

# National Affordable Housing Programme 2008-11 Prospectus



THE NATIONAL AFFORDABLE HOMES AGENCY





# Foreword

Targets and numbers can be dry – a long way from the reality of delivering the affordable, high quality homes which transform lives and communities. But the targets and numbers in the Government’s housing green paper, Homes for the Future: More Affordable, More Sustainable, aren’t like that. They set out with clarity an ambition to meet the country’s need for social rented homes, to tackle housing affordability and to support quality and sustainability. In the next three years the supply of new social rented homes will rise by 50%, to at least 45,000 in 2010-11. In each of those three years, the Government will also help fund 25,000 affordable homes for buyers in need of assistance; whilst an increase in the overall supply of new homes, reaching 240,000 by 2016, tackles affordability over the longer term. And across those three years, from 2008-09 to 2010-11, at least £8 billion will be invested through the Housing Corporation, and subsequently the new homes agency, to deliver these new social rented homes and the bulk of the affordable home ownership housing.

The next three years will see a £3 billion increase in levels of investment, but meeting the goals for output will require significant efficiencies from delivery Partners. This year, we will be working with a larger and more diverse range of delivery Partners. In addition to our housing associations, we now have 31 Partners from the private sector. And, for the first time, we will be investing through local authorities – through Arms Length Management Organisations and local authority Special Purpose Vehicles. We are looking to develop the same mature, long-term and effective relationships with these new organisations that we have established with the housing association sector.

The Pre-prospectus set out how we will deliver a high-volume programme, at low transaction cost to both government and developers. Our bidding process will be further streamlined and, for the first time, through regular market engagement, we will enable providers to access our investment to timetables that better meet the needs of their business, and we will not make initial allocations in areas where we are offered poor value. We continue to develop the concept of Partnership Plus as a pilot for 2008-11, giving top performing organisations even greater flexibility – further details are given in this document.



**Steven Douglas**  
Chief Executive

For the Corporation, the National Affordable Housing Programme is never just about outputs. It's about great homes contributing to great places and great communities. This requires creativity and innovation, but within a framework which sets clear standards and incentivises strong performance. We have published a new Design and Quality Strategy and accompanying Design and Quality Standards, and all bidders will need to look closely at these documents.

With the publication of this Prospectus the Corporation is open for bids to the National Affordable Housing Programme 2008-11, from both Investment Partners and those bidding through the specialist provision route. A full timetable for the process is set out later in this document. Homes for the Future has set out an inspiring challenge – we welcome bids from all those who can work with us to meet it.

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# 1 Introduction

## Purpose

1. The National Affordable Housing Programme is an ambitious and complex programme of investment. It is the route by which the Housing Corporation will deliver a significantly increased supply of affordable homes, along with the necessary efficiencies in grant use. However, it also encompasses a range of important policy intentions in areas such as homelessness, supported housing, rural housing and key worker recruitment and retention. Both the ambitions for supply and the policy priorities have national, regional and local dimensions.

2. In this context, the Prospectus for the National Affordable Housing Programme (NAHP) 2008-11 is designed to do five things:

- it explains the policy aims which will underlie our assessment of bids. We want bidding organisations to have as full an understanding of these aims as possible, to generate bids that are aligned with our investment goals and to ensure that the National Affordable Housing Programme as a whole meets the complex needs of existing and potential residents of affordable housing. Many of these policy aims are detailed in the Government's recent Green Paper, Homes for the Future: More Affordable, More Sustainable. Others respond to local needs and are expressed in local and regional strategies. The national, regional and local context is covered in Section 2. Some specific national themes are covered in Section 3;

- it details the products against which bids are invited in Section 4;
- it describes the Investment Partner and Specialist Provision Routes to access investment in Section 5;
- it describes the process we will use to assess bids, and the criteria we will apply, in Section 6. We are committed to ensuring this is a transparent and fair process. We are looking to invest in schemes which offer excellence in terms of value for public investment, quality and fit with strategic priorities, and are deliverable within the programme; and
- it sets out the formal structure of bidding (including bid conditions and legal commitments) in Section 7. Note there is no separate invitation to bid for this programme.

3. The Prospectus provides essential information for bidders, whether new to the NAHP process or existing providers and whether bidding through the Investment Partner or Specialist Provision routes. It will also be of interest to the Corporation's delivery partners in local and regional government and to other stakeholders.

## Regional priorities

4. Initial advice on spending priorities from the Regional Assemblies and the Mayor of London, based on 2007-08 investment levels, has been received. This is summarised at Annex 1. Note that the summaries are intended as a guide only, pending announcement of final Comprehensive Spending Review outcomes and Regional Housing Pot allocations in the autumn. In particular, any absolute targets, or proportionate splits of the programme, will change in the light of final regional allocations of funding, which will disaggregate the additional investment announced in Homes for the Future.

5. Subject to the parliamentary process and Royal Assent of the GLA Bill, the Mayor of London will be responsible for producing a statutory Housing Strategy for London and for making recommendations to the Secretary of State on the broad direction and outcomes to be delivered from public housing investment in London. In the interim, central government has agreed that the Mayor should take on the responsibilities of the London Housing Board to produce a non-statutory housing strategy and make recommendations to ministers on the allocation of the Regional Housing Pot in London. The Mayor of London's draft Housing Strategy will be published on 18 September 2007, and the London annex to this Prospectus will also be published on that day.

## Other publications

6. This Prospectus should be read alongside the Pre-prospectus, published in April 2007. These documents complement one another and details will not always be repeated.

7. The projects we invest in are expected to comply (see Section 7) with our Design and Quality Standards, which should be read in conjunction with our Design and Quality Strategy. Bidders should also be operating within our Procurement Strategy for the Supply of Affordable Homes.

8. Following the publication of the Prospectus we will be issuing drafts of the 2008-11 Funding Conditions, Programme Partner Agreement (for Investment Partner housing associations), Grant Agreement (for unregistered bodies) and Rent Charge (for unregistered bodies looking to retain ownership of stock). The Capital Funding Guide (CFG) contains the rules and procedures for housing associations which receive Social Housing Grant, and bidders may wish to refer to the CFG for additional information. Housing associations will also need to be aware of the obligations of the Housing Corporation Regulatory Code.

9. Corporation publications are available from our website, [www.housingcorp.gov.uk](http://www.housingcorp.gov.uk). The Capital Funding Guide, which bidders will need to refer to, can be found at: [www.housingcorp.gov.uk/cfg](http://www.housingcorp.gov.uk/cfg).

## A new organisational future

10. In June 2007, the Secretary of State for Communities and Local Government (CLG) launched a consultation on implementing a new delivery agency for affordable housing and regeneration. It is proposed that the agency will bring together the functions of the Housing Corporation, English Partnerships (EP) and a range of work carried out by the Department, including delivery in the areas of decent homes, housing market renewal, housing PFI, housing growth and urban regeneration. The consultation is open until 10 September 2007.

11. In developing the framework for the NAHP 2008-11 bidding round we have worked closely with colleagues from EP and CLG to ensure that it is aligned with the developing themes of the new agency. We have aimed to:

- ensure bidding arrangements are suited to a wide range of delivery vehicles;
- open options for new models of investment which give a public stake in equity investment, particularly where funding is on strategic sites and over the longer term;
- ensure the bidding framework aligns with the aim of bringing forward surplus public sector land from Government Departments and local authorities; and
- at a local level, help our investment staff work closely with EP colleagues on projects on EP-owned land, to ensure best value is obtained for the total public investment involved.

12. Social Housing Grant will remain at the heart of delivery of affordable housing into the future – a necessary underpinning for ambitious targets for new supply. Funding commitments entered into through the 2008-11 bidding round will be transferred to the new delivery agency.

## 2 Delivering national, regional and local priorities

### Homes for the future: more affordable, more sustainable

13. Communities and Local Government published the Green Paper, Homes for the Future: More Affordable, More Sustainable, in July 2007. It commends the achievements of all the partners working for housing delivery over the past ten years, but it also lays out the challenge of the immediate future with clarity. To meet the legitimate expectations of existing and future residents, of every tenure type, we need a national drive to support more affordable housing and we need to act now.

14. Homes for the Future sets out an ambitious agenda for the supply of all types of housing: raising additional provision from the current level of 185,000 a year to 240,000 by 2016; delivering two million homes by 2016 and three million by 2020.

15. Within the context of this overall increase, a set of key measures is laid out to make housing more affordable, with the National Affordable Housing Programme at the heart of its delivery:

- investment through the NAHP will be at least £8 billion across 2008-11, as part of the regional housing investment pot;
- over the next three years, at least 180,000 new affordable homes will be delivered, with annual output reaching 70,000 in 2010-11;
- of these 2010-11 outputs, at least 45,000 will be new social rented homes, with a goal of 50,000 new social rented homes a year in the next spending review, from 2011-12; and
- from 2008-09 to 2010-11, at least 25,000 affordable home ownership homes will be delivered each year.

Historically nearly all the social rented homes and most of the affordable homes for sale making up national targets have received Corporation investment. This will continue in 2008-11.

16. The scope of the ambition set out in Homes for the Future is an enormous opportunity and a significant challenge for all organisations engaged in the delivery of affordable housing. The next three years will see a £3 billion increase in previous levels of expenditure, but to meet the output goals will require significant efficiencies in providers' use of public investment. Achieving efficiencies, including regional targets, is discussed further at Section 5.

### The regional distribution of investment and regional priorities

17. Within this total resource commitment, and accompanying national targets, the regional distribution of investment and outputs for 2008-11 is yet to be finalised.

## Forecast investment in affordable housing in 2007-08 (adjusted for repaid virements)

£ million	North East	Yorkshire and the Humber	East Midlands	East of England	London	South East	South West	West Midlands	North West
Funds	33	71	82	171	895	359	155	87	106

18. At a regional level, funding for each region will be at least equal to levels forecast for 2007-08, as indicated in the table above (note this shows resource levels adjusted for the repayment of previous virements). These amounts should not be taken as indicative of the final distribution of funding and increases in funding between the regions – this will vary depending on changing levels of relative need, according to the formula agreed by stakeholders. However, they can be taken as minima for annual levels of funding for the years 2008-11.

19. As noted above, initial advice on spending priorities from the Regional Assemblies and the Mayor of London has been received and is summarised at Annex 1.

### Better homes: Design and quality

20. Homes for the Future clearly states the Government's aim not only to build more homes, but to build better homes, in terms of design and environmental impact, and in terms of creating mixed communities with good facilities. The Corporation is committed to being at the leading edge of these agendas. Our design and quality

expectations for the NAHP 2008-11 were set out in detail in the Pre-prospectus. Bidders should look at these in detail. Issues covered include:

- our publication of new Design and Quality Standards, in conjunction with an overarching Design and Quality Strategy, to replace Scheme Development Standards;
- our twin-track strategy of setting core standards for all projects (these are also set out in Section 7) and incentivising higher performance through our assessment of bids (discussed in Section 6);
- our introduction of Code for Sustainable Homes (CSH) Level 3 (\*\*); and
- our encouragement of Lifetime Homes.

### Meeting high demand: Growth Areas and Growth Points

21. The Growth Areas and Growth Points are a central element of the Government's policy for delivering homes where they are needed most, in a sustainable way. Homes for the Future emphasises that 1.1 million new homes are already planned in the Growth Areas (Thames Gateway, Ashford,

Milton Keynes/South Midlands, and London-Stansted-Cambridge-Peterborough) and the Growth Points.

22. The Housing Corporation has played an active role in the development of Growth Areas, including through participation in Local Delivery Vehicles. We recognise that housing development will not always happen immediately, with complex issues involved and a need to ensure that necessary infrastructure is planned for or in place. However, with the ambitious agenda for new housing supply set out in Homes for the Future we expect to see accelerating delivery and a realisation of the potential of Growth Areas. Through the NAHP 2008-11 we want to drive that process and we will work hard with stakeholders (EP, CLG, Regional Assemblies/the Mayor of London and local authorities, as well as providers) to help bring projects forward.

23. We believe the 29 recently designated Growth Points offer an excellent opportunity to provide affordable housing in established markets. We will be very interested in opportunities to work in these areas.

### The Thames Gateway

24. Over the next ten years 160,000 new homes are being built in the Thames Gateway. The Corporation expects to invest in around 40% of these to provide affordable homes. At this scale, the quality of design, building and place making in the Gateway will have an enormous impact

on residents and others for generations to come. In that context the Corporation established the Williams Commission, led by Dr Tim Williams, which reported in May this year. The commission's purpose was to identify mechanisms through which we can ensure quality in our investment in the Gateway, but also to send a message about the seriousness of our commitment to a long-term programme of high-quality investment, and our intention to use the scale of our funding to drive up aspirations for new housing and new places. In time we seek to extend our approach in the Gateway to our programme as a whole.

25. As a result we will have specific expectations of bids for projects in the Thames Gateway, whether in London, the East of England or the South East:

- we expect affordable homes in which we invest in the Gateway to be designed and constructed to enhanced standards. We set out in Annex 2 of our new Design and Quality Standards (see Section 1) an initial package of enhanced standards which will be mandatory for funded projects with 200 homes or more. For schemes of less than 200 homes, the application of enhanced standards is strongly encouraged, wherever practicable. In selecting Investment Partners for significant roles in the Thames Gateway, the Corporation will have regard to their extent of commitment to delivering high quality;
- working with Communities and Local Government and local and regional partners, we are launching a round table in late 2007

to ensure engagement of all key stakeholders with the Williams agenda. We require all Investment Partners with an allocation in the Gateway to take part; and

- all bids for projects in the Gateway should evidence regard for the Thames Gateway Interim Plan and Development Prospectus.

### Growth Support (Affordable Housing) Fund

26. In addition to allocations drawing resources from Regional Housing Pots, we will be inviting providers to bid for funding held within a new Growth Support (Affordable Housing) Fund (GS(AH)F) which will be made available for projects located within the Growth Areas and Growth Points, and regions adjoining London. Investment from the GS(AH)F will only be made where the bidding organisation can guarantee, following discussion with the host local authority, that a proportion of the resulting affordable housing will be made available to London boroughs through the Pan-London Choice and Mobility Scheme. Projects will need to offer a minimum of 30% of nomination to London boroughs, with those offering more assessed positively within the GS(AH)F. Bidders should also demonstrate that the homes to be delivered will meet the priorities set out in the London section of this Prospectus, which reflect the Mayor's draft Housing strategy.

27. The GS(AH)F has a value up to £200 million per annum. Where bids of this type are not forthcoming, the funding will be used to support additional affordable housing in London. Given

the likely high demand for investment to support projects in all regions, bidding organisations will wish to give serious consideration to tailoring their schemes to allow access to funding drawn from the GS(AH)F.

### Restructuring housing markets: Housing Market Renewal Pathfinders

28. The Government has created nine Housing Market Renewal Pathfinders to tackle low demand and abandonment in certain sub-regions. The Pathfinder areas are: Birmingham and Sandwell, East Lancashire, Humberside, Manchester and Salford, Merseyside, Newcastle and Gateshead, North Staffordshire, Oldham and Rochdale, and South Yorkshire. Homes for the Future indicates that the Pathfinder programme will increasingly focus on those areas with deep-seated structural problems.

29. The Housing Corporation continues to play an active role in Pathfinder projects, in particular through the participation of our regional teams on boards, and strategic planning with stakeholders and partners. We recognise that preparatory work, for instance in assembling sites and gaining agreement of all stakeholders, can be particularly difficult in these projects. However, we would expect significant activity to be taken forward through the NAHP 2008-11, with increasing links to the broader growth agenda where possible.



30. We will expect bids within Pathfinder areas to demonstrate clear evidence of fit with Pathfinder strategies, competitive requirements for public subsidy, and, in particular, deliverability within the programme timescale. Note that, whilst the Corporation has a concern for the net increase in housing supply, we do not require net additional housing on all individual projects.

## The local authority role

31. The delivery of new affordable homes and sustainable communities through our investment requires the full engagement of local authorities, as potential developers, as local planning authorities and as strategic housing enablers and as potential developers.

- Homes for the Future notes that the Government will provide new opportunities for local authorities to build and manage new homes, including through access to the NAHP, and routes to access investment were set out in the Pre-prospectus;
- The critical role of the local planning authority is discussed under Achieving Better Value Through the Planning System in Section 5 below; and
- The place of local authority strategies, and our dialogue with authorities as part of the bids assessment process, is discussed in Section 6.

# 3 Delivering for communities

## Promoting sustainable communities

32. “Sustainable communities are places where people want to live and work, now and in the future. They meet the diverse needs of existing and future residents, are sensitive to their environment, and contribute to a high quality of life. They are safe and inclusive, well planned, built and run, and offer equality of opportunity and good services for all.” (Sustainable Communities: Homes for All, HMSO, 2005)

33. The Housing Corporation works alongside partners and stakeholders to create mixed and sustainable communities. This shared intention informs the work of local planning authorities and of Regional Assemblies and the Mayor of London – reflected in their Regional Spatial and Housing Strategies (and future Integrated Regional Strategies). The homes in which we invest will not only be constructed sustainably and to a high standard of design, but will also form part of new or existing communities of, normally, mixed-tenure housing with good access to jobs, services and infrastructure, and with consideration for the impact on existing local amenities and services. Our overall approach was set out in our Neighbourhoods and Communities Strategy, published in October 2006 and available on our website.

## The Respect agenda

34. The Housing Corporation and the Government take the issue of anti-social behaviour in our

communities very seriously. Anti-social behaviour has been identified as both a cause and effect of areas declining to the point where they require regeneration. The Government wishes to ensure that where public investment is being used to regenerate disadvantaged areas physically or to support the creation of new communities, those agencies responsible for awarding public money are confident that investment is not undermined by anti-social behaviour.

35. As part of its efforts to tackle this problem, the Government has committed in the Respect Action Plan ([www.respect.gov.uk](http://www.respect.gov.uk)) to ensure that all Government-funded regeneration projects are accompanied by measures to manage behaviour. The Housing Corporation supports this important priority for the Government and we see our role as one of encouraging and supporting implementation.

## Co-housing

36. We welcome bids for eligible costs within co-housing projects. Funded projects would need to conform with Corporation investment and regulatory requirements, including access to men and women.

## Tackling homelessness

37. The Housing Corporation makes tackling homelessness a priority, and we expect this to be reflected by the organisations we work with. The

Government set out its ambitions and strategy in *Sustainable Communities: Settled Lives, Settled Homes*, published in June 2005, including a target to halve the number of households living in temporary accommodation by 2010. The Housing Corporation has subsequently published its own strategy, *Tackling Homelessness*, in November 2006. This is available from our website and all bidders should be familiar with it.

38. *Tackling Homelessness* emphasises the importance of affordable housing providers working in partnership with local authorities to confront barriers to reducing homelessness. For housing associations, this is given statutory force by the requirements of the Housing Act 1996, including the need to agree nominations arrangements with local authorities. For unregistered bodies, and the managers of their grant funded stock, similar requirements are effected through the Management Accreditation Scheme (see Section 7), in particular under Lettings and Sales Specification.

## Tackling overcrowding

39. In July 2006, CLG issued a discussion paper *Tackling Overcrowding in England*. The paper gives a direct description of the current context. Overcrowding blights lives and can make life intolerable for families. There are an estimated 350,000 to 410,000 families with dependent children in England who are living in overcrowded conditions. In total, there are an estimated 520,000

households which are overcrowded according to the Bedroom Standard, of which around 210,000 are in social rented homes. London has particularly acute overcrowding problems and there are also pockets in other urban areas, and in the stock of local authorities and registered social landlords. It is more likely to be an issue for some black and minority ethnic families, and often it is the most vulnerable who are at highest risk, such as families who need extra space for members with special needs.

40. Overcrowding reflects an undersupply of affordable larger homes. The Corporation has already started to increase such supply, in partnership with our stakeholders. In the NAHP 2006-08 we raised the proportion of Social Rented housing with three or more bedrooms to be built in London from 27% to 34% and, for the first time, agreed a national target, of 25%, for the provision of homes with three or more bedrooms. Taking this success further will be a key issue for affordable housing across the NAHP 2008-11 period. Overcrowding is already reflected in the formula for the allocation of the Regional Housing Pot and, following the final announcement of outcomes of the Comprehensive Spending Review, we expect to agree with Government a stretching target for the completion of larger homes, covering both rented and low-cost ownership homes.

41. Larger homes will make up a significant part of the 2008-11 programme. We welcome bids for projects aimed at meeting well-evidenced local need.

## Meeting the housing needs of vulnerable people

42. The Housing Corporation's revised strategy statement on housing for vulnerable people, Investing in Independence, sets out how we will engage with affordable housing providers and support them in responding to the needs of vulnerable people, working with local and health authorities, the Department of Health, CLG and others. The revised strategy is published on our website, and we expect all bidders to the NAHP 2008-11 to be familiar with it.

43. The Housing Corporation takes a broad view of vulnerability and recognises that vulnerability is not necessarily permanent. We include those people requiring additional care and support services both in general needs and specialist housing and regardless of age. We recognise that not all older people are vulnerable and this strategy for vulnerable people links with our policy and strategy for older people.

44. We believe that a strong and sustainable community or neighbourhood benefits from the inclusion of all its members including those who are vulnerable, and will respond to their needs. Further, we expect new communities to provide for a wide range of housing needs, including the needs of those who are vulnerable.

45. Housing providers are key players in the creation of mixed and sustainable communities, providing homes and support and care services for

vulnerable people, within a strategic framework set by Regional Assemblies/the Mayor of London, local authorities and the health service. The provision of appropriate support is key to resettlement, promoting tenancy sustainment and in the prevention of homelessness. Support may be for short-term intervention or to meet longer-term needs and can be delivered in both specialist accommodation or to residents in general needs housing.

