

# Shared Ownership and Affordable Homes Programme 2016 to 2021 Addendum to the Prospectus

June 2018

## Chapter 1: Introduction

1. The Shared Ownership and Affordable Homes Programme 2016 to 2021 (SOAHP 2016-21) was launched in April 2016 through publication of a [prospectus](#). During the Autumn Statement in November 2016, the Government introduced additional funding for affordable housing including affordable rented homes. This was implemented in January 2017 via the publication of an [Addendum](#) to the SOAHP 2016-21 Prospectus.
2. On the 4<sup>th</sup> October 2017 the Government announced the introduction of Social Rent as a tenure eligible for funding; to be focused in areas of high need. The statement announced an additional £2 billion to deliver Social Rent across the country including London, of which £1bn will be made available in London.
3. Following these two announcements, in June 2018 Government confirmed a total additional budget for Homes England of £1.67 billion to deliver Social Rent as well as tenures currently available through the SOAHP.
4. In addition to the range of tenures now available for funding under SOAHP and our existing programme, Homes England is moving towards a programme or 'deal' based approach with the intent to stimulate delivery through greater flexibility and confidence in availability of funding in return for a significant step change in affordable housing delivery.
5. On 16 May the Government announced £400m to fully fund the removal and replacement of dangerous cladding by councils and Housing Associations. This funding will come from the current SOAHP. To provide longer term certainty of grant funding for new homes £400m will be coming back into the SOAHP in 2021/22.

## Invitation to Bid to Continuous Market Engagement SOAHP 2016-21

6. This Addendum to the Prospectus invites bids against the available funding, for the range of tenures available including Social Rent. Bidding will be assessed on an on-going basis in a process of Continuous Market Engagement (CME). The Addendum sets out further details of the CME process. The Prospectus remains the key document for the SOAHP 2016 to 2021: its content stands unless explicitly amended (such as the January 2017 Addendum), and providers should ensure they read the Prospectus alongside both Addendums. The Prospectus also provides information on contracts and payment and on the programme management arrangements for successful bidders.

## Chapter 2: Products

7. The published Prospectus and Addendum set out the details of the affordable housing products funded through the SOAHP i.e. Affordable Rent, Affordable Home Ownership and Rent to Buy. This addendum confirms grant funding is available for Social Rent.

### Social Rent

8. Social Rent is low cost rental accommodation that is typically made available at rent levels that are set in accordance with the rent component of the Social Housing Regulator's tenancy standard. Homes for Social Rent funded under the SOAHP 2016 to 2021 must be let under the terms of the tenancy and rent setting arrangements set out in

Homes England's Capital Funding Guide. Rent levels should be calculated according to a formula based on relative property values and relative local earnings <https://www.gov.uk/guidance/capital-funding-guide>.

9. It is a statutory requirement that the landlord of sub-market rental homes (including Social Rent, Affordable Rent and Rent to Buy homes) is a Registered Provider. Homes England operates a successful agreed transfer model allowing unregistered bodies to build such homes, and receive grant, ahead of onward transfer to a Registered Provider. This statutory requirement does not apply to Shared Ownership homes.
10. It is a priority for Government that funding for Social Rent is allocated to areas of greatest need.
11. We are therefore only inviting bids for Social Rent funding from areas that can demonstrate that they are in a high affordability pressure area. Details of how this will be assessed is contained in paragraph 23.
12. Funding for all other tenures will remain national, and not be subject to geographical assessment.
13. Registered Provider bidders with amounts in a Disposal Proceeds Fund (DPF) are reminded that funds, as directed by the Regulator, can be allocated to the acquisition and development of homes for rent and they are therefore encouraged to utilise DPF balances as part of their financial contribution to Social Rent schemes costs. Registered Providers should refer to the Regulator's updated guidance on the management of their DPF due to de-regulatory measures introduced in April 2017.

### **Chapter 3: How to bid**

14. Providers must submit their bids using the Homes England's Investment Management System (IMS). Guidance on how to bid through IMS is available [here](#). IMS is available for bidding as part of Continuous Market Engagement, including bids for Social Rent, from publication of this addendum onwards.
15. New bidders are able to apply for IMS access by telephoning our IT service desk on 01908 353604 or emailing our service desk at [servicedesk@homesengland.gov.uk](mailto:servicedesk@homesengland.gov.uk). On-line training on using IMS is available [here](#); additional training for those who have completed the on-line modules is available on request.
16. All schemes bid through Continuous Market Engagement must be firm schemes, as defined in the Prospectus; bids for indicative schemes will not be accepted.
17. The Prospectus sets out:
  - our information requirements relating to firm schemes;
  - our scheme requirements (including, in particular, our presumption against funding affordable homes provided under a S106 agreement, on a larger site developed as market housing, and the additional information requirements where an exception is proposed).
18. Providers can submit queries about bidding to [AHPFAQ@homesengland.gov.uk](mailto:AHPFAQ@homesengland.gov.uk) questions and their answers may be shared with other bidding organisations.

