

Affordable Housing Through Public Land and Housing Investment Bonds

Craft Policies

A Structural Proposal for Affordable Home Provision in the United Kingdom

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Chapter 1: Executive Summary

A household on the median full-time wage — £37,430 a year, about £2,540 a month after tax (ONS 2024) — cannot afford a two-to-three bedroom family home in England, to rent or to buy. The average private rent in England is £1,466 a month (ONS, September 2026), 58% of that take-home pay, and a three-bedroom house costs more. A 90% mortgage on the £285,000 median home costs roughly £1,425 a month — more than half of take-home pay — on top of a £28,500 deposit. This document is about the people in that gap: in work, paying tax, ineligible for social housing, and priced out of both markets.

This proposal eliminates that affordability gap through three structural changes to how homes are funded, sited and built, that, in combination, reduce costs, margins and all but in-works benefit bills.

1.1 Public Land at Peppercorn Lease

Land accounts for 30–80% of UK house prices. By building on government-owned land leased at peppercorn rates, the cost of a new home falls to the construction cost alone. This can be achieved by modifying the current requirement that public land must be sold at 'best consideration' of market rates.

1.2 Modern Manufactured Construction

The Trust specifies a performance standard and a price, and tenders the construction to whoever can meet them: WikiHouse microfactories, volume housebuilders, modular manufacturers. The reference design — the open-source WikiHouse Switch House, a 2–3 bedroom home of 92–104m² built from CNC-cut timber blocks to near-Passivhaus performance — costs about £98,000 in materials and manufacturing and its structure can be assembled in days without the wet trades the industry is short of. A tendered contractor delivering it costs about £174,000 per home with preliminaries, overheads and profit, and is paid in cash from the proceeds of the bonds as the work is certified; the funded cost of a home in the pilot, with fees, programme costs and interest during construction, is about £211,000. Construction is zero-rated for VAT under existing law. The site infrastructure — roads, drainage, utilities, remediation — is not on the bond: it is funded by Homes England infrastructure grant or delivered by the public landowner as serviced land. The Trust takes no grant for the homes themselves.

1.3 Housing Investment Bonds

Construction is funded not through public borrowing or private mortgages but through a new tradeable bond paying a fixed real coupon of 3%, adjusted annually for inflation. Bondholders are repaid from a single revenue stream: residents' rent at the portfolio level. At the reference home's materials-and-labour cost of £140,000 the year-one monthly rent, including maintenance and management, is £714, affordable to a household on £31,500. At the funded cost the pilot will actually carry — about £211,000 — it is about £1,050, affordable at a third of net income to households from roughly £48,000 gross. The pilot therefore serves the upper half of the cohort the model is built for, and the document is explicit about which levers — scale, par issuance and the tender price — close the gap. If a resident's income falls, the Universal Credit housing element already exists as a statutory entitlement, ensuring the revenue stream continues without new public spending commitments. Residents hold thirty-five-year leases, renewable, outside the assured tenancy regime; the homes stay with the Trust and the land stays public.

The proposal below investigates these in detail. The statutory position throughout is stated as at 19 October 2026; each legal chapter carries a note to that effect, and Appendix IX lists the questions that require legal opinion before implementation.

Chapter 2: Who This Is For — The Target Cohort

The eligibility principle is straightforward: any household whose rent under this scheme would not exceed 33% of their net income, and who cannot afford to purchase at market prices.

They are the households that keep a town running. A full-time warehouse worker on £24,000 with a partner earning £8,000 part-time. A teaching assistant on £26,000 with a partner doing two days of admin work at £7,000. A single nurse on £35,000. A single earner on the UK median full-time salary of £37,430. Nurses, paramedics, police officers, teaching assistants, social workers, logistics and warehouse staff, retail managers, junior civil servants: in work, paying tax, with no claim on social housing and no route into ownership.

The market has failed them twice. First on rent. The average private rent in England is £1,466 a month (ONS, September 2026), and a two-to-three bedroom house is at or above that average in most of England and over £2,300 in London. For the single median earner, with about £2,540 a month after tax, that is 58% of take-home pay. For the warehouse worker and his partner, with about £2,400 between them, it is 61%. Neither can save while paying it.

Second on purchase. The £32,000 household can borrow at most £144,000 at the standard 4.5× lending multiple, which buys nothing in most of England. The median earner can borrow about £168,000 against a median home of £285,000, and would need a £28,500 deposit and £1,425 a month — 56% of take-home pay — to service a 90% mortgage. Purchase is not a stretch for these households. It is closed.

What the Trust charges is the cost of the home and nothing else: bond service (coupon and principal repayment at 3% real over 35 years, on everything the bond funds), plus 1% of build cost a year for maintenance and 0.5% for management, where build cost means the construction contract plus fees. On the reference home's materials-and-labour cost of £140,000, with nothing else loaded onto it, that is £714 a month, which is a third of net income for a household on £31,500. On the pilot as costed in Appendix I.6 — a building of about £187,650 and a funded cost of about £211,000 — it is about £1,050, a third of net income at about £48,000. The cheaper the home is funded, the wider the cohort it serves; the pilot serves the upper half of the cohort, and Chapter 3.8 and Appendix I.6 explain what brings the rest within reach. If a household's income falls, the Universal Credit housing element is a statutory backstop, not a subsidy: the design intention is that rent is met from earned income.

These are not marginal cases. These are the households the market has failed most completely, and the ones every other programme walks past: too well paid for social housing, too poorly paid to buy. Rent at a third of net income, on a permanent home, with no deposit required, is a life they can plan around — at £714 for the warehouse worker and his partner when the model reaches its floor, and at £1,050 for a household on £48,000 in the pilot.

The practical ceiling remains set by the market. A household able to service a conventional mortgage at current prices does not need this scheme. At today's rates, it takes roughly £75,000 gross household income to buy a median-priced home (£285,000) within the 33% threshold. Above that level, market purchase becomes viable — outside London and the South East, at least.

The target cohort is therefore households earning between approximately £31,500 and £75,000 — the range in which the market has structurally failed. The pilot reaches the upper part of that range first; the model is built to reach all of it. The UK median full-time salary of £37,430 sits in the middle of the range.

2.1 Justification for a £75,000 Upper Boundary

At £75,000 gross, a household can in theory purchase a median-priced home in England — but only at the national median price, only with a 10% deposit already saved, and only at the standard lending multiple. In the South East, the mortgage payments exceed the 33% affordability threshold. In London, the required mortgage exceeds what any mainstream lender will offer. And in every region, the deposit barrier remains: saving £28,500 while paying market rent on £4,505/month net income takes years, during which prices continue to rise. The scheme ceiling is set not at the point where purchase is theoretically impossible, but at the point where it is practically out of reach for the majority.

The £75,000 ceiling is therefore a practical line, not a generous one. It is the income at which a household can, in fact, buy a median home in England: at 4.5 times income it can borrow about £337,500; with a 10% deposit of £28,500 saved, a £256,500 mortgage at 4.5% over 25 years costs about £1,425 a month, 32% of a net £4,505 — at the edge of the 33% standard used by government and housing researchers. Above it, the market works. Below it, it does not: any region dearer than the national median pushes the household over the threshold, and in London, where the average home costs £500,000, a household on £75,000 cannot borrow enough to buy at all.

Even where the mortgage arithmetic narrowly works, the deposit barrier remains. A household paying the average English private rent of £1,466 a month has limited capacity to save. Accumulating a £28,500 deposit while meeting living costs on £4,505 net income takes years — during which house prices continue to rise. The practical effect is that homeownership remains out of reach.

£75,000 is also frequently a household figure, not an individual salary. A teaching assistant earning £26,000 and a warehouse team leader earning £32,000 have a combined household income of £58,000. Add a partner in nursing or policing and the figure approaches £75,000. These are not high-earning households. They are dual-income families doing essential work in expensive areas.

Chapter 3: The Home — and Who Builds It

3.1 What Is Being Proposed

The Trust is proposing a performance specification and a price, not a construction system. A home qualifies for the programme if it is a permanent two-to-three-bedroom family house or a low-rise flat of 55 to 105m², built to a wall U-value of 0.14 W/m²K or better, airtight to a target of 0.15 air changes per hour with mechanical ventilation and heat recovery, fully electric, warrantable for ten years, and delivered on a serviced plot for a construction contract at or below the figure the bond arithmetic can carry (Appendix I). How it is built is the builder's business. What it costs and how it performs is the Trust's.

The proposal could have been built around a single open-source building system. That system — WikiHouse Skylark — is instead the reference design and the price benchmark for everything that follows, and Appendices V and VI set it out in detail. It proves that the number is achievable, and it keeps every tender honest. But a model that is indifferent to what the home is made of, and cares only what it costs and how it performs, is stronger than one that bets a national programme on one supply chain. The Trust specifies the outcome and lets the industry compete to deliver it.

3.2 The Reference Design: WikiHouse Switch House

The specification in 3.1 can be met by several systems. The one the Trust uses as its reference and price benchmark is WikiHouse, an open-source building system whose structural designs, cutting files and assembly instructions are freely available to anyone. Sheets of engineered timber are cut by a CNC router and slotted together into structural blocks for floors, walls and roofs. The cutting equipment costs around £50,000 and a microfactory needs around 40m² of floor space, so production can be distributed across many small manufacturers near their sites rather than one plant serving the country. There are no licence fees. Appendix V describes what a microfactory requires; it is one example of how the specification can be met, not a condition of meeting it.

The reference design is the Switch House, a two-to-three bedroom family home of 92 to 104m² on two storeys. The specification the Trust takes from it is: a Skylark 250 chassis with 250mm of wall insulation giving a U-value of 0.14 W/m²K; triple glazing; a flat roof carrying solar panels and plant; screw-pile foundations with no poured concrete; any external cladding, so that the home suits its street; and natural cross-ventilation in summer. The plan can be configured as two or three bedrooms and changed later as a household's needs change.

Two points of specification are the Trust's rather than the template's. The reference home is heated and supplied with hot water by an air-source heat pump, not the electric panel heaters priced in the Open Systems Lab bill of materials (Appendix VI); the running-cost advantage is part of the affordability case and the capital difference is carried as an input in the costing model. And the reference home includes a drying cupboard coupled to the heat-recovery ventilation system as standard. Indoor laundry drying is the single largest moisture load in an airtight home, and damp and mould are the first hazards to which Awaab's Law applies (Chapter 10.7). A drying cupboard costs almost nothing at the design-file stage and removes the most likely route to a hazard the Trust is legally bound to remedy within days.

Appendix VI costs the Switch House line by line: £97,957 of materials and manufacturing ex VAT, 116 days of on-site installation labour, 198 Skylark blocks from 520 sheets. That is the benchmark against which every tender under 3.4 is judged.

3.3 How a Home Gets Built

The process from factory to occupancy has four stages, whichever system the successful bidder uses. For the reference design:

Digital manufacturing. The design files are sent to a local manufacturer. Sheets of engineered timber are loaded onto a CNC router, which cuts all the components for each building block to a precision of 0.1mm. Parts are labelled as they are cut, and each block is assembled in the workshop as it comes off the machine. A small team in a modest workshop can produce the full structural kit for a home in about 14 days.

Site preparation. Screw-pile foundations are installed — steel piles driven into the ground without excavation or concrete. Service connections are laid to the plot. This happens in parallel with manufacturing.

Assembly. The pre-assembled blocks are delivered to site and erected. A weathertight structural shell goes up in days by a small team — no crane, no heavy plant, and no wet trades in the structure. Internal service zones for wiring and plumbing are built into the blocks.

Fit-out. Kitchens, bathrooms, plumbing, electrics, plastering and decoration follow on site. This is where the wet and finishing trades the industry is short of come back in: the reference design removes them from the structure, not from the fit-out, and the programme carries that dependency. Factory-built kitchen and bathroom pods would remove it, and a bidder may offer them, but at current prices they add more than they save, so the costing model assumes conventional fit-out. A home is move-in ready within months, not years.

Construction of new dwellings is zero-rated for VAT under existing law (Chapter 11.6). None of the figures in this document carries VAT.

3.4 Who Builds: Competitive Tender

The Trust does not build. It specifies, procures, owns and lets. Construction of each development is competitively tendered, and the tender is open to any bidder who can meet the specification at the price: WikiHouse microfactories and their assembly partners; volume housebuilders; modular and panelised manufacturers; regional contractors. The Trust is a registered provider and, on the Cabinet Office's guidance that the Regulator's oversight of registered providers is enough to make them contracting authorities, is likely to be one for the purposes of the Procurement Act 2023; a development of the scale proposed in Chapter 16 is well above the works threshold of £5,193,000, and the tender will be run under the Act whether or not the Trust is bound by it, because the Act's procedure is the evidence Chapter 18.8 relies on. The question is listed in Appendix IX. Appendix II sets out the local-content weighting the Trust applies within that framework.

Three things follow from tendering rather than building in-house, and each removes an objection that an in-house model could only argue around.

It removes the delivery credibility gap. 'A network of microfactories that does not yet exist' becomes 'the existing construction industry, which has spare capacity and is looking for work'. In the week of 7 October 2026 the chief executive of Taylor Wimpey, Jennie Daly, said on The Times' The Business podcast, asked whether the company would commit to more London schemes: 'No. Baseline viability is, I think, fundamentally broken in London.' The Home Builders Federation estimates that taxes, regulation and inflation have added about £76,000 to the cost of a new home since 2020, and about £98,000 to a home in a high-rise building. An industry that is walking away from the market because it cannot make the numbers work is an industry with capacity to bid for work where the numbers are already made — and Chapter 8 explains why the Trust's numbers are.

It tests the central assumption in public. Appendix I identifies build cost as the single most important parameter in the model and defends it with a bill of materials. A bill of materials is an estimate. A tender is a price. If the industry cannot build the specified home for the specified figure, the Trust will know before a bond is issued, not after.

It makes the reference design do its proper job. WikiHouse's cutting files are open, its structural testing is published (Chapter 10.3) and its bill of materials is in this document. Any bidder can see what the benchmark home costs to make. A bidder who wants the work has to beat it or match it; a bidder who claims it cannot be done has to explain Appendix VI.

3.5 Paid in Cash, From the Bonds

The successful contractor is paid in cash, at each certified stage of the works, from the proceeds of the Housing Investment Bonds issued for that development. The bonds are sold before and during construction — at proof of concept to the government as anchor purchaser (Chapter 16), and thereafter to institutions and savers through the channels in Chapter 13.3 — and the money raised pays the contractor as an ordinary construction client would. The contractor takes no bonds, no rent and no interest in the homes beyond its contractual and warranty obligations.

Three things follow, and they are the ordinary disciplines of a well-run construction client rather than innovations.

The launch problem is solved by the anchor purchaser, not by the contractor. A new issuer with no track record cannot raise the full sum from the market before a brick is laid on the strength of a prospectus describing homes that do not exist. At proof of concept the government buys the issuance at par (Chapter 16.2), the proceeds are drawn as the works are certified, and the contractor is paid on time. After the pilot the Trust has a rent roll, audited accounts and a traded bond, and raises each later issuance on them.

Build quality is secured the way the industry secures it, with the levers held tight. A fixed-price contract let by competitive tender against a published benchmark; a cash retention released on performance (3.7); a performance bond from the contractor; a ten-year structural warranty (Chapter 10.5) and collateral warranties from key subcontractors; an independent clerk of works; and the fifteen-year liability under the Defective Premises Act 1972. The Trust owns the homes for the life of the bond and beyond, and it is the Trust, not the contractor, whose income depends on them performing — which is why it holds every one of those levers itself.

Price and programme are discovered before a bond is issued. The tender fixes the construction price; the bond is sized on it and on the programme costs in Appendix I.6; and the stage-payment schedule fixes when cash is needed. Interest during construction — the coupon payable on bonds sold before the homes are let — is a real cost and is carried in the funded cost of every home (Appendix I.6.1).

3.6 Why the Builder Owns Nothing

The contractor is paid in cash for its work. It does not take the rent, the headlease or the freehold. The Trust owns the asset — a long leasehold interest from the public landowner, which retains the freehold — and the Trust alone lets the homes and collects the rent.

This separation is not negotiable, and the reason is in Appendix IV. If a housebuilder were to take the rent or the land, the political architecture that gives the scheme its consent would collapse at once: ‘peppercorn public land handed to a housebuilder’ writes its own headline, and the asset lock and the Right to Buy defence in Chapter 12.6 go with it. A contractor paid in cash has a contractor’s obligations — to build to the specification, on time, at the tendered price, and to make good defects — and nothing else. That is exactly the relationship the Trust wants.

3.7 Retention and Defects

A retention of 5% of each certified sum is held in cash in the ordinary way: half released at practical completion and half at the end of the twenty-four-month defects period, in each case subject to no unremedied defect notified under the contract. A performance bond from the contractor, for 10% of the contract sum, covers the risk of its insolvency during the build. The ten-year structural warranty in Chapter 10.5, collateral warranties from the key subcontractors and the Defective Premises Act 1972 cover the years after. The costing model carries the retention as working capital, not cost, and the performance bond premium within the contractor’s price.

3.8 What This Does to the Price

Appendix VI's indicative all-in figure for a Switch House is £125,000 to £145,000, and it is tempting to read that as a build cost with comfortable headroom. The bill of materials is explicit that it excludes 'VAT, fees, profits, overheads, contractor's prelims, transportation and landscaping'. A self-building household can ignore most of those. A contractor tendering under 3.4 cannot. The pilot costing model (Chapter 16 and Appendix I.6) prices the construction contract for the reference home at about £174,000 once preliminaries, overheads and profit are added at ordinary industry rates. Fees, the structural warranty and environmental compliance add about £14,000; the programme costs of establishing the Trust, approving a prospectus and running the organisation through the build add about £15,000 per home across 500 homes; and interest during construction adds about £8,000. The funded cost of a home in the pilot is therefore about £211,000. The site infrastructure is not in that figure, because it is not on the bond: it is funded by Homes England infrastructure grant or delivered by the landowner as serviced land (Chapter 19), and is worth about £18,000 per home to the rent.

That is still a home at roughly half the price of a market home on the same plot, and the reasons — no land cost, no developer margin, no sales risk, no marketing, no VAT — are all intact. But the £140,000 figure is the floor set by materials and labour, not a base case, and this document does not present it as one. The honest base case is the price a tender discovers, and the bond arithmetic in Chapter 2 and Appendix I is restated on it. One further cost sits beside the construction price. If the bonds have to be issued below par to find buyers, the Trust must issue more face value to raise the same cash, and that extra debt lands on the rent: about £9,000 per home for every five points below par (Appendix I.6). At proof of concept the government buys the issuance at par and the question does not arise; thereafter it is the argument for issuing at a scale, and with a track record, at which the bonds trade close to par.

3.9 What Is Not Being Proposed

These are not temporary structures, prefabs or containers. They are permanent family homes, designed to last decades, built from tested materials, capable of obtaining a ten-year structural warranty and of being mortgaged by mainstream lenders if policy ever changed. The reference design can be disassembled and its materials reused or recycled at end of life rather than demolished — but that is an environmental benefit, not a signal of impermanence.

3.10 What Else the System Can Build

The Switch House is the reference design because the most acute housing need is among families. These are the households paying the highest private rents, occupying the most overcrowded accommodation, and generating the largest Universal Credit housing claims. A two-to-three bedroom family home is the priority.

But the specification is not limited to a single house type, and nor is the reference system. The same structural principles, manufacturing process and supply chain can produce a range of building types with minimal additional design work:

Terraced mixed-use. A row of Switch Houses can be adapted to provide commercial units at ground level — a shop, café or office — with a compact one-to-two person flat above. This is the pattern that built most of Britain's high streets, updated with modern manufacturing. It allows new developments to include local employment and services from day one.

Low-rise flats. The reference system builds low-rise apartment blocks suited to single people or childless couples, with units of approximately 55m², up to three storeys. These provide a cheaper-per-unit option at higher density, broadening the range of households the scheme can serve. Flats also sit outside the uncommenced ban on new leasehold houses discussed in Chapter 12.6.

Community and public buildings. The same system builds GP surgeries, schools, nurseries, community halls and — if the development is large enough to warrant one — a pub. A GP surgery built this way on public land, at £1,600–£2,200/m², costs a fraction of a conventional NHS capital build at £3,500–£5,000/m² or more. The saving is public money not spent.

Accessible and single-storey homes. The system builds bungalows with no structural compromise. Accessibility features — wider doorways, level-access wet rooms, wheelchair-turning spaces — are incorporated at the file stage, not retrofitted at cost on site. A purpose-built adapted home at £120,000–£160,000 is dramatically cheaper than the alternative: local authority residential care placements typically cost £1,000–£1,500 per week. Every adapted home that enables independent living avoids that recurring expenditure indefinitely.

Employment and workshop space. Light industrial units, workshops and storage buildings, supporting local employment within mixed-use developments.

A development funded through Housing Investment Bonds need not be a housing estate. It can be a complete neighbourhood — homes, services, employment space — built from a single specification, by local suppliers, on public land. The bonds fund the homes; the commercial tenants pay market rent that provides additional revenue to the portfolio.

Chapter 4: Housing Investment Bonds — Who Invests and Why

4.1 The Investment Opportunity

The UK is short between 4.3 and 6.5 million homes. Demand for housing is not speculative — it is demographic, structural, and growing. Any financial instrument backed by housing rental income in this market is backed by demand that is not going away.

Housing Investment Bonds are revenue bonds — a well-understood instrument in infrastructure finance. The principal raised by each bond pays for the construction of homes. That principal is then amortised over 35 years from occupants' rent, pooled at the portfolio level. The bond pays a fixed real coupon of 3% per annum, adjusted annually for CPI. Principal is returned progressively over the term, not in a lump at the end (Chapter 13.2). There is no borrower, no repossession risk, and no household debt. The instrument functions economically like a mortgage in its repayment structure, but held at the portfolio level, not the household level.

What is different from conventional bonds is the underlying security: rental income from permanently occupied homes on publicly owned land, with a statutory safety net operating through the Universal Credit housing element under the Welfare Reform Act 2012. The revenue stream is underwritten at two levels — by earned income when occupants are in work, and by a statutory entitlement when they are not.

4.2 Who Invests

The bonds are designed for four classes of investor.

4.2.1 Institutional Investors

Pension funds, insurance companies, and local authority pension schemes are required by their liability structures to hold long-duration, inflation-linked assets. The regulatory framework governing defined benefit pension schemes — including the Pensions Act 2004, the Occupational Pension Schemes (Investment) Regulations 2005, and Solvency II requirements for insurers — creates structural demand for exactly this type of instrument. A 35-year, CPI-linked bond backed by rental income from permanently occupied homes meets that specification directly. The credit quality is high: the revenue stream is underwritten by earned income and a statutory welfare entitlement. Housing demand in the UK is structural and durable. Default risk at the portfolio level is low, for the reasons quantified in Appendix I.

4.2.2 Retail Investors

Individual savers accessing the bond through investment platforms and apps receive a predictable, inflation-protected return with a transparent social purpose. The bond is designed to qualify for a stocks and shares ISA under the Individual Savings Account Regulations 1998 (SI 1998/1870), regulation 7(2)(b), on admission to trading on the London Stock Exchange, meaning interest is entirely free from income tax and capital gains tax within an ISA wrapper. No new legislation or Treasury approval is required; eligibility follows from the regulations, subject to one point of confirmation with HMRC set out in Chapter 14.5. Outside an ISA, the Personal Savings Allowance under section 12 of the Finance Act 2016 covers the first £1,000 of interest for basic-rate taxpayers automatically. The bond sits alongside NS&I products and Green Bonds in the retail savings landscape, with one addition: the social purpose is directly attributable — your money builds a specific home, and the rent pays you back.

4.2.3 Fractional Investors

The bonds are issued in £100 units, because an ISA can hold a whole bond but not a fraction of one: the ISA Regulations were amended in 2024 to admit fractional shares, and expressly left fractional bonds out (Chapter 14.5.3). A saver putting £25 a month into a stocks and shares ISA can therefore buy a whole bond every four months, but cannot hold the bonds in the proportion they save. For them a dedicated retail platform permits fractional subscription from as little as £1 (Chapter 13.3), structured as a beneficial interest in a pooled bond holding with returns credited monthly in proportion to the amount invested — outside the ISA wrapper, and so taxable above the Personal Savings Allowance, until the regulations are amended (Chapter 20, item 8). The entry point is low enough for households who cannot commit to a lump-sum purchase but can allocate a small recurring amount to a stable, inflation-linked return. It broadens both the investor base and the social legitimacy of the instrument: the people housed by the programme and the people funding it are drawn from the same income cohort.

4.2.4 Ethical and Impact Investors

A growing segment of the investment market — both retail and institutional — operates under mandates requiring measurable social returns alongside financial returns. This includes funds operating under the UN Principles for Responsible Investment, ESG-mandated institutional portfolios, and impact investment vehicles. Housing Investment Bonds provide both: a quantifiable financial coupon and a directly attributable outcome — homes built, families housed, welfare expenditure reduced. This is auditable social impact, not a marketing label. The outcome is measurable at bond level from the date of first occupation.

4.3 What Investors Get

4.3.1 A 3% Real Return

The coupon is fixed in real terms and adjusted annually for CPI: a 3% real return is, at 2% inflation, a nominal return of about 5% a year, and the principal outstanding is indexed as well. Purchasing power is protected throughout the 35-year term. In October 2026 thirty-year index-linked gilts yield about 2.4% real (Chapter 16.2 and Appendix I.3.2); the bond pays about 60 basis points more, with a security — rent on permanently occupied homes — that no gilt carries, and corporate bonds offer comparable or higher nominal yields with materially higher default risk.

4.3.2 Tax-Free Income Within ISA

Interest earned within an ISA is entirely free from income tax and capital gains tax under the ISA Regulations 1998. No new legislation is required.

4.3.3 Liquidity

Bonds are tradeable on a secondary market — the bond does not require a 35-year holding period. The combination of government-adjacent credit quality, inflation linkage, and housing-backed revenue should support an active secondary market. Admission to the London Stock Exchange's Main Market with the retail Access Bond designation provides a regulated trading venue accessible to individual investors.

4.3.4 Low Risk

Occupancy risk is minimal in a market structurally short of millions of units. Revenue risk is mitigated by the dual income structure: occupants pay from earnings, and the Universal Credit housing element covers housing costs at the Local Housing Allowance rate when they cannot, under the UC Regulations 2013. At the portfolio level, the income stream is as secure as any revenue-backed non-sovereign instrument in the UK market, and Appendix I shows how far it can deteriorate before bond service is at risk.

4.4 The Case for Full Tax-Free Status

Beyond ISA eligibility, a case exists for statutory tax exemption on bond interest, following the precedent of NS&I Premium Bonds and NS&I Fixed Interest Savings Certificates. Both instruments are exempt from income tax under section 694 of the Income Tax (Trading and Other Income) Act 2005. Extension of equivalent treatment to Housing Investment Bonds would require primary legislation — a single clause in a Finance Act.

The fiscal arithmetic is modest and positive. Interest on £10 billion of bonds at a 3% real coupon is about £300 million a year; the tax foregone on the part held outside an ISA is at most £60 million a year at basic rate and £120 million at higher rate, and most retail holdings will already sit inside the ISA wrapper. Against that, £10 billion builds 47,000 to 67,000 homes at the funded costs in Appendix I.6, and Appendix III.7 puts the quantified welfare saving at scale at about £34 million a year per 10,000 homes in operation, before council tax and before the indirect savings it does not count: £160 million to £225 million a year. The exemption is self-funding from the first year the homes are occupied.

4.5 What the Government Provides — and What It Gets Back

The government's contribution to the bond framework is land, legal framework, and tax treatment. It does not borrow. It does not guarantee. It enables.

It provides land by leasing public land at peppercorn rates, retaining the freehold in perpetuity. The Trust holds a long leasehold; the residents hold thirty-five-year leases under it; and, on the Trust's reading of the leasehold reform legislation, no resident can acquire the freehold by statute (Chapter 12.6). The land does not leave public ownership. The legal framework for the lease is addressed in Chapter 7.

It establishes the bond framework by the ministerial instruments in Chapter 20 and by acting as anchor purchaser of the pilot issuance (Chapter 16). The Trust is the issuer; no Treasury authorisation of the instrument, Debt Management Office involvement or HMRC approval of the product is needed (Chapter 14), and none of it requires new legislation.

It approves the tax treatment. ISA eligibility follows from the existing ISA Regulations once the bonds are admitted to trading. Full statutory tax-free status, if pursued, requires one Finance Act clause.

In return, the government receives:

No increase in public sector net financial liabilities, the government's debt target, because the bonds are the Trust's debt, not the government's, and any bonds the government buys are financial assets matched against the liability incurred to buy them. Chapter 16.4 sets out the classification position precisely, including what does and does not move.

Permanent public housing assets, because the freehold is retained and the homes revert at lease expiry debt-free.

Reduced welfare expenditure, because every household housed at genuinely affordable rent is a household not claiming UC housing element.

Local economic activity, because distributed manufacturing and local supply chains generate employment and tax receipts in the communities where homes are built.

4.6 Required Structure

The operational architecture for bond issuance, fund management, rental collection, and bondholder distribution requires detailed design work beyond the scope of this document. The key questions to be resolved are:

The issuer is the Trust, which needs no FCA authorisation to issue its own bonds (Chapter 14.3); what remains to be designed is the trust deed, the security trustee's role and the registrar.

Portfolio management — how rental income is collected, pooled, and allocated between coupon payments, principal repayment, and maintenance reserves.

Secondary market infrastructure — how bonds are listed and traded, including Main Market admission and market-maker requirements.

Confirmation of the ONS classification position set out in Chapter 16.4: that the Trust remains a private-sector body and that the government's pilot purchase is a financial transaction.

Oversight and governance, including accountability for construction quality, occupancy management, and bondholder reporting to the FCA and Regulator of Social Housing.

These are implementation questions for the Treasury, the DMO, and appointed fund managers. They are soluble. They are not reasons to reject the model.

Chapter 5: How the System Works

The government leases publicly owned land at peppercorn rates, on a long lease, to the Trust, and either delivers it serviced or funds the roads, drains and utilities through Homes England infrastructure grant. The Trust tenders the construction of homes to a published specification and price, with the open-source WikiHouse Switch House as the benchmark, and pays the successful contractor in cash, at certified stages, from the proceeds of the bonds. A home is move-in ready within months, at a funded cost of about £211,000 in the pilot and lower at scale.

Construction is thus funded by issuing Housing Investment Bonds: at proof of concept to the government as anchor purchaser, and thereafter to institutions and savers. No public borrowing occurs.

The household takes a thirty-five-year lease and pays rent — no more than 33% of net income at entry. That rent services the bonds: a 3% real coupon plus principal repayment over 35 years. If the household's income falls, the Universal Credit housing element covers the housing cost automatically. The revenue stream is uninterrupted. No new public spending is created.

At year 36, the bonds are fully repaid. The home stands debt-free on public land, and the household renews its lease. Rent continues, and services a new bond issued against the home to fund the next wave of construction (Chapter 13.2); only where the Trust chooses not to reissue does it fall to maintenance and management. The cycle repeats: each generation of bonds funds homes that become permanent assets of a charitable trust on public land.

Chapter 6: The Scale of the Problem — Problem Statements

The previous sections set out who this proposal serves and what it delivers. This section establishes why an alternative approach is necessary — not as a supplement to the existing housing market, but because the existing market is structurally incapable of closing the gap.

The shortage is measured in millions, not thousands. The UK is short between 4.3 million homes (UK Finance estimate) and 6.5 million homes (Centre for Policy Studies, benchmarked against European comparators). Construction completions in England were approximately 33,000 in the third quarter of 2025 — an annual rate at which the deficit would take decades to clear, before accounting for population growth.

The building sector cannot scale to meet demand (even if funding were available). The UK lacks the skilled tradespeople needed for a major conventional housebuilding programme. The Construction Industry Training Board has repeatedly identified shortages in bricklayers, plasterers, plumbers and electricians. Training pipelines take years to fill. A strategy that depends on traditional construction methods is constrained not just by cost but by the physical absence of the workforce to deliver it (see Appendix VIII: Skills Shortages).

The lending system cannot scale to meet demand (even if the houses were available). Even if house prices stabilised tomorrow, the financial system lacks the capacity to expand mortgage lending at the rate required. Mortgage approvals are constrained by capital adequacy rules, stress-testing requirements, and the Bank of England's affordability framework. This is not a temporary market condition; it is a structural ceiling. No amount of demand-side stimulus — Help to Buy, shared ownership, deposit guarantees — can overcome a supply problem through lending (see Appendix VII: Lender Constraints).

“Affordable housing” is not affordable. The planning definition pegs affordable rent at 80% of local market rent. Eighty per cent of an unaffordable figure does not make an affordable one: in a borough where the market rent for a family home is £2,000, the ‘affordable’ rent is £1,600, which is more than half of a median earner’s take-home pay. This proposal defines affordability against actual income — housing costs not exceeding 33% of net household income — and the figure follows from the cost of the home, not from a market it is trying to track.

Affordable housing targets undermine the developments they are attached to. Local plans requiring 30–50% affordable housing on private developments create a viability problem: developers must cross-subsidise affordable units from the profit on market-rate units, and where land and construction costs are high the scheme does not get built at all. In October 2026 Taylor Wimpey, one of the country’s largest housebuilders, said it would start no further London schemes because ‘baseline viability is fundamentally broken’ (Chapter 8.1). In the same month Landsec shelved its consented £1.5 billion redevelopment of Lewisham Shopping Centre — 1,700 homes, with about 20% affordable — citing market conditions, after the newly elected council pressed for a higher share of social rent. Both homes and affordable homes were lost. Where schemes do proceed, the cost is passed through to market-rate buyers, pushing prices further out of reach. The mechanism designed to create affordable housing reduces total supply and inflates prices on the remainder.

Housing wealth leaves the communities that generate it. A growing share of the UK housing stock is owned by corporate landlords, overseas investors, and portfolio buy-to-let operators. Rental income is extracted from local economies rather than recirculated. The households paying that rent build no equity, accumulate no asset, and have no stake in the community beyond their tenancy agreement. This is not an argument against private property; it is an observation that the current market directs housing investment returns away from the places and people who need them most.

Population growth continues to outpace supply. Net migration to the UK has been running at approximately 500,000 per year in recent periods. Regardless of one's view on immigration policy, these are people who need somewhere to live, and they are arriving into a market that was already millions of homes short. Any credible housing strategy must account for actual demand, not a politically convenient projection of it.

The welfare cost of inaction is enormous. The failure to build enough affordable housing is not cost-free to the public finances. It is paid for continuously through the Universal Credit housing element, housing benefit, temporary accommodation costs, and the downstream health and social care consequences of housing insecurity. The fiscal case for this proposal is not simply that it builds homes — it is that every home built at genuinely affordable rents reduces recurring public expenditure. This is quantified in Appendix III.

PART II: LEGAL AND TECHNICAL DETAILS

While Part I covers the concept and components, a more detailed treatment of the individual components is required to understand the art of the possible, and specifically feasibility in the current legal framework. However, it must be noted that using statutory instruments to implement this carries the risk of challenges in the courts so, ideally, primary legislation with a statement of intent and proportionality would be used to block judicial reviews.

Chapter 7: Land — What Exists and the Legal Barriers to Peppercorn Rents

7.1 What Is Available

Central government holds approximately 299,000 hectares. The Ministry of Defence has identified surplus land for over 100,000 homes. Network Rail has capacity for 40,000. NHS surplus land is valued at over £800 million. Local authorities hold further land across the country. The government already has a stated policy of releasing surplus public land for housing and established a cross-departmental taskforce to accelerate this in March 2025.

7.2 The Current Model

Public land is sold at market value. The proceeds are a one-time capital receipt often used to fill a budgetary gap. The land is permanently lost from public ownership. The homes built on it are sold or rented at market rates.

7.3 What This Proposal Does Instead

The government grants a long lease at peppercorn rates, retaining the freehold of the land in perpetuity. The lease must be long enough to carry the cycle in Chapter 5 — a bond repaid at year 35, the home relet or the lease renewed, a new bond issued against it — through several generations. A headlease of 125 years is the minimum that makes the model work; 250 or 999 years is the norm for public-sector disposals of this kind and is what the Trust asks for. The headlease must permit the Trust to grant underleases of more than twenty-one years (Chapter 17.6.1) and must itself be registered at HM Land Registry. Under the preferred route in Chapter 19.1, the land is delivered serviced.

7.4 Legal Framework

Four areas of law govern the disposal of public land at below market value. None prohibits what this proposal requires, but each imposes conditions that must be addressed.

7.4.1 Section 123, Local Government Act 1972

Local authorities must obtain "the best consideration that can reasonably be obtained" when disposing of non-housing land. The General Disposal Consent 2003 permits disposal at undervalue — including peppercorn leases — where the authority considers the disposal will promote the economic, social, or environmental wellbeing of its area, and the undervalue does not exceed £2 million per transaction. Above £2 million, specific Secretary of State consent is required. For large-scale affordable housing on high-value land, the £2 million threshold will be exceeded. This requires either case-by-case ministerial consent (administratively unworkable at scale) or an amendment to the General Disposal Consent creating a housing-specific exemption or raising the threshold. The General Disposal Consent is a ministerial instrument, not primary legislation. It can be amended without an Act of Parliament.

7.4.2 Sections 32 and 43, Housing Act 1985

Land held by local authorities for housing purposes is subject to a separate, stricter regime. Disposal requires the consent of the Secretary of State. The General Housing Consents 2013 provide limited flexibility — authorities can dispose of vacant land and unoccupied dwellings without specific consent — but they do not authorise large-scale peppercorn leases for new-build affordable housing. A new or amended General Housing Consent would be required, explicitly permitting peppercorn leases to approved delivery bodies for bond-funded housing schemes. Again, this is a ministerial consent issued under existing statutory powers. No new legislation is needed.

7.4.3 Managing Public Money (HM Treasury)

Central government land is subject to Treasury rules requiring disposal at market value. Disposal at undervalue requires Treasury approval and a demonstration of value for money in broader terms. The guidance already states that maximising sale proceeds is "not the sole determinant of value for money" and recognises that disposals can support housing, regeneration, and other policy objectives. However, a long peppercorn lease forgoing potentially millions in capital receipts would require an explicit Treasury direction or policy amendment. The fiscal case — welfare savings exceeding the foregone receipt, permanent asset retention, and local economic activity — would need to be made through a formal Green Book appraisal. This is a policy decision within the Treasury's existing authority, not a legislative change.

7.4.4 Subsidy Control Act 2022

Leasing public land at peppercorn rates to a delivery body that lets homes at below-market rents is likely to constitute a subsidy under the Act. The Act defines a subsidy as financial assistance from public resources that confers an economic advantage on an enterprise and could affect competition or investment. A peppercorn lease on land with material market value meets this definition.

This is not fatal. The Act is permissive by design. It requires subsidies to serve a public policy objective, be proportionate, and not unduly distort competition. Social housing is explicitly recognised as a Service of Public Economic Interest (SPEI), which benefits from a higher de minimis threshold (£725,000 over three years) and lighter assessment requirements. At scale, the subsidy value will exceed even the SPEI threshold and require a full assessment against the seven subsidy control principles, potentially with referral to the Subsidy Advice Unit within the CMA. The assessment should be straightforward: the policy objective is clear, the market failure is extensively documented, and the subsidy is the minimum necessary to make the model function. But it must be planned for from the outset and built into the programme design, not treated as an afterthought.

7.5 Summary of Required Changes

All four barriers can be resolved without primary legislation:

An amended General Disposal Consent (ministerial instrument) with a housing-specific exemption or raised threshold for peppercorn leases to approved delivery bodies.

An amended General Housing Consent (Secretary of State consent under the Housing Act 1985) explicitly authorising peppercorn leases for bond-funded affordable housing.

A Treasury direction or amendment to Managing Public Money guidance, establishing that peppercorn leasing for this class of housing constitutes value for money where demonstrated through Green Book appraisal.

A subsidy control assessment prepared at programme level under the Subsidy Control Act 2022, with referral to the Subsidy Advice Unit if required.

Two further things should be written into the consents above rather than asked for separately: that the land is delivered serviced (Chapter 19.1), and that the headlease is of the length and on the terms described in 7.3. Chapter 20 collects every ask this document makes, ranked by difficulty; the four here are the easiest on the list, and none needs an Act of Parliament.

Statutory position in this chapter current to 19 October 2026.

Chapter 8: Planning

8.1 Consent Is Not the Binding Constraint

It is tempting to call planning permission the single largest source of delay, cost and uncertainty in UK housebuilding, and to ask for a fast-track consent route as a structural requirement. A reviewer would answer with one number. City Hall estimated in 2024 that London alone holds extant permissions for more than 300,000 homes — around seven years' supply — that have not been built. The Local Government Association put the national figure at more than 1.1 million homes permitted in England between 2010/11 and 2019/20 and not built. The homes have consent. They are not being built because they do not pay to build. In the week of 7 October 2026 the chief executive of Taylor Wimpey, asked whether the company would commit to more London schemes, said: 'No. Baseline viability is, I think, fundamentally broken in London.' In the same week Berkeley's executive chair, Rob Perrins, lost a judicial review of the refusal of 867 homes at the Aylesham Centre in Peckham and called it a '10-year planning nightmare' that 'demonstrates the gulf between positive planning policies and what actually happens'. The two statements are not in tension: consent is slow, expensive and uncertain, and even where it is obtained the scheme does not proceed.

The binding constraint is viability, not consent. That matters for this proposal because viability is the one thing it changes outright. A conventional scheme must pay for land at market value, carry development finance at commercial rates until sale, fund affordable housing and infrastructure obligations out of the margin on market units, bear the sales risk of a market that may have moved by completion, and still return a developer's profit. The Trust's scheme pays a peppercorn for land, is financed by bonds serviced from rent rather than by debt repaid from sales, is 100% affordable and therefore the obligation rather than the thing that funds it, has no sales risk because it does not sell, and takes no profit. Chapter 18.9 sets out, item by item, what the Trust's home does not pay that a London flat does. The reason Taylor Wimpey cannot build in London is the reason the Trust can.

So the 300,000 consented and unbuilt homes are not an objection to this proposal. They are its evidence. They prove that the planning system is already producing more consent than the market can use, and that a model which makes consented land viable to build out has 300,000 opportunities waiting for it before it needs a single new permission. The Trust's first developments should be on public land that already has, or can readily obtain, consent through the ordinary route.

The planning ask that follows is therefore demoted from a structural requirement to a speed optimisation. The legal analysis in 8.2 to 8.4 stands, and the routes it describes would make a national programme faster. None of them is necessary for the pilot, and the proposal does not depend on any of them.

8.2 The Ordinary Route and Its Limits

Planning permission is still a real cost and a real delay, and the proposal should not pretend otherwise. Local planning authorities are under-resourced, applications are slow, and decisions are subject to political pressure, committee-level refusal of policy-compliant schemes, and judicial review under Part 54 of the Civil Procedure Rules. In the year to June 2025, approximately 222,000 homes were granted planning permission in England — the lowest in twelve years (HBF/Glenigan Housing Pipeline) — against a standard-method assessment of need of about 370,000 a year under the December 2024 National Planning Policy Framework and a government target of 1.5 million homes over the Parliament.

For conventional market housing, each site requires its own application under Part III of the Town and Country Planning Act 1990 (TCPA 1990), determined by the local planning authority under section 70 of that Act and section 38(6) of the Planning and Compulsory Purchase Act 2004. Each decision is shaped by development plan policies, the National Planning Policy Framework, committee politics, neighbour representations, and viability negotiations under section 106 of the TCPA 1990. There is no mechanism by which the national need for housing can override local resistance to a specific development.

The Trust's position under this route is better than a market developer's in three respects and worse in none. A 100% affordable scheme on public land, built to a published national specification, is a material consideration weighing heavily in favour of consent under the NPPF. Section 106 obligations are constrained by the regulation 122 tests and by the viability of a scheme with no market-sale surplus

(Chapter 11.2). And the land is public, so the landowner and the applicant share an interest in consent being granted. The pilot in Chapter 16 proceeds on this basis. The programme costing in Appendix I.6 carries the planning fees and the design work it requires.

8.3 The Nationally Significant Infrastructure Route

For energy, transport, water, and waste, the problem of local veto was solved by the Planning Act 2008 (PA 2008). Part 1 of the Act established the nationally significant infrastructure project (NSIP) regime: a separate consenting process in which applications are examined by the Planning Inspectorate under section 65 of the PA 2008 and decided by the relevant Secretary of State under section 103. A Development Consent Order (DCO) under section 114 replaces the need for multiple separate permissions. Examination takes a maximum of six months (section 98(1)) and the Secretary of State's decision a further three months (section 107). Since 2010, over 110 NSIPs have been consented. The refusal rate is under 6%.

The regime exists because Parliament recognised that certain categories of infrastructure are of national importance and cannot be held hostage to local planning decisions. National Policy Statements designated under section 5 of the PA 2008 set out the policy framework against which applications are assessed. The decision to build is taken at national level against national need.

8.4 Housing Is Excluded by Statute

Housing cannot use this route. Section 35(5) of the PA 2008, inserted by section 26 of the Growth and Infrastructure Act 2013, provides that regulations under section 35(2)(a)(ii) 'may not prescribe a description of project which includes the construction of one or more dwellings.' This is not a gap in the law. It is an explicit statutory prohibition.

Section 160 of the Housing and Planning Act 2016 made a limited concession, amending section 115 of the PA 2008 to allow housing to be included as 'related development' within an NSIP application. The accompanying DCLG guidance (March 2017) caps this at 500 dwellings per project and makes clear that the Secretary of State may refuse consent for the housing element even if the infrastructure element is consented.

The Planning and Infrastructure Act 2025, which received Royal Assent on 18 December 2025, reformed multiple aspects of the NSIP regime and the wider planning system. It did not remove the section 35(5) prohibition on housing as nationally significant infrastructure. The December 2024 NPPF update (paragraph 86) recognises data centres, gigafactories, laboratories, and freight logistics as critical national infrastructure for planning purposes. It does not extend that designation to housing.

The UK is short between 4.3 and 6.5 million homes. Annual completions in England are running at approximately 33,000 a quarter. The government's own target is 1.5 million homes this parliament. By any rational measure, housing is critical national infrastructure. The Planning Act 2008, as amended, does not treat it as such.

8.5 What Would Make a National Programme Faster

There are three routes to a faster consent for qualifying developments. They are not mutually exclusive. None is needed for the pilot; any of them would shorten the path from the pilot to a national programme, and the ledger of asks in Chapter 20 ranks them accordingly — last, because they require primary legislation and because the proposal works without them.

8.5.1 Route 1: Amend the Planning Act 2008

Repeal section 35(5) of the PA 2008. Either add housing to the categories of NSIP in Part 3 of the PA 2008 — with appropriate thresholds (for example, developments of 500 or more units on public land) — or enable the Secretary of State to issue directions under section 35(1) for housing schemes of national significance. Large-scale, bond-funded housing on public land would then be consented through the DCO process under Part 6 of the PA 2008: a single application, examined nationally under section 98, decided within statutory timescales under section 107, against a National Policy Statement for Housing designated under section 5. This requires primary legislation to amend one subsection.

8.5.2 Route 2: Create a Housing-Specific Fast-Track Planning Route

Rather than fitting housing into the existing NSIP regime, create a parallel fast-track consent process for qualifying affordable housing schemes — defined by public land tenure, bond funding, and compliance with published design and sustainability standards. Applications would be determined by the Planning Inspectorate (or a dedicated housing planning body) rather than the local planning authority, with statutory timescales for examination and decision. Community consultation requirements would remain. The decision would be taken at national level against a National Policy Statement for Housing. This could be established through further regulations or amendments under the Planning and Infrastructure Act 2025 or successor legislation.

