

RIBBLE VALLEY BOROUGH COUNCIL REPORT TO HEALTH & HOUSING COMMITTEE

Agenda Item No. 5

meeting date: 21 JANUARY 2016
title: TO INITIATE DISCUSSIONS TO CONSIDER REGISTERING AS A PROVIDER FOR SOCIAL HOUSING
submitted by: MARSHAL SCOTT – CHIEF EXECUTIVE
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1 PURPOSE

1.1 This report proposes that Ribble Valley Borough Council investigate the options of registering as a provider of social housing with the Homes and Communities Agency and also as an investment partner. This matter arose from the Leader's discussions with other local authorities.

1.2 Relevance to the Council's ambitions and priorities

- Community Objectives – To assist in meeting affordable housing need in the borough.
- Corporate Priorities - To continue to be a well-managed council providing services based on customer need.
- Other Considerations – None.

2 BACKGROUND

2.1 Increasingly local authorities are buying Section 106 homes built by private developers on mixed tenure sites and making them available as shared ownership affordable housing. In Ribble Valley the Council's Registered Provider partners have bought all Section 106 homes to date. More recently as Registered Providers are facing difficulties in funding acquisitions, there is a risk that Register Providers will not be in a position to take on new affordable units as schemes deliver them. It is however proposed that the Council consider registering as a Registered Provider and then it can acquire some Section 106 homes for onward sale as shared ownership housing.

2.2 The proposal represents an opportunity for the Council to directly assist in providing intermediate housing to meet the needs of those first time buyers who live or work in the district. The use of commuted sums represents a funding stream to replace Registered Provider borrowing that might otherwise have been used to purchase these homes. It is also particularly important to maximise funding resources at a time when some Registered Providers are near borrowing capacity.

2.3 Initial discussions have been held with the HCA and the guidance to register both as a provider and also as an investment partner are attached at Appendix 1.

3 ISSUES

3.1 Using the commuted sum approach there will be a requirement for up front funding of the units until the equity in the dwelling can be sold. This capital receipt must be

reinvested affordable housing as any subsidy released must be reused for the provision of affordable. As the purchase costs are fixed, the Council does not carry risk of cost over-runs. In practice the Council would aim to have identified a purchaser for the dwelling before the completion in order to achieve a back to back sale making funding requirements short term and fully recoverable. If there is any delay in selling the property, the Council will incur some Council Tax liability and will lose interest on its commuted sum used from the acquisition.

- 3.2 The Council's conveyancing costs may also be added to the sale price and recouped by the Council. There is also likely to be some recoverable marketing costs as potential purchasers of shared ownership housing do not as a rule register on the housing register and therefore homes would be marketed through the help to buy zone agent for Lancashire but also via estate agents, Rightmove and local press etc.
- 3.3 The receipts from the rent charged on the unsold equity can be placed into the general fund and do not have to be used for affordable housing. It is not yet clear whether there are restrictions on the use of capital receipts generated as purchasers buy further trenches in the property at market value. Clarification is being sought on this aspect from DCLG which in the meantime it should be noted that there is no risk to the Council whatever the response. This is because it will recoup its initial capital outlay plus on costs on the first sale of the property. It will then continue to receive rental income on the unsold equity reducing as further trenches are required by the occupier, until such time as the property is sold outright.
- 3.4 As delivery mechanism this approach may provide an appropriate model, however as discussions with the HCA have indicated there are a number of issues that need to be clarified and we are awaiting further information. It is suggested that Members consider the principle and support further investigations to develop an appropriate model.

4 RISK ASSESSMENT

- 4.1 The approval of this report may have the following implications
 - Resources – Any investment would be through income from commuted sums as the affordable housing contribution from the site.
 - Technical, Environmental and Legal –The technical, environmental and legal implications will be considered as part of the investigation. The Council may use commuted sums to purchase affordable homes for intermediate sales providing the terms of the Section 106 Agreement do not prohibit it. The Council has the power to develop housing under Part 2 of the Housing Act 1985 which can be owned without the need for a HRA by requesting a Section 74(3)(d) Direction of the Local Government and Housing Act 1989. DCLG confirms that the Direction will be granted if the total number of dwellings provided by Ribble Valley under Part 2 is fewer than 50 fully owned homes or 100 shared ownership properties.
 - Political – Important to consider this as an option of affordable housing delivery at a time when Registered Providers are limited as to the number of units they can purchase.
 - Reputation – To maintain delivery of affordable housing in the borough is a priority.

