

**HCA SSW January 2017 Update****General HCA**

- Nick Walkley was appointed permanent Chief Executive of the HCA on 21<sup>st</sup> December 2016. Nick brings years of experience of providing strong leadership and delivering housing and regeneration schemes. He has been Chief Executive of Haringey Council for the past four years, having previously been Chief Executive of Barnet Council. Nick led a major transformation of Haringey Council, restructuring the authority, streamlining management arrangements and stabilising high-risk services. Under his leadership, the Council has attracted £1bn of funding into the large-scale regeneration of Tottenham, using a joint venture to maximise assets and deliver homes and growth.
- The current HCA restructure is approaching completion with a move to programme based teams (previously area based). Notable appointments for the SSW include Kevin Bournier as the new General Manager and Heads of Area for Accelerated Construction (Ian Knight), Single Land Programme (Catherine Turner) and Affordable Housing (Peter Jones). Final structures and contact details will follow conclusion of the process.
- Partners will recall the range of housing related announcements in the Autumn Statement (and referred to in the November SSW HCA Update). Key funding streams are highlighted in more detail below including the opening of Continuous Market Engagement (CME) for affordable housing and Estate Regeneration Funding.
- Following a discussion paper in 2014 and the recent outcome of the Tailored Review, the HCA has commenced statutory consultation on our proposals to introduce fees for social housing regulation from April 2017. Introducing fees will help us maintain the right level of skills and capacity to regulate effectively and will help ensure that the regulator remains adequately resourced to do this. <https://www.gov.uk/government/consultations/consultation-on-introducing-fees-for-social-housing-regulation>  
Invitation to bid for the HCA's partner panel (DPP3) remains open until 25<sup>th</sup> January for an award on 25<sup>th</sup> April 2017. <https://upload.hca-online.org.uk/tenders/HCAE17052/HCAE17052.zip>

The Tailored Review of the HCA has concluded that "functions exercised by the HCA are required" and should "continue to be performed by the HCA in its current form as a non-departmental public body". And, "given the priority attached by the government to housing, there remains a clear and continuing need for a delivery body carrying out the functions of the Homes and Communities Agency".

The HCA's mission for this Parliament requires it to:

- transform its capability to be more active in the land market
- deliver Accelerated Construction and
- to achieve targets on Shared Ownership and Starter Homes.

The review recommends the HCA's principle and subordinate objectives should be more clearly formalised "in pursuit of government objectives to drive up housing supply and promote home ownership". It recommends that the HCA "make a detailed assessment of its future skills needs as a matter of priority, particularly focussing on what is required to deliver new programmes".

[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/573423/HCA\\_Tailored\\_Review.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/573423/HCA_Tailored_Review.pdf)

- The Housing White Paper is still expected at the end of January 2017 and will probably:
  - "set out a range of radical plans to boost housing supply"
  - include the government's response to consultation proposals on planning fees,
  - cover its response to a review of the Community Infrastructure Levy,

- cover its response to the recommendations of the Local Plans Expert Group, and will look at density.
- [encourage the use of green belt swaps](#).
- Cover "use it or lose it" planning permissions, a voluntary agreement among major housebuilders to implement permissions within set timescales, charging developers council tax on unbuilt homes, or radical

### **Delivery across existing affordable homes programmes**

- As we enter Q4 of the 2016/17 financial year, full attention is now on delivery. As always, there has been considerable slippage in the programme and partners are asked to make every effort to ensure schemes forecast for this quarter are delivered. Providers should expect robust discussions at their Q3 contract review meetings.
- Like for like (or better) value for money substitutes can be considered by the HCA. Other options should be discussed with the HCA. A quick reminder that the HCA will consult LAs on new schemes being brought in (e.g. as substitutes), it would be helpful if providers could discuss their proposals with LAs and if LAs could return proformas swiftly please.
- With the announcement of SOAHP 2016-21 we expect 2016-21 CME to take over from previous bidding routes for nil grant schemes.
- In case you missed it previously, the DoH has agreed to adjust the payment tranches for the Care and Support (phases 1&2), Homelessness Change and Platform for Life funds in order to incentivise delivery under these programmes. From 1st September the first tranche payments for these programmes have been increased to 75% at start on site, with the remaining 25% payable at practical completion.
- In case you missed it previously, an extension to the longstop date for completions can be considered on a scheme by scheme basis for DoH programmes. Where providers wish to extend the date for the scheme, a business case needs to be submitted for HCA approval.
- Please be aware the DoH funded schemes are required to register a Land Registry Charge on the property requiring HCA consent to dispose (rather than the general consent of the regulator). This is because DoH grant is not recyclable. Failure to do so will be considered a Compliance Audit breach. For details / applicability, please refer to your Contract for these / other Programmes.
- Where providers are converting supported housing schemes from indicative to firm, please remember to assess for HAPPI criteria and submit plans and layouts for review.
- Works costs date for the end of September 2016 (based on data submitted by providers on IMS) is now available and

