

Cambridge Sub-Regional Housing Board
6th June 2008

Housing Corporation Update

Report by John O'Mahony (Housing Corporation)

Purpose of report:

To inform CRHB of current issues concerning the Housing Corporation

Recommendation:

That the report be noted

1. Background

1.1 This report sets out key current issues concerning the Housing Corporation and recent flexibility in the Corporation's programme to allow for current market conditions and following the recent Ministerial announcement.

2. Ministerial Statement

2.1 The recent Ministerial Statement introduced a number of changes to support first time buyers and give flexibility to the Housing Corporation to help RSL's and other delivery partners to take advantage of the current market conditions to increase the supply of affordable housing. These changes are highlighted below as well as additional flexibilities the Corporation has introduced to our programme to respond to current conditions.

2.2 Expanded Shared Equity Support

2.2.1 As part of the Ministerial Statement we agreed to move some additional resource into the two new shared equity products particularly to support new build. This should help first time buyers who are struggling to access the mortgage market in the way they had previously and is also an attractive offer to developers (who are seeing footfall on sites maintained but substantially reduced sales). MyChoice-HomeBuy and Own Home will continue to be the products used and the choice of properties remains with the customer. The HomeBuy Agents, working closely with the equity loan providers, will continue to assess eligibility.

2.2.2 The Ministerial Statement also widened the eligibility criteria for the Open Market HomeBuy products to all first time buyers with a household income below £60,000 so that more people can benefit. Priority will still continue to be given to key workers and existing social tenants.

2.3 Opportunities to bring market housing into the programme

2.3.1 For the first set of RME, the Corporation announced a set of arrangements to respond to the current market situation by potentially taking available stock into the affordable sector. We are aware that some of these homes, which were originally built for market sale, may not meet all of the standards for the 2008-11 programme. The ministerial statement last week has given more flexibility to the Corporation in managing our programme so that we are able to respond effectively to a changing market. We estimate - based on current market intelligence - that we might spend up to £200 million in this way. This will, of course, be dependent on us receiving good value bids.

2.3.2 There are a series of additional criteria upon which we will consider, on a case by case basis, accepting private market sector variants which in some aspects vary from the Corporation's published minimum standards. The consideration criteria are as follows:

- what stage of development the scheme is at (schemes which are not scheduled for early completion will be extremely unlikely to be funded);

- whether the mix of homes meets regional and local housing priorities;
- the extent to which the opportunities represent significant value for money improvements (at least fully reflecting any quality foregone); and
- that the organisation responsible for the long-term ownership of the properties confirms that it has made provision to ensure that the properties will be fit for purpose for their clients groups over the longer term.

2.3.3 To operate this flexibility these arrangements will continue to apply through the regular market engagements which we will hold in 2008-9.

2.3.4 Anyone intending to bid for such schemes as part of the next RME round - and particularly those wishing to take advantage of the flexibility set out above - are strongly advise to have early conversations with the regional team.

2.4 Regular Market Engagement

2.4.1 We are currently assessing bids that we received through the first regular market engagement. We have undertaken to move through the assessment process as quickly as possible to allow schemes to proceed and we intend to meet the deadline that we have set for ourselves of making announcements within June.

We moved forward our first regular market engagement to allow us to fit four engagements into the financial year and, looking forward, the move to deliver the programme in a flexible way will be helpful to us all as we adapt to changes in the market.

2.5 Intermediate Rent

2.5.1 We have had some requests from associations and developers to convert properties from low cost home ownership to other tenures - whether for social rent or (for an agreed period) to intermediate rent. We do not expect this to be a major shift in the programme - the number of requests that we are handling has been small - but we will consider this on a case-by-case basis. Partners may want to bear this in mind when considering whether they are exposed to sales risk on new development

2.6 Partnership Plus

2.6.1 In the context of the challenges of programme delivery in 2008-9 and the need to effectively support the transition into the Homes and Communities Agency we have looked again at the proposals for taking Partnership Plus forward in 2008-9. We now propose to re-cast the Partnership Plus offer to focus on developing the conversation about how the Corporation and the HCA would develop its approach to investment and procurement to respond to current market conditions and the opportunities represented by the new powers of the HCA as well as informing future thinking on programme management flexibilities. The initial work done as part of the development of Partnership Plus (and the wider work on Future Investment Approaches) will form the basis of this conversation. We intend to put a small group together - drawn from our best-performing and most innovative investment partners - to take this work forward

3. Programme Update

3.1 08/09 Programme

3.1.1 08/09 programme has started and was to trajectory to end of April 08. The region is forecasting to achieve both completion and expenditure targets for 2008/09.

3.2 Regular Market Engagement

3.2.1 The region was pleased with the number of bids coming in through the first round of RME, assessment has now been concluded and an announcement is due before the end of June. Full update and details of allocation will be given at July CRHB

4. Homes and Communities Agency and Oftenant

4.1 Work on the two agencies is continuing with the aim of a 1st December start date. Senior management structure has now been agreed and a full time set up team appointed. The Chair of Oftenant has recently been announced as Anthony Mayer. The Corporation is continuing to focus on delivery of the 08/09 programme throughout the transition process.

5. Further Updates

5.1 **Code for Sustainable Homes** - Guidance has been issued on how to achieve Level 3 and above and can be found at: [Cracking the Code](#)

5.2 **Gold Award** - Winners of this years Gold Awards have been announced including one from this region - Papworth Trust in Building Cohesive Communities section. For full details see: [Gold Award](#)

5.3 **Homelessness Action Team** - The team has been extended for another year, for full detail see: [Homelessness Action Team](#)

5.4 **Independent Research on Housing Corporation** - Independent research has found 80% of regional stakeholders are positive about the Corporation. For full details see: [Research Results](#)

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