INSTANT INSIGHT

SOCIAL AND AFFORDABLE HOMES PROGRAMME 2026-2036

UK Living, November 2025

Summary and Insights

The Social and Affordable Homes Programme (SAHP) represents one of the most significant government investments in housing over the next decade. Its central aim is to ensure that 60% of newly delivered affordable homes are for social rent, while also supporting the provision of specialist and supported housing, community-led and rural developments, and increased council housebuilding. For the first time, metro mayors across England will have the ability to influence how and where affordable housing is delivered within their regions.

The government has now published long-awaited guidance for the SAHP ahead of the programme's launch in February 2026. This summary sets out the key headlines and important updates, including new flexibilities designed to boost supply across different tenures. Understanding the programme's objectives, funding routes, and regional priorities will be essential for organisations seeking to secure investment, align with strategic goals, and respond to evolving housing needs.

Our team is well-placed to advise on how to maximise the programme's opportunities from the perspectives of registered providers, local authorities, and developers. Please do not hesitate to get in touch if you require further support.

Programme Overview

Total Budget: £39 billion

Allocation Split: £27.3 billion outside London (via Homes England), the remainder to London (via Greater London Authority)

Bidding Timescales: Opens February 2026, first funding anticipated to be awarded in April 2026

Key Objectives

Deliver at least **60% of homes as Social Rent** under the programme.

Introduction of **design flexibilities** to support diverse supply, including council housebuilding, supported housing, community-led affordable housing, and rural affordable housing.

Provision for portfolio bids to ease value-for-money pressures and also the use of Right to Buy receipts to be combined with grant funding.

Devolution

£7 billion of the £27.3 billion is earmarked for six metro mayors to shape local delivery:

- Greater Manchester: £1.8 billion
- Liverpool City Region: £700 million
- North East: £1.1 billion
- South Yorkshire: £700 million
- West Yorkshire: £1 billion
- West Midlands: £1.7 billion

Each mayoral authority has published guidance on preferred tenures and priority locations and/or sites.

Homes England retains control over final funding decisions, but full devolution of decision-making is the long-term goal.

Funding Routes

Two main routes remain:

1. Continuous Market Engagement (CME): Includes a new portfolio option for schemes at varying delivery stages.
2. Strategic Partnerships (SP): Four routes to becoming a strategic partner – Land-led RP (Registered Provider), local authority, specialist and supported housing, and developer delivery, with minimum delivery thresholds and initial funding caps (around £250 million per route).
    - SP "Plus" option for existing partners with higher delivery commitments required in return for higher funding awards.
    - Restrictions on the number of acquisitions under SP bids to no more than 10% of the total homes.
    - Ability to bid for two grant rates per tenure, per region.

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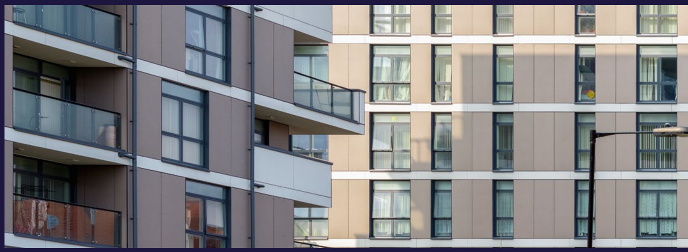

Regeneration and Acquisitions

- Continued support for regeneration schemes delivering a net increase in affordable homes.
- RPs can now submit portfolio bids to demonstrate net additionality, and the **definition of net additionality has been broadened** to support more regeneration. This includes delivering additional homes within the existing site boundary through densification or delivering additional bedspaces by replacing smaller homes with larger homes.
- **Limited acquisitions** of homes built for market sales will be allowed where they expedite delivery or support specialist housing.

Eligibility and Assessment

- No major changes to eligibility criteria; assessment remains based on **value for money**, **strategic fit**, and **deliverability** with varying requirements under each criteria depending on the funding route (CME or SP).
- For SPs, value for money will now be assessed using a Benefit-Cost Ratio (BCR).

Other Key Points

- Right to Shared Ownership does not apply to rented homes funded by SAHP.
- 100% of first lets must be allocated via local authority nominations.
- Strong emphasis on quality, sustainability, and inclusive design.
- Compliance with building regulations and equality legislation is mandatory.
- Additional support includes low-interest loans (£2.5 billion) and encouragement to partner with impact investors.

The programme builds on the government's focus on social rent whilst the introduction of portfolio bidding and new design flexibilities is a positive step to support increased delivery across all tenures. However, with the increased focus on social rent which inevitably requires greater subsidy to deliver, it remains to be seen whether there will be a demonstrable increase in the number of affordable homes delivered over the programme. Success will also depend on how effectively metro mayors and Homes England coordinate priorities and streamline processes. For clients, early engagement and alignment with regional strategies will be critical to securing funding and maximising opportunities.

Contact the team

Hannah Gradwell
Partner, Residential
Development & Strategic Advisory

+44 (0)7540 162 645
Hannah.Gradwell@cushwake.com