand in price negotiations with vendors.

However, there appears to have been a lack of consistency on the question of whether councils incurred stamp duty land tax (SDLT) payments for their acquisitions under the RTBB scheme. Where it was paid, SDLT added potentially thousands of pounds to acquisition costs. Although councils ought to have been able to claim this back from HM Revenue & Customs (HMRC), additional costs here would have impacted the initial viability of some projects and the overall cost-effectiveness of the scheme. Some councils individually obtained legal advice regarding the applicability of HMRC guidance. This states that local authorities are exempt from SDLT in relation to acquisitions that are “funded with the assistance of a public subsidy”.³⁹ The government clarified as part of the 2024 spring budget that legislation will be updated to confirm that registered providers of social housing are not liable for SDLT.⁴⁰

The scheme contained no formal requirements for councils to acquire homes that had vacant possession. To ensure that any acquisitions did not force sitting tenants to move, however, some participating local authorities decided to adopt such an approach. While this is understandable, the fact that councils are acting as prospective buyers is unlikely to factor into vendors’ decisions to sell, and in any event all acquired homes are bought to house those in most urgent need. To give councils the flexibility they need to buy homes to address homelessness, therefore, it

was proportionate for the GLA not to mandate that RTBB-acquired homes be only of vacant possession.

2.3 THE ENVIRONMENTAL IMPACT

As above, homes purchased under the RTBB scheme had to satisfy the DHS. Where homes required renovation to meet it, councils invested an average of £32,600 as part of the scheme. As 735 of the homes bought (57%) required no refurbishment whatsoever, the average investment across all homes purchased was £14,100 per home.⁴¹ The scheme has almost certainly improved the net quality and environmental performance of London's housing stock. It is difficult to assess the overall environmental impact of the scheme, however, because neither EPC ratings at the time of purchase and letting, nor the nature of any remedial work undertaken, was centrally recorded by the GLA. It is welcome, therefore, that as part of CHAP, the GLA requires councils to provide the specific EPC data of acquired homes and whether any renovation and/or retrofit work was required.

CHAP requires homes bought to obtain a minimum EPC 'D' rating. It is positive that CHAP builds on the RTBB scheme by specifying a minimum energy efficiency standard. NEF's analysis shows, however, that an EPC 'C' rated home delivers average annual savings of £225 to tenants compared to EPC 'D', better health outcomes, and reductions in annual household carbon emissions of around 520kg CO₂e.^{g,42,43,44} However, because homes with a 'C' rating are typically valued 3% more than those with a 'D' rating, raising the standard to 'C' in future iterations of the programme would stretch already limited GLA-grant yet further.⁴⁵ Central government should therefore provide the GLA with additional grant funding to enable these environmental improvements for future acquisitions programmes, so that, for future iterations of the scheme, the GLA can consider raising the standard of homes acquired to EPC 'C'. This would deliver benefits for tenants' health and reduce monthly bills, while curbing carbon emissions.

^g NEF analysis of reports cited in endnotes.

2.4 THE EQUALITIES IMPACT

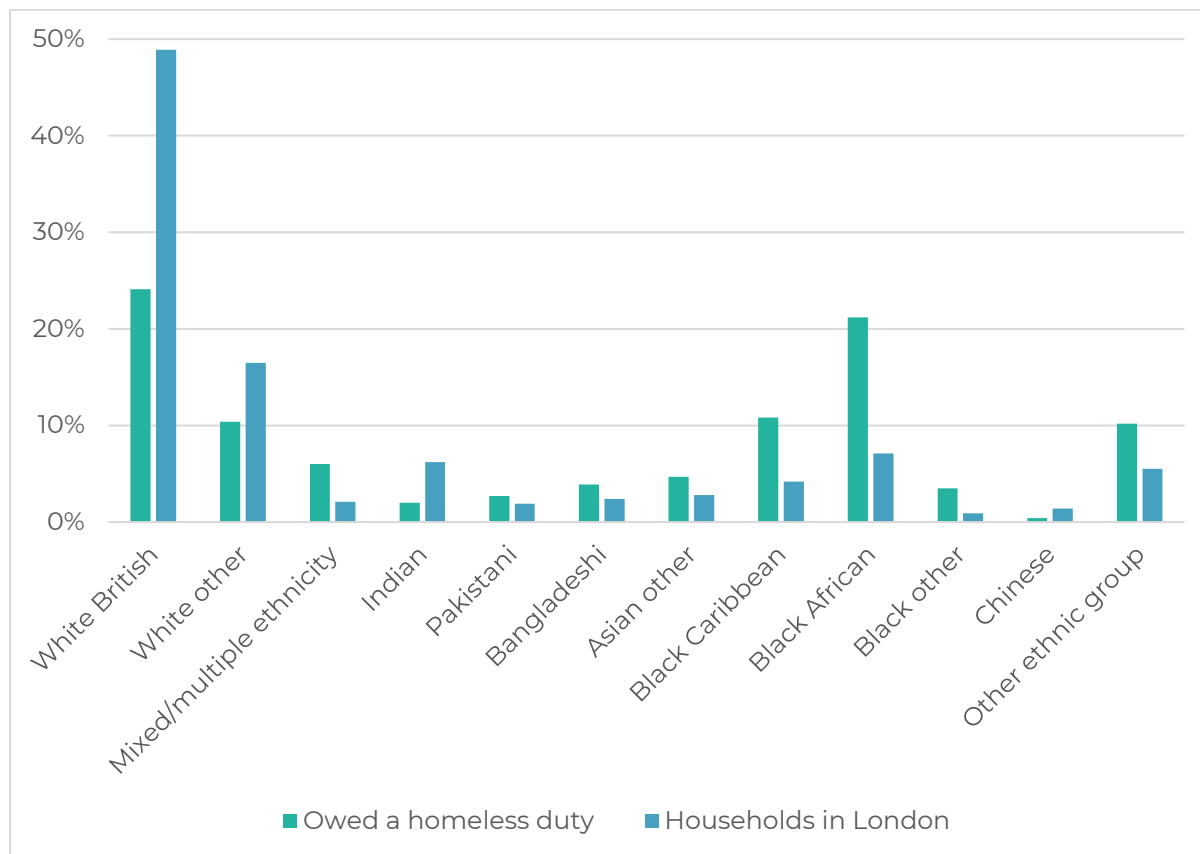
London's housing crisis disproportionately impacts those groups in society that already face structural disadvantage. 26% of black, Asian and minority ethnic (BAME) households in London reside in the PRS, the same proportion of white households, but 53% of BAME private renters live in poverty after housing costs, compared to 23% of privately renting white households. BAME Londoners are 80% more likely to live in an overcrowded home than the London average, and 19% of 16–29-year-old-headed households in London are overcrowded, compared to 8% of those headed by someone aged 50–64.⁴⁶ Younger Londoners face higher housing costs, and the gender pay gap means women spend a higher proportion of their income on housing costs. LGBTQ+ Londoners are more likely to experience discrimination when seeking to rent or buy a home.⁴⁷