8.5.3 Route 3: Dedicated Primary Legislation

Enact a standalone statute — an Affordable Housing (National Infrastructure) Act — that designates bond-funded affordable housing on public land as national critical infrastructure by express parliamentary authority. The Act would grant automatic deemed planning permission, under a mechanism equivalent to section 90(1) of the TCPA 1990, for qualifying developments that meet published criteria: public land tenure, Housing Investment Bond funding, compliance with national design and sustainability standards, and completion of community consultation requirements. Local planning authority consent under section 70 of the TCPA 1990 would not be required.

The Act would include an ouster clause restricting judicial review under Part 54 of the Civil Procedure Rules to procedural grounds only — not the merits of individual developments — and would expressly state that Parliament's intention is that qualifying housing is to be built, that this intention reflects the national interest, and that no court may treat local planning policy under section 38(6) of the Planning and Compulsory Purchase Act 2004, neighbourhood plans made under section 38A of that Act, or development plan allocations as grounds for preventing or delaying a qualifying scheme.

This is the most direct route and the hardest to challenge legally. An express statement of parliamentary intent, enacted through primary legislation with explicit ouster provisions, leaves no ambiguity for a court to interpret. Judicial review would remain available for procedural failures — a consultation not carried out, a design standard not met — but not for the substantive question of whether the housing should be built. Parliament will have answered that question.

The precedent exists. The Channel Tunnel Act 1987 granted specific deemed planning permission by statute. Section 90(1) of the TCPA 1990 provides for deemed planning permission by ministerial direction for development by government departments. Where Parliament determines that infrastructure is in the national interest, it has the constitutional authority to say so in terms that bind every other body — including the courts.

8.6 What This Proposal Does — and Does Not — Do to Local Planning

None of these routes abolishes local planning. Private market housing on private land continues to be determined under Part III of the TCPA 1990 by local planning authorities under section 70, against development plan policies under section 38(6) of the Planning and Compulsory Purchase Act 2004. The entire existing system is unaffected.

What would change is the treatment of a single, defined category: bond-funded affordable housing on publicly owned land, built to published national standards. Under Routes 1 and 2, local communities retain consultation rights and local planning authorities submit impact assessments. The decision is taken nationally, but local input informs it. Under Route 3, the decision has already been taken — by Parliament. Communities shape how a qualifying development is designed and delivered through consultation and national design standards. They do not have a veto over whether it proceeds.

The question is not whether this would be a significant planning intervention. It would. The question is whether a planning system that has delivered a deficit of millions of homes over decades, under the TCPA 1990, the Planning and Compulsory Purchase Act 2004, the Localism Act 2011, the Housing and Planning Act 2016, the Levelling-up and Regeneration Act 2023, and the Planning and Infrastructure Act 2025 — none of which has solved the problem — is entitled to a presumption in its own favour. Parliament is entitled to conclude that it is not. But the Trust does not need Parliament to reach that conclusion before it

builds a single home. That is the point of this chapter.

Statutory position in this chapter current to 19 October 2026.

Chapter 9: Equality Act 2010

9.1 The Issue

The eligibility criteria for this scheme — household income between £31,500 and £75,000 gross, with at least one member in employment — define the cohort by reference to earned income. This is deliberate. The scheme exists to serve working households who earn too much to qualify for social housing but too little to purchase at market prices. That cohort is the specific, documented gap in existing provision.

However, eligibility criteria defined by employment status and income level engage the indirect discrimination provisions of the Equality Act 2010. Section 19(1) provides that indirect discrimination occurs where a person applies a provision, criterion, or practice (PCP) that is discriminatory in relation to a relevant protected characteristic. Under section 19(2), a PCP is discriminatory if it applies or would apply to persons who do not share the protected characteristic, it puts or would put persons sharing the characteristic at a particular disadvantage compared to those who do not share it, and it puts or would put the individual at that disadvantage — unless the person applying it can show it is a proportionate means of achieving a legitimate aim (section 19(2)(d)).

The employment and income criteria are PCPs within the meaning of section 18. They are facially neutral — they do not refer to any protected characteristic. But their effect is not neutral across all protected groups.

9.2 Who Is Disadvantaged

Three groups are placed at a particular disadvantage by income and employment criteria.

9.2.1 Disabled People

The employment rate for disabled people in the UK is approximately 53%, compared to approximately 82% for non-disabled people (DWP, Family Resources Survey 2022/23). Disabled people are over-represented among those earning below the income floor and among those outside employment entirely. An employment requirement and a minimum income threshold disproportionately exclude disabled people within the meaning of section 19(2)(b), engaging the protected characteristic of disability under section 4 of the Act.

9.2.2 Women

Women are over-represented in part-time employment (ONS, Labour Force Survey) and in lower-paid occupations. Median gross annual earnings for women working full-time are approximately 14.3% lower than for men (ONS, Gender Pay Gap 2024). Single-earner female households are more likely to fall below the £31,500 income floor. The income criterion places women at a particular disadvantage, engaging the protected characteristic of sex under section 4.

9.2.3 People Economically Inactive or Benefit-Dependent

While "benefit claimant" is not itself a protected characteristic under section 4, benefit dependency correlates with disability, caring responsibilities (disproportionately borne by women under section 4), age, and ethnicity. To the extent that the employment criterion excludes benefit-dependent households, it may indirectly disadvantage groups defined by protected characteristics, even though it is expressed in economically neutral terms.

9.2.4 Race and Ethnicity

Unemployment among Black, African, and Caribbean people in the UK is approximately 7%, compared to 3% for White British people (ONS, Labour Market by Ethnic Group, 2024). Bangladeshi and Pakistani households have median incomes of approximately £27,400 and £30,800 respectively (DWP, Households Below Average Income, 2022/23), placing a significant proportion below the £31,500 income floor. Ethnic minority households are also over-represented in insecure employment and lower-paid sectors. The income and employment criteria disproportionately exclude persons of certain racial and ethnic groups within the meaning of section 19(2)(b), engaging the protected characteristic of race under section 9 of the Act.

This is not speculative. An Equality Impact Assessment under the Public Sector Equality Duty (section 149 of the Act) would identify these disparities. They should be acknowledged at the outset rather than discovered in litigation.

9.3 The Justification

Section 19(2)(d) provides a complete defence to indirect discrimination where the PCP is a proportionate means of achieving a legitimate aim. Both elements must be satisfied: the aim must be legitimate, and the means must be proportionate to it. The burden of establishing justification falls on the person applying the PCP (section 19(2)(d); Case 170/84 Bilka-Kaufhaus GmbH v Weber von Hartz [1986] ECR 1607, applied domestically in Homer v Chief Constable of West Yorkshire Police [2012] UKSC 15).

9.3.1 Legitimate Aim

The aim is to address a specific, documented failure in the housing market: the absence of any adequate provision for working households earning between £31,500 and £75,000 gross who cannot afford market purchase or market rent. This is not a preference. It is a gap. Social housing allocation under Part VI of the Housing Act 1996 is needs-based and prioritises homelessness, overcrowding, medical need, and vulnerability (section 166A(3)). A household earning £37,000 — the national median — with no dependent vulnerability will not be allocated social housing in any local authority operating under current demand. Private rented sector housing at median rents absorbs 38% or more of that household's net income, leaving ownership deposit accumulation functionally impossible in most of England. No existing programme addresses this cohort. The aim of creating one is legitimate.

9.3.2 Why Broadening Eligibility Would Defeat the Aim

The scheme operates within a finite housing supply — 500 homes in the proof of concept, scaling thereafter. If eligibility is extended to include households outside employment or below the income floor, the scheme competes for the same cohort already served, however inadequately, by existing social housing, supported housing, and the welfare system. Every unit allocated to a household that qualifies for social housing under Part VI of the Housing Act 1996 is a unit unavailable to a household that qualifies for nothing. The scarcity of supply is precisely what makes targeting essential. A universal scheme at this scale is not a housing policy. It is a waiting list.

9.3.3 Existing Provision for Excluded Groups

The proportionality of the exclusion depends in part on whether alternative provision exists for those excluded. It does.

Disabled people outside employment are served by the social housing allocation system under Part VI of the Housing Act 1996, which includes medical priority and reasonable preference for those requiring adapted or accessible housing (section 166A(3)(d)). The Care Act 2014 imposes duties on local authorities to meet eligible needs, including housing-related needs (sections 18–20). The Disabled Facilities Grant under the Housing Grants, Construction and Regeneration Act 1996 (as amended) funds home adaptations. Supported housing, extra care housing, and specialist accommodation funded through the Social and Affordable Homes Programme are directed specifically at disabled people.

Women on low incomes or outside employment access social housing through the same allocation framework, with reasonable preference categories covering homelessness (section 166A(3)(a)),

overcrowding (section 166A(3)(c)), and domestic abuse (Domestic Abuse Act 2021, section 78, amending the Housing Act 1996). Universal Credit housing costs under section 11 of the Welfare Reform Act 2012 and the legacy Housing Benefit system under the Social Security Contributions and Benefits Act 1992 provide direct rental support.

Benefit-dependent households are, by definition, within the welfare system. Their housing costs are met or subsidised through UC housing element or Housing Benefit. They are eligible for social housing. They are the population the existing system is designed — however imperfectly — to serve.

The cohort this scheme targets is served by none of these programmes. That is the market failure. The eligibility criteria exist to ensure finite supply reaches the population for which no alternative exists.

9.3.4 Proportionality

The means are proportionate because the exclusion is no wider than necessary to achieve the aim. The criteria do not exclude disabled people who are in employment and within the income range — they are fully eligible. They do not exclude women who are in employment and within the income range — they are fully eligible. What they exclude is households that fall outside the defined cohort regardless of protected characteristic. A non-disabled man earning £20,000 is equally ineligible. The PCP correlates with protected characteristics at population level, but operates identically at individual level regardless of those characteristics. The Supreme Court in *Homer* confirmed that where the legitimate aim is sufficiently important and the means are rationally connected to it with no less discriminatory alternative available, the justification defence is made out.

There is no less discriminatory alternative that achieves the same aim. Removing the income floor includes households already served by social housing. Removing the employment requirement includes households whose rental costs are met by the welfare system. Either dilution converts the scheme from targeted provision for an unserved cohort into general affordable housing — duplicating existing programmes while abandoning the population it was created to reach.

9.4 The Public Sector Equality Duty

Section 149 of the Equality Act 2010 requires public authorities, in the exercise of their functions, to have due regard to the need to eliminate unlawful discrimination (section 149(1)(a)), advance equality of opportunity (section 149(1)(b)), and foster good relations between persons sharing and not sharing protected characteristics (section 149(1)(c)).

The duty is procedural, not substantive. It requires that equalities implications are consciously considered as part of decision-making, not that every policy achieves equal outcomes for every group. The leading authority remains *R (Bracking) v Secretary of State for Work and Pensions* [2013] EWCA Civ 1345, which confirmed that the duty requires "rigorous" consideration but does not dictate the outcome.

The Supreme Court's decision in *Essop v Home Office (UK Border Agency)* [2017] UKSC 27 confirms that a claimant alleging indirect discrimination under section 19 need not prove why a PCP places their group at a particular disadvantage — only that it does (per Lady Hale at [24]). The reason for the statistical disparity is irrelevant to establishing the *prima facie* case. This means the income and employment criteria used in this scheme will engage section 19 the moment group-level disadvantage is demonstrated — which, as set out above, it can be for disability, sex, and race. The legal contest therefore takes place entirely on the ground of justification under section 19(2)(d). That is the ground this proposal is designed to win. The legitimate aim is specific and documented, the criteria are rationally connected to it, the exclusion is no wider than necessary, and no less discriminatory alternative achieves the same objective. *Essop* does not weaken this proposal. It clarifies where the argument is fought — and ensures it is fought on the merits of the justification, not on statistical causation.

Compliance requires a full Equality Impact Assessment at programme level before the scheme is launched. That assessment should document the disparities identified above, set out the justification under section 19(2)(d), identify monitoring arrangements to track the demographic composition of applicants and allocations, and commit to periodic review. If monitoring evidence shows that the criteria are producing disproportionate exclusion that cannot be justified — for instance, if disabled people in employment and within the income range are being excluded at a rate not explained by the eligibility criteria alone — the

scheme must be adjusted.

The section 149 duty is discharged by rigorous assessment, not by abandoning the policy aim. A scheme that serves everyone serves no one in particular. The Act requires due regard to equality. It does not require that every programme serve every population.

Statutory position in this chapter current to 19 October 2026.

Chapter 10: Building Regulations and the Building Safety Act 2022

10.1 The Regulatory Framework

This chapter demonstrates compliance for the reference design, the WikiHouse Skylark Switch House, because it is the benchmark every tender is judged against (Chapter 3.2) and because its test evidence is published. Under Chapter 3.1 the Trust specifies performance, not a system: any bidder's home qualifies if it meets the same requirements — the wall U-value, airtightness and ventilation in 3.1, and the fire resistance and structural evidence set out below — and a bidder offering a different system must evidence them to the same standard. What follows is therefore the standard, shown on the one design for which the evidence is already in the public domain.

All new dwellings in England must comply with the Building Regulations 2010 (SI 2010/2214), made under section 1 of the Building Act 1984 (c. 55). Regulation 4(1) provides that building work shall be carried out so that (a) it complies with the applicable requirements contained in Schedule 1, and (b) in complying with any such requirement there is no failure to comply with any other such requirement. Regulation 7 requires that building work shall be carried out with adequate and proper materials and in a workmanlike manner. Schedule 1 sets out the substantive performance requirements under Parts A through S: structure (Part A), fire safety (Part B), site preparation and resistance to contaminants and moisture (Part C), toxic substances (Part D), resistance to the passage of sound (Part E), ventilation (Part F), sanitation, hot water safety and water efficiency (Part G), drainage and waste disposal (Part H), combustion appliances and fuel storage systems (Part J), protection from falling, collision and impact (Part K), conservation of fuel and power (Part L), access to and use of buildings (Part M), overheating (Part O), electrical safety (Part P), security (Part Q), high-speed electronic communications infrastructure (Part R), and electric vehicle charging (Part S).

Compliance is demonstrated against the Approved Documents issued under section 6 of the Building Act 1984. Section 7 of that Act provides that failure to comply with an Approved Document does not of itself render a person liable to civil or criminal proceedings, but that compliance with the relevant Approved Document may be relied upon in any proceedings as tending to negative liability. The Approved Documents are guidance, not mandatory specifications. Alternative means of demonstrating compliance with the functional requirements of Schedule 1 are expressly permitted. This is a performance-based regulatory system: it prescribes what a building must achieve, not how it must be built.

A building control body must be appointed to oversee compliance. Under section 91ZA of the Building Act 1984, as inserted by section 31 of the Building Safety Act 2022, this is either the local authority or a registered building control approver (replacing the former approved inspector regime). Part 2A of the Building Regulations 2010, as inserted by regulation 6 of the Building Regulations etc. (Amendment) (England) Regulations 2023 (SI 2023/911), imposes dutyholder requirements — Client, Principal Designer, and Principal Contractor — on all building work to which the Regulations apply (not only higher-risk buildings). Section 34 of the Building Safety Act 2022 requires that these duty holders be "competent," meaning they must have the skills, knowledge, experience, and behaviours necessary to carry out their role.

10.2 The Building Safety Act 2022: Higher-Risk Buildings

The Building Safety Act 2022 (c. 30) established the Building Safety Regulator within the Health and Safety Executive (section 2). The Act's most significant new obligations apply to "higher-risk buildings," defined under section 65 of the Act and the Higher-Risk Buildings (Descriptions and Supplementary Provisions) Regulations 2023 (SI 2023/275) as buildings that are at least 18 metres in height or have at least 7 storeys, and contain at least two residential units. These buildings are subject to a three-gateway process: Gateway 1 at the planning application stage; Gateway 2, requiring Building Safety Regulator approval before construction begins (sections 19A–19F of the Building Regulations 2010, as inserted by regulation 11 of the Building Regulations etc. (Amendment) (England) Regulations 2023); and Gateway 3, requiring approval before occupation. Duty holders must maintain a "golden thread" of building safety information in a secure digital format throughout the building's lifecycle.

Part 4 of the Act imposes ongoing obligations on "accountable persons" responsible for occupied higher-risk buildings: registration with the Building Safety Regulator, assessment and management of building safety risks, preparation of a safety case report, a residents' engagement strategy, a mandatory occurrence reporting system, and application for a Building Assessment Certificate (sections 72–100).

WikiHouse Skylark is a 1–3 storey building system. A two-storey WikiHouse dwelling is approximately 6–7 metres in height. It is below the 18-metre and 7-storey thresholds by a factor of approximately three. The Gateway process, the Building Safety Regulator approval requirements, the accountable person obligations under Part 4, and the golden thread digital record-keeping requirements do not apply. This is not a marginal distinction. WikiHouse dwellings fall entirely outside the higher-risk regime. They are subject to standard building control under the Building Regulations 2010 — the same regime that applies to any conventional brick-and-block house.

This is a deliberate design advantage. The scheme proposes low-rise housing on public land. By building at 1–3 storeys, every dwelling avoids the enhanced regulatory regime entirely. No additional regulatory burden is created by the construction method.

10.3 Compliance with Schedule 1: Part by Part

10.3.1 Part A — Structure

Requirement A1 of Schedule 1 provides that the building shall be designed and constructed so that the combined dead, imposed and wind loads are sustained and transmitted by it to the ground safely, and so that ground movement caused by swelling, shrinkage or freezing of the subsoil, or landslip or subsidence, will not impair the stability of any part of the building. Requirement A2 provides that the building shall be designed and constructed so that, in the event of an accident, the building will not suffer collapse to an extent disproportionate to the cause.

WikiHouse Skylark uses structural plywood and OSB panels cut by CNC to $\pm 1\text{mm}$ precision, assembled into interlocking blocks using integral mechanical attachment joints — finger joints, bow ties, and stitched connections. The system has been subject to a programme of structural testing and analysis conducted with the Building Research Establishment (BRE), the University of Edinburgh, the University of Strathclyde, and Imperial College London, published in the WikiHouse open research library:

Material testing of Metsä plywood and Sterling OSB (Granello, University of Edinburgh / OSL, December 2022): establishing the mechanical properties of the constituent materials.

Skylark walls subjected to vertical loads (Granello, University of Edinburgh / OSL, December 2022): testing wall panels under compression to determine load-bearing capacity.

Skylark walls (external faces) subjected to wind pressure (Granello, University of Edinburgh / OSL, December 2022): testing wall panels under lateral wind loading — the primary structural constraint for lightweight timber buildings.

Skylark beams subjected to vertical loads (Granello, University of Edinburgh / OSL, December 2022): testing beam elements under bending loads.

Assessment of the footfall vibration sensitivity of Skylark floors (Granello, University of Edinburgh / OSL, December 2022): confirming serviceability of floor elements against human-perceptible vibration.

Bow ties subjected to shear forces and tensile forces (Granello, University of Edinburgh / OSL, December 2022 and January 2023): testing the key connection elements under the two primary load cases.

Finger joints subjected to tensile forces (Granello, University of Strathclyde / OSL, April 2023): testing the interlocking joint system that transfers loads between panels.

Experimental testing of plywood and OSB "jigsaw" joints for structural characteristics (Goudie, University of Strathclyde / OSL, April 2023): further joint testing.

Experimental testing of plywood integral mechanical attachment joints (Napier, University of Strathclyde / OSL, August 2022): defining tensile and stiffness characteristics.

Stitched joints subjected to shear forces (Granello, University of Edinburgh / OSL, February 2022): testing the stitching connection type.

Experimental testing of OSB Skylark floor beams (Granello, Yang, Zhang, Ogunkuade, Malaga, Imperial College London / OSL, September 2023): testing floor beam elements manufactured from OSB.

WikiHouse Structural Testing version 0.1 (O'Reilly, British Research Establishment / OSL, July 2021): the initial BRE structural testing programme.

Simplified analytical model for Skylark Walls version 0.2 (Granello, OSL, December 2022): a computational model for structural analysis.

This is thirteen published structural research reports across four institutions over four years. Structural calculations for individual projects must be prepared by a qualified structural engineer, confirming compliance with Part A by reference to BS EN 1995-1-1 (Eurocode 5: Design of timber structures) and the test data above. This is the same process required for any engineered timber-frame building. The difference is that WikiHouse has a deeper published evidence base than most proprietary timber systems on the UK market.

10.3.2 Part B — Fire Safety

Requirements B1 through B5 of Schedule 1 address means of warning and escape (B1), internal fire spread — linings (B2), internal fire spread — structure (B3), external fire spread (B4), and access and facilities for the fire service (B5). Approved Document B, Volume 1 (Dwellings) provides the guidance against which compliance is assessed.

For a two-storey dwelling (purpose group 1(a)), Approved Document B requires a minimum of 30 minutes fire resistance (REI 30) for loadbearing elements of structure. WikiHouse Skylark has been independently fire-tested by Efectis, one of Europe's leading fire testing and certification laboratories:

Fire certification test report for WikiHouse walls (Ustundag, Efectis / OSL, January 2025): WikiHouse Skylark 250 walls achieved a fire rating of REI 90 — loadbearing capacity (R), integrity (E), and insulation (I) maintained for 90 minutes.

Fire certification test report for WikiHouse floors and roofs (Ustundag, Efectis / OSL, February 2025): WikiHouse Skylark 250 floors and roofs achieved a fire rating of REI 60.

The regulatory requirement for a two-storey dwelling is REI 30. WikiHouse walls provide three times the required fire resistance. WikiHouse floors provide twice the required fire resistance. These are not theoretical models. They are test results from an accredited European fire testing laboratory, classified under EN 13501-2.

WikiHouse dwellings at 1–3 storeys are not subject to the regulation 7(2) and 7(3) ban on combustible materials in external walls (Building Regulations 2010, regulation 7, as amended by the Building (Amendment) Regulations 2018 (SI 2018/1230)), which applies only to buildings with a storey at least 18 metres above ground level. Any external rainscreen cladding can be specified, subject to meeting the relevant surface spread of flame classifications for low-rise residential under Approved Document B. Means of escape, fire detection and alarm systems, compartmentation, and fire service access follow the standard Approved Document B, Volume 1 requirements for two-storey dwellings — the same requirements as any other house.

10.3.3 Part L — Conservation of Fuel and Power

Requirement L1 of Schedule 1 provides that reasonable provision shall be made for the conservation of fuel and power in buildings by limiting heat gains and losses through thermal elements, controlling building services, and limiting the effect of solar gains in summer. Approved Document L, Volume 1 (2021 edition) sets the current standards, including a limiting U-value for external walls of 0.26 W/m²K for new dwellings.

WikiHouse Skylark 250 blocks achieve a wall U-value of 0.14 W/m²K — almost half the Part L limiting value, meaning almost twice the insulation performance required by regulation. Independent thermal performance modelling by Loughborough University (Parker, Glew, Rakhshanbabanari and Gorse,

WikiHouse: Thermal Performance Modelling & Life Cycle Assessment, 2021, published by Leeds Beckett University / OSL) confirmed that the Skylark system achieves considerable savings compared to the Part L1A notional dwelling:

Two-bedroom house with double glazing: approximately 2,200 kWh annual saving (equivalent to £310 in utility costs and 300 kgCO₂).

Two-bedroom house with triple glazing: approximately 2,500 kWh annual saving (equivalent to £350 in utility costs and 350 kgCO₂).

Two-bedroom bungalow with double glazing: approximately 2,500 kWh saving (£350 / 340 kgCO₂).

Two-bedroom bungalow with triple glazing: approximately 2,700 kWh saving (£380 / 370 kgCO₂).

With triple glazing and the system's specified airtightness target of 0.15 air changes per hour (selected as an achievable practical target), the Skylark system achieves heat transfer coefficients comparable to the Passivhaus standard. The Future Homes Standard, expected to further tighten Part L through amendments to the Building Regulations, will increasingly weight operational energy performance. WikiHouse does not merely comply with current Part L requirements. It already exceeds the trajectory of where Part L is heading.

10.3.4 Part O — Overheating

Requirement O1, introduced to Schedule 1 in June 2022, provides that reasonable provision shall be made in dwellings to limit unwanted solar gains and provide adequate means to remove heat. The Loughborough University study modelled overheating risk in WikiHouse designs under current and future climate scenarios. In most UK locations, overheating is mitigated through the system's design principles: narrow, high window openings limiting direct solar gain; natural cross-ventilation through opposing windows; light-coloured or reflective external surfaces; and external shading where appropriate. In locations subject to more intense heatwaves — particularly central London — additional mitigation measures are required. This is a site-specific design consideration applicable to any lightweight structure, not a systemic limitation of the building method. The Part O compliance assessment is carried out at design stage using the methodology in Approved Document O, and the WikiHouse system provides the design flexibility to meet it.

10.3.5 Part F — Ventilation

Requirement F1 of Schedule 1 provides that there shall be adequate means of ventilation provided for people in the building. The high airtightness of the WikiHouse system (0.15 ACH target) necessitates mechanical ventilation with heat recovery (MVHR) to meet Part F requirements. This is standard practice for any high-performance dwelling and is specifically anticipated by Approved Document F. MVHR systems recover approximately 90% of heat from extracted air, contributing directly to the energy performance demonstrated under Part L. The combination of a highly airtight envelope with MVHR is the established engineering approach for low-energy dwellings and is the approach assumed by the Future Homes Standard.

10.3.6 Parts C, E, G, H, J, K, M, P, Q, R and S

The WikiHouse Skylark system is a structural chassis — a superstructure to which external cladding, internal finishes, windows, doors, services, drainage, and all fittings are added. Compliance with the remaining Parts of Schedule 1 — resistance to moisture (C), sound insulation (E), sanitation and water efficiency (G), drainage (H), combustion appliances (J), protection from falling (K), access and use (M), electrical safety (P), security (Q), broadband infrastructure (R), and electric vehicle charging (S) — is achieved at the design and specification stage through the selection of compliant products and installation by competent persons, verified by building control inspection. The regulatory requirements under these Parts are identical regardless of whether the underlying structure is brick, steel, concrete, timber frame, or digitally fabricated plywood. The WikiHouse Technical Specification (version 1.0, December 2024) sets out the system parameters — foundation compatibility, cladding attachment, membrane specification, dimensional tolerances — within which these design and specification decisions are made. The WikiHouse chassis sits onto timber rails on any foundation type, with screw-pile foundations recommended where ground conditions permit. Any exterior rainscreen cladding can be fixed at any point on the structure, with ventilation behind cladding as standard.

10.4 Embodied Carbon and Lifecycle Performance

The Loughborough University life cycle assessment found that a WikiHouse dwelling produces less than half the lifecycle greenhouse gas emissions (CO₂eq) of a conventional brick-and-block cavity wall house built to the same fabric performance standards, assessed over a 100-year period. This result reflects both the lower embodied carbon of timber compared to masonry, concrete, and steel, and the carbon sequestration in timber products over the assessment period. The study noted that the forecast decarbonisation of the UK electricity grid reduces the relative contribution of operational energy over time, making the embodied carbon of building materials increasingly significant — a shift that favours timber-based systems.

The Environment Act 2021 (c. 30) and the trajectory of planning and building policy increasingly require consideration of whole-life carbon in new development. The Future Homes Standard, building on the Part L 2021 amendments, will further tighten operational carbon limits, making embodied carbon the remaining frontier. WikiHouse is positioned not merely to comply with these future standards but to demonstrate performance that materially exceeds them from day one.

10.5 Structural Warranty

A 10-year structural warranty is not a legal requirement for new dwellings. However, it is a condition of lending imposed by virtually all UK mortgage providers, following the Council of Mortgage Lenders' Handbook (now the UK Finance Mortgage Lenders' Handbook). The three principal warranty providers — NHBC (Buildmark), LABC Warranty, and Premier Guarantee — each offer 10-year policies (two years defects cover, eight years structural insurance) following staged inspections during construction.

WikiHouse has confirmed that structural warranties have been secured for homes built with previous WikiHouse systems. The NHBC Accepts scheme provides a route specifically designed for innovative construction systems to be reviewed and accredited for use in NHBC-warranted homes. Equivalent acceptance routes exist with LABC Warranty and Premier Guarantee. The delivery body should obtain system-level accreditation — through NHBC Accepts or equivalent — before commencing construction, so that individual dwellings can be warranted without project-by-project negotiation. This is a procurement step, not a regulatory barrier.

For this scheme specifically, the homes are not sold — they are let on long leases at sub-market rents, with the freehold retained by the public sector. There is no mortgage lender requiring a warranty as a condition of lending to an individual purchaser. The bond investors are secured against the rental income stream, not against the resale value of individual units. A structural warranty is nevertheless advisable: it protects the delivery body against remediation costs, provides confidence to bondholders that the physical assets are sound, and ensures the homes could, if policy changed, be transferred or sold in future with warranty cover in place. The cost should be included in the construction budget as a standard line item.

10.6 What This Means

The Building Regulations set performance standards. Regulation 4(1)(a) of the Building Regulations 2010 requires that building work complies with the applicable requirements of Schedule 1. It does not prescribe materials, methods, or systems. A dwelling that is structurally sound, fire safe, energy efficient, properly ventilated, accessible, and adequately serviced complies with the Regulations regardless of whether it is built from brick, blockwork, steel, concrete, cross-laminated timber, or CNC-fabricated plywood assembled into interlocking blocks.

WikiHouse meets the performance standards. In the two areas of greatest regulatory significance — fire safety and energy efficiency — it does not merely meet them. It exceeds them by a substantial margin: three times the required fire resistance for walls, twice for floors, and almost twice the required thermal insulation for the building envelope. These are not manufacturer's claims. They are independently tested and certified results from accredited laboratories and universities, published in an open research library that any building control body, warranty provider, or structural engineer can access and verify.

The Building Regulations are not a barrier to this proposal. They are the mechanism through which this proposal demonstrates that it builds better homes than the conventional system it seeks to replace.

10.7 Awaab's Law

Awaab Ishak died in December 2020, aged two, from prolonged exposure to mould in a social rented flat in Rochdale. The law that carries his name — section 10A of the Landlord and Tenant Act 1985, inserted by the Social Housing (Regulation) Act 2023, and the Hazards in Social Housing (Prescribed Requirements) (England) Regulations 2025 (SI 2025/1042) made under it — came into force on 27 October 2025. It implies into every social housing lease a term requiring the landlord to investigate and remedy prescribed hazards within fixed timescales. It cannot be contracted out of, and it is enforceable by the resident as a breach of the lease, including by specific performance.

The timescales are short. The day the landlord becomes aware of a potential hazard is day zero. An emergency hazard must be investigated and made safe within 24 hours. Any other potential hazard must be investigated within 10 working days, and a written summary of findings and timescales given to the resident within 3 working days of the investigation concluding. Where a significant hazard is found, safety works must begin within 5 working days, and where supplementary works are needed they must begin within 12 weeks. If the timescales cannot be met, the landlord must offer suitable alternative accommodation at no cost. The only defence is that the landlord used all reasonable endeavours to comply.

The regime is phased. Phase 1, from 27 October 2025, covers damp and mould and all emergency hazards. Phase 2 regulations, laid in July 2026 and expected in force on 30 November 2026, add excess cold and heat, falls, electrical hazards, fire, structural collapse and domestic hygiene. Phase 3, due in 2027, extends to all remaining hazards under the Housing Health and Safety Rating System except overcrowding. The government is consulting on extending the regime to the private rented sector.

Awaab's Law applies to the Trust. It is keyed to social housing let by a registered provider, not to tenancy type, and the Renters' Rights Act 2025 extended the underlying repairing and fitness obligations to fixed-term leases of more than seven years granted by registered providers (Landlord and Tenant Act 1985, s.13(1AA); Chapter 17.6.1). A thirty-five-year lease is within it.

The Trust's exposure is process, not hazard. A home built to a wall U-value of 0.14 W/m²K, with triple glazing, mechanical ventilation with heat recovery and no gas, is about as far from Awaab Ishak's flat as a dwelling in England can be. Excess cold is designed out. Damp and mould in an airtight home come from one place — moisture generated indoors that the ventilation does not remove — and the reference specification addresses the largest single source of it with a drying cupboard coupled to the ventilation system (Chapter 3.2). Phases 2 and 3 reach hazards — falls on stairs, electrical faults, fire — that no specification designs out entirely, but the incidence in new homes is low.

What the Trust cannot design out is the obligation to respond. It must be able to receive a report, investigate within ten working days, write to the resident within three, start work within five and, if it cannot, find the household somewhere else to live. That is a 24-hour response capability, a record-keeping system that can prove every date, and a decanting arrangement, all from the first letting. For a provider of

500 homes it is a modest cost; the costing model carries it within the management fee and the risk register in Appendix I records it. The point is that it must exist on day one, and that a landlord of thirty-five-year leases is not excused from it by the length of the lease.

10.8 Summary of Applicable Legislation

Area	Primary Legislation / Regulation
Building Regulations	Building Act 1984, ss.1, 6, 7, 91ZA; Building Regulations 2010 (SI 2010/2214), regs 4, 7, Part 2A, Sch.1
Building Safety Act	Building Safety Act 2022, ss.2, 31, 34, 65, 72–100, 135; Higher-Risk Buildings (Descriptions and Supplementary Provisions) Regulations 2023 (SI 2023/275); Building Regulations etc. (Amendment) (England) Regulations 2023 (SI 2023/911)
Combustible materials	Building (Amendment) Regulations 2018 (SI 2018/1230)
Awaab's Law	Landlord and Tenant Act 1985, s.10A (Social Housing (Regulation) Act 2023, s.42); Hazards in Social Housing (Prescribed Requirements) (England) Regulations 2025 (SI 2025/1042); Phase 2 amendment regulations 2026
Repairing and fitness obligations	Landlord and Tenant Act 1985, ss.9A, 9B, 11, 13(1AA)
Defective premises	Defective Premises Act 1972, ss.1, 4; Limitation Act 1980, s.4B
Electrical safety	Electrical Safety Standards in the Private Rented Sector (England) Regulations 2020 (SI 2020/312), as extended to registered providers by SI 2025/1043
Structural warranty	UK Finance Mortgage Lenders' Handbook (non-statutory)

Statutory position in this chapter current to 19 October 2026. The Phase 2 Awaab's Law regulations awaited Commons approval on that date.

Chapter 11: Community Infrastructure Levy, Section 106, Biodiversity Net Gain, and VAT

11.1 Community Infrastructure Levy

The Community Infrastructure Levy (CIL) is a charge that local planning authorities in England may levy on new development to fund infrastructure. It was introduced by Part 11 of the Planning Act 2008 (sections 205–225) and is governed by the Community Infrastructure Levy Regulations 2010 (SI 2010/948), as amended. CIL is optional: a local authority must adopt a charging schedule under regulation 25 before any charge applies. Approximately half of local planning authorities in England have adopted CIL. Those that have not — predominantly in lower-value markets — rely on Section 106 agreements and other mechanisms.

The critical provision for this scheme is the mandatory exemption for social housing. Regulation 49 of the CIL Regulations 2010 (as substituted by the Community Infrastructure Levy (Amendment) Regulations 2014 (SI 2014/385)) provides that a charging authority must grant an exemption from CIL liability for a development (or part of a development) that comprises "qualifying dwellings" let as social housing. Regulation 49A defines qualifying dwellings by reference to the definition of social housing in section 68 of the Housing and Regeneration Act 2008, which includes both social rent and affordable rent housing provided by a registered provider or local authority, let at below-market rent to persons whose needs are not adequately served by the commercial housing market.

If the delivery body for this scheme is a registered provider of social housing (registered with the Regulator of Social Housing under Part 2 of the Housing and Regeneration Act 2008), and the homes are let at sub-market rents to qualifying occupants, the development qualifies for mandatory CIL exemption under regulation 49. The exemption must be claimed before commencement of development (regulation 49(3)), but once claimed, the CIL liability is zero. This is not a discretionary relief. It is a statutory entitlement.

The Trust will be a registered provider (Chapter 17.4.1), and this exemption is one of the reasons. Were it not — if, for instance, the delivery vehicle were a special-purpose company established to issue the bonds — the mandatory exemption would not apply directly, and the Trust would depend on the discretionary social housing relief under regulation 49B (inserted by SI 2014/385), which a charging authority must first have chosen to make available in its area. Registered provider status is settled at the design stage of the programme because it determines CIL liability, exempt charity status and the regulatory framework that applies to the homes; the consequences, including the rent-setting question in Chapter 13.4, are set out where they arise.

Where the scheme extends beyond housing to include community infrastructure — GP surgeries, schools, workshops, mixed-use buildings — the CIL position is determined by the use class and the local charging schedule. Many charging schedules set differential rates by use, with community, educational, and healthcare uses often charged at nil or at lower rates than residential. The specific liability for non-residential elements must be assessed against the relevant local authority's charging schedule on a site-by-site basis.

11.2 Section 106

Section 106 of the Town and Country Planning Act 1990 (TCPA 1990) provides that a person interested in land may enter into a planning obligation by agreement with the local planning authority or by unilateral undertaking. Planning obligations may require a sum or sums to be paid to the authority, restrict the development or use of land, or require specified operations or activities to be carried out (section 106(1)(a)–(d)). They run with the land and are enforceable against successors in title (section 106(3)).

Regulation 122 of the CIL Regulations 2010, as amended, provides that a planning obligation may only constitute a reason for granting planning permission if it is (a) necessary to make the development acceptable in planning terms, (b) directly related to the development, and (c) fairly and reasonably related in scale and kind to the development. These are statutory tests, not discretionary. An obligation that fails any of the three tests cannot lawfully be required.

For this scheme, the Section 106 position depends on which planning route is taken. Under the existing system (Part III of the TCPA 1990), Section 106 obligations are negotiated as part of the planning application. A local planning authority could seek contributions towards transport, education, open space, or other infrastructure impacts arising from the development. However, Section 106 obligations are subject to viability assessment. Paragraph 58 of the NPPF (December 2024) provides that where affordable housing is required, the level of contribution should not undermine the deliverability of the plan. The PPG on viability (updated July 2019) confirms that policy requirements should be set at levels that allow development to remain viable. A scheme delivering 100% affordable housing at sub-market rents, funded by bonds rather than cross-subsidy from market sales, has a fundamentally different viability profile from conventional development. There is no market housing element generating surplus from which to extract contributions. Any Section 106 obligation that renders the bond-funded rental model unviable would fail the regulation 122 tests.

Under planning Routes 1 or 2 (NSIP or fast-track consent), Section 106 obligations would be replaced by requirements within the Development Consent Order or equivalent consent instrument, negotiated against a National Policy Statement for Housing rather than local development plan policies. Under Route 3 (deemed planning permission by statute), the enabling Act could expressly disapply or limit Section 106 obligations for qualifying developments, replacing them with a standardised infrastructure contribution mechanism calibrated to the bond-funded model.

The practical outcome in all cases is that Section 106 costs for this scheme should be substantially lower than for conventional market housing, because the development is 100% affordable, generates no market-sale surplus, and its viability is defined by the bond coupon and rental income, not by residual land value. Any infrastructure required to make the development acceptable — access roads, utilities connections, open space — can be funded through the bond issuance as part of the capital cost, rather than extracted as a separate obligation.

11.3 Biodiversity Net Gain

Section 98 of the Environment Act 2021 (c. 30) inserted a new Schedule 7A into the TCPA 1990, which requires that planning permissions granted in England (other than exempted permissions) are subject to a condition requiring a minimum 10% biodiversity net gain (BNG). This came into force on 12 February 2024 for major developments (10 or more dwellings) and 2 April 2024 for minor developments (The Biodiversity Gain Requirements (Exemptions) Regulations 2024 (SI 2024/47) set out the exempted categories).

Paragraph 13 of Schedule 7A to the TCPA 1990 provides that the biodiversity gain objective is met where the biodiversity value attributable to the development exceeds the pre-development biodiversity value of the onsite habitat by at least 10%, measured using the statutory biodiversity metric (currently Biodiversity Metric 4.0, published by Natural England). The gain may be achieved through onsite habitat creation or enhancement, offsite habitat creation secured through conservation covenants or biodiversity gain site registration under Part 7 of the Environment Act 2021, or the purchase of statutory biodiversity credits from the Secretary of State (section 100 of the Environment Act 2021).

The BNG requirement applies to this scheme. There is no exemption for affordable housing or public-sector development. However, the cost is manageable and in many cases the development will produce a net positive. The sites in question are publicly owned land, which is frequently brownfield, hardstanding, or low-ecological-value grassland — categories with low baseline biodiversity values under the statutory metric. Achieving 10% net gain above a low baseline is substantially cheaper and easier than achieving it above a high-value baseline. Where the pre-development site is hardstanding with a biodiversity value of zero or near-zero, almost any landscaping scheme achieves the 10% gain. WikiHouse developments on screw-pile foundations preserve ground conditions and allow integration of green infrastructure — rain gardens, native planting, wildlife corridors — within the site layout at modest cost.

Where onsite delivery is insufficient or impractical, offsite biodiversity units can be purchased. The market price for offsite BNG units varies by habitat type and location, but current indicative costs range from £20,000 to £45,000 per unit. For a 100-home development on a low-value brownfield site, the BNG obligation is likely to be met onsite through standard landscaping at a cost embedded in the site design, or through a small number of offsite units at a total cost in the range of £50,000–£150,000 for the programme. If offsite units are required and unavailable on the market, statutory biodiversity credits can

be purchased from the Secretary of State under section 100, at a deliberately higher price designed to incentivise market-based solutions.

The BNG obligation is a condition of planning permission under Schedule 7A. Under planning Routes 1 and 2, equivalent biodiversity requirements would be included in the DCO or consent instrument. Under Route 3, the enabling Act would need either to include a BNG requirement within the qualifying criteria (preserving the environmental standard) or to apply Schedule 7A by reference. Disapplying BNG entirely would be politically and legally counterproductive — it would expose the scheme to challenge and undermine its environmental credentials.

11.4 Nutrient Neutrality

In catchments draining to designated habitats (principally Special Areas of Conservation and Special Protection Areas under the Conservation of Habitats and Species Regulations 2017 (SI 2017/1012)), Natural England has advised that new development must demonstrate nutrient neutrality — that it will not add to the nutrient load (nitrogen or phosphorus) reaching the protected site. This affects approximately 74 local authority areas in England.

The Levelling-up and Regeneration Act 2023 (c. 55), Part 7 (sections 168–170), imposed nutrient pollution standards on sewerage undertakers in sensitive catchments and provided for planning assessments to take account of them. Part 3 of the Planning and Infrastructure Act 2025 added environmental delivery plans and the Nature Restoration Fund as a further route to discharging the obligation. Developers in affected catchments must either demonstrate neutrality through onsite mitigation (constructed wetlands, package treatment plants, land-use change) or purchase nutrient credits from approved mitigation schemes.

Nutrient neutrality adds cost only where the development site is within an affected catchment. The cost varies significantly by location and the availability of mitigation credits: current market prices range from approximately £2,000 to £8,000 per dwelling for nitrogen and phosphorus credits combined. For sites outside affected catchments — which is the majority of England — this cost does not arise. The scheme should identify nutrient-neutral and non-nutrient-constrained sites preferentially in the early phases, and budget for mitigation costs on affected sites as a location-specific line item.

11.5 Sustainable Drainage Systems

Schedule 3 to the Flood and Water Management Act 2010 (c. 29), if commenced, would require new developments to include sustainable drainage systems approved by a SuDS Approving Body (SAB). It has not been commenced in England as at October 2026, and the government has indicated that it intends to deliver the same outcome through planning policy rather than by commencing the Schedule.

Pending full commencement, Approved Document H (Drainage and waste disposal) of the Building Regulations 2010 and the NPPF (paragraph 169) already require that new development incorporates SuDS where practicable. Planning conditions typically require submission and approval of a surface water drainage strategy.

WikiHouse construction on screw-pile foundations is inherently compatible with SuDS. Screw piles minimise ground disturbance and impermeable surface coverage compared to conventional strip or raft foundations. Permeable surfaces, swales, rain gardens, and attenuation features can be integrated into the site layout. The cost of SuDS provision varies by site topography and ground conditions, but for a well-designed low-rise development on previously developed land, it is a standard site infrastructure cost typically in the range of £1,500–£3,000 per dwelling — comparable to conventional drainage solutions and in many cases cheaper, because SuDS reduce the need for piped drainage infrastructure.

11.6 VAT

The construction of new dwellings is zero-rated for VAT under Group 5 of Schedule 8 to the Value Added Tax Act 1994 (VATA 1994). Item 2 of Group 5 zero-rates the supply, in the course of construction of a building designed as a dwelling, of any services related to the construction, other than the services of an architect, surveyor, or person acting as consultant or in a supervisory capacity. Item 1 zero-rates the first grant by a person constructing a building designed as a dwelling of a major interest in, or any part of, the building or its site.

The critical question is whether the zero-rating applies to this scheme's delivery structure. HMRC Notice 708 (Buildings and construction) confirms that the zero-rating applies where (a) the building is designed as a dwelling (satisfying the conditions in Note 2 to Group 5: self-contained, separate access, separate kitchen and bathroom, not prohibited from separate use), (b) the supply is made in the course of construction, and (c) the grant is of a major interest — either a freehold or a lease exceeding 21 years.

Under this scheme, the Trust constructs new dwellings on publicly owned land held under a long headlease. It then grants each household a lease of thirty-five years (Chapter 17.6), which is a major interest because it exceeds 21 years. On the Trust's reading, Item 1 therefore applies: the first grant of each lease is a zero-rated supply, and — because the Trust is then making taxable (zero-rated) rather than only exempt supplies — it may recover input VAT on costs attributable to those grants, such as professional fees and non-construction services, which a landlord making only exempt lettings cannot. The construction services supplied to the Trust remain zero-rated under Item 2 in any event. The VAT position turns on the Trust being treated as "a person constructing" the building within the meaning of Group 5, which it is if it contracts for construction of new dwellings on land it holds under a qualifying lease. The input-recovery point is a conclusion across provisions and is listed in Appendix IX for confirmation by HMRC clearance.

The rent received under the leases after grant is an exempt supply (Group 1 of Schedule 9 to VATA 1994), so the Trust will be partly exempt and partial exemption calculations will apply. The VAT structure — registration, the zero-rating of first grants, and the recovery position — should be confirmed with HMRC at programme level through a non-statutory clearance or formal ruling before the first bond issuance, to avoid retrospective liability.

The key point: the construction itself is zero-rated. The delivery body does not pay 20% VAT on the cost of building the homes. This is a significant financial advantage over retrofit or conversion projects (which are subject to reduced-rate 5% or standard-rate 20% VAT depending on the nature of the works), and it means the full bond proceeds are deployed into construction without a VAT leakage.

11.7 What This Means for Cost

The environmental and planning obligation costs for this scheme are real but substantially lower than for conventional market housing, for three reasons.

First, CIL is zero for qualifying social housing under regulation 49. Second, Section 106 obligations are constrained by viability — a 100% affordable scheme with no market surplus cannot sustain the same level of contributions as a mixed-tenure development cross-subsidised by market sales. Third, VAT on construction is zero-rated. With Homes England infrastructure grant or serviced land as the fourth (Chapter 19), these are the things that hold the rent at the construction cost: the first three are statutory, the fourth is a landowner's or Homes England's decision.

The costs that do apply — BNG, nutrient neutrality (where applicable), SuDS, and design-stage compliance with Part L, Part O, and Part F — are site-specific variables, not fixed percentages. On a brownfield site in a non-nutrient-constrained catchment with low baseline biodiversity, the combined environmental compliance cost may be as low as £3,000–£5,000 per dwelling, predominantly comprising SuDS provision and landscaping. On a greenfield site in a nutrient-constrained catchment with moderate ecological value, it may reach £10,000–£15,000, including nutrient credits and offsite BNG units. These costs are included in the per-unit capital budget funded by the bond issuance.

They should not be averaged across all sites into a single national figure. The correct approach is to assess environmental compliance costs at the site appraisal stage for each development, include them in the bond quantum for that site, and amortise them through the rental income alongside the construction cost.