46. Our aim is to use our powers to secure the provision of homes within new and existing communities that respond to vulnerable people's particular requirements for support, care and self-determination, thereby maximising their quality of life.

47. All bidders should keep in mind the following principles:

- all providers should ensure that the needs of vulnerable people are met in general needs housing, and we encourage both housing associations and new entrants to bid for the provision of housing of all stock types for vulnerable people;
- we will invest in projects that offer the most appropriate form of provision for a given client group and level of need. The needs of some vulnerable people may be most appropriately met through the provision of floating support services in a general needs home; and
- we encourage all providers to bring forward general needs properties as move-on

accommodation from supported housing, where this is an identified priority. Where funding is requested specifically for one-bedroom properties on the basis that this is providing move-on accommodation, evidence of need should be included as part of the bidder's Supplementary Information.

48. Supported housing provides both accommodation and support so that vulnerable people can live more independently and maintain themselves in their own home. The support can prevent problems that can often lead to hospitalisation, institutional care or homelessness. A full definition for supported housing is given in the Corporation's Circular 03/04, which is available on our website. We expect to fund more supported housing than we did in the 2006-08 programme, when we invested in 6,724 homes. This will be subject to variation between regions, and dialogue is continuing between CLG and the Regional Assemblies/the Mayor of London on the details of regional priorities as part of the regional housing strategy process.

49. We do not require a guarantee of revenue funding before we will invest in a supported housing project. However, we will only fund projects which meet identified needs, and hence are likely to obtain any necessary revenue funding (and we will invest in provision for challenging client groups where need is identified). We also want to ensure there is flexibility to respond to changing demand or client group with minimum additional capital expenditure. For each supported

housing project bid, the bidder is therefore required to submit Supplementary Information to demonstrate:

- the proposed source for any revenue grant to support management of the project;
- that the scheme has the support of the relevant revenue provider (e.g. Supporting People or the relevant Primary Care Trust) and is aligned with the priorities set out in the relevant strategy (e.g. Supporting People five-year strategy, health strategies);
- that the project is consistent with the approach to supported housing in the relevant Regional Housing Strategy;
- that the project is capable of conversion into an alternative use without significant additional capital expenditure;
- that the bidder has the capacity to exit from the project within its business plan without putting its viability at risk; and
- that the bidder confirms it has developed a strategic approach to move-on.

50. Supported housing providers should keep in mind the following principles:

- we expect supported housing projects to offer excellent value, and will use the same assessment tools as for other bids;
- we encourage the innovative use of joint and individual capital funding opportunities for supported housing projects (for example, with joint funding through CLG's Hostels Capital Improvement Programme). Where there is joint

- investment with another government funding stream we expect total funding not to exceed that available from either single organisation;
- we expect the highest quality of design in supported housing. However, we also recognise the need to adapt our standards appropriately for supported housing, housing for older people and wheelchair-user housing. Organisations should refer to our Design and Quality Standards which can be found on our website;
  - supported housing should provide a quality physical environment, combined with an effective service, through which people can move forward with their lives. Though capital investment will change the physical environment, there must also be a step change in service delivery. Key elements of this are a welcoming reception that is both open and safe; non-institutional decor; plenty of natural light and air; a flow of traffic that mixes staff and residents; integrated activity spaces and, if possible, space and facilities to share with the local community. Further information around this approach can be found in the Hostels Capital Improvement Programmes Places of Change booklet ([www.communities.gov.uk](http://www.communities.gov.uk));
  - where appropriate we will support bids for the remodelling or re-provision of existing projects where it can be shown as representing value for money in the use of grant, and is consistent with local priorities and regional resource constraints. We will want to see evidence that (i) the project is no longer suitable for the needs of the client group or that the existing client

- group is no longer a priority for provision, (ii) there is ongoing need for the remodelled project and that it will continue to meet need for years to come, and (iii) there has been a full options appraisal of the relative value of the remodelled project against provision of a new project (and similarly for replacement projects we will want to see evidence that this better meets client needs than remodelling); and
- we recognise the increasing interest in housing with care and support that may be called 'extra care' particularly for older people (often as replacement for registered care homes). But as extra care can encompass a very wide range of projects and client groups and there is no single clear definition, we refer bidders to our published definitions and standards for housing for older people and supported housing.

51. We want to make sure that help into affordable home ownership is accessible to all. Home Ownership for People with Long-term Disabilities is described in Section 4.

## Aids and adaptations

52. Funding for adaptations that can help a tenant stay in their own home supports an essential outcome for individuals, helping them maintain independence, and potentially saves future public expenditure. A review by CLG of the Disabled Facilities Grant (DFG) programme is currently underway and a summary of responses to the consultation was recently published. A package of changes to this programme will be announced later in the year, including the transfer of the element of Social Housing Grant spent on adaptations to the main DFG programme. We will not, therefore, be accepting bids for aids and adaptations within the NAHP 2008-11. The responsibility of housing associations for adaptations is covered in the Capital Funding Guide.

## Meeting the housing needs of older people

53. The Housing Corporation will consider bids for new or remodelled housing for older people where the project fits with both the Regional Housing Strategy and, if one exists, the local strategy for older people. We expect that homes within housing for older people projects will have three habitable rooms and any exceptions to this standard will need to be agreed by the Housing Corporation on the basis of a clearly defined case that makes specific reference to evidence of ongoing demand for smaller units.

54. The Housing Corporation is not able to support new intermediate care units.

55. The Corporation welcomes bids for Extra Care housing for older people, where projects fit with regional and local strategies. Such projects will need the support of a range of partners including social services and health. Extra care is a broad concept, and bids will need to describe projects using the Corporation's published definitions of housing for older people and supported housing, see Circular 03/04 (see paragraph 48).

56. The Housing Corporation works closely with the Department of Health and, subject to announcement following the Comprehensive Spending Review 2007 regarding the Department's own Extra Care programme, we will be happy to consider joint investment with the Department, where total funding does not exceed that available from either single organisation.

57. Bids for remodelling housing for older people projects must be based on evidence that the existing housing is difficult to let or does not meet modern standards and also that this will deliver value for money.

58. Shared Ownership for the Elderly is described in Section 4, below.



## Meeting the needs of black and minority ethnic communities

59. In the NAHP 2008-11 Pre-prospectus we noted that members of black and minority ethnic (BME) communities accounted for 15% of new housing association lettings in 2005-06, and that affordable housing plays a disproportionate role in meeting the housing needs of these communities. It is in this context that the Corporation has developed its Race Equality Scheme. We have identified a number of objectives that aim to ensure that people from BME communities have equal access to services, are engaged by providers in the decision-making processes and are equally satisfied with the choices available and the quality of services they receive. We are considering how we can best respond to the recommendations of the recent report of the Commission on Integration and Cohesion.

60. In approaching the NAHP 2008-11 we are keen that bidders consider the evolving context for provision to BME communities. We encourage bids that in the context of Regional Housing Strategies:

- consider appropriate tenures to meet the aspirations of communities – including affordable home ownership options in addition to affordable rent; and
- meet the housing needs of small and emerging communities, including move-on accommodation for refugees with leave to remain.

61. We gave notice in the Pre-prospectus that at detailed bidding we would ask all providers developing in areas with significant minority communities to produce a method statement demonstrating how their proposals meet the needs and aspirations of all communities, including how bidders will work with BME organisations in relation to the development of projects. Detailed requirements are set out below.

### Who does the method statement apply to?

62. A method statement is required from any organisation whose bid includes:

- a project in a local authority where more than 10% of the population is from a BME community. A list of local authorities within this definition is given at Annex 2;
- a project in an area identified by the bidder as having significant housing needs for minority communities or challenges for community cohesion, or which is identified by the Regional Housing Strategy as such (this includes Havering and Hounslow in London); or
- a project whose local or regional strategic fit is premised on meeting the needs of a BME community.

### Content and format of the method statement

63. A separate statement is required from each Partnership or specialist route bidder for each region in which they are bidding. These should highlight any differences between the



local authorities within the region only where necessary. The method statement must answer the following questions, using these headings.

- i. How do the set of projects proposed relate to any requirements of Regional Housing Strategies relating to the needs of BME communities?
  - Any partnership working with local authorities should be noted here;
  - Where appropriate, bidders may provide additional data or evidence relating to their areas of operation; and
  - Bidders should include specific consideration of the delivery of mixed communities and community cohesion.
- ii. How are you ensuring the projects proposed relate to the communities served?
  - Bidders should name their community partners and explain how they were selected; and
  - Where a provider's primary objectives include meeting the needs of the community its development will principally serve, it need not engage with a further community partner, but should summarise its track record in this area.
- iii. How will you work with community partners to meet the needs of BME communities?
  - Community partners might include community organisations with appropriate knowledge of BME groups in housing need. These could include refugee community organisations, BME voluntary agencies and race equality councils. In selecting community partners bidders may find it helpful to talk to relevant local authorities. BME housing associations, with their particular combination of community and housing expertise, will continue to be well placed to act as community partners;
- iv. What community partners have you engaged with on the project, how and for what activities?
  - We will look for early engagement and would generally expect the activities cited to come from the following list:
    - a. project design, including selection of location and product mix;
    - b. facilitating access to lettings;
    - c. property management;
    - d. ownership of completed units (and any property transfer should use our Modular Development and Sale Agreement, see [www.housingcorp.gov.uk](http://www.housingcorp.gov.uk));

If a bidder is claiming good local or regional strategic fit (see Section 6 on Assessment Criteria) on the particular basis of meeting the needs of a local BME community, additional information should be included in the method statement (and will be used in the assessment of strategic fit). The following question should be answered for each such project, with the project name, local authority and region used as a sub-heading.

- Again, where a provider's mission is explicitly focused on meeting the needs of the community its development will principally serve, it need not engage with a further community partner, but should demonstrate the relevance of its own knowledge.

### Requirements for the method statement

64. The completed method statement should be signed by or on behalf of the Chair or Chief Executive, or the nearest equivalent, of each community partner named.

65. Relevant sections of the method statement may best be completed by the bidder's partners or contractors (for example, in addressing lettings or housing management where these functions are to be transferred). However, the completed statement should be assembled and submitted by the bidder. The process for submission is set out under Supplementary Information Requirements in Section 7.

### Gypsies and travellers

66. A key priority for the Government is to address the shortfall in authorised gypsy and traveller sites. Currently, around 4,000 gypsy and traveller caravans are on unauthorised sites. Local authorities are undertaking accommodation needs assessments for gypsies and travellers in their areas, and Regional Spatial Strategies will be revised to determine need across the region and

allocate pitch numbers for individual authorities. Regional Assemblies have made recommendations for funding for gypsy and traveller sites from the Regional Housing Pot, and details about funding for sites will be made available in the autumn. We would strongly encourage affordable housing providers to take advantage of this.

67. Within the NAHP 2008-11 the Corporation welcomes bids for projects providing settled housing which has been designed to meet the particular needs of gypsies and travellers. Where funding is requested for such housing, bidders should ensure there is demonstrable need and that consideration has been given to appropriate design.

### Meeting the need for rural housing

68. The Housing Corporation supports the provision of rural housing in villages and small towns. We are proud of our delivery record in recent years, but know that there is much further work to be done.

69. The development of the NAHP 2008-11 is informed by a recent refreshing of the Corporation's rural housing strategy, Communities and the Countryside (available from our website). It is also set in the context of work by the Commission for Rural Communities and, in particular, the report by the Government's Affordable Rural Housing Commission published in May 2006, which can be found at [www.defra.gov.uk](http://www.defra.gov.uk).

gov.uk. We note the commitments to affordable rural housing set out in CLG's recent Green Paper, Homes for the Future.

70. The 2008-11 programme will also benefit from the establishment of the Government-commissioned Rural Housing Advisory Group, chaired by the Housing Corporation. The group will ensure that innovation, and identifying and promoting successful methods for meeting rural housing needs, informs delivery.

71. The challenge facing many of our rural communities is how to continue to remain sustainable and to meet the diverse needs of the cross section of people of different ages and different backgrounds who share a community identity. Our aim is to work in partnership with rural communities to address this challenge. We are:

- working with pioneering rural providers on innovative methods of meeting rural need; and
- continuing to work closely with the National Park authorities involved in the management of our national parks to encourage rural housing delivery.

72. We recognise that housing investment makes an important contribution to community sustainability in rural areas, where a small village scheme can make the difference between a school staying open or closing and a bus service continuing. We know from our discussions with stakeholders that there are a number of

challenges, real and perceived, facing housing providers in such areas. In delivering the NAHP 2008-11, we want to work with bidders to tackle the difficult issues, but also to ensure that the rigour we apply to cost and quality in the rest of the programme applies equally in rural provision.

- We are challenging the conventional wisdom that rural housing is necessarily more expensive to provide than urban housing, in terms of both overall cost and of public subsidy. When expressed per home, overall costs are on a par with or somewhat higher than those in urban areas. But when expressed per person, that relationship changes: in six out of eight regions (excluding London) average rural costs are lower than those in urban areas (see Communities and the Countryside);
- We have set out our Design and Quality Standards, including a minimum achievement of Code for Sustainable Homes Level 3 (\*\*\*) (see paragraphs 224-227.) We will work with providers to help them meet this challenge. In recognition of the particular difficulties associated with rural projects in meeting the Building for Life criteria, we have reduced the threshold for rural housing (as defined below) within the Building for Life component of the standards (see [www.housingcorp.gov.uk](http://www.housingcorp.gov.uk));
- We are concerned at high land values, particularly on rural exception sites where the land is unavailable for other uses. We will monitor plot prices on exception sites and, as for any bid, will reject projects offering poor value for total public subsidy. If local strategies

have set maximum plot prices we will have a presumption of respecting these; and

- We are encouraging bidders to bring forward projects with a mix of tenures in rural areas and within individual rural schemes (except for the very smallest developments).

73. The Office for National Statistics has published a cross-Government accepted definition of urban and rural areas at [www.statistics.gov.uk](http://www.statistics.gov.uk). According to the definition, rural settlements are those with less than 10,000 population. However, we pay particular attention to the needs of rural communities with populations of fewer than 3,000 people and the Government is keen to encourage developments in smaller rural settlements as well as larger urban fringes. A list of settlements in England and their population can be obtained from the Rural Settlement Gazetteer, available from [www.housingcorp.gov.uk](http://www.housingcorp.gov.uk).

74. Later in the year, building on advice from the Regional Assemblies, CLG will set a target for rural affordable housing for 2008-11, in the context of the definition above. We will build the NAHP 2008-11 to deliver this target as a minimum.

# 4 The National Affordable Housing Programme 2008-11: Products and programmes

75. For the NAHP 2008-11 we are inviting bids against a range of defined products. Whilst the Corporation is always keen to discuss innovative proposals, for this bid round compliant bids will need to reflect the structure of these products.

76. The particular balance of tenures and housing types required to meet needs within regions and sub-regions is set out in Regional Housing Strategies, and bidders should look carefully at these before submitting proposals (see Section 1). Housing Corporation allocations will form regional programmes which reflect the product mix required (and some products may not be available for bids in some regions – bidders should check with Corporation Regional teams if they are unclear). We normally expect that developments of any scale will reflect the overall tenure mix signalled in the relevant Regional Strategy.

77. We believe that mixing tenure is an important way to achieve the mix of incomes and households required to make communities work. By tenure mix we mean both the mixing of market and affordable housing and, within affordable housing, the mixing of affordable home ownership and Social Rented homes.

- We will continue our policy, reflecting the Government's approach towards sustainable communities, of supporting projects that increase tenure mix in existing communities;

- For all projects we will consider whether sufficient consideration has been given to achieving a mix of tenures; and
- we will only support developments containing a single concentration of more than 25 Social Rented homes on an exception basis.

## Social Rented homes

78. Social Rented housing is defined in Annex B of Planning Policy Statement 3 (PPS3): Housing, published by CLG. For the purposes of this competition, it is housing owned and managed by a registered social landlord, or other persons as agreed with the Corporation as a condition of grant, for which guideline target rents, well below market levels, are determined through the national rent regime. The proposals set out in the Three-Year Review of Rent Restructuring (July 2004) were implemented as policy in April 2006.

## Lettings and nominations

79. Normally, only households on local authority and housing association registers are eligible for Social Rented housing. Nomination agreements between local authorities and housing associations are governed by Housing Corporation Circular 02/03 (available at [www.housingcorp.gov.uk](http://www.housingcorp.gov.uk)). Parallel arrangements for unregistered bodies are established through the Management Accreditation Scheme (see section 7). Social

Rented housing funded through the NAHP 2008-11 will generally be let through an Assured Tenancy or an Assured Shorthold Tenancy (exceptions are described in the Capital Funding Guide).

80. Where these are in place, the Corporation will expect bidders to work with:

- local, sub-regional or regional choice-based lettings schemes; and
- sub-regional and regional nominations arrangements.

This will be considered as part of a bids local and regional policy fit. The Corporation strongly supports both these initiatives and their extension to new areas.

### **The Right to Acquire**

81. Tenants of Social Rented properties funded by the Corporation normally have a statutory right (the Right to Acquire) to purchase their home at a discount, although there are some exceptions, for instance in small rural settlements. Details are given in the Corporation's Capital Funding Guide.

### **Long-term management and stock rationalisation**

82. The value of our capital investment will be compromised without the highest standards of continuing management and maintenance. For housing associations, this is ensured through regulation. For unregistered bodies, the Management Brief sets out required standards

for management and tenancy services. The Corporation expects that service charges to tenants should be transparent, fair and offer good value for money (see the Good Practice Guide, Service Charges: Value for Money?).

83. The Corporation has been actively working with landlords on an agenda for stock rationalisation, ensuring choice for tenants in an area sits alongside an efficient distribution of stock. Within the NAHP 2008-11 we will ensure funding for new housing is aligned with this agenda. Specifically we will not support new landlords entering an area without a clear rationale for how this will improve outcomes for tenants, and the support of local stakeholders.

### **Grant funding for repairs**

84. The Corporation will accept bids through the NAHP 2008-11 for repairs to existing Social Rented stock. Note that most stock receiving grant after the introduction of mixed funding through the Housing Act 1988 is not eligible for such support. Full details of eligible properties and types of work are given in the Corporation's Capital Funding Guide, under Repair. The guide sets out four types of repair, two which will not lead to a rent increase, Major Repairs or Minor Miscellaneous Works, and two which will, Re-improvement (for previously grant funded stock) and Works-Only Rehabilitation (for non-grant funded stock). Any rent changes must be within target rents.

85. Funding for eligible bids will be dependent on the levels of resource made available for repairs

within Regional Housing Strategies. In all cases we expect bidders to explain why repairs cannot be funded through existing business plans.

86. We recognise the importance of ensuring supported housing is decent, modern and appropriate. Our approach to the remodelling of supported housing is set out in Section 3.

## Bidding

87. Bid conditions and bidding information related to Social Rented homes is set out in Section 7 covering:

- the target rent regime (see Financial Bid Conditions); and
- financial viability assessment for unregistered bodies who are stock owners (see Future Information Requirements from Relevant Bidders Receiving an Allocation).

## Temporary Social Housing

88. Temporary social housing is not owned by the affordable housing provider, but is available for its use as rented accommodation for a period of between two and 30 years, generally under a lease or licence. The Corporation's rent influencing regime does not apply to Temporary Social Housing, but the sum of rent and Housing Benefit eligible service charges must be less than the reference rent for the relevant local authority, normally determined by a rent officer. Temporary

Social Housing is generally excluded from the Right to Acquire. Full details are provided in the Capital Funding Guide. Adapted standards apply to rehabilitation projects (see our Design and Quality Standards at [www.housingcorp.gov.uk](http://www.housingcorp.gov.uk)).

89. The Corporation is able to make grants for the purchase of an interest in the property or for necessary repairs. Funding is generally given to properties that would otherwise remain empty, for example those over shops in town centres or those awaiting redevelopment or sale. Funding will only be available where this is in alignment with the Regional Housing Strategy. In addition, and in view of the Government's target to halve the number of households living in temporary accommodation by 2010 (see Tackling Homelessness), we would expect expenditure on Temporary Social Housing in 2008-11 to be limited. However, we accept there may be cases where it is appropriate to replace or enhance the quality of existing stock.

90. All bids including Temporary Social Housing must include confirmation, within their Supplementary Information (see paragraphs 249-276) that they have developed a strategic approach to move-on, allowing tenants to move to permanent accommodation whenever possible and appropriate.

91. Bid conditions relating to Temporary Social Housing rents are set out in Section 7 under Financial Bid Conditions.



### Settled Homes Initiative

92. The housing Green Paper, Homes for the Future, has announced CLG's intention to expand London's Temporary to Settled Homes Initiative. The Mayor will be issuing guidance on how these funds will be distributed in London in due course. The Corporation is not inviting proposals for temporary to settled projects outside London through this initial NAHP 2008-11 bid round.

93. Details of how to apply for funding will be provided after the launch of the main bid round. Unregistered organisations which are not pre-qualified for the NAHP will be able to access the programme through specific qualification for the initiative.

94. Given current Regional Housing Strategies, we are not, through the initial NAHP 2008-11 bid round, inviting proposals for temporary to settled projects outside London.

### Low-cost home ownership

95. In response to this prospectus we are inviting bids for three low-cost home ownership (LCHO) products: New Build HomeBuy, Social HomeBuy and Home Ownership for People with Long-term Disabilities. The details of each, including their legal structure, is given in the Capital Funding Guide. The prospectus also provides information on other affordable home ownership initiatives, in

particular Open Market HomeBuy and HomeBuy Agents.

