

# THE MAYOR'S HOUSING COVENANT 2015-18 PROGRAMME

## FUNDING PROSPECTUS – FAQs

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## PRODUCTS

### 1. Modelling flexible home ownership

13 Jan 2014

*How should the different options be modelled in financial appraisals? If the lowest return scenario is used (often Rent to Save) this will negatively affect viability appraisals.*

Providers should model in the same way as Shared Ownership, assuming an average level of unsold equity. As long as providers offer clear pathways into home ownership for Rent to Save tenants, as described in the prospectus, this should not negatively affect viability. As stated in the prospectus, providers are not obliged to offer all three flexible home ownership option;

In relation to the flexible product providers may be interested in seeing the [Flexible Tenure research](#) produced by Affinity Sutton as part of a pilot. This found that, customers often aren't aware of their purchasing power, but do have pre-conceived (often negative) ideas about products in particular shared ownership. A wider range of products attracted customers that wouldn't have normally engaged, but most opted for shared ownership. The research concludes that product choice isn't important to customers, but by removing the restrictions of only buying through a single product, customers can focus on what is important and suitable to them.

As stated in the prospectus, providers are expected to increase the level of flexible home ownership they are providing.

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### 2. Affordability criteria for flexible home ownership

13 Jan 2014

*Is it acceptable to set rents on unsold equity on flexible home ownership at significantly below 2.75% in higher value boroughs to make it affordable for lower to middle income earners?*

No. As shared ownership is a market based product it will be suitable for those on different incomes dependent on the local market. Trying to support those on very low incomes into shared ownership in high value areas can constrain viability.

Revisions are planned to the London Plan imminently which will make this position clear by prohibiting restrictions which last longer than three months. We are supporting mobility across London, for aspiring purchasers, through the First Steps website.

### **3. Marketing of flexible home ownership**

13 Jan 2014

*When does the 3 month marketing period for local residents commence?*

The three months marketing period for local residents should not start earlier than 6 months before practical completion, and the cascade to widen the eligibility cannot be triggered until 3 months before practical completion.

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### **4. Blending of capped and discounted rents**

13 Jan 2014

*Is it possible to blend rent levels to deliver a combined capped/discounted affordable rent programme with all homes at 65% of market rents?*

Yes, provided that the appropriate Borough(s) have agreed in their Frameworks to reduce the rent for discounted rent by increasing the rent for capped rent and this is revenue neutral for the provider, compared to their modelled assumptions.

In practice this removes the distinction between capped and discounted **rented** homes but in making nominations Boroughs should still ensure that households nominated are not affected by the benefit cap at the rent levels to be charged.

The GLA's IMS system will require a 50:50 split between Capped and Discounted rent but in the situation described above this would be notional only.

Rents can never be higher than the applicable Local Housing Allowance level (inclusive of service charge) or lower than the applicable target rent plus service charge.

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## **5. Rent setting for capped rent**

13 Jan 2014

*Is rent-setting up to providers or will it be driven by boroughs? Will this change the provisions of the Localism Act (for providers) which requires Registered Providers to have 'regard to' Local Authority Tenancy Strategies?*

Rents for capped rent should generally be around 50% of market rent (with flexibility for them to be lower in particular high value areas). If a borough were to agree a higher cap (by agreeing a lower level for discounted rent) then this would apply instead.

The other alternative is for boroughs to use their own resources to subsidise rents to a lower level. The revised programme approach gives boroughs greater opportunity to influence rents in the programme but not stipulate them (unless they are funding them down to a certain level which would be mutually agreed). There are no legislative changes anticipated.

Schemes funded only with GLA grant should not have rents significantly lower than 50% of market rent as this has a detrimental impact on deliverability in the wider programme.

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## **6. Purchase and repairs**

13 Jan 2014

*Are bids to purchase existing homes and repair them to an appropriate standard eligible for the 2015-18 programme?*

Yes, dependent on viability and cost. Each bid will be judged on its merits but there is a general preference for new supply.

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## **7. Delivering homes without grant**

13 Jan 2014

*Will non-grant funded affordable housing units be subject to all of the requirements set out in the funding prospectus?*

We will apply the conditions in the Funding Prospectus to all homes delivered as part of a provider's programme with the GLA, regardless of the level of funding they receive. Providers are encouraged to include nil-grant homes in their offers to increase confidence in overall delivery.

