



Homes
England

Making homes happen

AHP 2021 – 2026: Strategic partnerships

Autumn 2021



The Affordable Homes Programme 2021 – 2026

The AHP 2021 – 2026 is Homes England's newest investment product and the first fund we have launched as a new organisation



The Affordable Homes Programme provides **£7.39bn of grant funding** to support the cost of delivering up to **130,000 homes** for rent or sale at sub-market rates outside of London



Funding is available for any organisation interested in delivering affordable housing and is accessed through a multi-year strategic partnership deal or on a scheme-by-scheme basis (CME)



We expect our partners to help us create a more sustainable housing market – through increased use of modern methods of construction (MMC), a focus on high-quality sustainable design and support for SMEs across the supply chain

What are strategic partnerships?

Strategic partnerships are a range of tailored, long-term deals for organisations that have the ambition, capacity and track record of delivering large numbers of affordable homes at pace.

They provide:



Long-term funding certainty

Enabling providers to be more ambitious, unlock greater levels of private finance and take on more development risk



A strategic relationship with Homes England

Enabling providers to access significant support outside of grant funding, with an emphasis on collaboration with Homes England and within the sector



Greater delivery flexibilities

Enabling partners to more effectively respond to market conditions

Where do they come from?

Strategic partnerships were first established in 2018 in order to unlock the potential of our delivery partners

In 2018, working with the National Housing Federation, we engaged with the sector to explore how to support our most ambitious partners to deliver more.

The sector told us it needed:

- **certainty of funding availability;**
- **flexibility to respond to prevailing market conditions;** and
- **a more mature relationship with Homes England** supporting strategic discussions around future challenges and opportunities.

The result was the strategic partnership model. In the first waves, we agreed **23** strategic partnerships with **27** housing associations, which will deliver close to **42,000** additional affordable homes, supported by an investment of **£1.87bn** of grant funding.



How has the model evolved?

Strategic partnerships have been successful in increasing delivery and improving how we work with partners. We've made some changes in the latest round to extend the approach to more partners and further refine the model.



Extending the model to more providers

Strategic partnerships are now open to a wider range of for-profit registered providers, alongside for-profit organisations and local authorities – reflecting the ambition and capacity across these providers and the need for a more diverse market.



Focussing on our wider toolkit

We want to explore how we can support our affordable housing partners beyond the provision of grant funding. We've been working hard to better define the other types of support we can provide and our expectations of these.



Improving partnership working

Strategic partnerships are based around a strategic relationship and shared priorities. We've put more structure around these relationships to ensure we make the most of them.

Application requirements

Applications to become a strategic partner were submitted via a competitive process in Spring 2021. Organisations were invited to submit bids which were assessed against the following strategic objectives and delivery requirements.

Strategic objectives



- Delivering at least 25% of the homes through **Modern Methods of Construction (MMC)**. Organisations were encourage to use category 1 and 2 technologies or those with a PMV of +55%.
- Providing housing in **rural** areas
- Providing **supported** housing
- working with small and medium-sized enterprises (**SMEs**)
- Use of the **national design guide** and approach to **sustainability**
- Providing a proportion of homes for **home ownership**

Delivery requirements



- Start on site by March 26
- Completions by March 28/March 26 for 'for profit' strategic partnerships
- Minimum delivery of 1,500 homes
- Grant drawdown by March 26

Existing strategic partners were also able to apply for a long-term strategic partnership which support the delivery of at least 4,000 homes per partnership with an additional year for delivery.

Who are our new strategic partners?

In August 2021 we announced 31 new strategic partnerships with 35 organisations, including 17 of our existing partners, 10 new housing associations, three for-profit registered providers and one developer.

