

# **Council Homes Acquisition Programme**

Funding guidance for London

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## Foreword

Under the Mayor's leadership, London has entered a golden era of council housebuilding. Since 2018, over 23,000 council homes have been built – or are being built – with the help of City Hall funding. There haven't been this many council homes started in London since the 1970s. It was by working closely with boroughs and offering major funding initiatives such as City Hall's Building Council Homes for Londoners, coupled with the ambition and hard work of local authorities, that we were able to achieve this.

It is right to celebrate this success. However, at the same time, London is undergoing an unprecedented homelessness crisis. In 2023, at least 170,000 Londoners are currently homeless and living in temporary accommodation (TA). This includes 1 in 23 children – one child in every average classroom – without a secure place to call home. We have heard from boroughs that the crisis is increasingly unmanageable, with many families stuck in unsuitable bed and breakfast accommodation and a huge strain being placed on boroughs' finances. The long-term solution to this crisis must be the creation of more genuinely affordable, council homes. That is why the Mayor is doing everything in his power to keep up pace and momentum in helping councils to build these homes for Londoners.

Alongside the construction of new homes, I am now proud to announce the launch of a new Council Homes Acquisition Programme (CHAP). This programme builds on the success of the Mayor's former Right to Buy-back programme, which closed in March 2023. CHAP will enable councils to purchase homes from the private market and respond to Londoners' urgent need for social housing.

Homes funded through CHAP can be let by councils as either social rented homes, or as TA. All homes must comply with the Decent Homes Standard and adhere to strict building safety standards. Homes will also need to be within boroughs' boundaries to ensure residents can stay connected to their local communities. Funding local authorities to purchase homes in the private market will also help address the negative impacts of the Right to Buy policy on London's council stock.

I hope councils will benefit from this funding to help build a better and fairer city by providing housing that is affordable and high-quality to some of London's most vulnerable households.



**Tom Copley**

Deputy Mayor for Housing and Residential Development

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# 1. Introduction

- 1.1 The Council Homes Acquisitions Programme (CHAP) is part of the Mayor's Affordable Homes Programme (AHP) 2021-26. Bids for CHAP must align with the parameters set out in the [AHP 2021-26 Funding Guidance](#) and [Capital Funding Guide \(CFG\)](#) – subject to clarifications below. They must also meet the conditions set out in this funding guidance.
- 1.2 CHAP funding will enable councils, or their dedicated delivery bodies, to purchase properties and convert them into social rented housing or accommodation for homeless households (including temporary accommodation). Details of the programme, including bidding information, are set out below.

# 2. Eligibility

- 2.1 Councils and their dedicated delivery bodies are eligible for funding through CHAP. Council delivery bodies must be a Registered Provider (RP) of Social Housing.

# 3. Delivery routes

- 3.1 Eligible bidders can deliver via different routes, such as:
  - purchase of ex-council homes that were sold via Right to Buy
  - purchase of street properties
  - purchase of 'off the shelf' properties
  - purchase of properties off plan.
- 3.2 This list is not exhaustive, and partners are welcome to discuss other routes to acquire properties with the GLA.

## 4. Tenures and rents

4.1 Tenures funded through this programme include:

- Social rent homes – rents for these properties must be set and charged in line with [national rent setting policies](#) for Social Rent.
- Accommodation for homeless households (including temporary accommodation) – rents for these properties must be charged within Affordable Rent levels (set in accordance with the [Rent Standard](#) and representing the lower of 80 per cent of market rent inclusive of service charges or Local Housing Allowance (LHA) rates)<sup>1</sup>.

## 5. Grant rates and payments

5.1 CHAP only provides capital funding for acquisitions costs. There is no revenue funding available through this programme. The GLA expects to fund homes at the following grant rates:

- for social rent, up to £200,000 per home
- for accommodation for homeless households, up to £85,000 per home.

5.2 Grant rates proposed will be subject to assessment for each project to ensure they comply with subsidy control rules. The GLA will consider higher grant awards on a case-by-case basis and only where there is a strategic case to do so. This includes where early delivery can be achieved.

5.3 Partners will be eligible to draw down 90 per cent of the grant amount at contract exchange stage (subject to evidence that there is an agreement in place for the sale or lease of a home). The remaining 10 per cent of the grant amount can be drawn at practical completion stage, namely when any works are completed, and the property is in a fit state to be let.

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<sup>1</sup> Properties purchased for social rented housing and temporary accommodation (TA) for homeless households under this programme are expected to be used for such purposes in perpetuity, with grant recipient landlords acquiring either the freehold or a lease of at least 125 years' unexpired duration. In exceptional circumstances the GLA would approve a lower number of years than the identified 125 years. If this is needed, partners should contact their Area Manager, but are requested to note the minimum unexpired duration will be a minimum of 60 years. Partners will have the discretion to provide TA via a tenancy that presents the greatest level of security possible for the tenant within the operational and management needs of the home. These terms must be in line with the [Tenancy Standard](#). Licence agreements may also be acceptable where the applicant determines it to be appropriate. Landlords of TA will need to be an RP.