Affordable Rent in London can only be delivered as part of an agreed programme with the GLA (either funding contract or Short Form Agreement). Therefore the same requirements apply to all affordable rent homes, regardless of whether they are in receipt of grant funding or not.

Other affordable housing products, including shared ownership, can be delivered outside of GLA programmes, where providers choose to do so. They will still be subject to restrictions applied through the planning system.

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## **8. Pre-existing agreed s106 rents**

13 Jan 2014

*Where schemes included in our bid already have planning, they may also have their rents set in the s106; this may particularly be the case on developer-led schemes. Will we be expected to change the rents in consultation with the borough? Would these be treated as Capped or Discounted?*

Where rents, specified in a s106 agreed prior to bidding, are less than 50% of market rent providers will need to provide justification for these at the time of bidding and the source of additional cross-subsidy. The amount of grant requested should not subsidise rents to a level substantially below 50% of market rent. All rent units in the new programme are Affordable Rent and will need to be classed as either Capped or Discounted.

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## 9. Flexible home ownership options

22 Jan 2014

*Is it that case that we have to offer all types of Flexible home ownership and that we won't know which tenure it is until letting/sale to the purchaser?*

No. As set out in paragraph 34, Providers are not obliged to offer all three flexible home ownership options.

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## 10. Flexibility on tenancies

22 Jan 2014

*The GLA expects providers to offer five year fixed-term tenancies, is there any flexibility in this? What happens if a provider's board has already agreed to offer ten year fixed-terms as a minimum?*

We expect all providers to offer five years fixed-term renewable tenancies. This is not a programme requirement, as it would be too onerous to monitor but if we had a choice between two otherwise identical bids an organisation offering five year tenancies could be advantaged due to better strategic fit.

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## 11. Tenure mix on sites

22 Jan 2014

*How can providers control the tenure mix on a given site? Won't these need amendments to the London Plan or individual local planning policies?*

No, both capped and discount rent are Affordable Rents. The London Plan already allows for Affordable Rent and the 60:40 tenure mix as set out in the London Plan.

The recent changes to the London Plan introduced Affordable Rent and also made clear that boroughs cannot set rent caps through the planning system.

The place for discussion on rent levels is through our housing investment. This happened to

achieve a 65% average in the current programme and will be used in the 2015-18 period to agree capped and discounted rents.

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## **12. Nominations**

22 Jan 2014

*How is the 10% of nominations on 150 unit plus schemes to go Housing Moves worked out? Is it 10% of units where there are 150 rented units, or total units of all tenures? How do we treat phased schemes? What about schemes with less than 20 homes?*

It would be 10% of the rented units of a site with more than 150 (of all tenures) homes in total. In such a site the 10% should be applied to all phases.

The generally accepted practice to rounding should be applied (rounded-up where .5 or higher)

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## **13. Supported housing**

22 Jan 2014

*I am interested to know if the timing for Supported housing bids is the same as for the current funding prospectus – which appears to be rather silent on this type of provision.*

We welcome bids which include the provision specialist housing, including care and support, tackling homelessness and other forms of supported housing. Please refer to the section on Specialist Housing (page 21).

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## **14. Larger homes**

22 Jan 2014

*Do providers have to ensure that 36% of Discounted rent homes on every single site are three-bedrooms or larger or is this requirement just across a provider's offer as a whole?*

Yes- the percentage is across each provider's overall discounted rent bid. The percentage on individual sites is likely to vary.

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**15. Existing nil grant s106**

27 Jan 2014

*We are already party to a s106, which requires no GLA grant, to deliver a mix of Affordable Rent homes at an average of below 65% of market rent. We understand we need to agree the delivery of Affordable Rent with the GLA. Will this necessitate a deed of variation to the s106?*

No, we do not wish to delay delivery by requiring amendments to existing agreements that require no GLA funding.

However, where there is a requirement for GLA funding in for s106 homes the points set out in the funding prospectus (paras 82-91) will apply in the assessment. The revision of the Affordable Rent mix to provide capped and discounted rent is also likely to be required.