- Equality & Diversity – No implications identified.

5 RECOMMENDED THAT COMMITTEE

- 5.1 Note the contents of this report and approve that further investigation into whether registering as a Registered Provider of social housing with HCA is an option for the Council.

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BACKGROUND PAPERS

None.

For further information please ask for Rachael Stott, extension 4567.

REF: RS/EL/210116/H&H

AFFORDABLE HOMES PROGRAMME 2015-18

**INVESTMENT PARTNER QUALIFICATION APPLICATION FORM
GUIDANCE**

1. INTRODUCTION

Organisations delivering programmes through the Affordable Homes Programme 2015-2018 (AHP 15-18) must be qualified as HCA Investment Partners.

This document sets out the arrangements for Investment Partner qualification under the AHP 15-18 and, for those organisations not already qualified as Investment Partners, guidance on how to submit an application.

2. QUALIFICATION – AN OVERVIEW

As outlined in the AHP 15-18 Prospectus, all organisations delivering programmes through the AHP 15-18 must be an HCA Investment Partner. Investment Partner status must be achieved before payment under a completed grant agreement can be made.

Assessment of applications for Investment Partner status considers an applicant's financial and technical capacity to undertake an agreed programme of new supply, and the organisation's good financial standing.

As confirmed in the AHP 15-18 Prospectus, unregistered providers must become a Registered Provider (RP), if intending to be the landlord of grant funded schemes. Please note that this is a separate process to that undertaken by the HCA in its role as The Regulator of registered providers of social housing.

Details on how to register as a RP are available on the Homes and Communities Agency's (HCA) website here:

<https://www.gov.uk/register-and-de-register-as-a-provider-of-social-housing>

The HCA acting through its Regulation Committee is the Regulator of Social Housing ("the Regulator"). The Regulator is responsible for registering and regulating providers of social housing. Any eligible provider of social housing can be registered with the Regulator and only registered providers are subject to regulation.

Providers seeking registration should start discussions with the Regulator's registration team at the earliest opportunity to understand the timescales and requirements for achieving RP status.

Applications can be submitted for consideration at any time and turnaround time is estimated at 8 weeks from receipt of a full application. Applicants are encouraged to complete their application for Investment Partner status at the same time as submitting bids for the Affordable Homes Programme 2015-2018.

Applications not linked with a bid to the Affordable Homes Programme 2015-2018 will be considered unsolicited.

Unsolicited applications are not encouraged and prospective partners should have secured an allocation, have submitted or be preparing a bid for the Affordable Homes Programme 2015-2018. Unsolicited applications will not be accepted and prospective partners must always contact their local HCA office in the first instance.

3. **THE PROCESS: NEW PARTNERS**

Any provider may submit bids for delivery under the 2015-18 Affordable Homes Programme, but will have to achieve HCA Investment Partner status before payment under an agreed grant agreement contract can be made.

Organisations not already qualified as Investment Partners with the HCA will need to apply for Investment Partner status by submitting an Application. Organisations are encouraged to complete their Investment Partner Qualification Application form at the same time as submitting their bids. The Investment Partner Qualification Application form is available to download from:

<https://www.gov.uk/government/publications/affordable-homes-programme-2015-to-2018-qualification>

For detailed guidance on completing the application form please see section 5.

Organisations seeking to qualify for Investment Partner status should complete the application form, which consists of 4 sections:

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

HCA seeks to ensure that its assessment processes are proportionate to the scale of funding sought to improve access to funding.

Applications for Investment Partner status may be as a single entity or a consortium of organisations, a Special Purpose Vehicle ("SPV"), (including Local Authority-led Special Purpose Vehicles) or a joint venture company ("JV") constituted as a single entity.

