



**1. When will the Disposal Proceeds Fund be abolished and will there be any transitional arrangements to enable funds to be used effectively?**

A. There is currently no date set for the abolition of the Disposal Proceeds Fund (DPF), which is a proposed measure in the Housing and Planning Act. In the event of abolition the Social Housing Regulator will announce plans for the managing down of existing funds. DPF should continue to be used in line with published requirements and guidance.

**2. For Rent to Buy, if tenants don't exercise their option to purchase on market sale terms at the end of the five year tenancy period, can the property be sold on shared ownership terms?**

A. Yes landlords can consider sell Rent to Buy properties on shared ownership terms, after the initial five year rental period, providing that the other requirements of the product, such as the tenant having the first option to buy, are met.

**3. Can a for profit provider considering selling a Rent to Buy property on shared ownership terms and if so what are the grant recovery implications.**

A. When selling a Rent to Buy property on shared ownership terms for profit registered providers may wish to note that the first tranche sale for shared ownership is not a relevant event and therefore recycling of grant (plus uplift where applicable) is not required at that time. The relevant event for recycling occurs at the each staircasing event, when the home owner buys an additional share in their home. For profit providers may wish to consider voluntarily recycling grant and any uplift (where applicable) at the first tranche sale.

**4. Paragraph 23(ii) of the prospectus states that 'landlords are expected to let the [Rent to Buy] properties on assured short hold tenancies for a fixed term of not more than two years.' Is this correct?**

A. The requirement in the prospectus is correct. Rent to Buy homes are to be let on assured shorthold tenancies for a fixed term of less than two years. This product has been designed with home ownership in mind; use of short term tenancies is in line with expectations of an intermediate product that is a stepping stone into home ownership in a relatively short timescale.

**5. There is no mention in the Design section of the prospectus or in the Capital Funding Guide of the Agency's requirements for Building Information Modelling (BIM), does the Agency have any requirements or expectations for BIM?**

A. There are no formal requirements for providers to use Building Information Modelling in the delivery of the SOAHP. However the HCA is keen to encourage the use of any innovations that bring about efficiencies in construction. The National Housing Federation and Building Information Modelling4Housing are developing ways of engaging with the sector on BIM and offer resources to help providers use BIM. For further information please see the BIM 4 Housing website here <http://www.bimtaskgroup.org/category/bim4-housing/>.



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### **6. Can you confirm that the specialised homes are for rent only and if so can we bid for specialised shared ownership under the main form of Help to Buy: Shared Ownership?**

A. Yes. The Specialist Homes product is for homes for rent only. Providers who intend to deliver specialist homes for older, disabled and vulnerable people as Help to Buy: Shared Ownership or Rent to Buy should bid for funding under those products.

### **7. Do providers need to qualify as investment partners at the same time as bidding for grant funding if they are not already qualified?**

A. There is no requirement to have qualified as an investment partner in order to submit a bid. You can wait until you have confirmation of a successful bid outcome before starting investment partner qualification process.

We encourage consortia working for smaller, rural or community groups that are not already qualified investment partners. It is worth noting that for individual partners working in a consortium, only the lead partner is required to qualify as an Investment Partner.

### **8. Is it a requirement for partners to be registered providers of social housing in order to be the landlords of completed shared ownership homes?**

A. There is no requirement for partners to become registered providers of social housing to be the landlord of completed shared ownership homes. This is a requirement for landlords of rented homes only.

### **9. Will assessment of bids include a comparison of the house size against the Nationally Described Space Standards?**

A. Whilst the HCA does not set maximum or minimum house sizes, we will consider house size in assessment by benchmarking submitted sizes for individual homes against the Nationally Described Space Standards (see <https://www.gov.uk/government/publications/technical-housing-standards-nationally-described-space-standard>).