As a result of disproportionate housing needs among BAME, women, young people and LGBTQ+ people, affordable housing demand among these groups is higher: 62% of households moving into social housing were headed by women (compared to 26% of all households in London),⁴⁸ and 60% were headed by a person of BAME background (compared to the population average across London of around 33%).⁴⁹ Crucially, BAME-headed households are 150% more likely to be owed a homeless duty than white households (Figure 4). Female-headed households in London are also more likely to be homeless (with single-mother households accounting for 25% of all homeless households). LGBTQ+ people constitute a disproportionately large 24% of the youth homeless population in the UK.⁵⁰

The data on the demographic characteristics of social housing tenants is stored by central government as part of its CORE system.⁵¹ The GLA has also published an equality impact assessment for its overarching *Homes for Londoners* programme. This report details how the GLA's AHP 2021-26 as a whole, which includes the RTBB, will "go some way towards reducing the inequalities that exist within London", but that this should of course be seen in the broader context in which housing is just one area through which inequalities can be addressed.⁵²

Figure 4: BAME Londoners are far more likely to be owed a homelessness duty than white Londoners

Total London households and London households assessed as being owed a homelessness prevention or relief duty in 2019-20, by ethnicity



Source: GLA, Housing and Race Equality in London

A chronic shortage of accessible social housing forces around 20% of disabled people to rent privately, of whom around 33% rent unsuitable properties.⁵³ In 2022/23, 7,690 households in London (13% of the 57,150 owed a housing duty) included individuals with a physical ill health or disability support need.⁵⁴ Because of the RTBB scheme's generous grant funding and the fact that acquisitions offer local authorities the opportunity to closely match supply with need, the scheme ought to have been conducive to addressing the desperate shortage of affordable, accessible housing. The data collected, however, did not record whether homes acquired under the RTBB scheme was accessible. The GLA should therefore consider asking local authorities to collect and provide data regarding the accessibility of acquired homes for future schemes. It will also be important as part of CHAP to continue to offer flexible grant-making for councils to acquire and adapt homes to support disabled residents into suitable homes as part of the programme.

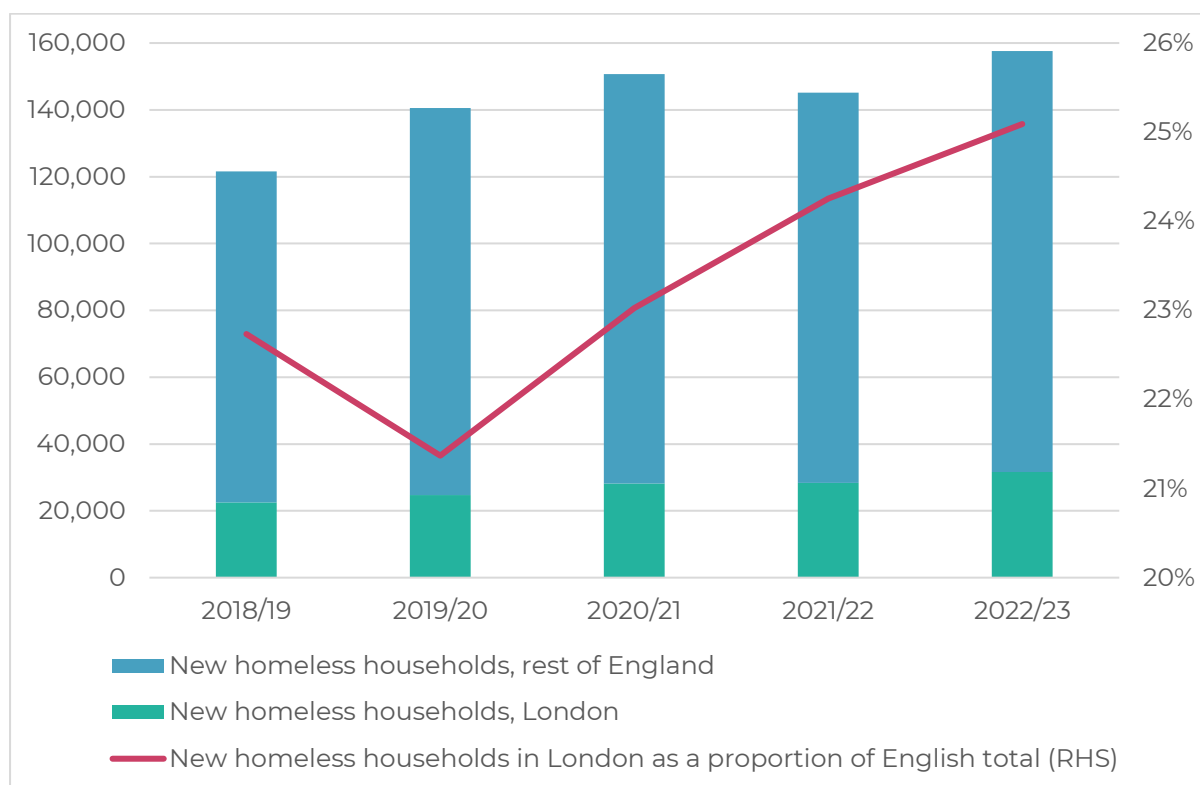
3. LOOKING FORWARD: THE COUNCIL HOMES ACQUISITION PROGRAMME

3.1 WHY NOW IS THE TIME FOR SOCIAL HOUSING ACQUISITIONS

The country is in the grip of a deeply entrenched, but worsening housing crisis. The number of new homeless households across England has increased by around 30% from 122,000 in 2018/19 to 158,000 by 2022/23 (Figure 5). But circumstances in London are even worse. While around one in eight of the English population live in London, one in five homeless households are now in the capital. And the number of new homeless households in London has risen by 40% from 22,500 to 32,000 over the five years prior to 2022/23.

Figure 5: Twenty-five per cent of new homeless households across the country are now in London

