

Report to the Council Housebuilding Cabinet Committee



Report reference: CHB-017-2013/14
Date of meeting: 17 April 2014

**Epping Forest
District Council**

Portfolio: Housing

Subject: Bid for HCA Grant to subsidise the Council Housebuilding Programme

Responsible Officer: Paul Pledger, Asst. Director (Housing Property and Development) (01992 564248)

Democratic Services Officer: Jackie Leither (01992 564756)

Recommendations:

- (1) That East Thames be authorised, in consultation with the Director of Communities to submit a bid to the Homes and Communities Agency (HCA) for Affordable Housing Grant as part of the Affordable Homes Programme 2015-18, before the 30 April 2014 deadline, initially to fund the number of homes agreed by the Cabinet Committee earlier in the meeting in Phase 2 of the Council's housebuilding programme on behalf of the Council;
- (2) That, subject to a successful grant application, East Thames to prepare an application on behalf of the Council for HCA Investment Partner Status so that the funding can be drawn at the appropriate time.
- (3) That it be noted, due to the amount of time between the meeting and the 30 April deadline to submit a bid to the HCA for Affordable Housing Grant, the Chairman of Council has agreed to waive the call-in procedure for this item.

Executive Summary:

Following the launch of its 2015-18 Affordable Homes Programme Bid Prospectus by the Homes and Communities Agency (HCA), the Council now has the opportunity to bid for Affordable Housing Grant to subsidise the Council's housebuilding programme. The prospectus signals the start of the bid round, which will close at 12 noon on 30 April 2014. The Prospectus prescribes that any bids must be made based on an executive decision. This report sets out the advantages and disadvantages of making a bid for HCA grant.

Reasons for Proposed Decision:

In order for the HCA to consider any bids for affordable housing grant, they require the bid to be supported by an executive decision of the Board or other authorised Committee.

Other Options for Action:

1. Not to submit an application for grant and to self-fund the programme.

Background

1. In January 2014, the Homes and Communities Agency (HCA) launched its 2015-18 Affordable Homes Programme, which aims to increase the supply of affordable homes in England by contributing to the delivery of 165,000 new homes by March 2018, the majority of which will be made available at affordable rent to meet local needs.
2. The publication of the prospectus signals the start of the bid round, which will close at noon on 30 April 2014. All bids must be made online via the Investment Management System (IMS).
3. It should be noted that applications can be submitted by any Registered Providers, of which the Council is one. However, should an application for affordable housing grant be successful, it is a requirement that the Council must qualify as an HCA Investment Partner. The qualifying criteria to achieve Partner Status is yet to be published.
4. Funding bids are assessed by the HCA against four main criteria:
 - a. Value – in terms of subsidy per home and per person housed (assessed against regional efficiency targets)
 - b. Quality – judged against the HCA design and quality standards
 - c. Deliverability – with particular emphasis on planning status
 - d. Policy fit – taking into account national, regional and local strategies.
5. East Thames has experience in successfully securing affordable housing grant for its own investment programme in previous bid-rounds. As the Council's Development Agent, it is recommended that East Thames be authorised, in consultation with the Director of Communities to submit bids on the Council's behalf, depending on the Committee decision with regard to the acceleration of the Council housebuilding programme earlier in the meeting .
6. In anticipation of the Cabinet Committee deciding to make an application for Affordable Housing Grant, East Thames have completed a set-up transaction with the HCA on behalf of the Council and established an IMS log-in PIN so that a bid can be made before the 30 April deadline. The next stage is to establish what grant rates the Council would wish to request from the HCA and an overall bidding strategy. Some of this is explored in more detail in a separate report on accelerating the Council housebuilding programme elsewhere on the agenda.
7. Further documentation will need to be prepared in relation to design and training standards that the HCA expects. These standards have not been published by the HCA yet but East Thames is monitoring this situation and will work with the Council to deliver these statements on time.
8. Once the bid is submitted the HCA expect to confirm successful bids by Mid July 2014. It is recommended that should the Council's bid be successful, then East Thames be authorised to lead on the process of gaining investment partnership status with the HCA.
9. The advantage to bidding for grant from the HCA is that, if successful they will provide additional funding for EFDC schemes. This will allow the Council's own money to be used to deliver additional affordable homes elsewhere in the district.
10. There are some disadvantages to receiving funding from the HCA. These include;

- The grant will be time-limited and therefore schemes will need to be completed within the timescales agreed with the HCA. It should be noted that Phase 2 is due to be completed within the timescales set. However, if there are delays, and the deadline is not met, it would result in a reputational issue with the HCA.
- There will be other conditions attached to the grant, including design, sustainability and security conditions. It should be noted that these are already built into the standards already adopted by the Council.
- The HCA acts as a regulator for affordable housing and EFDC will be audited on its development programme and process if the HCA grant funds schemes. Although this is a time consuming task East Thames will prepare audit files for the schemes that meet the HCA's audit criteria.

11. It is recommended that East Thames be authorised, in consultation with the Director of Communities to submit a bid to the Homes and Communities Agency (HCA) for grant as part of the Affordable Homes Programme 2015-18, before the 30 April 2014 deadline, initially to fund the number of homes agreed by the Cabinet Committee earlier in the meeting in Phase 2 of the Council's housebuilding programme on behalf of the Council.

12. Due to the limited amount of time between the meeting and the 30 April deadline, to submit a bid to the HCA for Affordable Housing Grant, the Chairman of Council has agreed to waive the call-in procedure for this item.

Resource Implications:

There is no resource expense to the Council to submit a bid. However, by submitting a bid it opens the opportunity for the Council to benefit from HCA Affordable Housing Grant as subsidy towards the Council's housebuilding programme

Legal and Governance Implications:

The HCA Bid process requires an executive decision in order for a bid to be considered.

Safer, Cleaner and Greener Implications:

None

Consultation Undertaken:

The HCA have been consulted on the Council's proposals in principle.

Background Papers:

- Report on accelerating the Council housebuilding programme elsewhere on the agenda.
- HCA Affordable Homes 2015-18 Programme Bid Prospectus

Impact Assessments:

Risk Management

There are no risks associated with this report or the decisions therein

Equality and Diversity:

Did the initial assessment of the proposals contained in this report for relevance to the Council's general equality duties, reveal any potentially adverse equality implications? No

Where equality implications were identified through the initial assessment process, has a formal Equality Impact Assessment been undertaken? N/A

What equality implications were identified through the Equality Impact Assessment process?

It should be noted that an Equality Impact Assessment has already been formulated for Housing Strategy and Development.

How have the equality implications identified through the Equality Impact Assessment been addressed in this report in order to avoid discrimination against any particular group?

N/A