



# WHAT YOU NEED TO KNOW ABOUT THE AFFORDABLE HOMES PROGRAMME 2015-18

The Homes and Communities Agency (HCA) has now published its prospectus for the [Affordable Homes Programme 2015-18](#). This briefing sets out the key headlines from that document, which CIH members need to be aware of.

In total £1.7bn is available for England, there is a separate fund for London which will be administered by the Greater London Authority. The programme is intended to provide 165,000 homes for affordable rent or shared ownership.

## The timetable for bids

Initially 75 per cent of the total funding will be allocated, with the remainder being made available over the lifetime of the programme. It is intended that this will leave room for the HCA to respond to opportunities that arise during the programme.

The timetable for initial bids is:

|                 |                       |
|-----------------|-----------------------|
| 27 January 2014 | Prospectus published  |
| 6 February 2014 | Bid system available  |
| 30 April 2014   | Bidding closes        |
| Mid July 2014   | Allocations announced |

## How bids will be considered

There are several key areas that the HCA will be particularly focusing on when considering bids for this round of funding:

- There will be a focus on bids that help to tackle any mismatch between organisations' existing stock and the needs of households in an area. In particular, the HCA expects to see more bids to develop one and two bedroom properties, to help tenants who are currently under-occupying and need to downsize
- All bidders will need to demonstrate value for money and efficiency. The HCA will consider how much a provider can contribute from their own funds and will also look at the social housing regulator's value for money assessment of the organisation
- As well as converting existing properties to affordable rent, the HCA will also expect bidders to consider disposing of high value properties. Bidders will need to explain how many properties they plan to sell to support their bid and why they are keeping, converting or selling properties. However, organisations will not be allowed to convert properties in London to support development outside London, or vice versa
- If a bidder has been given land for development by their local authority, this will be viewed positively both in financial terms and also as an indication that the proposed development is a good local strategic fit. Contributions from the New Homes Bonus and Community Infrastructure Levy will also be viewed as positive indicators of local authority support.

As in the previous phase of the Affordable Homes Programme, the HCA expects that all bids should be for affordable rent or shared ownership. Applications to build for social rent will generally not be successful, and the organisation would need to offer a strong justification, backed by the local authority, as to why affordable rent is not viable.





The HCA does encourage organisations to include older people’s housing and supported housing within their bids. It expects that these properties will also normally be developed for affordable rent or shared ownership, and some advice on how this could be calculated is included in its [supplementary guidance](#).

### **Initial reaction from CIH**

We have previously encouraged social landlords to develop a proactive, evidence based approach to managing their assets and it is clear that this will support them with their bids. It is however important that organisations carefully consider the merits of disposing of stock to support a bid, and that they fully understand the financial ‘trade offs’ between this and retaining the properties for the longer term.

The HCA will also need to ensure that the new focus on the sale of high value assets does not prevent the programme from supporting the development of new homes in different parts of the country, and that organisations operating in lower value areas are still able to access the funding required to build much needed new homes.

Organisations will also need to carefully consider the expectation that they build greater numbers of smaller homes in areas where there are high levels of under-occupation. There is political uncertainty attached to focusing on addressing immediate concerns around under-occupation, particularly with a general election approaching and the long-term future of the under-occupation penalty (or ‘bedroom tax’) still unclear.

Organisations need to ensure that any move to develop smaller units in greater numbers does not undermine their ability to build homes that will remain desirable in the long-term, to develop strong and cohesive communities and to address future housing need in their area.