96. Since we launched the NAHP 2006-08 two major reviews of low-cost home ownership provision have been conducted. The report of the joint Treasury and CLG Shared Equity Task Force is available from [www.communities.gov.uk](http://www.communities.gov.uk). The report of the National Audit Office, A Foot on the Ladder, is available from [www.nao.gov.uk](http://www.nao.gov.uk). Bidders for affordable home ownership projects are encouraged to look at both.

### Affordability

97. Between 1998 and 2005, while average incomes of first time buyers rose by 60%, the average house price for first time buyers rose by 136%. In every region of the country there are now multiple local authority areas where the ratio of lowest quartile house prices to lowest quartile earnings is more than seven to one, in many cases more than ten to one. Even since the Corporation opened bidding for the NAHP 2006-08 in 2005, the cost of housing in many markets has increased by 30%. The feedback we receive from regional stakeholders is clear: those on moderate incomes are finding it more and more difficult to get on the housing ladder, even when they are using low-cost home ownership products supported by the Corporation or by EP.

98. In this context, tackling affordability problems is a priority for the Government and for the Corporation, and we want to see this at the heart of the low-cost home ownership offer in the NAHP



2008-11. Specific actions being taken forward by the Corporation are described against particular products, but we are looking for all affordable home ownership bidders to think creatively about how we address this issue.

### **Targeting existing social tenants for low-cost home ownership**

99. Social tenants who are able to move into home ownership gain an asset and a step on the housing ladder. Helping those able to afford to enter affordable home ownership also frees up Social Rented homes for those in need and saves on more costly additional rented provision. Homes for Social Rent require over twice as much grant as LCHO housing: in the NAHP 2006-08 the national average grant per unit is £62,000 for rented homes and £27,000 for LCHO. In 2004-05, around 14% of LCHO purchasers (roughly 1,000 people) were existing social tenants.

100. Our existing rules for HomeBuy Agents (see paragraph 137) clearly reflect the priority given to existing social tenants who are looking for assistance to move into home ownership. The HomeBuy Agent's contract requires the agent to compile a list of eligible applicants, which gives existing social tenants first priority (alongside meeting key worker commitments). We will work with HomeBuy Agents to improve the operation of this process and of headline marketing to social tenants.

101. We will consider that bids for New Build HomeBuy projects have a good strategic fit (advantaging the bid – see Section 6) if they show consideration of demand from current social tenants for new homes, in terms of design and size, location and marketing. Bidders may wish to provide supplementary information, covering these points and, in particular, outlining their marketing strategy for existing social tenants.

### **New Build HomeBuy**

102. New Build HomeBuy (NBHB) allows purchasers to buy a share in a new (or rehabilitated) home. The structure of the product is unchanged from the NAHP 2006-08, and details are available in the Capital Funding Guide. Key parameters are:

- the sale to the purchaser of a share between 25% and 75%;
- the option to charge rent on the retained equity, with an absolute cap of 3% on its value, rising by a maximum of RPI plus 0.5% per annum;
- buyers to purchase the maximum share they can afford sustainably; and
- buyers able to purchase additional shares in tranches, of a minimum of 10% of equity value, (known as staircasing sales).

103. We will invest in projects to allow affordable housing providers to offer homes for sale on New Build HomeBuy terms.

## Prioritisation of applicants

104. The Shared Equity Task Force has clarified priority provision for all low-cost home ownership provision:

- “1. Freeing up or avoiding social tenancies (as discussed above);
2. Addressing problems in local and regional housing markets.

And subject to the availability of funding, it may also be appropriate to broaden housing options for other public sector workers and households with a strong local employment connection who are unable to afford to buy a suitable home in their travel to work area.”

In Key Worker Living regions we continue to work towards meeting the 2010 target for housing key public sector employees discussed below.

105. Details of which applicants should be prioritised under the second criteria above are defined by Regional Assemblies/the Mayor of London. Current regional statements are available on CLG’s website, [www.communities.gov.uk](http://www.communities.gov.uk), but are subject to change for 2008-11.

106. Consistent application of national priorities for assistance is ensured by HomeBuy Agents, who conduct the initial assessment of all applicants (see HomeBuy Agents below). We will, therefore, require that delivery partners providing NBHB agree a standard Service Level Agreement with

their relevant HomeBuy Agents covering sharing of information and processes for identifying potential buyers. The current standard Service Level Agreement is available at [www.housingcorp.gov.uk](http://www.housingcorp.gov.uk).

## Affordability

107. To promote affordability we will consider that bids for New Build HomeBuy projects have a good strategic fit (advantaging the bid – see Section 6) if they meet or exceed the following criteria, with better affordability performance rated more highly:

- set rents on the unowned equity at significantly less than 2.75% (within the absolute cap of 3%); and/or
- offer large numbers of small share sales, with an average of 50% or, preferably, below.

(See below for projects targeted at key workers.)

108. Before investing in a New Build HomeBuy project we will look for evidence that it is appropriate to the local market and to local need. Bidders including proposals for NBHB projects must, therefore, submit as part of their Supplementary Information a method statement covering:

- their approach to assessing local housing markets and determining pricing in the context of local incomes; and

- their approach to targeting income groups and determining shares sold, rental on retained equity and service charges.

109. Note that purchasers are required to maximise the share purchased (whilst maintaining sustainable borrowing). Providers should not, therefore, sell fixed shares.

110. We are aware that service charges can have a strong influence on the affordability of a property, and amounts will play a role in our assessment (see Section 6). Bidders should be aware of, and follow, the advice in the Corporation's Good Practice Guide, Service Charges: Value for Money? We expect service charges to be calculated accurately within bids.

### **The charitable status of New Build HomeBuy development**

111. The Housing Corporation has been working with CLG and other stakeholders to gain long-term clarity on the charitable (and, hence, tax) status of new low-cost home ownership development, and in particular New Build HomeBuy. This work is continuing. We are aware that uncertainty creates difficulty for providers.

112. Key issues in determining whether a development represents charitable activity are the proportion of affordable housing on a site and the nature of target purchasers. Much NBHB provision – particularly given the emphasis on affordability described above – will, therefore, remain charitable

activity. Following discussion with Her Majesty's Revenue and Customs, the Corporation is publishing draft guidance, and an accompanying procedure for contacts with HMRC, for difficult cases. This will be available from [www.housingcorp.gov.uk](http://www.housingcorp.gov.uk).

### **Enfranchisement (including enfranchisement and unregistered bodies)**

113. CLG published a consultation paper in July, proposing changes to current leasehold enfranchisement rules to simplify and clarify the position in relation to shared ownership houses. The consultation document, Shared Ownership and Leasehold Enfranchisement, is available at [www.communities.gov.uk](http://www.communities.gov.uk).

114. For the NAHP 2006-08 we advised that, due to the absence of any specific exclusion for unregistered bodies from existing leasehold reform legislation, and the consequent risk of leaseholder enfranchisement in respect of shared ownership houses, unregistered bodies intending to retain ownership of homes should not bid for New Build HomeBuy. (This does not apply for flats or where houses are to be transferred to a housing association as an agreed transfer before the grant of the shared ownership lease.) We are extending this advice to the NAHP 2008-11.

115. Shared ownership and leasehold enfranchisement offer a long-term, legislative solution to this issue. We hope that bids from unregistered bodies for NBHB houses will be

possible within future market engagements within the 2008-11 programme.

## Bidding

116. Bid conditions relating to NBHB rents are set out in Section 7 under Financial Bid Conditions.

## Financial data on sales

117. We have made some changes to the information we collect about sales proceeds and other receipts.

118. Through IMS we will be collecting the following information on units within projects at bidding:

- assumed share sold;
- expected market value (from which we will calculate expected initial sales receipt);
- rent to be charged on unowned equity; and
- expected service charges.

119 We will be collecting the following information at initial sale of units:

- share sold; and
- market value.

120. We will be collecting the following information at subsequent staircasing sales:

- share sold; and
- market value.

## Social HomeBuy

121. Social HomeBuy (SHB) gives tenants the opportunity to purchase their current home (or an alternative offered by their landlord) outright or on shared ownership terms. The sale is at a discount (based on the discount available under Right to Acquire, currently between £9,000 and £16,000 depending upon the local authority area; see paragraph 125, below).

122. Details of the product are available in the Capital Funding Guide. Key parameters are:

- the sale to the purchaser of a minimum share of 25% up to a 100% purchase;
- the option to charge rent on the retained equity, with an absolute cap of 3% on its value, rising by a maximum of RPI plus 0.5% per annum, and preference given to significantly lower rents;
  - buyers to purchase the maximum share they can afford sustainably;
  - buyers able to purchase additional shares in 10% tranches; and
  - buyers to assume full maintenance responsibility.

123. Allocations of grant for Social HomeBuy made within the 2006-08 Programme, and which have not been used by the end of March 2008, will remain available for future SHB purchasers.

124. We are inviting bids for additional Social HomeBuy allocations, and strongly encourage

organisations to make the product available to their tenants. Participation in Social HomeBuy is open to any owner of Social Rented stock, and the project may cover all of a landlord's properties or designated types or areas (though we would encourage maximum coverage). Bidding is for grant to cover the costs of discounts.

### Changes to Social HomeBuy and Social HomeBuy discounts

125. The discount available to the purchaser on the initial sale is pro rata, according to the share of the full equity being bought. From April 2008 further discounts, again pro rata to the share bought, will be available to home buyers in additional staircasing purchases. The cost of the discount to the landlord is again covered by grant.

126. The terms of the Social HomeBuy product will be reviewed following an evaluation of the current pilot programme, which completes in March 2008. The evaluation will look, in particular, at how the product can be shaped to help the maximum number of tenants. Any changes made will automatically apply to existing SHB allocations and, where relevant, be supported by grant.

### The use of receipts

127. Receipts generated from the sale of stock under SHB are governed by Disposal Proceeds Fund regulations. These are described in full in our Capital Funding Guide. A key emphasis of the

Disposal Proceeds Fund is the use of receipts to create new social lettings.

## Home Ownership for People with Long-term Disabilities

128. The Home Ownership for People with Long-term Disabilities (HOLD) product addresses the exclusion and marginalisation from home ownership of people with long-term disabilities, learning difficulties and mental health problems.

129. A home buyer approved for a HOLD purchase can find a home suited to their needs on the open market, which the provider association then purchases in order to sell a share to the applicant on shared ownership terms. HOLD providers are expected to give advice and support to home buyers around registering with estate agents, viewing and visiting suitable properties, and handling any negotiations over price, once a suitable property has been identified. The HOLD provider purchases the home and, based on the household income, the home buyer then buys a part share in the home. Note the following key parameters:

- the sale to the purchaser of a share between 25% and 75%;
- the option to charge rent on the retained equity, with an absolute cap of 3% on its value, rising by a maximum of RPI plus 0.5% per annum;

- buyers to purchase the maximum share they can afford sustainably; and
- buyers able to purchase additional shares in 10% tranches (known as staircasing sales).

130. It is often the case that applicants accessing home ownership through HOLD will make mortgage repayments through the benefit system.

131. The Corporation takes seriously its obligations under the Disability Discrimination Act 2005 to ensure that reasonable adjustments in service are made to ensure that people presenting in housing need with a disability receive fair and equal treatment. Our main aim is to ensure that as many people who are in housing need and with a disability as possible are assisted into low-cost home ownership using one of the mainstream LCHO products. However, HOLD continues to act as an important safety net to ensure that people who need more support are still able to find a home suited to their needs and live independent lives. Potential HOLD providers will be expected to demonstrate how they will form excellent relationships with local HomeBuy Agents.

132. The Corporation invites bids in all regions to provide Home Ownership for People with Long-term Disabilities in the 2008-11 programme.

## Shared Ownership for the Elderly

133. Shared Ownership for the Elderly enables older people to buy a home with support on a

shared ownership basis (usually using the equity released from the sale of their existing home). It supports choice and enables older people to continue to live independent lives.

134. The Shared Ownership for the Elderly product has the same features as New Build HomeBuy, but with additional parameters, set out in our Capital Funding Guide. Key points are:

- a restriction on sales (and future re-sales) to people over 55;
- a 75% ceiling on staircasing purchases, with no rent charge where 75% has been bought; and
- provision of access to a warden service.

135. Shared Ownership for the Elderly projects should be bid as New Build HomeBuy, and will need to demonstrate their clear support within regional and local strategies.

## Open Market HomeBuy

136. The Housing Corporation delivers a further low-cost home ownership product, Open Market HomeBuy (OMHB). This provides an equity loan to help an eligible home buyer purchase a home on the open market. OMHB is made available through HomeBuy Agents. Allocations to cover the cost of equity loans in the 2008-11 period will be made to the agents (and potentially others, following the Shared Equity Competition described below) prior to the launch of the programme, and based

on proposed OMHB volumes in Regional Housing Strategies.

137. Since 2006 additional finance for Open Market HomeBuy equity loans has been provided by a partnership between Government and mortgage lenders. The Corporation is currently running a Shared Equity Competition to identify additional organisations interested in bringing finance to the provision of OMHB. We hope that one outcome will be to offer OMHB with lower initial purchase shares – down to 50% rather than the current standard 75%. We expect to be in a position to launch new products by April 2008.

## HomeBuy Agents

138. In 2006 we introduced a national network of HomeBuy Agents (HBAs) to provide a one-stop shop for potential buyers looking to access HomeBuy products. Feedback from customers has been positive and we intend to embed the HBA network.

139. HomeBuy Agents were initially appointed for 2006-08. Given the late introduction of products in 2006-08, and continuing product development through the Shared Equity Competition, we will extend existing contracts until the end of 2008-09. Annex 3 lists current HBAs, and their zones, and describes the role of HBAs and the respective role of HBAs and developers in marketing.

## Grant recovery and recycling

140. In certain circumstances, including following most staircasing sales for affordable home ownership properties, the Corporation will recover some or all of our investment. For unregistered bodies, this is returned directly to the Corporation and the Grant Agreement sets out the process to be followed, along with the calculation of the recovered amount. For housing associations there is an option to use the Recycled Capital Grant Fund (RCGF) regime, with recovered amounts held by the association for re-investment (separate rules cover sales of rented properties to tenants, under Right to Acquire and Social HomeBuy, described in the Disposal Proceeds Fund section of the Capital Funding Guide).

141. In March 2007 we launched a consultation on changes to the RCGF. These proposals were governed by two key principles:

- focusing the use of resources on new supply, with rules which help associations achieve this; and
- strengthening our oversight of RCGF balances and expenditure whilst minimising burdens.

The following sections describe how we will proceed following this consultation.



### Linking RCGF deposits to the value of a property at sale

#### (a) New Build HomeBuy

142. We believe the delivery of new affordable housing can be supported if the amount credited to RCGF reflects the value of a property at sale, not simply the original grant amount. We have therefore decided that, in principle, for NBHB homes developed with our investment, subsequent to the NAHP 2008-11 initial bid round, we will make a link to value for future deposits to the RCGF. There are two qualifications to this decision:

- the link to value will only apply where our funding represents 25% or more of the total capital costs of an NBHB scheme; and
- we will suspend implementation of the decision for 2008-11 if the bids received allow us to create an NBHB programme which exceeds agreed efficiency targets (see Section 5) and improves affordability (through schemes with rents significantly less than 2.75% and/or the potential for large numbers of small share sales).

#### (b) Open Market HomeBuy

143. We believe the case for introducing a link to value for RCGF deposits is particularly strong for OMHB. We have therefore decided that, in principle, for OMHB homes purchased using a Corporation-funded equity loan, we will make a link to value for future inputs to the RCGF.

However, we recognise that within the Shared Equity Competition (see paragraph 137) some proposals may use existing RCGF arrangements to develop the OMHB offer in a way which gives better value to the public purse, or greater affordability to home buyers, than would the proposed link to value. We will therefore confirm our approach to RCGF deposits following the outcomes of the Shared Equity Competition (and before April 2008). We will proceed with the link to value unless the competition outcomes justify a different approach.

#### (c) Calculating a link to value

144. In implementing a link to value we will calculate the amount of sale proceeds to be deposited in the RCGF on the basis of grant as a proportion of the value at initial sale. This approach can be used across NBHB and OMHB.

### Grant recovery at initial sale

145. We will amend existing rules to allow grant recovery (via RCGF) at the point of initial sale (as well as subsequent staircasing sales, as at present). This will be an option available to our regional investment teams where there have been substantial increases in value between allocation of grant to a scheme and initial sale.



## Changes to the use of RCGF

146. We will revise our priorities for the use of RCGF, stating:

- expenditure is expected to be for the provision of new affordable housing;
- expenditure is available for other uses (including meeting the Decent Home Standard) but will require agreement from the Corporation's relevant regional team;
- all such expenditure is expected to be aligned with relevant regional housing strategies; and
- RCGF can be used to finance flexible tenure, in compliance with the Capital Funding Guide.

147. We will allow the use of RCGF for land purchase (but with an obligation to repay if development had not progressed after five years).

148. We will allow expenditure of RCGF balances across English regions on an exception basis (agreed by Corporation regional teams), where this will help create new supply in Growth Areas/ Growth Points or on strategic sites identified in regional housing strategies.

149. We will remove the requirement that transfers of balances between specialist associations require Corporation permission.

## Intermediate Rent

150. Intermediate Rent is aimed at key workers, within Key Worker Living regions (see below), unable to pay the full market rent in an area but able to pay more than social rent, and whose circumstances prevent home ownership. Limited provision may also be available in other areas through Regional Housing Strategies.

151. Details of the product are available in our Capital Funding Guide. Key parameters are:

- rents are capped at 80% of the local market rate;
- tenancies must be periodic not permanent, i.e. Assured Shorthold Tenancies;
- Intermediate Rental properties are not subject to the Right to Acquire; and
- nominations to key worker intermediate rent properties are made by HomeBuy Agents; nominations to other intermediate rent properties are available to the developer on principles agreed with the Corporation.

152. All bids for Intermediate Rent which are not targeted at key workers (for which, see below) will need to explain through their supplementary information:

- who the project is targeting (including income levels) and why Intermediate Rent is needed in the area (including local rents); and
- why grant is needed for project viability.

153. Bid conditions relating to intermediate rent levels are set out in Section 7 under Financial Bid Conditions.

## Key Worker Living

154. The Government, working with the Housing Corporation, is committed to assisting 30,000 key workers into home ownership in the five years to 2010. To complete delivery of the Key Worker Living (KWL) programme for 2010 we will need to work with providers to house eligible key workers both through Open Market HomeBuy and New Build HomeBuy. A definition of eligible key workers is provided in our Capital Funding Guide.

155. As in delivery of the 2006-08 programme, we are not looking for key worker specific New Build HomeBuy or Intermediate Rent schemes – instead we're offering key workers the opportunity to live in mixed communities. However, we will be looking for providers to identify projects they deem of particular relevance to key workers, and to identify numbers of key workers they aim to house. These numbers will be used as the basis for setting targets for housing key workers following the bid round. In KWL regions (i.e. the South East, London, the East of England and other regions choosing to prioritise key workers for assistance), the potential to house a significant proportion of key workers will be taken as evidence of a good strategic fit (see Section 6). Whilst affordability for targeted key workers is of significant importance (and we will require evidence of this) we accept

that initial sales shares on NBHB may be higher for such projects.

156. NBHB and Intermediate Rent schemes deemed of particular relevance to key workers should be identified as such in bidders' Supplementary Information. For each such project bidders should provide:

- an analysis of the key worker employers in the area;
- an outline of their marketing plan for local key workers;
- an explanation, for NBHB, of how proposed initial sales shares and rent levels on unowned equity meet the needs of the identified key workers, or, for Intermediate Rent, why this is an appropriate tenure for key workers in the location; and
- the predicted number of key workers to be housed.

## Rehabilitation

157. All of the products described can be delivered through new build or the purchase and rehabilitation of existing properties (for work to existing Social Rented stock see Grant Funding for Repairs above; 'rehabilitation' here refers to the refurbishment of any property not just Works-Only Rehabilitation). Adapted standards apply to rehabilitation schemes (see our Design and Quality Standards at [www.housingcorp.gov.uk](http://www.housingcorp.gov.uk)).

# 5 The National Affordable Housing Programme 2008-11: Competition and programme framework

## Achieving better value to increase housing supply

158. The Government has set out the scale of its ambition to tackle the unmet and emerging demand for affordable housing in England in Homes for the Future (see Section 2). This has been matched with significant additional investment through the National Affordable Housing Programme in 2008-11. However, to achieve the outputs sought, and deliver for current and future householders, these extra resources must be accompanied by significant further efficiency in the use of NAHP resources, whether in the financing of development, in land acquisition or in the supply chain. These ambitions for growth in supply will also put pressure on our delivery agencies to find land for affordable housing development.

159. Through this Prospectus we are doing two things to support affordable housing providers deliver efficiencies:

- outlining innovations in the programme framework to reduce transaction costs and make grant work better; and
- setting out our expectations for efficiency – to give clarity at the earliest stage about what we are looking to achieve.

## Efficiency

160. In preparation for the NAHP 2008-11 we have conducted a rigorous analysis of the value obtained for our investment in different regions, taking into account different policy priorities and outcomes. This showed some significant inter-regional differences. We will not, therefore, look simply to set a single efficiency target across all regions, but to put greater requirements on those areas where there is most capacity for gains.