It should be noted that the above flexibility is intended for transitional schemes only and the GLA expects new s106s to conform to the rules of the programme and will need to be satisfied of this before agreeing the delivery of nil grant Affordable Rent homes.

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**16. Capped and discounted rents**

27 Jan 2014

*Can we move immediately to capped and discounted rent levels in our 2011-15 Affordable Homes Programme?*

We are willing to look at this on a case-by-case basis. Any proposals will need to be clearly supported by the host Borough, the change to rents would have to be revenue neutral overall and require no additional grant funding.

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**17. Empty Homes**

27 Jan 2014

*Can we bid to bring empty homes back into use?*

Yes, in the same way as purchase and repair properties (see FAQ 6). This will be dependent on viability and cost. Each bid will be judged on its merits but there is a general preference for new

supply. There is no specific empty homes programme in 2015-18.

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## **18. Larger homes – discounted rent**

27 Jan 2014

*In some of the areas we work there are sufficient smaller properties to accommodate under-occupiers who need to move due to welfare reform but still significant need for large properties for households affected by the benefit cap. Do all providers have to provide 36% of Discounted rent homes as three-bedroom or larger?*

The expectation set out in the funding prospectus (para 76) does not necessarily mean that every provider has to provide 36% of Discounted rent homes as three-bedroom or larger; there is some flexibility to respond to local demand.

We will consider offers from providers to deliver less than 36% of Discounted rent as larger homes, as long as this proposal has clear support from the Boroughs in which the homes will be built and the provider can demonstrate a strong commitment to deliver larger homes overall.

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## **19. Specialist Housing- Traveller pitch funding**

05 Feb 2014

*Will funding be available for the Traveller Pitch Funding programme in London for 2015-18?*

Yes- we welcome bids for Traveller pitch funding. Interested providers should contact [traveller.funding@london.gov.uk](mailto:traveller.funding@london.gov.uk) for additional guidance on how to access match funding designed to provide new or additional pitches or improve existing pitches. The funding will operate in a similar way to the 2011-2015 Traveller pitch funding programme.

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## **20. Supported housing – bidding**

05 Feb 2014

*Can I bid for funding for an indicative supported housing scheme?*

No. As providers will need to know where the site is, confirm that revenue funding is in place and that know which client group the scheme is for, only firm supported housing schemes will be accepted.

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## 21. Nominations

10 Feb 2014

*Does inclusion of homes within the programme automatically mean that 90% of homes are tied to local authority nominations?*

No. As per paragraph 58, the GLA has set a general expectation that at least 10 per cent of new lets should be reserved by providers for direct lettings. As set out in paragraph 59, the GLA believes this should be a minimum of 25 per cent in Boroughs where it is not possible to agree a framework. This does not preclude different levels being set within bi-lateral agreements between providers and Boroughs.

As per question 12, dependent on the size of the site, between 5-10% of nominations should be top-sliced for pan-London nominations through Housing Moves.

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## 22. Supported housing – bidding

10 Feb 2014

*Will providers have a contractual obligation to deliver a certain number of open market homes or a certain amount of cross-subsidy from open market activity?*

No. As set out in paragraph 124 there is an expectation that all providers will deliver open market homes alongside their affordable housing programme, as this contributes to overall market supply and cross-subsidy. This will be checked and challenged through the negotiation and assessment process, aided by information submitted by providers on IMS and, for providers opting not to deliver open market homes, the market supply statements.

Information submitted on IMS will explain how providers are funding the overall development costs, this will not translate into a contractual target for market homes to be delivered or financial capacity generated.

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## 23. Capped and Discounted rent split

26 Feb 2014

*Please can you confirm whether the required 50:50 split between Capped and Discounted rents is at a programme level or on a scheme by scheme basis i.e. the affordable rent element of every scheme must contain 50% Capped rent and 50% discounted rent?*

The 50:50 split between Capped and Discounted rent is at a programme level only and we do not expect that the affordable rent element of each individual scheme will be equally split between Capped and Discounted rent.

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#### **24. Capped Rent levels**

26 Feb 2014

*Is it expected that where estimated capped rents at 50% of the lower quartile market rent still exceeds the LHA cap, then the rent should be capped at LHA levels, or is a RP allow to set rents higher than the local LHA cap? There is no mention of LHA when referring to capped rent.*

Yes. Capped rents can never be higher than the applicable Local Housing Allowance level (inclusive of service charge) or lower than the applicable target rent plus service charge.