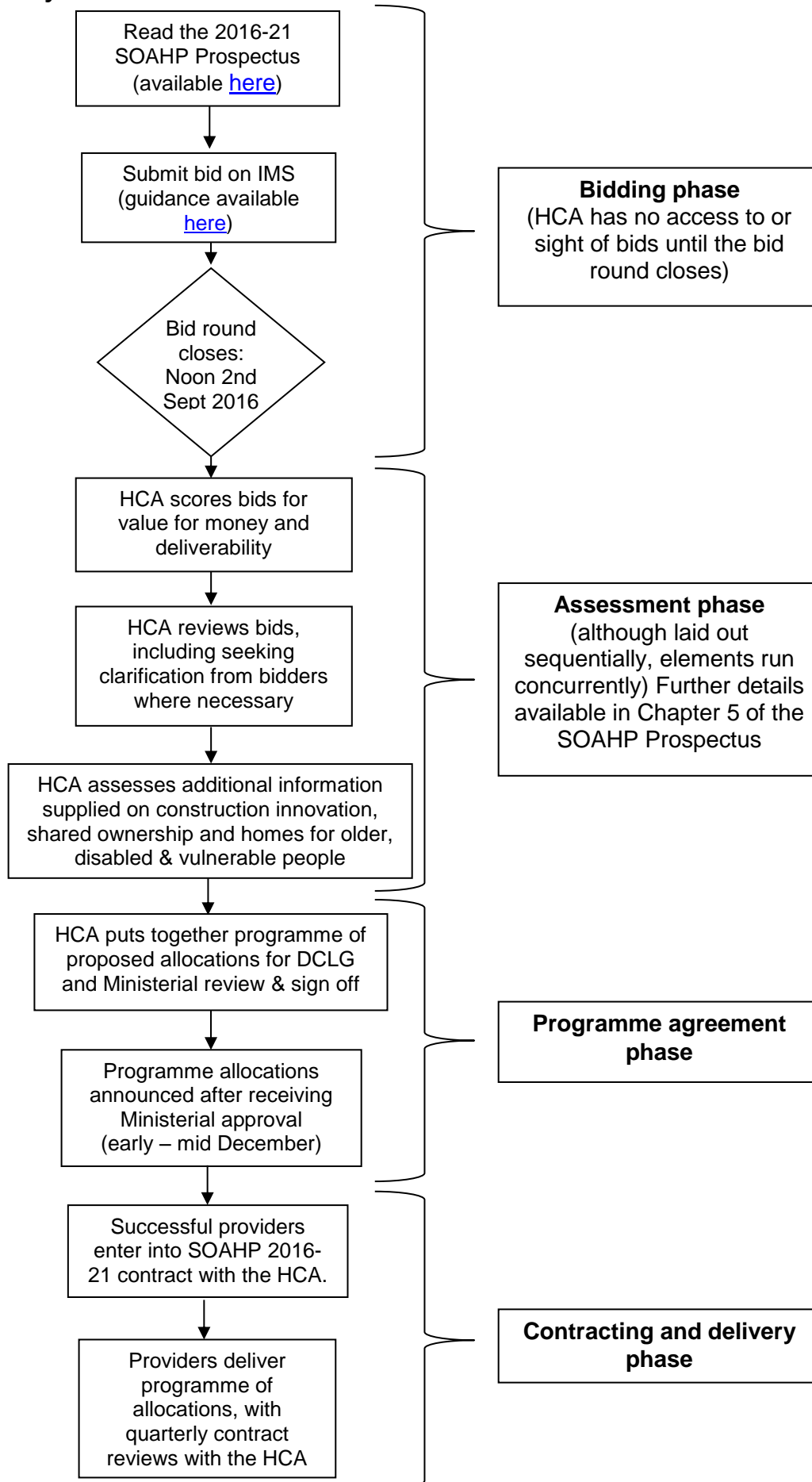
We will identify unusually small (or unusually large) homes, and, where there is significant variation, we will seek to understand the reasons for this. Our value for money consideration will consider grant requested per m<sup>2</sup>, and we will not fund homes where abnormal sizing means poor VfM.

### **10. Do you have a process flow diagram that describes the process of bidding, assessment, allocation and contracting?**

A. Yes. See below.



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## Outline of the bidding and assessment process

### Bidding phase

- Read the 2016 to 2021 SOAHP Prospectus (available [here](#))
- Submit bid on IMS (guidance available [here](#))
- Bid round closes: Noon 2 Sept 2016

### Assessment phase

- HCA scores bids for value for money and deliverability
- HCA reviews bids, including seeking clarification from bidders where necessary
- HCA assesses additional information supplied on construction innovation, shared ownership and homes for older, disabled & vulnerable people

### Programme agreement phase

- HCA puts together programme of proposed allocations for DCLG and Ministerial review sign off
- Programme allocations announced after receiving Ministerial approval (early – mid December)

### Contracting and delivery phase

- Successful providers enter into SOAHP 2016 to 2021 contract with the HCA
- Providers deliver programme of allocations, with quarterly contract reviews with the HCA



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### **Q.11 Why won't the Agency accept shared ownership units into Continuous Market Engagement?**

A. Continuous market engagement (CME) is now closed. The Agency allocates its grant through competitive bidding so in order to be fair to all bidders and build a programme that offers the best value for money; we are unable to agree new allocations while bidding and assessment are underway.

There are options available for providers who need to make commitments in advance of the Agency's announcement of initial allocations for Shared Ownership Affordable Homes Programme later this year.

Providers should first consider whether the scheme needs grant funding or if the scheme is to be delivered as nil grant, including where part-funded with Recycled Capital Grant Fund. Shared ownership is one of the Agency's priority permitted purposes for use of RCGF and as such plans to use RCGF to deliver shared ownership do not require the Agency's prior approval. This means that if a provider's scheme does not require new grant funding (i.e. is nil grant or part-funded by RCGF) they do not need to wait for an allocation decision from the Agency before starting on site. In these cases, it is recommended that the provider bids the scheme into the 2016-21 bid round as normal, entering the start dates accurately (i.e. if the scheme is going to start in August, record an August start date on the bid) but does not wait until allocations are announced to start on site.