161. In deciding on the relative scope for efficiency in different regions we have taken into account a number of factors, setting those indicating the potential for future efficiencies – relatively high existing grant rates in a region (per unit and per person); high net present values (indicated by rent levels and sales values); and high proportions of total scheme cost met by public subsidy – against those indicating limits on efficiency gains – such as high land and build costs. We have also looked at the proportions of schemes including an on-site developer contribution: low levels representing a constraint on providers' ability to lower grant rates, but indicating potential for significant efficiency across a region. The deliverability of the efficiencies proposed has been evaluated against our assessment of the potential of individual regions, in particular the capacity of developing

## Rent

Region	Annual efficiency target
East Midlands	5.5-7.5%
East of England	4.5-6.5%
London	8-10%
North East	7.5-9.5%
North West	8.5-10.5%
South East	6.5-8.5%
South West	7-9%
West Midlands	6-8%
Yorkshire and the Humber	5.5-7.5%

housing associations described in our publication *Unlocking the Door* and subsequently discussed with individual organisations.

162. Our regional efficiency targets are set out above, reflecting the achievements we need to produce target outputs for the resource available. As aspects of the Comprehensive Spending Review process are not yet complete, and to give us an appropriate degree of flexibility for bid assessment, these have been set as ranges. The percentage efficiencies represent reductions in grant per unit, after taking account of inflationary pressures on land and build costs. They are annual targets which can be summed: so a 6% annual efficiency target represents an 18% grant-per-unit reduction for allocations in the final year.

## Low-cost home ownership

Region	Annual efficiency target
East Midlands	5.5-7.5%
East of England	4.5-6.5%
London	8-10%
North East	7-9%
North West	8.5-10.5%
South East	5-7%
South West	6-8%
West Midlands	6.5-8.5%
Yorkshire and the Humber	7.5-9.5%

163. Any additional costs of the requirement for projects to meet Code for Sustainable Homes Level 3 (\*\*\*) will need to be met within these efficiency gains.

164. We will need to meet these targets across the initial bidding process and subsequent market engagements, see below. We are keen to be clear on the seriousness of our intent: we will use our competitive process to achieve these targets, and we will not make investments in areas or to organisations which compromise this success.

## Future Investment Approaches

165. In developing the NAHP 2008-11 we have worked with stakeholders, including developers from the housing association and private sectors, to create a bidding framework which, whilst respecting the need to protect public investment, works with the grain of our delivery agencies

processes to reducing transactional costs and barriers. Our aim is an investment framework able to handle and incentivise increasing volumes of high quality affordable housing, delivered at best value. The outcomes of this Future Investment Approaches work were described in the Pre-prospectus for the programme (and bidders should check this for details). In addition to some changes in process (such as reducing information collection at bidding) we are introducing four key innovations to the programme framework:

#### **i. Three-year funding**

166. We are inviting proposals from all bidders for projects which will start on site across the three-year programme length.

#### **ii. Five-year funding on strategic sites**

167. We are inviting bids from Investment Partners for projects on strategic sites which will start on site in the five years to the end of March 2013 (see Section 7, Bid Conditions).

168. Strategic sites are defined on the advice of Regional Assemblies/the Mayor of London, and a list will be published on our website. Bids for funding beyond 2011 on other sites will be rejected.

169. We will accept bids for five-year funding only where these offer high quality and excellent value and where certainty of funding is needed to unlock

delivery of a site as a whole, including earlier phases.

- Value will be assessed through the Grant Index, including discounting for later delivery (see Section 6). Comparison will be with other projects with post-2011 starts;
- We will ask bidders to set out their grant requirement for the project overall disaggregated between the various phases; and
- Bidders will be required to give a short explanation of why funding for phases commencing after March 2011 is needed to allow commencement of earlier phases.

170. We will accept bids for eligible projects with 2011-13 starts as part of regular market engagement (see below). These will be subject to the same assessment process set out above, and investment will be limited by a cap on levels of financial commitment beyond 2008-11.

#### **iii. Regular market engagement**

171. In contrast to previous programmes, the Corporation may not allocate all of the available resource through the initial bidding round and for the start of 2008-09. This will allow providers to access investment for new development opportunities, through additional market engagements, arising during the course of the programme. Additional allocations will be made on a three- or six-monthly basis, as appropriate, from October 2008 to October 2010 (or when resources are fully committed) and are available

to Investment Partners only (see The Investment Partner Route, below on future opportunities to gain Partner status).

172. Given the opportunity for access to investment during the programme, we expect bids to be well developed, and hence provide us with the required information, and demonstrably deliverable. Speculative bids on poorly worked-up projects add to our transaction costs and those of bidders. In particular, we set out below requirements for bids where a s106 agreement is being signed, in terms of progress towards agreement, and, in Section 7, for the agreement of a transfer price for homes developed by an unregistered body which is not retaining ownership.

173. Where we do not believe we are getting sufficient value in the initial bid round – through high land values, poor developer contributions, anti-competitive behaviour or any other reason – we will not make investments, returning to the market when we believe these issues to have been resolved.

#### **iv. Partnership Plus**

174. We have proposed a new form of Investment Partner status, Partnership Plus, through which top performing Partners will gain access to additional opportunities, dependent on continuing excellence in delivery.

175. We are continuing to develop the Partnership Plus framework and timetable; our aim is to move to having our first pilot group of Plus Partners by April 2008. Plus Partners will be able to discuss with the Corporation the potential for support for forward land acquisition (perhaps within individual schemes through a land acquisition tranche) and for different funding options, including more flexible use of grant as equity. We are also developing a system to offer Plus Partners the flexibility to make substitutions, up to an agreed level, without scheme-by-scheme agreement from the Corporation, whilst maintaining necessary control over public resources. We are in discussion about an appropriate control framework with the National Audit Office and other stakeholders.

176. We have previously announced that we will not appoint Plus Partners prior to the NAHP 2008-11 bidding round. Potential Plus Partners will need to show they can offer excellent value through this process. However, we do want to give an early indication of the standards Plus Partners will be expected to meet, and proposed criteria are listed below:

- a stretching of financial capacity to minimise grant, and, in particular, innovative use of capacity across the sector. Excellent value within bids made to the NAHP 2008-11 will be at the heart of initial assessment. Only organisations delivering significantly better than average will be eligible for Partnership Plus;

- delivery of high quality homes across all of an organisation's affordable housing schemes (for example, as judged by Corporation compliance audit);
- a record of timely delivery and limited change to agreed programmes (with the exception of agreed additional schemes). Assessment of performance against this criteria will focus on the accuracy of Partners' forecasting;
- excellent supply chain management (evidenced by performance against the Partnership's procurement method statement);
- a record of excellent service delivery to residents of completed homes, whether by the Partner itself or by the final managing or owning organisation for the stock, evidenced by working at a 2\* level; and
- in London, aspirant Plus Partners are encouraged to show how they are addressing green issues, and in particular, greening their organisations and existing homes as well as developing new greener homes.

177. We have consulted with a number of interested organisations and will develop these discussions, on issues raised for the Partnership Plus pilot, across the bid round.

### **Achieving better value through the planning system**

178. The changing planning system was described in the Pre-prospectus and bidders should check this for details.

179. The Pre-prospectus notes that the existing system of securing developer contributions through planning obligations, generally in kind, has been of enormous benefit to the provision of affordable housing. However, it has sometimes made it difficult to assess the need for additional grant funding, when the level of developer contribution has been opaque or yet to be agreed. Our implementation of regular market engagements means that premature bids need no longer be considered for fear of losing the development opportunity. We are, therefore, setting some specific conditions on the timing of bids on sites where developers are contributing towards the provision of affordable housing through a planning obligation.

180. Such bids will need to certify, via IMS, that they have, in order of preference, one of:

- i. a validated economic appraisal of the site and proposed level and mix of affordable housing using a recognised tool (such as the Corporation's Economic Assessment Tool or the GLA's Development Control Toolkit) and the values produced for grant required; or
- ii. a signed s106 agreement which offers different outcomes of affordable housing provision (levels and mixes) based on assumptions of different levels of grant ('cascade agreements'); or
- iii. another form of validated assessment (e.g. evidence from the local authority that the level of grant funded affordable housing provision proposed by tenure and number is additional



to that which can be provided by developer contributions alone).

Relevant documents should be available for inspection on request. All project bids with a developer contribution are required to include an estimate of the value (in £s) of that contribution, this value being reflected in reduced total development costs.

181. Our aim is to provide grant where this is purchasing additional affordable housing outcomes, and where the level of developer contribution represents an appropriate response to the site economics. We will not fund the simple purchase by a housing association of affordable housing delivered with developer contributions through a planning obligation.

182. On large strategic sites, the Corporation is increasingly engaged in twin-track conversations covering negotiations of developer contributions and discussion of Corporation grant. We welcome this early engagement, where discussion is supported by rigorous economic assessment.

183. Historically, there has been significant variation in local authority performance in achieving developer contributions for affordable housing through planning obligations. This has had a regional element, with little such developer contribution in many areas of the North, partially due to real or perceived low land values. In approaching such areas in the 2008-11 programme, the Corporation will consider whether

opportunities for more extensive developer contributions could have been achieved and regard bids as premature where they have not – using the opportunity of further market engagements to achieve better value.

184. The Corporation will not fund projects where conditions within a s106 project conflict with the requirements of bidding documentation or the Capital Funding Guide, for instance in relation to grant recovery, the role of HomeBuy Agents or the assignment of New Build HomeBuy properties. Corporation-funded homes built on site under a planning obligation must meet our standard design and quality requirements.

## **Competition**

185. The National Affordable Housing Programme framework is designed for the efficient handling of high volumes of projects, with open competition for investment the key driver of value.

186. To be successful in the initial NAHP 2008-11 bid round, affordable housing providers must make their best offer at initial submission. We will continue dialogue and clarification with bidders (see Communications with the Corporation in Section 7) but will not negotiate primarily on price on individual projects or sets of projects. Where we believe a provider is asking for excessive grant on otherwise good projects, or failing to make use of its financial capacity (the subject of discussions with individual housing associations following publication of our Unlocking the Door

report), we will work with it to achieve better results within later market engagements.

187. Competitive assessment of project bids will be blind to the route through which the bid was submitted, that is the Investment Partner or Specialist route.

188. In qualifying Investment Partners to the NAHP 2008-11 we have added a range of additional providers and, as we indicated in the Pre-prospectus, relaxed our programme-size threshold where this was in the interests of competition. We have achieved a vigorous market for our investment in all regions.

189. We are pleased to have formed relationships with a variety of types of provider, including housing associations, private sector developers, Arms Length Management Organisations (ALMOs) and local authority Special Purpose Vehicles (SPVs). Our assessment of bids is conducted on the projects proposed, and aims at equal treatment for the proposals of different organisation types. The particular structure of ALMOs and local authority SPVs impacts negatively on their performance in some of our assessment tests, and our intention is to ensure equal treatment across the assessment as a whole. Details are provided in the Pre-prospectus and we continue to discuss issues arising with the National Federation of ALMOs and individual local authorities.

## The Investment Partner route

### Pre-qualification

190. In July 2007 the Corporation announced the successful applicants for Investment Partner status for the 2008-11 programme. Through the pre-qualification process these organisations had demonstrated:

- good standing;
- the technical capacity to deliver development projects; and
- the financial capacity to handle significant values of grant and financial viability across the programme.

191. We recognise that the pre-qualification timetable, whilst necessary, was not suited to all organisations, particularly some local authorities and ALMOs due to election timetables. It is the Corporation's intention to re-open the process in 2008-09. Details will be published then.

### Changes to Partnerships

192. Proposed changes to a pre-qualified Partnership should be addressed to the Corporation's Director of Investment. We will consider requests for changes to consortia only where these demonstrably add development capacity, access to land or access to the skills of BME housing associations (or in response to changed circumstances, such as merger or another organisation's loss of Investment Partner status).

It will not be possible to accept significant changes (i.e. of more than 25% of development capacity, up or down, which would necessitate re-submission of PQQ documentation) prior to bidding and assessment for the NAHP 2008-11. As noted above, there will be a further pre-qualification opportunity in 2008-09.

### Capacity

193. We will want to have assurance that organisations owning stock are viable in the long term. Specific requirements are set out under Supplementary Information in Section 7. During the bid assessment process we will evaluate the impact of proposed allocations on a bidding organisation's capacity – if appropriate at a cross-regional level – and discuss this with the bidding organisation where relevant.

### Project bids

194. We welcome bids which encompass a range of tenures and project types. However, we realise that some Partners will achieve excellence in quality and efficiency through specialisation. We welcome bids for supported housing from unregistered bodies.

### Nil-new grant projects

195. As in previous bid rounds, Investment Partners are invited to submit projects for which there is no new grant requirement (but which may make use of recycled grant) and we welcome their

inclusion in bids. Nil-new grant projects which are successfully delivered will have a positive impact on an organisation's value-for-grant comparator score. However, the offer of nil-new grant projects will not affect the assessment of a bidder's other projects.

196. Nil-new grant projects using recovered grant (RCGF or DPF) will need to meet Corporation funding conditions, and the bid conditions set out in Section 7, including the relevant Design and Quality Standards. Nil-new grant projects which do not use recovered grant may be accepted without meeting the relevant Design and Quality Standards, though it is our strong preference that they do so. For all nil-new grant projects, Supplementary Information (see Section 7) will not be required, except that relating to supported housing, where relevant.

197. We will continue to ask for quarterly monitoring returns on units produced using recycled grant which are not logged on the Investment Management System. As submitted nil-new grant units are logged, additional monitoring will not be required.

### Programme management and accountability

198. The Corporation's continuing relationship with successful bidders is secured via the Partnering Programme Agreement (PPA, for housing associations) or the Grant Agreement (for unregistered bodies). Organisations must enter the relevant agreement before grant can be drawn

down. Both documents will be available from the Corporation's website, and aspects of the Grant Agreement are discussed at Section 7, Issues for Partners who are Unregistered Bodies. Through schedules to the PPA and GA, the Corporation will agree with Partners key delivery milestones for each project. The Corporation treats delivery to these milestones, appropriate and timely warning of any problems with delivery, and accurate maintenance of forecast and delivery data on IMS with the utmost seriousness (see paragraph 202). We are looking for a step change in the accuracy of forecasting in the 2008-11 programme. Programme management requirements are set out in the Capital Funding Guide.

199. For registered social landlords, continuation of Investment Partner status is conditional on retaining four green traffic lights within the HCA system for all consortia members, with an appropriate period for remedial action (see the PPA and Funding Conditions). The Grant Agreement imposes parallel constraints on unregistered bodies, intended, as far as possible, to achieve an equality of outcome.

200. We will provide annual feedback to Partners on performance. In particular we will look at:

- achievement of delivery targets;
- value for grant comparator scores (covering economy, quality and timely delivery);
- the volume of requests for changes to milestone dates; and

- the volume of requests for waivers from Design and Quality Standards.

These dimensions will form the basis of assessment of continuing Partner status for future programmes.

201. Past programmes have seen significant levels of change to projects between allocations being made and the programme being opened. Whilst we recognise that this is in part due to projects being brought forward to help with the current year's delivery, we also believe this reflects poor forecasting by providers. Any such changes will be included in our assessment of providers' performance.

202. If, on completion, housing accepted into the NAHP 2008-11 does not meet the minimum Design and Quality Standards set out at bidding, grant will not, in general, be paid (and any grant paid recovered). If housing does not meet the standards set out for the units at bidding the Corporation will, at its discretion, pay no grant or reduce the amount of grant. If a provider requests a waiver for a standard set out at bidding, the Corporation will, in general, refuse. Where a waiver is issued, grant will normally be reduced.

203. Investment Partnering is founded on a principle of appropriate risk sharing between the Corporation and its Partners. The Corporation will not reduce grant if project costs are lower than those indicated at bidding; nor will the Corporation provide additional grant where costs

increase unexpectedly – we will, however, expect to see the agreed outputs delivered.

204. Continued delivery of high volumes of affordable housing through 2010-11 and beyond is dependant on identifying a supply of appropriate residential land and development opportunities. We will look to Partners to help us in monitoring the medium-term land supply, and in turn the Corporation will look to influence national, regional and local stakeholders to ensure sufficient supply is available.

## The Specialist Provision route

205. The Specialist Provision route was described in the Pre-Prospectus and bidders should check this information. We will restrict bidding through the Specialist Provision route to six areas:

- rural provision – in settlements with a population of less than 10,000;
- black and minority ethnic provision – where the housing is specifically designed to meet the needs of an ethnic minority community and the bid is accompanied by an appropriate method statement describing this, which we will assess;
- supported housing – provision meeting the definitions in the Corporation’s Circular 03/04;
- environmental innovation – CSH Level 5 (\*\*\*\*) and above schemes;
- for bids to the Temporary to Settled Initiative in London; and

- for the provision of housing to be transferred to a Community Land Trust.

## Community Land Trusts

206. Community Land Trusts (CLTs) are based on a legal model which makes locally controlled affordable homes available in perpetuity by locking in the land value. They provide a framework within which the sustainability of the communities being created is safeguarded by the community itself. The Corporation is working with Salford University to assist pilot CLTs to get underway, usually with housing association help. We are looking to develop investment models aligned with the structure and spirit of CLTs.

207. However, for this bid round we will adapt existing processes. Bidding and development will be conducted by a partner affordable housing provider, who will need to be either an Investment Partner, or eligible for funding under the specialist route. Bids for projects to be transferred to a CLT should be submitted separately and must include supplementary information stating the identity of the CLT. As CLTs are a new vehicle we are likely to require additional information and clarification subsequent to the first submission and assessment may fall outside the main bid round timetable.

## Unregistered bodies supported by a representative organisation

208. We have created a facility for certain unregistered bodies to bid through the Specialist Provision route, where we have come to an agreement with a representative body on support for bidding and a standard form of grant agreement. We currently have such an agreement with the Almshouse Association in relation to remodelling and repair. We recognise the importance of ensuring that almshouses offer decent, modern accommodation, and, within the competitive process, will support bids to achieve this, where resources are available.

209. We will be unable to enter any further such agreements prior to the opening of the bid round, but are open to contact from representative bodies in relation to future bidding, where this aligns with national policy.

210. Note the Specialist Provision route is not open to other unregistered bodies.

# 6 The National Affordable Housing Programme 2008-11: Assessment

## The assessment process and criteria

211. The NAHP is an ambitious and complex investment programme. It is the route by which the Housing Corporation will deliver the increased supply of affordable homes set out in Section 2 and the efficiencies in grant use described in Section 5. However, it also encompasses a range of important policy intentions in areas such as homelessness, supported housing, rural housing and key worker recruitment and retention (see Sections 3 and 4). Both the ambitions for supply and the policy priorities have national, regional and local dimensions.

212. This mix of aims – and the tensions which can exist between them – requires an assessment process which is sophisticated in its use of information and in its judgements, but which retains clarity for all involved. Our process will comprise two main phases.

213. The first will assess bids against a number of compliance conditions, with a simple pass/fail outcome. These conditions cover conformity with the bidding process, but also the achievement of minimum standards in relation to build design and quality, and are set out in Section 7.

214. The second will be a competitive assessment of bids for projects. In selecting projects we want to invest in we will use four assessment criteria:

- value – in terms of total public subsidy per home and per person housed. Total public subsidy is our grant plus other eligible funding. It is defined fully in the Pre-prospectus and Capital Funding Guide;
- quality – judged using our Design and Quality Standards, and rewarding quality above the minimum standards set for all projects;
- deliverability – with particular concern for planning status; and
- policy fit – judged by fit with national, regional and local strategies.

215. These criteria are not ranked: we will not invest in a scheme which sits outside regional priorities, however good the value offered.

216. Value and quality will be assessed using the Grant Index, introduced in the NAHP 2006-08, which produces a ranked list of proposed projects. This is described in detail below.

217. Deliverability and policy fit are assessed through the judgement of our regional teams.

- Judgements of policy fit are restricted to defined areas: fit with published local strategies (such as Supporting People strategies); fit with regional housing strategies/ investment plans (as summarised at Annex 1); and fit with the national policies outlined in this Prospectus; and



- Judgements will be based on information supplied by bidders (through IMS and as Supplementary Information, see Section 7, or through clarifying discussion) or local authorities. Regional teams will collect information on all projects from local authorities/sub-regions, using the pro forma shown at Annex 4.

218. We recognise that some criteria will work in particular ways for some types of bidder: for example, ALMOs are likely to receive a poor value assessment due to the classification of their borrowing as other public subsidy. However, we will ensure equal treatment of all bidders across the set of criteria as a whole, as discussed in Section 5.

219. Aggregated regional programmes will be provided to Regional Assemblies/the Mayor of London for agreement. The overall national programme is subject to agreement by the Minister for Housing and Planning.

## The Grant Index

220. The Grant Index (GI) assesses each project along two dimensions.

- (i) The value which will be obtained for the public subsidy sought. This is:
  - adjusted for the time of delivery, with early delivery assessed positively;
  - adjusted to equalise between the different tenure mixes on different projects (to avoid advantaging tenures which require less grant); and
  - calculated per unit and per person housed – to ensure we are not disadvantaging bids for larger homes.

Note the treatment of other public subsidy, including for ALMOs was discussed in the Pre-prospectus.

- (ii) The proposed quality of the homes to be produced, through an adjustment to the total public subsidy score.

