HOMES ENGLAND PROGRAMME REPORT – October 2018
For Humber LEP – Investment and Regulation Board on 25 October 2018

Purpose: To provide an update to the Board on Homes England Investment to support Humber LEP

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1. MATTER FOR CONSIDERATION

This report provides a brief update to what Homes England continues to do to help Humber LEP increase and accelerate the number of homes and affordable homes being delivered.

2. RECOMMENDATION

The Board is invited to note and discuss the contents of this paper.

3. LIVE HOUSING PROGRAMMES

In total, Homes England investment of circa £16m was made in the Humber LEP area in the 2017/18 financial year. These figures exclude Help to Buy, HIF and HBF investment detailed on later pages. This includes delivery of 341 SOS and 685 completions within the SOAHP and 147 SOS and 73 completions within the Land Programme alone.

In 2018/19 we expect 405 SOS and 1046 completions (Land and SOAHP alone) with further multimillion investment expected from other programmes (i.e. HIF and LAAC) this and future years.

As an overview, there are a number of live programmes where Homes England is managing, on behalf of government, funds that can all contribute, in different ways, to growth and place making. In terms of the main investment strands, Homes England is investing:

a) Affordable Housing 2016-21 (as of September 18)

The Board is aware that funding through the Shared Ownership and Affordable Homes Programme 2016 to 2021 (SOAHP) was announced in January 2017. Since then, a number of allocations have successfully been made through the continuous market engagement (CME) process. From 17/18 to future years (2022) we anticipate investment of £51.6m for the completion of over 2000 homes in a range of tenures. With investment in a wide range of partners including East Riding Of Yorkshire Council, Kingston upon Hull City Council, Accent, Home, Places for People, Yorkshire Housing and Ongo.

The Board should be aware that there are increasing opportunities for affordable housing through the remaining unallocated funding within the SOAHP – Shared Ownership
Affordable Housing Programme currently has available headroom (NB: the details of Social Rent (£2bn) and HRA headroom have now been announced) and partners are therefore encouraged to speak to Homes England contract managers and relationship managers at the earliest possible opportunity to shape proposals for new investment, exploring project requirements and grant needs to be taken through continuous market engagement (CME).

Further to the SOAHP, Homes England has reopened bidding for the Department of Health - Care & Support Specialist Housing fund (CASSH) through continuous market engagement (CME). Under CASSH, CME capital grants will be provided to support and accelerate the development of specialist affordable housing which meets the needs of older people and adults with disabilities or mental health problems. As this will be a continuation of the existing fund the funding requirements will remain unchanged from previous bid rounds, with a published prospectus already in place. Funding will be made available over the next three financial years to 2020/21. As with SOAHP, bidding is through IMS. See: https://www.gov.uk/government/collections/care-and-support-specialised-housing-fund

Over the summer Homes England launched the Community Housing Fund (£163m phase 1 revenue support now open and phase 2 capital funds to be launched in the coming months). In the NEYTH we are already supporting community led housing activity and we know that communities in the Humber are mobilising behind this issue. We would like to work with Humber partners to collectively support, resource and facilitate more forms of community led development.

In addition the £50m Move-on Fund was launched by the government as part of the Rough Sleeping Strategy. The prospectus has been launched with bidding guidance to follow. The fund is intended to support homeless people and victims of domestic abuse with low and medium level needs currently living in hostels and refuges; and those who are currently sleeping rough, who cannot move on because of a lack of affordable and suitable accommodation in their areas.

The board should note that there has been a national discussion between MHCLG, Homes England and National Housing Federation for a step change in delivery of affordable housing and for a wider contribution to housing growth from housing associations or groups of housing associations, to develop propositions around strategic partnerships.

Across all programmes, Homes England is developing strategic partnerships to accelerate delivery in early years, looking to build the pipeline of schemes and sites using our flexibilities, like the land acquisition tranche, and to see a step change in affordable housing delivery through new ways of working and aligning investment and land opportunities. Eight Wave 1 partnerships (Places for People, Home and Great Places in the NEYTH) have been announced with further EoI for Wave 2 being sought. The scale of new additional supply ambition we will be expecting Wave 2 housing associations to commit to is outlined below:

- A minimum of 1000 additional Grant Funded Affordable Homes started on site by March 2022 over and above current plans.
- A minimum 25% uplift in grant funded affordable programme (ideally closer to 40%).
- A minimum 25% uplift in whole programme starts of all tenures.
- Absolute position of no grant funding into S106.
- Value for money demonstrated by grant asks per unit per tenure by region and blended average grant per unit.
- Delivery certainty: starts on site by March 2022; completions by March 2024.
- Social rent: we are looking for proposals to include a proportion of social rent, to be delivered in local authorities with high affordability stress as defined in the SOAHP 2016-21 addendum published in June 2018.
Housing associations were invited to a briefing at Savills in London on 10 September for further details on future deals. Interested housing associations are asked to liaise in the first instance with their contract managers and Dilys.Jones@homesengland.gov.uk.

b) Land Acquisition using SOAHP

SOAHP funding has been used for Hull City Council to purchase land at the East Bank, Hull following their failed HIF marginal viability bid.