Existing strategic partners



For-profit organisations



Not-for-profit registered providers

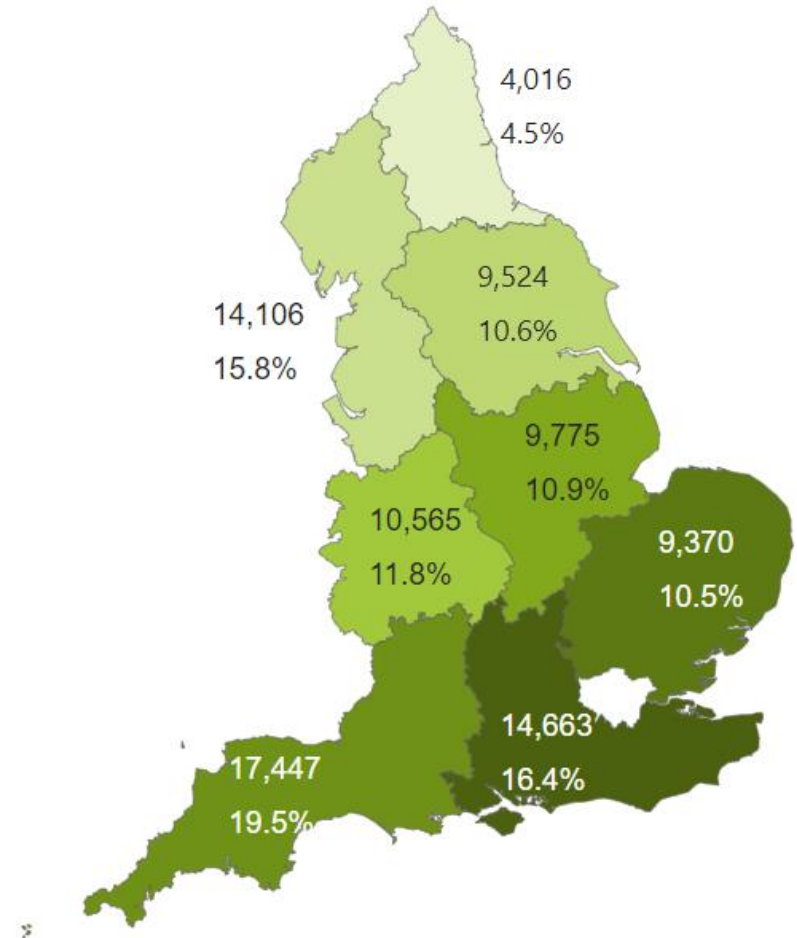


What will they deliver?

Nearly **90,000** grant-funded affordable homes with a total grant investment of almost **£5.2bn**, including:

Nearly **41,000** homes will be delivered using MMC, including **c.22,000** using the most advanced technologies

Alongside this delivery, partners are intending to deliver nearly **100,000** non-grant funded homes



What happens next?

Following the announcement of our new strategic partners, we are moving at pace to ensure we establish effective ways of working in order to maximise their potential.



Inception meetings are taking place with our strategic partners to establish relationships and to set out governance arrangements and key points of contact.



Following inception meetings, contracts will be issued to ensure early delivery of housing outputs.



We will work with partners to embed their strategic partnership and build their pipeline. All partners have a Key Account Manager that will facilitate discussions across Homes England to explore how we can support partners' ambitious delivery plans.

What we want from you

We want to engage with our strategic partners and with local authorities to support the delivery of additional affordable housing through strategic partnerships

Local Authorities

- Engage with our strategic partners to see how investment through strategic partnerships might unlock delivery of additional affordable homes
- Work collaboratively with our strategic partners to support their delivery pipelines
- Identify opportunities either through land or additional funding to help support delivery
- Build relationships with new entrants



Strategic Partners

- Work collaboratively with local authorities to understand and identify shared strategic priorities
- Engage with local authorities to identify opportunities to invest in additional affordable housing supply
- Build new relationships with local authorities where you have not delivered before



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AHP 2021 – 2026: Continuous Market Engagement (CME)



Recap on what the AHP21-26 will deliver

Up to £7.4 billion 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 is available to develop new affordable housing. This includes:

Homes for rent (around half of homes delivered)

- Social Rent
- Affordable Rent – up to 80% of market rent

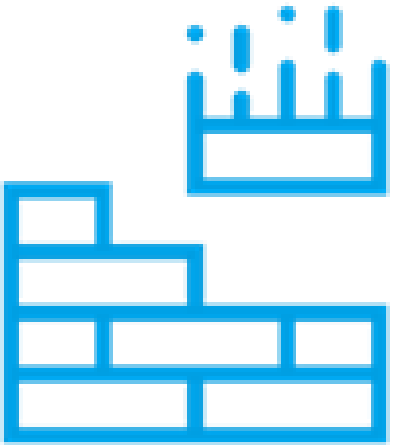
With certain exemptions all homes for rent will be subject to the Right to Shared Ownership. Search “Right to Shared Ownership” to find out more .

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

The Government has introduced a new Shared Ownership model which will apply to all new Shared Ownership homes. Search “New national model for Shared Ownership” to find out more.