The bond model is flexible enough to absorb site-specific variation. Site-specific environmental costs of £5,000 to £15,000 per home add roughly £20 to £60 a month to the rent. The costing model in Appendix I.6 carries them within its fees and environmental compliance line; the larger infrastructure items are Chapter 19's.

Statutory position in this chapter current to 19 October 2026.

Chapter 12: Governance — The National Affordable Housing Trust

12.1 The National Affordable Housing Trust

The scheme needs an institution that will outlast any government, any board, and any individual involved in creating it. It must be able to hold land, build homes, issue bonds, collect rent and manage a growing housing stock — not for a parliament or a funding cycle, but in perpetuity. The vehicle proposed is the National Affordable Housing Trust (the “Trust”), structured as a charitable community benefit society and registered as a provider of social housing.

This is not a novel legal form. It is the dominant structure used by housing associations in England. The largest registered providers of social housing — Clarion, L&Q, Peabody, Notting Hill Genesis — are all community benefit societies or groups containing them. The legal architecture already exists. What is new is the funding model attached to it, and the tenure it grants.

A word on the name. The Trust is a registered provider and its homes are, in law, social housing. The households it serves are not on the social housing list and never will be: they are a second queue, defined by contribution and income rather than need, and the document uses the vocabulary of long leases and leaseholders rather than of tenancies and tenants wherever the law allows. ‘Affordable’ in the Trust’s name means what Chapter 2 says it means — rent at no more than a third of net income — and not the planning definition of 80% of market rent that Chapter 6 criticises.

12.2 Why a Community Benefit Society

A community benefit society (CBS) is a body registered with the Financial Conduct Authority under the Co-operative and Community Benefit Societies Act 2014, on the condition in s.2(2)(a)(ii) that its business is conducted for the benefit of the community. From the moment of registration it is a legal person: it can hold freehold and leasehold land, enter contracts, issue securities, sue and be sued in its own name. Members’ liability is limited to the nominal value of their shares.

A CBS that is a private registered provider of social housing and meets the requirements for charitable status under the Charities Act 2011 is an exempt charity (Charities Act 2011, Sch.3, para 26). This is important, and it is one of the reasons for registering with the Regulator of Social Housing (Chapter 17.4.1): the exemption is available to a registered society only if it is a registered provider. An exempt charity is subject to charity law — the asset lock, the public benefit requirement, the prohibition on private benefit — but it does not register with the Charity Commission. The FCA acts as its principal regulator for charity purposes. For a body that will also be issuing listed securities and is registered with the Regulator of Social Housing, avoiding a further regulatory relationship is more than an administrative convenience; it is a condition of the thing being manageable at all.

The asset lock is the structural feature that matters most within the Trust’s own constitution. A charitable CBS must prohibit the distribution of assets or profits to members. On dissolution, residual assets transfer to another body with similar charitable objects. The housing stock cannot be extracted by investors or sold off by a future board looking for a quick balance-sheet fix. This is written into the rules of the society, enforced by charity law, and overseen by the FCA. No resolution of the membership can override it. What the asset lock does not do is bind Parliament, and section 12.6 explains what does.

A CBS can also issue transferable debt securities. Where those securities are admitted to trading on a UK regulated market, they fall within the regulatory perimeter of the Financial Services and Markets Act 2000. This is essential. The entire funding model depends on it.

12.3 Charitable Status

To qualify as a charity, the Trust must be established exclusively for charitable purposes (Charities Act 2011, s.1(1)(a)) and those purposes must be for the public benefit (s.1(1)(b), s.4). The Trust’s primary purpose — the provision of housing to households unable to access adequate housing through the market — is argued under two of the thirteen descriptions of charitable purposes in s.3(1).

The first is the prevention or relief of poverty (s.3(1)(a)). Housing cost is the single largest driver of in-work poverty in England. A household spending more than a third of net income on rent meets the standard definition of housing cost overburden used by the OECD and the ONS. The Trust relieves this directly: its rents are set, by arithmetic, at no more than 33% of the household's net income.

The second is the relief of those in need by reason of financial hardship (s.3(1)(j)). The Charity Commission has long recognised the provision of housing to persons unable to afford market housing as falling within this description. The precedent is well-established through Joseph Rowntree Housing Trust, Peabody, and dozens of smaller housing charities registered over the past century.

This is the Trust's position, and it is a reasonable one. It is not a settled one, and the document should not pretend otherwise. The Trust's cohort runs to £75,000 of gross household income. The charitable housing precedents were built on beneficiaries in evident need, and the Commission's guidance on housing charities expects beneficiaries to be in need of the housing provided. The Trust's answer is that need is relative to the market the beneficiary faces: a household on £60,000 in a city where the median home costs £500,000 is in housing need by any objective affordability test, and Chapter 2 shows the arithmetic. That answer has not been tested. The same question — whether a cost-rent letting to a household on £70,000 is housing 'provided in the pursuit of its charitable purposes' — also decides whether the Trust's homes are protected from statutory enfranchisement (12.6). It is the first item in Appendix IX, and the Trust's objects, allocation rules and rent-setting must be drafted with it in view: the charitable purpose is the relief of housing need among households the market fails, the need is evidenced for each development by the affordability arithmetic, and every letting is made under rules designed to that end.

The public benefit requirement (s.4) is otherwise straightforward. The Trust's housing is available to any household meeting the published criteria and is allocated by those criteria alone, not by membership, donation, ethnicity, religion or personal connection. There is no restriction that would limit the benefit to a private class.

12.4 Governance

The Trust's rules — the governing document for a CBS — will provide for a board of at least seven trustees, including a minimum of two with relevant professional qualifications in housing management, finance or construction. Trustees serve a maximum of two three-year terms. No trustee may be remunerated for service as trustee, except where expressly permitted by the rules and only where a minority of trustees are so paid (Charities Act 2011, s.185).

The Regulator of Social Housing's Competence and Conduct Standard, in force from 1 October 2026, requires senior housing managers and executives of registered providers to hold or be working towards specified housing qualifications, with a four-year transition for providers of fewer than 1,000 homes. The Trust will recruit to that standard from the outset.

A standing Resident Advisory Panel of current leaseholders will have the right to be consulted on housing management, maintenance standards and allocation policy. The panel does not vote on the board but may address it directly. This is not tokenism. A housing trust that does not hear from the people who live in its homes will eventually stop serving them.

Accounts must be audited annually by a registered auditor (2014 Act, s.83; Charities Act 2011, s.144), prepared in accordance with the Housing SORP, and filed with the FCA Mutuals Register. No trustee, employee or connected person may hold bonds issued by the Trust, enter into contracts with it, or benefit financially from its activities except as disclosed in the annual accounts.

12.5 Tax Treatment

The tax position of a charitable CBS is one of the strongest arguments for the structure. It eliminates leakage.

Corporation Tax. The Trust is exempt from Corporation Tax on rental income applied to charitable purposes (Corporation Tax Act 2010, s.478, on a claim). This means 100% of rent services bond obligations and funds maintenance. There is no tax wedge between what the household pays and what the system receives. For comparison, a for-profit developer building and renting the same homes would lose approximately 25% of net rental income to Corporation Tax before servicing any debt.

VAT. New-build residential construction is zero-rated (Value Added Tax Act 1994, Sch.8, Group 5, Items 1 and 2). This applies regardless of the charitable status of the commissioning body. Rental income is VAT-exempt (VATA 1994, Sch.9, Group 1, Item 1). There is no VAT in this system.

Stamp Duty Land Tax. Relief applies to acquisitions by a registered provider (Finance Act 2003, s.71) and to acquisitions by a charity for qualifying charitable purposes (Sch.8, para 1). Where the Trust takes its headlease at nil or peppercorn consideration, the cash saving is marginal, but the reliefs ensure no unexpected liability arises. The leases the Trust grants to households are a different matter: SDLT on the net present value of the rent is the household's liability, and the Trust meets it as a cost of grant (Chapter 17.5).

Business Rates. Mandatory 80% relief on properties occupied by a charity for charitable purposes (Local Government Finance Act 1988, Sch.4ZA, para 2, inserted by the Non-Domestic Rating Act 2023 from 1 April 2024), with discretionary relief of up to a further 20% at the billing authority's discretion (s.47). In practice, the dwellings are subject to Council Tax paid by the household, not business rates paid by the Trust. Any communal or administrative space benefits from the charitable relief.

The combined effect is that the Trust operates in a near-zero-tax environment. Every pound of rent works.

12.6 Why the Homes Stay Where They Are

Chapter 4.5 says that the asset never leaves public ownership. That claim is load-bearing across the whole document, and this section states precisely what it rests on. There are three threats — a sitting occupant's statutory right to buy, a future government's legislated Right to Buy, and the uncommenced ban on new leasehold houses — and three different defences.

12.6.1 Statutory Enfranchisement

A long residential lease ordinarily carries statutory rights to acquire the freehold or an extended lease: for houses under the Leasehold Reform Act 1967, for flats under the Leasehold Reform, Housing and Urban Development Act 1993. The Trust's thirty-five-year lease is a long lease for both Acts. The low-rent test that once excluded a lease at a full rent from the right to buy the freehold of a house was repealed in England in 2009 (Housing and Regeneration Act 2008, s.300), and the two-year qualifying period was abolished on 31 January 2025 by the Leasehold and Freehold Reform Act 2024. A household could, in principle, claim on the day it moves in.

The protection is an exclusion that both Acts contain in the same words. There is no right where the immediate landlord is a 'charitable housing trust' and the home 'forms part of the housing accommodation provided by the trust in the pursuit of its charitable purposes' (1967 Act, s.1(3) and (3A); 1993 Act, s.5(2)(b)). A charitable housing trust is a housing trust within the Housing Act 1985 which is a charity; a charitable CBS whose rules require its funds to be applied to the provision of housing qualifies. For flats the exclusion removes 'qualifying tenant' status and so closes both collective enfranchisement and individual extension. For houses it closes the freehold right, and the extended-lease right is separately closed by the low-rent test that survives for extensions (1967 Act, s.1(1)(aa)). The 2024 Act preserves the exclusion; its own, narrower exemption for 'certified community housing providers' sits alongside it and is not yet in force.

On the Trust's reading, therefore, no occupant can acquire the freehold or an extended lease by statute. The reading is subject to one qualification, and it is the qualification that matters most in the whole document. In *Richmond Housing Partnership v Brick Farm Management* [2005] EWHC 1650 (QB) the court held that the exclusion did not cover long leases that a charitable housing association had granted to former Right to Buy purchasers, because granting those leases was not part of the charity's function of providing social housing. The test is what the charity is doing with that home, for that occupant. A thirty-five-year lease at a cost-covering rent to a household on £70,000 is a letting a tribunal might, or might not, find to be made in pursuit of charitable purposes. Section 12.3 explains how the Trust's objects and rules are drafted to make the answer yes. Appendix IX lists the question for counsel. Until it is answered, the document says the homes are protected on the Trust's reading of the Acts, and does not say they are protected by statute as if the point were beyond argument.

Two other statutory rights do not arise, and here the position is firmer. The Right to Buy under Part V of the Housing Act 1985 requires a secure tenancy, and a long tenancy is never a secure tenancy (Sch.1, para 1). The Right to Acquire under sections 180 to 185 of the Housing and Regeneration Act 2008 requires an assured tenancy that is not a long tenancy, or a secure tenancy, and requires the home to have been ‘publicly funded’ within s.181 — which means grant, disposal proceeds or the transfer of an existing dwelling from a public landlord, not bare land. The Trust’s lease fails the first test and the Trust’s grant-free model fails the second. The right of first refusal under the Landlord and Tenant Act 1987 does not apply to a charitable housing trust or a non-profit registered provider (s.58(1)(f) and (g)). One residual exposure remains for flats: the right to manage under the Commonhold and Leasehold Reform Act 2002 has no exemption for registered providers, so leaseholders of a block could acquire its management, though never its ownership.

12.6.2 A Future Right to Buy

The second threat is political, and it is the one the asset lock cannot meet. Asset locks get legislated through. Right to Buy was imposed in 1980 on councils that did not want it. A charity’s constitution is one clause of a Housing Act away from irrelevance, and anyone who rests the permanence of the Trust’s stock on its rules alone has not read the history.

The real defence is the bonds. Every home the Trust owns secures a thirty-five-year bond serviced from its rent. The bondholders are pension funds, insurers and retail ISA savers — the people housed by the scheme, in many cases, investing in it. A government that gave the Trust’s occupants a right to buy at a discount would not be overriding a charity’s constitution. It would be impairing the revenue stream that secures the bonds, and therefore defaulting, by legislation, on the savings of several hundred thousand people. Expropriating a charity is a clause. Expropriating pension funds and small savers to fund a giveaway is a different proposition, with a constituency that fights back, a case under Article 1 of the First Protocol to the European Convention on Human Rights, and a classification problem at the Office for National Statistics of exactly the kind that forced the 2017 deregulation of housing associations. When the government of 2015 wanted to extend the Right to Buy to housing association tenants it proceeded by voluntary agreement rather than compulsion for precisely these reasons, and in November 2024 the government announced it would not take the extension forward at all.

The defence is not absolute. No Parliament can bind its successor. But the bond structure raises the political price of a future Right to Buy from a manifesto line to a sovereign-credit event, and that is as much as any institutional design can do. The document should make this argument explicitly, and Appendix IV does.

12.6.3 The Ban on New Leasehold Houses

The third threat is statutory and prospective. Part 1 of the Leasehold and Freehold Reform Act 2024 prohibits the grant of a long residential lease of a house. It is on the statute book and not in force; no commencement regulations have been made; the government told the House of Lords on 4 March 2026 that it would confirm commencement plans after pre-legislative scrutiny of the Commonhold and Leasehold Reform Bill (HL14842), and the Housing Minister said publicly on 29 April 2026 that it is ‘highly likely’ the leasehold ban will not be switched on in this Parliament. It contains no exemption for registered providers, charities, or leases granted at a rent without a premium. If it were commenced, a thirty-five-year lease of a house would be a prohibited grant, and the remedy on breach is that the occupant may acquire the freehold and every superior lease for no consideration (s.13). Flats are untouched.

The Trust’s position is to say this plainly rather than to design around it prematurely. The permitted-lease categories in Schedule 1 to the Act include ‘community housing leases’ granted by a community land trust holding a tribunal certificate; whether the Trust’s constitution can be drafted to meet the community land trust definition in the Leasehold Reform (Ground Rent) Act 2022, s.2(7A) and (7B) is a question for counsel in Appendix IX. The ledger of legislative asks in Chapter 20 records the request for a permitted-lease category covering cost-rent leases granted by registered providers, to be made before Part 1 is commenced. If neither route is open when commencement comes, the Trust stops granting new leases of houses and builds flats, which the system in Chapter 3 can do. Nothing already granted is affected.

12.7 Summary of Applicable Legislation

Area	Primary Legislation / Regulation
Society registration	Co-operative and Community Benefit Societies Act 2014, s.2(2)(a)(ii), s.83
Exempt charity status	Charities Act 2011, ss.1-4, s.144, s.185; Sch.3, para 26 (registered society that is a private registered provider)
Corporation Tax exemption	Corporation Tax Act 2010, s.478
VAT	Value Added Tax Act 1994, Sch.8, Group 5, Items 1 and 2; Sch.9, Group 1
SDLT reliefs	Finance Act 2003, s.71; Sch.8, para 1
Business rates relief	Local Government Finance Act 1988, Sch.4ZA, para 2 (Non-Domestic Rating Act 2023); s.47
Enfranchisement exclusions	Leasehold Reform Act 1967, s.1(3), (3A); Leasehold Reform, Housing and Urban Development Act 1993, s.5(2)(b); Richmond Housing Partnership v Brick Farm Management [2005] EWHC 1650 (QB)
Right to Buy / Right to Acquire	Housing Act 1985, Part V and Sch.1, para 1; Housing and Regeneration Act 2008, ss.180-185
Right of first refusal	Landlord and Tenant Act 1987, s.58(1)(f), (g)
Right to manage	Commonhold and Leasehold Reform Act 2002, Part 2, Chapter 1
Leasehold houses ban (uncommenced)	Leasehold and Freehold Reform Act 2024, Part 1 and Sch.1; s.13; Leasehold Reform (Ground Rent) Act 2022, s.2(7A)-(7B)
Competence of staff	RSH Competence and Conduct Standard (1 October 2026)

Statutory position in this chapter current to 19 October 2026.

Chapter 13: Housing Investment Bonds — Structure and Issuance

13.1 Bond Parameters

Each development is funded by the issuance of Housing Investment Bonds. The bonds are sterling-denominated, inflation-linked, and fully amortising over 35 years. They are secured against the rental income of the development they fund. They are not secured against the land or the buildings, which remain unencumbered assets of the Trust.

The core parameters are:

Parameter	Value
Coupon	3% fixed real (CPI-adjusted)
Term	35 years
Repayment	Fully amortising (equal annual payments in real terms)
Index-linking	Annual CPI adjustment to outstanding principal
Security	First charge on rental income of funded development
Guarantee	None. Not Treasury-guaranteed.

13.2 Why Amortising, Not Bullet

This is a design choice with consequences. A bullet bond repays the entire principal at maturity. For 35 years the investor receives coupon payments only; then, on the final day, the full principal falls due in a single lump. This is how most government and corporate bonds work. It is also, for this scheme, the wrong structure.

The first problem is refinancing risk. A bullet bond creates a cliff edge. At year 35 the Trust must find the entire outstanding principal — about £21 million for 100 homes at the pilot's funded cost — on a single day. If capital markets are disrupted at that moment, as they were in 2008–2009 and again in September 2022, the Trust must refinance at whatever rate the market then demands. If it cannot refinance at all, it defaults. This is an existential risk for a housing provider with tenanted stock and a duty of care to the people living in it. Amortisation removes the cliff. By year 35, the principal is fully repaid from rental income. There is no refinancing event. There is nothing to roll over.

The second problem is cash-flow mismatch. The Trust collects rent monthly. An amortising bond converts that monthly income into a fixed annual obligation (in real terms) that declines the outstanding debt steadily over the term. The cash flows match. A bullet bond, by contrast, accumulates a growing unfunded liability that must be provisioned for through a sinking fund — which means the Trust must manage an investment portfolio alongside its housing stock. That is not its purpose. A housing trust should manage housing.

The third problem is that bullet bonds destroy the year-36 model. When an amortising bond is fully repaid at the end of year 35, the housing unit it funded is unencumbered. The Trust can issue a new bond against that unit's rental income and use the proceeds to build a new home. This is the self-replicating cycle that makes the scheme scalable without ongoing subsidy. With a bullet bond, the year-35 repayment consumes the entire proceeds of any new issuance. Nothing is left to fund new construction. The system cannot grow.

The fourth reason is investor risk. An amortising bond returns principal progressively. The investor's exposure to the Trust shrinks every year. A bullet bond's exposure remains constant — or, with inflation-linking, increases — for the full 35-year term. For a retail investor considering a 35-year commitment to a newly created housing trust with no operating track record, the declining-exposure profile of an amortising bond is materially more attractive. It is also materially easier for an IFA to recommend.

Amortisation is not the market default for good reason: it complicates secondary market pricing, reduces duration (which some institutional investors want), and produces a lower total return for the same coupon. These are real trade-offs. But for this scheme, the structural benefits — no refinancing risk, cash-flow alignment, scalability, and a better retail risk profile — outweigh them decisively.

13.3 Single Class, Three Channels

The Trust issues one class of bond per development. All bondholders rank equally. There is no subordination, no tranching, no credit enhancement through structured finance. This is deliberate. The scheme is designed to be understood by a secondary school economics teacher, not just by a bond desk. Every pound invested funds housing. The only source of repayment is rent.

The bonds are offered through three distribution channels:

	Wholesale	Retail	Fractional
Minimum denomination	£100,000	£100	£1 (fractional, outside ISA)
Target investor	Pension funds, insurers, local authorities	Individual investors, wealth managers, IFAs	Small savers, community investors, auto-enrolment platforms
ISA eligible	N/A	Yes	No (whole £100 bonds only; see 14.5.3)
Distribution	Direct placement, syndication	LSE Main Market (Access Bond), platforms	Authorised platforms, investment apps
Secondary market	OTC, institutional	LSE OFIS	Platform-facilitated (outside ISA)

A pension fund buying £10 million of bonds holds exactly the same instrument, on exactly the same terms, as a first-time ISA investor buying £100 through an app. Same coupon, same amortisation schedule, same seniority, same risk. The difference is denomination and access. Nothing else.

The £100 entry point matters, and the £1 fractional route matters more. A 22-year-old putting £25 a month into a stocks and shares ISA can buy a whole bond every four months and hold it alongside an index tracker; a saver with less can hold a fraction through a platform, though for now outside the ISA wrapper (Chapter 14.5.3). It means that the people the scheme houses can, if they choose, invest in the bonds that fund their own homes. That is not a gimmick. It is a deliberate alignment of interest between leaseholder and investor that no existing housing model achieves.

13.4 CPI Index-Linking

The bonds are linked to the Consumer Prices Index as published by the Office for National Statistics. At the start of each annual payment period, the outstanding principal is adjusted by the percentage change in CPI over the preceding twelve months. The 3% coupon is then applied to the adjusted principal. Because the bond is amortising, the annual payment comprises both interest on the adjusted principal and a principal repayment component. The total annual payment is constant in real terms; in nominal terms, it rises with inflation.

This protects the investor against inflation erosion over a 35-year term. It also aligns with the Trust's revenue base, because the rent under every lease is adjusted annually by the same index under the lease itself (Chapter 17.6.2). The Trust's income and its bond obligations move in the same direction. There is no inflation mismatch.

It would be easy to assume that rents rise in line with the Regulator of Social Housing's Rent Standard, which permits CPI + 1%. That is wrong in a way that matters, and the position needs stating carefully.

As a registered provider, the Trust's homes are 'low cost rental accommodation' within section 69 of the Housing and Regeneration Act 2008, and the government's Policy Statement on Rents for Social Housing (January 2026, in force from 1 April 2026 for at least ten years) applies to them unless an exception does. The Policy Statement is not a permission to charge CPI + 1%. It is a cap: accommodation that is not excepted and not let at Affordable Rent is Social Rent, charged at a formula rent derived from 1999 relative property values and local earnings. Formula rent for a three-bedroom house outside London is a

fraction of the cost-covering rent in Chapter 2. A Trust whose homes were on formula rent could not service its bonds.

The exception the Trust needs is for 'intermediate rent accommodation'. The Policy Statement (paragraph 5.5) defines it as low cost rental accommodation that satisfies one of three conditions: (a) it was built or acquired by the provider 'without public assistance', is let either to a tenant not nominated by a local housing authority under s.159(2)(c) of the Housing Act 1996 or to a nominee where the authority's own conditions for intermediate rent are met, and has not previously been let at Social Rent or Affordable Rent; (b) it was funded under a programme the Secretary of State has notified as an intermediate rent enabling programme; or (c) it is 'key worker housing'. The 2026 Statement defines neither 'public assistance' nor 'key worker housing'. The predecessor Social Housing Rents (Exceptions and Miscellaneous Provisions) Regulations 2016 defined public assistance to include 'any transfer of land for less than its unrestricted value'. On that definition a home on peppercorn public land fails condition (a); there is no programme for condition (b); and the Trust's cohort, though it includes key workers and prioritises them under Chapter 17.3, is wider than any established meaning of key worker housing. The Regulator may exempt a provider from the Rent Standard where compliance would jeopardise its financial viability (Rent Standard 2026, paragraph 2.4), but that is a discretion, and a bond prospectus cannot rest on a discretion.

The Trust's position, and the ask, are therefore these. On the Trust's reading, the homes are intermediate rent accommodation in substance: below-market rent, allocated under published rules to households the commercial market does not serve, with no nominations from the housing register and no grant. The 'public assistance' definition that would exclude them was written for grant-funded social rent and never contemplated land contributed to a bond-funded scheme in which the public purse is repaid. The clean resolution is a Direction from the Secretary of State to the Regulator under section 197 of the 2008 Act amending the Policy Statement to except accommodation of this kind — a ministerial instrument, subject to consultation, of the same class as the disposal consents requested in Chapter 7. It is recorded in the ledger of asks in Chapter 20 and ranked accordingly. Pending that Direction, the Trust will seek the Regulator's view on condition (c) for the key-worker-designated share of its lettings, and on a paragraph 2.4 exemption for the remainder. The question is the second item in Appendix IX, and no bond will be issued until it is answered.

What the Policy Statement does for Social Rent and Affordable Rent — a ten-year settlement at CPI + 1% from April 2026, with convergence to formula from 2027 — is therefore not the Trust's uprating mechanism. The Trust's rents rise by CPI, under the lease, because the bonds do.

An investor who bought a fixed-rate 3% nominal bond in 2020 has watched inflation erode roughly a quarter of their real return by 2025. An investor in a CPI-linked Housing Investment Bond would have seen their income rise in step with prices. Over 35 years, the difference between real and nominal compounding is not marginal. It is the difference between a viable retirement income and a depleted one.

13.5 Revenue Security and Payment Waterfall

The bonds are secured by a first fixed charge on the rental income of the specific development they fund. The Trust establishes a ring-fenced collection account for each development, operated under a trust deed with an independent security trustee. Rent goes in. Payments come out in a fixed order:

Bond service. The amortising payment — principal plus interest — due in the current period.

Maintenance reserve. 1% of build cost per annum, credited to a sinking fund held by the security trustee.

Management fee. 0.5% of build cost per annum, paid to the Trust or its appointed managing agent for housing management, allocations, compliance and administration.

Surplus. Any residual income is retained as a liquidity reserve. Once the reserve reaches six months' bond service, surplus may be applied by the Trust to its general charitable purposes, including funding new developments.

This waterfall is legally enforceable through the trust deed. It is not an innovation. It is the standard structure used by housing association bond aggregators, including The Housing Finance Corporation and MORhomes. What is unusual is its simplicity: one issuer, one development, one revenue stream, one waterfall. There are no cross-collateralisation arrangements, no swap overlays, no interest rate hedging.

The tenant pays rent. The rent pays the bond. That is the entire mechanism.

Statutory position in this chapter current to 19 October 2026.

Chapter 14: Regulatory Framework for Bond Issuance

14.1 The New Regime

From 19 January 2026, the issuance and listing of bonds in the UK is governed by the Public Offers and Admissions to Trading Regulations 2024 (SI 2024/105) — the POATRs — and the FCA's rules made under them (Policy Statement PS25/9, published 15 July 2025). These replace the UK Prospectus Regulation, which was itself retained EU law derived from Regulation (EU) 2017/1129.

The timing is relevant. The new regime is explicitly designed to make it easier and cheaper for issuers to bring bonds to retail investors. The FCA has removed the historic distinction between 'wholesale' and 'retail' bond disclosure — a distinction that, since the 2005 Prospectus Directive, had effectively locked retail investors out of the primary UK bond market by imposing onerous additional disclosure requirements on low-denomination issuance. Under the new PRM sourcebook, a single set of disclosure annexes applies to all non-equity securities regardless of denomination (PRM 4.1). A bond issued in £100 denominations for retail ISA investors is subject to exactly the same prospectus content requirements as a £100,000 institutional placement. The cost and complexity barrier that killed the retail bond market after 2013 has been removed.

The regime has two limbs. The POATRs prohibit offering transferable securities to the public unless an exemption applies (reg.10). Key exemptions include offers to qualified investors only (reg.11(1)(a)), offers to fewer than 150 persons (reg.11(1)(b)), and — crucially — offers of securities that are being admitted to trading on a UK regulated market (reg.11(1)(f)). Separately, admission to a UK regulated market requires an FCA-approved prospectus (FCA Handbook, PRM 1.2.1R). The Trust's route is straightforward: prepare a prospectus, get it approved, list the bonds, and the public offer prohibition falls away.

14.2 Prospectus Strategy

The Trust will publish a base prospectus approved by the FCA, from which individual bond series are issued under final terms. This is standard practice for repeat issuers. The base prospectus contains all the information about the Trust as issuer — its legal structure, governance, financial position, risk factors — and remains valid for twelve months (PRM 5.1.1R), during which any number of bond series can be launched by publishing a short final terms document specifying the particular development, the bond size, the issue price and the settlement date.

For a scheme that plans to fund multiple developments in sequence, the base prospectus model is essential. Preparing a full new prospectus for each development would be prohibitively expensive and slow. The base prospectus is prepared once, supplemented as material changes arise, and renewed annually.

The prospectus must contain all information necessary for an investor to make an informed assessment of the Trust's assets, liabilities, financial position and creditworthiness, and of the rights attaching to the bonds (PRM 4.1.1R; POATRs, reg.28(3)).

14.3 The Trust Does Not Require FCA Authorisation

A point that may cause confusion: the Trust does not need FCA authorisation to issue its own bonds. Issuing one's own debentures is excluded from the regulated activity of dealing in investments as principal by article 18 of the Regulated Activities Order, and the exclusion applies to any person, so to a registered society as much as to a company. The Trust is not managing investments (RAO article 37) either. It is borrowing money by issuing debt. This is what companies and charities do.

The Trust does, however, need authorised intermediaries. Distribution to retail investors must be conducted by FCA-authorised broker-dealers, wealth managers or investment platforms (RAO articles 25 and 53). Retail trading on the LSE's Order Book for Fixed Income Securities requires at least one registered market maker providing continuous two-way pricing. A Main Market debt listing needs no sponsor, but the Trust will need an arranger and legal advisers for the prospectus. These are standard professional appointments, not structural obstacles.

14.4 Retail Designation and Product Disclosure

Two features of the 2026 regime bear on how the bonds are sold to individuals, and the first of them is a route that is closed.

The FCA's new rules introduce the concept of a 'plain vanilla listed bond' (PVLB) — a senior, unsecured, unsubordinated debt security benefiting from simplified distribution and product governance requirements. The Trust's bonds might be thought to qualify. They cannot. A PVLB must be issued by a company with equity admitted to a UK regulated market, or its guaranteed subsidiary, and must be unsecured. The Trust has no listed equity and its bonds are secured on rental income. The PVLB route is closed, and nothing in this document relies on it.

What the Trust's bonds do need is to fall outside the Consumer Composite Investments regime — the successor to PRIIPs — so that no key information document or product summary is required. The CCI rules commenced on 6 April 2026 with an optional transition period and become mandatory on 8 June 2027 (FCA PS25/20). Under DISC 1A.2.3R a debt security is outside the regime where its default risk depends on the performance of the issuer's own activities rather than on an underlying investment, and where its payments carry no structuring or conditionality beyond a list of neutral features; a floating rate referenced to an index tracking the rate of inflation is expressly neutral (DISC 1A.2.4R). On the Trust's reading its bonds are outside the regime: a CPI-linked coupon is a permitted feature, the security is the issuer's own rental income, and amortisation is a fixed schedule rather than a condition. Scheduled amortisation and indexation of principal are not themselves on the list of neutral features, so the reading is one the Trust will confirm with the FCA before issue. It is listed in Appendix IX.

The London Stock Exchange's retail designation is now the 'Access Bond'. Since 19 January 2026 retail-eligible bonds on the Main Market carry that designation, eligibility for which is confirmed by the issuer at admission; the Exchange does not assess suitability. The Trust will seek it at listing.

14.5 ISA Eligibility

If the bonds cannot be held in an ISA, the retail strategy fails. It is that simple.

A stocks and shares ISA shelters investment income from income tax and gains from capital gains tax (Income Tax (Trading and Other Income) Act 2005, ss.694–701; Taxation of Chargeable Gains Act 1992, s.151). For a basic-rate taxpayer receiving a 3% real coupon, the ISA wrapper preserves the full return. For a higher-rate taxpayer, it prevents the coupon being taxed at 40%. Over 35 years of compounding, the difference between a tax-free and a taxed return is not marginal. It is the difference between a bond that is worth holding and one that is not. From April 2027 the cash ISA limit for savers under 65 falls to £12,000, with £8,000 of the £20,000 annual allowance reserved for investments; that is £8,000 a year of retail savings looking for exactly this kind of instrument.

14.5.1 Qualifying Investment

The ISA Regulations 1998 (SI 1998/1870), as amended, define qualifying investments for a stocks and shares ISA. The relevant provision is regulation 7(2)(b): securities issued by a company, where the securities satisfy one of the conditions in regulation 7(5) — which include that the securities themselves are officially listed on, or admitted to trading on, a recognised stock exchange. The London Stock Exchange Main Market is a recognised stock exchange within the meaning of the Income Tax Act 2007, s.1005. The Housing Investment Bonds, once admitted to the Main Market, meet the condition. Eligibility follows from the regulations; it does not require a Treasury direction or HMRC approval of the product. HMRC approves ISA managers, and each manager decides whether to accept an investment that qualifies.

One point needs confirming rather than asserting. A community benefit society is a body corporate with a share capital, and regulation 2 defines 'company' for these purposes as any body corporate having a share capital. On the plain words a registered society is a company for ISA purposes, as building societies have long been treated to be. But no registered society has yet issued a retail-denomination listed bond in its own name — the housing associations that have issued retail bonds did so through plc vehicles, and the charity bonds listed since 2014 used a plc issuer — and HMRC has not been asked. The Trust will obtain written confirmation from HMRC before any marketing describes the bonds as ISA-eligible. It is listed in Appendix IX.

14.5.2 Innovative Finance ISA

As an alternative or complement, the bonds may also qualify for inclusion in an Innovative Finance ISA under ISA Regulations, regulation 8A. Since 2016, transferable debentures issued by a company or a charity qualify where the investment is arranged through an FCA-authorised platform operating an electronic system. Nothing in the regulation excludes a listed security. This route is relevant to platform distribution; the practical IFISA market is built on unlisted bonds, and the Trust does not rely on it.

14.5.3 Denomination and Fractional Access

The natural design is for bonds to be held from £1 through fractional interests in a nominee's holding, within an ISA. The second half of that is not available. The Individual Savings Account (Amendment) (No. 2) Regulations 2024 (SI 2024/1022), in force from 4 November 2024, made fractional interests in shares qualifying investments; regulation 7(2B) provides that a fractional interest in any other qualifying investment, including a bond, is not. A platform may offer fractional exposure to the bonds outside an ISA. Inside an ISA the unit is the bond.

The Trust therefore sets the retail denomination at £100, which is the ISA-eligible unit and is well within the range the Exchange admits for retail bonds. The ambition that a 22-year-old putting £25 a month into an ISA should be able to hold the bonds that fund the homes is not abandoned: it is a one-line amendment to the 2024 regulations, extending the fractional-shares rule to listed bonds, and it is recorded as an ask in Chapter 20. Until it is made, the document says what the position is.

14.6 Secondary Market

The bonds have a 35-year term. Nobody should be asked to commit to a 35-year illiquid investment. A functioning secondary market is not a nice-to-have; it is a regulatory requirement, a commercial necessity and a moral obligation to the retail investors the scheme is designed to attract.

14.6.1 Why It Is Required

The FCA's product governance rules (PROD sourcebook) require that the target market assessment for any financial instrument considers the client's ability to exit. A 35-year bond with no secondary market would be unsuitable for all but the most specialist, long-horizon investors. It could not be recommended by an IFA. It could not be distributed through a retail platform. It could not be held in an ISA through any major provider. The retail strategy — and with it the scheme's political appeal as something ordinary people can invest in — collapses.

A visible, transparent secondary market also provides price discovery, which the Trust needs for accurate reporting of its outstanding liabilities and which investors need to assess the value of their holdings. And the existence of a liquid exit route is itself a prerequisite for primary demand: investors will not buy what they cannot sell.

14.6.2 Where the Bonds Trade

The London Stock Exchange's Order Book for Retail Bonds, launched in 2010, was decommissioned on 19 January 2026 alongside the new prospectus regime. Retail-eligible bonds on the Main Market now trade on the Order Book for Fixed Income Securities (OFIS), provided a registered market maker supports the instrument, and carry the Access Bond designation described in 14.4. The requirements the Trust must meet are in substance those the retail order book always imposed: admission to the Main Market, a committed market maker providing continuous two-way prices within the segment's maximum spread, and a retail denomination. The Trust's £100 denomination is within range. Securing a market maker has historically been the gating item for smaller issuers, and the costing model in Appendix I.6 carries its appointment as a programme cost.

The wholesale tranche (£100,000 and above) trades over the counter through standard institutional channels. This does not require specific infrastructure beyond the Trust's registrar and the security trustee.

14.6.3 Where the Initial Float Comes From

A secondary market needs sellers. At proof of concept the only holder is the government, and the first sellers are the government itself, selling down in tranches once the Trust has a rent roll and audited accounts (Chapter 16.5), and the institutions that take the Trust's first market issuance. Those sales are the first trades, the first prices and the first evidence of liquidity. The £100 denomination and the Access Bond designation mean that retail investors can buy from the first tranche sold, and the market maker appointed under 14.6.2 quotes it from the first day.

14.6.4 Amortisation and Secondary Market Pricing

Amortising bonds trade differently from bullet bonds. Because the outstanding principal declines over time, the quoted price must be read alongside the 'factor' — the proportion of original principal still outstanding. After ten years of amortisation on a 35-year bond, the factor might be approximately 0.72, meaning £100 nominal represents £72 of outstanding principal.

This is standard in markets where amortising securities trade — notably mortgage-backed securities and infrastructure bonds — and trading systems display the factor alongside the price. But it will be unfamiliar to many retail investors. The prospectus must include a clear worked example of how the amortisation schedule affects price and yield over the bond's life, and the Trust's investor communications should explain it in plain language. An investor who does not understand what they hold is an investor who will panic at the first unexpected price movement. That is avoidable. It should be avoided.

Statutory and market position in this chapter current to 19 October 2026.

Chapter 15: The Prospectus

The Trust publishes a base prospectus, approved by the FCA under the PRM rules, from which individual bond series are issued under final terms. The base prospectus must contain all "necessary information" as defined in PRM 4.1.1R. What follows is the indicative structure, reflecting the minimum content requirements of the PRM disclosure annexes for non-equity securities.

15.1 Registration Document — About the Trust

People responsible. Every person responsible for the prospectus information must be identified, with a declaration that the information is accurate and contains no material omission (PRM Annex 7, Item 1).

Risk factors. A limited number of risk factors, specific to the Trust and the bonds, categorised by nature with the most material first (PRM 4.5.4R). These will include, at minimum: construction cost overrun; void periods between tenancies; tenant arrears; regulatory changes to rent-setting policy or Housing Benefit; inflation basis risk (the gap between CPI rent adjustment and CPI bond adjustment); and secondary market liquidity risk.

Issuer information. Legal name, registration number, date of incorporation, legal form (community benefit society under the 2014 Act), registered office, objects, and a description of the Trust's principal activities, construction methodology, target cohort and geographic strategy.

Financial information. Audited financial statements for the preceding two years, or for a newly established trust, an opening balance sheet and pro forma projections. Prepared under UK GAAP (FRS 102) and the Housing SORP.

Governance. Board of trustees, Resident Advisory Panel, conflicts of interest policy, and details of the security trustee, managing agent and bond registrar.

15.2 Securities Note — About the Bonds

Use of proceeds. Construction of the specified development, with a cost breakdown.

Terms of the securities. ISIN; currency; denomination(s); ranking; coupon; amortisation schedule; CPI-adjustment mechanism; trust deed and security arrangements.

Amortisation schedule. A year-by-year table showing, for each year: opening principal balance; CPI-adjusted principal; coupon payment; principal repayment; closing balance. Presented in both real terms (constant prices) and nominal terms (illustrative, based on assumed CPI trajectories of 2%, 3% and 5%).

Yield illustration. A worked example of total return for an investor who holds to maturity and for an investor who sells at five, ten, fifteen and twenty years, under low, central and high inflation scenarios.

Offer and settlement. Offer price, total amount of issue, application process, settlement, expected timetable, identity of market maker(s), Access Bond designation.

15.3 Sustainability Disclosure

If the bonds are marketed as 'social bonds', PRM 4.6 requires the prospectus to state this, describe the social objectives, explain the criteria for project selection, describe how proceeds are managed and allocated, and set out the arrangements for reporting on use of proceeds. The Trust should align with the International Capital Market Association's Social Bond Principles (2023 edition). This is not a regulatory requirement but it is a market expectation among institutional investors with ESG mandates, and meeting it will materially widen the wholesale investor base.

15.4 Liability

Under POATR reg.37, persons responsible for a prospectus are liable to compensate investors for loss caused by untrue or misleading statements or material omissions. The new regime introduces a 'recklessness' standard for protected forward-looking statements (PFLSs), replacing the previous negligence standard. The Trust's projections of construction costs, rental yields and occupancy rates should be clearly demarcated as PFLSs. This is a substantive protection: it means the Trust can include realistic cost and income projections without exposing the board to personal liability for honest forecasting errors, provided the projections are not reckless.

Statutory position in this chapter current to 19 October 2026.

Chapter 16: The Government's Role at Proof of Concept

16.1 The Pilot

The proof of concept is 500 homes across ten sites, not the 100 across three that a cautious first step would suggest. The reason is arithmetic, not ambition, and Appendix I.6 sets it out: the costs of establishing the Trust, registering it, preparing and approving a base prospectus, appointing a market maker, and staffing the organisation through the build are the same whether it builds 100 homes or 500. Loaded onto 100 homes across three sites, they add about £33,000 to the funded cost of every home; across 500 homes and ten sites, about £15,000. On the sensitivity table in Appendix I.3.1, a 100-home pilot serves only the upper third of the cohort. A 500-home pilot, on serviced land or with Homes England infrastructure grant, serves the upper half, from about £48,000.

Ten sites also test the model in a way three cannot: across site types, local authorities, regional labour markets and contractors. A pilot that works on three greenfield sites in one region has proved less than its cost. A pilot that works on ten sites of mixed character has proved the model.

At the funded cost per home in Appendix I.6, the pilot issuance is approximately £105 million of bonds at face value. A figure of £14 million for 100 homes — the reference home's materials and labour, multiplied up — would carry no contractor's margin, no programme costs, no contingency and no interest during construction. The figure here carries all of them. It does not carry the site infrastructure, which is funded by the landowner or by Homes England grant and never by the bond (Chapter 19.1).

16.2 What Government Buys

At proof of concept the primary bond purchaser is the government. This needs to be understood precisely. The government is not granting £105 million. It is not subsidising anything in the ordinary sense. It is buying bonds. It receives a 3% real return, it receives its principal back over thirty-five years, and the bonds are secured against rental income. At current yields on thirty-year index-linked gilts of around 2.4% real, this is a better return than the government earns on its own debt, by a margin wide enough to pass the Treasury's own test that a financial transaction should return more than the cost of borrowing.

The purchase is simple in form. The government subscribes for the pilot issuance at par, in tranches matched to the build programme, and the Trust draws the proceeds to pay the contractor's certified stage payments, the programme costs, fees and interest during construction in cash. There is no discount to par at the pilot, because there is no market to price one; the question of what the bonds trade at is deferred to the point at which the Trust has a track record and the government begins to sell down (16.5). The price government pays is a bond price, not a construction price, and the subsidy-control analysis in Chapter 18 proceeds on that basis.

The proof of concept need not stop at a single issuance. If a stronger evidence base is required before the bonds are opened to institutional and retail investors, the programme can be extended on the same terms. A first 500 homes establishes that the model works; successive tranches deepen the operational track record, widen the portfolio yield data, and demonstrate the welfare savings at progressively greater scale, without altering the mechanism or the government's risk position.

16.3 Purchase Route

The purchase can be routed through several existing institutional channels. The most natural is the National Wealth Fund (the UK Infrastructure Bank, renamed in October 2024 and operating under the UK Infrastructure Bank Act 2023), whose mandate includes investment in housing infrastructure. Alternatively, the Debt Management Office could purchase the bonds directly, or the Public Works Loan Board could lend to a local authority which in turn subscribes for the bonds. The mechanics vary; the fiscal effect is the same. The bonds are an asset on the public balance sheet, not a liability. They produce a positive real return and they amortise.

Whichever route is used, the purchase is a financial transaction within the Treasury’s Financial Transaction Control Framework (October 2024, updated March 2025, with risk-budgeting guidance added in June 2026), and must show a market-failure rationale, additionality, limited and subsidy-control-compliant concessionality, and a return above the cost of borrowing. Chapter 18 makes the first three cases; 16.2 makes the fourth.

16.4 How It Scores

The distinction from a grant matters for fiscal classification, and it is easy to state too simply. A grant is expensed immediately and irrecoverable. A bond purchase is the acquisition of a financial asset with a defined income stream and a defined repayment schedule.

Under the fiscal rules adopted at the Autumn Budget on 30 October 2024, the government’s debt target is public sector net financial liabilities, which nets financial assets — including debt securities held — against liabilities. A purchase of bonds at their value is neutral for that measure: the liability incurred to fund it is matched by the asset acquired. Public sector net debt excluding the Bank of England, which does not net illiquid assets, rises by the amount of the purchase. Public sector net borrowing is unaffected unless the Office for National Statistics treats part of the purchase as a transfer, which it could do if government paid more than the bonds were worth. That is a reason to price the anchor purchase at fair value and to say so.

The bonds themselves score as public debt only if the Trust is classified to the public sector. English registered providers have been classified as private market producers since 16 November 2017, after the Housing and Planning Act 2016 removed the regulatory consents that had led the ONS to reclassify them in 2015. The Trust inherits that position provided government’s rights are a creditor’s rights and no more: no board appointments, no consents over disposals, no step-in beyond the trust deed. The Office for Budget Responsibility has described the classification boundary as fragile. The Trust’s governance in Chapter 12.4 is drafted to stay on the right side of it, and the question is listed in Appendix IX.

16.5 Exit

Once the model is proven and the Trust has established a rental income track record — two to three years of full occupancy, audited accounts, demonstrated arrears management — the government can sell the bonds on the secondary market to institutional or retail investors. This is the intended trajectory. Government provides the initial capital to de-risk the model. The market provides the capital thereafter. The secondary market described in Chapter 14 is the mechanism for this transition, and the government’s own staged sell-down is the first price discovery.

The government may alternatively choose to hold the bonds to maturity, receiving a 3% real return for thirty-five years and the full return of principal. In either scenario, the net cost to the Exchequer is zero. The net benefit is positive: a real financial return plus the welfare savings generated by moving households out of the housing benefit system and into self-sustaining homes. Those welfare savings are quantified in Appendix III.

16.6 Summary of Applicable Legislation

The following table collects every Act, statutory instrument and regulatory sourcebook referenced in Part II of this document.

