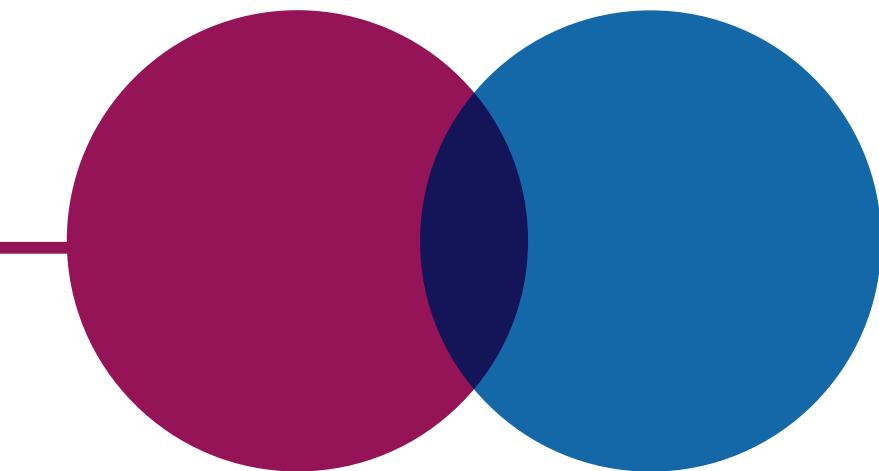




National Audit Office



REPORT

Unlocking land for housing

Ministry of Housing, Communities & Local Government

SESSION 2024-2026
11 FEBRUARY 2026
HC 1645

Key facts

£21bn

amount of funding the Ministry of Housing, Communities & Local Government (MHCLG) has committed to the National Housing Delivery Fund (NHDF)

1 April 2026

date when MHCLG is expecting its new NHDF and National Housing Bank to be operational

Unlocking land programmes where MHCLG, Homes England and other delivery partners intervene to remove barriers that mean land is not profitable or attractive enough for the market to develop without government help

Current programmes

£10.5 billion amount MHCLG has allocated to its unlocking land programmes between 2016-17 and 2025-26, £8.4 billion of which has been committed to projects, and £5.7 billion spent by September 2025

713,000 number of homes MHCLG currently expects will be built on sites prepared by its unlocking land programmes; it has signed contracts to prepare land for 630,000 of these

768 unlocking land projects funded since 2016-17, of which 141 have completed. MHCLG expects all projects to complete spending of their funds for unlocking work by 2034, with subsequent housebuilding continuing until 2050

NHDF context

1.5 million the government's target for the number of homes to be built within the current Parliament by July 2029

£16 billion resources announced for the new National Housing Bank; this includes:

- £10.5 billion of investment capital; and
- £5.5 billion for housing guarantees;

concluding the £21 billion of resources announced for the NHDF is up to £5 billion of grant funding to be delivered by Homes England and other delivery partners. MHCLG expects the scope of NHDF spending to be broader than unlocking land programmes alone

Summary

Introduction

1 The government has set a milestone to deliver 1.5 million new homes over this Parliament to July 2029. This will require building more than 300,000 homes per annum on average, a level of housebuilding that was last achieved in the 1960s. The government says a chronic undersupply of land underpins the housing crisis. It believes there is suitable land in England for housebuilding that is not being developed by the market as it is not profitable or attractive enough for developers to build on in its current form. This can be due to factors such as the need for remediation work, a lack of infrastructure such as roads, or pieces of land making up a site being owned by different people or companies.

2 The Ministry for Housing, Communities & Local Government (MHCLG) aims to address these market failures, boost the supply of land for housing development and ultimately increase the supply of housing via several ‘unlocking land’ programmes. These programmes include providing grant funding, recoverable loans, acquiring land and providing capacity support. MHCLG is accountable for the support delivered by its delivery partners: Homes England (the government’s housing and regeneration agency in England), One Public Estate (a partnership between the Cabinet Office, the Local Government Association and MHCLG), the Greater London Authority and mayoral strategic authorities.¹

3 MHCLG plans to launch the National Housing Delivery Fund (NHDF), from 1 April 2026. The NHDF will comprise grant funding to be delivered by Homes England and other partners, and financial transactions such as loans and investments delivered through a new National Housing Bank (the Bank) created as a subsidiary of Homes England. MHCLG expects both the NHDF and the Bank will support wider activity beyond the scope of the unlocking land programmes that are the focus of this report. We refer to the grant funding and the Bank collectively as the NHDF.