New homeless households in London and England, 2018/19 to 2022/23

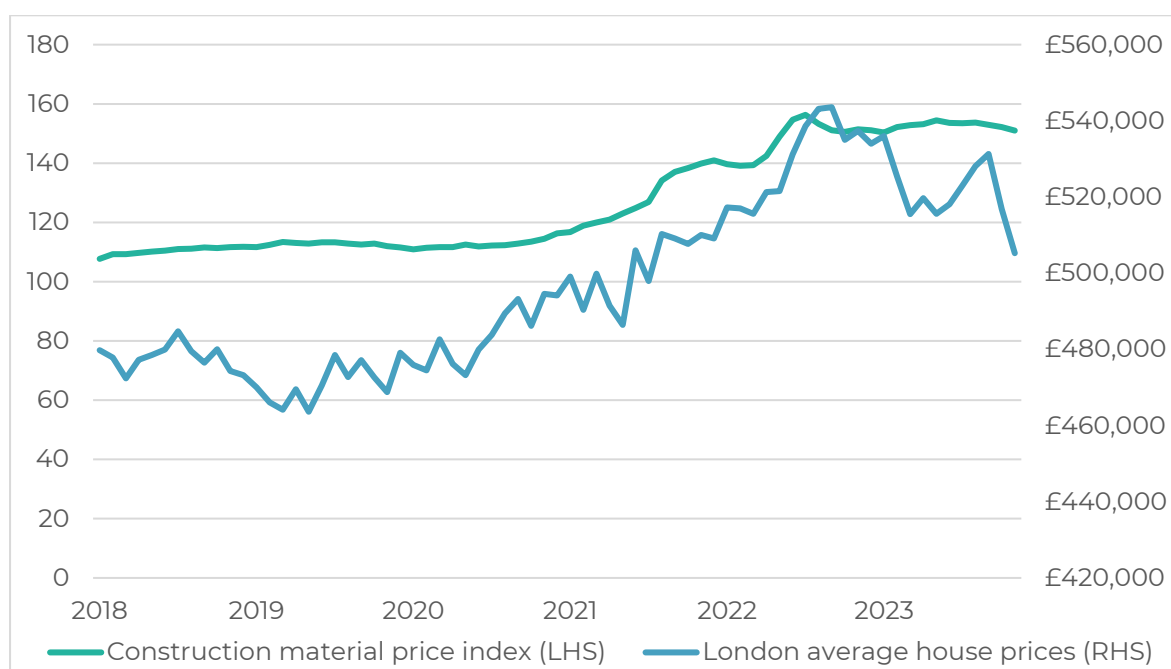


Source: Department for Levelling Up, Housing and Communities, *Tables on homelessness*

Rising demand for affordable housing has been exacerbated by macroeconomic challenges to supply, which have reduced housebuilding, both for private sale or through councils and housing associations. Build costs have stabilised, but at high rates: Construction materials for new homes cost 41% more in December 2023 than they did three years earlier (Figure 6).⁵⁵ While important reforms to “hope value” have been introduced as part of the Levelling Up and Regeneration Act 2023, reductions in land costs have not yet filtered through (although in time they could reduce the cost of social house building by over one-third, even in inner London).⁵⁶ This means that what limited land is available for councils to buy to develop remains extremely expensive. And planning teams remain underpowered, with councils finding it increasingly challenging to recruit and retain adequately skilled officers, contributing to delays in processing applications. Just 15% of major planning decisions are now taken within the requisite 13 weeks.⁵⁷

Figure 6: The cost of construction materials has stabilised at higher rates, while London house prices have fallen back

Construction materials price index and London average house prices, 2018-2023



Source: Department for Business and Trade, Building Materials and Components statistics & ONS, UK House Price Index: December 2023. 2015=100

With our housing system facing a perfect storm, delivering new homes is proving exceptionally challenging. In a housing crisis in which both homelessness and demand for genuinely affordable housing have risen significantly, new build

housing starts across the country in the year prior to Q3 2023 fell by 57%, with completions down 15% over the same period.⁵⁸ Social housing starts fell by 13% across 2023.⁵⁹ In London, more social rented homes were sold under the right-to-buy scheme in 2022/23 (almost 2,000) than were completed (over 1,500).^{60,61} The largest housing associations in London are on track to start building fewer than 1,800 homes in 2023/24, 76% fewer than the 7,400 they started in 2022/23.⁶²

Resolving these fundamental affordable supply-side questions remains the greatest task facing policymakers seeking to resolve the housing crisis. However, in such adverse circumstances, social housing acquisitions are an especially vital tool for local authorities. They provide councils with a quick means to provide TA to homeless families and general needs homes for social rent, closely targeting need with supply. Upscaling acquisitions – particularly while build costs remain high, while homelessness is rising, and with house prices stagnating – provide a vital tool for councils to rise to the challenges of the moment.

Furthermore, the return to higher interest rates is contributing to a greater supply of available PRS homes for councils to buy. Although recent oft-cited assumptions around an “exodus” of landlords are overstated, it is clear that some landlords, particularly those with fewer properties and greater mortgage costs, are looking to sell their rental homes.⁶³ Due to higher acquisition costs and lower overall yields (despite higher rents), London’s PRS is the least profitable in the country, meaning it is in the capital that there is the greatest pool of prospective vendors from whom local authorities can buy homes.⁶⁴ Council acquisitions of such properties provide the ideal exit strategy for any landlords struggling to meet higher interest rates, capturing public good as they leave the sector.⁶⁵

Any acquisitions programme must ensure that, by injecting local authority demand it does not boost house prices in already overheated, high-demand areas. Caution should therefore be exercised in high-cost regions, like London.⁶⁶ However, the fact that house prices in the capital are falling and that London’s councils remain relatively small players in local property markets, means there is only extremely limited risk that a programme on the scale envisaged by CHAP will contribute to the overheating of any local property markets.

The GLA's commitment to a new programme of social housing acquisitions is therefore timely, notwithstanding and even taking advantage (through lower average house prices) of the current macroeconomic headwinds to offer tangible solutions to councils in the capital to help tackle the housing crisis.

3.2 THE PROGRAMME'S ROLE IN TACKLING THE HOUSING CRISIS

Launched in November 2023, CHAP renews the RTBB scheme and draws on funding available to the GLA through the AHP 2021–26. The GLA aims to support councils to acquire 10,000 homes over the next decade, subject to further central government grants through a new AHP from 2026. The government should therefore commit to a new AHP beyond 2026 at the earliest opportunity, and provide a longer-term funding settlement for both the GLA and housing providers. The format and key criteria for purchases under CHAP are identical to the RTBB scheme, save for the following important differences:

- Grant rates are significantly more generous under CHAP than they were under the RTBB scheme, providing grants for up to:
 - £200,000 for each social rented home; and
 - £85,000 for each TA home.
- Acquired homes must possess an EPC rating of 'D' as a minimum.

The GLA's ambition to enable councils to buy 10,000 council homes over the next decade equates to a broadly similar annual volume – 1,000 per year - to that which was purchased under the RTBB scheme. Over the five years prior to 2022/23, there have been an average of 3,900 acquisitions across the tenures in which CHAP will operate over England as a whole. If the same total volume of homes is bought across the country, CHAP would therefore contribute around one-quarter of the country's acquisitions for these tenures.⁶⁷

A key challenge for CHAP is to ensure it uses grant funding to maximise homelessness reduction across London. This is particularly important given the vast discrepancy in average house prices across the capital. Notwithstanding the generous rates offered under CHAP, grants will stretch much further in some local