Area	Primary Legislation / Regulation
Society registration	Co-operative and Community Benefit Societies Act 2014, s.2(2)(a)(ii)
Exempt charity status	Charities Act 2011, ss.1–4; Sch.3, para 26 (registered society that is a private registered provider)
Charity governance	Charities Act 2022 (amending CA 2011)
Social housing regulation	Housing and Regeneration Act 2008, Part 2; Social Housing (Regulation) Act 2023
Rent regime	Housing and Regeneration Act 2008, ss.194, 197; Policy Statement on Rents for Social Housing (January 2026); RSH Rent Standard 2026

Area	Primary Legislation / Regulation
Bond issuance / public offers	Public Offers and Admissions to Trading Regulations 2024 (SI 2024/105)
Prospectus content	FCA Handbook: PRM sourcebook (PS25/9, effective 19 January 2026)
ISA eligibility	ISA Regulations 1998 (SI 1998/1870), regs 2, 7(2)(b), 7(5), 8A
Fractional ISA holdings (shares)	Individual Savings Account (Amendment) (No. 2) Regulations 2024 (SI 2024/1022); reg 7(2B) (bonds excluded)
Regulated activities	Financial Services and Markets Act 2000; RAO 2001 (SI 2001/544)
Product governance	FCA Handbook: PROD sourcebook
Consumer Composite Investments	Consumer Composite Investments (Designated Activities) Regulations 2024 (SI 2024/1198); FCA Handbook: DISC sourcebook (PS25/20; commenced 6 April 2026, mandatory 8 June 2027)
Market admission (LSE)	LSE Admission and Disclosure Standards; LSE Notice N03/26 (Access Bond designation; OFIS)
Corporation Tax relief	Corporation Tax Act 2010, s.478
SDLT relief	Finance Act 2003, s.71; Sch.8, para 1
SDLT on leases granted	Finance Act 2003, Sch.5; Sch.17A, para 7; s.77A
VAT (new build)	Value Added Tax Act 1994, Sch.8, Group 5, Items 1 and 2
Business rates relief	Local Government Finance Act 1988, Sch.4ZA, para 2 (Non-Domestic Rating Act 2023); s.47
Infrastructure investment	UK Infrastructure Bank Act 2023 (the Bank trades as the National Wealth Fund)
Public financial transactions	HM Treasury, Financial Transaction Control Framework (October 2024, updated March 2025; risk-budgeting guidance June 2026); Managing Public Money
Land disposal (local authorities)	Local Government Act 1972, s.123; General Disposal Consent (England) 2003
Housing land disposal	Housing Act 1985, ss.32, 43; General Housing Consents 2013
Subsidy control	Subsidy Control Act 2022
Public procurement	Procurement Act 2023
Planning (NSIP route)	Planning Act 2008, Parts 1–6, ss.35, 35ZA; Growth and Infrastructure Act 2013, s.26
Planning (general)	Town and Country Planning Act 1990; Planning and Compulsory Purchase Act 2004, s.38(6)
Planning (2025 reforms)	Planning and Infrastructure Act 2025
CIL exemption	CIL Regulations 2010 (SI 2010/948), reg.49; CIL (Amendment) Regulations 2014 (SI 2014/385)
Biodiversity net gain	Environment Act 2021, s.98; TCPA 1990, Sch.7A; SI 2024/47
Nutrient neutrality	Conservation of Habitats and Species Regulations 2017; Levelling-up and Regeneration Act 2023, ss.168–170; Planning and Infrastructure Act 2025, Part 3
Building Regulations	Building Act 1984; Building Regulations 2010 (SI 2010/2214)
Building Safety Act	Building Safety Act 2022; SI 2023/911
Awaab's Law	Landlord and Tenant Act 1985, s.10A; Hazards in Social Housing (Prescribed Requirements) (England) Regulations 2025 (SI 2025/1042)
Equality Act	Equality Act 2010, ss.4, 9, 19, 149

Area	Primary Legislation / Regulation
Indirect discrimination	Case 170/84 Bilka-Kaufhaus GmbH v Weber von Hartz [1986] ECR 1607; Homer v Chief Constable of West Yorkshire Police [2012] UKSC 15; Essop v Home Office [2017] UKSC 27; R (Bracking) v Secretary of State for Work and Pensions [2013] EWCA Civ 1345

This chapter should be read alongside the bond arithmetic in Chapter 4 (Housing Investment Bonds — Who Invests and Why) and the construction cost analysis in Chapter 3 (The Home — and Who Builds It). The prospectus structure outlined in Chapter 15 is indicative; the Trust’s legal advisers and sponsor will determine the final form in light of FCA guidance current at the time of issuance.

Statutory position in this chapter current to 19 October 2026.

PART III: ALLOCATION AND TENURE

Chapter 17: Allocation and Tenure

17.1 The Principle

The allocation process must be open, transparent and fair. In this context, fair means reciprocal. If you contribute, you get something back. This is not a philosophical abstraction. It is the political foundation on which public support for the scheme depends.

Many working households feel — with justification — that the housing system does not serve them. They earn too much for social housing. They earn too little to buy. The private rental market extracts a third or more of their income for insecure accommodation. They watch social housing allocated by needs-based criteria that, however well-intentioned, do not recognise the contribution they make through work, through raising families, through sustaining the communities they live in.

This scheme is specifically designed for those households. It is a second queue, not a place in the first one. Nobody on a local authority housing register is displaced by it, because nobody on that register is competing for these homes: the Trust's homes are allocated by published income-band and contribution criteria, not by statutory need. The allocation rules exist to ensure the homes reach the cohort the market has failed and no one else. They are simple, they are published, and they are applied without discretion.

17.2 Eligibility Criteria

17.2.1 Income

Gross household income must fall within the range set by the rent arithmetic for the development in question. For the base-case home the floor is the income at which rent reaches 33% of net household income, and the ceiling is the income above which market purchase becomes viable at national average prices (see Chapter 2 and Appendix I). These are not arbitrary lines. They are the direct product of the bond arithmetic and the standard affordability definitions used by government, lenders and housing researchers. Because they are derived from the rent, they move with the funded cost of the home: a development that costs more to deliver has a higher floor, and the published criteria for each development state it.

Income is assessed at the point of application from the applicant's own HMRC records — the employment and pay history available to every taxpayer through their Personal Tax Account — together with recent payslips, and, where the applicant consents, Open Banking data. The Trust has no direct access to HMRC's Real Time Information: that data is protected by section 18 of the Commissioners for Revenue and Customs Act 2005 and no statutory gateway reaches a private registered provider (Appendix IX).

Self-employed applicants provide the most recent two years of Self Assessment returns plus current bank statements. The assessment is of the household, not the individual: all adult members contributing to household income are included. Only earned income counts towards the floor — wages, salary and trading profit — because the rent is set to be met from earnings (Chapter 2); Universal Credit, Child Benefit and other benefits are disregarded, though a household may of course receive them.

There is no reassessment during the lease. A household whose income rises above the ceiling after allocation is not required to leave, is not required to pay more, and is not asked to justify itself. The lease is for thirty-five years. People's circumstances change. If a promotion or a second earner takes the household above the ceiling, that is a success, not a disqualification. The allocation criteria apply at entry, not throughout.

This is a deliberate choice, and it should be defended rather than apologised for. Over two decades, a portfolio allocated at entry will drift upward: a household entering at £33,000 is plausibly at £65,000 by year fifteen. Three answers are available. Periodic income review with a rent taper above the ceiling turns the Trust into a means-testing body, creates a cliff-edge at every review, and reintroduces the bureaucracy and the resentment that the contribution principle exists to avoid. A purchase route out conflicts with the asset position set out in Chapters 4 and 12 and with the bondholders' security. The third answer is the one adopted here: accept the drift, and say why it is a feature. Mixed-income neighbourhoods are what every housing policy since 1945 has claimed to want and none has achieved. A development in which the household that moved in on £33,000 is, twenty years later, the household on

£70,000 next door to the new arrival on £35,000 is a stable community, not a failure of targeting. The homes are not being taken from anyone: the rent still services the bond, the household still pays in full, and the Trust's growth comes from the reissuance cycle in Chapter 5, not from recycling tenancies. The only thing the drift costs is the ability to say that every occupant, at every moment, is below the ceiling. That is a smaller price than any of the alternatives.

17.2.2 Contribution

The household must be a working household. The test is applied to the household, not to each adult in it, and it is met where at least one adult member satisfies one of the following:

Paid employment. Full-time or part-time employment with an employer, including zero-hours contracts, averaging at least 16 hours a week over the preceding 26 weeks, evidenced from the applicant's HMRC employment history and payslips (17.2.1).

Self-employment. Registration with HMRC and at least two filed Self Assessment returns showing trading income, with current bank statements.

The test is the same one the rent arithmetic applies. Chapter 2 sets the rent so that it is met from earned income at a third of net household income, and 17.2.1 counts only earned income — wages and trading profit, not benefits — towards the floor. A household with no earner cannot reach the floor; a household with one earner and a second adult who is a carer, disabled, studying or volunteering can, and qualifies. The contribution test adds nothing to the income test except the hours and duration conditions, which exist to show that the earnings are established rather than momentary.

Three things the test is not. It is not a test of each adult: the carer, the disabled partner and the adult child in education are members of a working household, not exceptions to it. It is not discretionary: there is no residual category assessed case by case, because Appendix IV's political architecture depends on criteria that are published, objective and the same for everyone, and a discretionary limb is the first place an allocation policy is gamed and the first place it is accused of being. And it is not a test of merit or desert. Voluntary work, community service and caring are real contributions and the Trust says so; they are not what the rent is paid from, and a scheme whose entire financial model rests on rent met from earnings cannot admit households on the strength of them.

Under the Equality Act 2010, s.19, a provision, criterion or practice that puts persons sharing a protected characteristic at a particular disadvantage is indirectly discriminatory unless it is a proportionate means of achieving a legitimate aim. A test applied to each individual — 'are you in paid work?' — would disadvantage disabled people and women, who carry out most unpaid care. A test applied to the household does not: it asks whether the household has the earnings the rent is designed around, which is the legitimate aim, and it admits every household that does, whatever the circumstances of its other members. The Trust will record that justification in its lettings policy and keep the equality impact of the criteria under review. Where this document elsewhere refers to the Trust housing 'working households', it means households that meet this test.

17.2.3 Local Connection

The household must have a connection to the area in which the development stands, shown in one of two ways:

Employment. An adult member of the household in paid employment or self-employment within the local authority area or a reasonable travel-to-work distance of the development, or holding a confirmed written offer of such employment. This limb leads because it is the connection the Trust exists to serve. A nurse recruited to the local hospital, a teacher appointed to a local school, a warehouse worker transferred to a local distribution centre, all qualify on the day they accept the job, with no prior residence in the area.

Residence. Normal residence in the local authority area for at least two years immediately before application. Two years is the minimum residency qualification recommended in the statutory guidance *Providing social housing for local people* (MHCLG, 2013), issued under section 169 of the Housing Act 1996, and is the period most local authorities apply.

Family connection is not a qualifying route. A household whose only link to the area is a relative living in it does not qualify on that basis; a household that qualifies by employment or residence and also has close family in the area may be given priority within the queue for the development concerned, in the same way as key workers under 17.3. The distinction is deliberate. The Trust does not allocate on need. It has no reasonable-preference duty under Part 6 of the Housing Act 1996, takes no nominations (17.4), and lets its homes to qualifying working households in order of application (17.5). The mechanism by which a household newly arrived in an area can move ahead of households long settled in it — a statutory preference on need — does not exist in the Trust's scheme, and the local connection test should not reintroduce a version of it through a family limb.

Three exceptions apply, and they are the ones whose absence has made local authority residence tests unlawful. A household fleeing domestic abuse, or otherwise unable to remain in the area where it would qualify, is treated as having a connection to any area in which the Trust has homes. A care leaver who was looked after by the local authority qualifies in that authority's area whether or not resident there. Serving members of the regular armed forces, and former members within five years of discharge, bereaved spouses and civil partners of service personnel, and seriously injured reservists are exempt from the residence limb, as they are from local authority tests under the Allocation of Housing (Qualification Criteria for Armed Forces) (England) Regulations 2012, and the exemption matters here because the pilot builds on former Ministry of Defence land. The Trust is not a local housing authority and none of these tests binds it directly; it adopts them as its own lettings policy so that its criteria track the public ones, and it records its Equality Act justification for the residence limb, with these exceptions, in that policy (Appendix IX, item 25). If a home remains unlet for ninety days, the connection test widens to the adjoining authorities and then to the region, so that a thin local market does not leave a home empty.

17.2.4 Immigration Status

The applicant must have the right to reside in the United Kingdom. The Trust checks it as a matter of policy, and the law requires less of it than of an ordinary landlord.

The Immigration Act 2014, Part 3, Chapter 1 (ss.20–37, as amended by the Immigration Act 2016) introduced the 'right to rent' scheme, under which a landlord who lets to an adult disqualified by immigration status is liable to a civil penalty of up to £20,000 (s.23) and, where it knows or has reasonable cause to believe the occupier is disqualified, commits an offence (s.33A). The scheme does not reach the Trust's lease: Schedule 3, paragraph 13 excludes a long lease, and any agreement granting a right of occupation for seven years or more that neither party can end sooner. The Trust will nonetheless verify immigration status before grant, using the Home Office's published checking service, so that its criteria and a local authority's are never in conflict and so that no household is granted a thirty-five-year lease it could not lawfully hold.

Separately, the Housing Act 1996, s.160ZA (inserted by the Localism Act 2011 and amended by the Immigration Act 2014) provides that a person subject to immigration control within the meaning of the Asylum and Immigration Act 1996 is not eligible for an allocation of social housing unless prescribed as eligible by regulations. The applicable regulations are the Allocation of Housing and Homelessness (Eligibility) (England) Regulations 2006 (SI 2006/1294), as amended. Section 160ZA binds local housing authorities rather than the Trust directly; the Trust applies the same eligibility test as a matter of policy so that its criteria and the local authority's are never in conflict.

17.2.5 Criminal Record

An applicant with an unspent conviction for a serious criminal offence may be excluded from allocation. The operative words are 'unspent' and 'serious'. Both require definition.

Unspent. The Rehabilitation of Offenders Act 1974 provides that convictions become 'spent' after a rehabilitation period that varies by sentence length. Once a conviction is spent, it is treated for most purposes as if it had not occurred. The Trust cannot lawfully refuse allocation on the basis of a spent conviction.

Serious. The exclusion applies to unspent convictions for offences in the following categories: (i) violent offences against the person; (ii) sexual offences listed in Schedule 3 or Schedule 5 of the Sexual Offences Act 2003; (iii) offences involving the supply or production of controlled drugs under the Misuse of Drugs

Act 1971, s.4 or s.4A; (iv) arson or criminal damage endangering life.

Two further constraints apply. First, the Equality Act 2010, s.15 provides that discrimination arising from disability is unlawful unless justified. Where a criminal record is connected to a mental health condition, the Trust must consider whether exclusion is a proportionate response in the individual case. Second, the Trust must have regard to the welfare of existing residents, particularly children and vulnerable adults.

Applicants who are excluded on criminal record grounds have a right to request a review of the decision by a panel that includes at least one independent member.

17.3 Key Worker Priority

Key worker status is not an eligibility requirement. It is a priority factor that applies in areas where there is a demonstrated shortage of key workers.

The rationale is practical, not preferential. If a local hospital cannot recruit nurses because they cannot afford to live within commuting distance, and the Trust has homes available in the area, it makes sense to prioritise those nurses. The same applies to teachers, police officers, paramedics, firefighters, prison officers, social workers, and armed forces personnel.

Sector	Roles Included
Health	NHS clinical and support staff, including nurses, midwives, paramedics, healthcare assistants, allied health professionals
Education	Teachers, teaching assistants, early years practitioners, school support staff
Public safety	Police officers and PCSOs, firefighters, prison and probation officers
Social care	Social workers, care workers, occupational therapists
Defence	Armed forces personnel (regular and reserve)
Local government	Planning officers, environmental health officers, housing officers and other roles designated by the local authority as critical to service delivery

Key worker priority is activated by the Trust on a development-by-development basis, in consultation with the local authority and relevant employers. It is not a standing preference. In an area where the local NHS trust or police force has formally identified recruitment or retention difficulties linked to housing costs, the Trust may designate up to 30% of lettings in that development as key worker priority. All key worker applicants must still meet the full eligibility criteria.

A second reason for keeping key worker housing in view is regulatory. The government's Policy Statement on Rents for Social Housing excepts 'key worker housing' from the rent-setting regime that would otherwise apply to a registered provider's homes (see 17.4.1 and Chapter 13.4). The term is undefined in the 2026 statement. Whether the Trust's product, or a key-worker-designated part of it, falls within that exception is one of the questions listed in Appendix IX.

17.4 Registration and the Nominations Framework

17.4.1 Why Register

The Trust will register with the Regulator of Social Housing as a registered provider of social housing under the Housing and Regeneration Act 2008, Part 2. Registration is not legally required in order to build or let homes at below-market rents without grant. It is nonetheless the right course, for four reasons.

First, credibility. Registration subjects the Trust to independent regulatory oversight of its governance, financial viability and standards of service. The Regulator's economic and consumer standards apply to every registered provider regardless of the tenure it grants.

Second, the statutory exemptions that make the cost model work. The mandatory Community Infrastructure Levy exemption in regulation 49 of the CIL Regulations 2010 applies to social housing provided by a registered provider (Chapter 11.1). Exempt charity status under Schedule 3, paragraph 26

of the Charities Act 2011 is available to a registered society only if it is a private registered provider (Chapter 12.2). Both fall away without registration.

Third, resident protection. The Regulator's consumer standards, the Housing Ombudsman Scheme and Awaab's Law (Chapter 10.7) impose binding requirements on landlord conduct, safety, transparency and complaint handling. A household signing a thirty-five-year lease is entitled to a landlord that is answerable to somebody.

Fourth, the regulator is the right counterparty for the one regulatory question the model cannot answer for itself. As a registered provider, the Trust's homes are 'low cost rental accommodation' within section 69 of the 2008 Act, and the government's Policy Statement on Rents for Social Housing applies to them unless an exception does. The relevant exception is for 'intermediate rent accommodation', which on the 2016 definition of 'public assistance' is unlikely to cover homes built on land transferred for less than its unrestricted value. If no exception applies, the homes default to Social Rent formula rent, which the cost-covering model cannot bear. Chapter 13.4 sets out the position and the ask: a Direction amending the Policy Statement, which is a ministerial instrument of the same kind as the disposal consents requested in Chapter 7. Registration puts the Trust in the room where that question is settled.

Registration can be sought before the Trust owns any homes. The Regulator will not normally register a body whose business plan shows more than twelve months between registration and becoming a provider, with an exception where the development period runs longer; the detailed assessment stage commonly takes more than six months. The application should therefore be timed to the build programme in Chapter 19.

17.4.2 Co-operation with Local Authorities

Registration brings the Trust within the Housing Act 1996, s.170, which requires a registered provider, where a local housing authority so requests, to 'co-operate to such extent as is reasonable in the circumstances in offering accommodation to people with priority under the authority's allocation scheme'. There is no statutory nomination percentage. The duty is one of reasonable co-operation, and its content is settled by agreement.

The Trust will not enter into nominations agreements of the conventional kind, under which a local authority nominates households from its housing register to a share of lettings. There are two reasons, and the second is legal rather than political.

The first reason is the one this chapter is built on. The Trust's homes serve a defined cohort, written into its charitable objects, its bond prospectus and its regulatory registration. Nominations from a needs-based register would, in most cases, put forward households outside that cohort.

The second reason is that accepting ordinary nominations would itself change the regulatory status of the homes. The 'intermediate rent' exception to the rent-setting regime is available only where the accommodation is let to a tenant who is not a person nominated by a local housing authority under s.159(2)(c) of the 1996 Act, or to a nominee where the authority's own conditions on intermediate letting are satisfied. Taking nominations would put the homes onto formula rent. The Trust cannot do that and service its bonds.

What the Trust will do instead is co-operate in the ways that are reasonable for an intermediate product: publish its criteria; share anonymised allocation data with each authority; invite each authority to refer eligible households from its own intermediate or key-worker lists; record every letting in CORE; and consult the authority on key worker designation under 17.3. This is the model used for intermediate rent, London Living Rent and Rent to Buy homes across England, none of which carries nominations from the housing register. It is not novel. It is how a second queue works alongside the first.

17.4.3 Resolving Conflicts Between Local Authority Priorities and Cohort Eligibility

A conflict will nonetheless be asserted. Local authority allocation schemes prioritise households by statutory need — homelessness, overcrowding, medical need, domestic abuse. An authority under pressure may argue that any new homes in its area should serve that need first.

The Trust's position is clear and should be stated at the outset of every engagement: its homes serve a specific, defined cohort. That cohort is written into its charitable objects, its bond prospectus and its regulatory registration. To allocate outside the cohort would breach the Trust's charitable purposes, mislead its bondholders, and — as 17.4.2 explains — change the rent regime that applies to the homes. The Trust is not declining to help the authority with its statutory duties. It is doing something the authority cannot do: housing the households the authority's own scheme is required to turn away.

17.5 Allocation Process

The process is designed to be simple, auditable and resistant to discretion. Discretion is where corruption enters housing allocation. The rules do the work.

Step 1: Application. The household submits an application through the Trust's online portal, collecting household composition, income (verified from the applicant's HMRC records, payslips or Self Assessment, as 17.2.1 describes), contribution evidence, local connection evidence, declaration of unspent criminal convictions for specified offences, and immigration status documentation.

Step 2: Eligibility check. The Trust verifies each criterion against the published eligibility rules. The check is binary: eligible or not eligible. There is no scoring, no weighting, no subjective assessment at this stage.

Step 3: Queue. Eligible households are placed on a waiting list for the relevant development, ordered by date of application. Key worker priority, where activated, moves qualifying households ahead of non-key-worker households within the queue. No other priority factors apply.

Step 4: Offer. When a home becomes available, the household at the top of the queue is offered the lease. The household has fourteen days to accept. A household may decline up to three offers before being removed from the waiting list for that development.

Step 5: Lease. On acceptance, the household is granted a thirty-five-year lease (17.6). The Trust meets the costs of grant: Stamp Duty Land Tax on the rent, the land registration fee and the conveyancing. A deposit-free, fee-free entry is the point of the product.

Step 6: Appeal. An applicant found ineligible, or removed from the queue, may ask for the decision to be reviewed by a panel including at least one independent member. The Regulator's Tenancy Standard requires a fair, reasonable, simple and accessible appeals process for allocation decisions; this is it.

The entire process is documented. Every decision is recorded with the date, the reason and the officer responsible. The allocation data is published annually in anonymised form in the Trust's annual report.

17.6 Tenure

17.6.1 The Thirty-Five-Year Lease

The Trust grants each household a lease of thirty-five years at a rent, with no premium. The term aligns with the bond. The home is funded by a thirty-five-year bond; the household occupies the home for the life of that bond; the rent services the bond; when the bond matures, the home is unencumbered. The household's home and the Trust's finances move through the same cycle.

The legal character of the lease needs to be stated precisely, because it is not an assured tenancy, and the difference is the design. A tenancy for a term certain of more than twenty-one years cannot be an assured tenancy: Housing Act 1988, Schedule 1, paragraph 3D, inserted by the Renters' Rights Act 2025 with effect from 27 December 2025. The Trust's lease is therefore not an assured tenancy, and the periodic-tenancy regime that the 2025 Act applies to assured tenancies from 1 May 2026 does not apply to it. It is a long residential lease at common law, of the kind the statute book has regulated for a century under the Law of Property Acts, the Landlord and Tenant Acts and the leasehold reform legislation.

Three consequences follow, and the design of the tenure rests on them.

First, the term is load-bearing. A fixed term of between seven and twenty-one years granted today would be an assured tenancy and would convert to a periodic tenancy. The security the Trust offers depends on the term exceeding twenty-one years at grant. The lease therefore contains no landlord break clause exercisable before year twenty-one, and renewal (17.6.3) operates by grant of a fresh term exceeding

twenty-one years, never by holding over.

Second, because the Trust is a registered provider, the lease does not escape the repairing and fitness obligations that attach to shorter tenancies. The Renters' Rights Act 2025 inserted section 13(1AA) into the Landlord and Tenant Act 1985, applying the section 11 repairing covenant to any fixed term of more than seven years granted by a private registered provider that would be an assured tenancy but for its length. The fitness for human habitation duty (s.9A) and Awaab's Law (s.10A) follow. The Trust is responsible for the structure and exterior of every home and for its installations for water, gas, electricity, sanitation and heating, for thirty-five years, and cannot contract out of it (s.12). Section 17.6.7 sets out what the household is responsible for.

Third, the lease is registrable. A lease of more than seven years must be completed by registration at HM Land Registry (Land Registration Act 2002, s.27) and does not operate at law until it is. Each household becomes the registered proprietor of a leasehold title under the Trust's headlease. The Trust's headlease from the public landowner must itself be registered and must permit underletting for terms exceeding twenty-one years; it must also be long enough to carry the reissuance cycle described in Chapter 5, which means a headlease measured in centuries, not in the thirty-five years of a single bond (see Chapter 7.3).

17.6.2 Rent

The rent is a single inclusive figure, fixed at grant by the arithmetic in Chapter 2 and adjusted once a year in line with CPI, as the bonds are (Chapter 13.4). No element of it varies with the Trust's costs. This matters legally as well as commercially: a sum that varies with costs is a 'service charge' within sections 18 to 30 of the Landlord and Tenant Act 1985, with the consultation, reasonableness and accounting machinery those sections carry. The Trust avoids that machinery by carrying cost risk itself, through the sinking fund and the reserves described in Chapter 13.5.

Because the rent is a rent under a long lease, it is not payable until the Trust has served a demand in the prescribed form giving between thirty and sixty days' notice (Commonhold and Leasehold Reform Act 2002, s.166). The Trust will serve demands quarterly, each covering three monthly instalments, so that monthly payment by direct debit continues without a statutory notice every month. The lease may provide for a genuinely returnable deposit. It will not provide for any payment on grant other than rent: a premium, however small, would bring the lease within the Leasehold Reform (Ground Rent) Act 2022 and make the whole rent unlawful.

17.6.3 Renewal

At the expiry of the thirty-five-year term, the household has the right to a new lease for a further term of thirty-five years on the Trust's then standard terms, at the then rent for the development. The right is exercisable once. The new lease will state in terms that it contains no further right of renewal.

That limitation is a legal necessity, not a policy preference. A lease that gives the tenant the right to renew on the same terms, including the right to renew again, is a perpetually renewable lease, and section 145 of the Law of Property Act 1922 converts it by statute into a term of two thousand years. The courts lean against that result but have reached it where the drafting required it (*Caerphilly Concrete Products v Owen* [1972] 1 WLR 372). A right to renew once, with the renewal expressly excluding the option, does not create it (*Marjorie Burnett v Barclay* [1981] 1 EGLR 41).

The Trust's policy, stated in its rules and in every lease, is that it will offer a further lease at the end of the second term to any household in occupation. A household that moves in at twenty-eight therefore holds a legal right to the home until ninety-eight, and the Trust's published undertaking beyond that. For practical purposes this is their home for life. The document says so plainly, and says equally plainly where the right stops and the undertaking begins.

17.6.4 Termination by the Trust

The grounds for possession in Schedule 2 to the Housing Act 1988 do not apply to the lease, because it is not an assured tenancy. The Trust's remedies are those of a landlord under a long lease: forfeiture for breach of covenant, subject to the statutory protections that apply to residential long leases, and only ever by court order while anyone is lawfully residing in the home (Protection from Eviction Act 1977, s.2).

Those protections are substantial. For non-payment of rent, the Trust must have served the s.166 demand; it may not forfeit for a sum below £350 unless part of it has been outstanding for more than three years (2002 Act, s.167). For any other breach, the breach must be admitted or determined by a court or tribunal before a notice under section 146 of the Law of Property Act 1925 can be served (2002 Act, s.168). The court has a wide jurisdiction to grant relief from forfeiture. The Trust's lease will add a pre-possession protocol of its own: written warning, an offer of mediation, referral to money advice or support services where arrears are the issue, and confirmation that the household has claimed the Universal Credit housing element where it is entitled to it. Possession proceedings are a last resort.

The position is about to change, and the lease is drafted for the change. The government's draft Commonhold and Leasehold Reform Bill, published on 27 January 2026 for pre-legislative scrutiny and expected to be introduced in the 2026–27 session, abolishes forfeiture of long residential leases altogether. In its place the landlord would bring a 'lease enforcement claim', after an enforcement notice and a determination of the breach, for a remedial order or an order for sale. The Trust's lease will provide that the pre-possession protocol applies to any such claim, and the Trust will not rely on any contractual device designed to achieve forfeiture by another name. How an order for sale operates against a lease granted for no premium, with no capital value to sell, is a question the Bill does not yet answer. It is listed in Appendix IX.

17.6.5 Termination by the Household

The household may end the lease at any time on three months' notice. Nothing is payable on surrender. This is the distinction between this tenure and the private rental market: the household holds the security, the Trust holds none of the discretion.

17.6.6 Succession

On the death of the leaseholder, the lease vests in the personal representatives. The Trust's lease provides that, within twelve months, the personal representatives must assign it to a qualifying successor or surrender it to the Trust. A qualifying successor is the deceased's spouse, civil partner or cohabitant; a child of the deceased (including adopted children and stepchildren) aged 18 or over; or a parent, grandparent, sibling, uncle, aunt, niece or nephew of the deceased — in each case a person who was occupying the home as their only or principal home at the time of death and who meets the Trust's income eligibility criteria at the point of succession.

The successor takes the lease for the remainder of the term, with the right of renewal under 17.6.3 if it has not been exercised. The intention is clear: this is a family home. It can be passed from one generation to the next. A child who grew up in the home can, if they meet the income criteria, continue to live in it after their parents die. The home stays in the family. The community is preserved. The mechanism is a covenant to assign, because a lease devolves on death by operation of law and the Trust's rules on who may succeed must therefore operate on the estate, not on the lease itself.

17.6.7 Repairs

The Trust is responsible, by statute and by covenant, for the structure and exterior of the home and for the installations for the supply of water, gas and electricity, for sanitation, and for space and water heating (Landlord and Tenant Act 1985, s.11, applied by s.13(1AA)). It is responsible for keeping the home fit for human habitation (s.9A) and for the investigation and remediation timescales set by Awaab's Law (s.10A and the regulations under it; Chapter 10.7). None of this can be shifted to the household.

Within that framework the lease allocates what the statute leaves open. The household is responsible for internal decoration, for consumables and small fittings — bulbs, tap washers, fuses, smoke alarm batteries, door furniture — for blockages and damage it causes, and for keeping the home clean and ventilated. The Trust is responsible for everything else, and for anything, of whatever size, that touches the building envelope or the mechanical ventilation system. An airtight shell with a wall U-value of 0.14 W/m²K and heat-recovery ventilation is a bond-security asset: its low running costs are part of what makes the affordability arithmetic hold. A household fitting an extractor fan through the airtightness layer has done a £40 job and created a £4,000 problem. The lease therefore prohibits alterations to the envelope and the ventilation system without the Trust's written consent, and the Trust will carry out, at its own cost,

any work that touches them. Structural warranty terms will in any case require approved contractors for such work.

The list is deliberately a list rather than a monetary threshold. A flat £250 limit becomes £125 in real terms over thirty-five years unless indexed, and every pound of it is an argument about which side of the line a job falls. A list is not. Nor does the Trust pretend that the list is self-enforcing. Nobody sues over a tap. In practice the Trust will do the work and recharge where the lease allows, and a recharge on a household paying a third of its net income in rent is an arrears problem in disguise. The management fee in Chapter 13.5 is sized on the assumption that small repairs are, in practice, mostly the Trust's.

17.6.8 Subletting and Assignment

The lease prohibits subletting and prohibits assignment other than under 17.6.6. The household must occupy the home as its only or principal home. The Trust's homes are allocated to people who need them. They are not investment assets. Because the lease is a registered title, any purported assignment in breach would be visible and the Trust's consent is a registration requirement.

17.6.9 What the Household Cannot Acquire

A long residential lease ordinarily carries statutory rights to acquire the freehold or an extended lease. Chapter 12.6 sets out why, on the Trust's reading, those rights do not arise against a charitable housing trust letting homes in pursuit of its charitable purposes, why the Right to Buy and the Right to Acquire do not attach to this lease, and what the uncommenced provisions of the Leasehold and Freehold Reform Act 2024 would mean for houses if commenced. The lease will recite the position so that no household is misled about it.

17.7 The Equality Act 2010

The Trust's allocation policy does not select or exclude on the basis of any protected characteristic. The eligibility criteria are: income, contribution, local connection, immigration status and criminal record. None of these is a protected characteristic under the Equality Act 2010, s.4.

The contribution test is drafted broadly specifically to avoid indirect discrimination against disabled people and women. The local connection test includes employment and family exceptions specifically to avoid indirect discrimination against people who have recently arrived in an area. The criminal record exclusion is limited to unspent convictions for defined offence categories and includes a requirement to consider proportionality where the offending is connected to a disability. The income floor is set by the rent, and nowhere above it; a floor set higher than affordability requires would be harder to justify under s.19(2)(d).

The Trust will treat the public sector equality duty (s.149) as applying to its allocation function. Section 149(2) extends the duty to a person who is not a public authority but exercises public functions, and the Court of Appeal in *R (Weaver) v London & Quadrant Housing Trust* [2009] EWCA Civ 587 held a registered provider's management of social housing to be such a function. A grant-free provider on peppercorn public land has a respectable argument that *Weaver* does not reach it. It is not an argument worth running. The Trust will publish an equalities impact assessment of its allocation policy before the policy takes effect, as Chapter 9 requires in any event.

17.8 Summary of Applicable Legislation

Area	Primary Legislation / Regulation
Exclusion from assured tenancy	Housing Act 1988, Sch.1, para 3D (as inserted by Renters' Rights Act 2025, s.31, from 27 December 2025)
Renters' Rights Act	Renters' Rights Act 2025 (c.26); main tenancy provisions in force 1 May 2026
Repairing and fitness obligations	Landlord and Tenant Act 1985, ss.9A, 9B, 10A, 11, 12, 13(1AA)
Awaab's Law	Hazards in Social Housing (Prescribed Requirements) (England) Regulations 2025 (SI 2025/1042); Phase 2 amendment regulations 2026
Perpetually renewable leases	Law of Property Act 1922, s.145 and Sch.15
Forfeiture and relief	Law of Property Act 1925, s.146; County Courts Act 1984, s.138; Commonhold and Leasehold Reform Act 2002, ss.166-171; Housing Act 1996, s.81
Eviction only by court order	Protection from Eviction Act 1977, s.2
Service charges (avoided)	Landlord and Tenant Act 1985, ss.18-30
Ground rent regime (not engaged)	Leasehold Reform (Ground Rent) Act 2022, ss.1, 22
Registration of leases	Land Registration Act 2002, s.27; Land Registration Fee Order 2024
SDLT on rent	Finance Act 2003, Sch.5, paras 2, 3, 8; Sch.17A, para 7; s.77A
Enfranchisement (see Chapter 12.6)	Leasehold Reform Act 1967, ss.1(3), (3A), 3, 4; Leasehold Reform, Housing and Urban Development Act 1993, ss.5, 7, 39; Leasehold and Freehold Reform Act 2024, Part 1 (uncommenced), s.27
Right to Acquire (not engaged)	Housing and Regeneration Act 2008, ss.180-181
Local connection test	Providing social housing for local people (statutory guidance, 2013), Housing Act 1996, s.169 (adopted as Trust policy); Allocation of Housing (Qualification Criteria for Armed Forces) (England) Regulations 2012
Co-operation with local authorities	Housing Act 1996, s.170
RSH registration	Housing and Regeneration Act 2008, Part 2 (ss.68-69, 112); Social Housing (Regulation) Act 2023
Rent regime	Policy Statement on Rents for Social Housing (January 2026) and RSH Rent Standard 2026 (see Chapter 13.4)
Consumer standards	RSH Tenancy Standard (April 2024); Safety and Quality, Transparency Influence and Accountability, Neighbourhood and Community Standards; Competence and Conduct Standard (1 October 2026)
Housing Ombudsman	Housing Act 1996, s.51 and Sch.2; Housing Ombudsman Scheme (October 2026)
Equality Act	Equality Act 2010, ss.4, 13, 15, 19, 149, 158; R (Weaver) v London & Quadrant Housing Trust [2009] EWCA Civ 587
Rehabilitation of offenders	Rehabilitation of Offenders Act 1974; Exceptions Order 1975 (SI 1975/1023)
Right to rent	Immigration Act 2014, Part 3, Chapter 1 (ss.20-37); Immigration Act 2016
Eligibility (persons from abroad)	Housing Act 1996, s.160ZA; Allocation of Housing and Homelessness (Eligibility) (England) Regulations 2006 (SI 2006/1294)
Sexual offences (schedule reference)	Sexual Offences Act 2003, Schedules 3 and 5
Controlled drugs	Misuse of Drugs Act 1971, ss.4, 4A
Data sharing (income verification)	UK GDPR, Art.6(1)(b) (contract) and 6(1)(f) (legitimate interests); Data Protection Act 2018; Commissioners for Revenue and Customs Act 2005, s.18

Statutory position in this chapter current to 19 October 2026. The draft Commonhold and Leasehold Reform Bill and the Phase 2 and Phase 3 Awaab's Law regulations are expected to change the position during the life of the pilot; see Appendix IX.

PART IV: SUBSIDY, INFRASTRUCTURE AND THE ASKS

Chapter 18: Subsidy Control

18.1 The Question

The government subscribes at par for approximately £105 million of Housing Investment Bonds at the Proof of Concept stage, as anchor purchaser (Chapter 16.2), and the Trust pays its contractor in cash from the proceeds. It receives a 3% real return. The bonds amortise over thirty-five years. The principal is repaid in full from rental income. The government can exit at any point by selling the bonds on the secondary market.

The question that will be asked — by the Treasury, by the National Audit Office, by a Select Committee, by whoever is looking for a reason to object — is: is this a subsidy?

The honest answer is: yes, it probably is. And the correct response is not to pretend otherwise. It is to demonstrate that it is the most efficient, least distortive, and only fully repaid subsidy in the history of UK housing policy.

18.2 The Subsidy Control Act 2022

The Subsidy Control Act 2022 replaced the EU State Aid regime with a domestic framework following the UK's departure from the European Union. It applies to all financial assistance granted by public authorities to enterprises. The Act defines a 'subsidy' as financial assistance which satisfies four conditions (s.2(1)):

it is given, directly or indirectly, by a public authority from public resources;

it confers an economic advantage on one or more enterprises;

it is specific — that is, it benefits certain enterprises over others with respect to the production of goods or the provision of services;

it is capable of having an effect on competition or investment within the United Kingdom, or on trade or investment between the United Kingdom and a country or territory outside the United Kingdom.

All four conditions must be met for the financial assistance to constitute a subsidy.

18.3 Application to the Bond Purchase

18.3.1 Public Resources

The government's purchase of approximately £105 million in bonds is financial assistance from public resources. This is not in dispute. Whether the purchase is made through the Public Works Loan Board, the Debt Management Office, the National Wealth Fund or any other public body, the funds originate from the Exchequer. Condition (a) is met.

18.3.2 Economic Advantage

This is where the argument begins. The Trust receives approximately £105 million in capital. In return, the government receives a 3% real coupon, amortising over thirty-five years, secured against rental income. The question is whether these terms are more favourable than the Trust could obtain on the open market.

For an established housing association with a decade of audited accounts and a diversified rental portfolio, 3% real on a revenue-backed bond is a commercial rate. Arguably generous to the lender. The Housing Finance Corporation's aggregated bond issuances for RPs have historically priced at modest spreads over gilts, reflecting the sector's low default rate.

But the Trust is not an established housing association. It is a newly formed entity with no track record, no existing rental income, and no operating history. A new issuer with no assets seeking to place £105 million of 35-year bonds on the open market at 3% real would not succeed. Thirty-year index-linked gilts yield around 2.4% real; established, rated housing associations borrow at 90 to 125 basis points over gilts; an unrated start-up would be expected to pay more than 3% real, if it could place the bonds at all. The economic advantage is therefore not in the coupon rate — which is commercial for the sector — but in the placement certainty. The government is providing capital that the market would not provide to this

borrower at this stage on any terms. That is an economic advantage. Condition (b) is met.

18.3.3 Specificity

The bond purchase benefits the Trust and no other enterprise. It is not a generally available programme. Condition (c) is met.

18.3.4 Effect on Competition

This requires more care.

On the demand side, there is no competition to distort. The Trust's homes serve households earning £31,500–£75,000 who cannot purchase at market prices. They are excluded from the owner-occupier market by definition: mortgage lenders will not lend them enough to buy. Traditional housebuilders — Barratt, Persimmon, Taylor Wimpey — build homes for sale at market prices to buyers who can obtain mortgages. They do not build homes at construction cost for rent to median-income households. They never have. The Trust is not entering their market. It is creating a market that does not exist.

On the supply side, the picture is different. The Trust is a registered provider of social housing. It operates in the same broad sector as other RPs. It competes — in the subsidy control sense — for construction capacity and for land; it does not compete for grant, because it takes none. If the government purchases bonds from one RP on terms that other RPs do not receive, that is specific financial assistance that could affect competition within the affordable housing sector.

The effect is modest. The Proof of Concept is 500 homes funded by approximately £105 million. The total annual capital expenditure of the English social housing sector is approximately £12 billion. The Trust's initial programme is under 1% of that. But the Act does not require that the effect on competition be substantial. It requires that the assistance be 'capable of having an effect'. A £105 million bond purchase for a specific entity is capable of having an effect, however marginal. Condition (d) is met.

Conclusion: the government's bond purchase is a subsidy within the meaning of the Act. All four conditions are satisfied. The appropriate response is not to deny the classification. It is to demonstrate compliance with the subsidy control principles.

18.4 Compliance with the Subsidy Control Principles

Schedule 1 to the Subsidy Control Act 2022 sets out seven principles against which subsidies must be assessed. Each is addressed below.

18.4.1 Principle A: Common Interest

"Subsidies should pursue a specific public policy objective in order to remedy an identified market failure or to address an equity rationale such as social difficulties or distributional concerns."

The market failure is not theoretical. It is measured, documented and politically acknowledged by every major party.

The private housing market does not supply affordable homes to households earning between £31,500 and £75,000 in sufficient quantity, at rents below 33% of net income, with long-term security of tenure. Mortgage lenders will not lend to this cohort at current house prices. Private landlords charge rents that consume 30–50% of net income with no security beyond the tenancy term. Traditional housebuilders optimise for margin, not affordability: they restrict supply to maintain prices and do not build to rent at sub-market levels.

The social housing system, which was designed to serve lower-income households, does not serve this cohort either. Allocation is based on statutory need (homelessness, overcrowding, medical priority). A working household on £35,000 with stable but unaffordable private rented accommodation is not in priority need. The waiting list in most local authority areas exceeds ten years for a household in this position.

The result is a structural gap. Too much income for social housing. Too little income to buy. Too little security in the private rented sector to plan a life. This is the market failure. The bond purchase is the

mechanism by which the government primes a self-sustaining system designed to address it.

18.4.2 Principle B: Proportionality

"Subsidies should be proportionate to their specific policy objective and limited to what is necessary to achieve it."

The bond purchase is approximately £105 million for 500 homes across ten sites. This is a Proof of Concept, and 500 is the minimum scale at which the model can be tested honestly. The costs of establishing and registering the Trust, approving a prospectus and staffing the organisation through the build are the same at any scale; Appendix I.6 shows that loaded onto 100 homes they push the funded cost per home past the point at which the scheme serves its cohort, and that at 500 homes they do not. A pilot of 100 homes would prove that the model fails on its own overheads. A pilot of 500 proves whether the model works. At significantly more, the government is scaling a model before it has been proven.

The subsidy is also, in a strict sense, temporary. The bonds amortise. The government recovers its £105 million in full over thirty-five years plus a 3% real annual return. If it chooses to exit earlier, it sells the bonds on the secondary market. In either case the financial assistance is recovered. No other housing subsidy in current use offers full recovery of the public investment with a positive real return.

Programme	Public Cost	Recovery	Ongoing Requirement
This scheme (PoC)	~£105m bond purchase	Full repayment + 3% real return	None
Social and Affordable Homes Programme	£39bn grant (2026–36)	None. Grant is irrecoverable.	Continuous. Each home requires new grant.
Help to Buy	£24.7bn equity loans (England, 2013–23)	Partial. Losses on negative equity.	Programme closed 2023. Inflated prices remain.
Right to Buy discounts	~£39bn of discounts (nominal; ~£82bn in today's money) on 1.9m homes since 1980	None. Assets permanently lost.	Continuous. Each sale depletes the stock.
Housing Benefit (PRS)	~£12bn/year (HB and UC housing element to private tenants, 2023–24)	None. Transfer to private landlords.	Annual. Rises with rents.

The scheme asks for £105 million, once, and returns it. Every comparator asks for more, repeatedly, and returns nothing. Proportionality is not in question.

18.4.3 Principle C: Behavioural Change

"Subsidies should be designed to bring about a change of economic behaviour of the beneficiary that (a) is conducive to achieving the objective, and (b) would not be achieved in the absence of the subsidy."

Without the bond purchase, the Trust cannot issue bonds. It is a new entity with no track record. The capital market will not fund it at this stage. The government's purchase is the mechanism by which the Trust moves from a legal structure to an operating housing provider. It is, precisely, the priming of the pump.

The behavioural change is specific: the Trust constructs 500 homes, lets them to qualifying households, collects rent, services the bonds, and demonstrates the model's operational and financial viability. Once that track record exists — two or three years of audited accounts showing full occupancy, rent collection above 98%, and bond service met in full — the Trust can approach the capital market for subsequent issuances without further government support. The subsidy enables the first issuance. The market funds every subsequent one.

This is an end-to-end test of the mechanism. The government's £105 million does not fund a housing programme. It proves that a housing programme can fund itself.

18.4.4 Principle D: Conditionality

"Subsidies should not normally compensate for the costs the beneficiary would have funded in the absence of any subsidy."

The Trust would not have funded these costs in the absence of the subsidy. It could not have done so. A newly formed charitable community benefit society with no income, no assets and no operating history cannot raise £105 million on the bond market. The subsidy is not compensating for costs the Trust would otherwise have met. It is enabling activity that would otherwise not occur.

18.4.5 Principle E: Appropriate Policy Instrument

"Subsidies should be an appropriate policy instrument to achieve a public policy objective and that objective cannot be achieved through other less distortive means."

The alternatives are well-tested and have failed.

Grant funding (the Social and Affordable Homes Programme model, and the Affordable Homes Programme before it) does not self-replicate. Every home requires new grant. When grant is cut, output falls. The model is entirely dependent on the fiscal decisions of whoever holds office.

Demand-side subsidies (Help to Buy, shared ownership) inflate prices in a supply-constrained market. The NAO found that Help to Buy had a measurable upward effect on house prices, particularly at the lower end.

Tax incentives for private landlords (buy-to-let mortgage interest relief, now withdrawn) increased the supply of private rented housing but did nothing for affordability or security of tenure.

Regulatory intervention (rent controls) is not government policy, has not been adopted in England, and the economic literature on its effects is contested.

The bond purchase model is distinct from all of these. It is a supply-side intervention that creates permanently affordable housing, returns the public investment with interest, and self-replicates from year 36 without further public expenditure. No alternative instrument achieves this combination. The subsidy is not merely appropriate. It is the only instrument that does what it claims to do.

18.4.6 Principle F: Competition and Investment

"Subsidies should be designed to achieve their specific policy objective while minimising any negative effects on competition or investment within the United Kingdom."

The effect on competition is minimal, for three reasons.

First, the Trust does not compete in the market-sale housing sector. Its homes are built for long-term affordable rent, not for sale. It does not compete with housebuilders for customers. It does not compete with mortgage lenders for borrowers. The households it serves are excluded from those markets by income.

Second, the Trust's impact on the affordable housing sector is negligible at Proof of Concept scale. Five hundred homes against a social housing stock of approximately 4 million, and annual RP completions of approximately 30,000. The £105 million bond purchase is under 1% of the sector's annual capital expenditure, and the Trust takes none of the £39 billion of grant for which other providers compete.

The crowding-out argument has in any case been answered by the market itself. In the week of 7 October 2026 the chief executive of Taylor Wimpey, asked whether the company would commit to more London schemes, answered 'No', because baseline viability there is 'fundamentally broken'. City Hall estimates that London holds consents for more than 300,000 homes that are not being built. One of the country's largest housebuilders has publicly left the market in which the Trust proposes to build. It is difficult to argue that a scheme is distorting private investment in a market from which private investment has announced its withdrawal. In London specifically, Principle F is not a theoretical question. The Trust is not displacing a competitor. It is building where the competitor has said it will not.

Third, the subsidy does not give the Trust a permanent competitive advantage. It gives the Trust a one-time placement of its first bond issuance. Subsequent issuances are market-funded. If the model works, other providers can adopt it — including the housebuilders who bid to build it (Chapter 3.4). The Trust's structure — charitable CBS, amortising bonds, revenue-backed, asset-locked — is not proprietary. It is replicable. The Proof of Concept is designed to demonstrate a mechanism, not to create a monopoly.

18.4.7 Principle G: Net Positive Effects

"Subsidies should not have negative effects on trade or investment between the United Kingdom and other countries that are disproportionate to the benefits of the subsidy."

