Affordable Homes Programme 2021 – 2026

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Help to Buy Agent for the South

The role of Homes England

Homes England was launched in January 2018 to play a major role in fixing the housing market.

Their mission is to intervene in the market to ensure more homes are built in areas of greatest need, to improve affordability. They aim to make this sustainable by creating a more resilient and diverse housing market.

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The role of the Agency Support Team

- Advertise grant funded properties and manage the advert submissions
- Signpost applicants to Housing Associations/Developers
- Manage the website
- Maintain and uphold stakeholder relationships
- Provide tailored and comprehensive training surrounding the portal
- Conduct monthly reporting to Homes England, annual reporting to Local Authorities, demand reports for Housing Associations and Local Authorities
- Advise on the processes and procedures by using the Capital Funding Guide
- Work with Homes England to help improve the process, make it more accessible and improve diversity
- Develop our systems by carrying out UAT and working with external teams to carry out these changes
- Investigate issues on the portal and work with our Stakeholders to find quick solutions
- Agency News

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The Affordable Homes Programme 2021 –2026

The Affordable Homes Programme 2021 –2026 is the newest investment product and the first fund Homes England have launched as a new agency.

- **The Affordable Homes Programme provides grant to support the cost of building housing for rent or sale at sub-market rates** –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 fund is part of a range of tools and funding streams that Homes England has at its disposal to support the delivery of housing of all types and tenures**–we know that a one-size-fits all approach doesn't work and that these resources need to be combined in different ways to most effectively support the different markets, partners and places with which we work.

- **Funding and support is available for all organisations with an interest in developing affordable housing**– including housing associations, local authorities, developers, institutional investors, for-profit registered providers, community-led organisations and others.

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New Shared Ownership model 2021-2022

As of 1st April 2021, Homes England introduced the new Shared Ownership model. Here are the new key features of the scheme:

The minimum initial share to be purchased will be lowered to 10% from 25%. The maximum initial share will remain at 75%

Shared owners will be able to staircase by 1% increments for 15 years enabling shared owners to purchase 15% with reduced fees. It will be possible to staircase in larger increments from 5% but will incur the range of fees as currently (Valuation, legal and mortgage costs).

Shared ownership resales will provide the option to end nomination period at the four week point to pursue a sale on the open market.

Repairs and maintenance will be met by the landlord rather than the shared owner for a 10-year period.

A new lease will be drafted by Homes England.

For full details, please refer to the Capital Funding Guide

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What Homes England are delivering

Up to **£7.39 billion will be made available from April 2021 to** deliver up to **130,000 new affordable homes** outside of London. Further funding will be made available for building affordable housing in London by the Greater London Authority.

Funding will be available to develop new affordable housing. This includes:
Homes for rent(around half of homes delivered)
•Social Rent
•Affordable Rent

Routes into home ownership(around half of homes delivered):
•Shared Ownership
•Home Ownership for people with Long-term Disabilities (HOLD)
•Older Persons Shared Ownership (OPSO)
•Rent to Buy

Funding can also be used for supported housing, rural housing, traveller pitches and empty homes.

In addition to increasing the supply of affordable housing, the funding will focus on opportunities that help to create a more **resilient and diverse housing market**

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New Government policy

Alongside the new fund, the Government has recently announced several policy measures that relate to the fund

New model for Shared Ownership
The Government has introduced several changes to Shared Ownership which will apply to all Shared Ownership homes delivered through the new fund. These include:

- **Reduction of the minimum initial share from 25% to 10%**
- Introduction of a **new gradual staircasing** offer, to allow people to buy additional shares in their home in **1% instalments** with heavily reduced fees
- Introduction of a **10-year period** for new shared owners where the **landlord will cover the cost of any repairs**

Right to Shared Ownership
The Government has introduced a new Right to Shared Ownership which will **apply to all rental homes** delivered with the new fund (with some exemptions).
The right will allow tenants to buy between **10% and 75%** of their home and then to staircase to full ownership. The requirements and rules around staircasing, rent, service charges, maintenance and repairs are the same as for the new Shared Ownership model.

Other emerging policies
Planning reform: The Government is currently consulting on a proposed overhaul to the planning system and has also proposed a series of shorter-term changes, including a new method for **calculating local housing need** and changing the small site threshold for affordable housing requirements.
Building Safety: The Government has set out a range of new measures it is planning to introduce to improve building safety, including a new regulatory framework.
Environment Sustainability: Alongside proposed environmental changes to the planning system, the Government recently consulted on a new Future Homes Standard, which will require new-build homes to be future-proofed with low carbon heating and world-leading levels of energy efficiency by 2025. The response to this consultation is currently being prepared.

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Affordable Housing Product Market

With the coming months seeing the implementation of the Government Roadmap and the Chancellors recent Budget announcements regarding the Stamp Duty exemption being extended, the mortgage market is coping well, and the availability of products has improved since the Autumn.

The Shared Ownership arena is benefiting from a high degree of focus from lenders, the traditional lenders are still present, with many others actively looking to develop a Shared Ownership proposition. There is availability at 95% loan to value (of share) however, the same income constraints exist with both furlough and variable income.

Common to both Shared Ownership and the Equity Loan schemes is the difficulty being experienced in securing mortgages for the self-employed. Traditionally lending has been based on previous years trading using the net profit figures. Many self-employed have not been trading and have taken Government grants to help support themselves and their families; lenders are very wary, completing extensive underwriting checks and declining more cases than they proceed with. Some lenders have effectively stopped lending to the self-employed and it seems there will be no significant change until we are effectively out of lockdown and trading can once again be proved.

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