221. A process map for calculating GI scores is shown in Table 1.

**Table 1: Calculating a Grant Index score**

Factor	Explanation
(1) Costs adjusted for time and quality	Calculates the total subsidy proposed for a project and adjusts this for the proposed quality of provision, beyond the minima required for standard bids.
(a) Total public subsidy (£)	Comprises: <ul style="list-style-type: none"> <li>• Social Housing Grant requested;</li> <li>• other public subsidy, where relevant; and</li> <li>• recycled grant and disposal proceeds, where relevant.</li> </ul>
(b) Time adjustment	For schemes completing after April 2009, 6% of Total Public Subsidy is added per annum (to incentivise early completion).
c) Quality adjustment	An HQI factor is calculated (see below) and added, for projects assessed as lower quality (effectively increasing the public subsidy figure), or subtracted for projects assessed as higher quality (effectively lowering the public subsidy figure).
(d) Total adjusted subsidy	$d = a+b+c$
(2) Outputs	Data on outputs taken from the Investment Management System
e) Units	Total homes provided by the project. Tenures are weighted to reflect the different average grant levels for Rent and LCHO, and hence equalise between projects with different proportions of each tenure. LCHO units are weighted as 0.5 of Social Rented units.

Factor	Explanation
f) People housed	Number of people housed through the homes provided, measured in terms of bed spaces. Figures are weighted, to reflect the different average grant levels for rent and LCHO, in the same way as for Units.
g) Total adjusted subsidy per unit	$g = d / e$
h) Total adjusted subsidy per bedspace	$h = d / f$
<b>(3) Grant index calculation</b>	
(i) Unit comparator	The calculated scores in (g) and (h) are converted to an index score by dividing by the average grant per unit in 2006-08 for the relevant local authority.
j) Per person comparator	The calculated scores in (g) and (h) are converted to an index score by dividing by the average grant per person in 2006-08 for the relevant local authority.
<b>(k) Grant index</b>	$k = (g / i) + (h / j)$

222. All things being equal, a lower GI will represent better value for money. However, the output from the Grant Index is not a set of project scores, but a ranking of projects based on those scores: the absolute scores have little meaning and are not used in assessment.

223. Grant Index outputs are considered alongside the assessment of deliverability and of fit with policy priorities. All else being equal, we will prefer a project with a better GI ranking. However, we will invest in schemes with a relatively low ranking where these have demonstrable advantages

in terms of other criteria. We will not invest in projects which have a good GI ranking if they are not relevant to national, regional or local policy priorities. We are able to generate GIs for different tenure types and for different geographic areas; we will do this to support our decision making.

## Quality assessment

224. Our assessment of quality will be conducted using the Corporation's Housing Quality Indicators (HQI) system. This is a tool designed to allow

housing outputs to be evaluated on the basis of quality, through quantified measurement, rather than simply cost. HQI scores cover aspects of the internal environment (unit size, unit layout and services), but also sustainability (based on the Code for Sustainable Homes) and the external environment (based on Building for Life criteria). Details of our Design and Quality Standards, which include information on the Housing Quality Indicators and their revision for 2008-11, can be found on our website.

225. All homes within standard bids must meet or exceed HQI-based core standards set out in Section 7. In addition, GI scores include an adjustment reflecting the level of performance beyond these core standards in five specific HQI areas: size, layout, noise, sustainability and external environment. The adjustment gives credit

to projects with above average HQI scores by, in effect, reducing the public subsidy figure by up to 15%. Conversely, for projects with HQI scores below the national average the adjustment, in effect, increases the public subsidy figure by up to 15%.

226. For each of the five specific HQI areas, an adjustment factor in the range between -15% (for a score equal to the published maximum) and +15 (for a score equal to the published minimum) is calculated. An HQI score which is the same as the published average results in no adjustment. The average of the five HQI adjustment factors is applied to the total public subsidy in the GI.

227. For information, the minima, maxima and averages that will be used for each HQI area (as relevant to specific products) are set out in Table 2.

**Table 2: Housing quality index maximum, minimum and neutral scores**

		Size	Layout	Noise	Sustainability	External environment
Rent (new build)	Minimum	41.0	32.0	33.0	45.0	50.0
	Neutral point	56.0	57.0	61.0	60.0	60.0
	Maximum	71.0	82.0	89.0	75.0	70.0
	Weights	25.0%	12.5%	12.5%	25.0%	25.0%
Intermediate Rent (new build)	Minimum	41.0	32.0	33.0	45.0	50.0
	Neutral point	56.0	57.0	61.0	60.0	60.0
	Maximum	71.0	82.0	89.0	75.0	70.0
	Weights	25.0%	12.5%	12.5%	25.0%	25.0%

Rent (rehabilitation)	Minimum	41.0	32.0	33.0	30.0	N/A
	Neutral point	56.0	57.0	61.0	45.0	N/A
	Maximum	71.0	82.0	89.0	60.0	N/A
	Weights	34.4%	15.6%	15.6%	34.4%	N/A
Intermediate Rent (rehabilitation)	Minimum	41.0	32.0	33.0	30.0	N/A
	Neutral point	56.0	57.0	61.0	45.0	N/A
	Maximum	71.0	82.0	89.0	60.0	N/A
	Weights	34.4%	15.6%	15.6%	34.4%	N/A
New Build HomeBuy	Minimum	26.0	32.0	33.0	45.0	50.0
	Neutral point	41.0	57.0	61.0	60.0	60.0
	Maximum	56.0	82.0	89.0	75.0	70.0
	Weights	25.0%	12.5%	12.5%	25.0%	25.0%

## Schedule

4 September 2007	Publication of Prospectus and launch of bid round.
2 November 2007	Close of bidding.
January 2008	Presentation of draft regional programmes to Regional Assemblies/Mayor of London.
February 2008	Presentation of draft national programme to the Minister for Housing and Planning.
March 2008	Announcement of programme; commencement of signature of Programme Partner Agreements/Grant Agreements by Investment Partners.
1 April 2008	Commencement of NAHP 2008-11.

# 7 The National Affordable Housing Programme 2008-11: Bidding

## Bid conditions and compliance requirements

228. For the purposes of this section, unless otherwise stated, 'unregistered bodies' means all organisations who are not Registered Social Landlords (RSLs) and, for the avoidance of doubt, includes ALMOs, local authorities and Special Purpose Vehicles.

## Compliant Bids

229. The Corporation requires the submission of Compliant Bids.

A Compliant Bid is one that is:

- either a Standard or Variant Bid, as defined below;
- submitted on the Corporation's Investment Management System (IMS) with the completion of all required fields in the format specified;
- supplied with the required Supplementary Information set out below.

### Standard Bids

230. A Standard Bid must be fully compliant with the Bid Conditions, set out below.

### Variant Bids

231. A Variant Bid may include one or more schemes (variant schemes) that contain homes that do not meet all of the design and quality standards of the development Bid Conditions, set out below. A Variant Bid (and variant schemes) must be fully compliant with all other Bid Conditions.

232. A variant project must only be submitted if compliance with the core Design and Quality Standards cannot be achieved. When the variant scheme is submitted the bidder must, through the specified fields on IMS, state the scores achieved against the core standards; provide evidence as to why compliance cannot be achieved; and state how the scores achieved are reflected in the grant requested.

233. If a bidder proposes to submit a variant project, it is encouraged to contact the Corporation to discuss its proposals before it undertakes any detailed work. Quality is one of our key criteria for assessing bids, see paragraph 223, and variant projects will, in general, be assessed poorly.

### Bid conditions

234. Submission of a bid using the 'submit' facility of IMS is deemed to be certification of the accuracy of the information provided and compliance

with and acceptance of the Bid Conditions and compliance requirements set out in this section and the bidding and policy framework set out in this Prospectus.

### Financial bid conditions

#### (i) Additionality:

235. For each project, the grant applied for must be necessary in order for the project to be delivered as affordable housing.

#### (ii) Rent levels:

- (a) Social Rented homes – for projects providing rented accommodation on Affordable Housing for Rent terms, rents must conform to the Corporation’s target rent regime as set out in the Corporation’s document, Rent Influencing Regime: Implementing the Rent Restructuring Framework. (As set out in the Pre-prospectus, bids for Social Rented projects must show proposed rents set at target rent levels, to facilitate systematic and consistent comparison when assessing bids. This requirement only applies to the bid. In line with the rent restructuring framework, rents charged may be set in line with an organisation’s existing rents for comparable properties, with the rent phased to achieve the target rent by the end of the implementation period.)

- (b) Temporary Social Housing – for TSH, rents and the housing benefit eligible service charges (HBSC) set on first letting will be in line with those quoted in the bid and must not increase annually by more than RPI +0.5%.

- (c) Intermediate Rent – rents for homes let on assured short-hold tenancies must not be set higher than 80% of local market levels (as defined in relation to the Rent Assessment Committee’s “reasonable rent”) and must not increase annually by more than RPI +0.5%.

- (d) New Build HomeBuy – charges on the capital value of the unowned share must be set at a target rate of 2.75% or lower, with a cap of 3%, rising by a maximum of RPI plus 0.5% a year.

#### (iii) Financial independence:

236. Each project must be financially independent of the others within the bid, giving the Corporation discretion over which projects it wishes to select. We will conduct a viability assessment, using the financial data collected, to verify the independence of each project. This in no way precludes the use of internal subsidy by an organisation, to offer excellent value (though we will look to ensure that the total level of internal subsidy across all of an organisation’s bids to not compromise its financial sustainability).



237. For the Partnering programme only:

(iv) No material adverse change:

238. There must not have been a material adverse change in the financial strength of the bidder from the information included in the NAHP Pre-Qualification Questionnaire (at the time this was submitted) or, if this has occurred, the change is such that the bidder would still have been eligible for detailed bidding.

#### **Development bid conditions**

(i) Design and Quality Standards:

239. Each home must meet or exceed the core Standards set out in the Corporation's current Design and Quality Standards. For new build homes:

- (i) for the internal environment, minimum Housing Quality Indicator (HQI) scores for unit size (41), unit layout (32) and noise (22);
- (ii) for sustainability, achieve at least Level 3 (\*\*\*) of the Code for Sustainable Homes (including full available points for security); and
- (iii) for the external environment, achieve at least 12 out of the 20 Building for Life criteria depending on the type of scheme.

240. For refurbished homes:

(i) for the internal environment, as for new build;

- (ii) for sustainability, achieve a minimum HQI score of (30) for sustainability; and
- (iii) external environment not applicable.

241. For projects in the Thames Gateway of more than 200 homes, enhanced standards must be met, as described in Section 2.

(ii) Commencement:

242. With the exception of projects on Strategic Sites, each project must have started on site by 31 March 2011.

243. For projects on Strategic Sites, each project must have started on site by 31 March 2013.

(iii) Completion:

244. With the exception of projects on Strategic Sites, the completion date of the affordable homes in each of the projects must fall on or before 31 March 2014. The Corporation will give preference to projects that complete earlier.

245. For projects on Strategic Sites, the completion date of the affordable homes in each of the projects must fall on or before 31 March 2016. The Corporation will give preference to projects that complete earlier.

(iv) Management and maintenance standards:

(a) Unregistered bodies that wish to retain ownership of schemes

246. The bidder must provide the information and confirmations relating to the Housing Management Accreditation Scheme and housing management service standards detailed in paragraph 306, under Issues for Partners who are Unregistered Bodies.

(b) Housing associations

247. The bidder must comply with all of the Corporation's regulatory requirements in relation to the management and maintenance of affordable homes.

**Legal bid conditions**

(i) Amendments to the contractual documentation:

248. The bidder must not make any amendments to the Grant Agreement (unregistered bodies only) or Partnering Programme Agreement (housing associations submitting bids via the Partnering programme route only).

For the Partnering programme only:

(ii) No change in organisation information

249. By submitting a bid through IMS the bidder will be warranting that there has been no change (that has not been agreed by the Corporation) in the information provided by the bidder (as respondent organisation) and all or any of the participating organisations (as defined in the

NAHP Pre-Qualification Questionnaire) at Sections 1 to 4 (inclusive) of the NAHP Pre-Qualification Questionnaire (at the time this was submitted).

## Supplementary information requirements

250. This section sets out the information that all bidders are required to provide in addition to their IMS submission. For Investment Partners this information is provided by the Lead Partner for (i) to (vi) and (ix), and for (viii) by appropriate Lead Partners and developing organisations. In all cases Lead Partners should cover the work of consortia members who are developers.

251. In all cases, where the Supplementary Information refers to a specific project, the project ID number should be included.

**(i) Meeting the needs of vulnerable people**

252. Where funding is requested specifically for one-bedroom properties on the basis that this is providing move-on accommodation, bidders must submit evidence of need as described in paragraph 47 of Section 3.

253. For each supported housing bid, the bidder must submit the information described in paragraph 49 of Section 3.

**(ii) Meeting the needs of black and minority ethnic communities**

254. Bidders must either:

- (a) confirm that none of the projects bid are in a relevant area, as described in paragraph 62 of Section 3; or
- (b) submit a method statement as described in paragraphs 62-64 of Section 3.

**(iii) Temporary Social Housing**

255. All bids must include a confirmation of approach to move-on as described in paragraph 90 of Section 4.

**(iv) Targeting existing social tenants for low-cost home ownership**

256. Bidders for New Build HomeBuy projects may wish to provide supplementary information showing demand from current social tenants for new homes as described in paragraph 101.

**(v) New Build HomeBuy**

257. For each New Build HomeBuy project (using the project name, region and local authority as a sub-heading) bidders must submit the information described in paragraph 108 of Section 4, or for projects deemed as of particular relevance to key workers (as described in paragraphs 154-156 of Section 4) the information described in paragraph 156.

**(vi) Intermediate Rent**

258. For each Intermediate Rent project (using the project name, region and local authority as a sub-heading) bidders must submit the information described in paragraph 152 of Section 4, or for projects deemed as of particular relevance to key workers (as described in paragraphs 154-156 of Section 4) the information described in paragraph 156.

**(vii) Capacity models for stock-owning organisations**

259. Where organisations intend to retain the long-term ownership of stock developed with grant we need to be confident that they will maintain their financial viability into the future. We, therefore, require that for organisations that are:

- (a) Lead Partners, or consortia members, that expect to bid to develop more than 100 grant funded homes (across all consortia of which they are part); and
- (b) planning to own more than 100 homes for more than six months beyond completion (inclusive of shared ownership units);

the Corporation's 30-Year Capacity Model must be completed. Details are given in the Pre-Prospectus and the 30-Year Capacity Model may be downloaded from the Corporation's website. For organisations meeting the criteria above, no allocations will be made unless the 30-Year

Capacity Model is submitted, or will be conditional upon submission.

#### (viii) Projects submitted via the Specialist Route

260. Bidders must submit an explanation of why their projects cannot/should not be developed through the Partnering programme route, as described in the Pre-prospectus.

261. Bids for projects that are to be transferred to a Community Land Trust, as described in paragraphs 206 and 207 should be submitted separately and must include supplementary information stating the identity of the CLT.

#### (ix) Partners who are Unregistered Bodies

262. All relevant bidders should provide the information laid out in paragraphs 294 and 295 of Section 7.

### Bidding for projects known to the Corporation

263. Bidding for existing reserve schemes, schemes with a pre-allocation from the NAHP 2006-08 and schemes bid to the Northern Housing Challenge is described in the Pre-prospectus.

### Rejection of bids

264. Any bid or other documents submitted by any bidder who does any of the following may be rejected by the Corporation:

- (i) fixes or adjusts the amount, prices, charges and rates shown:
  - (a) by, or in connection with, any agreement or arrangement with any other person; or
  - (b) by reference to any other bid; or
- (ii) enters into any agreement or arrangement with any other person that such other person shall refrain from submitting a bid or shall limit or restrict the amounts, prices, charges and rates to be shown by any other bidder in its bid and other documents; or
- (iii) offers to, agrees to, or does pay or give, any sum of money, inducement or valuable consideration, directly or indirectly, to any person for doing, or having done, or causing, or having caused, to be done in relation to any other bidder, or any other proposed bid, or other documents, any act or omission.

265. Any rejection by the Corporation shall be without prejudice to any other civil remedies available to the Corporation.

### Non-consideration of bids

266. As well as rejecting a bid, the Corporation may refrain from considering a bid, in whole or in part, if either:

- (i) it does not comply in any respect with the requirements set out in this Prospectus or on IMS and related documentation; or
- (ii) it contains any omissions or qualifications.

267 The Corporation wants to ensure that all data collected on IMS, whether for assessment or monitoring purposes, is accurate and complete. Where any relevant data fields are not completed or completed with invalid information the Corporation will seek amendment and retains the right not to consider the bid, in whole or in part.

## Bid completion submission

### Bid co-ordination

268. Bids should be co-ordinated by:

- (i) the bidder (where the bidder is a single entity bidder);
- (ii) the Lead Partner (where the bidder is a consortium); or
- (iii) the principal SPV shareholder (actual or designated), where the bidder is an SPV.

269. Bid co-ordinators are responsible for ensuring that all of the information supplied is accurate.

### Bid submission

270. Bids must be:

- (i) submitted through IMS;

- (ii) all supplementary information must be submitted via e-mail to [suppinfo.nahp08-11@housingcorp.gsx.gov.uk](mailto:suppinfo.nahp08-11@housingcorp.gsx.gov.uk). Hard copies are not required except for:
- (iii) appropriately signed BME method statements (or confirmation that this is not required) must be received by the Corporation by Registered Post or Recorded Delivery or delivered by hand (only in normal working hours). It must be sealed in a single, plain, sealed package with the address label (a template of which will be provided by the Corporation) attached prominently to the outside of the package. The package, envelope or any franking thereon, must not bear marks, signs or reference which might indicate the identity of the bidder. It should be addressed to:

NAHP 2008-11: BME method statement  
Housing Corporation  
7th floor  
Maple House  
149 Tottenham Court Road  
London W1T 7BN

and received by 4pm on 2 November 2007.

- (iv) where required, other supplementary information must be received by the Corporation in separate (i.e. one per item of supplementary information) Microsoft Word documents, attached to an email to

suppinfo.nahp08-11@housingcorp.gsx.gov.uk  
and by 4pm on 2 November 2007.

271. Bids received after this time and date may not be considered for acceptance.

272. In order for the different parts of Supplementary Information to be easily identifiable in the electronic versions, all documents are required to be submitted in a prescribed format.

273. Each document should be named with the name of the organisation, the title of the relevant heading and the name of the region it applies to, e.g. AA Housing-Vulnerable people-London, where 'AA Housing' is the name of the bidding organisation, 'Vulnerable people' is the relevant heading and 'London' is the region the information applies to.

274. For each area of Supplementary Information (see heading listed below), each piece of Supplementary Information must only contain information relating to one region. If information relates to more than one region, one copy must be submitted for each region.

275. Please ensure that, where appropriate, each of the following headings are covered by separate attached documents in the Supplementary Information e-mail:

- (i) Vulnerable people (see paragraphs 47),  
e.g. AA Housing-Vulnerable People-London;

- (ii) Supported housing (see paragraph 49),  
e.g. AA Housing-Supported housing-North West;
- (iii) Temporary Social Housing (see paragraph 90),  
e.g. AA Housing-Temp social housing-East Midlands;
- (iv) New Build HomeBuy projects (see paragraphs 101 and 108), e.g. AA Housing-NBHB-North East;
- (v) Intermediate Rent (see paragraph 152),  
e.g. AA Housing-Intermediate rent-Yorkshire & Humberside;
- (vi) Key workers (see paragraph 156),  
e.g. AA Housing-KWs-South East;
- (vii) Specialist provision (see Pre-prospectus),  
e.g. AA Housing-Specialist-London;
- (viii) Capacity models (see paragraph 193),  
e.g. AA Housing-Capacity-North East;
- (ix) Community Land Trusts (see paragraph 207),  
e.g. AA Housing-CLT-South West; and
- (x) Unregistered bodies (see paragraphs 294 and 295), e.g. AA Housing-URBs-East of England.

276. Any queries relating to the submission of supplementary information should be sent to: [enquiries.nahp@housingcorp.gsx.gov.uk](mailto:enquiries.nahp@housingcorp.gsx.gov.uk)

277. Bids must not be qualified in any way; must be submitted strictly in accordance with the requirements of this documents; and not be accompanied by any statement that could be construed as rendering the bid equivocal and/or placing it on a different footing from other bids.

## Additional legal notes on bidding

### Funding conditions

278. All RSLs receiving an allocation of grant will be required to enter into the Corporation's Funding Conditions, available on the Corporation's website.

### Data Protection Act 1998 (DPA)

279. Bidders must at all times:

- comply with the DPA, as amended from time to time; and
- indemnify the Corporation against loss, destruction or procuring of data contrary to the DPA by the bidder, its servants or agents.

### Freedom of Information Act 2000 (FOIA)

280. The Corporation is a public authority under the FOIA (the Act). Under the Act, members of the public or any interested party may make a request for information held by the Corporation at the time of the request.

281. The Corporation will consider the disclosure of any information, contained in any bid, subject to the exemptions of the Act, notwithstanding the procedure described below. The attachment of a blanket label of 'private and confidential' or 'commercial in confidence' to a bid may not exempt it from disclosure under the Act.

282. If a bidder considers that all or any part of its bid and/or any specific information constitute a trade secret; that information is commercially sensitive information disclosure of which would be likely to prejudice the commercial interests of any party; believes that a duty of confidentiality applies or otherwise considers that such documents and/or information falls within any other exemption set out in the Act; the bidder should:

- attach information it considers to be commercially sensitive, e.g. costing or a trade secret in a separate schedule marked 'commercially sensitive information' and include a time limit for the sensitivity of the information; and
- identify the particular Act exemption that the bidder claims applies in the particular circumstances.