A "consortium" means a group of companies or separate legal entities identifiable at the point of application formally acting together for the purpose of bidding for grant under the Affordable Homes Programme 2015-18.

For consortium applications, a lead organisation must be identified and will be expected to be the point of contact for the HCA, to work closely with other consortium members throughout the grant agreement period to deliver the supply envisaged, and be responsible for collating and providing information from consortium members to the HCA on delivery of the various parameters included in the AHP 2015-18 agreement.

All applications will be acknowledged by receipt and turnaround time is estimated at 8 weeks from receipt of a full application.

4. **THE PROCESS: EXISTING INVESTMENT PARTNERS**

Existing HCA Investment Partners are not required to submit a new qualification application.

Investment Partner performance is reviewed annually through the annual Continuous Qualification review and those already qualified as an HCA Investment Partner and meeting the required annual performance thresholds have been notified they remain Investment Partners for the new Affordable Homes Programme 2015-2018.

Existing HCA Investment Partners should notify the HCA of any changes to existing partnerships for the new Affordable Homes Programme 2015-2018, for example membership changes to consortia. New members may be identified both at bid stage, and during the programme period.

Partnership changes will be dealt with on a case by case basis and, depending on the nature of the change, may require submission of a new application for qualification.

Existing HCA Investment Partners wishing to make changes to their partnership should, in the first instance, contact their HCA Contract Manager.

5. GUIDANCE ON COMPLETING THE APPLICATION FORM

5.1. General

All applicants completing the Investment Partner Qualification Application Form should answer all questions as accurately and concisely as possible. Where a question is not relevant to the respondent organisation, this should be indicated, with an explanation.

Supporting information should be presented in the same order as, and should be referenced to, the relevant question.

For Section 3, where an applicant has already submitted information to the HCA or the Regulator, this information is not required again. The information will need to have been submitted in precisely the form specified and there should have been no changes since submission. Applicants should specify when they previously submitted information and to whom.

For Section 4, questions 4.5 (development experience), 4.6 (management experience) and 4.7 (risk management) will be scored. A minimum score of 11 points must be achieved for each question and minimum of 33 overall by an applicant in order to receive Investment Partner status.

The criteria used to evaluate an Investment Partner Qualification Application can be found in Annex 1.

The response may cover the applicant solely or for Consortium/SPV applications, the information may relate to the relevant participating organisation(s).

If a contractor/managing agent is to be appointed, the response should draw on their experience. If a contractor/developing agent is yet to be appointed and procurement is yet to be completed, Section 4 cannot be assessed at this stage.

All case studies should have been completed successfully (ie on time, within budget and without claims or latent defects).

Where certification/accreditation is being actively pursued and strong evidence points to the likelihood of it being gained in the near future, then it may be scored as gained.

The HCA reserves the right to request additional information in relation to an application for Investment Partner status.

By submitting an application for Investment Partner status, Registered Providers will be giving consent that relevant financial information provided to the Regulator may be shared on a confidential basis.

To complete the Investment Partner Qualification Application Form, respondent organisations will require software, which is compatible with Microsoft Word.

Respondent organisations must complete the electronic version of the application form and submit one complete copy of the application form and any supporting documents (including scanned letter(s) of good standing on letter headed paper and signed with a wet signature) by email to: completed.pggforms@hca.gsi.gov.uk.

Please ensure that all sections of the application form are completed and returned with your submission by email.

No unauthorised alteration or addition (save for the inclusion of the relevant information) should be made to the form. The completed application form must not be accompanied by any covering letter or any statement that could be construed as rendering the application form equivocal and/or placing it on a different footing from other application forms.

5.2. Applications from Bodies responding as single entities

An organisation applying as a single entity must complete all of the sections (excluding Section 1.2) fully and provide all the necessary supplementary information requested.

5.3. Consortium Applications

Any response on behalf of a consortium must be co-ordinated by a designated Consortium Leader.

