

Homes for Londoners: Affordable Homes Programme 2016-21

Frequently asked questions

Programme management

1. When will the existing 2015-18 programme close for new funding bids?

The London 2015-18 programme will continue to be open for Continuous Market Engagement (CME) until funding allocations for the Mayor's *Homes for Londoners: Affordable Homes Programme 2016-21* have been published. Projects that require funding through the London 2015-18 programme should start on site by 31 March 2017, and must complete by 31 March 2019.

2. What happens if a project funded under the London 2015-18 programme will not complete by 31 March 2019? Can it be rebid under the *Homes for Londoners: Affordable Homes Programme 2016-21*?

Yes, but the GLA funding per home for the project will be the lower of its existing grant rate or the set grant rates in the funding guidance. The homes funded must be compliant with the products set out in the funding guidance. If the provider wishes to reduce the rents to the London Affordable Rent benchmarks from a substantially higher level, this could be funded at the set grant rates at the GLA's discretion.

London Affordable Rent

3. If a project has planning permission for Affordable Rent homes above the benchmarks set out in the funding guidance, will the GLA still fund this project at the set grant rate of £60,000 a home in the new programme?

No. The set grant rates are only available for homes with rents set at or below the benchmarks. If the rent can be reduced to the benchmark then funding of £60,000 per home can be applied otherwise the funding level will need to be negotiated to a lower level. In addition the provider will need to demonstrate that the homes are 'genuinely affordable'.

4. How does the GLA define ‘genuinely affordable’?

Providers should be providing their homes for rent at the benchmarks set out in the funding guidance. There is no single definition of what makes a home genuinely affordable if rent is set above those benchmarks. GLA will not specify a percentage of market rent which it considers genuinely affordable; simply being within LHA caps does not necessarily mean that a home is genuinely affordable to Londoners. Providers will have to provide evidence to the GLA, including rent levels compared to both market rent and local incomes.

Through the GLA’s consultation on its Supplementary Planning Guidance, boroughs will be asked to provide the GLA with their preferred local tenure split, and providers should also be mindful of this preference when considering what type of homes are genuinely affordable.

5. Should I include nil grant London Affordable Rent homes at above the rent benchmarks as part of my organisation’s bid?

Yes. The GLA wants partners to log all their affordable homes in London on GLA-OPS. Providers wishing to charge Affordable Rent must enter into a contract with the Greater London Authority, which will oblige them to log all homes on to the Open Project System (GLA-OPS). Where these are above the benchmarks, providers should be satisfied that the homes are genuinely affordable for Londoners.

6. Will the GLA fund purchase and repair properties for London Affordable Rent through the Approved Provider route?*

Yes, subject to them offering appropriate levels of value-for-money. The GLA will require a strong justification as to why grant is required as well as evidence of delivery within reasonable timescales.

7. Will providers be given further rent conversion capacity in the Mayor’s Homes for Londoners: Affordable Homes Programme 2016-21?

No. Providers will not be permitted to undertake any further conversions other than already contracted through in the Mayor’s Housing Covenant 15-18 Delivery Framework Agreement.

London Living Rent

8. Do the London Living Rent levels published on the GLA’s website include or exclude service charges?

The [London Living Rent levels](#) published on the GLA’s website are inclusive of service charges. Additional information on the GLA’s approach to London Living Rent can also be found on this webpage.

London Shared Ownership

9. How is London Shared Ownership different from shared ownership?

It uses the same standard form lease as shared ownership previously funded by the GLA and in the rest of the country. The difference is in relation to the proposed charter on service charges which should ensure shared owners will have much greater clarity and certainty in relation to the service charges they pay now and in future.

Funding routes

10. How will you monitor whether my organisation is delivering at least half our London starts between April 2015 and March 2021 as affordable?

To secure funding through the Approved Provider route, providers will need to contractually commit to delivering at least half their London starts between April 2015 and March 2021 as affordable. Providers can include all affordable homes started in this period in London.

Providers will have to provide an annual self-certification form to the GLA confirming that they expect that by March 2021, at least 50% of their London starts will be affordable. Post March 2021, at the end of the programme, providers will need to submit a full list of their market and affordable starts over the 2015-21 period to the GLA for review.

After 2021, providers will need to provide the annual self-certification form until all the projects in their programme have completed.

11. If I am eligible for the Approved Provider route, can I access the £60,000 grant rate for London Affordable Rent homes on a section 106 project, controlled by a private housebuilder, where 40 per cent of the habitable rooms are affordable?

No. The above project should be submitted through the Developer-led route as it is not controlled by an approved provider. A flat grant rate of £28,000 is available for all affordable homes secured on developments where GLA grant will increase the level of affordable homes to at least 40 per cent of habitable rooms.

The user guidance for Open Project System provides a summary of the routes that providers should use when submitting bids for projects with a range of affordable housing tenures.

12. Under the Developer-led route, is my organisation only available for grant if the development contains at least 35 per cent affordable homes by habitable room?*

No. Through the Developer-led route, a set grant rate of £28,000 is available to deliver additional affordable homes on section 106 developments, above the minimum viable level of affordable housing established by the local planning authority. This does not have to be at least 35 per cent.

Use of Recycled Capital Grant Funding and Disposal Proceeds Funds

- 13. How should providers treat Recycled Capital Grant Funding (RCGF) and Disposal Proceeds Funds (DPF) alongside grant, given the requirement that providers are expected to drawdown against RCGF and DPF funds before requesting GLA grant?**

Providers should ensure that their Recycled Capital Grant Funding and Disposal Proceeds Funds (DPF) pots are fully committed before requesting GLA grant, and make assumptions about the level of RCGF and DPF that will be generated throughout the programme period. When funding is drawn down from the GLA, providers should ensure that RCGF and DPF are utilised first.

