

Thriving communities,  
affordable homes



# INVESTING NATIONALLY

DELIVERING  
LOCALLY



The HCA and  
Community-led Housing

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# The HCA's changing role



**We are the “people who help get things done...”**

- Working with people and places to **enable** them to deliver homes, economic growth and jobs
- Delivering programmes of **investment**
  - Affordable Homes Programme
  - Decent Homes Backlog Programme
  - Land and regeneration
- From April 2012 the HCA will become the economic **regulator** of social housing providers

**But with**  
**Significantly reduced resources**  
**– both investment and staff**



# New Framework: New Opportunities



The new programme means some big changes:

- New “Affordable Rent” offer:
  - Rents up to 80% of market rent
  - Tenancy review after fixed period (min 2 years)
  - Registered Providers (former RSLs) may convert vacant ‘social rent’ to new tenure
  - Rent/tenancy terms for existing tenants not affected
  - Affordable rent is priority - home ownership where local priority and VFM
  - Social rent in exceptional circumstances
  
- Up to 150,000 new affordable homes by 2015.
- Offers submitted 3<sup>rd</sup> May – contracts expected July
- Some already include community-led



# Existing Consortia

- Organisations can join existing consortia at any time
- A 'community' or 'group' can be offered the opportunity to **approach Investment Partner leads** in order to work with the lead through their existing framework agreement.
- The HCA operating area team can assist the 'group' in finding a suitable lead partner.
- Working in this way the local group would not need to become an Investment Partner and could avoid some additional requirements.



# Basic AHP Principles



- Only funds **affordable rent, HCA shared ownership or shared equity**
- Payment is at a fixed unit rate per provider, paid **on completion**
- **Grant recipient and landlord** is an RP before completion
- Schemes meet **local needs and priorities** (set out by local authorities)
- Schemes have a **realistic prospect of delivery** (by 2015)
- Providers continue to meet **TSA standards** (or agree alternative)
- HCA **design standards** are met (Code Level 3)
- The scheme offer **good VFM** in relation to other comparable schemes
- Recipients follow recovery 'principles' of the **Capital Funding Guide** (e.g. around use of recycled staircase repayments)



# AHP+ (held-back funding)



- In addition to the consortia opportunities, the [FAQ](#) that accompanied the [AHPFramework](#) stated that:

*“there will be small community led organisations such as community land trusts or small rural groups and others, who may not be in a position to bring forward proposals at the outset of the programme...[and that] ..... If a community led group wishes to apply in its own right, but does not have enough detail available or a scheme proposal in time for the contract negotiations in Spring 2011, they can contact the Agency when they are ready and we anticipate that there will be resources available to fund such schemes that meet the required value for money and other considerations.”*

# A reminder...

- We don't need to tell you this, but.....
- It's a broad and varied sector
- We consider community-led housing to mean:
  - Formal and informal community groups
  - Communities doing things for themselves
  - Variety of models, represented here today: coops and mutuals, CLTs, co-housing, self-build, development trusts, CICs, CRtB.....
- We don't want to exclude anyone

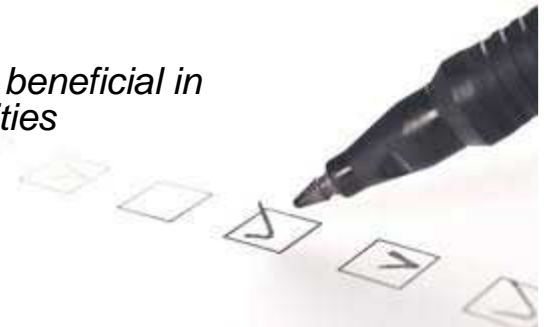


# Community-based 'criteria'

## Initial Criteria (DRAFT)

- To access tailored community-led support, groups must meet basic key criteria to ensure the funding is directed to the right groups and areas.
- This is NOT a tick box process, but will be part of local conversations
  
- **Community Benefit**
  - Clear definition of the community (geographic or other)
  - Expected benefits, and how they meet local need
  - How the community has been involved in decisions
  - Will these will be provided and protected in perpetuity
  
- **Structure / Governance**
  - Membership of or access to the group to be open to the whole community
  - Group decisions taken with community input and feedback
  - Even if a partner is involved the group must be able to influence key decisions in a real and transparent way (e.g. membership, voting, governance, legal controls)
  - Is there a long term role (ownership or management) for the community, and if not why not?