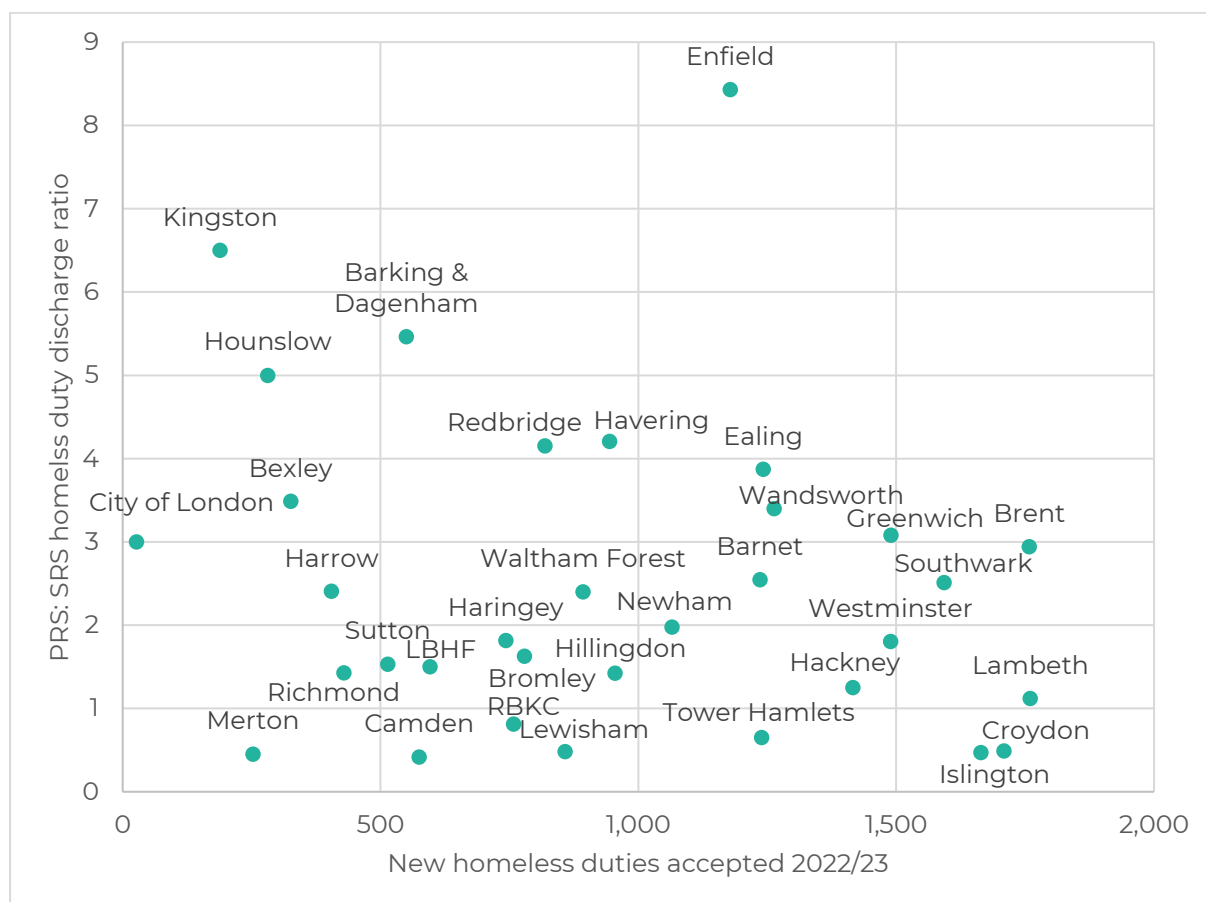
authorities than others. Other sources of funding – such as LAHF or the use of right-to-buy grant receipts – of course remain open to councils.

Figure 7 identifies those London local authorities who would likely benefit most from acquisitions. To indicate a lack of available supply of social housing, we have identified those councils who are most likely to place homeless households in the PRS, rather than social rented accommodation. Alongside this, to indicate demand for affordable housing, we have identified the number of newly homeless households for whom each London local authority has accepted a relief duty. As Figure 7 indicates, those councils with the greatest correlation between low supply and high demand tend to be from inner London, whereas the opposite tends to be the case for outer London. And of course, it is these inner London councils where the barriers to social housing acquisitions are greatest, because of higher costs. A barometer for its success, therefore, should be the extent to which CHAP is accessible to those councils with more homelessness and a greater propensity to place homeless families in the private rented sector (rather than their own stock). Those councils clustered towards the top-right of Figure 7, therefore, are those most likely to benefit from acquisitions.

The additional flexibilities and significantly enhanced grant funding introduced as part of CHAP are welcome and will help inner London councils in particular to resolve these problems. Equally, while recognising the importance of securing in-borough TA placements, high acquisition costs can pose challenges for councils when attempting to secure in-borough purchases. CHAP should only fund in-borough purchases, except for the most exceptional of circumstances. To ensure this, the GLA should require all acquisitions to be made in-borough. Where a purchase is made out-of-borough: (a) it must be in a neighbouring borough; and (b) the local authority must demonstrate that the purchase would not have been financially viable in-borough, or should be made out-of-borough for specific, permitted reasons.

Figure 7: Councils with higher homelessness that are more likely to place homeless families in the PRS are the most likely ideal participants in CHAP

New homeless relief duties accepted and ratio of PRS to social rented sector homelessness discharge, by London local authority, 2022/23



Source: Department for Levelling Up, Housing and Communities, Homelessness tables, Detailed local authority level tables. Note: Where 2022/23 data is unavailable, the latest available data is used instead.

3.3 COST-BENEFIT ANALYSIS

3.3.1 Funding CHAP

If councils bought 10,000 homes for general needs/social rent and TA for CHAP and future schemes in the same proportion as they did as part of RTBB, but at the new grant rates, then it would require funding of up to £1.4bn (in nominal prices) over the next decade. In our modelling, we have also identified two further scenarios: one in which there is an emphasis on homes being bought for TA, requiring funding of £1.3bn; and another in which there is an emphasis on homes being bought for general needs, requiring funding of £1.6bn.

Table 1: Acquiring 10,000 homes over the next decade at the proposed grant rates will cost between £1.3bn-£1.6bn in grant funding

Expected grant funding necessary to achieve the CHAP acquisitions target, by scenario

Scenario	Temporary accommodation	General needs	Maximum grant required
A: RTBB composition	49%	51%	£1.4bn
B: Prioritising temporary accommodation	65%	35%	£1.3bn
C: Prioritising general needs	35%	65%	£1.6bn

Source: NEF analysis

The fact that grant funding under CHAP has risen significantly compared to that which was available under the RTBB scheme offers significant advantages to councils. As well as more flexibility to buy the type of homes they need to mitigate rising homelessness, more generous grant funding reduces the principal that councils must borrow to fund their purchases. Higher grant rates under CHAP will reduce the average general needs loan (excluding refurbishment costs) from £265,000 to £165,000, reducing councils' interest payments by £83,300 over a typical 25-year period.