In the case of consortium applications, "respondent organisation" means the Consortium Leader of a consortium application.

The Consortium Leader is responsible for:

- ensuring that the information supplied in the application form is accurate, to the best of its knowledge;
- completing all Sections of the application form;
- providing all the necessary supplementary information from participating organisations (where applicable) so as to enable the HCA to assess the overall proposal for the delivery of the proposed programme(s).

Please note that different questions require information from individual participating organisations, from all participating organisations or from the Consortium Leader only – this has been indicated, where relevant.

It should also be noted that the statement of good standing requested in Section 2 is required from ALL consortium members.

5.4. SPV and JV Applications

Any response on behalf of an SPV or JV must be co-ordinated by the principal SPV/JV shareholder or member (actual or designated).

In the case of SPV and JV applications, "respondent organisation" means the principal shareholder or the member who will take a lead in negotiations with the HCA on behalf of the SPV or JV.

The principal SPV/JV shareholder or member is responsible for:

- ensuring that the information supplied in the application form is accurate, to the best of its knowledge;
- completing all Sections of the application form;
- providing all the necessary supplementary information from participating organisations (where applicable) so as to enable the HCA to assess the overall proposal for the delivery of the proposed programme(s).

Please note that different questions require information from individual participating organisations, from all participating organisations or from the respondent organisation only – this has been indicated, where relevant.

It should also be noted that the statement of good standing requested in Section 2 is required from ALL members of an SPV or JV.

5.5. Re-Evaluation

In the event that there is:

- i) a change in the membership of a Consortium or SPV/JV from the date of submission of this application form to the award of any agreement between the Consortium/SPV/JV and the Homes and Communities Agency; and/or
- ii) a change in information supplied by a respondent organisation or any of the participating organisations at Sections 1 to 4 of the application form the HCA reserves the right to re-evaluate the application of the Consortium/SPV/JV on the basis of the new member/ shareholder or the new information and act in accordance with the results of such re-evaluation.

5.6. Undertaking

All respondent organisations should note that any false information included in any of the responses will result in exclusion from the subsequent stages of the Affordable Homes Programme 2015-2018.

The Agency has a bribery and corruption policy in place and, therein a zero tolerance approach. The web page with a summary description of all current HCA ethical policies (including the anti-bribery and corruption policy) is as follows:

<https://www.gov.uk/government/collections/ethical-policies>

All respondent organisations shall ensure that they do not and, where appropriate, all other participating organisations in the Consortium/SPV/JV do not:



Housing (<https://www.gov.uk/topic/housing>) – guidance **Register and de-register as a provider of social housing**

From: Homes and Communities Agency (<https://www.gov.uk/government/organisations/homes-and-communities-agency>)
First published: 4 November 2014
Last updated: 2 April 2015, see all updates
Part of: Regulation (<https://www.gov.uk/topic/housing/regulation>), Housing (<https://www.gov.uk/topic/housing>) and Rented housing sector (<https://www.gov.uk/government/policies/rented-housing-sector>)
Applies to: England

How to register or de-register as a social housing provider, how much it costs and how long it will take.

Register as a provider of social housing

Under section 114A of the Housing and Regeneration Act 2008, local authorities who begin to provide social housing are subject to compulsory registration. Notification that a local authority is beginning to provide social housing should be made to mail@homesandcommunities.gov.uk

In the first instance, please see Registration requirements 2015

(https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/420147/Registration_requirements_2015.pdf) (PDF, 150KB, 4 pages) .

Applicants other than local authorities are required to apply for registration. To register as a provider of social housing you should first complete the Preliminary application form for registering as a provider of social housing

(https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/424436/00_registration_prelim_application_form_FINAL.docx) (MS Word Document, 152KB) .

This will allow us to check whether you meet the eligibility requirements of registration

Having assessed the information at the preliminary application stage, we will tell you if you meet the eligibility requirements. If you do, you will be invited to complete the Word or PDF versions of Detailed application form for registering as a provider of social housing - Word format

(https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/424437/00_registration_detailed_application_form_FINAL.docx) (MS Word Document, 199KB) , Detailed application form for registering as a provider of social housing - PDF format

(https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/438330/00_registration_detailed_application_form_FINAL.pdf) (PDF, 480KB, 59 pages) . Applicants cannot begin the registration process by completing this form but must first complete the preliminary application process.