19. If you wish to discuss your bid proposal in more detail please contact your local Homes England Area office in the first instance, or phone the Homes England enquiries team on 0300 1234 500 who will redirect your call.
20. Bids via CME will be subject to the established assessment process considering both deliverability and value for money and in the case of Social Rent must also be in an area of high affordability pressure.

## **Chapter 4: Continuous Market Engagement Bid Assessment**

21. We will assess the scheme proposals from each provider independently. Each scheme should therefore be able to stand alone, with no cross subsidy or interdependence with other schemes submitted by a provider, including where schemes are on the same site.
22. Bid assessment will use the same quantitative and qualitative metrics set out in the Prospectus, which emphasise value for money and deliverability.
23. Social Rent funding will only be available within a local authority that is subject to high affordability pressures. The key metric is the difference between average social rents and private rents and we will fund Social Rent in local authorities where the difference between these is £50 per week or more. Annex A sets out the Local Authorities in scope, and a map of the areas.
24. Quantitative assessment will also be used to determine the relative score of new bids against allocations made within the same Homes England Area in the initial bid round (for Shared Ownership and Rent to Buy) and in the subsequent CME for Affordable Rent.
25. Bids for all products will need to provide qualitative information on the use of innovative housing construction methods, as set out in the Prospectus. There are additional qualitative information requirements for Social Rent bids.

## **Chapter 5: Deals approach**

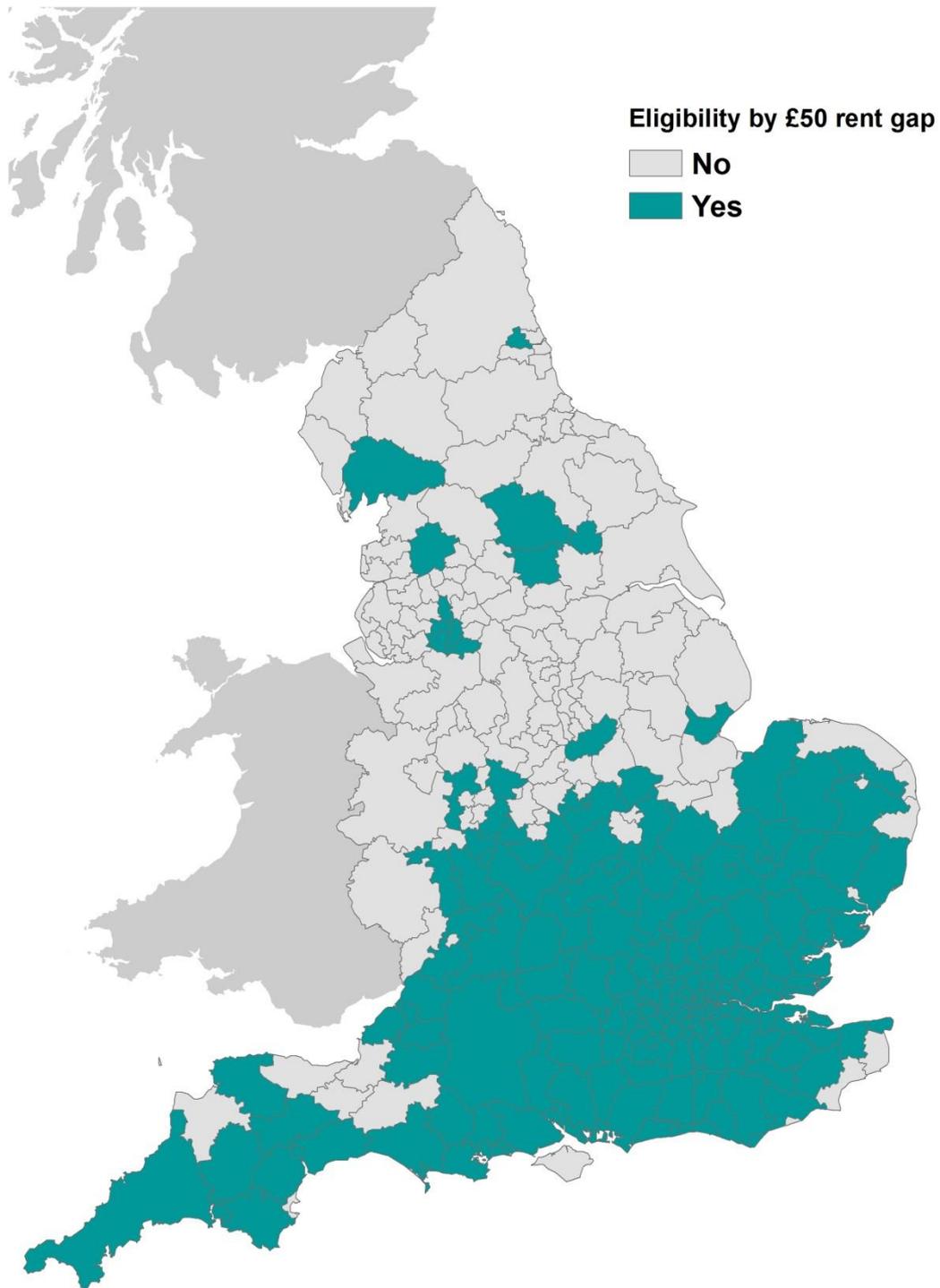
26. Homes England will open discussions with Registered Providers where there is evidence of their capacity to deliver at pace and scale over and above existing commitments. Registered Providers must be able to demonstrate what additionality to Affordable Housing supply a deal based approach to funding would bring to their current contracted delivery profile.
27. Deal propositions will be taken forward on a bespoke basis which respond to local needs. Due diligence will be undertaken to test proposals. Interim targets for delivery on a quarterly and annual basis will be agreed as part of these discussions.