2011-15			2015-18			2011-15 to 2015-18 diff.
Homes	Schemes	Works cost / m2	Homes	Schemes	Works cost / m2	
48,282	4,636	1,313	21,458	1,695	1,497	184

### **Compliance Audit for HCA funded schemes:**

- Compliance Audit (2015/16) – Reminder for Providers to complete all HCA Audit Auditor, to enable closure of completed audits.
- Compliance Audit 2016/17 – All independent audits should have been completed and submitted to the Compliance Audit System (CAS). HCA Lead Auditors are working their way through the findings and Provider comments, raising queries for clarification, where necessary. Following local and national moderation of all audits during February and March, it is expected that the finalised

compliance audit reports will be issued during May 2017. An advance copy of the HCA Compliance Audit Report will be issued to the Provider's CEO/MD, for information, 5 days before issue to the Board Chair. With the exception of the 08/11 Programme audits, which had to be conducted outside of the CAS, all Compliance Audit Reports will be issued via CAS, so it is important to ensure that the correct contact email addresses have been submitted.

- Reminder – Additional Contractual Requirement for Department of Health Schemes. Please note that for schemes funded on behalf of the DoH i.e. Platform for Life and Homelessness Change, there is contractual requirement for providers to put a Land Registry Charge on the property requiring HCA consent to dispose (rather than the general consent of the regulator), because DoH grant is not recyclable. Failure to do so will be considered a breach. For details / applicability, please refer to your Contract for these / other Programmes.

### **Shared Ownership Affordable Homes Programme 2016-21 and CME**

In April 2016 the HCA opened bidding to the Shared Ownership and Affordable Homes Programme 2016 to 2021 (SOAHP 2016 to 2021) through publication of a prospectus.

Initial allocations of capital grant for new affordable housing schemes were announced on 5 January 2017. As planned these did not allocate the entire available budget, with £1.3 billion remaining available.

Following the Chancellor's Autumn Statement, delivered on the 23 November 2016, the government reaffirmed its continued commitment to extending home ownership, including through the SOAHP 2016 to 2021, announcing:

- an additional £1.4 billion to deliver a further 40,000 affordable homes (some of this budget will be allocated by the Greater London Authority (GLA) for homes in London, rather than through the SOAHP 2016 to 2021)
- the availability of grant for Affordable Rent schemes

In line with this commitment and as signalled in the SOAHP 2016 to 2021 Prospectus, the HCA is reopening bidding for funding to develop additional affordable housing through a continuous market engagement (CME) process. The available funding includes both the £1.3 billion which was not allocated at the initial bid round and a share, to be determined, of the £1.4 billion announced at the Autumn Statement, for new affordable homes outside London.

Funding outside London will be allocated by the HCA through the 2016 to 2021 Shared Ownership and Affordable Homes Programme. A separate programme for London will be delivered by the GLA.

Full details of the CME process and how to bid for funding are published in the 2016 to 2021 Shared Ownership and Affordable Homes Programme addendum to the prospectus.

<https://www.gov.uk/government/publications/shared-ownership-and-affordable-homes-programme-2016-to-2021-prospectus>

Publication of the addendum signals the start of continuous bidding. We are not setting a closing date for applications at this time. Bidders are reminded to review the prospectus, addendum and capital funding guide prior to bidding.

**Providers need to be aware that a number of changes to IMS being introduced. Whilst some changes are simply in terms of layout, others are rather more significant. For example, firm schemes and all milestone changes can now only be implemented from the profile section of IMS. Providers will be pleased to note that 2016-21 schemes will no longer require works and on costs or management and maintenance costs to be broken down (although this remains a requirement for the 2015-18 programme).**

Bookings are now open for IMS training on the Affordable Homes Programme (AHP 15-18 and SOAHP 16-21) in quarter 4. Booking must be completed via the on-line registration system which can be accessed from the guidance and training page on the HCA

Three IMS Training courses will be available:

1. Profiles to Payments (new and inexperienced users)
2. Bidding for SOAHP 16-21 (new and inexperienced users)
3. New to Indicative allocations (users with experience claiming 'Firm' Profiles)

Additional training videos will be created on the HCA YouTube AHP videos playlist, see the guidance and training page, as mentioned above to show the differences between Profiles to Payments for SOAHP 16-21 compared to AHP 15-18 and to show the differences between bidding for SOAHP 16-21 in the main bidding round and via CME.