¹ *The English Devolution White Paper*, 2024, says that the terms ‘strategic authority’, ‘mayoral strategic authority’ and ‘established mayoral strategic authority’ will replace ‘mayoral combined authorities’ and ‘mayoral combined county authorities’. We use the new terms in the report. A combined authority is a legal body that enables a group of two or more councils to collaborate and take collective decisions across council boundaries.

Scope of the report

4 This report assesses whether MHCLG's programmes to increase the supply of suitable land for housing development are effectively supporting the government's ambitions to build the right homes in the right places. These programmes include activities such as capacity support, funding for infrastructure, land assembly, or viability gap funding; they are aimed at 'unlocking' sites. It examines whether MHCLG:

- has unlocked land to deliver the right homes in the right places;
- is learning and innovating to improve the productivity of its land unlocking programmes; and
- alongside Homes England, is putting in place an approach to unlock the right land in the right places to support future housing targets.

5 This report focuses on existing programmes that most closely support the government's interventions that help unlock land for new homes in England. The report also considers the opportunities MHCLG has as it develops plans for the NHDF. We do not comment on other issues relating to housing delivery.

Key findings

Government interventions

6 Since 2016, MHCLG has used a range of individual programmes to unlock land across sites in England. Land suitable for housing may remain undeveloped because it is not sufficiently profitable or attractive enough for developers. This land is known as 'locked'. To unlock or accelerate the delivery of new homes, MHCLG has developed several unlocking land programmes intended to correct individual market failures. The programmes include a mix of grant expenditure and recoverable 'financial transactions' such as loans and investments, for example (paragraphs 1.3 to 1.6, and Figures 1, 2 and 3):

- large grants to local authorities for major infrastructure such as new roads;
- grants and repayable loans to private sector developers;
- equity investments where Homes England takes part ownership of a project;
- buying up land for remediation and onward sale to developers; and
- small grants to local authorities to help remediate sites for development.

7 MHCLG plans to launch a National Housing Delivery Fund (NHDF) from 1 April 2026, which will combine and continue the work of MHCLG's previous programmes for unlocking land. MHCLG says the NHDF will provide certainty for longer-term funding support, reduce complexity for fund recipients and increase efficiency for the government. MHCLG expects the NHDF will focus on sites that can deliver new homes quickly and will increasingly use equity investments and guarantees to encourage more private investment into places where the market is not currently providing finance. This focus is described in the Homes England Investment Roadmap published in December 2025 that sets out an emphasis on maximising delivery of new homes and communities now. Subject to final agreement with HM Treasury, MHCLG expects the NHDF to comprise £5 billion of grant funding and £16 billion of financial transactions such as loans, investments and guarantees provided by a new National Housing Bank. The remit of the NHDF will include activity beyond unlocking land programmes, including support for social housing providers and small housebuilders. Projects under existing grant programmes for unlocking land are expected to draw on resources from the NHDF. As such, it is not known how much future funding will be available for the types of unlocking land activity examined in this report (paragraphs 1.7 and 3.9 to 3.12).

Progress to date

8 MHCLG has allocated £10.5 billion to its unlocking land programmes since 2016-17, which it intends will provide sufficient land to build around 713,000 homes. This funding has supported work on 768 sites at September 2025. While 20 projects are receiving over £100 million, 410 are receiving less than £1 million. The capacity for new homes on these sites ranged from 1 to 16,500. MHCLG's funding has supported projects across all regions of England. At September 2025 the South East had been allocated £1.9 billion, while the North East has been allocated £289 million (paragraphs 2.2 and 2.6 to 2.7, and Figures 4 and 9).

9 MHCLG-funded work has completed on just over 140 out of 768 of MHCLG's unlocking land projects, with remaining projects likely to continue until 2034.

Unlocking land and building homes takes a long time. Of the projects funded by MHCLG's programmes that launched prior to 2021, 128 (36%) have completed spending on unlocking land works, while 13 projects (3%) funded by MHCLG's programmes since 2021 have completed spending on unlocking works to date. On these sites, MHCLG's spending has completed, but the sites may not be fully unlocked and ready for housebuilding, as MHCLG funds may only have supported part of the activity or may have been designed to help encourage others to invest in the site in order to fully unlock it. MHCLG currently expects almost all projects under its earlier programmes to spend their funding for unlocking work ready to support housebuilding by March 2028 and its later programmes by March 2034, meaning many projects' unlocking work will continue beyond the launch of the new NHDF. The building of homes on these sites is expected to continue for many years after unlocking work finishes, with the last sites not expected to finish housebuilding until 2050 (paragraphs 1.6, 2.3 and 2.8, and Figure 8).