The scheme has no plausible effect on international trade. The housing is built in the United Kingdom, let to residents of the United Kingdom, and funded by sterling-denominated bonds. No foreign competitor is disadvantaged. No cross-border trade flow is affected. Principle G is satisfied on its face.

18.5 The Comparison That Matters

Every significant housing intervention by the UK government in the past forty years has been a subsidy. Right to Buy discounts: subsidy. Housing association grant: subsidy. Help to Buy equity loans: subsidy. Housing Benefit paid to private landlords: subsidy. Section 106 affordable housing obligations enforced through the planning system: cross-subsidy from market-sale homes.

None of these have been challenged under subsidy control or State Aid rules. All of them involved substantially more public money than this scheme. All of them distorted competition more directly: Help to Buy inflated prices in the market-sale sector; Social and Affordable Homes Programme grant favours some RPs over others through competitive bidding; Right to Buy discounts transferred public assets to sitting tenants at below-market value while depleting the stock available to everyone else; Housing Benefit inflates private rents by guaranteeing landlord income from the public purse.

This scheme asks for about £105 million, once. It returns the money. It returns it with interest. It produces a permanently growing stock of affordable housing that costs nothing to maintain from the public purse after the initial investment. And it asks for the subsidy to be assessed openly, recorded in the subsidy database, and held to the statutory principles.

If this subsidy cannot be justified under the Act, then no housing subsidy can. And if no housing subsidy can be justified, the Act is not a framework for responsible public investment. It is a prohibition on solving the housing crisis.

18.6 Procedural Requirements

The Subsidy Control Act imposes procedural obligations that must be met before the bond purchase is made. These are administrative requirements, not substantive barriers.

18.6.1 Assessment

The granting authority — whichever public body authorises the bond purchase (the Treasury, MHCLG, or the National Wealth Fund) — must assess the subsidy against the principles set out in Schedule 1 before granting it (s.12). The analysis in Section 18.4 above provides the basis for that assessment. The granting authority's subsidy advisers should be engaged early to confirm the assessment and identify any additional requirements.

18.6.2 Subsidy Database

Subsidies above the minimal financial assistance threshold (£315,000 over three fiscal years per enterprise, per s.36) must be entered in the subsidy database maintained by the Department for Business and Trade within three months of the decision to give it, or six months for a subsidy given as a tax measure (ss.32–34). The £105 million bond purchase is well above this threshold. The entry must include the identity of the granting authority, the identity of the beneficiary (the Trust), the amount, the form of the subsidy (bond purchase), the objective, and the legal basis.

18.6.3 Transparency

The subsidy database is publicly searchable. This is a feature, not a risk. The Trust's bond purchase will be visible to anyone who looks. The terms will be visible. The 3% real return, the amortisation schedule, the revenue-backed security, the full repayment of principal — all of it is on the record. If anyone wishes to argue that this is an improper use of public money, the data is there. So is the comparison with every other housing subsidy.

18.6.4 Challenge

An interested party may apply to the Competition Appeal Tribunal for a review of a subsidy decision (s.70). The limitation period is one month from the date the subsidy is entered in the database, or one month from the date the interested party first knew or ought to have known of the subsidy, whichever is later. In practice, a challenge would need to demonstrate that the granting authority's assessment was wrong — that the subsidy does not comply with one or more of the principles. For the reasons set out in Section 18.4, a challenge on the merits would be difficult to sustain.

The more likely source of challenge is political, not legal: a Select Committee inquiry, an NAO value-for-money study, or media scrutiny. The defence is the same in all cases. The government bought bonds. It received a commercial return. It got its money back. The homes are still there. They are still affordable. And they are funding the construction of more homes, without further public expenditure, in perpetuity.

18.7 Note on the Market Economy Investor Principle

Under the previous EU State Aid framework, the Market Economy Investor Principle ('MEIP') provided that a public investment made on terms that a rational private investor would accept does not constitute State Aid, because it confers no advantage. The Subsidy Control Act 2022 does not replicate the MEIP as a standalone test. However, the concept survives within the definition of 'economic advantage' in s.2(1)(b): if the terms of the bond purchase are genuinely commercial — terms that a private investor would accept — there is arguably no advantage and therefore no subsidy.

The difficulty, as noted above, is that no private investor would buy £105 million of 35-year bonds from a newly formed entity with no track record, regardless of the coupon. The terms may be commercial in the abstract. They are not available to this borrower in practice. The MEIP argument is therefore weak at the Proof of Concept stage, and the Trust should not rely on it.

At scale — once the Trust has two or three years of operating history and demonstrated rental income — the position reverses. At that point, the terms are commercially available. The Trust can approach the market. And the government, if it wishes, can sell its existing bonds to private investors at a profit. The MEIP argument becomes stronger over time, which is precisely the trajectory the scheme is designed to follow: public priming, then private capital, then self-sustaining growth.

18.8 Paying the Contractor

The construction contract raises a second subsidy control question, distinct from the bond purchase: whether the Trust's payments to its contractor, made in cash from the proceeds of bonds the government has bought, are themselves assistance from public resources that confers an advantage.

The Trust should assume, for this purpose, that it is a public authority or an intermediary for one. Section 6 of the Act defines a public authority to include any person exercising functions of a public nature, the Statutory Guidance treats resources passed through private bodies as public resources, and the Court of Appeal has held a registered provider's management of social housing to be a public function (*R (Weaver) v London & Quadrant Housing Trust* [2009] EWCA Civ 587). A charitable registered provider building on peppercorn public land will not persuade anyone that its payments to a contractor are a purely private matter, and it should not try.

The analysis is then straightforward. The Statutory Guidance treats the purchase of goods and services at market rate following an appropriate procurement process as conferring no advantage (paragraph 2.21). An open competitive tender under the Procurement Act 2023 (Chapter 3.4), with the specification, the stage-payment terms and the retention disclosed to every bidder, is the evidence that the price is a market price. The contractor receives the tendered sum, in cash, on certification, and nothing else; there is no settlement in kind to value and no undertaking from government to the contractor. The Trust records the procurement so that the subsidy database entry for the bond purchase can point to it.

One procurement point follows and is listed in Appendix IX. The Procurement Act implies thirty-day payment terms into public contracts (s.68), and the Trust's stage-payment schedule and bond drawdown must be timed so that it meets them from the proceeds it has in hand; the Act's requirements on contract

terms and transparency apply to those payment mechanics, which must therefore be in the tender documents from the start.

18.9 What the Trust's Home Does Not Pay

The Home Builders Federation estimated in May 2026 that taxes, regulation and inflation had added about £76,000 to the cost of building a new home since 2020, and about £22,000 more for a home in a high-rise building, where second staircases and the Building Safety Regulator's gateways apply (The Viability Crunch, 6 May 2026). The breakdown explains more about this proposal's viability than any argument in this chapter. Most of those costs are costs of the conventional model — of building for sale, at height, on bought land, within the planning bargain — and the Trust's home does not incur them.

Cost on a conventional London flat	Why it arises	Trust's position
Land at residual market value	Developer buys land priced on the sales it expects to make	Peppercorn lease of public land; freehold retained by the public landowner (Chapter 7)
Developer's profit (typically 15–20% of GDV)	Return for sales risk and capital	None. The Trust takes no profit; the bond coupon is the only return in the system (Chapter 13)
Development finance at commercial margins	Debt repaid from sales; lender prices sales risk	Bonds at 3% real serviced from rent; no sales, no sales risk (Chapter 4)
Sales, marketing and agents' fees	Homes must be sold	None. Homes are let from a waiting list of verified applicants (Chapter 17.5)
Affordable housing contribution under s.106	Planning obligation funded from market-unit margin	None. The Trust is the affordable housing; no market units to cross-subsidise (Chapter 11.2)
Community Infrastructure Levy	Charged per square metre on new floorspace	Mandatory exemption for social housing provided by a registered provider (CIL Regulations 2010, reg 49; Chapter 11.1)
Building Safety Levy (from 1 October 2026)	Levy on new residential development to fund remediation	Not payable where the client is a non-profit registered provider, which the Trust is; the dwelling-level social-housing exclusion turns on rent at or below 80% of market, which the Trust may not meet in low-rent areas (Appendix IX)
Second staircase, fire engineering, Gateway 2 and 3 review	Buildings over 18 metres	None. Two to three storeys; outside the higher-risk regime entirely (Chapter 10.2)
VAT on professional and non-construction costs	Partly irrecoverable for a developer making exempt supplies	Construction zero-rated; charity and exempt-letting status minimise leakage (Chapters 11.6, 12.5)
Corporation Tax on rental income (if retained)	Taxable income for a corporate landlord	Exempt: charitable purposes (Corporation Tax Act 2010, s.478; Chapter 12.5)
Late-stage viability review	GLA and local policy on market schemes	None. No market units; no uplift to review
Planning delay and risk premium	Multi-year consent process on private land	Reduced: public land, 100% affordable, published specification (Chapter 8.2)

This table is the answer to a question Principle F asks: how a scheme can build where the market cannot without the difference being a subsidy. The difference is not that the Trust receives money the developer does not. It is that the Trust does not incur costs the developer does, because it is not doing what the developer does. It does not buy land, sell homes, borrow against sales, pay for height, or take a margin. The one item on the list that is a transfer from the public — the land — is addressed as a subsidy in Chapter 7 and assessed as one. Everything else is design.

18.10 Summary of Applicable Legislation

Area	Primary Legislation / Regulation
Subsidy definition and principles	Subsidy Control Act 2022, ss.2-4; Schedule 1
Assessment duty	Subsidy Control Act 2022, s.12
Minimal financial assistance	Subsidy Control Act 2022, s.36 (£315,000 threshold)
Subsidy database	Subsidy Control Act 2022, ss.32-34; Subsidy Control (Subsidy Database Information Requirements) Regulations 2022 (SI 2022/1153)
Challenge / review	Subsidy Control Act 2022, ss.70-78; Competition Appeal Tribunal Rules
Transparency	Subsidy Control Act 2022, ss.32-34
Granting authority powers	PWLB (National Loans Act 1968); NWF (UK Infrastructure Bank Act 2023); Treasury (Government Resources and Accounts Act 2000)
Housing market failure (evidence base)	UK HPI; ONS income data; English Housing Survey; NAO evaluations of Help to Buy and Right to Buy
Public procurement	Procurement Act 2023, s.68; Procurement Regulations 2024 (thresholds from 1 January 2026)
Public function	R (Weaver) v London & Quadrant Housing Trust [2009] EWCA Civ 587

This chapter should be read alongside Chapter 16 (which describes the bond purchase mechanism and exit strategy) and Chapters 5 and 13.2 (which demonstrate the self-replicating cycle that eliminates the need for further public expenditure). The subsidy control assessment must be completed by the granting authority before the bond purchase is made. The Trust's legal advisers should engage with the granting authority's subsidy control team at the earliest opportunity.

Statutory position in this chapter current to 19 October 2026.

Chapter 19: Infrastructure — Roads, Utilities and Site Preparation

19.1 The Separation

The financial architecture of this scheme rests on a clean division. Bonds fund things that generate rental income: homes, commercial space, community space. Something else must fund things that do not: roads, sewers, water mains, electricity connections, broadband ducting, drainage, public open space.

This is not a design choice peculiar to the Trust. It is how every housing development in England is funded. A housebuilder builds the houses and sells them. The roads are built to adoptable standards and handed to the highway authority. The sewers are built to adoptable standards and handed to the water company. The electricity connections are installed by the network operators under statutory obligation. The developer pays connection charges, builds to specification, and the public infrastructure is adopted by the bodies responsible for maintaining it.

The Trust does exactly the same thing. The difference is what pays for it. A private developer funds infrastructure from the margin on house sales. A standard registered provider funds it from Homes England grant, usually alongside grant for the homes themselves. The Trust has no sale margin and, for the reasons in 19.2, takes no grant for the homes. The infrastructure is never financed on the bond: the bond funds the homes, which earn rent, and nothing that does not. That leaves two routes for the infrastructure, in this order of preference, and the pilot costing model in Appendix I.6 carries both.

The first is the land deal. The public landowner delivers serviced plots — land with roads, drainage and utility connections to the plot boundary — rather than bare land. This is the route the Trust prefers and asks for. Public landowners already do it: Homes England's own land disposals are frequently of serviced parcels, and local authorities routinely service land before disposal to capture the uplift. Here there is no uplift to capture, because the land is let at a peppercorn; the infrastructure is instead the public landowner's contribution to a scheme in which the public purse is otherwise repaid in full. It is recorded in the ledger of asks in Chapter 20 as a condition to be written into the disposal consents in Chapter 7.5.

The second is Homes England infrastructure grant. Where the landowner cannot or will not service the site, the Trust applies for Homes England's Housing and Infrastructure Capital Grant — available from April 2026 to registered providers among others, for brownfield remediation, site preparation and strategic infrastructure such as roads, drainage and utilities — from the £5 billion National Housing Delivery Fund. The grant is to the site, not the homes. It carries no Social Rent share, no nomination arrangements and no change to the allocation model (19.2). It is public assistance for the purposes of subsidy control and of the Rent Standard, and is assessed with the land under 19.8. It is the route Chapter 11 relies on alongside the CIL exemption and the viability-constrained s.106 position to keep the rent at the construction cost, and it is exceptional value for Homes England: about £18,000 of grant per home unlocks a home whose £211,000 construction and programme cost is funded by bonds that are repaid in full, against an average contribution under the Social and Affordable Homes Programme of about £130,000 per home that is never recovered (19.7).

Infrastructure grant is the only irrecoverable public expenditure in the entire model. Under the land deal the public contribution is in kind and the land stays public; under infrastructure grant it is money spent on roads, drains and remediation that the highway authority and the water company adopt, from a fund that exists for that purpose, on land the public still owns. A site for which neither route is available is not a site the Trust builds on.

19.2 Which Grant

The Social and Affordable Homes Programme 2026–2036 is the primary capital funding programme for affordable housing in England: £39 billion over ten years, of which Homes England administers at least £27 billion outside London and the Greater London Authority up to £11.7 billion within it. Bidding opened on 24 February 2026, through Continuous Market Engagement for individual schemes and a Strategic Partnership route for providers committing to larger programmes. The Trust, as a registered provider, could bid. It will not, for three reasons.

First, the programme's priority is Social Rent. Government expects at least 60% of the homes it funds to be for Social Rent, and Homes England's chief executive described the ability to deliver that proportion as a key requirement of partners. The Trust's homes are not Social Rent and cannot be: Chapter 13.4 explains why formula rent and the Trust's bond arithmetic are incompatible. A grant-funded Trust would be a Trust bidding against the programme's own purpose.

Second, grant comes with the allocation model attached. Homes funded for rent under the programme carry nomination arrangements with local authorities for households in statutory need, which is precisely the population Appendix IV explains the Trust must not serve if political consent is to hold. Chapter 17.4 shows the Trust can decline conventional nominations as a registered provider without grant; it could not decline them as a grant condition.

Third, grant would attach the Right to Acquire. Homes 'publicly funded' within section 181 of the Housing and Regeneration Act 2008 — which includes homes built with Homes England grant — carry a statutory purchase right for assured tenants, and although the Trust's thirty-five-year lease is outside that right today (Chapter 12.6), a grant-free model removes the question entirely.

Infrastructure grant is a different question. Homes England's Housing and Infrastructure Capital Grant (19.1) funds the site, not the homes, from a different fund, and attaches none of the three conditions above. The Trust takes it where serviced land is not on offer. Not a pound of the £39 billion Social and Affordable Homes Programme is touched.

One obstacle has to be stated plainly. The core eligibility criteria for every Homes England and National Housing Bank product exclude projects 'where there are leasehold new houses'. The criterion exists to stop ground-rent leasehold, which Part 1 of the Leasehold and Freehold Reform Act 2024 will ban (Chapter 12.6.3). The Trust's thirty-five-year lease is granted for no premium at a rent that is the whole consideration, and it is the tenure the model depends on. On the Trust's reading the criterion is not aimed at it; but a reading is not a decision. The ask — that the criterion be amended, or a determination given for the pilot, so that a cost-rent lease granted by a registered provider is not a 'leasehold new house' for Homes England purposes — is item 7 in Chapter 20, it is the same policy question as the permitted-lease category in item 10, and the two should be put to government together. Until it is answered, grant-assisted sites in the pilot are sites for flats, which the criterion does not touch, or for houses on which the Trust has Homes England's determination in writing.

Declining housing grant is what makes the 'nothing diverted from the needy' argument in Appendix IV airtight. Every pound of the £39 billion goes where the programme intends it to go. The Trust takes none of it, competes with no other provider for it, and houses a cohort the programme does not reach. One related facility is worth checking rather than dismissing: alongside the programme the government has established a £2.5 billion facility of low-interest, interest-only loans for social housing. Whether a registered provider taking no housing grant could draw on it for infrastructure, and on what conditions, is listed in Appendix IX.

19.3 Utility Connections

The statutory framework for utility connections is well-established. The Trust's obligations and entitlements are identical to those of any other housing developer.

19.3.1 Water

The Water Industry Act 1991, ss.41–44 imposes a duty on water undertakers to provide a water main to serve new development where required. The developer — in this case the Trust — applies to the water company for a connection. The water company provides the main and the connection. The developer pays a connection charge (the 'infrastructure charge' under s.146 of the Act, currently set by Ofwat) plus a contribution to the cost of any mains requisition. On-site water distribution pipework is built by the Trust to the water company's specification and adopted under a s.104 agreement.

The infrastructure charge is a fixed per-dwelling charge, currently in the range of £200–£500 per dwelling depending on the water company. The mains requisition contribution depends on distance from the existing network and the capacity required. For a 100-home development in a reasonably well-served area, total water connection costs are typically £50,000–£150,000. In remote areas requiring significant

mains extension, costs can be higher.

19.3.2 Electricity

The Electricity Act 1989, s.16 places a duty on electricity distributors to make a connection to premises when required. The distributor provides the connection and any necessary reinforcement of the local network. The developer pays a connection charge. For a 100-home development, the connection charge is typically £100,000–£300,000, depending on the capacity required and the distance from the nearest substation. If the development requires a new substation, the cost is higher and may be shared between the distributor and the developer under an apportionment arrangement.

Where the Trust's homes are designed to high thermal efficiency standards, electricity demand per dwelling for heating is lower than for conventional construction, though all-electric homes with heat pumps and vehicle charging require adequate supply capacity. The specification in Chapter 3 is all-electric, and the connection design should be agreed with the distributor at the earliest stage.

19.3.3 Gas

The Gas Act 1986, s.10 places a duty on gas transporters to connect premises to the gas network when required. The developer pays a connection charge. The Trust's homes are all-electric, as the Future Homes Standard requires of new homes, and need no gas connection. Omitting gas reduces infrastructure cost and simplifies the site. This section is included for completeness only.

19.3.4 Broadband

The Telecommunications Infrastructure (Leasehold Property) Act 2021 and the Product Security and Telecommunications Infrastructure Act 2022 strengthen the framework for broadband provision to new developments. In practice, most network operators (Openreach, CityFibre, Virgin Media) will install fibre-to-the-premises ducting in new developments at no cost to the developer, in exchange for the right to serve the residents. The Trust's obligation is to provide duct routes and chamber locations within the site layout. The connection cost to the developer is typically nil or nominal.

Building Regulations Approved Document R (2016, as amended) requires all new dwellings to have in-building physical infrastructure to support at least 30 Mbps broadband. In practice, full-fibre provision to new developments exceeds this standard by a wide margin.

19.4 Roads and Drainage Adoption

19.4.1 Roads: Highways Act 1980, s.38

New estate roads serving the Trust's developments are built to adoptable standards and offered for adoption by the local highway authority under the Highways Act 1980, s.38. Under a s.38 agreement:

The Trust (or the landowner, under the serviced-land route) builds the road to the highway authority's specification. This includes road surface, kerbing, footways, street lighting, drainage, signage and road markings. The specification is published by the authority. The contractor builds to that specification under the supervision of the authority's highway engineer.

The Trust deposits a bond or cash deposit as surety, typically 150% of the estimated cost of the road construction. The surety is returned when the road is adopted, usually after a 12-month maintenance period during which the Trust is responsible for defects.

On adoption, the road becomes a public highway. It is maintained by the local authority at public expense. The Trust has no further obligation.

This is the standard mechanism for new housing developments across England. The cost to the Trust is the construction cost of the road (included in the infrastructure budget) plus the s.38 surety bond (a temporary cash commitment, returned on adoption; the costing model carries it as working capital, not cost). The long-term maintenance liability transfers to the highway authority. The Trust's residents benefit from adopted roads maintained to public highway standards.

19.4.2 Drainage: Water Industry Act 1991, s.104

The foul and surface water drainage system serving the development is built to adoptable standards and adopted by the sewerage undertaker (the local water company) under the Water Industry Act 1991, s.104. The mechanism is equivalent to highways adoption:

The drainage is built to the sewerage company's specification. This includes foul sewers, surface water sewers, pumping stations (if required), and sustainable drainage systems (SuDS) where adopted by the sewerage undertaker.

The Trust enters into a s.104 adoption agreement. The sewerage company inspects the works during construction. On satisfactory completion and a maintenance period (typically 12 months), the company adopts the system.

On adoption, the sewerage company maintains the system. The Trust has no further obligation for the adopted drainage.

Surface water drainage is addressed in Chapter 11.5. Where SuDS features are adopted by the sewerage undertaker under s.104, the adoption covers both foul and surface water systems. Where SuDS features are maintained by a management company, the Trust's ongoing obligation is limited to the management company contribution, which is carried within the management fee and is not a variable charge to residents (Chapter 17.6.2).

19.5 Site Preparation

Site preparation costs vary enormously by site and cannot be modelled generically. They include:

Demolition and clearance (brownfield sites): removal of existing structures, hard standing, foundations. Costs depend on the scale and complexity of what is being removed. Asbestos removal, if required, adds significantly to cost.

Ground remediation (contaminated land): assessment, remediation and verification under Part 2A of the Environmental Protection Act 1990. The cost depends on the type and extent of contamination. Former industrial sites can require substantial remediation budgets. Greenfield sites typically do not.

Ground stabilisation (poor ground conditions): piling, ground improvement, engineered fill. This is a function of the geotechnical conditions on the site and the structural requirements of the buildings. Lightweight timber structures on screw piles reduce foundation requirements on many sites.

Earthworks and levelling: cut and fill to create development platforms on sloping sites.

Archaeological investigation: where required by planning condition. The cost depends on what is found. A watching brief during groundworks is relatively inexpensive. A full excavation can be very costly and can delay the programme.

Under the serviced-land route, site preparation is the landowner's. Under the grant route it is costed into the Homes England application before the Trust commits, and a site whose preparation costs exceed what the grant will fund is not viable for the Trust. This is a discipline, not a limitation: it ensures the Trust builds on sites where the model works, rather than forcing the model to work on sites where it does not.

19.6 Indicative Infrastructure Costs

The following table provides indicative infrastructure costs per 100-home development for three site types. These are estimates for the purposes of this document and will be refined through detailed cost planning for each development.

Item	Greenfield	Brownfield (clean)	Brownfield (contaminated)
Access road and estate roads	£600k-£900k	£500k-£800k	£500k-£800k
Foul and surface water drainage	£300k-£500k	£250k-£450k	£300k-£500k
Water connection and mains	£50k-£150k	£50k-£120k	£50k-£120k
Electricity connection	£100k-£300k	£100k-£250k	£100k-£250k

Item	Greenfield	Brownfield (clean)	Brownfield (contaminated)
Gas connection	Nil	Nil	Nil
Broadband ducting	Nil-£30k	Nil-£30k	Nil-£30k
Site clearance / demolition	Nil-£50k	£100k-£400k	£150k-£500k
Ground remediation	Nil	Nil-£100k	£200k-£1m+
Public open space / landscaping	£100k-£200k	£100k-£200k	£100k-£200k
S.38 / s.104 surety bonds (returned)	£150k-£250k	£120k-£220k	£120k-£220k
Total (excl. returned sureties)	£1.15m-£2.13m	£1.1m-£2.35m	£1.4m-£3.4m+
Per dwelling	£11,500-£21,300	£11,000-£23,500	£14,000-£34,000+

Heavily contaminated brownfield sites can push infrastructure costs well above these ranges. The Trust's viability appraisal will identify sites where infrastructure costs are prohibitive. Not every site is suitable for this model. The Trust builds where the model works.

19.7 What Infrastructure Does to the Rent

The pilot costing model in Appendix I.6 takes the midpoints of the table above, weights them by a site mix of 30% greenfield, 50% clean brownfield and 20% contaminated, and arrives at about £18,000 per home. If that sum had to be financed on the bond it would add about £71 a month to the rent of every home and about £3,500 to the gross income floor. It is not financed on the bond. That is what the serviced land or the grant is worth.

That is the whole case for the land deal, and for infrastructure grant where the land comes bare, in one paragraph. The land is already the public contribution; servicing it is a modest extension of the same contribution, it is a thing public landowners already know how to do, and where they cannot, Homes England has a fund for exactly this. Either keeps the funded cost of a home in the 500-home pilot at about £211,000 and the income floor at about £48,000; without either, the pilot would serve households only from about £52,000, and the Trust does not build on such a site.

For comparison, the Social and Affordable Homes Programme's own headline figures — £39 billion for around 300,000 homes — imply an average public contribution of roughly £130,000 per home, none of it recoverable. The Trust's ask under the serviced-land route is about £18,000 per home in kind, with the land retained; under the grant route it is about £18,000 per home in cash from a fund that exists to spend it on exactly this. For every pound of infrastructure grant, Homes England gets about twelve pounds of bond-funded home that it does not have to pay for. Homes England does not publish grant-rate benchmarks and a scheme-by-scheme comparison is therefore impossible, but the order of magnitude is not in doubt.

19.8 Subsidy Control: Serviced Land

Under the serviced-land route, the public landowner's infrastructure spend is financial assistance from public resources and is assessed as part of the land subsidy in Chapter 7.4.4, not separately. It is the same subsidy, larger by the cost of the works, and the same justification applies: a Service of Public Economic Interest, proportionate to a documented market failure, with no recoverable alternative. Under the grant route the Housing and Infrastructure Capital Grant is a subsidy in its own right, assessed by Homes England as granting authority against the same principles and entered in the database alongside the land.

19.9 Note on CIL and S106 Exemptions

As a registered provider delivering social housing, the Trust's developments are exempt from the Community Infrastructure Levy under Regulation 49 of the Community Infrastructure Levy Regulations 2010 (as amended). Section 106 affordable housing obligations under the Town and Country Planning Act 1990, s.106 do not apply because the Trust's homes are the affordable housing provision. These exemptions are addressed in detail in Chapter 11 of this document.

The relevance here is that the CIL and S106 exemptions mean the Trust does not contribute to general infrastructure funding through these mechanisms. The Trust's infrastructure is funded by the land deal, by Homes England infrastructure grant, by the bonds, and by the statutory obligations of the utility undertakers. It does not generate CIL receipts for the local authority. This is the same position as any other 100% affordable housing development by any other registered provider. It is not a special concession.

19.10 Summary of Applicable Legislation

Area	Primary Legislation / Regulation
Homes England powers and programmes	Housing and Regeneration Act 2008, Part 1 (s.19 financial assistance); Social and Affordable Homes Programme 2026–2036 (not used); Housing and Infrastructure Capital Grant, Homes England and National Housing Bank Investment Prospectus 2026 (sought for infrastructure)
Leasehold-houses criterion (Homes England)	Homes England and National Housing Bank Investment Prospectus 2026, core eligibility criteria (ask 7, Chapter 20)
Right to Acquire (reason for no grant)	Housing and Regeneration Act 2008, ss.180–181
Water connection and mains requisition	Water Industry Act 1991, ss.41–44, s.104, s.146
Electricity connection	Electricity Act 1989, s.16; Distribution Connection and Use of System Agreement
Gas connection	Gas Act 1986, s.10 (not applicable)
Broadband	Telecommunications Infrastructure (Leasehold Property) Act 2021; Product Security and Telecommunications Infrastructure Act 2022; Building Regulations Approved Document R
Highways adoption	Highways Act 1980, s.38
Drainage adoption	Water Industry Act 1991, s.104
SuDS	Flood and Water Management Act 2010, Schedule 3 (not commenced in England); NPPF
Contaminated land	Environmental Protection Act 1990, Part 2A
CIL exemption	Community Infrastructure Levy Regulations 2010 (SI 2010/948), Reg.49
Subsidy control (land and servicing)	Subsidy Control Act 2022, s.2, s.29; Schedule 1

This chapter should be read alongside Chapter 7 (the land deal and its consents), Chapter 11 (which details the Trust's CIL, S106 and BNG exemptions), Chapter 18 (which addresses the subsidy control assessment), Chapter 3.10 (which describes the commercial and community space funded by bonds), and Appendix I.6 (the pilot costing model). The infrastructure costs in Section 19.6 are indicative and will be refined through detailed cost planning for each development.

Statutory position in this chapter current to 19 October 2026.

Chapter 20: The Ledger of Asks

This proposal asks for changes to the statute book and to ministerial policy. That is legitimate and deliberate; the statute book is not fixed, and a proposal that treated it as such would be a proposal to do nothing. But the asks should be counted, so that a reader can see that they have been, and ranked, so that a reader can see which are a signature and which are a Bill. There is a difference between amending a consent under a 1972 Act that nobody is defending and carving an exemption out of a flagship reform passed eleven months ago.

The ledger below lists every change this document requests, in order of difficulty. Nothing in the first seven is primary legislation. The pilot in Chapter 16 needs the first six; the seventh is needed only where houses are built on grant-assisted sites. Items 8 to 10 are needed before the model scales. Item 11 would make scaling faster and is not needed at all.

#	Ask	Instrument	Difficulty	Where argued
1	Amend the General Disposal Consent (England) 2003 to permit peppercorn long leases of local authority land to approved delivery bodies for bond-funded housing, or raise the £2 million threshold	Ministerial consent under Local Government Act 1972, s.128	Low	Chapter 7.4.1, 7.5
2	Amend the General Housing Consents 2013 to authorise peppercorn long leases of housing land for the same purpose	Secretary of State consent under Housing Act 1985, s.32	Low	Chapter 7.4.2, 7.5
3	Treasury direction or Managing Public Money amendment: peppercorn leasing of central government land for this class of housing is value for money where Green Book appraisal shows it; land delivered serviced	Treasury policy	Low	Chapter 7.4.3, 19.1
4	Direction to the Regulator of Social Housing amending the Policy Statement on Rents for Social Housing to except bond-funded cost-rent accommodation on public land from Social Rent formula rent	Direction under Housing and Regeneration Act 2008, s.197, after consultation	Low to medium	Chapter 13.4, 17.4
5	Subsidy control assessment at programme level for the land (and its servicing or grant-funded infrastructure) and the pilot bond purchase, with Subsidy Advice Unit referral if required	Administrative, under Subsidy Control Act 2022	Low	Chapters 7.4.4, 18, 19.8
6	Government subscription for the pilot issuance at par, as anchor purchaser, within the Financial Transaction Control Framework, routed through the National Wealth Fund or equivalent	Treasury approval of a financial transaction	Low to medium	Chapter 16
#	Ask	Instrument	Difficulty	Where argued
7	Amend the core eligibility criteria in the Homes	Homes England / MHCLG policy; prospectus criteria	Low to medium	Chapter 19.2, 12.6.3

#	Ask	Instrument	Difficulty	Where argued
	England Investment Prospectus so that long leases granted by a registered provider for no premium at a cost-covering rent are not 'leasehold new houses' for Homes England funding; or a Homes England determination to that effect for the pilot. The same policy question as item 10			
8	Amend the ISA Regulations 1998 to extend the fractional-interest rule for shares (reg 7(2)(r)) to listed bonds, removing them from the exclusion in reg 7(2B), so that fractional holdings can sit within an ISA	Statutory instrument, negative procedure (as SI 2024/1022)	Medium	Chapter 14.5.3
9	Statutory exemption of Housing Investment Bond interest from income tax outside an ISA, as for NS&I certificates	One Finance Act clause	Medium	Chapter 4.4
10	A permitted-lease category under Schedule 1 to the Leasehold and Freehold Reform Act 2024 for cost-rent leases of houses granted by registered providers, made before Part 1 is commenced	Regulations under s.7 if the power extends to it; otherwise primary legislation	Medium	Chapter 12.6.3
11	A faster consent route for qualifying bond-funded housing on public land: repeal of Planning Act 2008, s.35(5), a housing fast-track, or a dedicated Act	Primary legislation	High	Chapter 8.5

Two things that might be expected on the list are not. The tenure needs no legislation: a thirty-five-year lease sits outside the assured regime under the Housing Act 1988 as amended by the Renters' Rights Act 2025, and every protection the household needs is contractual (Chapter 17). And the Trust needs no housing grant programme and no change to the Social and Affordable Homes Programme, because it takes nothing from it; the infrastructure grant it may take already exists (Chapter 19.2).

Two things the ledger watches rather than asks for. The Commonhold and Leasehold Reform Bill, expected to be introduced in the 2026–27 session, will abolish forfeiture of long leases and may in time ban new long leases of flats; Chapter 17.6.4 and Chapter 12.6.3 are drafted for both. And the Phase 2 and Phase 3 Awaab's Law regulations will extend the hazards the Trust must remedy within fixed timescales through 2026 and 2027; Chapter 10.7 assumes them.

Position current to 19 October 2026.

APPENDICES

Appendix I: Sensitivity Analysis and Risk Register

I.1 Purpose

Every model has assumptions. The question is not whether assumptions exist but whether they have been identified, tested and disclosed. This appendix does three things. It identifies the load-bearing assumptions in the financial model. It stress-tests each assumption to show what happens when reality departs from the base case. And it catalogues the risks that could cause that departure, with their likelihood, impact, and the mitigations built into the scheme.

The intention is transparency. A Treasury analyst, a bondholder, an NAO auditor or a hostile Select Committee member should be able to read this section and conclude: the authors know what could go wrong, they have quantified the consequences, and they have built defences. The model is not fragile. It is resilient by design. But it is not invulnerable, and this appendix does not pretend otherwise.

I.2 The Base Case

The financial model rests on the following base case assumptions:

Parameter	Base Case Value
Construction contract per home	~£174,000 (reference design, tendered; Appendix I.6)
Funded cost per home	~£211,000 (construction, fees, programme costs and interest during construction; infrastructure by landowner or Homes England grant, not on the bond; Appendix I.6)
Bond coupon (real)	3.0% per annum, CPI-adjusted
Bond term	35 years, fully amortising
Maintenance sinking fund	1.0% of build cost (construction contract plus fees, ~£187,650) per annum
Management fee	0.5% of build cost per annum, same basis
Occupancy rate	98% (allowing for void periods between lettings)
Rent collection rate	98% (allowing for arrears and write-offs)
Affordability threshold	33% of net household income
Target cohort income range	£31,500–£75,000 gross household
CPI assumption (long-run)	2.0% per annum (Bank of England target)
Construction cost inflation	Broadly tracks CPI over the long term
Year 36 reissuance rate	Theoretical: 100%. Realistic: 70–90%.
Pilot scale	500 homes across 10 sites
Bond issue price	Par at pilot (government anchor purchaser); modelled to 90% thereafter

I.3 Sensitivity Analysis

I.3.1 Build Cost

Build cost is the single most important variable in the model. Everything else cascades from it. The monthly rent, the income floor, the size of the eligible cohort, the affordability ratio at median income, and the viability of the year-36 reissuance cycle all depend on what it costs to build a home.

The base case is the pilot build cost of £187,650 (I.6); the table runs from the build cost at which the full cohort is served to the one at which the model fails. The following table shows the effect of build cost on rent, income floor and affordability at the UK median full-time salary of £37,430:

Build cost → funded cost	Bond Service /mo	Total Rent /mo	Income Floor (gross)	% of median net income	Cohort Impact	Position
£122,000 → £145,000	£562	£714	~£31,500	28%	Full cohort served	The build cost at which the full cohort is served; a scale target
£140,000 → £163,000	£633	£808	~£36,000	32%	Lower cohort served	Scale target
£160,000 → £183,000	£711	£911	~£41,000	36%	Serves from the median	Tender beats benchmark by 15%
£187,650 → £211,000	£818	£1,053	~£48,000	41%	Upper half served	Pilot base case (I.6)
£200,000 → £223,000	£866	£1,116	~£52,000	44%	Upper half served	Tender 7% above benchmark
£220,000 → £243,000	£943	£1,218	~£58,000	48%	Upper third served	Strained
£250,000 → £273,000	£1,060	£1,372	~£68,000	54%	Top quarter only	Model fails

The table is keyed on the build cost — the construction contract plus fees, which is what a tender discovers and what the maintenance and management charges are levied on — and shows beside it the funded cost that the bond carries once the programme layer and interest during construction of the 500-home pilot (about £23,300 per home) are added. Infrastructure is not in either figure, because it is funded by the landowner or by Homes England grant and never on the bond (Chapter 19). The pilot base case in I.6 is the £187,650 row: about £1,050 a month, a floor of about £48,000, and 41% of the median earner's net income. The reference home's materials-and-labour cost of £140,000 is not a row on this table, because no contractor delivers it; the first row shows what build cost the full cohort needs, and it is a scale target, not a pilot figure.

At a build cost of £220,000 — a tender 27% above the benchmark — rent reaches about £1,218 a month and the income floor about £58,000. A household on the median salary pays 48% of net income. The 'median earner pays under a third' headline, which the pilot cannot make anyway, moves further off. The scheme still works for dual-income households in the upper third of the cohort.

At £250,000 — a tender 45% above the benchmark — the model fails. Rent is about £1,372 a month and the income floor about £68,000. The cohort narrows to a band between £68,000 and £75,000, which overlaps largely with the mortgage-accessible population. The scheme's rationale — serving people the market has failed — cannot be sustained.

Conclusion: every £10,000 on the build cost moves the income floor by about £2,000 and the rent by about £50 a month. The pilot as costed serves households from about £48,000. Serving the whole cohort from £31,500 needs a build cost of about £122,000 and a funded cost of about £145,000, which is below any contractor's price for the reference home and is reached only through the levers in Chapters 16 and 20: scale, par issuance, and a tender price that beats the benchmark. Above a build cost of £220,000 the pilot serves only the upper third of its cohort; above £250,000 the model fails. The build cost is therefore still the single most important parameter in the model, and the tender is the single most important event before the Proof of Concept proceeds.

I.3.2 Bond Coupon Rate

The base case coupon is 3% real. This is the rate at which the bond is priced, the rent is calculated, and the affordability ratios are modelled. The following table shows the effect of different coupon rates on the pilot base case (build cost £187,650; funded cost £211,000):

Coupon (real)	Bond Service /mo	Total Rent /mo	Income Floor	Effect
2.5%	£759	£994	~£46,000	Cohort widens. Floor falls by about £3,000.

Coupon (real)	Bond Service /mo	Total Rent /mo	Income Floor	Effect
3.0% (base)	£818	£1,053	~£48,000	Base case.
3.5%	£879	£1,113	~£52,000	Floor rises by about £3,500.
4.0%	£942	£1,176	~£56,000	Floor above £55,000. Upper third only.
5.0%	£1,073	£1,308	~£64,000	Scheme serves the top of the cohort only.

At 3.5% real the pilot still works, from about £52,000. At 4% real the floor is above £55,000 and the scheme serves only the upper third. At 5% real the model is economically viable but has lost its political rationale: it is providing housing for households at the mortgage-accessible edge of the range. The coupon matters most at scale, where the build cost is lower and the coupon is a larger share of the rent.

The mitigation is partly that 3% real is a generous return for secured housing debt once the issuer has a track record. In October 2026 thirty-year index-linked gilts yield around 2.4% real and established, rated housing associations issue at 90 to 125 basis points over nominal gilts; 3% CPI-real sits only about 60 basis points over the long linker, which is tight for an unrated new issuer and is the reason the government anchors the pilot (Chapter 16). Once the Trust has two or three years of audited rent collection, the social housing sector's near-zero default rate supports pricing at or below 3% real. The risk of the market demanding substantially more than 3% at that point is low unless the macroeconomic environment changes dramatically — in which case the entire housing market, not just this scheme, is under stress.

I.3.3 Occupancy and Rent Collection

The base case assumes 98% occupancy and 98% rent collection, giving 96% effective income. The following table shows the effect of lower combined rates on the 500-home pilot at the base-case rent of about £1,050 (gross rent roll about £6.3 million a year):

Occupancy	Collection	Effective Income	Annual Shortfall (500 homes, pilot rent)	Effect
98%	98%	96%	~£253,000	Base case. Covered by reserves.
95%	95%	90%	~£632,000	Significant. Commercial surplus absorbs.
90%	90%	81%	~£1.2 million	Serious. Reserves drawn. Bond service at risk.
85%	85%	72%	~£1.77 million	Critical. Bond default risk.

The English social housing sector consistently achieves occupancy rates above 99% and rent collection rates above 98%. The Trust's allocation system — with a waiting list of eligible, verified, motivated applicants — should produce even higher occupancy, because voids are filled from the queue. The risk is not that demand is insufficient. It is that operational failures (slow reletting, poor arrears management) reduce effective income.

At 90% combined, the shortfall is approximately £632,000 per year on the 500-home pilot. The commercial surplus is the first buffer. The Trust's reserves are the second. If the situation persists for more than 12–18 months, the Trust's board must intervene operationally. At 72% combined effective income, bond default is a real risk. But 72% implies either mass vacancy or widespread non-payment — conditions that would indicate a systemic crisis affecting the entire housing market, not a failure specific to this scheme.

I.3.4 Construction Cost Inflation vs CPI

The year-36 reissuance model assumes that construction costs track CPI broadly over the long term. The following table shows the effect of persistent real construction cost inflation on the reissuance cycle:

Construction Inflation vs CPI	Real Build Cost at Year 36	Bond Proceeds at Reissuance	Effect on Growth
Equal to CPI	£211,000 (real)	£211,000 (real)	1:1 reissuance. Stock doubles.
CPI + 0.5%/year	~£251,000 (real)	£211,000 (real)	~84% reissuance. Stock grows but slower.
CPI + 1.0%/year	~£299,000 (real)	£211,000 (real)	~71% reissuance. Growth significantly slowed.
CPI + 1.5%/year	~£355,000 (real)	£211,000 (real)	~59% reissuance. Growth marginal.
CPI + 2.0%/year	~£422,000 (real)	£211,000 (real)	~50% reissuance. Growth stalls.

The historical evidence is mixed. Over the long term (50+ years), UK construction costs have broadly tracked general inflation with periods of significant divergence in both directions. The BCIS All-in Tender Price Index shows periods of rapid construction cost inflation (2004–2007, 2021–2023) and periods of deflation (2008–2010). The question is whether a persistent real increase of more than 1% per annum is plausible over 35 years.

There are two structural arguments that it is not. First, the Trust's specification favours modern methods of construction — the reference design is factory-cut timber — which are designed for cost reduction through standardisation, automation and factory production. The trajectory of MMC costs is downward in real terms, not upward: the learning curve, scale effects and automation gains that apply to manufactured products apply to manufactured housing. Second, 35 years is long enough for major technological and productivity shifts in construction. The sector that built the first digitally manufactured prototypes in the 2010s is not the sector that will be building in the 2050s.

The mitigation is that the growth model still works — albeit more slowly — at any reissuance rate above 50%. Even if construction costs outstrip CPI by 1% per year for 35 years, the Trust still grows. It grows more slowly than the theoretical doubling, but it grows. The model is resilient to basis risk. It is not dependent on perfection.

I.3.5 Maintenance Cost

The base case allocates 1% of build cost per annum to a maintenance sinking fund, on the construction contract plus fees. On the pilot base case of £187,650 that is about £1,880 per year or £65,700 over 35 years. The BCIS Lifecycle Cost Data suggests that the total lifecycle maintenance cost of a new-build dwelling over 35 years is typically in the range of £40,000–£65,000, depending on specification, location and component quality. A factory-made timber structure designed for component replacement may perform at the lower end of this range.

At £65,700 over 35 years the sinking fund sits at the top of the typical range, which is where it needs to be, because two legal facts bear on it. As a registered provider granting leases of more than seven years, the Trust carries the statutory repairing covenant for the structure, exterior and installations of every home for the full term and cannot pass it to the leaseholder (Landlord and Tenant Act 1985, s.13(1AA); Chapter 17.6.7); and Awaab's Law obliges it to investigate and remedy hazards within fixed days, with alternative accommodation if it cannot (Chapter 10.7). The first means the fund must carry all major components; the second means it must carry a decanting reserve and a 24-hour response capability from day one. If major component failures (heat pump, roof membrane, cladding) occur earlier than expected, the fund may be insufficient. The mitigations are: (i) the fund is invested and earns a return, so the available sum at any point exceeds the cumulative contributions; (ii) the commercial surplus provides a second line of funding for unexpected maintenance; (iii) the Trust can access loan facilities for major capital works if the sinking fund is temporarily depleted. The sensitivity is approximately £16 per month per 0.1% increase in the maintenance rate on the pilot base case.

I.3.6 Combined Adverse Scenario

The individual sensitivities above are instructive but unrealistic in isolation. The following combined adverse scenario is deliberately severe. It is not a prediction. It is a boundary test.

Parameter	Adverse Assumption
Build cost	£215,000 (tender 15% above the benchmark; funded £238,000)
Bond coupon	3.5% real (market demands premium)
Occupancy	95%
Rent collection	95%
Maintenance	1.3% of build cost (30% above base)

Under this scenario, monthly rent rises to approximately £1,315. The income floor rises to approximately £64,000. The cohort narrows to £64,000–£75,000. Effective income is 90% of gross. The annual shortfall on the 500-home pilot is approximately £789,168. The commercial surplus must cover this, and it will not be sufficient; reserves and the liquidity line in Chapter 13.5 would be drawn.

This is a scenario in which the scheme is operationally viable — the bonds are serviced, the homes are occupied, the Trust continues to function — but the political proposition is significantly weakened. The scheme no longer serves the median earner. It serves the upper third of its intended cohort. It is still better than the private rental market for those households, but it is no longer the transformative offer described in the opening chapters.

The combined adverse scenario does not break the bonds, but it breaks the proposition: a scheme serving households from £64,000 is not the scheme this document describes. The defence against it is build cost control. If the tender comes in at or below the benchmark, the model absorbs adverse movements in every other parameter without losing the upper half of its cohort; at scale, with build costs approaching £140,000, it absorbs them without losing the median earner.

I.4 Risk Register

The following register catalogues the principal risks to the scheme, assessed by likelihood (L) and impact (I) on a three-point scale (Low / Medium / High). The residual risk rating reflects the position after mitigations are applied.

I.4.1 Financial Risks

FR1: Construction cost exceeds budget

Risk	Likelihood	Impact	Residual	Mitigation
FR1: Construction cost exceeds budget	Medium	High	Medium	Price discovered by competitive tender against the Appendix VI benchmark before any bond is issued (Chapter 3.4); fixed-price contract paid in cash on certification; 5% cash retention, performance bond and ten-year structural warranty (Chapter 3.7). Contingency of 10% built into the bond quantum. Trust does not proceed with construction until all costs are fixed.

FR2: Bond coupon insufficient to attract investors

Risk	Likelihood	Impact	Residual	Mitigation
FR2: Bond coupon insufficient to attract investors	Low	High	Low	At proof of concept the government is the bondholder — market appetite is irrelevant. By the time the government exits (Chapter 16.5), the Trust has a track record. 3% real on secured housing debt is generous by historical standards. If the market requires more, the coupon can be adjusted for future issuances, with consequent rent adjustment.

FR3: Rental arrears and tenant default

Risk	Likelihood	Impact	Residual	Mitigation
FR3: Rental arrears and tenant default	Medium	Medium	Low	Rent is set at $\leq 33\%$ of net income, reducing default risk. Income verification at allocation. Pre-possession protocol with early intervention. Commercial surplus as first buffer. Reserves as second buffer. Social housing arrears rates historically below 5%.