## 6. Funding conditions

6.1 Partners must meet the following funding conditions when delivering homes through CHAP.

### General conditions

6.2 Acquisitions must meet the following general conditions:

- Homes must be in a fit condition (subject to ongoing repairs and maintenance) to be occupied for the agreed purpose for at least a further 30 years and not form part of any known or anticipated plans for demolition within that timeframe.
- Homes must comply with the Decent Homes Standard current at the date the relevant acquisition project is accepted on the GLA's Open Project System (OPS).
- Homes must be within the relevant borough's boundary.
- Homes must be self-contained.

### Building safety

6.3 Acquisitions must meet the following three building safety standards:

- Applicants must undertake reasonable endeavours<sup>2</sup> to verify that no combustible materials are known to be used in the external walls of any homes or buildings, regardless of their height. The external wall excludes building features which are set out in Regulation 7(3) of the Building Regulations, such as door frames and window frames<sup>3</sup>.
- Applicants must register any in-built electrical products, such as white goods, with the manufacturers' registration service for all homes.
- Applicants should include information about product registration, product recalls and electrical safety in the residents' pack or manual for all homes.

### Design

6.4 The [AHP 2021-26 design standards](#) do not apply to CHAP. Partners delivering under CHAP are encouraged to meet London Plan minimum space standards where possible. Partners will be required to submit information about properties' space standards at the first payment claim stage and may be asked to justify a property's suitability if it falls substantially below London Plan minimum space standards.

### Sustainability

6.5 The [AHP 2021-26 sustainability standards](#) do not apply to CHAP. Partners delivering under CHAP must ensure that homes meet EPC level D as a minimum. Partners are encouraged to bring forward homes that meet higher EPC levels, where possible.

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<sup>2</sup> Further details on how to meet this requirement will be set out in the [CFG](#).

<sup>3</sup> A full list of building features which are not expected to be non-combustible is available on page 17 of [this document](#) (and the same may be amended or replaced from time to time).

### Equality, Diversity and Inclusion (EDI)

- 6.6 Partners delivering under the AHP 2021-26 must meet the programme wide [EDI funding conditions](#). Prospective partners who are not already signed up to these requirements via existing funding agreements will need to meet these EDI funding conditions within one year of their CHAP grant allocation being confirmed.

## 7. Timelines and bidding

- 7.1 Bidding for this programme will open on OPS on **17 November 2023**. The GLA will apply a Continuous Market Engagement (CME) approach to bidding until December 2025 (subject to funding availability). Funding availability is subject to overall headroom in the AHP 2021-26. All homes funded through CHAP must be acquired and the appropriate payment milestones claimed on OPS by 31 March 2026.
- 7.2 Bids will need to be submitted on OPS and partners can submit bids for named projects or indicative allocations. For indicative allocations, average grant rates<sup>4</sup> for CHAP projects will be separate from other AHP projects. We encourage partners to speak to their Area Manager about their proposals in advance of submitting a bid. Partners who want to bid for indicative allocations are advised to contact their Area Manager for guidance on the correct process.
- 7.3 The landlord of the homes being acquired should be the one to bid for the grant funding as they will be the organisation entering into contract with the GLA.
- 7.4 Information bidders will need to submit to allow a full assessment to take place will include:
- name of the project and site location (for named projects only)
  - number of homes to be acquired by tenure
  - an annual profile of acquisitions (for indicative bids only)
  - proposed grant rates per home for different affordable tenures
  - justification for the grant rates required to enable the acquisition(s) to be achieved.
- 7.5 Each named project uploaded to OPS should comprise individual proposed acquisitions (or alternatively properties that will be acquired at the same time). New users who want to register can request OPS access [here](#).

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<sup>4</sup> See paragraph 75 of the [AHP 2021-26 funding guidance](#).



- 7.6 The GLA will consider bids based on value for money, strategic fit with the funding conditions noted above and in the [AHP 2021-26 funding guidance](#), and deliverability. Partners should note the preference for early delivery.

## 8. Contracting with the GLA

- 8.1 New partners delivering homes under CHAP will need to sign an [AHP 2021-26 contract](#). Partners delivering under CHAP and that have already entered into an AHP 2021-26 contract will need to sign a Deed of Variation, which incorporates reference to CHAP.
- 8.2 Where bids meet the terms of other GLA programmes, the GLA will have the discretion to allocate funding from another programme accordingly (in consultation with the relevant partner).

## **Other formats and languages**

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