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### **QUALITY AND SUSTAINABILITY**

#### **25. Standards required on schemes**

13 Jan 2014

*Many of the schemes have planning but this was gained after July 2011. Could we please be completely clear about what design and energy standards these homes will have to meet?*

For the purpose of bidding we ask partners to assume the same level as the current standards, as set out in the [London Housing Design Guide](#) with a couple of minor changes detailed in the prospectus: accessibility (para 94) and zero carbon (para 96). See p50 of the prospectus for a clear table outlining how this applies to different property types.

Any changes to this or the compliance process will be clearly notified to all partners.

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## 26. Environmental retrofit

13 Jan 2014

*The environmental refit commitment is too onerous and will dissuade some RPs from bidding. Are you willing to relax this?*

No. All providers with more than 1,000 units of stock are required to submit a statement setting out what support they require in order to retrofit their entire stock by 2020. This is not an onerous requirement and the reduction of carbon emissions to mitigate climate change is a key priority for the Mayor.

The GLA has procured Capita to offer a free-of-charge service as a RE:NEW support team to enable the increase in environmental retrofit in homes of all tenures. All landlords are encouraged to engage with the RE:NEW support team, for more information see the [GLA website](#) or contact Jake Wisniewski, Project Support on 07584 395086 or [jakub.wisniewski@capita.co.uk](mailto:jakub.wisniewski@capita.co.uk)

The target itself is currently subject to consultation in the draft London Housing Strategy. All interested stakeholders are encouraged to respond to the consultation and in particular how it could be measured.

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## 27. London Housing Design Guide – Priority 2 standards

22 Jan 2014

*Can you clarify if homes need to comply with all priority 1 and 2 standards in the London Housing Design Guide (LHDG)?*

Providers should bid on the current design standards approach (i.e. meeting both priority 1 and priority 2 standards where applicable) with the exception that they are no longer required to meet standards 3.2.5 on lift capacity (see paragraph 94).

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## 28. London Housing Design Guide – Zero Carbon requirement

22 Jan 2014

*Will there be a specific obligation tied to the funding to achieve zero carbon homes post 2016?  
Is the zero carbon requirement only a planning requirement?*

There is a requirement in national planning policy, the London Plan and the London Housing Design Guide for all new units to be zero carbon by 2016. Please note that this will only apply to schemes where planning permission is sought after 1<sup>st</sup> October 2016 and will not apply retrospectively to units where the planning application was validated by the Local Authority prior to 1<sup>st</sup> October 2016.

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## PROVIDERS

## 29. Developing with Recycled Capital Grant Funds

13 Jan 2014

*Where providers who lose out through the bidding round, and who want to continue to develop affordable homes will they still be able to use their RCGF as a way of subsidising development?*

Yes, as long as delivery can be in line with the funding prospectus, new nil grant contracts can be agreed. This could be agreed through a period of negotiation before bid announcements or subsequently through the continuous bidding process. We will have a discussion with any unsuccessful providers in relation to this.

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## 30. Reclaiming Recycled Capital Grant Fund

13 Jan 2014

*What is the process for the return of RCGF and how will this differ from the current situation where RCGF is returned after three years?*

Currently Registered Providers who are ex-RSLs have three years to spend any funds in their RCGF before being required to return it to the GLA.

We intend to revise RCGF rules so that RPs who do not agree a programme with the GLA lose the ability to do this. They will instead be required to repay grant directly back to the GLA following any Relevant Event for grant recovery. Further details on this and the exact changes

to GLA guidance and the RCGF determination will be published later this year.

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### **31. Conversions**

20 Jan 2014

*We have almost reached the financial capacity required for our 2011-15 programme from conversions of relets to Affordable Rent. This means that under our Framework Delivery Agreement we will shortly be required to stop. To avoid inefficiencies in stopping our conversions process only to restart again in the Summer can we continue to convert in the meantime?*

We are happy to consider proposals to continue with conversions in the interim period before the programme is agreed. You should propose a level of conversions and financial capacity to be generated to your GLA Area Manager lead through to the end of August 2014, which can then be formally agreed as part of your Framework Delivery Agreement for 2011-15. If a suitably sized programme is not agreed with your organisation this may involve a subsequent discussion in relation to grant recovery or de-conversion.