3.3.2 Protecting councils from spiralling temporary accommodation costs

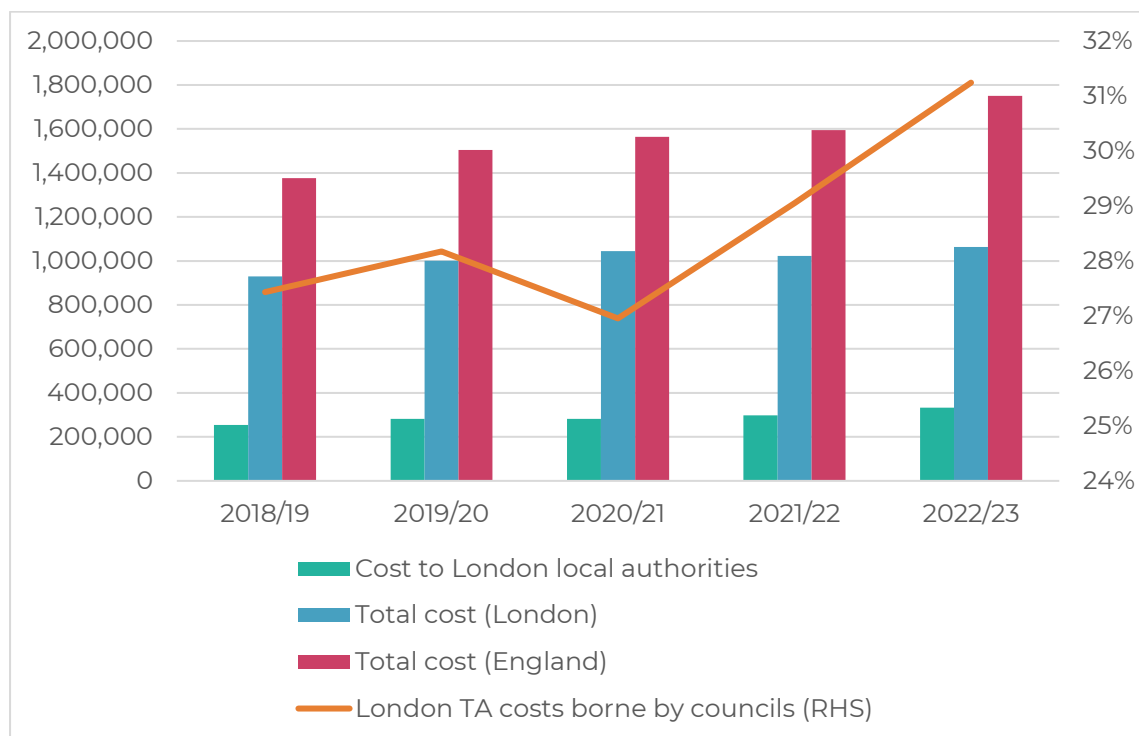
The total cost of TA across England has risen from £1.4bn in 2018/19 to £1.8bn by 2022/23. Of that, TA in London now costs £1bn per year (60% of the England-wide figure), with £332m of that falling on local authorities' own budgets. The cost of TA to London's councils has risen by 30% over the last five years (Figure 8). There are two principal reasons for this. First, the maximum housing benefit subsidy for council-owned TA has been frozen since 2011.⁶⁸ As rents have risen, housing benefit and other central government support therefore now covers just 69% of the total costs of providing TA in London. It is vital that the government uprates the TA subsidy to current LHA rates and thereafter to create a sustainable settlement for councils going forward.

Second, rising homelessness and the diminishing supply of social housing into which local authorities ought to be able to place homeless households means that councils have no choice but to place ever more households in TA. Increasingly, as

local-authority-owned TA stock is full and fewer regular PRS homes are available, councils are forced to turn to less suitable, more expensive TA, such as bed and breakfasts, hostels, and nightly-paid privately-let TA (which alone has cost more than £265m over the last five years).⁶⁹ All this is helping push many councils to the brink of bankruptcy.⁷⁰

Figure 8: The cost of TA to London councils has risen by 30% since 2018/19

TA costs to taxpayers and local authorities, London and England, 2018/19 to 2022/23



Source: Department for Levelling Up, Housing and Communities, Local authority revenue expenditure and financing,

Rather than subsidising low-quality, high-cost TA, placing homeless families in either permanent social housing or local-authority-owned TA removes councils' need to top up the housing benefit subsidy from their own resources. Crucially, it also provides councils with additional rental income, the benefits of which increase substantially once any borrowing costs end.

Our analysis – based on a hypothetical scheme that prioritised acquisitions in the parts of London that needed them the most – finds that in 2024/25, the average annual cost of each TA placement would be £18,900 per household, if the home were not acquired. Housing benefits would cover £12,600 (69%) of this expense, leaving councils to top up by a further £5,700 (31%) from their own resources. If 10,000

homes were instead acquired in 2024/25 on the same tenure proportions as the RTBB but with CHAP grant rates (scenario A), annual council expenditure on TA would reduce by £50m. Over two decades, this would save £1.5bn. If acquisitions prioritised TA (scenario B), London councils' TA expenditure would fall annually by £52m, whereas if they prioritised general needs homes (scenario C) they would save £47m. On top of this, each acquired home would also produce an average, annual rental income for councils of £10,300 in 2024/25.

3.3.3 Reducing central government subsidies to the private rented sector

Our broken housing system is placing huge burdens on central government budgets, with housing benefit subsidies to private landlords alone forecast to cost up to £70bn over the next five years.⁷¹ Increasing the availability of local authority-owned accommodation will produce significant long-term savings for taxpayers via reduced housing support costs, either via housing benefit or the housing element of universal credit, capped at rates which have been frozen since 2011. Moving households from TA into permanent accommodation will reduce this spending.

Buying 10,000 homes under CHAP grant rates that replicated the tenure balance of the RTBB scheme (scenario A) would save central government an estimated £39m in reduced housing benefit costs in 2024/25. Prioritising TA acquisitions would save £26m (scenario B) while prioritising general needs acquisitions would save £49m (scenario C).

3.3.4 Indirect savings

Increasing London's social housing stock through acquisitions would also lead to additional, indirect savings for the government. By moving a household from expensive, precarious housing in the PRS or by resolving their homelessness, a stable foundation is provided. Increasing the provision of social housing therefore produces numerous benefits for tenants and society as a whole, which results in indirect savings for taxpayers.

Savings from increased earnings

Access to a secure, affordable social tenancy improves an individual's employment prospects. This increases the average affected household's tax revenue by £1,400 per year and reduces the cost of their annual support through universal credit by £1,200.⁷² These indirect savings are on top of direct savings through reduced housing benefits, as already outlined. Over two decades, therefore, an acquisitions programme in London could produce additional savings for the government through increased earnings of £410m.

Health savings

Much of the TA into which homeless families are placed includes many of the worst quality homes in the country. Seventy-five per cent of households in TA live in poor conditions, including more than one in five living with a safety hazard such as faulty wiring. 68% have inadequate access to basic facilities – such as cooking and cleaning – and more than one in three parents say their children do not have their own bed. Sixty-six per cent of TA tenants say their accommodation is harming their physical or mental health, and 57% of parents in TA report that it harms their children's health. Four in ten TA tenants experience problems with damp, mould or condensation in their TA accommodation, with around 50% of parents reporting it has harmed their child's breathing.⁷³ Appallingly, 55 children have died in TA in the four years prior to April 2023.⁷⁴

Conditions are worst of all in London. Forty-two per cent of London TA tenants report problems with infestations, compared to 27% outside of London, and they are more likely to live in cramped, dangerous conditions.⁷⁵ Resolving these issues would produce better health outcomes for Londoners. But poor housing across the capital also costs the NHS £100.1m per year in additional health care costs. It would cost £1.2bn to repair all hazards across London's homes, meaning it would take only 12 years to pay back this investment, before delivering fiscal returns to taxpayers thereafter as well as improved health for Londoners.⁷⁶

CHAP can improve the quality of London's homes by remediating sub-standard housing and ensuring that homes let satisfy the DHS and minimum energy efficiency standards. To maximise this, as already outlined, the government should

provide sufficient grant to the GLA so that they can consider raising the minimum EPC standard of homes bought from 'D' to 'C' in future iterations of the scheme. Doing so would not only deliver average annual household savings of £225 and reduce annual household carbon emissions by around 520kg CO_{2e}, but it would also reduce the cost of London's poor housing to the NHS by £30m over the next two decades.

