



An introduction to the **Housing Infrastructure Fund**



Department for
Communities and
Local Government

Ministerial Foreword

We hear time and again that putting infrastructure in early could make all the difference in making new land available and getting homes built. Without the right infrastructure, no new **community will thrive** – and no existing community will welcome new housing if it places further strain on already stretched local resources.

- Our ambitious policies in our **Housing White Paper** will mean more and better homes, welcomed by existing communities because they add to, rather than subtract from, what is already there. So I'm delighted to be launching the Housing Infrastructure Fund – up to **£2.3 billion** of government funding to help ensure the right infrastructure is in place at the right time to unlock the high quality new homes that this country so badly needs.

I urge local authorities to make the most of this opportunity – to come forward with infrastructure proposals that **show real ambition for the future**, in a way which works for existing communities and new residents.



The Rt Hon Sajid Javid MP
Secretary of State for Communities and Local Government



Introducing the Housing Infrastructure Fund

The Housing Infrastructure Fund is a **government capital grant programme** of up to **£2.3 billion**, which will help to deliver up to 100,000 new homes in England.

Funding will be **awarded to local authorities** on a **highly competitive basis**, providing grant funding for new infrastructure that will unlock new homes in the areas of greatest housing demand.

This booklet sets out the purpose of the Housing Infrastructure Fund, how it works, how we will select which proposals to fund, and how to find out more.

You can find more information on our webpage, and the online bidding forms will be made available during July:

www.gov.uk/government/publications/housing-infrastructure-fund

We are inviting local authorities to apply by Thursday 28 September 2017.



Purpose of the Fund

The Housing Infrastructure Fund will:

- Deliver new physical **infrastructure** to support new and existing communities;
- Make **more land** available for housing in high demand areas, resulting in **new additional homes** that otherwise would not have been built;
- Support **ambitious local authorities** who want to step up their plans for growth and make a meaningful difference to overall housing supply; and
- Enable local authorities to recycle the funding for other infrastructure projects, **achieving more** and delivering new homes in the future.



How the Fund works

We understand that different types of intervention are needed. The Fund provides:

1. Marginal Viability Funding: Numerous housing sites all over the country are being held back because the costs of putting in the infrastructure and building the homes are too great.

For these types of development, we will provide the **final, or missing, piece of infrastructure funding** to get additional sites allocated or existing sites unblocked quickly. We expect the infrastructure to be built soon after schemes have been awarded funding, and for the homes to follow at pace.

2. Forward Funding: We recognise that infrastructure is funded in a variety of ways, and at different times in the development process. This can make it extremely difficult for local authorities to take a strategic approach and plan for infrastructure provision.

In these circumstances, we will back a small number of strategic and high-impact infrastructure schemes. We may put in the **first amount of funding**, which then gives the market confidence to provide further investment and make more land available for development and future homes.



How much is available for proposals?

The Fund is available over four years from **2017/18 to 2020/21** and we will be looking for some Marginal Viability proposals that can spend in 2017/18. All funding must be committed by March 2021.

- Bids can be **up to £10 million** for **Marginal Viability** proposals.
- Bids can be **up to £250 million** for **Forward Funding** proposals.

Higher levels of funding may be made awarded to **exceptional bids** that can demonstrate a robust case for widespread and transformational delivery of new homes.

Decisions on funding allocations will be taken at a programme level. The split between the two funding streams will depend on the bids received but we would expect the majority of our funding to go to forward funding proposals.

We may decide, on the basis of the bids we receive, not to allocate all of the £2.3 billion in this wave. We may run another wave of funding in future with potentially different criteria.

Who can bid?

Local authorities in England can bid in the following ways:

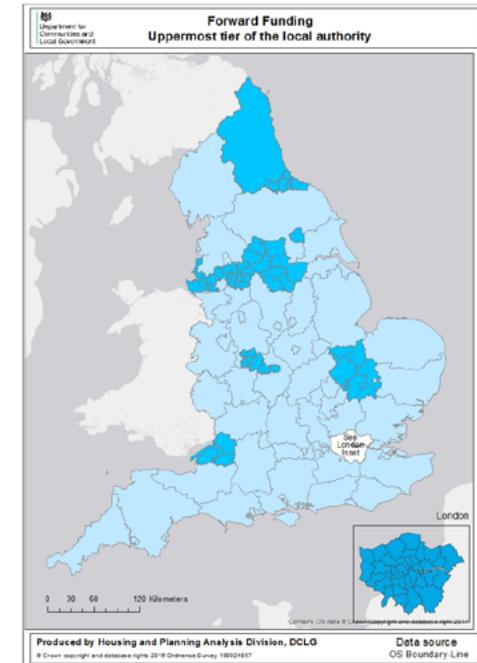
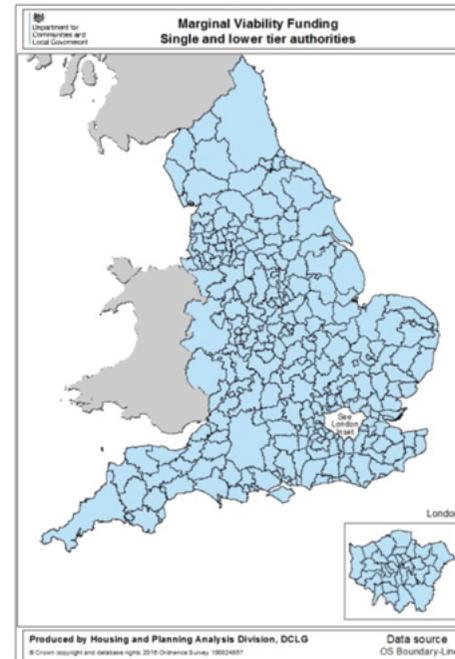
- For Marginal Viability Funding, **single and lower tier** local authorities can bid.
- For Forward Funding, the **uppermost tier** of local authority can bid:
 - The Greater London Authority
 - Combined authorities.
 - Single and upper tier authorities, where they are outside London and combined authority areas.

This is because these schemes are big, strategic, and it will take time and resource to develop the bids.

Authorities can submit multiple bids and will need to rank them in order of priority.

We call on all tiers of government to work together, and with their Local Enterprise Partnerships, to develop strong bids.

We also encourage local authorities to submit **joint bids** where they will unlock additional housing at scale.



What makes a bid eligible?

The bid must:

- Require **grant funding** to deliver **physical infrastructure**¹ and provide strong evidence that the infrastructure **is necessary** to unlock new homes and cannot be funded through another route.
- Support delivery of an **up to date plan** or **speed up getting one in place**.
- Have **support locally**
- Spend the funding **by 2020/21**.

¹ We do not have a prescriptive definition of physical infrastructure. It could, for example, include transport and travel, utilities, schools, community and healthcare facilities, land assembly and site remediation, heritage infrastructure, digital communications, green infrastructure (such as parks) and blue infrastructure (such as flood defences and sustainable drainage systems).



What do bids need to demonstrate?

Eligible applications will be assessed on how well they meet the following criteria:

The proposal takes a **strategic approach**, with strong local leadership and joint working to achieve higher levels of housing growth in the local area, in line with price signals, and supported by clear evidence.

The proposal is **value for money**, on the basis of an economic appraisal following the principles set out in the Green Book and the **DCLG Appraisal Guide**.

The proposal can be **delivered**. This is about both delivering the infrastructure and how that will then lead to the delivery of new homes. It also means all the key delivery partners need to be working together.

More detailed information, including **examples**, is given in the Marginal Viability and Forward Funding **supporting documents**.

We will prioritise schemes based on their impact against these criteria, with an emphasis on value for money. We may also take into account our funding profile, the geographical capacity of an area to deliver the infrastructure development, and wider economic considerations.



How and when to apply for funding?

Marginal Viability bids will be assessed through a **one stage process**. Eligible local authorities can submit business cases online by **28 September 2017**. These will be assessed and funding awards announced from late 2017 or early in 2018.



Forward Funding bids are much bigger and will go through a **two stage process**. Eligible local authorities can put in expressions of interest online by **28 September 2017**. These will be assessed and the best will go through to stage two.

In **stage two**, we will provide access to experts and constructive challenge. Local authorities will then develop business cases and submit these in Spring 2018. These will be assessed and funding awards announced from the Summer.



Using the Fund

Funding will be paid using section 31 of the Local Government Act 2003.

The Housing Infrastructure Fund is not to be used to displace other sources of available funding or bail out developers. We are looking for developers to do their bit to deliver the new and better homes that this country needs. Local authorities will also be responsible for spending any funding received in accordance with all applicable legal requirements.

Engagement and monitoring

We need to ensure that we are getting the best outcomes for taxpayers. We will work with successful local authorities to develop case studies and to agree and monitor key deliverables and outcomes, such as:



Spend



Delivery of infrastructure



Delivery of homes

More information is set out in the supporting documents.

Where can I find further information and support?

Our webpage has more information, including:

- **Marginal Viability** supporting document
- **Forward Funding** supporting document
- a **Ready Reckoner** to test the value for money of proposals

The **online forms** for submitting bids will be made available on our website during July 2017.

You can also call or email us.



www.gov.uk/government/publications/housing-infrastructure-fund



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