If a scheme does require grant funding then providers will need to wait for an allocation decision before they can secure the funding for that scheme. However, if a provider has a 2015-18 Affordable Homes Programme allocation then they may be able to use some of that to fund the schemes in question (e.g. using part of an existing indicative allocation that they could draw down or agreeing a substitution with an allocation they have for a scheme starting later in the programme, which the provider can then bid into the 2016-21 bid round). Where providers are planning to substitute a scheme, then the equal or better value requirement for substitutions still applies and they need to be aware that having received an allocation previously does not guarantee that the scheme will receive an allocation for the 16-21 SOAHP.

The exception to all of this is where a provider requires new grant or intends to use RCGF to part-fund a development on a section 106 site. The Agency does not expect any grant (new or recycled) to be used to support delivery on s106 sites and any requests will be subject to further review during the assessment phase of this bid round to confirm the additionality of the homes provided.

Where a provider has uncommitted RCGF, they may wish to consider supporting their scheme with RCGF until they receive an allocation decision in December, bearing in mind that they do so at risk, as the scheme may not receive an allocation of funding.



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### **Q.12 Paragraph 21 of the prospectus states that the HCA's network of Help to Buy Agents will offer support in marketing and assessment of potential buyers. How will this work?**

The Help to Buy Agents (HTBA) will provide services to providers delivering through the SOAHP 16-21. It will be a SOAHP 16-21 contractual requirement that providers enter into a Service Level Agreement (SLA) with the Help to Buy Agent in the geographic area where the properties are located, to support the effective delivery of standard affordable home ownership products, such as Help to Buy: Shared Ownership, Home Ownership for people with Long term Disabilities (HOLD), Older Persons Shared Ownership (OPSO) and Rent to Buy. The services the HTBA will deliver as part of an SLA are:

- information and advice to applicants
- applicant eligibility assessments to ensure that products are targeted and delivered in accordance with criteria
- maintaining a database of registered applicants
- marketing and advertising available properties to qualifying applicants
- publicising properties on the HTBA website

The HTBA will advertise properties on the HTBA's website and marketing details will be forwarded to eligible applicants by the HTBA. The HTBA will also send providers details of qualifying applicants expressing an interest in their properties.

### **Q.13 Will you fund homes for Shared Ownership where there are particular prioritisation or eligibility criteria for potential purchasers?**

A. The 2016 to 21 *Prospectus* notes, at paragraph 19, that the Government has removed restrictions on access to shared ownership: 'outside London, anyone with a household income of less than £80,000 is now eligible, and there are no nationally or locally defined prioritisation criteria (excepting a prioritisation for current and former members of the British Armed Forces). Homes funded by the SOAHP 2016 to 2021 must be marketed in accordance with the new position'. We will not, therefore, fund shared ownership homes where additional prioritisation or eligibility criteria are applied, for example via a Section 106 agreement. Government wishes to offer purchasers and mortgage lenders the benefits of a standard, well-understood product. However, where providers are delivering grant-funded shared ownership on rural exception sites, where a stipulation for the prioritisation of people with a local connection is in place; such schemes will be exempted from this requirement.

### **Q.14 Does the removal of prioritisation for people with local connection from grant-funded shared ownership apply to rural exception sites?**

The removal of locally defined priority groups for assistance applies to all grant-funded shared ownership schemes, except on rural exception sites.

### **Q.15 Will nil-grant homes for Shared Ownership be accepted into the Programme, where there are particular prioritisation or eligibility criteria for potential purchasers?**

A. The 2016 to 21 *Prospectus* notes, at paragraph 19, that the Government has removed restrictions on access to shared ownership: 'outside London, anyone with a household income of less than £80,000 is now eligible, and there are no nationally or locally defined



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prioritisation criteria (excepting a prioritisation for current and former members of the British Armed Forces). Homes funded by the SOAHP 2016 to 2021 must be marketed in accordance with the new position'. This statement extends to all shared ownership homes within the Programme except for those homes developed on rural exception sites. Nil-grant schemes (including, but not restricted to, those utilising Recycled Capital Grant) should not, therefore, apply additional prioritisation or eligibility criteria, for example via a Section 106 agreement. Government wishes to offer purchasers and mortgage lenders the benefits of a standard, well-understood product. [Note providers entering into a contract with the HCA are expected to include nil-grant schemes within their programme (with an understanding that there may be some exceptions.)]

### **Q.16 Are Rent to Buy homes required to be let on assured short term tenancies of less than 2 years?**

A. The Prospectus sets out the default position on Rent to Buy tenancies (fixed term ASTs of less than 2 years). However, landlords may look to vary the tenancy length, but should discuss this with the HCA ahead of bidding to ensure any different proposal is commercially effective and in keeping with the requirements of the Rent to Buy Programme. Organisations will need to take their own financial and legal advice to confirm that they continue to comply with the Tenancy Standard.