Details of eligibility, registration criteria and the application process are in the Registration guidance

(https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/420591/Reg_Guidance_full.pdf) (PDF, 210KB, 25 pages) . Guidance on the completion of the application forms is included within each form.

Preliminary applications will usually be dealt with within 15 working days, although this may take a little longer for applicants that are not already landlords of social housing.

Detailed applications take longer. It usually takes at least three months from the time that an applicant submits a complete detailed application for the regulator to have the assurance that the applicant has met the registration criteria.

The time taken will depend on the nature of the application submitted, especially whether it raises any novel issues for the regulator. It also depends on the responsiveness of the applicant to requests for additional information and the number of other applications under consideration at the same time.

Applicants are advised to bear this timescale in mind when preparing their application, particularly if registration is a pre-condition to accessing grant, receiving the transfer of social housing, or another transaction.

De-register as a provider of social housing

In the first instance, please see De-registration requirements 2015

(https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/420150/De-registration_requirements_2015.pdf) (PDF, 103KB, 3 pages) .

If you want to deregister as a provider of social housing, you should complete the Application form for voluntary de-registration as a provider of social housing (https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/364813/RP_de-registration_application_form.doc) (MS Word Document, 80.5KB) .

Details of eligibility and de-registration criteria are in the De-registration guidance

(https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/420148/RP_guidance_on_applying_for_de_registration.doc) (MS Word Document, 153KB) .

Once we have received the completed application form we will give you an estimate of how long we think the process will take.

Where to send applications to register or de-register and how much it will cost

Applications to register should be emailed to registrations@hca.gsi.gov.uk. Applications to de-register should be emailed to mail@homesandcommunities.co.uk

Either application can be posted to:

Referrals and Regulatory Enquiries Team
Homes and Communities Agency
1st Floor Lateral
8 City Walk
Leeds
LS11 9AT

Registration and de-registration is free.

How to make general queries

For general queries on registering or de-registering (but not applications) please contact:

Referrals and Regulatory Enquiries Team

0300 123 4500

mail@homesandcommunities.co.uk



Form

Affordable Homes Programme 2015 to 2018: qualification

From: Homes and Communities Agency (<https://www.gov.uk/government/organisations/homes-and-communities-agency>)
First published: 13 January 2015
Part of: Affordable Homes Programme 2015 to 2018: guidance and allocations
(<https://www.gov.uk/government/collections/affordable-homes-programme-2015-to-2018-guidance-and-allocations>) and
House building (<https://www.gov.uk/government/policies/house-building>)
Applies to: England

Guidance on how to apply to become an HCA investment partner and the application form.

Documents

Investment partner qualification application form - guidance

(https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/394964/AHP_2015-18_Investment_Partner_Qualification_Application_form_guidance.pdf)
PDF, 204KB, 11 pages

This file may not be suitable for users of assistive technology.

Investment partner qualification application form – sections 1 & 2

(https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/394730/AHP_2015-18_Investment_Partner_Qualification_Application_form_-_Sections_1_and_2.doc)
MS Word Document, 95KB

This file may not be suitable for users of assistive technology.

Investment partner qualification application form – section 3

(https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/394732/AHP_2015-18_Investment_Partner_Qualification_Application_form_-_Section_3.doc)
MS Word Document, 49.5KB

This file may not be suitable for users of assistive technology.

Investment partner qualification application form – section 4

(https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/394733/AHP_2015-18_Investment_Partner_Qualification_Application_form_-_Section_4.doc)
MS Word Document, 63.5KB

This file may not be suitable for users of assistive technology.

Detail

Organisations delivering
programmes through the
Affordable Homes Programme
2015 to 2018 must be qualified

as HCA investment partners.
Guidance on how to apply to
become an investment partner
and the application form are
available [here](#).