**NOTE:** *Although we do not require local authority support, it would be beneficial in demonstrating deliverability of scheme and fit with local priorities*



# Qualify/Register - What's the difference?



- **INVESTMENT PARTNER:** Under its policy framework, and to protect the public purse, the HCA is only able to fund organisations that have qualified as Investment Partners through a relatively light touch questionnaire
- **OFFER:** Partners wishing to access AHP funding will be asked to complete an 'offer' sheet setting out the grant request and how it be used to fund the project, along with any other requests (eg. 're-lets' as affordable housing)
- **REGISTERED PROVIDER:** Under legislation, any organisation wishing to become the landlord of affordable housing (affordable rent or shared ownership – not shared equity) funded with public grant must become a 'relevant provider of social housing' by the time homes are let (e.g. RP registered with the TSA or regulator)

# Community-based schemes

## Investment Partner Qualification / Bidding



- **Talk to the local HCA team** first to get their views, input and indicative approval – they are the key gateway
- Groups can **'qualify'** with HCA in parallel to setting out their **'offer'** for grant
- Info and assessment process **proportionate to scale and risk:**
  - Basic Company Details, Statement of good standing
  - Financial information (appraisal, cash flows, costs, VFM, funding)
  - Technical expertise/experience (or those of partners/contractors involved)
- **Templates and guidance** available
- HCA/TSA to **share info for RP registration** to eliminate duplication

**NOTE:** *QUALIFICATION MAY BE AVOIDED IF CONSORTIA/PARTNERSHIP ROUTE TAKEN*

# Community-based schemes

## Value for money



- Where a CLT is applying itself for the held-back funding, and where it doesn't have re-let capacity, we will take that into account in our VFM assessment
- Other factors affecting VFM include need, complexity, location etc.
- **However, we expect schemes to deliver reasonable and broadly similar VFM to other comparable schemes.**
- Every scheme will have to be considered on its own merits so it's hard to be precise about what VFM would be
- Average grant figures will be available for the area to help.
- We are not operating a system whereby offers will be receive outright rejection or acceptance in the first instance. There will be a process of negotiation through which we be able to better understand the offer.



# Community-based schemes

## Grant Agreements and Contracts



- For those taking the Consortia route, contracts already on www.
- For those 'going it alone' HCA seeking views on 'proportionate' contract
  - Cobbetts, CLT Network and others have provided feedback on contract
- Considerably **shorter** than previous agreement, with 'plain English' guidance
  - **Payment on completion** removes need for HCA security during build stage
  - **No direct use of rent-charges** - reliance on TSA restriction on title
  - Emphasis on **self-certification** (contractor warranties, consents, insurances etc).
  - **Simplification of conditions precedent** to payment
  - **Contract recovery/recycling mechanism may be built into contracts** – presumption in favour of using receipts for new affordable supply (subject to viable proposals) before HCA recovery



# Community-based schemes

## Registration with the TSA



- HCA Funding Conditions state that in order to receive grant directly an entity must have at least a 60yr+ interest in assets
  - An RP can bid on behalf of the group where it has sufficient interest
- If the group is the grant recipient and wishes to be 'Landlord', there is a statutory requirement (HRA 2008), enforced by HCA funding conditions, for the CG to become an RP by the time of letting.
  - Landlord in this instance is the tenancy granting body
- Where the group wishes to receive grant direct but use an RP to manage and grant leases, the group may not need to become an RP.
  - An RP must be in place by the time of letting and must have sufficient interest in the property to grant the tenancies

**NOTE:** REGISTRATION MAY BE AVOIDED IF CONSORTIA/PARTNERSHIP ROUTE TAKEN



# Community-based schemes

## Registration with the TSA



Grant recipient	Land Interest	CG must become 'relevant provider' of social housing (RP)
Community-led Group (CG)	CG is freeholder or has a 60 yr+ leasehold and wishes to manage the properties and grant tenancies	Yes (by first letting)
Community-led Group (CG)	CG is freeholder but an RP will manage the properties and grant tenancies on the basis of a leasehold interest	Yes (contract assumes grant recipient is landlord and so is RP)
RP (consortium partner)	CG is freeholder but an RP will manage the properties and grant tenancies on the basis of a leasehold interest	No – but RP must have 60yr+ leasehold interest

- **Landlord** (tenancy provider and grant recipient) of affordable homes (rent or shared ownership) must be a registered provider of HCA funded
- TSA processes to be **proportionate** and group should state if information is available from HCA/TSA already

# Timescales



- Final sign off end Sept
- Publication of documents and key contacts late Sept/Early Oct
- Simplified contract late Sept/early Oct
- Workshops with HCA staff October
  
- Don't forget other approaches
  - RP consortium, public land, Co-operative vehicle, non-grant funded (cross-subsidy)
- Groups are already approaching local HCA teams
  - Discussions will take time to complete anyway, so start now
- HCA Enabling Offer announcements due shortly
  - Limited resource so local flexibility over local offer to groups
  - We will signpost to other networks and groups
- Localism Bill due later in the year
  - New Community Right to Build process + Neighbourhood Planning

- END

# Community-based schemes

## Guidance on re-lets

- Where a group joins an **existing consortium with existing AHP allocation**, and where the scheme **will be funded through that existing allocation**, we would expect it to be funded under the existing agreement around re-lets without any additional re-lets
- Where a group joins an **existing consortium with existing allocation**, but where the scheme **will be funded through held-back funding**, we may consider the consortium applying for additional re-lets but we would need to evaluate the impact of this before agreeing.
- Where a group is partnering with an RP already in a consortium, but where the scheme will be funded through held-back funding, we may consider the RP applying for additional re-lets but we would need to evaluate the impact of this before agreeing.