3.3.5 Summary: the overall benefit to taxpayers

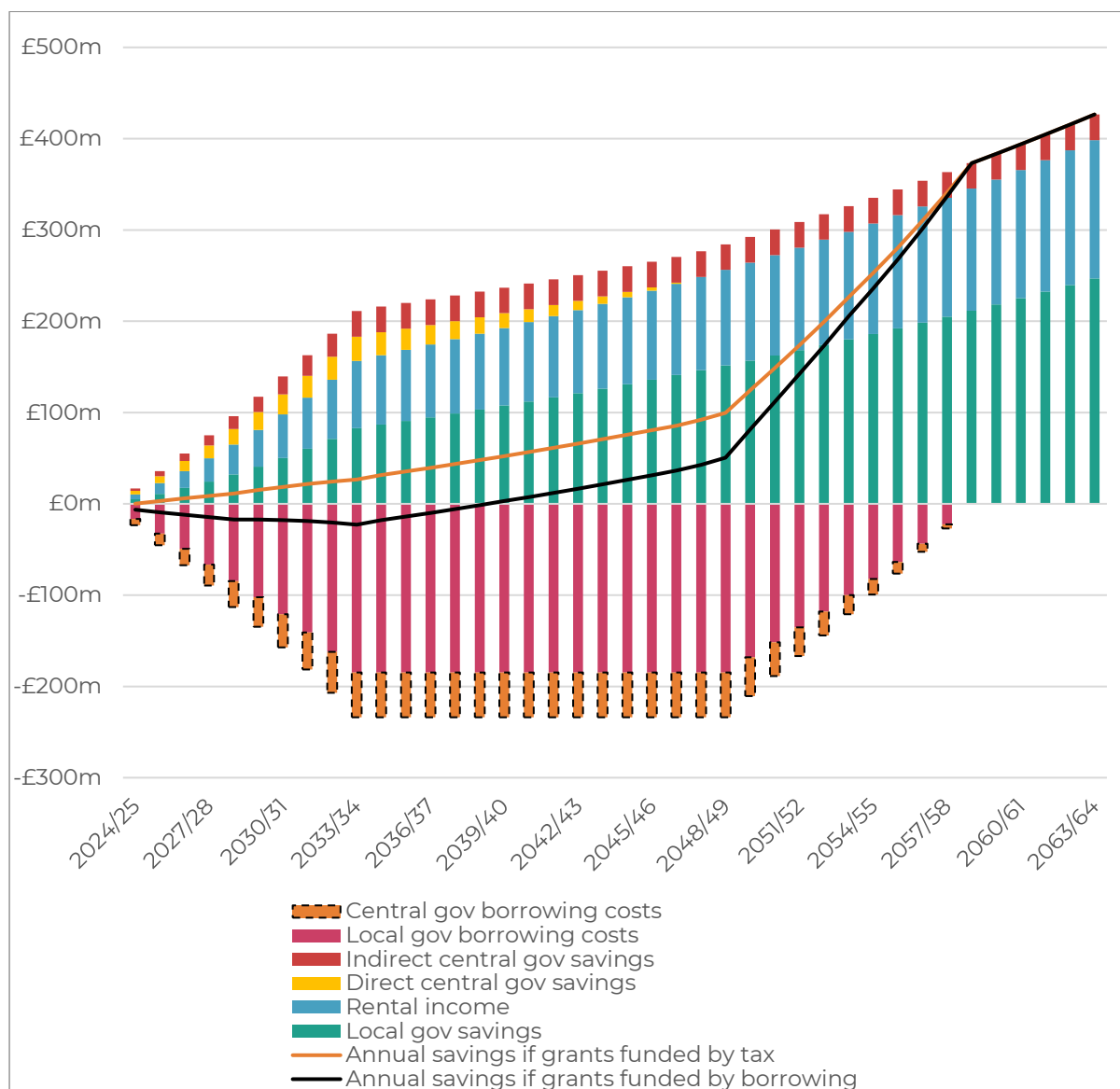
NEF's analysis shows that acquisitions can deliver vital savings for local authorities and taxpayers. As outlined in Figure 9, if London's councils acquire 10,000 homes over the next 10 years, this will reduce their TA costs by £1.5bn, trim central government housing benefit subsidies by £340m, and generate additional indirect savings of £440m over the next two decades (Figure 9). Our analysis assumes that the maximum support for TA from central government remains fixed over the forty-year modelling period. However, in the extremely likely event that the housing benefit subsidy cap is uprated during this period, we would expect significant further savings, beyond those outlined in our modelling, to be delivered to London's councils via increased rental income on their new local authority-owned, TA stock. In this case there would also be further savings to central government, due to the acquisitions programme having delivered a number of new general needs homes for social rent.^h

Annual government-wide savings from CHAP will outweigh annual costs after 16 years, meaning that from this point it begins to generate annual savings. And by year 25 the programme will have paid for itself, having delivered sufficient savings to cover its cumulative costs. All these savings will produce a dividend to be re-invested more productively in London's economy.

^h Some of these savings are currently attributed to local government in our modelling, which assumes the housing benefit subsidy cap will remain fixed throughout the modelling period.

Figure 9: Acquisitions will deliver significant savings for councils and central government

Forecast costs and savings of acquiring 10,000 social homes in London, with and without central government borrowing costs



Source: NEF analysis of local authority revenue expenditure and financing 2022/23, live tables on homelessness, GLA data on the RTBB scheme, average local authority rents and LAR, 2011 LHA rates and indicative 2024 LHA rates, public works loan board and UK gilt rates, indirect savings from CEBR and the GLA, and OBR medium-term forecasts from the 2023 Autumn statement and 2023 Spring budget long-term forecasts.