283. Bidders should do so in full knowledge of the relevant terms of the Lord Chancellor's Code of Practice (the Code) under Section 45 of the Act, giving advice to public authorities on the handling of requests under the Act. This will enable bidders to make such claims based on reasons that address the requirements of the Code.

284. Further information and guidance about the Freedom of Information Act can be found at the Information Commissioner's website, [www.ico.gov.uk](http://www.ico.gov.uk). To download a copy of the Lord Chancellor's Code of Practice 45, please visit the



Department of Constitutional Affairs website,  
www.dca.gov.uk.

### **Intellectual property**

285. Bidders are responsible for ensuring that no document prepared as part of a bid will infringe any intellectual property rights (including without limitation, patents, trade marks, designs, design rights, copyright, inventions, trade secrets, know-how, confidential information, and any applications for protection of the any of them). Bidders will retain intellectual property rights in all documents they prepare as part of a bid, and the Corporation will not copy or use any such documents other than for the purpose of evaluation of bids and selection of the projects.

286. The Corporation reserves the right to retain all bids submitted by bidders.

287. Bidders will undertake to indemnify the Corporation against all actions, claims, demands, liability, proceedings, damages, costs, charges and expenses whatsoever arising out of or in connection with any breach of the provisions of this section.

288. The Corporation asserts its intellectual property rights over all bidding guidance and related documentation.

### **Responsibility for bids**

289. All costs, expenses and liabilities incurred by bidders in connection with the preparation and submission of bids, and in discussion with the Corporation, and (in the case of acceptance of a bid by the Corporation) in connection with the execution of the Grant Agreement and Rentcharge or Partnering Programme Agreement and all relevant documents, are to be borne by that bidder.

290. Bidders must satisfy themselves of the accuracy of any information provided by the Corporation. The Corporation accepts no responsibility or liability whatsoever for any loss or damage of whatever kind and howsoever caused arising from or in consequence of the use by bidders of such information.

291. The Corporation makes no representation regarding any bidder's financial stability or standing, technical competence or ability in any way to carry out the programme.

### **State aid**

292. The European Commission announced on 15 July 2005 its decisions regarding an exemption relating to state aid for services of general economic interest, including affordable housing.

293. In compliance with this decision, the Corporation and its delivery partners must ensure grant does not represent over compensation. The Corporation therefore sets out rules on separate

accounting for affordable housing as set out in the Partnering Programme Agreement and Grant Agreement.

## Issues for Partners who are unregistered bodies

### Performance Guarantee

294. We are moving private sector Partners onto the same tranche payment regime used with housing associations, with 50% of grant paid at start on site. We will, therefore, require private sector Partners to provide a performance guarantee from a bank or parent company prior to, or as a condition of, allocation. We reserve the right to assess the financial strength of the guarantor, and accept or reject the guarantee as appropriate.

### Transfer price

295. An unregistered body which proposes to transfer ownership of the completed homes to a housing association should identify that housing association for each project in its bid and state within the relevant IMS field the fixed transfer price for each project.

296. The Corporation accepts that some unregistered bodies may not have identified the recipient housing association before bid submission. We will give such bidders further time to select a recipient, but want to ensure that

the housing association selected post submission is suitable. Therefore, the Corporation will allow bidders to submit a bid, based on a fixed transfer price, conditional upon a future transfer of ownership to an (as yet unidentified) housing association provided that:

- (i) the relevant housing association has been selected prior to the signing of the Grant Agreement and will be named in the Grant Agreement;
- (ii) the Corporation has been consulted about the identity of the housing association and has no regulatory concerns about it;
- (iii) the housing association has 'green lights' in its HCA for governance, finance and management; and
- (iv) the transfer price is as stated in the bid.

297. The Corporation encourages Partners to establish the identity of the recipient registered social landlord as early as possible in the process.

298. We want to make sure that the transfer price paid is fair. We do not want to allocate unnecessary grant, to undermine the financial strength of the regulated sector or to see the long-term condition of stock compromised by excessive initial cost. We want to see partnership between private sector providers and long-term owners to achieve quality and value, not a relationship based on profit maximisation at the expense of grant. We will assess the acceptability of the fixed transfer price stated – against benchmarks for comparable schemes and through analysis of project financial

data – and providers will be held to it through the Grant Agreement.

## Grant Agreement and Rentcharge

299. The Corporation's ongoing relationship with private sector partners is secured via the Grant Agreement, signed following the assessment of project bids.

300. The Rentcharge is relevant only to unregistered bodies retaining ownership of property developed with grant. It secures the Corporation's continuing financial interest in the property and ensures housing management for tenants at least matches the standard of regulated organisations.

301. The Grant Agreement and the Rentcharge, which are now two separate documents, will be issued following this Prospectus and will be available at [www.housingcorp.gov.uk](http://www.housingcorp.gov.uk). Successful bidders will be required to enter into and to effect the Grant Agreement at the earliest opportunity and at the latest prior to the first claim for drawdown of grant.

### Appointment of independent certifier

302. Bidders should note they will be required to propose a person who will provide independent certification that the units, on completion, comply with the required development standards as described in the Grant Agreement. This person

is appointed jointly by the Corporation and the Partner. Where more than one independent certifier is appointed for a programme, all appointments must be agreed and effected at the same time.

### Conditions precedent

303. Successful bidders will be responsible for complying with the conditions precedent set out at Schedule 3 of the Grant Agreement at various stages prior to the drawdown of grant.

304. If a bidder is unable to comply with these conditions, the Corporation may terminate the Grant Agreement and commence negotiations with an alternative successful bidder and/or reallocate any previously allocated grant. The Corporation will not take such action lightly, but wishes to make its position clear.

## Management of stock

305. The Housing Corporation expects that there should be an equality of outcomes for residents, tenants and potential tenants of housing associations and of unregistered bodies in respect of standards of design construction and amenities that housing provided with the assistance of Grant from the Corporation offers, and in respect of:

- (i) standards of housing and tenancy management;
- (ii) rights of residents; and

(iii) rent levels and housing costs.

306. In order to ensure that outcomes (i) to (iii) above are delivered by all bidders that are unregistered bodies and that wish to retain ownership of the housing provided with the assistance of grant from the Corporation (Relevant Bidders), the Corporation requires that the manager of the grant-funded stock (whether the Relevant Bidders or their contracted manager) is accredited by the Corporation under the Housing Management Accreditation Scheme (the Scheme) by the time that the Grant Agreement is entered into. Details of the Scheme, including the minimum specifications for housing management service standards, are available on the Corporation's website. Relevant Bidders should familiarise themselves with the standards required by the Scheme and the processes by and timescales in which accreditation can be achieved before submitting any bid.

#### **Information required from all Relevant Bidders at bidding**

307. All Relevant Bidders are required to provide the following as part of their Supplementary Information:

(i) confirmation as to whether, if selected, they intend to retain ownership of the grant-funded housing or whether it is intended that ownership of the units would be transferred to a registered social landlord;

(ii) confirmation as to whether, if ownership of the grant-funded housing is intended to be retained, they propose to provide housing and tenancy management services (the Services) directly to the grant-funded housing or whether such Services would be provided by an external contractor. Relevant Bidders should also (if known) identify any Services to be provided by the external contractor; and provide details of the identity of any proposed contractor.

(iii) confirmation that, if selected, they will or will procure that any external contractor they retain to provide the Services will:

- observe and act in accordance with the specifications and method statements set out in the Housing Management Accreditation Scheme in providing the Services. By giving such confirmations, Relevant Bidders will be deemed to have given an undertaking, representation and warranty to the Corporation in respect of the subject matter of the relevant confirmation;
- have achieved accreditation under the Corporation's Housing Management Accreditation Scheme by the time that the Grant Agreement is entered into.

## Future information requirements from Relevant Bidders receiving an allocation

308. Relevant Bidders that receive an allocation of grant and that have entered into the Grant Agreement will be required to submit method statements in respect of the matters identified in the specifications within the Housing Management Accreditation Scheme and in accordance with the requirements (including timescales) of the Grant Agreement. Terms of (inter alia) the method statements in respect of each scheme must be agreed with the Corporation before the Rentcharge is entered into. The timescale for entering the Rentcharge is set out in the Conditions Precedent of the Grant Agreement.

309. Successful bidders are encouraged to submit method statements which (where appropriate) exceed in scope and/or quality the standards set out in the Specifications. Bidders' method statements, once agreed by the Corporation, will be incorporated within the Rentcharge.

## Communications with the Corporation

### Queries

301. The Corporation appreciates that bidders may have queries prior to submission of their bids and welcomes approaches. Where a bidder comprises more than one entity, the Corporation will only

respond to the key contact (i.e. the consortium leader or the principal shareholder in the SPV).

302. All queries will be fully documented either by asking bidders to put their questions in writing or by the Corporation compiling a full note of the query following a telephone conversation and/or meeting (see below).

303 Where queries with general relevance to all bidders are raised, such queries and the corresponding answers will either be posted on the Corporation's website as Frequently Asked Questions or circulated by e-mail notification.

304. If any bidder requires any further information or wishes to raise any query, they should e-mail: [equeries.nahp@housingcorp.gsx.gov.uk](mailto:equeries.nahp@housingcorp.gsx.gov.uk) up to 14 days before the date specified for the return of bids. If the Corporation considers any question or request to be of material significance, both the question and response will be communicated to all bidders.

### Individual meetings

305. All bidders will have the opportunity to meet the Corporation about their bids both before and after submission and should note that these meetings will be minuted.

306. Bidders are responsible for contacting the Corporation to arrange such meetings. For Investment Partners, contact should be made with the Lead Investor named in their letter of

appointment (approaches to other parts of the organisation will be referred to the Lead Investor). Other organisations should contact the relevant Regional Investment Team:

East of England	Naisha Polaine
East Midlands	Charles Amies
London	Visakha Srichandrasekera
North East	Julie Jacques
North West	Diane Walton
South East	Paul Abey
South West	Phil Deacon
Yorkshire and the Humber	Ged Walsh
West Midlands	Pete Jones

# Annex 1: Regional priorities

The summaries of regional priorities in this annex are based on initial advice provided by Regional Assemblies (and based on 2007-08 investment levels) and are intended as a guide only. Any absolute targets, and proportionate splits of the programme, will change in the light of final regional allocations of funding, disaggregating the additional investment announced in Homes for the Future.

## East of England

The East of England priorities are set out in the East of England Housing Investment Plan 2008-11 (HIP 08-11) and Regional Housing Strategy (RHS), available at <http://www.eera.gov.uk>. These recommendations have been developed in close co-operation with the nine housing sub-regions and a range of regional partners. Below is an overview of priorities but bidders should refer to the full documents. All number cited are indicative.

### Regional priorities

The HIP 08-11 seeks to give substance to the priorities contained within the Regional Housing Strategy, and emphasises the key messages of more sustainable housing provision, high quality homes and environments, and the creation of inclusive communities.

The HIP 08-11 states the indicative regional allocations encompassing four investment themes of growth, rural, BME and supported housing which are set out at below. These percentages may vary sub regionally to reflect the different needs priorities of the sub-regions.

**Growth:** This reflects the region's acute need for new, affordable housing to be delivered in the government-defined Growth Areas, Regional Growth Points and Key Centres of Development and Change. In total, 71% of funding will be allocated to growth.

**Rural:** The target for rural housing is to achieve a minimum of 1,000 homes (over the three years of the NAHP 2008-11), of which 75% are in settlements below 3,000 population and 25% in settlements from 3,001 up to 10,000. In total, 10.25% of funding will be allocated to rural needs.

**BME:** In order to promote and support mixed and more socially cohesive communities, EERA proposes allocating a portion of the BME investment theme to reward housing sub-regions that are able to demonstrate a culturally sensitive approach to new housing provision. A total of 8.5% of funding will be allocated to the BME theme (including provision for gypsies and travellers' pitches).

**Supported:** There is a need for significant additional supported housing in the region. The joint commissioning pilot between the Housing Corporation and Supporting People East Regional



Group (SPERG), undertaken during 2006, will become the agreed assessment mechanism for synchronising capital and revenue funding streams, thus achieving better outcomes for vulnerable people.

### Strategic Sites

Within the region, significant growth areas will be moving into the delivery phase in 2008-11. A number of these have been identified as potential Strategic Sites and therefore are able to bid for five-year Housing Corporation funding.

### Section 106 and planning

It is expected that affordable housing delivered through s106 should be maximised through the planning process and developer contributions. Bidders are discouraged from submitting speculative bids and encouraged to apply for grant with certainty of delivery in the planning system.

### Tenure split

The region advises an overall 70:30 rent:sale tenure split for affordable housing (net of Open Market HomeBuy).

### Larger family homes

It is recommended a minimum of 23% of Social Rent and 10% of intermediate sale homes allocated with 2008-11 funding should have three bedrooms or more. However, local housing needs must be fully considered when submitting bids to deliver this target.

### Sub-regional context

Bidders should refer to the East of England Housing Investment Plan 2006-08 for detailed information on sub-regional priorities to guide bids.

### The proposed sub-regional resource allocation

East of England – Sub-regional split	
Sub-region	Indicative share of NAHP 2008-11
Bedfordshire	8.90%
Cambridgeshire	15.80%
Greater Norwich	8.50%
Haven Gateway	10.80%
London Commuter Belt	33.80%
Peterborough	5.40%
Rural East Anglia	4.00%
Thames Gateway	9.80%
Yarmouth and Waveney	3.00%

The summaries of regional priorities in this annex are based on initial advice provided by Regional Assemblies (and based on 2007-08 investment levels) and are intended as a guide only. Any absolute targets, and proportionate splits of the programme, will change in the light of final regional allocations of funding, disaggregating the additional investment announced in Homes for the Future.

## East Midlands

East Midlands priorities are set out in the Regional Housing Strategy and draft Investment Strategy 08-11, available at: <http://www.emra.gov.uk/meetings/regional-housing-planning-transport-joint-board/regional-housing-group>.

The following section gives an overview of priorities, but bidders should refer to the full documents. These documents contain detail for each sub-region. All numbers cited are provisional, and for indicative purposes only.

### The MKSM Growth area

Significant extensions of the MKSM Growth Area are moving into the delivery phase in 2008-11, and a number of Strategic Sites for five-year Corporation funding have been identified. It is expected that affordable housing will be delivered

through developer contributions wherever possible.

### Sub-regional context

#### Proposed sub-regional resource allocations

Sub-area	Percentage share of NAHP 2008-11
Eastern*	20
Southern	34
Three Cities	32
Peak	5
Northern	9

\*Harborough and Melton have now been incorporated into the Three Cities sub-area following adoption of regional plan sub-area boundaries.

### Growth Points

Growth Points are important emerging priority locations, although additional housing delivery is not expected to begin until at least the later part of the 2008-11 funding horizon.

### Housing market renewal

Recent regional research <sup>1 2</sup> has identified areas of structural low demand and unpopular housing, particularly in the north of the region and in

<sup>1</sup> Background Information on the Housing Market in the East Midlands, University of Birmingham, Centre for Urban and Regional Studies, 2003; and Further Analysis of Identified Factors of Low and Changing Demand, Bob Line, 2004

<sup>2</sup> Low demand in Housing, Weedon Grant and QA Research, 2005

the cities and larger urban areas. Overall, 149 postcode areas within 19 local authority areas were identified as at risk of low demand or having unpopular housing. The research identified areas for investment, and set out a policy framework for the intervention.

The Regional Assembly intends to support housing market renewal where this would be locally helpful, and which may include a rebalancing of tenure (through mixed communities work) and the production of high quality stock for sale as well as refurbishment and social and environmental improvements. The Housing Corporation is working with the Regional Assembly on an approach for future market engagements within the 2008-11 programme.

### **Supported housing**

Local and regional strategies focus on supporting service users in the community. This drives a requirement for additional general needs accommodation in relevant locations where users can receive floating support.

Ensuring that the region has an adequate supply of dedicated supported housing accommodation remains a clear priority. Greater coherence between capital and current expenditures in this area is sought.

### **Rural areas and market towns**

The Regional Assembly proposes a minimum floor target of 1,010 new affordable homes for smaller settlements, over the three years of the NAHP 2008-11, which it is expected to continue to exceed. Within this figure:

- it remains a priority that there be strong delivery in the settlements with less than 3,000 population and a target of 650 is proposed;
- in the settlements of between 3,000 and 10,000 population, a target of 360 homes should be provided although we would expect to exceed this significantly;
- there is particular interest in achieving stronger delivery in market towns, e.g. between 10-20,000 population although without setting a specific target.

### **Addressing the accommodation needs of black and minority ethnic communities**

Affordable housing in the East Midlands should:

- reflect the desired outcomes from local authority black and minority ethnic housing strategies;
- provide affordable sale houses that are likely to be of particular appeal to BME groups;

- be marketed through, for example, the use of BME-led associations or via community links;
- seek to meet identified needs for larger family houses which will in some locations be particularly relevant to meeting the needs of BME communities; and
- utilise joint working with BME-led housing associations.

### Larger homes

Twenty-five per cent of all new homes funded under this programme should have three or more bedrooms.

### Low-cost home ownership

It is proposed that investment in low-cost home ownership (including Open Market HomeBuy) will be set at a benchmark of 20% of available resource.

While there is a challenge in delivering affordability across the region there are particular priorities at local level which are being explored by strategic housing market areas. The expectation is that new low-cost home ownership will be delivered across the entire region to a greater or lesser extent in different areas.

Affordable housing products should remain affordable and accessible in the context of rising house prices generally. Provision should be targeted at households that cannot buy, particularly existing social tenants.

## London

The summaries of regional priorities in this annex are based on initial advice provided by Regional Assemblies (and based on 2007-08 investment levels) and are intended as a guide only. Any absolute targets, and proportionate splits of the programme, will change in the light of final regional allocations of funding, disaggregating the additional investment announced in Homes for the Future.

This is the first bidding round since the Government announced its intention to devolve responsibilities for the production of a statutory London housing strategy and for setting the broad direction of public housing investment in London to the Mayor of London. The GLA Bill, which will formalise these new Mayoral powers, is currently going through Parliament and, if passed, is expected to receive royal assent in late October/early November 2007.

In the meantime, the Mayor has taken over the responsibilities of the London Housing Board and as a result published a draft housing strategy on 18 September 2007. The strategy is available on [www.london.gov.uk/londonissues/housingandhomelessness.jsp](http://www.london.gov.uk/londonissues/housingandhomelessness.jsp). We have been working in partnership with the Mayor to assist him in drafting this strategy.

We have also been advising the Mayor on investment and delivery issues through his Housing Investment Panel, which brings together all of London’s public sector investors. The draft Mayor’s Housing Strategy includes a Strategic Housing Investment Plan (chapter 5 of the draft Mayor’s Housing Strategy). Bidders should familiarise themselves with the draft strategy and, in particular, with the Strategic Housing Investment Plan.

### Increasing supply

Increasing the supply of affordable homes in London is the key priority for this region, but new homes must be of the type that Londoners need and this is reflected in the targets set out below.

#### Tenure mix

For allocations made through the 2008-11 NAHP in London we are aiming to deliver a split of completions that match the London Plan target of 70% of new homes for social rent and 30% for intermediate housing.

#### Increasing the supply of social rented homes with three or more bedrooms

London has a pressing need for larger social rented homes to tackle overcrowding, reduce the use of temporary accommodation and better meet the housing needs of its diverse communities. We are increasing the target for homes with three or more

bedrooms to 42% of social rented completions from allocations made in the 2008-11 programme.

#### Increasing the supply of intermediate homes with three or more bedrooms

London also has a pressing need to assist families to take a first step on the housing ladder, so we are moving to a target of 16% of all intermediate homes to be three bedroom or larger. We are setting an incremental approach to meeting this for 2008-11, as set out below:

Allocation year	Percentage of intermediate completions with three or more bedrooms from allocations made in the 2008-11 programme
2008-09	8
2009-10	12
2010-11	16

#### Increasing the supply of new supported housing

Since the last bid round for 2006-08, work has been undertaken to identify the need for new supported housing (Building for All - Estimating the Need for Supported Housing, published May 2007) and in response to this we are inviting bids for projects that meet defined high priority needs to provide 1,250 new supported housing bed spaces within the three-year programme.

## Extensions and deconversions

In 2006-08, a pilot programme was set up to provide funding to enable social landlords to extend or de-convert existing homes to provide larger social rented homes. The Mayor wishes to continue with this approach as an option for meeting London's shortage of family-sized housing, but before recommending the allocation of further resources wishes to evaluate the outcomes of both pilot programmes.

Accordingly, we will not be allocating resources via this NAHP initial bidding round. Instead it is intended that bids will be invited at a later date through a separate process.

## Empty homes

In accordance with the draft Mayor's Housing Strategy the priority is to increase the supply of new housing. However, we will consider funding the purchase and renovation of empty properties where these will provide family accommodation, bring back into use properties that have been empty for more than one year and offer good value for money.

Bidders are expected to be working in partnership with the relevant London boroughs and contributing to their empty home strategies.

## Spatial priorities

For 2008-11 we are not prioritising particular locations, but we will seek to encourage development located on sites close to existing or planned transport nodes or in London's identified priority areas for growth. These are defined in the London Plan as opportunity areas, areas for intensification and areas for regeneration, as well as two Growth Areas, London Thames Gateway and the London section of the London-Stansted-Cambridge-Peterborough corridor.

## Strategic sites

The draft Mayor's Housing Strategy identifies major residential sites in London which he would like to see prioritised for investment in order to meet the targets to produce new homes across London. However, it is unlikely that it will be possible to effect a substantial shift of resources towards these strategic sites in this funding round. An initial list of strategic sites that require longer-term funding with starts over the next five years, is set out on the following page. As part of this bidding round we will only give consideration to pre-allocating Corporation funding to these sites.

