



Ministry of Housing,
Communities &
Local Government

**Ministry of Housing, Communities & Local
Government**

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www.gov.uk/mhclg

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Your Ref:

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Dear Mr Popham,

Thank you for your letter to Rt Hon Sajid Javid MP of 30 January 2018, on behalf of Reading Borough Council, about the Local Government Association's campaign on housing. I have been asked to reply on his behalf.

The Government has listened to local authorities who asked for additional borrowing to build more housing, whilst ensuring that the increase in public debt that arises from this borrowing is prudent.

The Housing Revenue Account borrowing cap will be raised by a total of up to £1 billion in areas of high affordability pressure for local authorities who are ready to start building new homes. Local authorities will be able to bid for increases in their caps from 2019-20, up to a total of £1 billion by the end of 2021/22.

Focusing on areas of high affordability pressure will help local authorities to build more of the right homes, in the right places, and ensure that the housing market works for all parts of the community.

In addition further measures were announced recently to support local authorities to build more homes that are good quality and affordable:

- a longer term rent deal that provides a stable investment environment to deliver new homes; and
- an additional £2bn to deliver more affordable housing for social rent in areas of acute affordability pressure.

Increased delivery of council homes by local authorities, such as Reading, puts us on track to raise housing supply to 300,000 homes per year by the mid 2020s.

You also proposed allowing local authorities to keep all the money received from the sale of homes on right to buy. Since the reform of the Housing Revenue Account and the introduction of Self-Financing in April 2012, a proportion of receipts are paid to Treasury in order to (a) reflect the reduction in the amount owed by local authorities

to Treasury as part of the Self-Financing Settlement and (b) to tackle the budget deficit.

Regards

Andrew Glancy
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Local Authority Housing and Right to Buy