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### **32. Conversions – grant recycling**

20 Jan 2014

*What are the implications for grant recovery if a social rented property is converted on re-let to Affordable Rent or shared ownership? Does grant stay in property?*

Yes. The same process for leaving grant in homes which are converted to other affordable tenures from the 2011-15 Affordable Homes Programme continues. Conversions to market rent or disposal of the property will trigger grant recovery, which in most cases will be credited to Recycled Capital Grant Funds (RCGF). Please see annex two for further information.

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### **33. Firm Scheme definition**

22 Jan 2014

*What is the definition of a firm scheme?*

For the purpose of bidding a Firm Scheme is a development on a named site within the

provider's development programme where they have a realistic opportunity of delivery. The site may not necessarily be owned by the provider, or have planning in place, but it should have a clear and firm timetable for delivery. The provider's assumptions of deliverability will be tested through the assessment and negotiation process and reviewing past performance.

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#### **34. Conversions- regulator**

5 Feb 2014

*What is the process for agreeing conversions to market rent with the Regulator?*

Please contact the regulator for a detailed review of your specific circumstances. However, please be aware that the conversion would trigger the repayment of any Social Housing Grant in the property, which can be credited to your RCGF. (Please refer to Annex 2)

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#### **35. FFR**

5 Feb 2014

*Which FFR template do we use and when do we need to provide the completed return?*

The FFR template can be downloaded from the GLA's website. If you are only bidding within London, completed FFRs should be sent to [FAEnquiries@hca.gsi.gov.uk](mailto:FAEnquiries@hca.gsi.gov.uk) by midday on 10 March 2014. If you are bidding both in London (GLA) and outside of London (HCA) you should submit your FFR to the above email address by midday on 30 April 2014. Please note you are only required to submit one FFR if you are bidding to both the GLA and HCA.

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#### **36. Conversions and Disposal Form**

26 Feb 2014

*Please clarify what is needed in the 'TOTAL current SOCIAL RENT estimated rental income per annum cell at column F?(Gross rent after service charges and before management and maintenance)'.*

Cell F20 specifies that the figure entered into F21 should be the 'TOTAL current SOCIAL RENT estimated rental income per annum (Gross rent after service charges and before management and maintenance)' therefore the figure required is the total rent, excluding service charges.



**37. FFR- small providers/ Local Authorities**

5 Feb 2014

*Which FFR template do we use and when do we need to provide the completed return?*

All private registered providers (non-LA) bidding for funding need to complete the FFR and send to the FAEnquiries mail box.

However, if:

- (a) The bid is for 50 units or fewer AND
- (b) It is a small provider (below 1,000 units) that does not normally submit an FFR to NROSH+ as a regulatory return OR
- (c) The provider normally includes a five year forecast in the FFR it submits to NROSH+ as a regulatory return

then, in these instances, it is only necessary to complete the year zero estimates and the first five forecast years, not the full 31 columns.

The other tabs (Front Sheet, Compliance, Affordable Homes Programme, AHP 2015-18) still need to be completed.

Local authorities and unregistered providers are not required to complete an FFR.

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## BOROUGHS

**38. Boroughs without framework agreements (Implications)**

13 Jan 2014

*What is the implication for boroughs who can't agree frameworks?*

We are planning to have frameworks agreed with all boroughs, so we hope this will not be an issue. Failure to agree a framework will reduce the strategic influence a Borough has over affordable housing delivery in their area, increase the likelihood of rejected nominations by Registered Providers and find delivery in their area more difficult. The GLA will not actively encourage providers to deliver in areas that have not agreed frameworks and the agreement of frameworks will be a consideration in allocation of funding for Boroughs' own new build programmes as part of the strategic fit criteria.

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### **39. Boroughs without framework agreements (Development)**

13 Jan 2014

*Will providers still be able to submit schemes in boroughs where frameworks haven't been agreed?*

The aim of the frameworks is to offer an increased influence to London Boroughs and provide greater clarity to providers operating across a number of administrative areas. We are planning to have frameworks agreed with all boroughs, so we hope this will not be an issue. However, if agreement proves impossible for a small number of boroughs, providers with development opportunities in those areas will not be disadvantaged.