10 As at September 2025, MHCLG, Homes England and their delivery partners had agreed contracts for projects expected to provide suitable land for 630,000 of their overall estimates of 713,000 homes. MHCLG aims to unlock capacity for 'additional' homes that would never have been built by the market alone, and also 'accelerate' housebuilding on sites where the market may have built alone but would have taken longer to do so. MHCLG estimates the number of new homes its funding will support at the time contracts are signed – but before any work has begun on site – based on factors such as site size and planning expectations. This estimate is likely to change as the development progresses; however, it does not publish a revised measure of the final capacity for homes after projects have completed (paragraphs 2.4 and 2.9).

11 As at September 2025, MHCLG has data to show that over 33,000 homes are now complete on land it helped unlock. Delivery of new homes is one of the key long-term outcomes MHCLG expects from its financial support for unlocking land. MHCLG and Homes England have data on the number of new homes built on land unlocked by the majority of its programmes. Local authorities who have been supported by their programmes on specific sites are reporting 30,510 homes complete, with a further 2,800 on land owned by Homes England and where it retains control of the development. However, MHCLG did not set out to track how many homes have been built on land unlocked by the two Home Building Funds and the Brownfield, Infrastructure and Land Fund (BIL) but is now working with Homes England to do so on these funds. While these three funds represent 12% of unlocking projects, they account for around half of intended housing capacity across all programmes.

- The two Home Building Funds, which are expected to deliver 268,000 homes over their lifetime.
- The Brownfield, Infrastructure and Land Fund, which is expected to deliver 85,000 homes over its lifetime.

The NHDF will provide an opportunity for MHCLG to develop, with Homes England and other delivery partners, a set of harmonised and defined metrics to capture data about the subsequent delivery of homes on land unlocked with government funds in a timely way (paragraphs 2.10 to 2.12 and Figure 4).

Factors for success of the NHDF

12 MHCLG is designing the NHDF so it builds on lessons from previous programmes to improve the efficiency of programme management and impact.

MHCLG learned lessons from its early programmes using formal evaluation and continuous learning. After encountering difficulties with the Housing Infrastructure Fund, a large-scale grant programme launched in 2017, MHCLG and Homes England applied lessons to the development of later programmes. This included improving visibility of upcoming projects through enhanced engagement with local areas, using a continuous engagement approach instead of competitive bidding windows, and providing more flexible funding options. These changes helped ensure that projects that were realistic and ready to start were put forward for support, and that the right financial support was available. MHCLG also revised the assessment criteria to give more weight to non-monetisable benefits such as public health, transport, and labour market improvements. The NHDF will build on these lessons and introduce a single point of entry, providing access to the full breadth of financial interventions MHCLG has available (paragraphs 3.2 to 3.8).

13 The NHDF provides an opportunity for MHCLG and Homes England to review and clarify their approach to risk to ensure a better balance of risk and reward across projects to improve overall outcomes.

The NHDF will operate as a single fund providing scope for MHCLG and Homes England to balance higher and lower risk projects across a large portfolio, unlike the current separate programmes. MHCLG expects each delivery partner to maintain a single pipeline for the NHDF and for Homes England to apply continuous market engagement to the projects it administers. Evaluations have highlighted the risk that this approach may favour approval of the most developed and deliverable projects rather than the most impactful. MHCLG will need to work with Homes England and its other delivery partners to understand their project pipelines and maximise the opportunity to identify potentially higher risk, higher-reward projects as they emerge and bring those opportunities forward. MHCLG is developing an approach to risk management that will take account of the individual projects, the programmes and overall portfolio and the multi-party delivery of the NHDF. In addition, the NHDF provides an opportunity for MHCLG and Homes England to align on a common risk language across the NHDF and embed it in how they manage projects (paragraphs 3.9 and 4.5 to 4.7).

14 The NHDF provides MHCLG and Homes England with the opportunity to set out where they intend to deploy the NHDF's funding to maximise its impact. To date MHCLG has taken various approaches, driven by shifting policy priorities, to where it invests unlocking land funds. Frequent changes reduce confidence in the sector and risks wasting applicants' efforts in developing plans that are unlikely to be supported. These approaches have included focusing on areas of high housing and land costs, priority locations, and regional distributions for different funds. In recent years, Homes England has responded to local government devolution by developing strategic place partnerships with mayoral strategic authorities. Homes England is developing an investment strategy that would set out the investment themes, principles, priorities and products for the NHDF and National Housing Bank. The first part of this strategy was the Homes England Investment Roadmap it published in December 2025. The long-term nature of the NHDF and the move to a regional structure in Homes England give it and MHCLG the opportunity to set out what type of projects they will support and where they will seek to invest (paragraphs 4.8 to 4.12).