Site/Area	Borough	GLA sub-region	Growth Area
Barking Riverside	Barking & Dagenham	North East	Thames Gateway
MDL Site	Greenwich	South East	Thames Gateway
Canning Town	Newham	North East	Thames Gateway
Stratford (Olympic Village)	Newham	North East	Thames Gateway
Brent Cross-Cricklewood	Barnet	North	LSCP
Colindale	Barnet	North	LSCP
Silvertown Quay	Newham	North East	Thames Gateway
Aylesbury Estate	Southwark	South East	None
Ilford Town Centre	Redbridge	North East	LSCP
Southall Gas Works	Ealing	West	None
Kidbrooke	Greenwich	South East	None

### Increasing options for Londoners wishing to move out of London

The Mayor is committed to meeting London's housing requirements within the capital's boundaries and has identified that the capacity exists to do so. However, the Mayor is also keen to meet the aspirations of people who wish to move away from London.

#### Growth Supported (Affordable Housing) Fund

The national Prospectus invites bids to deliver homes in Growth Areas, Growth Points and regions adjoining London to meet the needs of London. A minimum of 30% nominations should be offered, with priority being given to schemes offering higher percentages. Projects should meet the priorities set out in this London section of the prospectus.

### Options for older tenants living in social housing

The existing Seaside and Country Homes scheme has proved very popular with older Londoners, with its portfolio of over 3,000 bungalows and flats. These are located from Cornwall in the South West to Norfolk on the east coast, as well as homes in the Midlands and Lincolnshire.

The Mayor wishes to expand the housing options for older tenants living in social rented housing considering a move out of London. To support this initiative, which often frees up larger family-sized homes, we are setting aside up to £5 million to procure new homes out of London.

Investment Partners are invited to bid for allocations to procure additional homes appropriate for this client group either by purchasing newly built or existing homes or by developing new homes on the basis of 100% nominations being made available for older Londoners.



The Investment Partner will be responsible for putting in place arrangements for managing and maintaining these homes, with lettings being made through Capital Moves, the pan-London choice-based letting and mobility scheme, once it is operational.

### **Improving Quality**

Increasing the supply of new homes cannot be at the expense of quality, so the London region expects bidders for funding to seek to achieve the highest standards.

### **Improving design**

We are committed to investing in high quality homes located in well-designed urban environments where people choose to live. We will be incentivising developments where Investment Partners demonstrate a commitment to excellent urban design in accordance with our new Design and Quality Standards. We require all Investment Partners to implement these fully and to view them as the minimum, seeking to exceed these standards whenever possible.

### **Lifetime Homes and wheelchair accessibility**

We are keen to encourage all Investment Partners to build new homes to Lifetime Homes Standards and to ensure that ten per cent of new housing is designed to be wheelchair accessible, or easily adaptable for residents who are wheelchair users.

### **The Williams Report**

The Williams report clearly states the Housing Corporation's desire to achieve high quality projects in the Thames Gateway produced by Partners with a long-term commitment to the area. Bidders for schemes in London Thames Gateway should respond to the requirements set out in the national section of this Prospectus.

### **Meeting the challenge of climate change**

All bids will need to meet as a minimum Code for Sustainable Homes Level 3. Investment Partners are encouraged to bring forward projects that achieve better environmental performance, and those that meet higher levels of the Code for Sustainable Homes will be prioritised.

We are particularly keen to seek bids for developments that will be exemplars of innovation in meeting the environmental challenges that lie ahead by developing homes to Code Levels 5 and 6. Bidders with schemes where there is an opportunity to improve environmental standards should talk to their Lead Investor about the best way of showing this on their bids.

### **Developing innovative approaches to energy**

All Investment Partners are encouraged to explore the feasibility of taking a low-carbon approach to energy provision and consumption, particularly through renewable energy, community or district level energy provision, the establishment of

ESCOs or future proofing for these sorts of energy options in existing and new homes. They are also encouraged to incorporate low-carbon features that will minimise the risks of overheating and flooding in new and existing homes – especially for households that will be more vulnerable to these risks.

### **Green organisations**

The housing sector has a much broader role to play in tackling climate change and Investment Partners are encouraged to lead the way as green organisations, for example through greening their offices, procurement processes, travel to work plans and management policies.

### **Regeneration and mixed communities**

The Housing Corporation's Investment Partners have often played a key role in transforming existing housing estates through refurbishment and the introduction of different tenures. We will prioritise bids for funding which:

- increase the overall supply of homes;
- maintain the existing number of homes for social rent;
- create more sustainable communities in terms of tenure mix;
- deliver environmental improvements;
- create a sense of place with appropriate infrastructure; and
- form part of a long-term project to regenerate the wider neighbourhood.

## **Changing lives**

### **Improving choice and mobility**

All bids for new social rented homes will be subject to sub-regional or pan-London nominations in line with the draft Mayor's Housing Strategy. Once the proposed pan-London Capital Moves scheme is in place and operational, then participation in this scheme will become a further requirement.

### **Meeting the needs of BME communities**

London's diversity is its greatest strength, yet many of the members of black and minority ethnic (BME) communities are in the greatest housing need, overrepresented in homeless and overcrowded households. We expect Investment Partners to consult with local community partners in drafting their bids for funding and to enter into strategic relationships with BME delivery agents where appropriate. Full details regarding BME method statements are included in the main Prospectus.

### **HomeBuy**

In London an additional employment group, London's bus drivers, will be given key worker status in addition to the existing government definition of key workers as set out in the Key Worker Living eligibility criteria in the Capital Funding Guide. This will give eligible individuals priority access to the HomeBuy programme.

## Working with local authorities

We are seeking to work closely with local authorities and have in place a London Development Protocol agreed between the Corporation, London Councils, the London Housing Federation and the five housing sub-regions. This commits the Corporation to supporting regional, sub-regional and local housing strategies and priorities and taking local authority views on bids for individual schemes into account.

As part of this protocol we expect Investment Partners to provide high quality, responsive management services to residents in the areas they are bidding for, and we require them to consult local authorities about schemes before they are bid for. In addition, Partners must be able to demonstrate support for the priorities of local community plans and their engagement with the communities in the areas they are bidding.

The full development protocol can be found in Annex 5.

The summaries of regional priorities in this annex are based on initial advice provided by Regional Assemblies (and based on 2007-08 investment levels) and are intended as a guide only. Any absolute targets, and proportionate splits of the programme, will change in the light of final regional allocations of funding, disaggregating the additional investment announced in Homes for the Future.

## North East

North East regional priorities are set out in the Regional Housing Strategy (July 2007) and in the Housing Investment in the Regions return to CLG (28 June 2007), available at:

<http://www.northeastassembly.gov.uk/global/assets/documents/asset20070801014834.pdf>

## Sub-regional context

Proposed sub-regional resource allocations

Sub-area	Percentage share of NAHP 2008-11
Tyne and Wear	36.5
Tees Valley	31.5
Durham	16
Northumberland	16
Northern	9

<http://www.northeastassembly.gov.uk/global/assets/documents/asset20070802020836.pdf>

The following section gives an overview of priorities, but bidders should refer to the full documents. These documents contain detail for each of the four objectives in the Regional Housing Strategy against which bids are sought. All numbers cited are provisional, and for indicative purposes only.

Increasingly, the key level for housing policy interventions and delivery is at sub-regional level. Sub-regional priorities include:

- areas covered by housing market renewal partnerships such as Bridging Newcastle Gateshead (BNG) and Tees Valley Living (TVL);
- housing market areas;
- administrative sub-regions; and
- the city regions of the Northern Way Growth Strategy and the RSS.

### **Housing market renewal**

The Regional Assembly supports housing market renewal particularly in the BNG and TVL HMR areas. Along with re-provision of obsolete stock this is likely to include a rebalancing of tenure (through mixed communities work) and the production of high quality stock for sale.

### **Supported housing**

Ensuring that the region has an adequate supply of dedicated supported housing accommodation remains a clear priority. There is an expectation that resources will be allocated to meeting specific community needs and helping the most vulnerable as identified in sub-regional housing strategies. Greater coherence between capital and current expenditures in this area is sought.

### **Rural areas and market towns**

The Regional Assembly proposes a minimum floor target of 180 new affordable homes for smaller settlements, which it is expected to continue to exceed. Within this figure it remains a priority that there be strong delivery in the settlements with less than 3,000 population. Similarly the Regional Housing Board is keen to see continued delivery in larger settlements of up to 10,000 population, and in market towns.

### **Larger homes**

Twenty-five per cent of all new homes funded under this programme should have three or more bedrooms.

### **Low-cost home ownership**

It is proposed that investment in low-cost home ownership (including Open Market HomeBuy) will be set at a benchmark of 13% of completions.

While there is a challenge in delivering affordability across the region there are particular priorities at local level which are being explored by strategic HMAs. The expectation is that new low-cost home ownership will be delivered across the entire region to a greater or lesser extent in different areas.

Affordable housing products should remain affordable and accessible in the context of rising house prices generally. Provision should be targeted at households that cannot buy, in both rural and urban areas.

The summaries of regional priorities in this annex are based on initial advice provided by Regional Assemblies (and based on 2007-08 investment levels) and are intended as a guide only. Any absolute targets, and proportionate splits of the programme, will change in the light of final regional allocations of funding, disaggregating the additional investment announced in Homes for the Future.

## North West

North West priorities are set out in the Regional Housing Strategy 2005 available at [www.nwra.gov.uk/housing](http://www.nwra.gov.uk/housing). The following section gives an overview of the priorities but bidders should refer to the full documents. Priorities are expressed thematically and the spatial distribution of resources will reflect the extent to which each local authority/sub-region is affected by the priority themes.

### Proposed thematic resource allocations

Themes	Percentage share of the NAHP 2008-11
Urban renaissance	60%
Balanced communities	25%
Decent Homes (i.e. works to eligible housing association stock)	2%*

\*Unallocated resources under this heading will be added to Balanced Communities.

### **Delivering urban renaissance**

This theme is priority one within the Regional Housing Strategy (RHS). Within this theme, four sub-priorities are identified:

- to maximise the positive impacts of the four Housing Market Renewal Pathfinders in their broader housing markets. These are Manchester/Salford (MSP), NewHeartlands, Rochdale/Oldham and Elevate;
- to maximise the positive impact of the emerging market re-structuring work in West Cumbria and Furness;
- to support cohesive strategic activity to tackle inappropriate supply of housing in Blackpool, Fleetwood and Morecambe currently acting as a drag on local economic regeneration;
- to support cohesive strategic activity to prevent low demand, tackle inappropriate supply and support Neighbourhood Renewal in other areas at risk of market failure, applying and adapting lessons from the Pathfinders.

### **Providing affordable homes to maintain balanced communities (includes rural homes)**

This theme is priority two within the RHS and is aimed at tackling the shortage of affordable housing in areas of the North West where demand for additional housing is high and where this impacts adversely on social inclusion and the sustainable growth of local, sub regional and regional economies.

It should be noted that priority two includes provision for rural housing and a minimum target has been set of 113 homes per year to be funded by the NAHP in settlements of less than 3,000 population.

### **Delivering Decent Homes in thriving neighbourhoods**

This theme is priority three in the RHS and is aimed at improving the condition of housing stock, as part of broadly based regeneration strategies, particularly in areas of concentrated unfitness and disrepair where the stock has a sustainable future. The RHS expects that the majority of housing associations will use their own resources to deal with issues of stock condition and any allocations under this heading will be by exception.

Unallocated resources under this heading will be used to support the balanced communities theme.

### **Meeting the needs of communities and providing support for those who need it**

This theme is priority four in the RHS and two sub-priorities have been identified under this heading.

- to ensure that action under the RHS priorities one, two and three contributes to meeting the needs of the North West's diverse communities and those individuals needing support; and
- to encourage and support specialist housing provision to meet community and individual needs via targeted action at local level.

Meeting the needs of black and minority ethnic communities is included under this heading. Whilst specific targets have not been set for meeting this need or for the provision of larger homes there is a clear expectation that in putting proposals forward under this and the other themes, particularly Urban Renaissance, that the needs of these communities will be fully reflected and will take account of the desired outcomes of local authority black and minority ethnic housing strategies.

#### **Low-cost home ownership**

The split between rent and sale will be different for each local authority and sub-region reflecting local circumstances. A split of 70% rent and 30% sale including Open Market HomeBuy will be used as a guide within which allocations will be made.

#### **Larger homes**

Traditionally the North West has funded a significant number of larger family homes and it remains committed to meeting the needs of larger families. Whilst a specific target has not been set, the following percentages will be used as a guide in allocating the programme: 37% of the rented programme and 8% of the New Build HomeBuy programme to have at least three bedrooms.

The summaries of regional priorities in this annex are based on initial advice provided by Regional Assemblies (and based on 2007-08 investment levels) and are intended as a guide only. Any absolute targets, and proportionate splits of the programme, will change in the light of final regional allocations of funding, disaggregating the additional investment announced in Homes for the Future.

## **South East**

South East priorities are set out in the South East Regional Housing Strategy (2006 onwards) published in 2005, and the Regional Housing Board's June 2007 submission to the Minister (Housing Investment in the Regions: Funding Recommendations 2008-11). Both of these documents can be found on the Assembly's website, at: <http://www.southeast-ra.gov.uk/meetings/rhb.html>

The following sections give an overview of the priorities for the South East but it is recommended that the full documents on funding recommendations for the South East are referred to.

### **Draft South East Plan and sub-regional context**

One of the key objectives underpinning the transfer of Regional Housing Boards to the Regional Assemblies was to achieve stronger integration of the planning and housing agendas. The South East Plan produced by the South East



of England Regional Assembly (SEERA) allocates housing growth to sub-regional geography which is aligned closely to the South East Regional Economic Strategy.

The draft South East Plan identifies the need to provide 35% of new housing (ie, excluding open market purchases) in the form of affordable homes. This 35% is further broken down to 25% for Social Rented and 10% for intermediate housing, the latter incorporating both New Build HomeBuy and homes produced for Intermediate Rent. These proportions translate to 71% of our provision of new build affordable housing to be for Social Rent and 29% for intermediate.

It should be noted that the 35% proportion is an average for the region as a whole. Where the evidence base identifies the need for a higher, or lower, level of provision on a sub-regional basis then this is identified in the relevant sub-regional strategy in the draft South East Plan.

Our aim is to target our funding in 2008-11 in a way that supports delivery of affordable housing to the levels identified in the table below on a sub-regional basis. However, it should be noted that the distribution below is in terms of the overall number of affordable homes some of which will be provided without grant from NAHP. In addition costs differ across the region. It therefore does not follow that the distribution of funding or homes will follow the distribution below due to these two factors. A third factor is that our funding decisions also take into account a number of other criteria

(such as land and site availability, deliverability, quality and value for money).

For these reasons the proportions given in the table below by sub-region should be regarded as indicative only.

South East Plan sub-region	Affordable housing as % of regional total
Central Oxfordshire	8.06%
East Kent and Ashford	7.19%
Gatwick	6.26%
Kent Thames Gateway	6.85%
London Fringe	7.08%
Milton Keynes/ Aylesbury Vale	12.25%
South Hampshire	13.57%
Sussex Coast	6.56%
Western Corridor/ Blackwater Valley	14.85%
<b>Sub-regional total</b>	<b>82.67%</b>
Rest of county areas/ Isle of Wight	17.33%

### Growth Areas

It is our intention to reflect the requirements of the Growth Areas in our allocation of funding in 2008-11. The phasing of development as set out in the draft South East Plan results in the proportions given in the table below.

Please note that all the caveats referred to in the above distribution by sub-region also apply to these proportions.

South East Plan sub-region	Affordable housing as Percentage of regional total
Ashford	3.18%
Aylesbury Vale	3.72%
Milton Keynes	8.53%
Kent Thames Gateway	6.85%
<b>Total</b>	<b>22.28%</b>

### Strategic Sites

The Regional Housing Board's funding recommendations included a list of potential strategic housing sites which met the following criteria:

- the capacity to accommodate 500 homes or more;
- on current information are expected to start within the timescale of the funding recommendations; and
- are within adopted or emerging statutory planning frameworks, or have local authority support.

Most of the strategic sites are located within the South East Plan's identified sub-regions. However, it should be noted that this is only a snapshot picture of the position as at June 2007.

SEERA intends to monitor and update the list on an annual basis. However, although we view the list as a helpful tool to inform our investment decision making the list does not necessarily guarantee funding as fundamental issues such as deliverability and quality will need to be evidenced.

We view the list as an important component of our move towards regular market engagement for future years to ensure the right mix of housing types, tenure and quality are provided at best value.

### Supported housing

Whilst some client groups will require specially designed or adapted provision an increasing level of support is provided in the community through floating support services to people in general needs provision. We are also mindful of the need to plan provision for an increasingly ageing population. Increasing our understanding of the implications of an ageing population will be a priority research area for the Regional Housing Board over the next 12 months.

We will therefore be looking for evidence at bid stage that current and future supported housing needs are being provided for, including in Growth Areas and on strategic sites, and in the future we will be monitoring performance in this area via our Continuous Recording of Lettings (CORE) data.

### Rural areas and market towns

Given the rising level of need the Regional Housing Board has proposed an increased level of funding to both small rural settlements and larger settlements in rural areas provided that investment is targeted at communities that are sustainable into the future.

Investment in small rural settlements of less than 3,000 population is proposed to increase from the current of 392 homes per annum in the 2006-08 programme to 500 homes per annum over the three years 2008-11. For larger rural settlements of between 3,000 and 10,000 population, the Regional Housing Board would also like to see funding provided to enable 500 affordable homes to be provided each year. We acknowledge that the number of settlements that fall within this population range is quite small in the South East (120 settlements according the 2006 Rural Gazetteer). Therefore, achievement of provision of 500 affordable homes per year in larger rural settlements will very much depend on the level of bids coming forward.

### Addressing the accommodation needs of black and minority ethnic communities

The Regional Housing Board is looking to improve its evidence base, knowledge and understanding of the needs of BME communities in the South East. It is clear, however, from recent research undertaken in the region that BME households are more likely to experience overcrowding and

homelessness than the wider population. Recent research has indicated that BME households are five times more likely to be overcrowded than non-BME households in the South East. Increasing the number of Social Rented homes significantly, and increasing the provision of larger homes across all programmes, will improve the chances for BME households to obtain housing of the right size and type.

### Larger homes

The Regional Housing Board's recommendations include a provision that 25% of all new build Social Rented homes funded should have three or more bedrooms. Alongside this, 15% of all intermediate homes (New Build HomeBuy and Intermediate Rent programmes) should also be of this size. This represents an increase from 21% and 11% respectively from the 2006-08 programme.

### Low-cost home ownership

It is proposed that investment in intermediate affordable housing – comprising New Build HomeBuy, Open Market HomeBuy and Intermediate Rent – will be provided to ensure that 38% of all homes will be of these tenures. The balance between new build and open market purchases will be determined at a later stage following further guidance from the Government.

Intermediate affordable housing products will be targeted at the existing range of households including designated key workers, other essential workers identified locally, existing social tenants and those unable to purchase outright on the open market but, due to their income levels, are not a priority for social rented housing.

The summaries of regional priorities in this annex are based on initial advice provided by Regional Assemblies (and based on 2007-08 investment levels) and are intended as a guide only. Any absolute targets, and proportionate splits of the programme, will change in the light of final regional allocations of funding, disaggregating the additional investment announced in Homes for the Future.

## South West

The South West's housing priorities are set out in the South West Housing Body's website ([www.southwesthousingbody.org.uk](http://www.southwesthousingbody.org.uk)), in particular the Regional Housing Strategy 2005 16 and the recent Regional Housing Pot submission to CLG.

Further clarification on the distribution of resources between Housing Market Areas and on various targets for HomeBuy is likely to be issued by early September (posted on the SWHB website and disseminated at the seminars described below). If in any doubt about these clarifications bidders should contact the Housing Corporation.

Two briefing seminars have been arranged by the Housing Corporation for late September. Contact Sara Green ([sara.green@housingcorp.gsx.gov.uk](mailto:sara.green@housingcorp.gsx.gov.uk)).

### S106 Planning contributions to affordable housing

One of the South West's priorities in respect of resources is to continue working to secure a consistently high, yet realistic, level of s106

planning contributions to affordable housing across the region. Improved performance in this area, including where appropriate (see main NAHP Prospectus) improved combinations of s106 contributions and Housing Corporation grant, will be key to meeting the South West's aspirations for increased affordable housing provision.

### Geographical distribution

For initial prioritisation the 13 Housing Market Areas have been grouped into three broad sub-regions which relate to the framework of the Regional Spatial Strategy ([www.southwest-ra.gov.uk](http://www.southwest-ra.gov.uk)). The indicative target for the distribution of Affordable Housing Programme (AHP) resources between these sub-regions is as follows:

- North 42%
- South East 18%
- Peninsula 40%

It is proposed shortly to set indicative targets for each of the 13 HMAs.

### Distribution between 'urban' and 'rural' settlements

Strategically Significant Cities and Towns (SSCTs, as defined in the draft RSS) will be expected to receive 60%-70% of the AHP.

At the other end of the scale, there is a target for small rural settlements (<3,000 population) of a minimum of 1,350 homes over the three years of

the NAHP 2008-11, equating to around 10% of the AHP.

Around 20% of the AHP will be expected to be spent in intermediate settlements.