This project supports the acquisition of the Clarence Mill and Northern Divers strategic sites in East Bank Hull which will lead to the delivery of an exemplar, well designed, environmentally sustainable housing led scheme, providing a range of quality homes improving the City Centre living offer. The acquisition of the Clarence Mill and Northern Divers sites puts the majority of the East Bank in public sector ownership allowing for a comprehensive re-development scheme to be brought forward. This complements Homes England's existing land holdings at the southern end of the East Bank development area at Tower Street. This is an opportunity following the failed HIF bid to support the Council in delivering its strategic vision for the East Bank. It is envisaged that the Citywide lead developer partner will be appointed to take the scheme forward and discussions will take place about how to incorporate Homes England land into the delivery model. The recently adopted Local Plan allocates the East Bank development area for the provision of 850 new homes, with offices and leisure uses. The East Bank is also a key development site set out in the Council's Growth Strategy 2018. The detailed development type and mix will be determined as part of the planning application for the site but 117 affordable units will be delivered as part of this.

c) Land Investment (as of October 2018)

Homes England land investment in 17/18 was £1.4m. In 18/19 we expect investment of over £0.5m with expected delivery of 202 homes started on site and 187 homes completed.

Key Land Investment projects include:

i. **Burma Drive:** We are working with a number of enquiries and hoping to conclude a number of transactions in the next 3 months, which will see a substantial part of the site committed for economic growth.

ii. **Goole36:** We continue to work closely with Siemens and the LA to support investment plans which are currently stalled due to the Judicial Review concerning the Siemens rolling stock contract.

Alongside our land investment and development of our sites, we are looking to support local companies into diversifying into modern methods of construction (MMC) and modular constriction i.e. Premier Modular, in order to expand the sector within the region. Homes England recognises that the Humber LEP area has a major role to play in the development of the modular sector, which will increase delivery and help contribute to our 300,000 homes per year target by the mid-2020s.

C) Housing Infrastructure Funding – HIF

**HIF Marginal Viability:**

The successful HIF Marginal Viability bids were announced in February 2018. These are now progressing through funding clarification before the award of HIF funding. There were no successful applications in the Humber on this occasion. Unsuccessful bidders were offered feedback on request and informed that for this funding round there were bidders that were stronger.
HIF Forward Funding:

Announcements were made in March 2018 of those areas which have been successful in reaching the next stage of their application for HIF funding. There were no successful applications in the Humber on this occasion. Feedback was offered on request and it is intended that lessons could be learnt for future funding opportunities or bidding rounds.

d) Home Building Fund – HBF (as of October 18)

There are currently 19 schemes at various stages in the system. With 9 of these already in contract since 15/16 for over £40.7m to unlock 3,998 homes. The Investment Programme Team undertake an assessment of eligibility criteria on all schemes that have been brought through enquiries, with only the more promising progressing to the local investment team.

Colleagues from Home England’s Investment Team have previously outlined the scope of the Home Building Fund at various local events and are available to attend other such gatherings and networks of partners, including SMEs should this be of interest to the region. Humber LEP is asked to support the identification of SMEs that require support to progress sites, as well as any sites that would be suitable for SME schemes.

e) Help to Buy – HBF (Figures as of end 17/18)


f) LA Accelerated Construction Programme

The Local Authority Acceleration Construction programme has concluded its assessment of the shortlisted sites of 65 in the NEYTH to determine the level of financial support that can be offered to address the physical barriers to development identified during the due diligence process. 14 of the 65 sites are in Hull, North East Lincolnshire and North Lincolnshire.

Offer letters have now been issued to those Local Authorities whose sites demonstrate value for money. We are now in the period of project development where the scope and nature of the proposed works is to be confirmed prior to any formal contractual arrangements to access programme support.

A further letter has been sent out to ALL Local Authorities nationally in order to invite further sites under the LAAC programme as a second phase as a result of the expected attrition rate for the first phase of bidding. We have already received further submissions from the Humber LEP and they are currently being assessed.

There is a limited fund for this second phase of bidding and sites will be assessed on a case by case basis as they are submitted.

4. CONCLUDING REMARKS – FUTURE PARTNERSHIP WORKING

This paper demonstrates the nature and scale of Homes England’s investment and engagement in Humber LEP and our support for strategies to promote housing delivery and growth. Homes England is tasked with intervening in the housing market to help build an additional 300,000 homes per year, by the mid-2020s.

Homes England has increased resources in a range of programmes for equity, loan, grant and land assembly, with place based interventions and new ways of doing business with our partners. There is now an opportunity for Homes England and its partners to develop new and
different approaches to investment and partnership, to achieve the acceleration of housing supply. In the Humber, the key opportunities of the landmark Grimsby Town Deal, Industrial Strategy, specialism in modular construction and economic investment provide a stage upon which to make a case for housing investment and a new type of investment partnership to distribute positive impacts widely throughout the region. Housing Associations, alongside other delivery partners, have a role to play in using their considerable capacity to increase delivery at scale and pace.

Homes England looks forward to playing a key role in shaping these plans in future, and contributing our investment, capacity, skills and assets to this shared endeavour.

NEYTH Team, October 2018