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### **40. Market sales and Boroughs as providers**

13 Jan 2014

*Will local authorities be considered exempt from the expectation that they provide market homes on the basis that this could be ultra vires?*

Local authorities will not be expected to do anything outside of their powers and this would be a valid reason for a Local Authority to not deliver market homes. It should be noted that some boroughs are already developing market sale through Special Purpose Vehicles, so with appropriate legal structures and advice this is possible.

Cross-subsidy is important to the programme; we encourage boroughs to look at the release of public land and their own resources, including asset management flexibility. These could be used as an alternative to cross-subsidy through market sale.

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### **41. Reducing rent levels below Capped and Discounted Levels**

13 Jan 2014

*Can Boroughs use their own resources to further subsidise Capped and Discounted rent to lower levels? Are there any limits on the resources which can be used?*

Yes. If the Borough has sufficient resources to cover the whole programme in their area this can

be agreed as part of the Framework or the Borough can agree bi-laterally with providers on a site-by-site basis.

It is up to individual Boroughs to spend their resources appropriately and to follow any conditions that may apply to different funding streams. It should be noted that additional Right-to-Buy receipts cannot be used in conjunction with GLA grant, as set out in the agreement governing their use with the Department for Communities and Local Government.

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## **42. Framework agreement**

27 Jan 2014

*What do you envisage the framework agreements with Boroughs (paras 144-150) will look like?*

The frameworks will cover:

- Any desired balancing adjustment to capped and discounted rent levels;
- Distribution of flexible home ownership and Affordable Rent (both Capped and Discounted);
- Confirmation of nominations approach to Discounted rent; and
- The approach to flexible home ownership, including in relation to marketing cascades and income restriction.

An example template agreement can be found at annex one.

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**43. Nominations to discounted rents**

27 Jan 2014

*Will London Boroughs need to consult on changes to their allocations policies to nominate only households unaffected by the benefit cap to discounted rent? Won't this take too long?*

The changes required will vary from borough to borough but as noted in the funding prospectus (para 6), boroughs may need to vary their existing local housing allocation schemes or develop local letting policies within them. The requirement to consult will depend on what changes are made, to what policies; and boroughs must determine for this themselves.

Given that the first discounted rent properties are unlikely to require nominations much in advance of Spring 2016 there should be plenty of time to implement any necessary changes.

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**44. Boroughs as providers**

27 Jan 2014

*In the funding prospectus (para 156) you state that further guidance may be made available in relation to direct delivery of affordable housing by boroughs. When will this be available?*

The discussions referred to in paragraph 156 have now concluded and no further guidance is necessary.

We are keen to fund boroughs to develop affordable homes in their own right but strongly encourage them to consider working in consortia, with other boroughs or Registered Providers, to maximise efficiency in programme delivery.

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## COMPETITION

**45. Funding contract**

13 Jan 2014

*When will the funding contract be published?*

The funding contract is now available on the GLA website.

**46. Housing strategy consultation**

13 Jan 2014

*If changes to the draft London Housing Strategy result in changes to the programme do we need to re-bid?*

No. The Mayor's draft London Housing Strategy is currently subject to consultation until 17<sup>th</sup> February 2014. Where that consultation results in material changes to the strategy that affects the programme and any offers received, this will be addressed through updates to the prospectus and in the assessment and negotiation stage of the bidding process. Any such changes would be notified to known prospective bidders and published in this document. Please continue to check this document on an ongoing basis.

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**47. London Housing Bank**

13 Jan 2014

*Can we bid for funding from the London Housing Bank now?*

No, the bidding window has not yet opened. The initial stage of the London Housing Bank is likely to offer up to £200m from the Government's new Affordable Rent to Buy programme. The Government is expected to publish a discussion paper on this shortly.

It is envisaged that the initial stage would involve the provision of loans to develop affordable housing that will be available at Affordable Rent for a fixed period, at the end of which the homes can be sold on. The funding provided by the London Housing Bank would be repaid, potentially including value uplift, and then reinvested in delivering more homes. Instead of land lying vacant, sometimes for many years before being developed, the homes will be built earlier, thereby easing the housing crisis. Further information in relation to the London Housing Bank will be published later this year.