## Annex 1

Adur	East Hertfordshire	Oadby and Wigston
Arun	East Northamptonshire	Oxford
Ashford	Eastbourne	Plymouth
Aylesbury Vale	Eastleigh	Poole
Babergh	Elmbridge	Portsmouth
Basildon	Epping Forest	Purbeck
Basingstoke and Deane	Epsom and Ewell	Reading
Bath and North East Somerset	Exeter	Redditch
Bedford	Fareham	Reigate and Banstead
Birmingham	Forest Heath	Ribble Valley
Blaby	Gosport	Rochford
Boston	Gravesham	Rother
Bournemouth	Guildford	Rugby
Bracknell Forest	Harborough	Runnymede
Braintree	Harlow	Rushcliffe
Breckland	Harrogate	Rushmoor
Brentwood	Hart	Rutland
Brighton and Hove	Havant	Salford
Bristol, City of	Hertsmere	Sevenoaks
Broadland	Horsham	Slough
Bromsgrove	Huntingdonshire	Solihull
Broxbourne	King's Lynn and West Norfolk	South Bucks
Bury	Leeds	South Cambridgeshire
Cambridge	Lewes	South Gloucestershire
Canterbury	Lichfield	South Hams
Castle Point	Luton	South Lakeland
Central Bedfordshire	Maidstone	South Norfolk
Chelmsford	Maldon	South Northamptonshire
Cheltenham	Malvern Hills	South Oxfordshire
Cherwell	Manchester	South Staffordshire
Chichester	Medway	Southampton
Chiltern	Mendip	Southend-on-Sea
Christchurch	Mid Devon	Spelthorne
Colchester	Mid Suffolk	St Albans
Cornwall	Mid Sussex	St Edmundsbury
Cotswold	Milton Keynes	Stevenage
Crawley	Mole Valley	Stockport
Dacorum	New Forest	Stratford-on-Avon
Dartford	Newcastle upon Tyne	Stroud
Daventry	North Devon	Suffolk Coastal
East Cambridgeshire	North Dorset	Surrey Heath
East Devon	North Hertfordshire	Swale
East Dorset	North Somerset	Swindon

East Hampshire	Northampton	Tandridge
Teignbridge		
Tendring		
Test Valley		
Tewkesbury		
Thanet		
Three Rivers		
Thurrock		
Tonbridge and Malling		
Trafford		
Tunbridge Wells		
Uttlesford		
Vale of White Horse		
Warwick		
Watford		
Waverley		
Wealden		
Wellingborough		
Welwyn Hatfield		
West Berkshire		
West Devon		
West Dorset		
West Oxfordshire		
Weymouth and Portland		
Wiltshire		
Winchester		
Windsor and Maidenhead		
Woking		
Wokingham		
Worcester		
Worthing		
Wychavon		
Wycombe		
York		

## Local Authority areas with average gap between weekly Social and Private rents above £50



Source: HCA SDR 2016/17; VOA PRMS 2016/17