- 14. When will the Disposal Proceeds Fund be abolished and how will it be treated in this programme?**

Part three of Schedule four of the Housing & Planning Act 2016 provides for the abolition of the Disposal Proceeds Fund. These provisions have not yet come into force. In due course the Social Housing Regulator will announce plans for the managing down of existing funds, and providers are encouraged to prioritise the use of their DPF. DPF should continue to be used in line with published [requirements and guidance](#), and can only be used to fund the provision of low cost rented homes. Projects developed solely with DPF should still be logged on the GLA's new [Open Project System](#).

The Innovation Fund

- 15. Will the GLA fund temporary accommodation or empty homes initiatives through the *Homes for Londoners: Affordable Homes Programme 2016-21*?**

The GLA will consider bids for innovative models of delivery through the Innovation Fund, including models that deliver temporary accommodation or bring empty homes back into use. Expressions of interest for funding through the Investment Fund should be made to a provider's relevant GLA contact, or via innovationfund@london.gov.uk. Further information on the Innovation Fund, including a template for submitting expressions of interests, is [here](#).

Bidding for funding

- 16. Can I submit bids for funding under the *Homes for Londoners: Affordable Homes Programme 2016-21* on the Investment Management System?**

No. Funding bids for projects under the *Homes for Londoners: Affordable Homes Programme 2016-21* must be done through the GLA's new Open Project System. Providers will be able to submit bids through the Open Project System on 31 January 2017, but providers are now able to register if they haven't already done so. Further information about the Open Project System can be found on the [GLA's website](#).

The Investment Management System should still be used for other GLA programmes, such as the London 2015-18 programme.

Payment of grant

- 17. We will be submitting a bid for a project where we acquired the land many years ago. The project will start on site in the first two years of the programme (by 2018-19). If our bid is successful, can we still drawdown 50% of GLA grant when we log 'land acquisition stage' on Open Project System?**

Possibly. An early start payment should not be drawdown above the amount that has been expended on the project. If a provider has incurred expenditure equal to or higher than 50% of the GLA grant allocated to that project at the point of payment, then the provider will be able to drawdown at land acquisition stage, regardless of when the land was purchased. If the amount expended is lower than 50%, then a lower amount of funding should be drawdown, and the payment tranches on Open Project System should be adjusted accordingly. At the point of bidding, projects will be assessed for deliverability, including whether the practical completion date is reasonable.

- 18. In what circumstances would a project not be eligible for an early start payment? ***

Projects that are not eligible for an early start payment include:

- A project that has previously been allocated grant in another funding programme;
- A project bid through the Developer-led or Negotiated route.

Where a provider is uncertain whether or not their project qualifies for an early start project, they should speak to their Area Manager.

Right to Buy receipts

- 19. Can affordable homes funded through Right to Buy receipts be logged on Open Project System?**

No. It is a Government requirement that boroughs cannot currently use their Right to Buy re-provision receipts in conjunction with GLA grant. However, there should be many opportunities through this programme to work with the GLA to fund mixed-tenure projects. Currently, rented homes funded through Right to Buy receipts cannot be logged onto Open Project System as these homes are recorded by the Department for Communities and Local Government (DCLG).

Compliance with State Aid

- 20. How do providers ensure that they are not over-compensated in accordance with State Aid rules?**

The GLA has carried out an assessment of likely costs and income and judges that it is unlikely any provider will be over-compensated in relation to State Aid rules. This could only occur if income (e.g. from sales and capitalised rents and grant) exceeds the costs of developing a provider's entire affordable homes programme. Most providers will be contributing their own resources (whether from sales of other properties, operating surpluses or reserves) and therefore not be over-compensated.

In order to ensure appropriate scrutiny of this, the GLA has published assumed total development costs on its [website](#), split by size, tenure and borough location.

At least twice during the programme, the GLA will compare providers' total development costs for all completed projects against the above assumed total development costs. Where a provider's weighted average costs are lower than those of the assumed total development costs, the GLA will carry out more detailed checks on income to ensure compliance with State Aid regulations.

In addition, every two years providers will be required to submit a simple self-certification form stating whether they expect their income from their total affordable housing programme to exceed their costs. This will show whether any over-compensation is likely to take place. The GLA will shortly be publishing a draft of this form.

Where providers are purchasing properties from developers through the Developer-led route, the grant recipient will have an obligation to pay no more than the value of the homes (which will vary depending on the s106 restrictions but in all cases be no more than market value of the home), under the terms of their funding contract. If all eligible grant for the scheme is not needed for the development in question then the grant recipient can claim less or utilise excess grant across the rest of their programme (subject to the State Aid requirements). This would be subject to Compliance Audit.

Contracts

21. When can I view the template funding agreements for the 2016-21 programme?*

The Approved Provider contract has been published and is available at www.london.gov.uk/affordablehomes. Developer-led, Negotiated and Consortia contracts will be published in June. Providers will be expected to enter into funding contracts for each of the funding routes from which they wish to secure funding.

Timescales

22. When can I view the template funding agreements for the 2016-21 programme?*

The Greater London Authority is currently in purdah. Any announcements relating to funding allocations will now be made after 8 June 2017.

Any further questions relating to this funding guidance can be submitted to affordablehomes@london.gov.uk

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*New or amended questions denoted by **