The first two courses above are repeats of courses previously run and will not be open for those who have attended them before.

Registrations on the 'New to Indicative allocations' training course will be initially restricted, in Quarter 4, to those developing organisations with indicative allocations forecasting to start before the end of June 2017 in IMS. This course is aimed at those who have either attended AHP 15-18 Profiles to Payments courses with the HCA previously or who are experienced in working with Scheme Profiles and who have no or limited experience of dealing with indicative allocations/bulk since the AHP 11-15 programme.

Due to anticipated high demand in Quarter 4 places are limited to two attendees per course from a developing organisation. Further courses are planned later on in the year for those who are unable to get on this course the first time round.

### **Estate Regeneration Fund**

The £140 million Estate Regeneration Fund is designed to accelerate and improve estate regeneration schemes through recoverable investments, helping to boost housing supply and improve the quality of life for residents in estates across England.

<https://www.gov.uk/government/publications/estate-regeneration-fund>

The funding is available over 5 years from 2016 to 2021. The prospectus sets out the criteria and requirements and seeks bids from private sector entities (including housing associations registered as providers of social housing) taking forward schemes that improve or deliver additional homes, are fundamentally viable, and carry the support of local communities and local authorities.

Government has also made available £30 million of enabling capital grant funding to assist local authorities and housing associations registered as providers of social housing in the early stages of estate regeneration schemes. This funding is available for the 2016 to 2017 financial year and can be used to help landowners at the early stage of estate regeneration proposals with, for example, feasibility studies, viability assessments, masterplanning, community engagement and partner or procurement advice.

In addition, £2 million revenue funding is available to local authorities to help build commercial skills and capacity in delivering estate regeneration. This funding is available for the 2016 to 2017 financial year.

Organisations can submit their bids via the Homes and Communities Agency partner portal at [partners.hca-online.org.uk](https://partners.hca-online.org.uk) and guidance is available on this page.

### **Home Builders Fund**

This was launched on 3<sup>rd</sup> October 2016 and its guiding principle is for it to create a 'single front door' for applicants by simplifying the application process and having a concise set of core eligibility criteria. The purpose of the programme is to increase the number of new homes being built in England. It is a flexible source of recoverable investment funding providing:

- Development Finance – Loan funding to meet the cost of building homes for sale or rent.
- Infrastructure Finance – Loan funding for site preparation and the infrastructure needed to enable housing to progress and to prepare land for development.

Loans are provided on a short and long term bases and are available for all private sector organisations involved in delivering new homes and the provision of enabled sites, ready for residential led schemes, as well helping mainstream large builders and developers.

The fund is also open to small builders, community builders, custom builders, and regeneration specialists. For more information go to the HCA website and read 'An Introduction to the Home Building Fund.

[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/558849/An\\_introduction\\_to\\_the\\_home\\_building\\_fund.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/558849/An_introduction_to_the_home_building_fund.pdf)

#### **The Fund has a few core eligibility criteria:**

- applicants will need to demonstrate that without this funding the scheme would not progress as quickly, or at all
- developments must be in England
- the borrower must be a private sector entity which has majority control of the site
- development projects must build a minimum of 5 homes
- the borrower must be a UK registered corporate entity
- infrastructure projects must ultimately lead to the development of new housing
- the minimum investment the Fund will make is £250,000, except in the case of innovative housing solutions and serviced plots for custom builders

At the point at which a loan offer is made, applicants are normally required to have a controlling interest in the land and a clear route to achieving planning consent. The HCA has responsibility for managing the Fund and its lending decisions are final.

#### **All our lending requires appropriate security and loans are typically secured against property assets. The key features of the Fund are:**

- loans of £250,000 to £250 million are available with smaller loans considered for innovative housing solutions and serviced plots for custom builders.
- typical terms are up to 5 years for development finance, and up to 20 years for infrastructure loans
- interest is payable at transparent, pre-agreed variable rates
- sales income can be recycled to minimise the loan request subordinated lending will be considered finance is available to draw down up to 31 March 2021
- eligible costs will be discussed with each applicant and depend on the type of funding requested

The Fund provides loan finance with other forms of financial support considered. The HCA is an investor in the Housing Growth Partnership which provides equity capital directly for residential development projects - [www.housinggrowth.com](http://www.housinggrowth.com)

#### **Starter Homes**

The Starter Homes Land Fund was set up to prepare suitable land for quality starter home developments which can be built on by developers or through accelerated construction by 2020.