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**48. Small providers**

13 Jan 2014

*We would like to bid on our own but may have less than 100 units, is this ok?*

The prospectus does not prevent any organisation with less than 100 units bidding alone. However, we strongly encourage small providers to partner with larger providers in order to take advantage of economies of scale and development expertise. Where providers do not form consortia prior to bidding we will endeavour to 'match make' organisations through the assessment and negotiation process but we recognise that this may not be possible in all circumstances.

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**49. Tenure mix – 100% Affordable Rent**

22 Jan 2014

*As a specialist provider of supported housing, can we bid for 100% Affordable Rent? We do not have any existing shared ownership stock or expertise.*

Yes. Whilst we expect most providers to deliver some flexible home ownership, we recognise that this may be challenging for small or specialist providers of support housing and accept that they may only be able to deliver 100% affordable rent programmes.

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**50. Grant – Programme vs. scheme approach**

22 Jan 2014

*Will the GLA accept only some of the projects bid for or will the whole offer be accepted/rejected?*

We will assess each Offer on individual schemes and in the context of the whole offer. It is unlikely that we will be able to accept the full offer from every partner and scaling back will be discussed as part of the negotiation process. If any schemes are truly inter-dependent, for example different tenures on the same site, providers should make this clear as part of their submission.

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**51. Bid Format**

22 Jan 2014

*Is it possible to see a draft copy of the likely detailed submission requirements?*

All bids will be submitted in IMS. Each Submitted Offer will consist of Firm Schemes and Indicative Profiles. All data will be entered at the Firm Scheme/Indicative Profile level, with the exception of the provider statements that will be entered at the Offer level.

Firm Scheme/Indicative Profile data will include development costs, cost contributions, delivery profile, unit mix and additionally for firm schemes geography, planning status, land acquisition status, delivery milestones and unit data.

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## **52. Funding - Existing schemes**

5 Feb 2014

*Can I bid for funding for a scheme that has already been funded through an existing programme?*

No. Schemes already funded through the 2011-2015 Affordable Homes Programme or Building the Pipeline or any other existing programme should not be resubmitted through the new 2015-18 programme. Only new schemes providing additional units are eligible.

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## **53. Negotiations**

10 Feb 2014

*In the table under paragraph 200 in the funding prospectus it says that the assessment and negotiation period will last from April to May 2014. Should we specifically make staff available for any necessary negotiation meetings?*

We envisage that there will be a need for negotiation with some bidders during the first four weeks of April. Bidders should ensure that appropriate members of staff are available for meetings, discussions and revisions of bids in this period of time.

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## **54. Statement of Capitalisation and Assumptions**

13 Feb 2014

*The prospectus requires bidders to submit a statement detailing their financial assumptions. However this information will be collected through IMS under scheme costs. Do we need to submit an additional separate statement?*

No. This information is captured when you enter your offer and we do not require a separate supporting statement.

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## **55. Draft Housing Strategy**

26 Feb 2014

*There is a Note of Caution at beginning of the 2015-2018 prospectus which states that the content of the prospectus is subject to change in light of consultation responses to the Draft Housing Strategy. I note that the consultation period is now over. Can you clarify if the GLA are proposing to alter the contents of the prospectus?*

There are no changes planned to the prospectus in light of strategy responses. The majority of the issues raised have been take account of in the FAQs. Some of the responses relate to issues which cannot be addressed in the current environment and many others relate to the strategy itself, which will be amended as appropriate in response to them.

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## **56. Jobs and Growth Statements**

28 Feb 2014

*The Jobs and Growth statements section (paragraph 192, page 46) of the prospectus states that 'Providers proposing to deliver schemes in the six former Olympic host boroughs should include within their Jobs and Growth Statements how they propose to maximise employment of priority groups'. Could you please advise what the definition of 'priority groups' is for the purpose of this statement?*

For the purposes of this statement, the priority groups are local people, BAME people, disabled people and women.