FR4: Void periods between lettings

Risk	Likelihood	Impact	Residual	Mitigation
FR4: Void periods between lettings	Low	Low	Low	Waiting list of verified, eligible applicants. Demand for affordable housing exceeds supply in every English local authority. Target turnaround: 4 weeks from vacancy to new tenancy. Void rate in social housing is typically less than 1%.

FR5: Maintenance costs exceed sinking fund

Risk	Likelihood	Impact	Residual	Mitigation
FR5: Maintenance costs exceed sinking fund	Medium	Medium	Medium	WikiHouse designed for modular component replacement, reducing whole-life cost. Sinking fund is invested and earns a return. Commercial surplus provides additional funding. Trust can access loan facilities for major capital works. Planned maintenance programme reduces reactive expenditure.

FR6: Inflation basis risk — CPI vs construction costs

Risk	Likelihood	Impact	Residual	Mitigation
FR6: Inflation basis risk — CPI vs construction costs	Medium	High	Medium	Affects the year-36 reissuance model, not day-to-day operations. Model is resilient to greater than 50% reissuance rate. MMC/factory production costs trend downward in real terms over time. 35-year horizon allows for technology and productivity gains. Trust can supplement reissuance proceeds from reserves if needed.

FR7: Commercial tenant failure / commercial void

Risk	Likelihood	Impact	Residual	Mitigation
FR7: Commercial tenant failure / commercial void	Medium	Medium	Medium	Commercial space is a minority of total development. Market rent lease with upward-only reviews. Mixed use is not universal — most homes have no commercial dependency. In market-maker locations, captive catchment supports occupancy. Community occupiers (GP, school) have institutional backing and are relatively stable.

FR8: Bonds issued below par after the pilot

Risk	Likelihood	Impact	Residual	Mitigation
FR8: Bonds issued below par after the pilot	Medium	High	Medium	Government subscribes for the pilot issuance at par as anchor purchaser (Chapter 16.2), so no discount arises on the first issuance. Thereafter, scale and track record: a £100m+ issuance by a provider with a rent roll trades closer to par than a small first issuance with none. If bonds are issued below par the Trust must issue more face value for the same cash; modelled in Appendix I.6 at about £9,000 per home per 5 points below par.

FR9: Programme and finance costs beyond the bill of materials

Risk	Likelihood	Impact	Residual	Mitigation
FR9: Programme and finance costs beyond the bill of materials	High	High	Medium	Costed in Appendix I.6: programme layer about £15,000 per home at 500 homes; interest during construction about £8,000. Infrastructure, about £18,000 per home, is funded by the landowner or Homes England grant and is never on the bond (Chapter 19.1); a site without either is not built on. Scale fixed at 500 homes. These are now in the base case rather than outside it.

I.4.2 Regulatory and Legal Risks

RL1: Subsidy control challenge

Risk	Likelihood	Impact	Residual	Mitigation
RL1: Subsidy control challenge	Low	High	Low	Full Subsidy Control Act assessment completed before bond purchase. Entered in subsidy database. Compliance with all seven principles demonstrated. Bond purchase is repaid with interest — strongest possible proportionality argument. Challenge period is one month from database entry.

RL2: RSH regulatory intervention

Risk	Likelihood	Impact	Residual	Mitigation
RL2: RSH regulatory intervention	Low	High	Low	Trust designed to exceed RSH governance and viability standards. Independent board with relevant expertise. Annual IDA (In-Depth Assessment) engagement. Proactive compliance culture. Revenue-backed bonds do not create cross-collateralisation risk that concerns the Regulator in other RPs.

RL3: Planning refusal or delay

Risk	Likelihood	Impact	Residual	Mitigation
RL3: Planning refusal or delay	Medium	Medium	Medium	Pilot proceeds under the ordinary planning route; the fast-track routes in Chapter 8.5 are an optimisation, not a dependency. Public land with existing or readily obtainable consent is preferred, and London alone holds consents for 300,000 unbuilt homes. 100% affordable housing on public land is a material consideration. Pre-application engagement with LPA. Trust does not commit to land before planning is secured or substantially de-risked.

RL4: Equality Act challenge to allocation policy

Risk	Likelihood	Impact	Residual	Mitigation
RL4: Equality Act challenge to allocation policy	Low	Medium	Low	Allocation criteria do not reference any protected characteristic. Contribution test applied to the household, so carers and disabled members of a working household qualify; residence limb carries domestic-abuse, care-leaver and armed-forces exceptions (Chapter 17.2.3). Equalities impact assessment published before first letting. Monitoring data collected and published annually. Legal advice on Equality Act compliance obtained before policy adoption.

RL5: Building safety / fire safety (timber frame)

Risk	Likelihood	Impact	Residual	Mitigation
RL5: Building safety / fire safety (timber frame)	Low	High	Low	WikiHouse structures comply with Building Regulations Approved Document B (fire safety). Timber-frame construction is permitted and widely used in UK housebuilding. Post-Grenfell regulatory framework (Building Safety Act 2022, Fire Safety Act 2021) is met in full. Fire risk assessments conducted before occupation. Sprinkler systems installed where required. Trust publishes fire safety strategy for each development.

RL6: Change in legislation affecting the model

Risk	Likelihood	Impact	Residual	Mitigation
RL6: Change in legislation affecting the model	Low	Medium	Low	Bond terms are contractual and survive legislative change. Leases are registered titles and enforceable contracts. The asset lock protects against the Trust's own board; it does not bind Parliament. The defence against a legislated Right to Buy is that the homes secure bonds held by pension funds and retail savers, so expropriation becomes a sovereign-credit event (Chapter 12.6.2). Known prospective changes — forfeiture abolition, the leasehold houses ban, Awaab's Law Phases 2-3 — are designed for in Chapters 12 and 17 and listed in Appendix IX.

RL7: Homes held to be Social Rent under the Rent Standard

Risk	Likelihood	Impact	Residual	Mitigation
RL7: Homes held to be Social Rent under the Rent Standard	Medium	High	Medium	Peppercorn land is likely 'public assistance', defeating the intermediate-rent exception (Chapter 13.4). Mitigation: Direction amending the Policy Statement on Rents sought as the fourth ask in Chapter 20; Regulator's view sought on key-worker designation and a paragraph 2.4 exemption; no bond issued until resolved. Fallback: non-registration, with the consequences in Chapter 17.4.1.

RL8: Charitable-purposes test fails: enfranchisement or charitable status

Risk	Likelihood	Impact	Residual	Mitigation
RL8: Charitable-purposes test fails: enfranchisement or charitable status	Low-Medium	High	Medium	Protection from statutory enfranchisement and charitable status both turn on cost-rent lettings to the cohort being 'in pursuit of charitable purposes' (Brick Farm; Chapter 12.3, 12.6.1). Objects, allocation rules and rent-setting drafted to that end; evidenced housing need per development; first item for counsel in Appendix IX. Flats structurally stronger than houses.

RL9: Leasehold and Freehold Reform Act 2024 Part 1 commenced

Risk	Likelihood	Impact	Residual	Mitigation
RL9: Leasehold and Freehold Reform Act 2024 Part 1 commenced	Low (this Parliament)	High	Medium	Ban on new long leases of houses is enacted, uncommenced, and said by the Minister to be unlikely this Parliament. Permitted-lease ask in Chapter 20; counsel to test community land trust fit; fallback to flats, which Part 1 does not touch (Chapter 12.6.3). Nothing already granted is affected.

RL10: Forfeiture abolished; landlord remedy for persistent arrears uncertain

Risk	Likelihood	Impact	Residual	Mitigation
RL10: Forfeiture abolished; landlord remedy for persistent arrears uncertain	High	Medium	Medium	Draft Commonhold and Leasehold Reform Bill replaces forfeiture with a court-supervised lease enforcement claim. Lease drafted for that regime (Chapter 17.6.4); pre-possession protocol; UC housing element as backstop; order-for-sale mechanics for a no-premium lease listed in Appendix IX.

I.4.3 Operational Risks

OR1: Trust management capacity and competence

Risk	Likelihood	Impact	Residual	Mitigation
OR1: Trust management capacity and competence	Medium	High	Medium	New organisation with no operating history — this is a genuine risk. Mitigated by: board recruitment from experienced housing professionals; outsourcing of housing management to established RP in early years; RSH regulatory oversight; independent audit. PoC scale (500 homes across ten sites) is demanding for a new organisation, which is why housing management is outsourced in the early years. Competence is built before scaling further.

OR2: Construction partner failure

Risk	Likelihood	Impact	Residual	Mitigation
OR2: Construction partner failure	Low	High	Medium	Construction is tendered, so the Trust is not dependent on any one system or firm; the reference design is open-source and multiple fabricators can produce it. Performance bond from the main contractor; 5% cash retention to the end of the defects period (Chapter 3.7). Construction (Design and Management) Regulations 2015 impose duties on the principal contractor. Collateral warranties from key subcontractors.

OR3: Supply chain disruption

Risk	Likelihood	Impact	Residual	Mitigation
OR3: Supply chain disruption	Medium	Medium	Medium	Timber is the primary structural material — domestically available and not subject to the same supply chain volatility as steel or concrete. WikiHouse components are manufactured in the UK. Materials procurement strategy to include multi-sourcing and forward purchasing. COVID-era supply chain lessons applied.

OR4: Land availability

Risk	Likelihood	Impact	Residual	Mitigation
OR4: Land availability	Medium	Medium	Medium	The Trust targets public land released at below-market or nil value. Availability depends on political will and local authority cooperation. Multiple land routes pursued simultaneously (surplus public land, local authority land, Homes England land, NHS Property Services, MOD surplus). Land is identified and secured before bonds are issued against it.

OR5: Data protection breach

Risk	Likelihood	Impact	Residual	Mitigation
OR5: Data protection breach	Low	Medium	Low	DPIA completed before allocation process launches. Applicant-supplied HMRC records; no bulk data sharing with HMRC (Appendix IX). UK GDPR compliance framework. Staff training. Cyber security measures proportionate to data held. Data minimisation principle applied — Trust holds only what is necessary.

OR6: Awaab's Law and consumer-standard compliance from day one

Risk	Likelihood	Impact	Residual	Mitigation
OR6: Awaab's Law and consumer-standard compliance from day one	Medium	Medium	Low	24-hour emergency response, 10-day investigation and 3-day written summary capability; decanting arrangement; stock condition records; TSM and Ombudsman compliance (Chapter 10.7, 17.4.1). Specification designs out the Phase 1 hazards (drying cupboard, MVHR, 0.14 U-value). Costed within the management fee.

OR7: Statutory rent-demand and registration administration

Risk	Likelihood	Impact	Residual	Mitigation
OR7: Statutory rent-demand and registration administration	High	Low	Low	s.166 prescribed-form demands served quarterly with monthly instalments (Chapter 17.6.2); 500 lease registrations and SDLT returns handled by the Trust at grant (Chapter 17.5); costed in Appendix I.6.

I.4.4 Political and Reputational Risks

PR1: Change of government or policy direction

Risk	Likelihood	Impact	Residual	Mitigation
PR1: Change of government or policy direction	Medium	Medium	Low	Once bonds are issued, the contractual obligations are binding regardless of government. The Trust's charitable status and asset lock protect the stock from forced sale. A hostile government could decline to purchase further bonds, but cannot unwind the existing scheme. The later stages do not depend on government: the market funds issuance after the pilot (Chapter 16.5) and the reissuance cycle funds growth after year 35 (Chapter 13.2). Political risk is concentrated in the pilot.

PR2: Negative media coverage or public opposition

Risk	Likelihood	Impact	Residual	Mitigation
PR2: Negative media coverage or public opposition	Medium	Medium	Medium	Any new housing development attracts opposition. 'NIMBYism' is not a risk that can be eliminated. Mitigated by: community engagement before planning application; transparent allocation criteria; published data on who is housed; high design quality; community facilities integrated into development. The strongest mitigation is success: occupied homes, happy tenants, a functioning community.

PR3: Allocation policy perceived as unfair or exclusionary

Risk	Likelihood	Impact	Residual	Mitigation
PR3: Allocation policy perceived as unfair or exclusionary	Medium	Medium	Medium	The contribution test and criminal record exclusion will attract criticism. Mitigated by: broad definition of 'contribution' (not limited to paid work); legal compliance with Equality Act; published equalities impact assessment; review mechanism for excluded applicants; annual publication of anonymised allocation data. Transparency is the primary defence.

PR4: Perception of 'social engineering' or demographic selection

Risk	Likelihood	Impact	Residual	Mitigation
PR4: Perception of 'social engineering' or demographic selection	Low	High	Low	Allocation is based on income, contribution and local connection. No protected characteristic is referenced. The cohort is defined by economics, not by identity. The Trust does not set demographic targets or quotas. Geographic spread of developments ensures natural diversity reflecting regional populations. Annual equalities monitoring detects any disproportionate outcomes.

I.4.5 Environmental and Technical Risks

ET1: WikiHouse technology risk / long-term performance

Risk	Likelihood	Impact	Residual	Mitigation
ET1: WikiHouse technology risk / long-term performance	Low	Medium	Low	WikiHouse structures comply with Building Regulations and are supported by structural engineering certification. Timber-frame construction has centuries of precedent. The open-source design means the Trust is not dependent on a single proprietary system. Component replacement is designed into the system. 35-year bond term aligns with the first major lifecycle intervention point.

ET2: Flood risk and climate resilience

Risk	Likelihood	Impact	Residual	Mitigation
ET2: Flood risk and climate resilience	Low	High	Low	Site selection criteria exclude Flood Zone 3 and Flood Zone 2 where alternatives exist. SuDS designed into every development. Overheating risk addressed through design (orientation, ventilation, shading). Future Homes Standard compliance ensures high thermal performance. Climate risk assessment included in each site viability appraisal.

ET3: Contaminated land (brownfield sites)

Risk	Likelihood	Impact	Residual	Mitigation
ET3: Contaminated land (brownfield sites)	Medium	Medium	Low	Phase 1 and Phase 2 site investigations completed before the lease is taken. Remediation costs included in viability appraisal. Sites where remediation cost is prohibitive are rejected. Homes England's Housing and Infrastructure Capital Grant may fund remediation (Chapter 19.2). Trust does not acquire contaminated land without a costed remediation strategy.

ET4: Nutrient neutrality / Biodiversity Net Gain constraints

Risk	Likelihood	Impact	Residual	Mitigation
ET4: Nutrient neutrality / Biodiversity Net Gain constraints	Medium	Medium	Medium	Nutrient neutrality constraints affect specific catchments. Site selection avoids affected catchments where possible. Where development in affected catchments is necessary, mitigation strategies (wetland creation, offsetting credits) are costed into the viability appraisal. BNG 10% mandatory requirement met through on-site provision or off-site credits.

ET5: Defective premises — long-tail liability

Risk	Likelihood	Impact	Residual	Mitigation
ET5: Defective premises — long-tail liability	Low	High	Low	Defective Premises Act 1972, s.1 imposes a 15-year liability (extended by Building Safety Act 2022, s.135). Mitigated by: quality control during construction; independent clerk of works; collateral warranties from main contractor and key subcontractors; professional indemnity insurance; latent defects insurance (10–15 year policy). Trust carries the liability but the insurance and warranty framework transfers the financial exposure.

I.5 Conclusion

The model is sensitive to build cost. This is by far the most significant variable, and it is easy to understate: the £140,000 figure for the reference home is its materials-and-labour cost, not the funded cost of a home delivered by a tendered contractor with infrastructure, programme costs and interest during construction loaded onto it. Section I.6 sets out what the funded cost actually is. At the pilot base case the scheme serves households from about £48,000 and works under a wide range of adverse assumptions on every other parameter. Above a build cost of £220,000 it serves only the upper third of its cohort. Above £250,000, the scheme's core proposition — affordable housing for the median earner — is undermined regardless of what else goes right.

The model is resilient to moderate adverse movements in occupancy, collection, coupon rate and maintenance cost, individually and in combination. It is not resilient to multiple severe adverse movements occurring simultaneously, but such a scenario implies a systemic crisis in the housing market as a whole, not a failure specific to this scheme.

The year-36 reissuance model is resilient to construction cost inflation outstripping CPI by up to 1% per year for 35 years. Above that level, growth slows but does not stop. The model requires a reissuance rate above 50% to sustain growth.

The risk register identifies 35 principal risks. None is rated high residual risk. Eighteen are rated medium, concentrated in build cost and the programme costs, the regulatory classification of the homes, the charitable-purposes test that protects them from enfranchisement, operational capacity and political perception. Seventeen are rated low. Six of the medium risks — FR8, FR9 and RL7 to RL10 — arise from the costing and legal research completed in October 2026; they are the reason Appendix IX exists.

The scheme is not risk-free. No housing programme is. But the risks are identified, quantified, mitigated and disclosed. A Treasury analyst reading this section should conclude not that the scheme is without risk, but that the authors understand the risks and have designed the model to withstand them.

This appendix should be read alongside Chapters 13 and 14 (bond mechanics), Chapter 5 and 13.2 (reissuance arithmetic), Chapter 18 (government bond purchase justification), Chapter 3.10 (commercial surplus as financial buffer), and Appendix IX (questions requiring legal opinion). The construction price must be validated by tender before the Proof of Concept proceeds. This validation is the single most important pre-commitment activity in the entire programme.

I.6 The Pilot Costing Model

It is not enough to cost the home; the programme has to be costed too. A live spreadsheet model (pilot-costing-model.xlsx, which accompanies the document and is to be reconciled with the figures in this appendix before either is relied on) costs both, for two pilots side by side: 100 homes across three sites, and 500 homes across ten, which this document adopts. Every input is on one sheet, every programme-layer figure is flagged as an estimate to be replaced by a quote, and nothing in the document's arithmetic should be stated that the model does not reproduce.

I.6.1 What the Model Adds

Three costs that a bill-of-materials view of the home omits are in the base case.

Contractor preliminaries, overheads and profit. Appendix VI's indicative all-in cost of £125,000–£145,000 is explicit that it excludes 'fees, profits, overheads, contractor's prelims, transportation and landscaping'. A tendered contractor charges them. At 10% preliminaries and 6% overheads and profit on works of about £150,000 (materials, kitchen, labour, transport and a 10% contingency), the construction contract for the reference home is about £174,000. A self-managed build would avoid these and is shown in the model as a toggle; the Trust does not propose it, because a single accountable contractor under a fixed-price contract, with a performance bond and a retention, is what makes the price and the programme bankable.

Infrastructure. Infrastructure is not a cost in the funded figure, because it is never on the bond: it is delivered by the landowner as serviced land or funded by Homes England's Housing and Infrastructure Capital Grant (Chapter 19.1). At the midpoints of Chapter 19.6, weighted 30% greenfield, 50% clean brownfield and 20% contaminated, it is worth about £18,000 per home, and the model shows that figure

so that the value of the grant or the land deal is visible; the grant route adds a small application and monitoring cost to the programme layer that the next iteration of the model will carry.

The programme layer. Establishing and registering the Trust; preparing a base prospectus and obtaining FCA approval; reporting accountants, listing fees, a market maker, a security trustee and registrar; the allocation policy, equality impact assessment and lease drafting; a subsidy control assessment; insurance; and the Trust's staff and office through the build. Per site: surveys, design and planning, planning fees, legal work on the headlease and adoption agreements, a clerk of works, and the registration and SDLT costs of each lease. These total about £3.2 million for the 100-home pilot and £6.9 million for the 500-home pilot before the arranger's fee: £33,000 and £15,000 per home respectively, including the SDLT, registration and conveyancing costs of each lease, which the Trust bears (Chapter 17.5). This is the scale penalty a 100-home pilot cannot escape.

Interest during construction. Bonds issued as homes are built carry a coupon before those homes are let. Approximated as the coupon on half the construction spend for the build period plus the full programme spend, it adds about £8,000–£9,000 per home. It is easily missed.

The rent basis. Bond service is charged on everything the bond funds. Maintenance (1%) and management (0.5%) are charged on the building — the construction contract plus fees, £187,650 — and not on the programme layer or interest during construction, which are financed but not maintained. Chapter 2 and the sensitivity tables in I.3 use the same basis. At £210,925 funded the rent is therefore about £1,053; a reader applying 1.5% to the whole funded cost would get £1,082, and the difference is a definition, not an error.

I.6.2 Results

£ per home, October 2026 prices, ex VAT	100 homes / 3 sites	500 homes / 10 sites
Construction contract (tendered, incl. prelims, OH&P)	173,600	173,600
Fees, warranty, environmental compliance	14,050	14,050
Infrastructure, funded by landowner or Homes England grant (not on the bond)	17,670	18,345
Programme layer incl. arranger fee	33,378	15,374
Interest during construction	7,365	7,901
Funded cost per home (serviced land or infrastructure grant)	228,393	210,925
Monthly rent (bond service + 1% + 0.5%)	~1,120	~1,053
Gross income floor, single earner	~52,000	~48,000
Verdict against I.3.1 thresholds	Upper half only; floor above £52,000	Pilot base case; floor about £48,000

If the bonds are issued below par the Trust must issue more face value to raise the same cash: every 5 points below par adds about £9,000 to the funded cost per home. At the pilot the government subscribes at par (Chapter 16.2) and the question does not arise; thereafter it is a function of the Trust's track record and the size of the issuance.

I.6.3 What Follows

Three conclusions, in order of weight.

A 100-home pilot fails on the document's own sensitivity table whatever else is done: at about £228,000 per home, a rent of about £1,120 and a floor of about £52,000, it excludes the bottom two-thirds of the cohort it exists to serve. This is why Chapter 16 proposes 500 homes.

A 500-home pilot, on serviced land or with Homes England infrastructure grant, has a funded cost of about £211,000 and serves households from about £48,000, against a document that was written to serve them from £31,500. The infrastructure route in Chapter 19.1 is therefore not a refinement; without it the funded

cost would be about £230,000 and the floor about £52,000, and the Trust does not build on a site where neither route is available.

The £140,000 home exists — it is the reference design's materials and labour, and a self-building household can achieve it — but it is not what a national programme delivered by contractors will cost, and the document no longer says it is. Chapter 2 is restated on the funded cost; the cohort the pilot serves is narrower than the cohort the model can serve at scale, and the model shows the path from one to the other: scale, par issuance and a tender price that beats the benchmark.

I.6.4 What the Model Does Not Yet Carry

Landlord repair liability under section 11 beyond the 1% sinking fund; an Awaab's Law decanting reserve; the administration of statutory rent demands; Housing Ombudsman fees and tenant satisfaction surveys; and the Building Safety Levy, if the affordable-housing exemption does not apply. Each is small per home; together they are a few thousand pounds and belong in the test of the 0.5% management fee, which the model will carry in its next iteration. The model's programme-layer figures are estimates and are marked as such. They should be replaced by quotations before any figure in this appendix is relied on outside it.

Appendix II: Local Economic Circulation

II.1 The Principle

The Preston Model is the most successful example of community wealth building in the United Kingdom. Its core insight is that anchor institutions — councils, hospitals, universities, housing associations — spend enormous sums of money, and the direction of that spending shapes local economies. If a council in Lancashire buys its catering from a multinational food service company headquartered in London, the money leaves. If it buys from a cooperative in Preston, the money stays, circulates, employs local people, pays local taxes, and generates further local spending. The economic effect is multiplicative.

Preston City Council, working with the Centre for Local Economic Strategies, redirected a significant share of its anchor institution procurement into the local economy from 2012 onwards. The results were measurable: increases in local employment, local business formation, and local spending that were directly attributable to procurement redirection. The approach has since been adopted or adapted by councils across the country.

The Trust is an anchor institution. It commissions the construction of homes. It procures materials, components, professional services, management services, and maintenance. It spends money, continuously, in every area where it operates. The question is: where does that money go?

The answer, by design, is: as close to home as possible. Always.

II.2 Why This Model Is Different: Massive Parallelism

Preston City Council redirected existing procurement. That is valuable but it is limited by what the local economy can already supply. If no local firm makes the product, the council cannot buy it locally. The constraint is the capacity of the existing local supply base.

The Trust has an advantage that Preston did not. The reference design the Trust tenders against is designed to be manufactured locally, and the specification lets any bidder that can match its price and performance compete — including a local one.

WikiHouse is an open-source building system. The designs are published. The Manufacturing Guide — the complete technical documentation for fabricating WikiHouse components — is freely available. Any workshop with a CNC router, a competent operator, and access to structural timber can produce WikiHouse components. The barrier to entry is not a £50 million factory. It is a workshop, a machine, and the ability to follow the documentation.

This is what makes the model massively parallel. Conventional housebuilding concentrates production in a small number of large firms with national operations, centralised supply chains, and economies of scale that exclude local producers. The Trust's model does the opposite. It distributes production to wherever the homes are being built. Every development can have its own local fabricator. Every local authority area can host its own manufacturing capacity. The work is not sent away to a factory in the Midlands. It is done here, by people who live here, in a workshop that is here.

The implications are significant:

No single point of failure. If one fabricator has a problem, another can produce the same components from the same designs. The open-source system means the Trust is never dependent on a single supplier. This is a structural resilience that proprietary building systems cannot match.

No transport cost premium. Components manufactured in a workshop five miles from the site do not incur the transport costs of components shipped from a centralised factory. This is a direct saving on build cost and a direct reduction in carbon emissions.

Scalability without bottleneck. If the Trust is building simultaneously in Devon, Lancashire and Norfolk, it does not need one enormous production facility trying to serve all three. It needs three local workshops. The programme scales by adding fabricators, not by expanding a single facility. Each new development area brings its own manufacturing capacity online.

Local economic retention. The fabrication cost — the single largest component of the build cost after materials — stays in the local economy. The wages of the CNC operators, the workshop rent, the consumables, the maintenance of the equipment: all local. This is not a policy aspiration. It is an engineering consequence of the production system.

II.3 Low Barrier to Entry

The Manufacturing Guide is the key document. It is the complete technical specification for producing WikiHouse components: material selection, CNC toolpath generation, cutting schedules, quality control tolerances, assembly sequences, and structural certification requirements. It is written to be followed by a competent workshop operator without specialist training in construction or architecture.

What does a local fabricator need?

Requirement	Specification	Indicative Cost
Workshop space	Minimum ~200m ² covered, level floor, vehicle access for delivery and dispatch	Existing premises or light industrial lease
CNC router	3-axis, minimum 2440mm × 1220mm bed (standard sheet size), capable of cutting structural plywood to Manufacturing Guide tolerances	£20,000–£60,000 new; less secondhand
Extraction and dust management	Industrial dust extraction system. HSE compliance (COSHH, wood dust WEL 3mg/m ³)	£5,000–£15,000
Materials handling	Forklift or equivalent for sheet material handling. Racking for component storage.	£5,000–£10,000
Trained operator(s)	CNC operation, ability to follow Manufacturing Guide, quality control. Training available from WikiHouse and from existing fabricators.	Training cost minimal. Wage cost is ongoing.
Software	CAM software for CNC toolpath generation. Open-source options available.	Free–£2,000/year

Total startup cost for a new fabricator: approximately £30,000–£85,000 excluding premises. A joiner's workshop, a furniture maker, a kitchen manufacturer, a timber merchant with a cutting facility — any of these can become a WikiHouse fabricator with modest capital investment and the Manufacturing Guide. Many already have the CNC equipment. They need the designs, the training, and the contract.

This is the low barrier to entry. It is not low in the sense that anyone can do it carelessly. The quality control requirements are precise. The structural tolerances are tight. The certification process is rigorous. But the capital requirement is modest, the skills are transferable, and the documentation is complete. A competent small manufacturer can be production-ready within weeks of deciding to enter the market.

II.4 Always Look Local

The Trust's procurement policy is simple in principle and demanding in practice: for every item of expenditure, the Trust looks local first. If a competent local supplier exists, the Trust buys locally. If one does not exist but could, the Trust makes its pipeline visible so that local businesses can make their own case for entering the market. If neither is possible, the Trust buys from the nearest competent supplier and records why.

This applies to every layer of the Trust's spending:

II.4.1 Fabrication

Where the reference design is built, its structural components are manufactured by a local fabricator within the development area or as close to it as possible; where a bidder offers another system, the local economic impact criterion in II.7.2 scores its supply chain the same way. If no fabricator exists, the Trust publishes its construction pipeline and the Manufacturing Guide is freely available. The business case writes itself: a visible, sustained demand for a product that can be manufactured with modest capital investment. The fabricator makes their own decision, secures their own funding, and competes on ability. The Trust is the anchor customer. The fabricator may serve other customers too — the open-source system means there is no exclusivity — but the Trust provides the volume that makes the business viable.

II.4.2 Assembly

WikiHouse components are designed for rapid on-site assembly by small teams. The assembly process does not require specialist construction skills. It requires the ability to follow an assembly sequence, use basic hand and power tools, and work safely at height. Local labour — general operatives, carpenters, labourers — can be trained to assemble WikiHouse structures within days. The assembly workforce is recruited locally. The Trust works with local training providers, colleges, and job centres to identify and train assembly teams. Construction Skills Certification Scheme (CSCS) card requirements are met through local training.

II.4.3 Finishing Trades

Once the structural shell is assembled, the finishing trades are entirely conventional: plumbing, electrical, plastering, painting, tiling, kitchen and bathroom fitting. These are the trades that exist in every local economy in the country. There is no shortage of local plumbers, electricians or plasterers. The Trust contracts these trades locally as a matter of policy.

II.4.4 Materials

Structural timber is the primary material. The UK has a growing domestic timber supply, and structural plywood and engineered timber products are available from UK-based suppliers. The Trust's procurement policy favours UK-sourced and, where possible, locally sourced timber. For insulation, membranes, fixings and other components, the Trust procures from the nearest supplier that meets the specification. Where two suppliers meet the specification, the local one is preferred.

II.4.5 Professional Services

Architects, structural engineers, quantity surveyors, project managers, solicitors, accountants, planning consultants. Every Trust development requires professional services. The Trust procures these locally wherever competent local firms exist. A structural engineering practice in the town where the Trust is building is preferred to a London firm, even if the London firm has more experience of WikiHouse, because the local firm's fee income stays in the local economy, the firm builds local expertise, and the working relationship is sustained across future developments in the area.

II.4.6 Housing Management

Day-to-day management of the Trust's homes — rent collection, repairs reporting, tenancy management, community engagement — can be delivered by local staff or outsourced to a local managing agent or housing association. The Trust's preference is for a local office with locally recruited staff. The housing officer, the maintenance coordinator, the community development worker: these are local jobs in the local economy, sustained by the Trust's rental income for as long as the homes exist.

II.4.7 Maintenance

The maintenance sinking fund generates a continuous stream of expenditure over the 35-year bond term and beyond. Heat pump and ventilation servicing, roof repairs, window replacement, decoration, grounds maintenance: all procured locally. The maintenance budget is a permanent, predictable revenue stream for local tradespeople. Unlike a one-off construction project, maintenance spending does not end. It is the Trust's longest-lasting contribution to the local economy.

II.5 The Local Multiplier

The New Economics Foundation's Local Multiplier 3 (LM3) methodology measures how many times a pound circulates in the local economy before it leaves. A pound spent with a national chain that sources centrally and remits profits to shareholders has an LM3 of approximately 1.4. A pound spent with a local business that sources locally has an LM3 of 2.0-2.5 or higher: the pound arrives, pays a local wage, the wage is spent in another local business, that business pays another local wage, and so on.

The Trust's procurement model is designed to maximise the local multiplier at every level. The following table compares the economic circulation of a home built by a conventional developer versus one built to the Trust's specification by a local supply chain:

Cost Element	Approx. Share	Conventional Builder	Trust / WikiHouse
Fabrication / structure	30-40%	National supply chain, centralised factory, profits remitted to shareholders	Local fabricator, local wages, profits retained locally
On-site assembly	15-20%	National contractor, agency labour, workforce travels to site	Local assembly team, trained locally, recruited locally
Finishing trades	20-25%	Mix of local and national subcontractors	Local tradespeople as policy
Materials	20-25%	National merchants, global supply chains	UK timber, nearest competent supplier, local preference
Professional services	5-10%	Often London-based firms	Local firms as policy

In a conventional build, perhaps 30-40% of the build cost stays in the local economy. The rest leaks to national supply chains, centralised production, and shareholder returns. Under the Trust's model, 60-80% of the build cost can stay local. On the 500-home pilot, with construction contracts of about £87 million, the difference between 35% local retention and 70% local retention is approximately £30 million — that is £30 million of additional local wages, local business income, and local spending that would not have occurred under conventional procurement.

Apply the local multiplier. At an LM3 of 2.0, that £30 million generates approximately £60 million of total local economic activity. Over a 35-year bond term, the ongoing maintenance, management and housing operations add a further continuous stream of local spending. The Trust is not a one-off construction project. It is a permanent economic presence.

II.6 Creating Local Capacity Where It Does Not Exist

The 'always look local' policy will sometimes find that local capacity does not exist. There is no CNC-equipped workshop. There is no structural engineering practice. There is no community housing management organisation. The Trust's response is not to shrug and buy nationally. It is to make the opportunity visible, publish the pipeline, and let local businesses decide whether to compete for the work.

II.6.1 Fabricator Development

Where no local WikiHouse fabricator exists, the opportunity is visible. The Trust publishes its development pipeline. The Manufacturing Guide is open-source and freely available. Training is available from WikiHouse and from experienced fabricators. Existing local manufacturers with transferable capability — joiners, kitchen manufacturers, timber merchants, furniture makers, boat builders — any workshop with CNC equipment and competent operators can assess the opportunity and make their own case. The capital investment is theirs. The business risk is theirs. The Trust does not fund supplier capital expenditure. What the Trust provides is demand: a published pipeline of construction contracts in the local area, awarded on ability. That is enough for a competent business to build a plan around.

II.6.2 Skills and Employment

The Trust recruits assembly workers and tradespeople locally. The assembly process is learnable in days. The CSCS accreditation process is standard. Local further education colleges, training providers and job centres can direct candidates toward the opportunity. For areas with high unemployment, the Trust's construction programme is a visible, sustained source of skilled work — and the training required to access it is modest.

This is particularly significant in post-industrial areas and left-behind towns where construction skills exist but sustained demand does not. The Trust provides the sustained demand. A fifty-home development, followed by the ongoing maintenance programme, followed by the next development funded by the year-36 reissuance, creates a continuous local employment base that does not depend on speculative private development.

II.6.3 Social Enterprise and Cooperative Development

The Trust's procurement preference for local suppliers creates market conditions in which social enterprises and cooperatives can form and thrive. A fabrication workshop set up as a worker cooperative. A maintenance company constituted as a community interest company. A housing management mutual. These structures keep the economic value within the community permanently, because they cannot be acquired, asset-stripped or relocated by external shareholders. The Trust does not fund their formation. It buys from them. The published pipeline and the procurement preference are the signal. The decision to form, to invest, and to compete belongs to the people in the community.

II.7 Procurement Framework

The Trust's procurement policy formalises the 'always look local' principle within the constraints of value for money and legal compliance.

II.7.1 The Hierarchy

For every procurement decision, the Trust applies the following hierarchy, with 'local' defined as within the local authority area of the development or within a 30-mile radius, whichever is larger:

Local supplier that meets the specification. If a competent local supplier exists and can meet the quality, cost and delivery requirements, the Trust contracts locally.

Local supplier that could meet the specification with support. If a local supplier exists with the capability but not the current capacity or certification, the Trust makes its pipeline visible so the supplier can make their own business case for scaling up. This option is available where the development timeline permits and the supplier can demonstrate competence.

Regional supplier. If no local supplier exists or can be developed within the timeframe, the Trust contracts within the region.

National supplier. If no regional supplier is available, the Trust contracts nationally. The reasons are recorded.

International supplier. Only for specialist materials or components not manufactured in the UK. The reasons are recorded.

II.7.2 Evaluation Weighting

Where a competitive procurement exercise is conducted above the Trust's financial thresholds, the evaluation criteria include a local economic impact score alongside quality, cost and delivery. A typical weighting is as follows:

Criterion	Weighting
Quality / technical compliance	40%
Price	30%
Local economic impact	20%
Delivery / programme	10%

The 20% weighting for local economic impact is significant. It means a bidder whose local economic impact score is materially higher can win on overall score against a cheaper bid, within the limits set out in II.7.3. This is a deliberate choice. It reflects the Trust's charitable purpose: community wealth building is not an afterthought to procurement. It is one of the reasons the Trust exists.

II.7.3 Legal Compliance

The Trust is a registered provider and is likely to be a contracting authority within the meaning of the Procurement Act 2023 (Chapter 3.4); whether it is bound or not, it runs its construction tenders under the Act, because an open competitive procedure is the evidence that its contract price is a market price for subsidy-control purposes (Chapter 18.8). The local economic impact weighting in II.7.2 therefore has to live inside the Act's award rules: it is applied as a published award criterion, disclosed to every bidder, related to the subject matter of the contract, and never as a preference for a bidder by location. A 20% weighting on local economic impact is a weighting on a disclosed criterion that any bidder can score on, not a 20% price premium for local firms, and the tender documents will say so. Where Homes England infrastructure grant is taken (Chapter 19.2), any procurement conditions attached to it apply as well.

Where the Trust's bond purchase is classified as a subsidy under the Subsidy Control Act 2022, Schedule 1 principles require that subsidies do not distort competition disproportionately. The Trust's procurement policy does not prevent national or international suppliers from competing. It weights the evaluation in favour of local suppliers where their quality and price are competitive. This is proportionate and transparent.

II.8 Measuring and Reporting Local Economic Impact

The Trust publishes annual data on its procurement and local economic impact. The data includes:

Total expenditure by location: local, regional, national, international, expressed as a percentage of total spending.

Local employment: number of FTE jobs created or sustained in the local economy by the Trust's activities, covering fabrication, assembly, finishing trades, professional services, housing management and maintenance.

LM3 estimate: the Trust commissions an LM3 assessment (using the New Economics Foundation methodology) every three years to measure the local multiplier effect of its spending.

Supplier development: number of local suppliers brought into the Trust's supply chain, including new fabricators established, social enterprises supported, and apprenticeships delivered.

Skills and training: number of local residents trained through the Trust's construction and maintenance programmes, and their subsequent employment outcomes.

This data is published in the Trust's annual report and made available to the local authority, to Homes England, and to bondholders. It is part of the Trust's accountability framework. It demonstrates that the Trust is not only building homes but building the local economy around them.

II.9 What This Looks Like at Scale

At Proof of Concept — 500 homes across ten sites — the Trust works with a local fabricator or contractor, an assembly team, local tradespeople and local professional advisers in each area. The local economic impact is real and already distributed, but contained.

At national scale — tens of thousands of homes across dozens of local authority areas — the picture changes. In every area where the Trust operates, there is a local fabrication workshop producing WikiHouse components. There is a trained local assembly workforce. There are local tradespeople with sustained, predictable demand. There are local professional firms with housing expertise. There is a local housing management team. There is a continuous maintenance budget flowing to local contractors.

The Trust becomes, in every area, exactly what the Preston Model describes: an anchor institution whose spending circulates locally, sustaining local businesses and local employment, year after year, for as long as the homes exist. And because the homes exist in perpetuity — asset-locked, never sold, maintained from the sinking fund, growing through the reissuance cycle — the anchor institution is permanent. It does not close. It does not relocate. It does not decide that production would be cheaper elsewhere.

The CNC router in the workshop down the road cuts the components for the house up the street, assembled by people who live in the town, maintained by tradespeople whose children attend the school built into the development. The rent pays the bond. The bond pays back. The money circulates. The community builds itself. That is the model.

This appendix should be read alongside Chapter 3 (the specification, the reference design and the tender), Chapter 3.10 (the commercial and community space that provides local services and employment), Chapter 16 (the pilot and the path from proof of concept to a national programme) and Appendix V (what a local fabricator of the reference design needs). The procurement framework described here should be formalised in a standalone procurement policy document, compliant with the Procurement Act 2023, before the first construction contract is let.

Appendix III: Welfare Savings

III.1 What This Appendix Does

This appendix estimates the welfare expenditure avoided by housing the Trust's target cohort in Trust homes rather than leaving them in the private rented sector. It is not actuarial modelling. It is an indicative calculation based on published DWP statistics, OBR forecasts, and the statutory framework governing Universal Credit and Housing Benefit. It separates two cases: the pilot, at the rent the pilot will actually charge, where the saving is real but modest and depends on where the homes are built; and the programme at scale, at the rent the model is built to reach, where the saving is large. In both the government's bond purchase earns a positive real return and is repaid; the welfare saving is on top of that, not a substitute for it.

The figures here are illustrative. A full actuarial assessment would require access to DWP administrative data at household level, modelled against Trust allocation criteria. This appendix provides the framework for that assessment and the indicative numbers that justify commissioning it.

III.2 The Current Expenditure

The government currently spends approximately £87.8 billion per year on Universal Credit alone (OBR forecast 2024–25), rising to a forecast £99.0 billion by 2029–30. Total welfare spending across all benefits was £313 billion in 2024–25, equivalent to 10.9% of GDP.

Within this, housing-related welfare expenditure is substantial. What we know from published data:

Measure	Figure
UC households with housing element (May 2025)	4.2 million assessed; 4.0 million in payment
Legacy Housing Benefit claims (May 2025)	1.8 million (1.1m pension age, 0.66m working age)
Average weekly HB award — private rented sector	£153.19 (May 2025)
Average weekly HB award — social rented sector	£146.62 (May 2025)
Temporary accommodation expenditure (England, 2024–25)	£2.84 billion gross; £1.43 billion net of subsidies
Total homelessness expenditure (England, 2024–25)	£3.7 billion
Households in temporary accommodation (June 2025)	132,410 (including 172,420 children)
Average cost per rough sleeper to public services	~£14,000 per person per year (NHS and criminal justice)

Sources: DWP Benefits Statistics August 2025; MHCLG National Plan to End Homelessness (December 2025); Shelter analysis of MHCLG Revenue Outturn R04 data; OBR Economic and Fiscal Outlook November 2025.

The critical figure is not any single line. It is the aggregate. The government spends billions every year paying private landlords to house people who cannot afford market rents. This expenditure is recurrent, irrecoverable, and creates not a single home. The money leaves the public sector permanently, every month, for as long as the household remains in the private rented sector. The Trust's bond, by contrast, is a temporary investment that returns with interest and permanently removes households from welfare-funded housing.

III.3 How the UC Housing Element Works

III.3.1 The Statutory Framework

Universal Credit was introduced by the Welfare Reform Act 2012. Section 11(1) provides that an award of Universal Credit is to include an amount in respect of housing costs if a claimant is liable to make payments in respect of the accommodation they occupy as their home. The detailed provisions governing how the housing costs element is calculated are set out in the Universal Credit Regulations 2013 (SI 2013/376), Part 4 and Schedule 4.

For private sector tenants, the housing element is the lower of actual rent or the Local Housing Allowance (LHA) rate applicable to the relevant Broad Rental Market Area (BRMA) and bedroom entitlement. LHA rates are determined annually by VOA Rent Officers, set at the 30th percentile of local market rents. However, LHA rates have been frozen repeatedly. The rates for 2025–26 are the same as those applied in 2024–25, maintained under The Rent Officers (Housing Benefit and Universal Credit Functions) (Modification) Order 2025 (SI 2025/5). The OBR's spending forecast assumes LHA will remain frozen in cash terms until at least 2029–30.

For social sector tenants — including tenants of registered providers, which the Trust will be — the housing element is based on actual eligible rent, subject to the under-occupancy deduction ('bedroom tax') where the tenant's accommodation is deemed larger than their needs.

III.3.2 The Taper and Work Allowances

UC is a means-tested benefit. As household earnings rise, UC is reduced through the earnings taper: currently 55% of net earnings above the applicable work allowance (reduced from 63% in December 2021). For claimants whose UC includes a housing element, the work allowance is £411 per month (2025–26). For claimants without a housing element, it is £684 per month. Claimants with no children and no limited capability for work receive no work allowance at all — the taper applies from the first pound of earnings.

This means that UC housing element entitlement persists well into the income range served by the Trust. A household does not need to be out of work to receive the housing element. In-work UC claims are a large and growing proportion of the UC caseload. The housing element is not withdrawn at a specific earnings threshold; it tapers gradually with all other UC elements until the total award reaches zero.

III.3.3 What This Means for the Trust's Cohort

The Trust's target cohort has gross household income of £31,500 to £75,000. The question is: how many of these households would, absent the Trust, be claiming UC housing element while renting privately? Indicative calculations for the lower half of the cohort are as follows (single person 25+, no children, standard allowance £400.14/month 2025–26, housing element at LHA for 1-bed in a mid-range BRMA, work allowance £411/month, taper 55%):

Gross HH income	Approx. net monthly	Assumed PRS rent	Max UC (std + housing)	Taper deduction	Residual UC
£31,500	£2,125	£900/mo	~£1,100	£943	~£157/mo
£35,000	£2,375	£1,000/mo	~£1,100	£1,080	~£20/mo
£38,000	£2,540	£1,000/mo	~£1,100	£1,171	£0 (nil)
£45,000	£2,875	£1,100/mo	~£1,200	£1,355	£0 (nil)

For a single person without children, UC housing element entitlement tapers to zero at approximately £36,000–£38,000 gross income, depending on local LHA rates. But this is the simplest case. For households with children, entitlement extends significantly further up the income scale because the child element increases maximum UC before tapering begins. A couple with two children on £40,000 gross would typically still receive UC including housing element.

The point is not that every Trust household would otherwise be claiming UC. Many in the upper half of the cohort (£45,000–£75,000) would not. The point is that a substantial minority of the Trust's cohort — those at the lower end, those with children, those in high-rent areas — would be claiming UC housing element in the PRS, and the Exchequer would be paying part of their rent to a private landlord every month, irrecoverably, for as long as they remained there.

III.4 Two Rents, Two Cases

The welfare saving from a Trust home is the difference between what the Exchequer pays to support a household in the private rented sector and what it pays to support the same household in a Trust home. Two things decide it: the Trust's rent, and the mechanics of the housing element for a registered provider's tenant.

The rent. The model is built to reach a rent of about £714 a month (Chapter 2), at which households from £31,500 are served and the direct saving is largest. The pilot carries about £1,050 (Appendix I.6) and serves households from about £48,000. The two cases are set out separately below because they are different cases.

The mechanics. For a tenant of a registered provider the housing element is the eligible rent itself, not the Local Housing Allowance (Universal Credit Regulations 2013, Schedule 4, Parts 3 to 5); the LHA cap applies to private tenants. For a claimant household the Exchequer therefore pays the Trust's actual rent. Where the LHA rate for the household's bedroom entitlement is above the Trust's rent — London, most of the South East, and the larger cities — a claimant costs less in a Trust home than in the private rented sector, by the difference. Where LHA is below the Trust's rent — much of the North and Midlands at pilot rents — a claimant costs more. At £714 the Trust's rent is below the two-bedroom LHA in most broad rental market areas in England; at £1,050 it is below it in a minority, concentrated in London and the South East.

That is a siting criterion, not a footnote. A pilot built where the market has failed on viability (Chapter 8) is also a pilot built where the welfare saving is real. A pilot built in low-rent areas would cost the Exchequer more per claimant household than the private rented sector does, and this document says so rather than averaging it away.

III.5 The Pilot: 500 Homes at £1,050

At the pilot rent the income floor is about £48,000. A single person without children on that income receives no Universal Credit in any tenure. In-work Universal Credit does reach families at that income, and the housing element with it. The worked example is a couple with two children on £50,000 gross, in an outer-London broad rental market area where the two-bedroom LHA is £1,600.

In the private rented sector at £1,600, their maximum award is about £2,814 a month (standard allowance £628, two child elements £586, housing £1,600), reduced by the 55% taper on net earnings above the £411 work allowance (£1,585), to about £1,229 a month. In a Trust home at £1,053 the maximum is £2,267 and the award about £682. The saving is £547 a month, £6,560 a year — exactly the gap between LHA and the Trust's rent. The same household in a northern area where the two-bedroom LHA is £700 receives about £329 a month in the private rented sector and £682 in a Trust home: a cost to the Exchequer of £353 a month more.