2017 will see the first Starter Homes being built on brownfield sites across the country, Housing Minister Gavin Barwell announced on 3<sup>rd</sup> January 2017. The first wave of 30 local authority partnerships – selected on the basis of their potential for early delivery – will spearhead schemes. Each local authority partnership will work closely with the Homes and Communities Agency to identify and take forward further land opportunities for the fund.



<https://www.gov.uk/government/news/green-light-for-construction-of-thousands-of-new-starter-homes>

The 30 Starter Home Land Fund partnerships are available on the website here:

<https://www.gov.uk/government/news/green-light-for-construction-of-thousands-of-new-starter-homes>

The South West includes Bristol City Council, Fareham Borough Council, Gloucester City Council, North Somerset Council, Plymouth City Council, South Somerset District Council and West Somerset Council (in association with Taunton Deane Borough Council, Sedgemoor District Council)

## **Accelerated Construction**

The Prime Minister on 4 January 2016 set out that government would pilot the direct commissioning of housing. This followed the Spending Review commitment to deliver 13,000 homes (over the SR and beyond) through a pilot of direct commissioning on land owned by the Homes and Communities Agency

Through our new Accelerated Construction programme we want to provide a tailored package of support to ambitious local authorities who would like to develop out surplus land holdings at pace. There is no single approach to accelerated construction that we expect to support. Our intention is to support a range of proposals at different scales and in locations where there is sufficient demand for housing.

Expressions of interest should be sent to [AcceleratedConstruction@hca.gsi.gov.uk](mailto:AcceleratedConstruction@hca.gsi.gov.uk) by 28 February 2017.

The Homes and Communities Agency has also today issued a call seeking expressions of interest from local authorities who are interested in using their land to deliver homes at pace through the £1.7 billion accelerated construction recently announced. This will see up to 15,000 homes started on surplus public sector land this Parliament.

<https://www.gov.uk/government/publications/accelerated-construction-local-authorities-expressions-of-interest>

## **Garden Towns and Villages**

The first ever garden villages, which have the potential to deliver more than 48,000 homes across England, have been given government backing. In an expansion of the existing garden towns programme, these smaller projects of between 1,500 and 10,000 homes continue the government's commitment to support locally-led development and make sure this is a country that works for everyone.

The 14 new garden villages – from Devon to Derbyshire, Cornwall to Cumbria – will have access to a £6 million fund over the next 2 financial years to support the delivery of these new projects. This money will be used to unlock the full capacity of sites, providing funding for additional resources and expertise to accelerate development and avoid delays.

The government also announced on 2<sup>nd</sup> January 2017 its support for 3 new garden towns in Aylesbury, Taunton and Harlow & Gilston – and a further £1.4 million of funding to support their delivery. Together with the 7 garden towns already announced, these 17 new garden settlements have the combined potential to provide almost 200,000 new homes across the country. A garden town is a development of more than 10,000 homes. Garden villages are smaller settlements of between 1,500 and 10,000 homes.

In addition to funding, the government will provide support in terms of expertise, brokerage and offer of new planning freedoms. Due to the high level of expressions of interest submitted in July 2016, the government has made an additional £1 million available this year for further development of other garden village proposals. The new garden projects will also have access to infrastructure

funding programmes across government, such as the new £2.3 billion Housing Infrastructure Fund announced at this year's Autumn Statement.

The government may run a further call for expressions of interest in 2017 for other places with proposals for new garden villages.

### **DCLG Led Programmes**

There are a number of funding opportunities being led directly by DCLG which partners will be aware of

#### **Community Led Housing Fund**

Government announced the release of £60m from the revenue of council tax from second homes this week. Community-led housing will help almost 150 councils tackle the problem of high levels of second homeownership in their communities. One third of the funding - almost £20 million - will be allocated directly to local authorities in the South West as this is the most popular region for second homes in England. It accounts for 21% of all second homeownership.

<https://www.gov.uk/government/news/60-million-boost-for-communities-affected-by-second-homeownership>

#### **Large Sites and Housing Zones Capacity Fund**

All bids are being reviewed and decisions are expected imminently. This fund is designed to support LAs in accelerated housing delivery, especially in Housing Zones and large sites (over 1500 units). £18m funding resource for 2016/17 can help to create additional capacity in LAs to manage applications for large developments. It is also available to support the development and delivery of proposals for garden villages.

#### **One Public Estate – Funding to Unlock LA owned sites in 2016/17**

This is still being clarified but appears to be available for LAs who are part of the OPE programme and could accelerate delivery of housing.

**Please remember to keep an eye on the HCA website for further updates**