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### Annex one – example Framework agreement with a London Borough

This framework has been agreed between London Borough of XX and the Greater London Authority to guide the operation of the *Mayor's Housing Covenant 2015-18* programme to deliver affordable housing. It is intended that these principles will guide the delivery of affordable housing on schemes delivered in the borough in 2015-18. They may be refreshed at appropriate points in time.

- i) **Rent levels** - The rent level for the Capped rent homes is agreed to be no more than 50% of market rent (inclusive of service charge) [or insert alternative clear mechanism for higher rents if desired], noting that where this is below the target rent level (exclusive of service charge) for a given property the target rent level, plus service charge, shall apply. The rent level for Discounted rent homes is agreed to be no more than 80% of market rent for that property (inclusive of service charge), noting that where this is above the applicable Local Housing Allowance for a given property, the Local Housing Allowance level (inclusive of service charge), shall apply. [insert text on lower level for Discounted rent properties only if Capped rent levels are increased] [insert text on borough using own resources to reduce these rent levels if applicable]
- ii) **Rent levels** - The rent level for the Capped rent homes is agreed to be no more than 50% of lower quartile market rent (inclusive of service charge) [or insert alternative clear mechanism], noting that where this is below the target rent level (exclusive of service charge) for a given property the target rent level, plus service charge, shall apply. The rent level for Discounted rent homes is agreed to be no more than 80% of market rent for that property (inclusive of service charge), noting that where this is below the Local Housing Allowance (inclusive of service charge) for a given property the Local Housing Allowance level, shall apply. [insert text on lower level for Discounted rent properties only if Capped rent levels are increased] [insert text on borough using own resources to reduce these rent levels if applicable]
- iii) **Tenure mix** – The expected proportions of tenure for delivery on GLA programme sites across the borough will be:
  - a. [40%] affordable home ownership
  - b. [60%] Affordable Rent of which [50%] shall be capped rent and [50%] shall be discounted rent
- iv) **Access to affordable home ownership** – The borough will initially restrict marketing to households who [live or work in xxx] for a period of three months. After which time unreserved properties can be sold to any household who is

eligible to purchase affordable homes under the GLA's rules, including to households with incomes up to the GLA's caps of £66k generally or £80k for three-bedroom properties or larger.

- v) **Discounted rent** – Only households which are not affected by the household benefit cap can be nominated to properties to be let at Discounted rents [insert additional text on priority for working households if applicable].

The Council and GLA accept that these principles reflect a reasonable position in relation to distribution and proportions of different affordable housing products, rent levels and nominations and access arrangements to the completed properties. These principles will guide site-by-site approaches.

Having agreed these principles the GLA will advise providers operating in [insert name of borough] to retain only 10% of new affordable homes for their own internal transfer purposes.

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## Annex two – Options for conversions – recycling implications

This is a brief table of the types of conversions and disposals that might fund an offer. <b>Type of Conversion</b>	<b>Consent requirements</b>	<b>Grant recovery (ie recycling via RCGF)</b>
1. Social rent to Affordable Rent	GLA approval required as part of the agreement of the provider's offer.	Yes – but policy not to recover/recycle grant provided capacity generated is used for new supply and where offer agreed with the GLA.
2. Social/intermediate/Affordable rent to shared ownership	GLA approval required as part of the agreement of the provider's offer. No consent from the Social Housing Regulator would be required provided that the shared ownership leases are on assured tenancies, which is usually the case. A shared ownership lease that is not an assured tenancy is covered by the Social Housing Regulator's General Consent 2010 - or CLG's General Consent "C" of 2005 when s.133 HA 1988 applies.	Yes – but policy not to recover on initial sale provided receipts support new supply and where offer agreed with the GLA. All grant recovered/recycled on staircasing as per current rules.
3. Social/intermediate/Affordable rent to market sale	GLA approval required as part of the agreement of the provider's offer. Statutory consent from the Social Housing Regulator is required.	Yes - grant recycled through RCGF on sale. Identified additional capacity generated to fund new supply as part of agreed offer.
4. Social/intermediate/Affordable rent to market rent	GLA approval required as part of the agreement of the provider's offer. Statutory consent from the Social Housing Regulator is required.	Yes - grant recycled through RCGF on sale. Identified additional capacity generated to fund new supply as part of agreed offer.

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