15 The NHDF provides an opportunity to develop and share an understanding of what interventions deliver the outcomes the government and local areas require.

Early process evaluations of the current programmes are helping shape the design of the NHDF. However, the NHDF will launch before the outcomes of previous programmes have been fully evaluated. In addition, existing evaluations will focus on the individual programmes and will assess whether the impacts have been delivered in line with each programme's theories of change. As MHCLG, Homes England and other delivery partners start delivering the NHDF, they have an opportunity to capture and share practical lessons on what interventions deliver unlocked land and new homes quickly, while delivering value for money. Such lessons can support and refine a theory of change covering the range of priorities and interventions the NHDF may contain (paragraphs 4.13 to 4.15).

Conclusion on value for money

16 Since 2016-17, the Ministry for Housing, Communities & Local Government (MHCLG) has allocated £10.5 billion of funding to unlock land for housing, through a variety of programmes that utilise different funding types, including grants, loans and equity investments. MHCLG expects that this funding will have been spent on unlocking land by March 2034. This land will provide the capacity for building 713,000 homes, with homes expected to be built on this land for decades to come. MHCLG monitors the status of unlocking land activity for the projects it helps fund, it also knows how many homes have been built by housing developers on the land it has helped to unlock across the majority of its funds. However, it did not set out to track how many homes have been built on land unlocked by the Home Building Funds and the Brownfield, Infrastructure and Land Fund but is now working with Homes England to do so on these funds. To be able to fully demonstrate value for money on these programmes, MHCLG needs to continue to monitor housebuilding over the long term and should consider what further measures it can take to embed monitoring of housebuilding across all its programmes.

17 MHCLG and Homes England have ongoing evaluations and have drawn on an understanding of what works in their existing programmes to evolve their intervention strategies. Efforts include implementing ongoing engagement instead of set bidding periods, maintaining continuous pipelines of projects, and offering a more flexible mix of funding options. It has also revised its assessment criteria to better account for non-monetisable benefits to facilitate more investment in areas of lower land values.

18 MHCLG aims to establish the new National Housing Delivery Fund to bring together all the funding for unlocking land and set up a housing bank, as a subsidiary of Homes England, from 1 April 2026. To be able to demonstrate value for money and be successful, MHCLG will need to swiftly build on the work it has started and set out its long-term ambitions, provide clarity about its investment priorities to the market and decision-makers in local authorities, and to have a clear articulation and management of risk.

Recommendations

Ensuring value for money from existing projects

- a** To ensure that the existing legacy programmes deliver the greatest strategic benefit, MHCLG, Homes England and other delivery partners should work together to develop a combined portfolio view of legacy projects where the greatest strategic benefits remain at risk. Having done this, MHCLG should ensure that Homes England provides appropriate support and troubleshooting capability to support these projects to deliver their intended objectives, at the same time as launching new projects through the National Housing Delivery Fund.

Supporting the success of the National Housing Delivery Fund

- b** To provide transparency to delivery partners and fund recipients about what the NHDF is trying to achieve, MHCLG should set out the impacts it expects for the NHDF that reflect the range of interventions and funding sources available. This should include:
 - setting out and agreeing an approach to performance measurement with its delivery partners that will provide timely data on both progress of unlocking land and subsequent delivery of new homes on new projects and active legacy projects; and
 - to understand the delivery of new homes, considering whether proxy measures such as mapping data, energy performance certificates or building control completions provide sufficient assurance while managing the burden of reporting on developers.
- c** As the outcomes from unlocking land activity can take many years to deliver, MHCLG should put in place evaluation and monitoring that provides timely evidence from both its legacy projects and the early implementation of the NHDF to inform its understanding of the likely outcome of its interventions.
- d** As the NHDF is developed and refined, MHCLG should set out how it will prioritise its funding objectives and maximise its engagement with the new and emerging local government landscape. This will inevitably result in places that are less likely to be supported through the NHDF. MHCLG must therefore be transparent about what and where its priorities are and the opportunities and support that exists for non-priority locations to bring forward their projects.
- e** As part of its governance system, MHCLG should adopt a clearly articulated risk appetite across the NHDF's range of potential interventions. This should help support consistent and deliberate consideration of risks and opportunities in decision making at a portfolio level. Expressions of risk appetite and tolerance should be shared across MHCLG, Homes England and other delivery partners.