### Strategic Sites

A number of sites have been identified which might particularly benefit from a five-year funding commitment as opposed to the norm of up to three years. The initial list of these sites can be found at the websites referred to above.

The list, subject to Ministers' approval, may change, for example in response to the process of firming up the Regional Spatial Strategy. Prospective bidders are asked to check with the Housing Corporation before assuming (or not) the availability of five-year funding.

### Tenure balance

The regional-level target is for 70% of the homes produced to be for Social Rent and 30% for HomeBuy.

### HomeBuy

As for the 2006-08 AHP, a maximum is likely to be set for the average income of HomeBuy households, in the range £30,000-£35,000. All HomeBuy providers will be expected to work to this. For New Build HomeBuy an additional target may be set for providers, namely a 'mid-point'

household income, that is a point above and below which half of HomeBuy households' incomes should be. This is likely to be around £25,000.

The SWHB is also reviewing its stance on the definition of key workers.

### The needs of black and minority ethnic communities

Bristol has the highest percentage of BME population of any South West local authority. Method statements (see main Prospectus) are required from bidders seeking grant-funding in this area.

### Housing for people needing extra care and support, specialised housing for older people

The target is for a minimum of 10% of new Social Rent homes to be either earmarked for people receiving specialist support services, for which specific revenue has been identified/planned (and which may or may not incorporate specialist design), or specialist provision for older people.

All providers will be expected to facilitate the provision of move-on accommodation, both within new developments and in existing housing.

### Larger homes

For the Social Rent and New Build HomeBuy programmes there is a target of approximately 25%

of the homes provided having three bedrooms or more.

Bidders in others areas are strongly encouraged to consult local authorities and other bodies as to whether there are specific, priority, BME housing needs to be addressed.

### Code for Sustainable Homes

The Housing Corporation's minimum target for its 2008-11 NAHP is Level 3. Bidders should work to this assumption. The draft RSS for the South West proposes Level 4 for developments of ten or more homes, for all tenures. If this is confirmed it is accepted that there may need to be discussions about the financial implications.

The summaries of regional priorities in this annex are based on initial advice provided by Regional Assemblies (and based on 2007-08 investment levels) and are intended as a guide only. Any absolute targets, and proportionate splits of the programme, will change in the light of final regional allocations of funding, disaggregating the additional investment announced in Homes for the Future.

## West Midlands

The West Midlands regional investment priorities are set out in the Regional Housing Strategy and the Regional Housing Allocations Strategy. These documents and other allied documents and information can be accessed at the West Midlands Regional Assembly's website at: <http://www.wmra.gov.uk>

The Regional Allocations document is available at: <http://www.wmra.gov.uk/page.asp?id=312>. Those organisations intending to bid for allocations should refer to these documents in full as this summary can only give an overview. All numbers cited are provisional and for indicative purposes only.

### Sub-regional context

The West Midlands regional housing strategy recognises four geographic regional sub market

areas as the context for investment in affordable housing – the Housing Market Areas (HMAs). The NAHP resources will be invested in the four HMAs at the levels.

HMA	Percentage share of NAHP 2008-11
Central	65
North	11
South	14
West	10

### Renewal and growth

The four areas designated by the RHS (two housing market pathfinders, RENEW and Urban Living, and two areas of market restructuring/growth areas, East Birmingham/North Solihull and the Black Country and Telford-Evolve) have a high priority for investment.

The Regional Spatial Strategy is under review and one of the emerging issues is the ability of the region to bring forward the sub-regional Foci towns and Cities identified in the RSS<sup>3</sup> to be activated sooner than had been envisaged due to the high rate of household formation. Growth Point status has been agreed by Government for Birmingham and Solihull, Coventry, Telford, East Staffordshire – Burton, Hereford, Shrewsbury and Worcester. It is

<sup>3</sup> RPG11 Policy CF2 A: 'Beyond the MUAs, longer-term strategic housing development should be in those locations which are capable of balanced and sustainable growth. The five towns identified in the Spatial Strategy (Worcester, Telford, Shrewsbury, Hereford and Rugby) will fulfill this role as sub-regional foci for development.'



anticipated that NAHP investment will be required to help deliver new housing in these areas but limited investment is anticipated in 2008-11.

### **Supported housing**

The range of needs for specialist provision is inevitably wide and individual local authority and sub regional priorities may apply, but the regional priority needs to be addressed in this theme are:

- older people;
- young vulnerable people;
- people with mental health problems; and
- specialist provision to deal with misuse of drugs and alcohol.

### **Rural areas and market towns**

This theme is not only for the provision of affordable housing in rural settlements with a population below 3,000 but also market towns in rural areas with populations between 3,000 and 10,000. The Regional Housing Executive recognises the importance of investment to deliver rural housing and has agreed to allocate 24% of NAHP funding to the mainly rural areas of the South and West Housing Markets. It is expected that where possible, NAHP resources will complement other sources of supply and approaches which deliver services to rural communities. Schemes delivering rural renaissance will need to demonstrate they are contributing to regeneration and community cohesion. The Regional Housing Board set a target for 2006-08 of 350 homes to be provided in settlements below 3,000 population and 150 homes

in larger settlements. It is therefore anticipated that the minimum levels to be achieved in 2008-11 will be 750, across the three years, and ways in which to increase this level will be subject to discussion with Partner providers. We will also be looking to work more closely with the South and West Housing Market Area Partnerships in responding to new methods of procuring rural sites.

### **Meeting black and minority ethnic needs**

Developer providers need to demonstrate that schemes will address the existing needs of the diverse communities of the West Midlands and are creating pathways of choice and wider access to meet the aspirations of those people who are constrained in their current choices of accommodation. This may be through providing homes for rent and low-cost home ownership, and could include specialist provision where an identified need is demonstrated.

Where appropriate the provision of new homes should reflect the desired outcomes from local authority black and minority ethnic housing strategies.

### **Larger homes**

Twenty per cent of all new homes funded under this programme should have three or more bedrooms.

## Low-cost home ownership

The overall tenure split for the region during the period is planned to be 65% for Social Rent and 35% for low-cost home ownership. However, there will be sub-regional variations depending upon the characteristics of the specific markets and the housing needs of the various communities. More specific information on the potential programme requirements for individual markets can be found in the Allocations Strategy document, and individual sub-regional housing investment strategies will be posted on the WMRA website cited above.

The summaries of regional priorities in this annex are based on initial advice provided by Regional Assemblies (and based on 2007-08 investment levels) and are intended as a guide only. Any absolute targets, and proportionate splits of the programme, will change in the light of final regional allocations of funding, disaggregating the additional investment announced in Homes for the Future.

## Yorkshire and the Humber

Further details, including the regional housing strategy and regional housing advice on funding priorities can be found at [www.yhassembly.gov.uk](http://www.yhassembly.gov.uk).

### Regional priorities

The investment framework for the region is structured around three themes:

- places – creating places where people want to live and want to stay, in particular transforming our towns and cities;
- access – addressing difficulties in accessing housing, including providing affordable homes for the region;
- homes – delivering decent homes in the private sector, delivering energy efficiency and addressing fuel poverty.

The split of funding between affordable rented housing and shared ownership will be in the region of 80%/20%.

The Corporation's programme for 2008-11 will support schemes that contribute to the first two themes across the region, with an approximate balance of funding between the two themes in each sub-region as follows.

#### Sub regional split

	Place	Access
West Yorkshire	50%	50%
North Yorkshire	-	100%
South Yorkshire	60%	40%
Humber	40%	60%

#### Rural homes

The number of rural homes produced by the new programme will be no lower than in previous years, with 540 new approvals given, across the three years of the NAHP 2008-11, of which at least 50% will be in settlements of fewer than 3,000 people.

#### Pathfinders

Support to the ongoing work of the two Housing Market Renewal pathfinders in South Yorkshire and Hull and East Riding will remain a regional funding priority around the Place theme

#### Sub-regional priorities

Each sub-region has identified priorities which are summarised as follows:

### 1. West Yorkshire

#### Themes

- Additional affordable housing in the main urban areas especially family homes;
- Additional affordable homes for rent and sale for the black and minority ethnic population; and
- Providing affordable housing in the rural area.

#### Geographic

- Northern Housing Challenge Leeds-Bradford corridor;
- Green Corridor (South Wakefield); and
- Golden Triangle (North Leeds/Bradford).

### 2. North Yorkshire

#### Themes

- Additional affordable housing in urban areas market towns
- Provision of extra care housing for the growing elderly population

#### Geographic

- Golden triangle

### 3. South Yorkshire

#### Themes

- Support for the work of the Housing Market Renewal pathfinder;
- Housing for the diverse black and minority ethnic communities; and
- Housing with care and support.

#### Geographic

Dearn Valley Axis; Sheffield-Rotherham Axis; Green Corridor (Barnsley); and Selected rural settlements.

### 4. Humberside

#### Themes

- Replacement affordable housing supporting the work of the Gateway HMR;
- Replacement affordable housing as part of the redevelopment of mono-tenure estates;
- Rural housing, especially in East Riding and North Lincolnshire; and
- Providing housing with care and support for the growing elderly population.

#### Geographic

- HMR pathfinder area (n.a.s.a. and East Hull); and
- Advance Humber Towns programme (Goole, Crosby and Grimsby).

# Annex 2

## Local authorities with more than 10% of their population from BME communities<sup>4</sup>

### East of England

Bedford  
Cambridge  
Forest Heath  
Hertsmere  
Luton UA  
North Hertfordshire  
Peterborough UA  
St Albans  
Three Rivers  
Watford  
Welwyn Hatfield

### East Midlands

Charnwood  
Derby UA  
Leicester UA  
Oadby and Wigston  
Northampton  
Nottingham UA  
Wellingborough

### London

Barking and Dagenham  
Barnet  
Bexley  
Brent  
Bromley  
Camden  
City of London  
Croydon  
Ealing

Enfield  
Greenwich  
Hackney  
Hammersmith and Fulham  
Haringey  
Harrow  
Hillingdon  
Hounslow  
Islington  
Kensington and Chelsea  
Kingston upon Thames  
Lambeth  
Lewisham  
Merton  
Newham  
Redbridge  
Richmond upon  
Thames  
Southwark  
Sutton  
Tower Hamlets  
Waltham Forest  
Wandsworth  
Westminster

### North East

None; but see guidance in section 3.

### North West

Blackburn with Darwen  
UA  
Bolton

Hyndburn  
Manchester  
Oldham  
Pendle  
Preston  
Rochdale  
Trafford

### South East

Brighton and Hove UA  
Crawley  
Elmbridge  
Epsom and Ewell  
Gravesham  
Milton Keynes UA  
Oxford  
Reading UA  
Runnymede  
Slough UA  
Southampton UA  
South Bucks.  
Spelthorne  
Windsor and Maidenhead  
UA  
Woking  
Wokingham UA  
Wycombe

### South West

Bristol; City of UA

<sup>4</sup> Source data comes from 2001 census figures, Estimated resident population by ethnic group, revised and published 17 August 2006, Office for National Statistics, [www.statistics.gov.uk](http://www.statistics.gov.uk)

### West Midlands

Birmingham  
Coventry  
Sandwell  
Walsall  
Warwick  
Wolverhampton

### Yorkshire and Humberside

Bradford  
Kirklees  
Leeds  
Sheffield

### Definitions

These are local authorities England where the 2001 census results show that 10% or more of the population is black and minority ethnic. The definition of BME used for this table is membership of any ethnic group other than White - British. The full list of census ethnic categories is as follows:

White - British  
White - Irish  
White - Other

Asian or Asian British - Indian  
Asian or Asian British - Bangladeshi  
Asian or Asian British - Other

Mixed - White and Black  
Caribbean  
Mixed - White and Black African

Chinese or other ethnic group  
- Chinese  
Chinese or other ethnic group - Other  
ethnic group.

Mixed - White and Asian  
Mixed - Other

Associations will wish to provide method statements if they are not working in one of these areas but are submitting projects of particular relevance to BME communities or where the regional housing body has defined an area as of particular relevance from BME housing.

# Annex 3: HomeBuy Agents

## Current HomeBuy Agents and the zones they cover

### West Midlands

Zone	Agent
Staffordshire/Shropshire	Mercian
Dudley/Sandwell/Walsall/ Wolverhampton/ Birmingham/Solihull	Mercian
Coventry/Warwickshire	Mercian
Hereford/Worcestershire	West Mercia

### East of England

Zone	Agent
Hertfordshire	Aldwyck
Cambridgeshire, Bedfordshire & Peterborough	BPHA
Essex	Moat
Norfolk and Suffolk	Orbit

### East Midlands

Zone	Agent
Leicestershire	East Midlands HA
Derbyshire	East Midlands HA
Nottinghamshire	East Midlands HA
Lincolnshire	Eastern Shires HA
Northamptonshire	Bedfordshire Pilgrims HA



## South East

Zone	Agent
Kent	Moat
Sussex	Moat
Hampshire	Swaythling
Surrey	Thames Valley
Berkshire & Oxfordshire	Catalyst
Buckinghamshire and Milton Keynes	Catalyst

## Yorkshire and Humberside

Zone	Agent
North Yorkshire and Humberside	Joseph Rowntree
West Yorkshire	Yorkshire Housing Group
South Yorkshire	Yorkshire Housing Group

## North West

Zone	Agent
Cheshire	Riverside
Cumbria	Eden
Greater Manchester	Manchester Methodist
Lancashire	Manchester Methodist
Merseyside	Plus

## London

Zone	Agent
East London	Metropolitan Housing Trust
North London	Metropolitan Housing Trust
West London	Metropolitan Housing Trust
South East London	Tower Homes
South West London	Tower Homes

## South West

Zone	Agent
S.E.	Knightstone
North	New Futures
Peninsular	West Country HAL

## North East

Zone	Agent
North East	Nomad

## Division of marketing responsibilities between HomeBuy Agents and developers

Developers of New Build HomeBuy will:

- provide the HomeBuy Agent with scheme details and marketing brochures a minimum of three months before the units are completed to initiate activity;
- provide the sales office and use the referrals from the HomeBuy Agents to find eligible applicants;
- conduct local marketing such as advertisement boards on the site and production of brochures;
- ensure that all applicants have registered with the HomeBuy Agent and completed the single application form; and
- inform the HomeBuy Agent when an applicant is progressing with a purchase or a let and further inform the HomeBuy Agent and the Housing Corporation when the unit is finally sold or let.

The HomeBuy Agent will:

- assess all applicants (including those found by the developer) for eligibility and against affordability criteria, in order to refer applicants to suitable schemes;
- provide the developer with lists of eligible applicants interested in a scheme;
- market schemes direct to applicants on the waiting list;
- use hard copy, websites and other innovative routes to market the schemes widely within a zone, including local media (in agreement with developers over badging and cost);
- use roadshows/ direct marketing to employers to attract eligible applicants (for Key Worker Living regions in particular, but also where appropriate in other zones); and
- provide a marketing report for the developer to demonstrate what marketing activity they have engaged in.

# Annex 4

## Local authority consultation pro forma: NAHP 2008

Project name: \_\_\_\_\_

Bidder name: \_\_\_\_\_

Bid number: \_\_\_\_\_

Bid year: \_\_\_\_\_

Local authority: \_\_\_\_\_

Officer contact (name, tel & e-mail) \_\_\_\_\_

---

### 1. Strategic relevance

How does the scheme fit in with Regional Investment Priorities? (more than one may apply)

	Tick
Growth	<input type="checkbox"/>
Rural	<input type="checkbox"/>
Rural Market towns (0-3,000 - 10,000)	<input type="checkbox"/>
Supported housing	<input type="checkbox"/>
BME	<input type="checkbox"/>
Larger family Homes	<input type="checkbox"/>
Key worker	<input type="checkbox"/>

How does the scheme meet the LA priorities and housing need?

---

How does this scheme improve the mix in the area to support a more balanced market?

---

Does the tenure mix match need and is it sustainable?

---

Does the size of properties within the scheme match the local need?

---

Does the client group that the scheme is designated for match the local housing demand?

---

## 2. Funding

Other Public Subsidy

Please detail other subsidies have/are being provided including subsidised/free land value, commuted sums from s106 agreements on other sites or capital contribution from other sources

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## 3. Deliverability

Do you consider the deliverability stated on the bid to be realistic? Please provide details if not.

---

Is this the delivery trajectory of this bid such that it should be phased further from the one submitted?

---

Have multiple bids been submitted for this site?

 YES NO

If yes, is this your preferred bid?

 YES NO

If no, please provide bid reference for your preferred bid and indicate why

---

#### 4. Planning

Has detailed planning permission been granted?

 YES NO

If not, what planning stage has the scheme progressed to?

---

If not, when is planning likely to be granted and at what stage?

---

If relevant, please summarise the guidance given in pre-planning consultation.

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## 5. Details of s106 (if applicable)

Does this site have an s106 site Agreement for housing?

 YES NO

Has the Section 106 been signed?

 YES NO

What planning gain has been secured for affordable housing, e.g. what affordable housing can be delivered without grant intervention?

---

Has an economic appraisal of the site been carried out using an a recognised tool (such as the Corporation's Economic Assessment Tool or the GLA's Development Control Toolkit)?

 YES NO

Is there a cascade of planning gain benefits, and if so what are the trigger thresholds?

 YES NO

If neither of the above, do you consider that the level of grant funded affordable housing provision proposed by tenure and number is additional to that which can be provided by developer contributions.

 YES NO

Is the information provided by the bidder about what any proposed grant would deliver genuine and accurate?

 YES NO



## 6. Site considerations

Please state former use of site – state Brownfield/Greenfield

---

Please indicate any site or ground conditions that we should be aware of that could restrict delivery or increase timescale of delivery e.g. flood risks

---

---

## 7. Revenue funding - Supported housing and other

If revenue funding from other source is required has availability been confirmed, e.g. Supporting People, Adult Services or SRB funding?

YES

NO

If yes, please provide details

---

Please confirm that bidder has discussed exit strategy/alternative use for supported housing or other should revenue funding not be available.

---

## 8. Does your local authority support this bid?

YES

NO

## 9. Any other information?

# Annex 5: London Development Protocol

## The local authority role supporting the Corporation in the selection of partners for grant-aided development

Within the future bid rounds the Housing Corporation will support regional, sub-regional and local housing strategies and priorities by taking local authority views on bids for individual schemes into account. In addition, we will utilise the new local authority input to regulatory assessment to influence our selection of Investment Partners.

1. Successful investment in London depends on effective partnership between the Housing Corporation, the Greater London Authority, local government and delivery organisations, and therefore reflects the priorities, objectives and concerns of all parties. The Corporation and local authorities will work together on the selection of partners for grant-aided development, which are considered to have the 'track record', expertise and capacity to meet investment programme objectives.

2. We set out below some principles to assist the determination of which Investment Partners will be eligible for grant funding from the Housing Corporation's investment programme:

- Investment Partners must support the priorities of regional, local authority and sub-regional housing strategies;

- local authority assessments of Investment Partner performance must be taken into account, where available;
- registered housing association Investment Partners must have four green lights on their Housing Corporation Assessment (HCA) to pre-qualify for partnering status. The HCA includes the Corporation's assessment of governance, financial viability, and management service and development activity. Investment Partner status is dependent upon a continued positive assessment; and
- registered housing associations which have not applied for and received Partner status may still be eligible for grant via the 'specialist provision' route. This funding route is intended to safeguard the future of provision of homes by supported housing providers and other small, often BME-led, housing associations.

3. While Investment Partners and specialist route associations will be eligible to apply for funding to develop, the Housing Corporation will have regard to the proposed management arrangements for the stock.

- Investment Partners must satisfy the requirements to provide high quality, responsive management services to residents. In the case of registered bodies, this may be demonstrated by the association's track record. In the case of private sector or ALMO Investment Partners, this will be through management accreditation;

- It is a requirement that Investment Partners and specialist route associations will consult local authorities about schemes before they are bid for. Investment Partners with no track record in a sub-region need to be able to demonstrate to the local authorities and the Corporation that they will provide effective and efficient management services;
- Where there are significant concerns about an Investment Partner's performance in managing its homes, the local authority will inform the Housing Corporation through an agreed assessment process and the Corporation will consider whether regulatory action is required in relation to its management or investment activities; and
- It is expected that all Investment Partners and specialist route housing associations must be able to demonstrate that they support the priorities of local community plans and have engagement with the communities in areas in which they intend to operate.

4. All London's local authorities have significant black and minority ethnic populations. We must ensure that our investment contributes to schemes that meet the needs and aspirations of all communities, including emerging communities. Whilst all associations will be expected to be proactive, we aim particularly to ensure that the expertise and community engagement of BME associations is utilised and supported.

- The Housing Corporation will expect to see effective partnerships between Investment Partners and BME associations in all of London's sub-regions. We will seek evidence of such partnerships when selecting development partners and will promote successful management arrangements; and
- The Corporation will be guided by local authority and sub-regional BME strategies in assessing whether or not prospective partner BME housing associations reflect local communities and are appropriate community champions in the areas in which they intend to grow. We understand that not all investment partnerships can reflect the needs of the whole sub-region, but we do expect to see a clear rationale for such partnerships and that they are based on clear and fair agreements for both development and management.

5. In selecting Investment Partners, the Housing Corporation and local authorities will take into account their ability to play a role in meeting local requirements for new specialist supported housing. Generally, this will not be a determining factor in the selection of all new Partners and flexibility will exist as to whether delivery is in-house or through partnerships with specialist providers.

6. There will be a regular review of the arrangements set out in the protocol by the Housing Corporation and it will involve representatives from the London Councils and the London Housing Federation, amongst others.

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