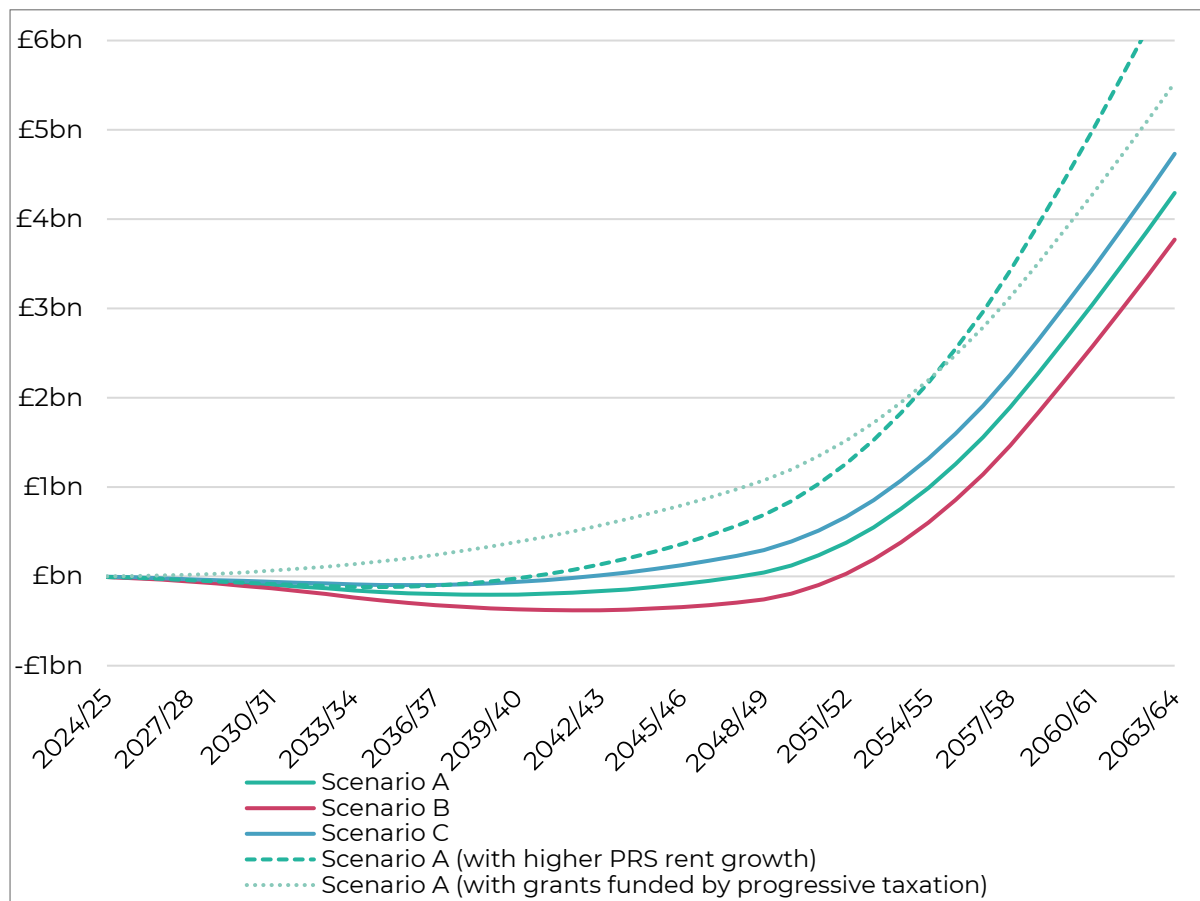
Note: Modelling assumes 1,000 homes are bought each year for 10 years and that current government policy remains in place. Changes in interest rates are accounted for when taking out each new loan but are then fixed for 25 years. Acquisitions are prioritised towards LAs with the greatest level of PRS TA discharges as a proxy for demand for council-owned stock. The analysis is based on scenario A, in which CHAP reflects the tenure balance of the RTBB scheme.

Our modelling assumes that the grant funding underpinning the programme is funded through borrowing. If, however, it was funded by progressive taxation, the macroeconomic impacts of which are not modelled here, then we would expect savings to outweigh local government borrowing immediately because of reduced borrowing costs. This is shown by the orange line in Figure 10. In reality, however, government grants are likely to be funded by a combination of taxation and borrowing.

Our modelling assumes PRS rents will grow at Office for Budget Responsibility (OBR) forecasted rates of 2% per year. Given that PRS rents in London rose by 10% in the year up to October 2023, it is not unlikely that rents will rise faster than the 2% predicted by the OBR.⁷⁷ If annual PRS rents increase by 3% over the modelling period, for example, the time by which the programme delivers cumulative net savings will be brought forward by six years (Figure 10).

Figure 10: The programme will have paid for itself by the late 2040s, but higher than forecast PRS rents will bring this forward to 2040/41

Forecast compound savings of acquiring 10,000 social homes in London, by tenure composition scenario



Source: NEF analysis as in Figure 9.

3.4 LEARNING MORE

The GLA's schemes have played a vital role in providing councils with the ability to acquire more of the right kind of homes to target them to housing needs at efficient grant rates. By the direct way in which it addresses priority housing needs, these schemes have made an important contribution to mitigating rising homelessness in the capital. For example, while the purchase of almost 1,300 homes under CHAP is undoubtedly positive, all this should be placed in the context of the 32,000 new households in London who were rendered homeless in 2022/23 alone.⁷⁸

To develop a fuller understanding of the GLA's acquisition schemes and draw vital lessons that will assist the delivery of future programmes, further evaluation of them should consider the following:

- Whether the previous set grant rates allowed councils to maximise impact to address housing needs, subject to their limited resource capacity and the envelope of the programme as a whole.
- The potential impact of the RTBB scheme on local property markets.
- The effectiveness of council marketing schemes (such as leafletting of leaseholder flats) in generating sales.
- The role of the GLA in supporting councils participating in the scheme, such as pooling technical advice around negotiating with sellers.
- Lessons from those councils that are not participating in acquisitions programmes, and an assessment of how to encourage them to do so.

3.5 THE PROGRAMME IN THE CONTEXT OF SOCIAL HOUSING ACQUISITIONS ACROSS THE COUNTRY

For the reasons outlined in this report, social housing acquisitions have a vital, supportive role to play in addressing the housing crisis across the country. In high-demand regions, like London, they must be used cautiously so as not to add too much demand and push up prices in already overheated local property markets. But, with house prices in the capital now falling back, the RTBB scheme has demonstrated the vital impact they can have in reducing homelessness and easing fiscal pressures on taxpayers and councils alike. In lower-demand regions, such as the northeast of England, acquisitions instead can play an important role in regenerating so-called left behind communities, bringing pride of place back by targeting formerly empty homes, for example.⁷⁹

To enable local authorities across the country to play their part in this, including in London, and to give them a competitive advantage, the government should provide councils with a community right to buy: pre-emptive rights of first refusal when properties become available for sale for a limited, set period.⁸⁰ This has worked in other high-demand areas around the world, like France and Barcelona.⁸¹ In the case of the latter in particular, pre-emptive buyer rights have allowed the city council to

acquire a large volume of homes and deliver affordable, high-quality housing.^{i,82} While limited pre-emptive buyer rights already exist for homes sold under the right-to-buy scheme,⁸³ this broader right is likely to be particularly beneficial to those local authorities who are new to buying homes from the market and have fewer relationships with local estate agents.

There are also changes the government can make to allow councils across the country to benefit from acquisitions and address homelessness. Across England, the number of homes delivered under AHP grant through acquisitions is subject to a 10% cap, except for in London where up to 30% of AHP-delivered homes can be provided through acquisitions, off-the-shelf acquisitions and replacement homes.⁸⁴ The GLA's higher cap strikes a better balance, ensuring that while grant funding remains focused on new build homes, councils are better able to buy the homes they need in the current crisis. The 10% cap that limits the number of homes delivered through acquisitions under AHP grants administered by Homes England should therefore be relaxed, matching the GLA's higher 30% cap.

