

WELCOME surprises for social housing rarely come gift-wrapped in a Prime Minister's keynote conference speech. The NFA has argued for more than a decade that councils need the freedom to build new affordable social housing, and Theresa May's unexpected announcement this week that she will remove the strict limit on local authorities' ability to borrow and build was astonishing – and worth celebrating.

It promises councils new and powerful tools to relieve the pressures that have come close to overwhelming many. Local authorities are still the only agencies with a legal responsibility to respond to the housing needs of the most vulnerable members of society, and yet their ability to do just that has been relentlessly eroded, particularly in the six years since the 2012 self-financing deal.

At the moment, councils are only building around 2,500 homes a year, and meanwhile right-to-buy sales are taking around 12,000 homes a year out of the social housing stock.

It's true that two weeks ago, in her speech to the NHF conference, the Prime Minister signalled a change in approach when she conceded that social housing had been pushed to the edge of the political debate by successive governments. It still seemed, however, that her government saw no need to draft local authorities and their housing ALMOs into the battle to fix – in her own words – the 'broken housing market'.

So we're delighted by this high-profile acknowledgement that government now sees NFA members and local authority-run housing departments as a crucial part of the solution.

Now the questions begin. Exactly when will the borrowing caps be scrapped? This may need legislation. If it does, how long will that take? This was such a well-kept secret that we have no idea how Chancellor Philip Hammond views it – or whether he was even warned it was coming - and we'll be looking closely at his autumn budget at the end of October for any signs of strings attached to new housing revenue account borrowing.

Borrowing will be for new-build only is my basic assumption; for the creation of brand-new homes rather than to acquire, remodel or refurbish existing properties. Harder to predict is the mix of tenure the government might demand. Will local authorities be able to build only homes for social or affordable rent, or will they have to include homeownership products?

Most importantly, will right-to-buy continue unchecked? Will local authorities end up borrowing only to be obliged to pass new homes into private ownership, taking the double hit of lost stock and lost rent receipts that would fund borrowing repayments?

The Prime Minister suggested in her keynote speech that lifting the cap might put 10,000 more new homes a year into the mix. It sounds a lot, but it won't halt the current steady decline in social housing through disposals, right to buy and regeneration schemes

Nevertheless, it is time to celebrate and to keep lobbying for policies that help us build even more of the homes we need.

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