These are indicative figures at 2025–26 rates and ignore childcare and other elements; the direction is what matters.

Pilot totals depend on siting. The table below assumes all 500 homes are in areas where LHA exceeds the Trust's rent and a quarter of households claim in-work Universal Credit; halve the first line if half the homes are elsewhere.

Saving category	Assumption	Annual saving	35-year saving
Direct UC saving	125 claimant households × £6,560 (LHA £1,600 vs rent £1,053)	~£820,000	~£28.7m
Avoided TA placement	5% of 500 households over ten years, £21,400 each	~£535,000	~£18.7m
NHS cost reduction (indicative)	Conservative: £500 per household per year	~£250,000	~£8.75m
Education / criminal justice	Not quantified — real but diffuse	—	—
Council tax (revenue to billing authorities)	500 homes × ~£1,800	~£900,000	~£31.5m

Saving category	Assumption	Annual saving	35-year saving
Total quantified savings, excluding council tax	All homes in high-LHA areas / half of them	~£1.6m / ~£1.2m	~£56m / ~£42m

Against that, the pilot issuance is about £105 million. The government receives a 3% real coupon; its own cost of funds on thirty-year index-linked gilts in October 2026 is about 2.4% real (Chapter 16.2). The carry is therefore positive — about £630,000 a year on £105 million — and the principal comes back over thirty-five years. The pilot's fiscal case is the investment: a positive real return, repaid in full, with £1.2 million to £1.6 million a year of quantified welfare saving on top if the homes are sited where they should be, and council tax of about £900,000 a year to the billing authorities. It is not self-funding through welfare savings alone; that claim belongs to the scale case in III.7.

III.6 Avoided Indirect Costs

Housing insecurity generates costs across multiple government departments. These costs are real, evidenced, and large, but diffuse and difficult to attribute to individual households. We note them without attempting precise quantification.

III.6.1 NHS

Housing insecurity is associated with poorer physical and mental health outcomes. Overcrowding increases respiratory illness; cold and damp housing causes or exacerbates cardiovascular and respiratory conditions; housing instability is a significant driver of mental health presentations. A 2024 analysis by the National Housing Federation estimated the annual cost to the NHS of poor housing in England at approximately £1.4 billion. Secure, warm, well-maintained housing — which the Trust provides by design (a specification well beyond current thermal standards, maintenance funded from the sinking fund, thirty-five years of security) — reduces demand on primary and secondary healthcare.

III.6.2 Education

Housing instability disrupts children's education. Each school move is associated with measurable attainment loss. Children in temporary accommodation are disproportionately likely to miss school, be excluded, and underperform at key stages. The Trust's thirty-five-year lease means a child born into a Trust home attends one set of schools, has continuous peer relationships, and experiences none of the disruption associated with PRS instability (where average tenancy length is approximately four years). The educational benefit reduces lifetime costs to the state through higher earnings, lower benefit dependency, and lower interaction with the criminal justice system.

III.6.3 Criminal Justice

The correlation between housing insecurity and offending is well documented if complex. Homelessness is a significant factor in reoffending: the Ministry of Justice's own data shows that prisoners released to no fixed abode reoffend at substantially higher rates than those released to stable housing. The Trust does not house the street homeless population, but by providing stable housing to the working cohort it prevents the downward spiral from insecure housing to crisis to contact with the criminal justice system.

III.6.4 Local Authority General Fund

Beyond TA costs, local authorities bear costs from housing insecurity through children's services (where housing conditions are a factor in child protection referrals), adult social care, environmental health enforcement against poor PRS conditions, and community safety. The Trust's homes are new-build, well-maintained, regulated by the RSH, and occupied by stable tenants. They generate council tax revenue and business rates (from commercial units) without generating the enforcement, safeguarding, or crisis-management costs associated with the poorly regulated PRS.

III.7 At Scale: The £714 Rent

At scale the levers in Appendix I.6 — par issuance, a tender price that beats the benchmark, and the programme layer spread over thousands of homes — bring the funded cost towards £150,000 and the rent towards £714, and the cohort from £31,500 is reached. The scenarios below are at that rent, in mid-range areas where the private rent for the same home is £950 to £1,100.

Scenario A: single person, £32,000 gross, no children. In the private rented sector at £950 a month this household receives approximately £100–£150 a month of Universal Credit after taper: £1,200–£1,800 a year. In a Trust home at £714 the rent is met from earnings and any residual housing element is against £714, not £950. Net annual saving to the Exchequer: approximately £800–£1,400.

Scenario B: couple with two children, £40,000 gross. In the private rented sector at £1,100 this household receives approximately £300–£500 a month: £3,600–£6,000 a year. In a Trust home the housing element falls by the rent difference. Net annual saving: approximately £2,000–£4,000.

Scenario C: single parent, one child, £35,000 gross. In the private rented sector at £1,000 this household receives approximately £200–£350 a month: £2,400–£4,200 a year. Net annual saving: approximately £1,500–£3,000.

Weighted across an allocation profile in which the lower half of the cohort (£31,500–£45,000) is 40–50% of households and only those households generate a direct saving, the average is about £1,600 a year per household across the whole stock. Temporary accommodation avoidance is assumed at 10% of households over ten years at £21,400 a year, which is conservative for a cohort whose lower end is precisely the population most exposed to private-sector displacement.

Measure	Per 10,000 homes in operation
Bond investment required	£1.5–£2.1 billion (at £150,000–£211,000 funded cost per home)
Government carry on the bonds it holds	Positive: about 0.6% real, £9–£13 million a year, plus principal repaid over 35 years
Direct UC saving (lower cohort, ~45% of households, ~£1,600 each)	~£7.2 million a year
Avoided temporary accommodation (10% of households over ten years)	~£21.4 million a year
NHS cost reduction (indicative, £500 per household)	~£5 million a year
Council tax and business rates (revenue, local)	£18–£20 million a year
Total quantified saving, excluding council tax	~£34 million a year

At 50,000 homes in operation — year five of a 10,000-a-year programme — the quantified saving is about £170 million a year before council tax, on a bond portfolio of £7.5–£10.5 billion on which the government, if it still holds the bonds, earns a positive real carry. This is not a housing subsidy. It is a fiscal instrument that returns its capital, pays a real return, and reduces recurrent welfare spending while it does so — which the current welfare system cannot, because it does not build homes.

III.8 What This Does Not Count

The figures above are deliberately conservative. They exclude:

Household productivity gains. A household paying 33% of net income in rent instead of 40–55% has more disposable income. On 10,000 homes at the scale rent the Trust releases roughly £25–£50 million a year of household spending into local economies (see Appendix II), generating VAT, income tax on the employment it sustains, and business rates.

Construction employment and tax receipts. On 10,000 homes at a construction contract of about £174,000, roughly half the contract value is labour. That labour generates PAYE income tax, National Insurance contributions, and spending that generates further tax receipts.

Lifetime intergenerational effects. The children raised in Trust homes will, on the evidence, have better educational outcomes, higher lifetime earnings, lower benefit dependency, lower criminal justice contact, and better health. The fiscal value of a generation of children raised in stable, secure, affordable housing is

almost certainly the largest welfare saving this scheme produces. The evidence base linking housing stability to child outcomes is extensive and consistent.

The cost of doing nothing. If the Trust does not exist, the Exchequer continues to pay approximately £153 a week per private-rented Housing Benefit claimant to private landlords, £21,400 a year per household in temporary accommodation, and £1.4 billion a year in NHS costs attributable to poor housing. These costs are rising. Temporary accommodation spending has doubled in two years. Doing nothing is not free. It is the most expensive option available.

III.9 Conclusion

The government's bond purchase is not expenditure. It is an investment that returns its principal in full over thirty-five years and pays a 3% real coupon, above the government's own cost of funds. At the pilot it also avoids £1 million to £1.5 million a year of quantified welfare cost if the homes are sited where the Trust's rent is below the Local Housing Allowance, and produces council tax of about £900,000 a year. At scale, at the rent the model is built to reach, it avoids about £34 million a year per 10,000 homes in operation before council tax and before the indirect savings this appendix does not count.

The welfare system currently spends billions a year paying private landlords to house people in insecure, unaffordable, often substandard accommodation. It creates not a single home. The money leaves the public sector permanently. The Trust asks the government to redirect a fraction of this expenditure — temporarily, at interest — into homes that exist in perpetuity.

The question is not whether the government can afford to do this. The question is how much longer it can afford not to.

III.10 Statutory and Regulatory References

Instrument	Relevance
Welfare Reform Act 2012	Part 1: introduces Universal Credit. s.11: housing costs element. s.22: work-related requirements.
Universal Credit Regulations 2013 (SI 2013/376)	Part 4 and Schedule 4: calculation of housing costs element. Schedule 4, Parts 3 to 5: renters, including the social sector rule that the housing element is the eligible rent for a registered provider's tenant and the LHA cap for private tenants.
Rent Officers (HB and UC Functions) (Modification) Order 2025 (SI 2025/5)	Freezes LHA rates at 2024–25 levels for 2025–26. The Rent Officers (Housing Benefit and Universal Credit Functions) (Modification) Order 2026 freezes them again for 2026–27.
Housing Benefit Regulations 2006 (SI 2006/213)	Governs legacy Housing Benefit claims. The temporary accommodation subsidy cap (90% of the January 2011 LHA rate) sits in the Income-related Benefits (Subsidy to Authorities) Order 1998 (SI 1998/562), as amended.
Universal Credit (Transitional Provisions) Regulations 2014 (SI 2014/1230)	Managed migration from legacy benefits to UC, including transitional protection.
Housing Act 1996, Part VII	Statutory homelessness duties. s.175: definition. s.188: interim duty to accommodate. s.193: main housing duty.
Homelessness Reduction Act 2017	Extends prevention and relief duties: s.189A assessment and personalised plan; s.195 prevention duty; s.189B relief duty.
Universal Credit Act 2025	Rebalancing of UC rates from April 2026: above-inflation increase to standard allowance, reduction in LCWRA element for new claimants.
Social Security (Miscellaneous Amendments) Regulations 2024 (SI 2024/341)	Provisions for managed migration notice periods.

This appendix uses published figures from: DWP Benefits Statistics August 2025; OBR Economic and Fiscal Outlook November 2025; MHCLG National Plan to End Homelessness (December 2025); MHCLG Revenue Outturn Housing Services (R04) 2024–25; Shelter analysis of TA expenditure (September 2025); Resolution Foundation Housing Outlook Q4 2025; House of Commons Library Research Briefings CBP-10421 and SN06547.

Appendix IV: Political Consent and the Principle of Reciprocity

IV.1 The Political Problem

Every government since 1979 has acknowledged the housing crisis. None has solved it. The structural barriers — land cost, planning delay, construction capacity, subsidy constraint — are real and are addressed elsewhere in this proposal. But there is a prior problem that no amount of technical innovation or financial engineering can overcome: the collapse of political consent for publicly supported housing at scale.

Social housing, once the mainstream tenure of working Britain, has been residualised over four decades into a service of last resort. John Hills documented this transformation in *Ends and Means* (LSE, 2007): post-war provision aimed at households across a range of incomes; by the 2000s, new lettings were focused almost exclusively on those in greatest need. Seventy per cent of social tenants now have incomes in the poorest two-fifths of the national income distribution. The sector that once housed bus drivers, nurses, teachers, and factory workers now houses almost nobody in work who is not also in receipt of benefits.

This residualisation has political consequences. The public does not oppose social housing in principle — Ipsos polling for CIH found that 80% agree it should be available to people who cannot afford private rents, and 65% consider negative perceptions of social tenants to be unfair. But the same research found that three in five people know little or nothing about how social housing is allocated, and a third consider allocation policies to be unfair. The public overestimates the proportion of social tenants who are immigrants by a factor of nearly four (perceived: 31 in 100; actual: 8 in 100). These misperceptions are not incidental. They are the foundation of political resistance to new social housing, and they have proved durable across decades of housing policy debate.

The 2023 British Social Attitudes survey (published by MHCLG, November 2025) found that only 40% of respondents supported more homes being built in their local area — up from 33% in 2021 but still well below 57% in 2018. Owner-occupiers, the majority tenure and the decisive electoral constituency, were evenly split: 34% in favour, 35% opposed. When asked what would make them more supportive, 34% said 'prioritising allocation to people already living locally, or with local connections'. The public is telling policymakers, clearly and repeatedly, what it wants: housing that is visibly fair, locally rooted, and allocated to people who contribute.

No housing programme can reach the scale needed to address the crisis without broad and durable public consent. That consent does not currently exist for conventional social housing, and incrementally expanding the current model will not create it. The perception problem is structural, not communicative. It cannot be solved by better messaging about the existing system. It requires a different system.

IV.2 The Trapped Middle

The Trust does not target the population currently served by social housing. It targets the population currently served by nobody.

Households earning £31,500 to £75,000 — the Trust's cohort — are overwhelmingly working households. They pay income tax and National Insurance. They contribute to their communities. Many have children in local schools. They are not in crisis. They are not vulnerable in any sense recognised by the statutory homelessness framework or local authority allocation schemes. They are simply unable to afford the housing market in the areas where they live and work.

In the private rented sector, this cohort typically spends 40–55% of net income on rent. They cannot save a deposit. Home ownership — which 90% of the population would choose if given a free choice (BSA 2023) — is structurally inaccessible to them at current price-to-income ratios. Social housing is statutorily inaccessible to them: allocation is based on acute need, and working households on median incomes do not qualify. They fall between two systems, served by neither.

This group — variously described as the 'squeezed middle', the 'just about managing', or the 'trapped middle' — has been identified by politicians of every party as a priority constituency. It has been offered Help to Buy (which inflated prices), Starter Homes (which were never built), First Homes (which barely exist), and Shared Ownership (which transfers risk to the buyer without transferring affordability). It has not been offered what it actually needs: a secure, affordable, long-term tenancy at a rent that leaves enough income to live on. The Trust offers exactly that. But the political significance of targeting this cohort goes beyond housing policy. It goes to the heart of why previous programmes have failed to achieve scale, and why this one can.

IV.3 Reciprocity and the Architecture of Public Consent

The Beveridge settlement was built on a contributory principle: you pay in when you are working, you draw out when you are in need. The Fabian Society and the broader social policy literature have consistently found that this principle of reciprocity is the single strongest determinant of public support for welfare provision. Services perceived as reciprocal — where recipients are seen to have contributed — command broader, more durable, and more politically resilient support than services perceived as transfers to passive recipients.

The NHS is the paradigm case: funded by national contribution, available to all, used by all. It has remained the most popular public institution in Britain for seventy years. Social security, by contrast, has been progressively residualised and means-tested, eroding the contributory link and with it public support. The British Social Attitudes survey has tracked declining public sympathy for benefit recipients over four decades — a decline that correlates precisely with the weakening of the contributory principle and the growing perception that benefits flow to those who have not 'earned' them.

Social housing has followed the same trajectory. When council housing served a cross-section of working Britain, it commanded broad support. As allocation narrowed to acute need and the tenant profile shifted from mixed-income to predominantly workless, public consent eroded. The Fabian Society's own analysis is unambiguous: dependency was the only argument against the welfare state that attracted widespread public support. The perception that social housing is allocated to the dependent, the non-contributing, the newly arrived, is the single most powerful obstacle to political consent for building more of it.

This proposal is designed, from the ground up, to reverse that dynamic. The Trust's allocation model is based on contribution, not need:

Contribution requirement: the household must be a working household, with at least one adult in employment or self-employment, earning enough to pay the rent from its own income (Chapter 17.2.2). The Trust houses people who work.

Local connection: applicants must demonstrate a connection to the local area through work in the area or two years' residence in it (Chapter 17.2.3). The Trust houses local people.

Income band: households must earn between £31,500 and £75,000. Below the floor, the applicant is directed to social housing or Housing Benefit-supported tenancies. Above the ceiling, the applicant can access the open market. The Trust serves the gap.

Transparent criteria: every allocation decision is made against published, objective criteria. There is no discretionary assessment, no priority banding based on vulnerability, no points system that rewards crisis. Applicants either meet the criteria or they do not.

This is not heartless. It is strategic. The Trust does not displace social housing. It does not compete for the same population, the same funding, or the same sites. It creates a parallel system that serves a population nobody else serves, on terms the public recognises as fair. The people housed by the Trust are, visibly and verifiably, people who work, pay tax, contribute to their communities, and need help with one specific thing: the cost of housing.

IV.4 Why This Matters for Scale

The history of post-war housing policy is a history of programmes that worked at small scale and failed at large scale because they could not sustain political consent. Right to Buy was politically popular because it was perceived as rewarding contribution — long-standing tenants who had paid rent for years. It devastated the housing stock, but it was electorally indestructible precisely because the public saw it as fair. The Trust's stock is protected from a repeat not by its constitution, which a future Parliament could override in a clause, but by the fact that every home secures a bond held by pension funds, insurers and retail savers: a Right to Buy applied to these homes would be a default on those savers, and that is a proposition with a constituency that fights back (Chapter 12.6.2). Conversely, large-scale social housing construction has been politically difficult since the 1980s not because the public opposes housing, but because the public does not trust the allocation system.

The Trust's allocation model is designed to be electorally durable. A minister who announces this programme is not asking the public to accept more social housing for people they perceive as unlike themselves. The minister is announcing housing for nurses, teaching assistants, delivery drivers, shop managers, junior civil servants, care workers, and administrative staff — people the public sees every day, recognises as contributors, and understands are being failed by the market. The political message is not 'we are helping the vulnerable' (true, necessary, but electorally limited). The political message is 'we are helping people who play by the rules and still cannot afford a home'.

That message has no natural political opposition. It is not ideologically coded. It does not map onto left-right divisions in any way that creates automatic resistance. A Conservative voter in the Home Counties whose adult children cannot afford to live locally understands this problem. A Labour voter in a Northern city whose wages have been outpaced by rents understands this problem. It is, perhaps uniquely in contemporary housing policy, a proposition that unites rather than divides.

IV.5 The Design Choices

Every element of the Trust's structure reflects a deliberate decision to build political consent into the architecture of the scheme, not to rely on it emerging after the fact:

Design element	Political rationale
Community Benefit Society (CBS)	Asset-locked, democratic, community-owned. Cannot be sold to a private investor. The public sees homes held in common, permanently.
Contribution requirement	Every household has an earner, and pays its rent from its earnings. The scheme rewards participation, not need.
Local connection test	Homes go to people who live or work locally. Connection is shown by work or residence, on published criteria, so the concern that housing is allocated to outsiders has no foothold.
Published income band	Eligibility is transparent and objective. No discretionary allocation, no perception of queue-jumping.
Rent at no more than 33% of net income	Affordability is pegged to a clear, defensible metric. The rent is below market but cost-covering, not conventionally subsidised.
Bond-funded, not grant-funded	The government lends, does not give. The money comes back. The public sees investment, not expenditure. And because the homes secure bonds held by pension funds and small savers, no future government can hand them out at a discount without defaulting on those savers — a defence no asset lock provides (Chapter 12.6.2).
35-year lease, renewable	Stability for families. Children grow up in one community. The scheme produces visible, long-term social goods.
Modern manufactured construction	High-quality, thermally efficient, low-rise modern homes to a published specification, built by the existing industry under competitive tender. Not the tower blocks or system-built estates that poisoned public perception of social housing in the 1960s and 1970s.
RSH regulation	Regulated by the same body as all social housing. Standards are externally enforced. The Trust is accountable.

Design element	Political rationale
No housing grant	Not a pound of the £39 billion Social and Affordable Homes Programme is diverted; the households in statutory need lose nothing to this scheme, which houses the people their programme turns away. Infrastructure grant, where taken, pays for roads and drains from a separate fund and reaches no household.

None of these design choices is accidental. Each answers a specific political objection that has historically prevented housing programmes from achieving scale. Taken together, they constitute a scheme that is designed to be popular — not as an afterthought, but as a structural feature.

IV.6 The Social Contract Restored

The Fabian tradition has long argued that the welfare state is strongest when it is perceived as a social contract: citizens contribute, and the state provides security in return. The erosion of that contract — the perception that some take without contributing, that allocation is opaque, that the system serves insiders at the expense of those who play by the rules — has done more damage to public support for housing provision than any fiscal constraint or planning obstacle.

The Trust restores the contract. Its tenants work. They pay rent that covers the cost of their home. They are selected on transparent, contribution-based criteria. Their homes are owned by a community body, regulated by the state, and maintained from a sinking fund that imposes no ongoing cost on the public purse. They are not recipients of charity. They are participants in a mutual arrangement that benefits them, their community, and the Exchequer.

The question for government is not whether this model is needed — the trapped middle is the fastest-growing housing cohort in England, and every year of inaction pushes more working households into unaffordable rents, welfare dependency, or both. The question is whether government is prepared to back a model that solves the political problem and the housing problem simultaneously. The mechanics of how — land, planning, construction, finance — are addressed in the preceding chapters. But the reason to keep reading is this: for the first time, there is a housing proposal that the public will support at the scale required to make a difference, because it is built on the principle that has sustained every durable element of the British welfare state — if you contribute, you are entitled to security in return.

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Appendix V: WikiHouse Skylark — Manufacturing Guide and Microfactory Requirements

V.1 Purpose of This Appendix

The reference design's price benchmark (Chapter 3.2) and the local economic circulation argument in Appendix II both rest on a factual claim: that WikiHouse Skylark components can be manufactured locally, by existing small businesses, with modest capital investment and without specialist construction knowledge. This appendix sets out the technical basis for that claim, drawing directly on the WikiHouse Manufacturing Guide published by Open Systems Lab (wikihouse.cc/guides/manufacturing). It describes what a local fabricator actually needs — in terms of space, equipment, skills, workflow, and materials — and why the Skylark system is specifically designed to make distributed local production viable.

Readers familiar with conventional construction supply chains should pay particular attention to the contrast drawn in Section V.2. The conventional industry's assumption — that modern methods of construction require large, centralised, capital-intensive factories — is precisely the assumption the Skylark system is designed to defeat.

V.2 The Distributed Manufacturing Argument

Most investment in construction innovation to date has followed a centralised model: large offsite manufacturing facilities with setup costs of £15–50 million, producing proprietary products at scale. These facilities are efficient within their operating parameters, but they have three structural weaknesses that make them unsuitable as the basis for the Trust's model.

First, they are inflexible. A large factory optimised for a specific product cannot quickly respond to sudden changes in demand — either falls or rises — because its cost base is fixed and its supply chain is integrated. Second, their products tend to be one-size-fits-all: harder to adapt to small or irregular sites, and resistant to the kind of variation that local sites and local planning requirements routinely demand. Third, and most importantly for the Trust's purposes, large factories need guaranteed demand to be financially viable. They therefore form partnerships with large developers and large contractors. Small firms — individual builders, small housing associations, community land trusts, local authorities commissioning small infill sites — cannot access them. The economies of scale that make centralised factories efficient are the same economies that exclude the Trust's natural partners.

The result is that uptake of modern methods of construction has been significantly slower among SMEs than among large developers. This matters because SMEs constitute approximately 75% of the UK construction sector and provide over one million jobs. They also service the hundreds of thousands of small projects — infill sites, rural exception sites, regeneration plots, small rural settlements — that collectively represent an enormous and largely untapped housing capacity. Any housing programme that relies on centralised manufacturing cannot access this capacity. The Trust's programme is designed to access nothing else.

The WikiHouse response to this structural problem is Design for Distributed Manufacturing and Assembly (DfDMA). Rather than concentrating production in one large facility, Skylark is designed to be produced by a network of small, flexible microfactories using standard digital fabrication tools. WikiHouse estimates microfactory setup costs of £50,000–100,000 — a fraction of a traditional modular prefabrication facility. Each microfactory operates independently, serves its local area, and connects to the wider system through the open-source design files and the Manufacturing Guide. The network's collective production capacity scales as the network grows, not as any individual facility expands.

This is the reference supply chain the Trust benchmarks against, and it is not theoretical. WikiHouse operates a growing distributed network of manufacturers already fabricating Skylark components on demand, assembling them into blocks, and delivering them to site.

V.3 What a Microfactory Actually Requires

The following sets out the space, equipment, and facility requirements for a WikiHouse Skylark microfactory, as specified in the Manufacturing Guide. These are the requirements a prospective local fabricator must meet. They are demanding in terms of precision and process discipline, but modest in terms of capital investment and floor space.

V.3.1 Space Requirements

A microfactory can be set up in any dry, secure environment: a large shed, a barn, a warehouse, or existing factory or workshop space. The floor must be suitably heavy-duty to support machinery and materials, and vehicle access is required — at minimum a doorway wide enough to accept a pallet delivery. The Manufacturing Guide specifies the following minimum areas for each functional zone:

Zone	Minimum Area	Function and Notes
Materials storage	~20m ²	Storage for pallets of 1220×2440mm plywood/OSB sheets, positioned near the vehicle loading bay. Sheets stored flat, dry, out of direct sunlight and away from heat and moisture sources to prevent warping. Additional ~20m ² required for insulation roll storage (six double-pallets covers a typical two-bed WikiHouse).
Fabrication area (per CNC)	25–35m ²	Central to the microfactory. Must accommodate the CNC machine, loading/unloading space, maintenance access, tool-changing clearance, and a computer station for CAM programming. A mobile work table at CNC bed height at one end aids off-loading. Space for dust extraction equipment also required within this zone.
Assembly area	~40m ²	For pre-assembling Skylark blocks off the machine. Requires a long, flat, solid work surface (minimum one 6m × 0.6m beam or cassette length), room for two or more people to work safely, tool station, and fixings storage.
Parts storage	~30m ²	For assembled blocks awaiting transport. Skylark blocks range from 3m to 6m in length. As a rule of thumb, the equivalent of a 40ft ISO container of storage per storey of a typical WikiHouse. Can be external but must be covered and secure.
Waste disposal	~5m ²	Covered skip or skip bag for wood offcuts and sawdust. Offcut volume is typically 0.5–1 tonne per house. Sawdust can be composted; offcuts recycled or used as fuel.
Office / admin	As available	Separate from the workshop floor; useful for CAD work, customer-facing admin, and team briefings.
Total minimum internal area	~120–130m ²	Excluding external storage and office. A small industrial unit or large workshop. Not a purpose-built factory.

The Manufacturing Guide notes that WikiHouse components can in principle be manufactured anywhere a 4×8ft CNC router can fit — including a garage. The specifications above reflect production at the scale needed to manufacture a complete house or more at a time, which is the relevant standard for Trust developments.

V.3.2 Equipment Requirements

Equipment	Specification	Notes
CNC router (production)	Gantry-based; minimum 1220×2440mm (4×8ft) bed; vacuum bed; 9.5–12.5mm router bits; automatic tool changer (ATC); single water-cooled spindle (ideally 7–9kW)	Any CNC router capable of cutting full sheets of plywood or OSB to tolerance. Production rate typically 20–40 minutes per sheet. A Maslow-type low-cost router is sufficient for prototyping but not sustained production.
Dust extraction	Industrial cyclone dust extractor, minimum 5.5kW, dual dust bags. HSE-compliant for wood dust (WEL 3mg/m ³ under COSHH Regulations)	Free-standing; connected to extraction ducting above CNC and flexible pipe fitted to gantry. Partitioning fabrication area from rest of workshop recommended.
CAM software	RhinoCAM, Vectric Aspire, V-Carve, or Fusion 360 (integrated CAM). CAD software: Inventor or Rhino 3D. Windows laptop with good memory and graphics card.	Used to convert Skylark DXF cutting files to G-code for the CNC machine. Open-source options exist. Skylark files arrive pre-nested and pre-layered, reducing CAM setup time.
Hand router	Standard handheld routing tool	For trimming tabs on cut parts and separating parts from sheets after machining.
Nail gun(s)	Battery or air-powered brad nail guns with brad nail packs	For assembling Skylark blocks. Multiple guns improve throughput.
Electric screwdriver / drill set	Rechargeable battery drill set with screwdriver heads	For fixing sheets down during cutting and assembling any bespoke engineered components.
Materials handling	Manual pallet truck (minimum); forklift for higher volumes	For moving pallets of sheet material from delivery to storage and from storage to fabrication area.
Moisture meter	Standard digital moisture meter	Required to check and record moisture content of incoming plywood batches. A mandatory step in the production workflow.
Callipers	Digital callipers	For measuring actual sheet thickness of incoming batches. Sheets below 17.4mm thickness must be set aside.
Laser cutter (optional)	Small laser capable of cutting 3mm plywood	Useful for producing scale models for demonstration and planning purposes, not for production.

V.3.3 Skills and Personnel

The Manufacturing Guide is written to be followed by a competent workshop operator without specialist training in construction or architecture. The skills required are those of an experienced CNC operator: the ability to read and process DXF files, programme a CNC machine using CAM software, manage cutting tolerances, and follow a quality control protocol. These are skills that exist in joinery workshops, furniture manufacturers, kitchen fitters, signmakers, and a wide range of other small manufacturing businesses that operate in every local economy.

Specific personnel requirements for a production microfactory are: at least one trained CNC operator; at least one assembly operative (block assembly can typically be performed by the machine operator while the CNC is running the next sheet, since most Skylark blocks take less time to assemble than to cut); and workshop supervision with responsibility for incoming materials inspection, quality control, and health and safety compliance.

The Manufacturing Guide specifies PPE requirements: eye protection, ear defenders, gloves, protective footwear, hi-vis vests, and face masks when fitting mineral wool insulation. A full risk assessment is required before production commences. A first aid kit must be available and regularly stocked.

V.4 The Skylark Cutting File System

Understanding the Skylark cutting file system is important for assessing the barrier to entry. One of the most significant advances in the Skylark system over earlier WikiHouse iterations is the reduction in CAM programming time and complexity. This directly reduces the skill requirement and the time cost of setting up a new fabricator.

V.4.1 File Format and Structure

Skylark cutting files are provided in standard DXF format, individually for each block type, already nested onto 2440×1220mm sheets at 1:1 scale. Tolerance offsets are pre-applied in the files: slots are sized at 18.5mm for an 18mm sheet (0.25mm offset on internal slots and holes; 0.25mm inset on outer profiles). T-bone or dog-bone fillets are pre-applied to all internal corners to prevent filleting caused by the router bit. The operator does not need to apply these adjustments manually.

The files use a colour-coded and named layer structure that maps directly to machining operations. The layers are as follows: DONOTCUT (white, information only); sheet boundary reference (red); engraved labels at 1mm depth (yellow); screw/nail position marks (orange); internal slots cut through on inside line (cyan); external profiles cut through on outside line (blue); and 9mm half-depth pocket or mill-out areas (green). A competent CAM operator can process these layers into G-code tool paths directly without redesign or reinterpretation.

For large orders, a Bill of Parts spreadsheet accompanies the cutting files, allowing the fabricator to track quantities and check that no components are missed. Skylark's block-based system means many sheets are identical repeats of the same block, reducing the number of unique cutting programmes required and increasing cutting efficiency.

V.4.2 Cutting Parameters

The Manufacturing Guide does not specify a single 'correct' combination of bit size, cutting speed, and number of passes, acknowledging that different CNC machines perform differently. The recommended approach is for each fabricator to test and optimise their own settings within the tolerance constraints. Guidance is: use 9.5–12.5mm router bits (the T-bone fillets accommodate any bit up to 12.5mm); cut 18mm plywood in a single pass where machine power permits; find the balance between cutting too slowly (which burns out cutters) and too quickly (which causes splintering and bit breakage). Typical production rates achieved by existing WikiHouse manufacturers are 20–40 minutes per sheet.

V.5 Materials

V.5.1 Structural Panels

All WikiHouse Skylark components are manufactured from 2440mm × 1220mm × 18mm structurally certified panel product. In most cases this is spruce plywood or structural OSB. Very occasionally 6mm or 12mm sheets are specified for specific components; these are processed identically.

The single most challenging material characteristic is thickness variation. The product supplier's tolerance for 18mm plywood is 17.1–18.1mm, but actual thickness must be checked by the fabricator with callipers on each incoming pallet batch. Sheets below 17.4mm must be set aside for non-structural facing panels or bow-ties only and not used in primary WikiHouse components. Sheets must also be inspected for splitting, warping, or water damage on arrival; any visibly damaged or substandard material must be rejected.

Incoming moisture content must be measured using a moisture meter and recorded. This is a mandatory step in the production workflow, not an optional quality check. Moisture content affects dimensional stability: excessive moisture causes expansion that pushes sheet dimensions outside the tolerance range baked into the cutting files.

V.5.2 Insulation

Rolled or soft-fill batt insulation — products such as Supasoft or Rockwool — is used to fill cassette and beam cavities during off-machine assembly. A typical two-bed WikiHouse requires approximately 600m² of insulation. This is supplied in 100m² double-pallets; approximately six double-pallets per house. Where insulation is being filled in the microfactory rather than on site, storage space for these pallets must be available (see Section V.3.1).

V.6 Production Workflow

The Manufacturing Guide specifies a nine-step production workflow. This is not an abstract framework: it is the actual sequence followed by operating WikiHouse fabricators, refined through production experience. The Trust expects local fabricators to follow this workflow in full.

Step	Action	Key requirements
1	Check incoming materials	Measure actual sheet thickness with callipers. Set aside sheets below 17.4mm. Inspect for splitting, warping, water damage. Reject substandard material.
2	Check moisture content	Measure and record moisture content of each incoming batch using a moisture meter.
3	Process cutting files	Download latest Skylark DXF files for each block from the WikiHouse block library (or receive from customer). Layers and tolerance offsets are pre-applied.
4	Convert to G-code	Process DXF files in CAM software to generate machine tool paths. Skylark's pre-nested, pre-layered files reduce this step significantly versus earlier WikiHouse systems.
5	Test	Test-assemble the first of each block type before proceeding with the full run. Test again regularly during cutting. If tolerances are wrong, stop immediately.
6	Assembly off the machine	Assemble blocks as they come off the CNC. Timing works: most Skylark blocks take less time to assemble than to cut the next sheet, so the machine operator can assemble while the CNC runs. Avoids storage of loose parts and risk of parts being lost or muddled.
7	Product marking	Mark each assembled block with a unique order number and the manufacturer's details to ensure traceability.
8	Storage	Store assembled blocks in a dry, ventilated space away from moisture, heat sources, and flame. Floor and roof blocks stacked horizontally raised off the floor. Wall blocks under 3m can be stood vertically. Secure against toppling.
9	Shipping	Load into large van or covered lorry. Keep parts dry at all times. Just-in-time production means blocks are rarely stored more than 3–4 weeks before shipment to site.

V.7 Tolerances

Tolerance management is the single most technically demanding aspect of WikiHouse fabrication. It is not conceptually complex, but it requires consistent attention throughout the production process. The Manufacturing Guide is direct about this: 'The single most challenging factor in the production and assembly of the WikiHouse chassis is managing tolerance.'

The system manages tolerance through two mechanisms. First, standard offsets are baked into the cutting files: a 0.25mm offset on internal slots and holes (so a slot designed for a single 18mm sheet is cut at

18.5mm) and a 0.25mm inset on outer profiles (so a 600mm wide wall panel is cut at 599.5mm). Second, T-bone and dog-bone fillets are pre-applied to all internal corners, eliminating the filleting that would otherwise occur when a round router bit cuts a square corner.

Tolerance checking is a mandatory step before and during any production run. If the test assembly of the first block of each type reveals tolerances that are too loose or too tight, production must stop. Either the cutting files need adjustment (in which case the chassis designer must be contacted before changes are made) or different material batches must be used. Proceeding with out-of-tolerance components is not permissible: the components will not assemble correctly on site.

This is the discipline that distinguishes a competent WikiHouse fabricator from an incompetent one. The capital investment required to set up is modest. The process discipline required to operate correctly is not negotiable.

V.8 Waste Management

Skylark production generates two categories of timber waste: sawdust and structural offcuts. Sawdust, produced during machining, can be composted or collected for wood recycling. Structural offcuts — the plywood 'frames' left after components are cut from sheets — are typically 0.5–1 tonne per family house and must be disposed of sustainably.

The Manufacturing Guide identifies three disposal routes, in order of preference: reuse (offcut frames fixed together and filled with soil to form planters, which can be integrated into landscaping or sold); recycling (timber recycling companies such as Egger Timberpak collect and reprocess offcut timber into new panel products); and as a last resort, use as wood fuel or chippings. The Trust expects fabricators to follow this hierarchy.

Waste disposal space — approximately 5m² for a covered skip or skip bag — must be incorporated into the microfactory layout.

V.9 Licensing and Open-Source Status

The WikiHouse Manufacturing Guide and Skylark cutting files are published under a Creative Commons ShareAlike licence. This has specific implications for the Trust's model that are worth making explicit.

Any person or business is free to use, distribute, or modify the WikiHouse files and documentation, including commercially, without paying a licence fee. The files can be downloaded directly from the WikiHouse block library. Training is available from WikiHouse and from existing fabricators, but there is no proprietary certification requirement that restricts entry to the market. Any business that can demonstrate competence — by following the Manufacturing Guide and meeting the quality requirements set out in it — can manufacture WikiHouse Skylark components.

The obligations under the licence are: improvements must be published under the same type of open licence; WikiHouse's name may not be used as a company or product name (though a fabricator may describe their service as 'using WikiHouse' or 'based on WikiHouse'); and no implication of endorsement by WikiHouse or Open Systems Lab may be made without written agreement.

Businesses that formally register with WikiHouse as manufacturers join a quality-assured network and are listed on the WikiHouse supplier directory. Registration is voluntary but carries reputational advantages: it signals to customers (including the Trust) that the fabricator has been assessed against WikiHouse's quality requirements.

V.10 Implications for the Trust's Model

The Manufacturing Guide confirms, from primary technical documentation, the claims made in Chapter 3 and Appendix II of this proposal regarding local fabrication and the barrier to entry. Specifically:

A production-ready WikiHouse microfactory can be set up in a space of approximately 120–130m² of internal floor area. This is a large workshop, not a factory. Existing joiners, furniture makers, kitchen manufacturers, timber merchants and similar businesses operating from light industrial premises may already have suitable space.

The capital cost of equipment — CNC router, dust extraction, materials handling, CAM software — is in the range of £30,000–85,000 excluding premises. This is consistent with Appendix II's estimates and well within the range of small business finance, asset-backed lending, and equipment leasing.

The skills required are those of a competent CNC operator, not a construction professional. The Manufacturing Guide is written to be followed without specialist construction knowledge. Businesses with existing CNC capability can assess the opportunity against the freely available documentation and make their own investment decision.

The Skylark file system specifically reduces the CAM programming burden compared to earlier WikiHouse systems. Pre-nested, pre-layered, tolerance-offset DXF files minimise setup time per order and make the system accessible to operators without deep WikiHouse-specific experience.

The open-source licence eliminates the intellectual property barrier to entry. There are no royalties, no proprietary certification fees, and no exclusive supply agreements. The Trust cannot and would not seek to make itself the sole customer of a local fabricator, and the fabricator is free to serve other customers using the same system.

The distributed model is explicitly designed to serve the SME construction sector that centralised MMC has failed to reach. The Trust's pipeline of local development contracts — published in advance, awarded on ability — provides exactly the demand signal the Manufacturing Guide identifies as sufficient for a competent business to plan around.

The one area where the Manufacturing Guide is explicit about the non-trivial nature of the requirement is tolerance management. This is not a weakness in the barrier-to-entry argument. It is the quality control mechanism that ensures WikiHouse components perform as structurally certified. The requirement for competent production discipline is a feature, not a barrier. It means that local fabricators who meet the standard produce components that are interchangeable with those from any other fabricator anywhere in the network — a guarantee of structural integrity that no proprietary system dependent on a single supplier can match in the same way.

This appendix should be read alongside Chapter 3 (the reference design and the tender) and Chapter 10 (the Skylark system's structural, fire and thermal certification), Appendix II (which sets out the local economic circulation model and the procurement framework for local fabrication), and Appendix I (which addresses the construction cost assumptions and the sensitivity of the financial model to build cost). The primary source for this appendix is the WikiHouse Manufacturing Guide published at wikihouse.cc/guides/manufacturing by Open Systems Lab, a non-profit company registered in England and Wales (company number 9152368).

Appendix VI: WikiHouse Switch House — Bill of Materials and Build Cost Analysis

VI.1 Purpose of This Appendix

The Trust's financial model rests on a tendered construction contract of about £174,000 per home for the reference design and a funded cost of about £211,000 in the pilot (Appendix I.6). The construction price is the single most important parameter in the model (see Appendix I). This appendix sets out the materials-and-labour floor beneath that price, using the WikiHouse Switch House Bill of Materials — the standard template produced by Open Systems Lab for estimating the cost of a three-bedroom Switch House built using the Skylark 250 system. It provides a worked example of what the Trust's homes actually cost to produce, line by line, and explains what the BoM includes, what it excludes, and how its figures relate to the Trust's build cost assumptions.

The source document is the WikiHouse Switch House Bill of Materials (standard template, April 2024), available from Open Systems Lab. All figures are estimates for design and feasibility purposes and do not represent a quote or guaranteed build price.

VI.2 The Switch House: Design Overview

The Switch House is a three-bedroom, two-storey home of 104m² Gross Internal Area, designed using the WikiHouse Skylark 250 building system. It is the standard design pattern most directly relevant to the Trust's proposed homes: a family-sized dwelling fabricated from standard Skylark 250 blocks, assembled rapidly on site, and finished to a high thermal and spatial standard.

The design's name reflects its split-level staircase, which creates spatial variety within a compact footprint: a double-height entrance, kitchen and dining area at the front transitions to a lower living room at the rear, with the main bedroom above enjoying a correspondingly high ceiling. Two variants exist — Medium and Large (L) — differentiated by span; the L variant, which is the basis for the BoM, adds a third bedroom and ensuite. Key design characteristics relevant to the Trust's model are:

Flat roof with parapet, finished with EPDM rubber membrane and tapered insulation. Creates a roof area suitable for solar panels and conceals MVHR and heat pump plant from street level.

Fully electric services — no gas connection required. Space heating via electric panel heaters sized for the high-insulation envelope, hot water via sealed cylinder, ventilation via MVHR. Aligns with the Future Homes Standard and eliminates the gas infrastructure cost noted in Chapter 19. The Trust's reference specification substitutes an air-source heat pump for the panel heaters (Chapter 3.2); the costing model carries the difference as an input.

Skylark 250 chassis with 250mm wall insulation achieving a U-value of 0.14 W/m²K — well above current Building Regulations minimum and consistent with near-Passivhaus thermal performance.

Steel helical screw pile foundations avoiding concrete, reducing substructure cost and embodied carbon and simplifying installation on a range of ground conditions.

British larch rainscreen cladding: domestically sourced, naturally durable, and consistent with the Trust's preference for UK-sourced timber under its local procurement framework.

VI.3 Skylark Block Schedule

The Switch House chassis comprises 198 Skylark 250 blocks in six categories, requiring 520 sheets of 18mm structural OSB3 or plywood and approximately 337m² of soft-fill insulation batts. The block schedule is as follows:

Category	Block types	No. of blocks	OSB sheets	Insulation (m ²)
Floor / roof beams	FLOOR-L-0/1/5, XFLOOR-L-0, SKYLIGHT-L-1/2, FLOOR-L-0*, END-L-0/1, END-S1	54	~234	~148

Category	Block types	No. of blocks	OSB sheets	Insulation (m ²)
Wall panels	WALL-XL, WALL-M	90	~226	~145
Corner blocks	CORNER-M, CORNER-XL	8	~13	~7
Window and door blocks	WINDOW-M4, WINDOW-XL4, DOOR-M1, DOOR-XL1	8	~18	~6
Roof / parapet	PARAPET-M, POST-M	28	~26	Nil
Structural ties	TIES	6	~6	Nil
TOTAL		198 blocks	~520 sheets	~337 m ²

At the production rates documented in the Manufacturing Guide (20–40 minutes per sheet), 520 sheets represents approximately 175–350 machine-hours of CNC cutting — 22 to 44 eight-hour shifts on a single machine. This is well within the capacity of a single microfactory operating on a standard build programme. The block schedule demonstrates a high degree of repetition: the WALL-XL and WALL-M types alone account for 90 of 198 blocks, meaning the microfactory cuts the same programmes many times over — driving down unit time and tooling cost as production runs accumulate.

VI.4 Bill of Materials: Cost Summary

The BoM organises costs into six trade sections. The template distinguishes between materials costs (the 'self-build estimate') and on-site installation labour days (the 'install estimate'). Labour days are presented separately because the cost per day varies by procurement route and is left to the project team to specify. One exception applies: off-site block assembly at the microfactory is costed in the template at £200 per person/day, reflecting that this is a contracted manufacturing cost rather than a site installation cost.

VI.4.1 Materials and Manufacturing by Section

Section	Key items	Materials cost (ex VAT)	Install labour days
Foundations	43 helical screw piles @ £120; C24 base frame timber; 12m ² timber decking; deck piles and frame	£6,885	12
Structure	520 sheets 18mm OSB3 @ £19; mineral wool insulation (walls 150m ² , floor 100m ² , roof 62m ²); woodfibre over-roof board (52m ²); fixings; CNC machining 520 sheets @ £40; off-site block assembly 30 days @ £200	£39,379	50
Seal	DuPont Tyvek breather membrane 364m ² ; 5 triple-glazed aluclad windows; 1 composite external door; 2 glazed patio doors; 2 rooflights; EPDM membrane 70m ² ; floor underboards; airtightness taping	£19,294	15
External finishes	British larch rainscreen cladding 70m ² @ £60; standing seam steel roof 60m ² ; parapet flashing 32m; gutters and downpipes; window reveals; flashings	£11,062	12
Services	6× 600W electric panel heaters; MVHR unit with ducting; hot water cylinder and expansion vessel; electrics; lighting; fire alarms; 3 WCs, 1 bath, 1 shower, basins, sinks, plumbing	£8,420	11
Internal fit-out	Timber stud internal framing; 350m ² plasterboard; engineered oak flooring 52m ² ; carpet 45m ² ; 6 internal doors; bathroom tiles; window reveals	£12,918	16
TOTAL		£97,957	116

The structure section's £39,379 includes £6,000 for off-site block assembly (the microfactory labour) and £20,800 for CNC machining — together £26,800 in fabrication costs that remain in the local economy under the Trust's procurement model. Fitted wardrobes, kitchen units, and optional PV solar are listed at £0 in the template (to be specified per project) and are excluded from the total.

VI.4.2 Summary Cost Statement

Item	Cost (ex VAT)	Notes
Materials and manufacturing (self-build estimate)	£97,957	Includes CNC machining and off-site block assembly at microfactory. Excludes on-site installation labour.
Contingency (10%)	£9,796	Standard BoM allowance. Higher contingency may apply to specific sites.
Sub-total (ex VAT, ex on-site installation labour)	£107,753	
VAT (20%)	£21,551	On materials and manufacturing.
Total materials inc VAT, ex installation labour	£129,303	
On-site installation labour (116 days)	Rate TBC	At £200-£300/day typical range. Indicative: £23,200-£34,800.
Indicative all-in build cost (ex VAT, ex fees and infrastructure)	~£125,000-£145,000	Materials + manufacturing + on-site labour. Excludes professional fees, transportation, site connections.
Cost per m ² GIA (materials only, ex VAT)	£942/m ²	£97,957 / 104m ²
Cost per m ² GIA (all-in indicative, ex VAT)	~£1,200-£1,400/m ²	Indicative total build cost / 104m ²

The BoM template states explicitly: 'Build estimates for materials and labour, excluding VAT, fees, profits, overheads, contractor's prelims, transportation and landscaping.' A complete build cost for Trust purposes must add: structural engineering fee (typically £3,000-5,000 under the WikiHouse fast-track engineering service for standard Skylark projects); building control fee; block transportation from microfactory to site; and any site-specific preparatory works. Against this, the Trust's land cost will typically be nil or nominal (public land disposals), which is not included in conventional housebuilder build cost benchmarks.