As well as this, restrictions around the use right-to-buy receipts, one of the most prevalent sources of funding for acquisitions, should be relaxed. It is therefore welcome that, as part of its recent budget, ministers announced that they will increase the cap from 40% to 50% on the percentage of the cost of a replacement home that can be funded by receipts.⁸⁵ But the government should go further, by also relaxing the cap that limits councils' ability to use right-to-buy receipts on acquisitions, which is currently set at 50% but due to be reduced to 30% from 2026/27 onwards.⁸⁶ As above, they should also allow councils to combine right-to-buy receipts with other forms of grant funding.

Crucially, to enable the RTBB scheme and CHAP to be replicated across the country, the government should introduce a national housing conversion fund backed by significant grant funding. A similar £60m acquisitions fund was introduced by the Scottish government in July 2023.⁸⁷ Because of overzealous Treasury restrictions and the macroeconomic conditions described herein, there was a £1.9bn underspend in

ⁱ In Barcelona, municipal pre-emptive buyer rights has facilitated the acquisition of over 1,500 homes between 2016 and 2023, around 22% of the affordable housing developed by the city council over this period.

departmental housing budgets (outside London) last year, including £255m that was supposed to fund new affordable housing.⁸⁸ It is unconscionable that in the midst of a deepening housing crisis, vital resources were returned to the Treasury rather than provided to councils to help them curtail homelessness and the use of TA. As a starting point, therefore, introducing a national conversion fund will ensure the already limited public funds dedicated to resolving the housing crisis through affordable housing grants are properly used. Moreover, this will give councils greater access to the grants they need to buy homes, mitigate the rising homelessness crisis in their communities, and ease the pressure on their own finances.

3.6 EMBOLDENING LONDON'S CO-OPERATIVE AND COMMUNITY-LED HOUSING SECTOR THROUGH ACQUISITIONS

Fully mutual housing co-operatives are democratically run and organised for the benefit of their resident members, who perform repairs and may set rents, and make decisions around stock, and allocations. Most are incorporated as co-operative societies operating on a not-for-profit basis. There are currently around 300 housing co-operatives in London, managing around 10,000-15,000 homes including tenant management organisations, of which under 7,000 are owned by co-ops. At most, co-operatives provide homes for only 0.4% of London's 3.7m households, compared to an average of around 5% across Europe.^{89,90}

While co-operatives currently play a limited role in providing homes for Londoners, expanding them would provide significant benefits, overcoming traditional landlord-tenant divides to put tenants in control of their own homes, giving a sense of empowerment and greater levels of resident satisfaction.⁹¹ Where they own homes and reinvest surpluses in new homes while maintaining lower rents over the long term, they can have a stabilising effect on speculation in the PRS, whether they operate as registered providers (RPs), or as non-profit landlords outside the social housing sector.

Of London's 300 co-operatives, around 100 are RPs, meaning they can benefit from GLA capital grant funding through a range of funding programmes, including the Community Housing Fund (CHF). Many of the remaining 200 non-RP co-operatives

carry out housing management functions only, and a small number have achieved ownership without a GLA capital grant. While CHF has been able to offer revenue funding for some co-operatives, it was established with an express focus on increasing London's housing supply. Additionally, the GLA has funded the Community Led Housing Hub London (CLH Hub), which provides mentoring, advice, and support services to London's housing co-operatives and other community-led housing groups.⁹²

At the same time, there is a latent demand for co-operative housing, mainly from new start-up organisations, which struggle or do not want to become RPs. The lack of available equity funding is a key reason for England's relatively underpowered co-operative sector.⁹³ As part of its recent budget, the government announced it would invest £20m in a social finance fund to support the development of community-led housing schemes over the next decade.⁹⁴ To build on this and help overcome the lack of available equity needed for community-led housing groups to expand, the government should make capital funding available to a wider range of community-led housing groups and co-ops to acquire homes.

However, alongside the aforementioned lack of grant support, other significant barriers are holding back co-operatives. As most start-up co-operatives are small and do not have a track record, their proposals often face challenging scrutiny from the small number of specialist lenders. This puts them at a disadvantage when competing to buy homes, particularly with cash-buyer buy-to-let landlords. These problems have been compounded by the sharp rise in interest rates over the last 18 months.⁹⁵

Acquisitions can offer a clear and straightforward opportunity to encourage co-operatives to grow. The GLA has sought to encourage RP co-operatives to access grant funding for growth through CLH Hub, but as small resident-controlled organisations, they often lack the means and confidence to take on more debt against their own homes. The GLA should therefore work with CLH Hub and the wider housing co-operative sector to consider how housing co-operative acquisitions in London can be scaled up, including examining ways to improve their financial viability.

4. CONCLUSION AND RECOMMENDATIONS

The RTBB scheme and CHAP have offered London's local authorities a vital opportunity to buy homes, improve their standard, and help alleviate the homelessness crisis that is holding London back. It is good value for money for taxpayers, easing the rising financial burden homelessness is placing on London's councils, reducing housing benefit costs for taxpayers and generating significant indirect additional savings for government. It also allows local authorities to generate rental income, all while ensuring the most vulnerable tenants receive better quality TA and allowing more homeless families to move into their own permanent homes. It can be used to deliver environmental improvements and reduce inequalities, while social housing acquisitions more generally offer London's co-operatives the opportunity to scale up.

To enable councils across the country, including London, to benefit from social housing acquisitions, the government should do the following:

1. Commit to a new AHP beyond 2026 at the earliest opportunity, which includes a longer-term funding settlement for both the GLA and housing providers.
2. Introduce a national housing conversion fund, backed by significant grant funding, to enable councils across the country to deliver more acquisitions.
3. Relax the 10% cap that limits the number of homes delivered by acquisitions under AHP grants administered by Homes England to match the higher 30% cap administered by the GLA, as well as the acquisitions cap on right-to-buy receipts, so that councils in London and across the country can maximise the advantages of acquisitions while continuing to prioritise grant for new build homes.
4. Allow councils to combine right-to-buy receipts with other forms of grant funding, such as CHAP funding, to give councils the flexibility they need to replace sold homes.
5. Uprate the TA housing benefit subsidy to current LHA rates and thereafter to create a sustainable funding settlement for TA for councils going forward.

6. Provide the GLA with additional grant funding to enable environmental improvements as part of future acquisitions programmes, so that the GLA can consider raising the standard of homes acquired to EPC 'C'.
7. Introduce a Community Right to Buy – pre-emptive rights of first refusal for councils – to provide them with a competitive advantage when acquiring new homes.
8. Make capital funding available to a wider range of community-led housing groups to acquire homes.

To maximise the benefits of future iterations of CHAP, the GLA should:

9. Require all acquisitions to be made in-borough. If a purchase is made out-of-borough: (a) it must be in a neighbouring borough; and (b) the local authority must demonstrate that the purchase would not have been financially viable in-borough, or should be made out-of-borough for specific, permitted reasons.
10. Consider asking local authorities to collect and provide data regarding the accessibility of acquired homes.
11. Obtain the views of councils who have not hitherto participated in either of their acquisitions programmes to understand the reasons for this and encourage their future participation.
12. Work with CLH Hub and the wider housing co-operative sector to consider how housing co-operative acquisitions can be scaled up, including examining ways to improve their financial viability.

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