

## Funding Streams from Homes England

### 1. Affordable Homes Programme 2021 to 2026

The provision of affordable housing is a key element of the Government's plan to end the housing crisis, tackle homelessness and provide aspiring homeowners with a step onto the housing ladder.

The Affordable Homes Programme provides grant funding to support the capital costs of developing affordable housing for rent or sale. As the Government's housing accelerator, Homes England will be making available £7.39 billion from April 2021 to deliver up to 130,000 affordable homes - outside of London - by March 2026.

### 2. Purpose of the funding

The funding is for the supply of new build affordable housing.

This funding supports the development of:

- **Supported Housing (10% of homes delivered)** – any housing scheme where accommodation is provided alongside care, support or supervision to help people live as independently as possible in the community. Supported housing can be developed both through new build and repurposing or improvement of existing homes.
- **Rural Housing (10% of homes delivered)** – housing delivered in settlements with a population fewer than 3,000.
- **Traveller pitches** – funding to develop new sites and to add new pitches onto existing sites, to help meet the accommodation needs of traveller communities
- **Empty homes** – affordable homes can also be created by bringing existing empty homes back into use.

This funding does not provide grants for:

- **Regeneration** – the replacement of homes demolished through regeneration work is not eligible for funding. A grant may be available to support the delivery of net additional affordable homes on those schemes.
- **Section 106** – the purchase of homes built under Section 106 agreements, where the affordable homes are secured through developer contributions, is not funded. However, Homes England will still record information on all nil-grant affordable homes for rent, and reporting requirements will be set out in the contract.
- **Major Repairs** – works to ensure homes are habitable are not eligible for funding as this is the responsibility of the provider. Funding may be provided in exceptional circumstances, for example

in the case of alms houses, where the charity is not in itself able to cover the cost of the works itself.

The funding also supports wider strategic objectives, including:

- Placing significant focus on and investing in Modern Methods of Construction.
- Encouraging uptake of the National Design Guide, which is part of the government's collection of planning practice guidance within the National Planning Policy Framework.
- Improving the energy efficiency and sustainability of new affordable housing supply.
- Encouraging the use of SME contractors.

To receive grant funding, the organisation needs to be a qualified investment partner (IP) of Homes England, or to be working with an organisation that is.

Organisations, which wish to partner with the LA as landlords of homes built with funding for Social or Affordable Rent and Rent to Buy, are required to register with the Regulator of Social Housing as a registered provider (RP). Homes England advises that ideally, to submit both applications (IP & RP) at the same time, as the RP application does take longer to process with the Regulator of Social Housing.

### **3. Registration as Homes England Investment Partner**

All organisations delivering homes through the AHP 2021 to 2026 scheme and associated affordable housing programmes must be a qualified Homes England Investment Partner (IP).

The IP qualification verifies the identity of the applicant and includes financial due diligence. This considers the financial and technical capacity to undertake an agreed programme of new supply and the organisation's good financial standing.

Homes England also assess the organisation's capability to manage capital build projects and associated development risks through the submission of case study evidence. If a third party is used as contractors for developments, evidence of the preferred contractor's capability must be submitted.

Organisations need to either:

- apply for qualification in their own right or
- join with an existing, qualified IP – this does not need to be achieved ahead of bidding, but this does need to be achieved before any grant can be paid.

Applications should be submitted at the same time as bids for funding. All new partners accessing grant funding from the AHP 2021 to 2026 scheme must

qualify as an IP before any payment of grant can be made. The turnaround time is approximately 8 weeks from receipt of a fully completed application.

The Homes England IP Qualification application form consists of the following 4 sections:

- Section 1; Applicant organisation details
- Section 2; Statement of Good Standing
- Section 3: Financial and Commercial Standing
- Section 4: Managing Development

#### 4. Funding for CME

There are 2 routes to access funding:

- Scheme by scheme bidding through continuous market engagement (CME).
- A multi-year strategic partnership to access grants for a longer-term development programme – only applicable to large organisations delivering over 1500 homes

CME provides access to grant throughout the duration of the programme, while funding remains available. This route allows providers to apply for funding for individual schemes. All schemes funded through CME must have started on site by 30 September 2025 and be completed by 31 March 2026.

These applications are assessed on their individual merits.

Information required for an application will cover 2 areas:

- applicant details (for example, type of organisation and location)
- scheme details (for example, geography, tenure, number of homes, costs, land, planning and grant requested)

CME applications will be assessed against the following criteria:

- **Cost minimisation** – the primary assessment metric is grant per home. This is benchmarked against national, local and scheme type averages to ensure bids are competitive on both costs and outputs.
- **Deliverability** – to ensure the scheme can be delivered within the funding timeframe, deliverability will take account of the level of planning, land ownership and progress on contracting at the point of bidding, reviewing past performance for current partners and forecasts from comparable schemes for new partners. Bids will also be tested on how they are supporting local authorities in meeting local housing needs.

CME bids grants will be paid against the achievement of delivery milestones – 40% on site acquisition, 35% on start on site and 25% on practical completion.

Homes England would not support the LA passing funding/completed grant funded homes to a third-party unregistered body, as that would be a relevant event for grant recovery, therefore SBC could not apply for funds to transfer to KGE.

## **5. Advantages and disadvantages of registering as a Registered Provider**

Becoming a registered provider of social housing is a serious undertaking – together with advantages there are obligations that must be met.

### Advantages:

- Access to capital funding via grants: Registration will provide access to capital grants making it easier to develop and own new housing. There is no set amount of grant per scheme/project, and this will vary from time to time and possibly between regions: it could be as little as 25% or even in excess of 50%. It will normally be necessary to raise the balance via loans.
- Long term ownership of assets: Ownership of assets, in the form of property, guarantees a long-term revenue stream and opens the possibility of raising loan finance against the asset base.
- Transfer of properties from other RPs: It may be possible to persuade another registered provider to transfer stock without there being any payment.

### Disadvantages:

- Regulation by the Regulator of Social Housing: the activities will be subject to regulation by the Regulator of Social Housing and the terms and conditions may change from time to time.
- Rent setting: The rents charged to the tenants may be subject to variations specified by Homes England/RSH in grant agreements or the Regulator's standards.
- Right to buy: If the right to buy is rolled out in the future for the tenants of registered providers, then it may apply to all RPs in relation to Homes England funded properties
- Homes England Information Management System (IMS): This is a challenging system that it used to manage project finance, which all RPs must use.