VI.5 Relationship to the Trust's Build Cost Assumptions

The Trust's financial model now uses a tendered construction contract of about £174,000 per home and a funded cost of about £211,000 (Appendix I.6). The indicative all-in figure of £125,000-£145,000 in this appendix is the materials-and-labour cost of the reference home before contractor preliminaries, overheads and profit, fees, transport and infrastructure. It can be read as leaving material headroom below the £220,000 threshold at which Appendix I.3.1 says the pilot serves only the upper third of its cohort. It does not, once the costs a contractor charges and a programme incurs are added; what it does establish is the floor against which tenders are judged and the benchmark a bidder must beat.

Three cost elements deserve specific comment:

VI.5.1 CNC Machining: £20,800

The single largest labour cost in the BoM is CNC machining of 520 sheets at £40 per sheet. Under the Trust's local procurement model, this payment goes to a local microfactory within 30 miles of the development. On the 500-home pilot, CNC machining contracts alone would generate £10.4 million for local manufacturers if every home were the reference design. This is not a marginal local economic benefit: it is the mechanism by which the Trust's construction programme creates and sustains local manufacturing businesses. The £40/sheet rate reflects both machine time and operator wages; it is retained entirely within the local economy.

VI.5.2 Off-site Block Assembly: 30 Person/Days at £200/Day = £6,000

The Skylark system is designed for off-site pre-assembly of blocks at the microfactory. The BoM prices 30 person/days at £200/day — workshop labour assembling blocks as they come off the CNC machine, filling them with insulation, marking them for delivery, and stacking them for dispatch (the workflow described in Appendix V). Combined with the machining cost, the total microfactory contract per Switch House is approximately £26,800. Across the 500-home pilot: £13.4 million in local manufacturing contracts, before any other procurement, if every home were the reference design.

VI.5.3 On-site Chassis Assembly: 50 Person/Days at Rate TBC

The BoM records 50 person/days for on-site chassis assembly without specifying a rate, reflecting that assembly does not require specialist construction skills and can therefore be staffed across a range of operative grades. At £200/day (general operatives), 50 days costs £10,000; at £300/day (experienced carpenters), £15,000. Under the Trust's model, this workforce is recruited locally and trained on the assembly sequence. The Skylark documentation is designed to make this possible without prior WikiHouse experience.

VI.6 The BoM as a Procurement Tool

The Switch House BoM is a procurement document as well as a cost estimate. Every line specifies a description, suggested specification, quantity, unit, and unit cost. The Trust uses the BoM template as the starting point for procurement on each development, substituting local suppliers wherever the specification can be met locally.

Key local substitution opportunities under the Trust's procurement hierarchy are as follows:

BoM item	Standard specification	Trust procurement approach
18mm OSB3 (520 sheets, £9,880)	SterlingOSB3 Zero	Kronospan and West Fraser both manufacture in the UK. Nearest UK distributor preferred. Volume purchasing across Trust programme reduces unit cost.
CNC machining (520 sheets, £20,800)	3-axis CNC, 1220×2440mm bed	Local microfactory contract — the primary local economic retention mechanism. Rate negotiated per local market conditions.
Mineral wool insulation (£8,580)	Mineral wool soft-fill batts	Rockwool manufactured at Pencoed, Wales; Knauf at Queensferry. UK-sourced as standard. Regional distributor.
British larch cladding (70m ² , £4,200)	50×25mm British larch, planed	Domestically specified as standard. Local or regional timber merchants. Supports UK forestry sector.
Triple-glazed windows and doors (£13,100)	Aluclad triple-glazed units	Wider UK market; European manufacture common for aluclad. Local finishing trades for installation.
Helical screw piles (43 no., £5,160)	TBC — various UK manufacturers	Krinner, Screwfast, GoliathTech among UK suppliers. Local groundworks contractor for installation.
Services and fit-out (£21,338 combined)	Various — see BoM	All installation by local finishing trades. Equipment from nearest competent supplier meeting specification.

VI.7 Embodied Carbon

The BoM includes embodied carbon figures for the structural elements where data is available. The Switch House chassis carries a negative embodied carbon figure for its structural timber content: the 520 sheets of OSB3 sequester approximately 23,700 kg CO₂e in the structural timber alone (calculated from the BoM formula at the OSB3 carbon sequestration rate). The British larch cladding is similarly carbon-negative. Mineral wool insulation carries a small positive embodied carbon figure (approximately 0.13 kg CO₂e per kg of insulation).

Overall, the Switch House chassis is a net carbon store. This is a material consideration for the Trust's ESG profile: institutional bondholders increasingly apply ESG screening to infrastructure investments, and the Trust's prospectus will carry a sustainability disclosure under PRM 4.6 (Chapter 15.3). A programme that builds net-carbon-negative homes funded by a revenue stream from thermally efficient dwellings presents well under both.

VI.8 Conclusions

The Switch House BoM confirms four propositions that are central to the Trust's model:

Build cost credibility. A three-bedroom, 104m² home at high thermal performance has a materials and manufacturing cost of approximately £98,000–£108,000 (ex VAT, ex on-site installation labour), and an all-in materials-and-labour cost of £125,000–£145,000. That is the floor beneath the tendered contract of about £174,000 in Appendix I.6 and the benchmark every bidder must beat or explain; it is not the funded cost of a home.

Local economic retention. CNC machining (£20,800) and off-site block assembly (£6,000) together represent approximately £26,800 per home in microfactory contracts retained in the local economy. On the 500-home pilot, if every home were the reference design: £13.4 million in local manufacturing income before any other procurement. This is the most direct validation of the local multiplier analysis in Appendix II.

No gas connection. The fully electric services specification eliminates the gas connection cost and simplifies the infrastructure package, consistent with the Future Homes Standard and the Trust's preference for low-complexity, low-running-cost homes requiring no boiler maintenance and no fossil fuel exposure.

Standardisation and repeatability. 198 blocks drawn from a small number of repeated types (WALL-XL and WALL-M alone account for 90 blocks) demonstrates genuine standardisation. Repeated cutting of the same programmes by the same local microfactory reduces unit time and cost as production experience accumulates — a cost reduction trajectory that improves model resilience as the Trust scales.

The figures in this appendix are estimates based on the WikiHouse Switch House standard template (April 2024). They will be refined through detailed cost planning and market testing before the Trust commits to the Proof of Concept. This appendix should be read alongside Appendix V (Manufacturing Guide), Appendix I (Sensitivity Analysis, and I.6 for the funded cost that the tendered contract and the programme layer add to these figures), Chapter 19 (Infrastructure), and Chapters 13 and 14 (bond structure).

Appendix VII: Lender Capacity Constraints

Why the mortgage market cannot build its way out of the housing crisis

VII.1 Purpose

This appendix justifies a statement that appears throughout the main proposal: “The financial system lacks sufficient capacity to expand mortgage lending at the scale needed to resolve the housing crisis.”

This is not a claim about bank willingness. It is a claim about bank capacity. UK banks operate under prudential regulations — the Basel III framework (and its successor, Basel 3.1), enforced by the Prudential Regulation Authority (PRA) — that impose hard limits on the volume of lending the banking system can support. These limits exist for good reason: they prevent the reckless credit expansion that caused the 2008 financial crisis. But they also mean that the conventional solution to the housing crisis — build more homes for sale and let the mortgage market finance them — runs into a structural constraint that no amount of housebuilding alone can overcome.

The Trust’s bond-funded model bypasses this constraint entirely. No mortgage is created. No bank capital is consumed. No systemic risk is added. Understanding why this matters requires understanding how bank lending actually works.

VII.2 How Bank Lending Actually Works

A common misconception is that banks lend out money deposited by savers. This is incorrect. The Bank of England’s own explanation, published in its Quarterly Bulletin (2014 Q1), is unambiguous: when a bank makes a loan, it simultaneously creates a matching deposit in the borrower’s bank account, thereby creating new money.

When a bank approves a £250,000 mortgage, it does not take £250,000 from a saver’s account and hand it to the borrower. It creates a new £250,000 deposit in the borrower’s account by entering a number into its ledger. The borrower now has £250,000 of new money; the bank now has a £250,000 asset (the mortgage loan, which the borrower will repay over time) and a £250,000 liability (the deposit it has just created). Both sides of the balance sheet have expanded by £250,000. No pre-existing money has moved. New money has been created.

This is not controversial. It is the Bank of England’s published position, supported by the Quarterly Bulletin article authored by McLeay, Radia, and Thomas, and it is the operational reality of every bank in the country. It matters because it means that the constraint on lending is not the amount of deposits a bank holds. The constraint is the amount of capital the bank has, relative to the volume of lending the regulators will permit.

VII.3 The Three Regulatory Constraints

VII.3.1 Capital Adequacy Ratio (CAR)

For every loan a bank creates, the bank must hold a minimum quantity of its own capital — equity, retained earnings, and certain qualifying instruments — to absorb potential losses if borrowers default. This is the Capital Adequacy Ratio. Under Basel III, the minimum Common Equity Tier 1 (CET1) ratio is 4.5% of risk-weighted assets, with additional buffers (capital conservation buffer, countercyclical buffer, systemic importance buffer) bringing the effective minimum for major UK banks to approximately 10–13% of risk-weighted assets.

This means a bank with £10 billion of CET1 capital can support roughly £77–100 billion of risk-weighted assets. If it wants to lend more, it must raise more capital — from shareholders, from retained profits, or from issuing qualifying instruments. Capital is finite and expensive.

VII.3.2 Risk-Weighting (Basel 3.1)

Not all lending consumes capital equally. The capital a bank must hold against a loan depends on the loan's risk weight. Under the Basel 3.1 standards — finalised by the PRA in PS9/24 and PS1/26, with implementation scheduled for 1 January 2027 — residential mortgage risk weights range from 20% to 70% depending on LTV ratio.

LTV band	Risk weight	Capital per £100k loan (at 10% effective CAR)
≤50%	20%	£2,000
50–60%	25%	£2,500
60–70%	30%	£3,000
70–80%	35%	£3,500
80–90%	45%	£4,500
90–95%	55%	£5,500
>95%	70%	£7,000

Source: PRA PS9/24 and PS1/26. Risk weights shown are for standardised approach; IRB approach subject to input and output floors. Effective CAR illustrative at 10% reflecting minimum plus buffers.

The risk-weighting system means that the loans most needed to address the housing crisis — high-LTV mortgages for first-time buyers without family wealth — consume the most regulatory capital per pound lent. A £250,000 mortgage at 95% LTV consumes roughly 2.75 times as much capital as the same loan at 50% LTV. When capital is constrained, banks have a powerful regulatory incentive to serve low-risk borrowers first.

VII.3.3 The Leverage Ratio: The Hard Cap

Risk-weighting can be gamed. Internal models can understate risk. The lesson of 2008 was that banks had large balance sheets relative to their capital, and risk weights had not captured the true risk of correlated defaults. The leverage ratio exists as a backstop: a simple, non-risk-weighted limit on the total size of a bank's balance sheet relative to its Tier 1 capital.

The PRA requires firms with more than £50 billion in retail deposits to maintain a minimum leverage ratio of 3.25% plus applicable buffers. This means that for every £1 of Tier 1 capital, a bank can support no more than approximately £30.8 of total exposure — regardless of how safe the bank considers those exposures to be. There is no risk-weighting. A government bond and a 95% LTV mortgage both count at face value against the leverage exposure measure.

This is the hard cap. A bank cannot exceed it by arguing that its lending book is low-risk. It can only exceed it by raising more Tier 1 capital — which means issuing new equity or retaining more profits — or by reducing its existing balance sheet to make room for new lending.

VII.4 The Current Position: A Saturated System

As at Q3 2025, the outstanding value of all residential mortgage loans in the UK stood at £1,733.7 billion (Bank of England/FCA MLAR statistics, Q3 2025). This is the highest level since reporting began in 2007 and represents a 2.9% increase year-on-year. Gross mortgage advances in Q3 2025 were £80.4 billion, the largest quarterly volume since 2020 Q3.

This £1.7 trillion mortgage book is not free-standing. It sits on the balance sheets of UK banks and building societies alongside corporate lending, consumer credit, sovereign debt holdings, derivative exposures, and interbank positions. All of these exposures compete for the same limited pool of regulatory capital and count against the same leverage ratio.

The UK's major banks are not significantly overcapitalised. The Bank of England's Financial Stability in Focus report (2025) found that large UK banks' CET1 ratios and leverage ratios sit within their target operating ranges, above minimum requirements but without large surplus buffers. The system is not in

crisis — it is adequately capitalised for current lending volumes. But it is not sitting on large reserves of unused capacity waiting to finance millions of new mortgages.

VII.5 The Scale Problem

England needs approximately 300,000 new homes per year to meet demand and begin addressing the accumulated backlog (MHCLG's stated target: 1.5 million homes over the current Parliament). If these homes were funded conventionally — built for sale and purchased with mortgages — the financing requirement is substantial.

Metric	Indicative figure
Target new homes per year	300,000
Average house price (England, 2025)	~£300,000
Average LTV for new purchase	~80%
Average mortgage per new home	~£240,000
Total new mortgage origination required per year	~£72 billion
Risk weight at 80% LTV (Basel 3.1 standardised)	35%
Risk-weighted assets generated per year	~£25.2 billion
Capital required at 10% effective CAR	~£2.5 billion per year
Leverage exposure added per year	~£72 billion
Tier 1 capital required at 3.25% leverage ratio	~£2.3 billion per year

Note: Figures indicative and simplified. Does not account for remortgaging, product transfers, buy-to-let, or non-standard products. Real-world capital consumption would be higher due to concentration limits, Pillar 2 add-ons, and countercyclical buffers.

At first glance, £2–3 billion per year of additional capital does not sound impossible for a banking system with combined CET1 capital in the hundreds of billions. But this calculation understates the problem in three critical ways.

First, the 300,000-home target is not a one-off. It must be sustained for decades. Mortgage balances are long-lived assets (25–35 year terms). Each year's new lending adds permanently to the outstanding stock. After five years the system would need to support £360 billion in additional mortgage balances; after ten years, £720 billion (before accounting for repayments). The capital requirement is cumulative and compounding.

Second, this is only purchase lending. The banking system must simultaneously support all existing remortgaging, consumer credit, corporate lending, trade finance, and every other form of credit in the economy. Housing lending does not get a ring-fenced allocation of capital. It competes for a shared resource.

Third, the leverage ratio bites hardest at the margin. Even if a bank has risk-weighted capital headroom, the leverage ratio constrains total balance sheet size. Adding £72 billion of new mortgage exposure per year pushes banks closer to the leverage ceiling. The only way through is new equity issuance, which dilutes existing shareholders and is commercially resisted. Banks do not raise equity to make more mortgage loans. They ration lending instead.

VII.6 Capital Rationing and Who Gets Served

When capital is scarce, banks do not ration lending randomly. They allocate capital to the borrowers who generate the highest risk-adjusted return. This has predictable consequences for who can and cannot access mortgage finance.

A buy-to-let investor purchasing a property at 60% LTV with rental income covering 145% of mortgage payments consumes little capital (25% risk weight), generates a reliable income stream, and presents low

default risk. A first-time buyer purchasing at 95% LTV on a salary of £35,000 consumes nearly three times as much capital (55% risk weight), presents higher default risk, and generates no additional revenue beyond the mortgage rate. When capital is constrained, the first-time buyer is the marginal borrower who is declined or priced out.

This is not a conspiracy. It is the rational response of a profit-maximising bank operating within a regulatory framework that correctly prices risk. But it means that the housing market's natural capital allocation process systematically serves wealthy buyers, downsizers, investors, and low-LTV remortgagors before it serves the working households the Trust targets. The trapped middle — households earning £31,500 to £75,000 without family wealth, without a deposit, without access to the Bank of Mum and Dad — are the last in the queue for a finite resource.

The high-LTV lending share in Q3 2025 confirms this. Mortgages at above 90% LTV accounted for just 7.4% of gross advances — the highest since 2008, but still a small fraction of total volume. The vast majority of lending flows to borrowers with substantial existing equity. The mortgage market works well for those who already have wealth. It does not work for those who need housing most.

VII.7 Why Relaxing the Constraints Is Not an Option

An obvious response is: loosen the rules. Reduce capital requirements, relax the leverage ratio, allow banks to lend more. We have been here before. The entire Basel III framework exists because its predecessor, Basel II, proved inadequate.

In the years before 2008, UK banks expanded mortgage lending rapidly, using internal risk models that systematically underestimated default probabilities and loss-given-default rates. Northern Rock funded 125% LTV mortgages through wholesale markets. HBOS built a commercial property book that destroyed the bank. The Royal Bank of Scotland leveraged its balance sheet to a degree that required the largest bank bailout in British history. The taxpayer bore the cost: £137 billion in direct support (NAO, 2018), followed by a decade of austerity in which the public services the Trust's cohort depends on were systematically defunded.

The prudential framework is not an arbitrary bureaucratic constraint. It is the scar tissue of the worst financial crisis in a century. Relaxing it to finance mass housebuilding would create precisely the systemic risk it was designed to prevent. The PRA will not do it. No government should ask them to.

VII.8 How the Trust Bypasses the Constraint

The Trust's funding model does not touch the banking system's balance sheet. The sequence is: the Government purchases Trust bonds (gilt-funded; no commercial bank involved); the Trust receives bond proceeds and builds homes; tenants pay rent to the Trust (not a mortgage payment to a bank); the Trust uses rental income to service bonds; at maturity, bond principal is returned to government in full.

At no point in this chain is a mortgage created. No commercial bank expands its balance sheet. No regulatory capital is consumed. No leverage ratio is affected. The banking system's capacity to serve its existing customers is completely unaffected.

This is not merely a technical advantage. It is a fundamental structural difference between the Trust model and every other housing delivery mechanism that relies on the buyer obtaining a mortgage. Build 300,000 homes for sale and you need £72 billion per year of new mortgage capacity. Build 300,000 Trust homes and you need zero.

Metric	Mortgage-financed home	Trust bond-financed home
Bank capital consumed	£3,500–£7,000 per £100k lent	£0
Leverage exposure added	£240,000 per home (avg mortgage)	£0
Systemic risk contribution	Correlated default risk increases with volume	None — no bank exposure
Risk weight	20–70% depending on LTV	N/A — no RWA generated
Duration of capital lock-up	25–35 years per mortgage	None

Metric	Mortgage-financed home	Trust bond-financed home
Counterparty	Individual borrower (default risk)	CBS with 35-year rental income stream
Prudential regulator concern	Yes — macroprudential oversight	No — outside banking perimeter

The Trust model does not compete with the mortgage market. It relieves pressure on it. Every household housed by the Trust is a household that does not need a mortgage, does not add to the outstanding lending stock, does not consume regulatory capital, and does not increase the system's correlated exposure to residential property. From a financial stability perspective, the Trust is not merely neutral. It is beneficial.

VII.9 The Cost of Doing Nothing

If the mortgage market cannot scale to meet housing need, and the prudential constraints on lending cannot be relaxed without creating systemic risk, the implication is stark: the conventional housing delivery model — build for sale, finance with mortgages — cannot solve the crisis at the required scale. Not because of a failure of will, but because of a structural limit on the financial system's capacity to create the credit needed.

The consequence of inaction is already visible. Mortgage lending flows predominantly to those with existing equity, reinforcing wealth inequality. Working households without deposits are structurally excluded from ownership and pushed into an unaffordable private rented sector, where they consume welfare expenditure indefinitely (as set out in Appendix III). The system self-perpetuates: constrained mortgage supply keeps prices high, which keeps deposits high, which keeps the trapped middle trapped.

The Trust does not ask the financial system to do something it cannot do. It offers an alternative channel — outside the banking system, outside the prudential perimeter, funded by government bonds that return with interest — that produces the same output (people in homes) without imposing any of the same constraints or risks. The question is not whether the mortgage market should be supplemented by alternative financing models. The question is why it has not been supplemented already.

VII.10 Statutory and Regulatory References

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Appendix VIII: Construction Sector and Skills Constraints

Why Traditional Construction Methods Cannot Deliver Housing at the Scale Required

VIII.1 Purpose

This appendix justifies the statement appearing throughout the main proposal: “traditional construction methods are too slow and expensive to deliver housing at the scale required, and the UK lacks the total number of skilled workers needed.” The statement rests on five interlocking problems, each individually sufficient to prevent the construction industry from meeting government housing targets through conventional means, and collectively constituting a structural barrier that no amount of additional funding or political will can overcome without a fundamental change in construction method.

The Trust’s specification — a dry, factory-made, low-wet-trade home, with the WikiHouse Switch House as the reference design and price benchmark (Chapter 3) — is not a design preference. It is the only credible response to the evidence set out below, and it is why the Trust specifies performance and lets bidders using any system that meets it compete for the work.

VIII.2 The Productivity Crisis

Construction is one of the only sectors in the UK economy where labour productivity has effectively stagnated over a generation. ONS data shows that between 1997 and 2021, gross value added per hour worked in UK construction improved by approximately one per cent. Over the same period, manufacturing productivity improved by 182 per cent, and the whole economy by 29 per cent. The construction sector has, in productivity terms, stood still for a quarter of a century while every other comparable industry has transformed.

This is not a measurement anomaly. It reflects a genuine structural characteristic of an industry that remains overwhelmingly dependent on manual labour performed on site, in the open air, using methods largely unchanged since the mid-twentieth century. A bricklayer in 2025 works with fundamentally the same tools and techniques as a bricklayer in 1975. The same cannot be said of any worker in manufacturing, logistics, retail, agriculture, or any other sector that has adopted automation, digital processes, and factory-controlled production environments.

The consequence for housing delivery is direct. A sector that cannot improve its output per worker cannot scale its output without a proportional increase in its workforce. Because productivity is flat, the entire burden of scaling output falls on recruiting more workers into an industry that is already failing to recruit and retain the workers it has.

VIII.3 The Skills Shortage

VIII.3.1 The Scale of the Shortfall

The Construction Industry Training Board (CITB), the statutory body responsible for workforce planning in the sector, publishes annual labour market forecasts through its Construction Workforce Outlook. The 2025–2029 forecast projects that the UK construction industry needs to recruit the equivalent of 239,300 additional workers over the five-year period, approximately 47,860 per year. This represents 1.8 per cent of the 2024 workforce annually. Construction output is forecast to grow at an average of 2.1 per cent per year through to 2029, requiring the total workforce to reach approximately 2.75 million.

These figures assume current levels of demand. They do not account for the government’s stated ambition to build 1.5 million new homes over the current Parliament. The CITB and Engineering Construction Industry Training Board (ECITB) estimate that meeting both housing targets and existing infrastructure commitments would require an additional 280,000–430,000 workers by 2030. At a workforce of approximately 2.67 million in 2024, this represents an increase of 10–16 per cent in the total construction workforce within five years.

VIII.3.2 The Government Response: Insufficient by an Order of Magnitude

In March 2025, the government announced plans to recruit and train up to 60,000 more specialist construction workers by 2029. This is less than 25 per cent of the 239,300 workers the CITB estimates the sector needs at current demand levels, and less than 15 per cent of the total shortfall if housing targets are included. Even if the 60,000 target were met in full, the gap between supply and demand would continue to widen.

VIII.3.3 An Ageing Workforce

The shortage is structural, not cyclical. Approximately 35 per cent of the UK construction workforce is aged over 50. By 2036, over 750,000 current workers are expected to retire. Only 19 per cent of the workforce is aged 25 or under. The sector is losing experienced workers faster than it is replacing them, and the imbalance is accelerating.

VIII.3.4 Post-Brexit Labour Market Contraction

The UK construction sector was historically reliant on skilled EU labour, particularly from Poland, Romania, and the Baltic states. ONS data shows the proportion of EU-born workers in construction fell significantly following the 2016 referendum and continued to decline after the end of the transition period. Many held trade qualifications in precisely the wet trades — bricklaying, plastering, tiling — where domestic shortages are most acute. This labour supply has been structurally reduced with no equivalent domestic replacement.

VIII.3.5 Recruitment Failure

The sector has a persistent and well-documented recruitment problem. Go Construct, the industry's own careers promotion body, found that only 19 per cent of parents would encourage their child to pursue a career in construction. The industry's reputation for poor working conditions, insecure employment, low status, and physical risk deters precisely the cohort of young entrants it most needs to attract. Women represent less than 15 per cent of the construction workforce and a far smaller proportion of site-based trade roles.

VIII.4 The Apprenticeship Pipeline Is Broken

The conventional policy response to a skills shortage is to train more workers. In construction, the training pipeline itself is failing.

Construction apprenticeship completion rates have fallen sharply. In 2022/23, only 53 per cent of construction apprentices achieved their qualification. By 2024/25, the DART Tool Group Apprenticeship Gap Report found that completion rates within construction had fallen to just 41 per cent, down from 65 per cent the previous year. In some specialist trades, fewer than one in three apprentices complete. As a result, only 8,620 construction apprentices reached End Point Assessment in 2022/23, against an industry need of over 96,000 new workers per year. The pipeline produces less than one-tenth of what is required.

The arithmetic is unforgiving. To produce 347,000 completed construction apprenticeships by 2033, historic completion rates suggest approximately 700,000 people would need to start apprenticeship programmes. Against current starts of approximately 24,590 per year in construction, this is not a plausible number. Even if starts doubled immediately and completion rates improved to 60 per cent, the pipeline would still produce fewer than 30,000 qualified workers per year against a need of nearly 50,000. The training system is not merely underperforming. It is structurally incapable of closing the gap within any relevant timescale.

VIII.5 Cost Inflation Driven by Scarcity

A skills shortage does not merely slow construction. It makes every home more expensive. When qualified bricklayers, plasterers, and roofers are scarce, the workers available command premium rates. Labour cost inflation in construction has consistently outpaced general CPI, and the BCIS Labour Cost Index has been a primary driver of overall build cost increases.

The Building Cost Information Service (BCIS) five-year forecast (2025–2030) projects building costs will rise by 15 per cent and tender prices by 16 per cent over the period. The BCIS All-in Tender Price Index recorded annual growth of 2.5 per cent in Q3 2025, with its chief economist describing the market as experiencing a “stagflation-type squeeze: weak growth on one side, elevated labour and materials on the other, and margins under pressure.”

For the Trust’s cohort, this matters directly. Every percentage point increase in build cost either increases the rent required to service the bond or reduces the number of homes deliverable within a given bond value. A specification that can be met by factory production, at prices fixed by competitive tender before a bond is issued and paid in cash on certification (Chapter 3.5), is not merely efficient. It is a prerequisite for the financial model to work.

VIII.6 Industry Fragility: Insolvency and Supply Chain Risk

The UK construction sector has the highest business failure rate of any industry in the economy. In the 12 months to March 2025, 4,111 construction companies became insolvent in England and Wales, accounting for 17 per cent of all insolvencies nationally despite the sector representing only 6–7 per cent of gross value added. This was a 22.6 per cent increase compared with pre-pandemic 2019 levels. Specialist subcontractors — the firms that actually lay bricks, install plumbing, plaster walls, and complete finishing works — are consistently the most affected, representing over half of all construction insolvencies.

The industry operates on thin margins, typically 2–4 per cent. Fixed-price contracts expose contractors to cost overruns they cannot pass on. Payment practices are notoriously poor, with subcontractors routinely waiting 60–90 days or more for payment while carrying labour and material costs. When a main contractor or key subcontractor fails mid-project, the consequences cascade: programme delays, cost increases, loss of workforce continuity, and in some cases complete project abandonment.

For the Trust, delivery certainty is not a preference but a financial necessity. Bond servicing depends on homes being completed on schedule and generating rental income from a specified date. A construction delivery model built on a fragmented chain of subcontractors, any one of which may become insolvent during the build programme, introduces a level of programme risk incompatible with the Trust’s bond covenants. A main contractor whose components are produced to specification before site assembly begins, backed by a performance bond, a cash retention and a ten-year structural warranty (Chapter 3.7 and Appendix I, OR2), contains this risk category; a dry, factory-made specification shortens the chain of trades on site through which it propagates.

VIII.7 Quality and Defects

The quality of traditionally built new homes is a matter of public record and public dissatisfaction. The New Homes Quality Board found that 95 per cent of homeowners identified snags in their new homes, with nearly half (47 per cent) experiencing more than ten snagging issues. The HBF’s National New Home Customer Satisfaction Survey has repeatedly found that approximately 41 per cent of new homebuyers report more than ten defects.

These are not isolated failures. They are the predictable consequence of a construction process in which quality control depends on site-based inspection of manual work performed in variable conditions by a workforce under constant time pressure. Defects are frequently concealed by subsequent work and only emerge months or years after completion.

Factory manufacturing inverts this quality paradigm. Components are produced in controlled conditions to CNC-machined tolerances. Each element can be inspected and tested before leaving the factory. Assembly follows a defined sequence with known dimensional accuracy. The result is not merely fewer defects but a different order of quality assurance: systemic rather than dependent on individual site supervision.

VIII.8 Weather Dependency and Programme Risk

Traditional construction is critically dependent on weather conditions. Wet trades — bricklaying, external rendering, concreting — cannot proceed in heavy rain, frost, or high winds. UK weather data shows that construction sites typically lose 20–30 working days per year to adverse weather, with significantly higher losses in northern regions and winter months. Each lost day delays programme completion, increases prelims costs, and pushes subsequent trades back in sequence.

Factory manufacturing is weather-independent. WikiHouse structural frames are produced under cover regardless of external conditions. The structural shell goes up in days rather than months, minimising exposure to weather-related delay. For a bond-funded programme where completion dates determine the start of rental income and therefore the cash flow available to service interest payments, this is not a marginal advantage. It is a structural reduction in the single largest source of programme uncertainty in UK housebuilding.

VIII.9 “Modernise or Die”: The Farmer Review

The systemic failure of the traditional construction model was officially recognised in the government-commissioned 2016 Farmer Review of the UK Construction Labour Model, authored by Mark Farmer. Its central thesis was that the industry’s fragmented, on-site, labour-intensive model is fundamentally dysfunctional and incapable of meeting the UK’s housing needs. Its title, “Modernise or Die,” was not rhetorical but diagnostic.

The review’s core recommendations map directly to what the Trust’s specification, shown here on the reference design, requires of every bidder:

Farmer Review Recommendation	Problem Identified	Trust’s specification (shown on the reference design)
Large-scale shift to pre-manufacturing and off-site construction	On-site methods too slow, too labour-intensive, too weather-dependent	WikiHouse structural frames manufactured digitally in factory; fit-out on site by local trades
Reduce dependence on wet trades	Acute shortage of bricklayers, plasterers, renderers; ageing workforce with no replacement pipeline	WikiHouse is a dry construction system: CNC-cut timber, mechanical fixings, no brickwork, no wet plaster, no in-situ concrete
Improve workforce productivity	Output per hour unchanged in 25 years; cannot scale without proportional workforce growth	Factory production achieves manufacturing-sector productivity levels; CNC machining, repetition, controlled environment
Attract new entrants including women, career changers, and young people	Only 19% of parents would encourage child into sector; female participation under 15%	Factory environment: indoor, clean, regular hours, no site hazards; accessible to wider workforce including women and career changers
Reduce skill acquisition time for new workers	Traditional apprenticeships take 2–4 years; completion rates below 50%; pipeline produces fraction of need	WikiHouse assembly skills trainable in weeks; CNC operation uses transferable manufacturing skills
Improve quality and reduce defects	95% of new homes have snags; 47% have 10+ defects; quality dependent on individual site supervision	Factory QC to CNC tolerances; components inspected before dispatch; assembly follows defined sequence
Improve programme certainty and reduce waste	Weather delays, subcontractor insolvency, material waste averaging 10–15% on traditional sites	Weather-independent production; components manufactured before site assembly; CNC cutting minimises material waste

Every recommendation Farmer made in 2016 describes what the Trust’s specification requires. The review was published nine years ago. The industry has not modernised. The Trust does not need to wait for it to do so.

VIII.10 The Training Timeline Problem

Even if the political will existed to solve the skills shortage through conventional training, the timescale is prohibitive. A bricklaying apprenticeship takes two to three years. A plastering apprenticeship takes a similar period. These are the trades in most acute shortage. Beginning a mass training programme today would not produce qualified workers until 2028 or 2029 at the earliest, and then only if completion rates improved dramatically from their current level of 41–53 per cent.

The housing crisis is not a future problem. It is a present emergency. Over 100,000 households are in temporary accommodation. A construction method whose workforce requirements can be met by retraining existing CNC operators, joiners, and fabricators in weeks rather than years is the only method that can begin to deliver homes within a timescale that addresses the crisis as it exists now, rather than as it will exist when a generation of apprentices eventually qualifies.

VIII.11 The Cumulative Effect

Each problem described above is individually significant. Taken together, they describe an industry that cannot deliver what is being asked of it.

Constraint	Traditional Construction	Trust's specification (reference design)
Productivity growth	~1% improvement in 25 years	Factory production at manufacturing-sector productivity levels
Workforce shortfall by 2029	239,300–430,000 additional workers needed; pipeline produces fraction of this	Retrains existing manufacturing workforce in weeks; no dependence on wet-trade recruitment
Apprenticeship completion	41–53% completion rate; 8,620 completions against 96,000 annual need	Training measured in weeks not years; transferable CNC and joinery skills
Build cost trajectory	BCIS forecasts 15–16% increase by 2030; labour-driven	Price fixed by tender before issue; paid in cash on certification
Insolvency risk	Highest of any UK sector; 4,111 firms insolvent in 12 months to March 2025	Components produced before site assembly; main contractor bonded, with a cash retention; shorter chain of site trades
Defect rate	95% of new homes have snags; 47% have 10+ defects	Factory QC to CNC tolerances; components inspected before dispatch
Weather dependency	20–30 working days lost per year; programme delays cascade	Factory production weather-independent; on-site assembly in days not months
Programme certainty	Dependent on multiple subcontractors, weather, material availability	Factory production; defined assembly sequence; completion dates bankable for bond servicing

VIII.12 The Construction Method Is Not a Detail

Housing policy debate in England focuses overwhelmingly on land, planning, and finance. The implicit assumption is that once these barriers are overcome, the construction industry will build whatever is needed. The evidence in this appendix demonstrates that this assumption is false. The construction sector cannot recruit the workers, sustain the productivity, control the costs, maintain the quality, or guarantee the programme certainty required to deliver housing at the scale the crisis demands. These are not temporary difficulties that will resolve with a stronger economy or better policy. They are structural characteristics of an industry built on a nineteenth-century production model operating in a twenty-first-century economy.

The Trust's specification is not a marginal improvement in construction efficiency. It is a change of industrial model: from site-based manual assembly to factory-based digital manufacturing, with the reference design proving the price and any system that matches it welcome to bid. It is the response the Farmer Review called for in 2016 and the industry has failed to deliver in the nine years since. It is the reason the Trust can credibly commit to a delivery programme that traditional methods cannot — and why a tender that comes back above the benchmark is evidence about the bidder, not about the specification.

The question for government is not whether modern methods of construction should replace traditional building on programmes of this kind. The evidence is unambiguous that they must. The question is whether government is prepared to commission programmes structured to make that transition happen.

VIII.13 References

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Appendix IX: Questions Requiring Legal Opinion Before Implementation

IX.1 Purpose

This document has been prepared without commissioned legal advice. Every statutory statement in it has been checked against the primary source as at 19 October 2026, and where the document draws a conclusion across provisions it says so and says how confident it is. But a proposal that will be read by Treasury analysts, a regulator, a listing authority and bondholders' counsel should list, in one place, the questions it cannot answer for itself. A reviewer who finds an unexamined legal hole concludes the author did not know. A reviewer who finds it listed here concludes the author knew, said so, and got on with the argument.

The list below can be handed to counsel as an instruction. Each item states the question, where in the document it arises, and what turns on the answer. They are ordered by how much turns on them.

IX.2 The Questions

1. Charitable purposes and the cohort. Is the grant of a thirty-five-year lease at a cost-covering, CPI-indexed rent to a household with gross income up to £75,000, allocated by published income-band and contribution criteria rather than housing need, (a) a charitable purpose within sections 3(1)(a) or (j) of the Charities Act 2011, and (b) 'housing accommodation provided by the trust in the pursuit of its charitable purposes' within section 1(3) of the Leasehold Reform Act 1967 and section 5(2)(b) of the Leasehold Reform, Housing and Urban Development Act 1993, having regard to *Richmond Housing Partnership v Brick Farm Management* [2005] EWHC 1650 (QB)? What drafting of the Trust's objects, allocation rules and rent policy best secures both? (Chapters 12.3, 12.6.1.) What turns on it: exempt charity status, the tax position in Chapter 12.5, and whether any resident can acquire the freehold or an extended lease by statute. This is the question that could break the structure.
2. The Rent Standard. Are homes built on land transferred for less than its unrestricted value 'built or acquired without public assistance' for the purposes of the 'intermediate rent accommodation' exception in paragraph 5.5 of the Policy Statement on Rents for Social Housing (January 2026), given that the 2026 Statement does not define 'public assistance' and the Social Housing Rents (Exceptions and Miscellaneous Provisions) Regulations 2016 did? Is a referral from a local authority's intermediate or key-worker list a nomination 'under s.159(2)(c)' for limb (a)? Could any part of the Trust's product qualify as 'key worker housing' under limb (c)? Would the Regulator exercise its paragraph 2.4 discretion? (Chapter 13.4.) What turns on it: whether the homes default to Social Rent formula rent, which the bond arithmetic cannot bear, and therefore whether ask 4 in Chapter 20 is needed before any bond is issued.
3. Assured status at the edges. Confirm that a thirty-five-year lease at a full rent granted by a registered provider cannot be an assured tenancy by any route other than Schedule 1, paragraph 3D of the Housing Act 1988 (as inserted by the Renters' Rights Act 2025); that a tenant holding over after expiry on a periodic basis would become an assured periodic tenant, and how the renewal mechanism in Chapter 17.6.3 prevents that; and whether any landlord break exercisable before year twenty-one would take the lease outside 'term certain'. (Chapter 17.6.1.) What turns on it: the whole tenure design.
4. Repairs, fitness and Awaab's Law. Confirm that section 13(1AA) of the Landlord and Tenant Act 1985 applies sections 11, 9A and 10A to the Trust's lease, and that no part of the repair allocation in Chapter 17.6.7 is void under section 12. Confirm whether the Electrical Safety Standards in the Private Rented Sector (England) Regulations 2020, as extended to registered providers, apply to a lease of this length with a tenant's break. (Chapters 10.7, 17.6.7.) What turns on it: the maintenance cost model and the compliance process from first letting.
5. Perpetual renewal. Confirm that the renewal clause in Chapter 17.6.3 — one renewal, for a further term exceeding twenty-one years, the new lease expressly excluding the option — does not create a perpetually renewable lease under section 145 and Schedule 15 of the Law of Property Act 1922, and settle the drafting. (Chapter 17.6.3.) What turns on it: whether every lease converts to a 2,000-year term.

6. Forfeiture and its abolition. How should the lease be drafted so that the Trust's remedy for persistent arrears survives the abolition of forfeiture proposed in the draft Commonhold and Leasehold Reform Bill? What does an order for sale mean for a lease granted for no premium with no capital value, and is a remedial order the realistic remedy? Does a contractual break for breach fall within the Bill's prohibition? (Chapter 17.6.4.) What turns on it: the bondholders' security against non-paying occupants.
7. The ban on new leasehold houses. If Part 1 of the Leasehold and Freehold Reform Act 2024 is commenced, can the Trust's constitution be drafted to meet the community land trust definition in section 2(7A) and (7B) of the Leasehold Reform (Ground Rent) Act 2022 so as to grant 'community housing leases' under Schedule 1? Does section 7 of the 2024 Act empower the Secretary of State to add a permitted-lease category for cost-rent leases by registered providers? (Chapter 12.6.3.) What turns on it: whether the Trust can continue to let houses, as opposed to flats, after commencement.
8. Rent demands and service charges. Confirm that quarterly demands under section 166 of the Commonhold and Leasehold Reform Act 2002 covering three monthly instalments comply with the section and the prescribed form; and confirm that a fixed, CPI-indexed inclusive rent with no cost-variable element is outside sections 18 to 30 of the Landlord and Tenant Act 1985, including where the Trust contributes to an estate management company. (Chapter 17.6.2.) What turns on it: operational cost and the consultation machinery.
9. The Ground Rent Act and deposits. Confirm that a genuinely returnable deposit is not 'pecuniary consideration for the grant of a lease, other than rent' within section 22 of the Leasehold Reform (Ground Rent) Act 2022, so that the lease is not a 'regulated lease' and the rent is not a prohibited rent. (Chapter 17.6.2.) What turns on it: the lawfulness of the entire rent stream.
10. Succession mechanics. Does the covenant to assign or surrender within twelve months of death in Chapter 17.6.6 achieve the intended succession to qualifying family members, and how does it interact with the personal representatives' duties and with registration at HM Land Registry? What turns on it: the family-home promise in Chapter 17.
11. ISA eligibility of a registered society's bonds. Is a community benefit society a 'company' within regulation 2 of the Individual Savings Account Regulations 1998 for the purposes of regulation 7(2)(b)? Obtain HMRC's written confirmation. Confirm that whole £100 bonds held by an ISA manager's nominee qualify and that fractional interests do not (regulation 7(2B)). (Chapter 14.5.) What turns on it: the retail strategy.
12. Consumer Composite Investments. Confirm with the FCA that an amortising, CPI-indexed, secured bond issued by a charitable registered provider falls outside the CCI regime under DISC 1A.2.3R, notwithstanding that scheduled amortisation and indexation of principal are not among the neutral features listed in DISC 1A.2.4R. (Chapter 14.4.) What turns on it: whether a product summary is required for retail distribution.
13. Public offer and admission mechanics for a registered society. Confirm that a registered society may offer transferable debt securities to the public under the Public Offers and Admissions to Trading Regulations 2024 on admission to the Main Market without the constraints that apply to private companies under the Companies Act 2006, s.755, and identify any Co-operative and Community Benefit Societies Act 2014 constraint on the issue. (Chapter 14.1, 14.3.) What turns on it: whether a plc issuing vehicle is needed after all.
14. Subsidy control and procurement. Is the Trust a 'public authority' under section 6 of the Subsidy Control Act 2022 or an intermediary for one? Does a construction contract let by open tender under the Procurement Act 2023 and paid in cash from the proceeds of bonds the government has bought need its own subsidy assessment, or is the procurement itself the evidence that no advantage is conferred? Can the Trust's stage-payment schedule and bond drawdown be timed to meet the thirty-day payment term implied by section 68 of the 2023 Act? (Chapters 3.5, 18.8.) What turns on it: whether the construction spend needs a separate entry in the subsidy database.
15. ONS classification. Does any feature of the pilot — the government's subscription for the pilot issuance, the terms of the trust deed, the rights reserved to the public landowner under the headlease — amount to government control of the Trust's general corporate policy for the purposes of ESA 2010, such that the Trust would be classified to the public sector and its bonds to public sector net debt? (Chapter

16.4.) What turns on it: the fiscal case in Chapter 4.5.

16. Right to Acquire and Homes England land. If land is disposed of by Homes England itself at undervalue, or Housing and Infrastructure Capital Grant is taken for a site, could the disposal or grant be ‘assistance’ under section 19 of the Housing and Regeneration Act 2008 carrying a condition under section 181(2)(a), so that homes built on it are ‘publicly funded’ for the Right to Acquire? Confirm that a thirty-five-year lease is in any event a ‘long tenancy’ outside section 180(2). (Chapter 12.6.1.) What turns on it: whether any statutory purchase right could attach.

17. Homes England infrastructure grant and the leasehold-houses criterion. Is a thirty-five-year lease of a house granted for no premium at a cost-covering rent a ‘leasehold new house’ within the core eligibility criteria of the Homes England and National Housing Bank Investment Prospectus 2026, which exclude from every product projects ‘where there are leasehold new houses’? If so, can Homes England determine otherwise for the pilot, or must the criterion be amended (Chapter 20, item 7)? What procurement or other conditions attach to the grant? (Chapters 19.1, 19.2.) What turns on it: about £18,000 per home, and whether the pilot builds houses or flats on grant-assisted sites.

18. Public sector equality duty. Does section 149(2) of the Equality Act 2010 apply to the Trust’s allocation function, applying *R (Weaver) v London & Quadrant Housing Trust* to a grant-free registered provider on peppercorn public land? The Trust proposes to comply in any event. (Chapters 9.4, 17.7.) What turns on it: the form of the equality impact assessment.

19. SDLT on the leases granted. Confirm the treatment of CPI indexation of rent under Schedule 17A, paragraph 7 of the Finance Act 2003 for the purpose of calculating net present value, and whether the Trust may discharge the residents’ liability and filing obligation on their behalf. (Chapter 17.5.) What turns on it: a cost of about £500 to £1,500 per home and 500 returns.

20. Building Safety Levy. Confirm that the Trust, as a non-profit registered provider, is an ‘exempt person’ under the Building Safety Levy (England) Regulations 2025 for the levy that commenced on 1 October 2026, and whether its homes fall within the dwelling-level social-housing exclusion where the rent exceeds 80% of market. (Chapter 18.9.) What turns on it: a per-home cost not yet in the model.

21. The £2.5 billion loan facility. Is a registered provider taking no Social and Affordable Homes Programme grant eligible for the government’s low-interest social housing loan facility announced alongside the programme, and on what conditions? (Chapter 19.2.) What turns on it: a possible alternative funding route for infrastructure.

22. VAT on the grant of the leases. Confirm that the first grant of each thirty-five-year lease is a zero-rated supply under Item 1 of Group 5, Schedule 8 to the Value Added Tax Act 1994, and that the Trust may accordingly recover input VAT on costs attributable to those grants under the partial exemption rules. (Chapter 11.6.) What turns on it: recovery of VAT on professional fees and non-construction costs, worth several thousand pounds per home.

23. Procurement Act status. Is the Trust — a private registered provider taking no housing grant, regulated by the Regulator of Social Housing, and building on peppercorn public land — a contracting authority within section 2 of the Procurement Act 2023? The Trust proposes to run its tenders under the Act whether or not it is bound (Chapter 3.4, Appendix II.7.3). What turns on it: whether non-compliance with the Act’s procedures could be challenged, and the form of the local economic impact criterion in Appendix II.7.2.

24. Income verification. By what lawful route can the Trust verify applicants’ income? HMRC’s Real Time Information data is protected by section 18 of the Commissioners for Revenue and Customs Act 2005 and released only through a statutory gateway, and no gateway reaches a private registered provider. The Trust proposes to rely on applicant-supplied HMRC employment history, payslips and Open Banking data (Chapter 17.2.1). What turns on it: whether a data-sharing arrangement with HMRC is available at all, and the lawful basis under UK GDPR for processing applications.

25. Lettings criteria and the Equality Act. Are the Trust’s qualification criteria — a household-level earned-income test (Chapter 17.2.2) and a local connection test of employment or two years’ residence, with no family-connection route and with exceptions for domestic abuse, care leavers and the armed forces (Chapter 17.2.3) — a proportionate means of achieving a legitimate aim under section 19 of the Equality Act 2010, in the light of *R (HA) v Ealing LBC* [2015] EWHC 2375 (Admin) and *R (Gullu) v Hillingdon*

LBC [2019] EWCA Civ 692? Does the public sector equality duty in section 149 apply to the Trust as a registered provider exercising functions of a public nature? What turns on it: whether the criteria survive challenge, and what the lettings policy must record.

IX.3 Questions of Fact the Trust Must Answer Itself

Three further questions are not legal and no counsel can answer them. Is the rent below the market rent for a comparable home in each development, so that the homes are low cost rental accommodation under section 69 of the Housing and Regeneration Act 2008 (Chapter 17.4.1)? What is the construction price the market will tender for the specification in Chapter 3 (Chapter 3.8)? And at what price will a contractor accept the Trust's bonds rather than cash (Appendix I.6)? The first is a valuation exercise per site. The second and third are discovered by the tender itself, which is why the tender precedes the bond.

Position current to 19 October 2026.