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



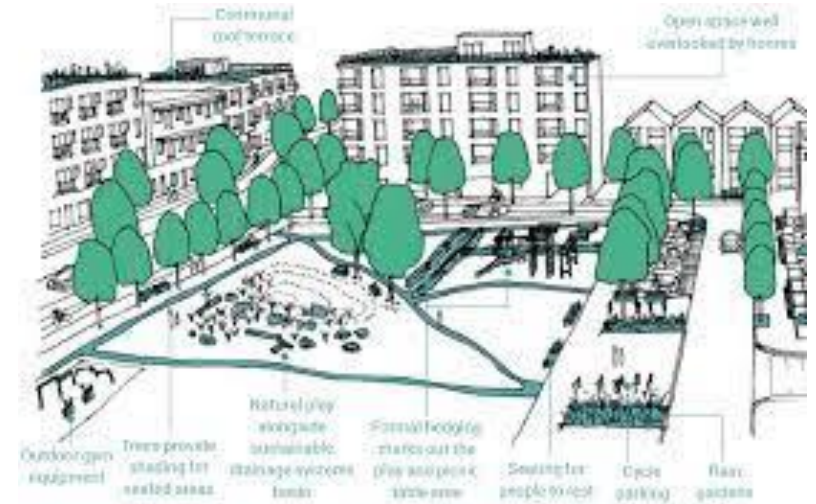
Focus for Growth

- Building a pipeline
- Strategic & local fit (need/demand)
- Unlocking capacity and ambition of all our partners
- Using Institutional Investment
- Land Opportunities - Dynamic Purchase System / Land Hub



Things to remember

- Tackling affordability
- New additional homes for rent and home ownership
- Specialist housing, e.g.
 - HOLD – *Home Ownership for People with Learning Difficulties*
 - Rural – *Settlements with a population of less than 3,000*
- MMC
- Quality/Sustainability
 - National Design Guide
 - Building for a Healthy Life



AHP Requirements for ALL MMC Schemes

“CFG Chapter 9 (Procurement and Scheme Issues)

2.2 Mortgageability and insurability of housing constructed using a non-traditional technique

When an innovative house building system is to be used, providers must seek suitable reassurances that:

- The system is capable of achieving the necessary statutory approvals, including Building Regulations*
- The system has been assessed and confirmed as suitable for housing use by an appropriate independent technical approvals authority (BRE) the assessment should take account of the suitability of claddings and other elements proposed for use in conjunction with the system)*
- The system, with reasonable cyclical and planned maintenance provision, has been designed for a life expectancy of at least 60 years (NB: longevity is different to grant liability).”*

Why do we require this?

AHP Design and Quality

“CFG Chapter 6 – Programme Management

9.3.5 Design and quality

*9.3.5.1 All new schemes will be expected to deliver well designed places and bidders will be required to indicate how the scheme delivers against the 10 characteristics set out in the **National Design Guide**, which include sustainability and environmental impact. While it is not a mandatory requirement, bidders are also encouraged to use the Building for a Healthy Life (BHL) criteria in their scheme design and to record their score in their bid on IMS.*

*9.3.5.2 All bids will be benchmarked against the **Nationally Described Space Standard** which covers gross internal floor area for different sizes and types of building. We will work with providers to understand significant variations from the published standards (outliers).*

*9.3.5.3 Bids for specialised housing for older, disabled or vulnerable people are asked to submit design plans. These schemes must show consideration of good practice and how their proposal scores against the **HAPPI** design principles.”*

CME Application requirements



CME enables continual access to Affordable Housing funding – with providers able to bid on a scheme-by-scheme basis as long as funding remains available.

Applications will be assessed on their individual merits against cost minimisation and deliverability criteria. We will also consider how schemes demonstrate alignment with our strategic objectives



Delivery requirements

- Start on site by 30 September 2025
- Completions by 31 March 2026
- Grant drawdown by 31 March 26

FAQs

Regeneration: Grant funding is not available to replace homes demolished as part of regeneration work, but is available to support the delivery of net additional affordable homes on those schemes.

Social Rent: Social Rent is available as a grant-funded product in all local authorities, but outside of defined areas of “high affordability pressure”, must be delivered at similar grant rates to Affordable Rent.

What we want from you

We are committed to working with a diverse range of partners – both existing and new – to maximise the impact of this funding. In return, we expect partners to share our ambitions to create a more resilient and diverse housing market.

We want to hear about

- How we can best support your ambitions – how do you want to work with us?
- Specific challenges you face – how can we use our resources to help address these?
- Specific opportunities we can support – how can our interventions maximise these?
- Opportunities for cross-sector collaboration – how can we work together more effectively?
- Relationship building – if you aren't directly delivering affordable housing how can we help create more strategic relationships with your delivery partners?



We expect our partners to

- Promote significant use of Modern Methods of Construction (MMC)
- Deliver high-quality sustainable design
- Provide support for local SME housebuilders and contractors
- Address local housing needs – including delivery of rural, supported and other types of specialist housing

Affordable Housing Growth Team

Growth Team Hubs led by:
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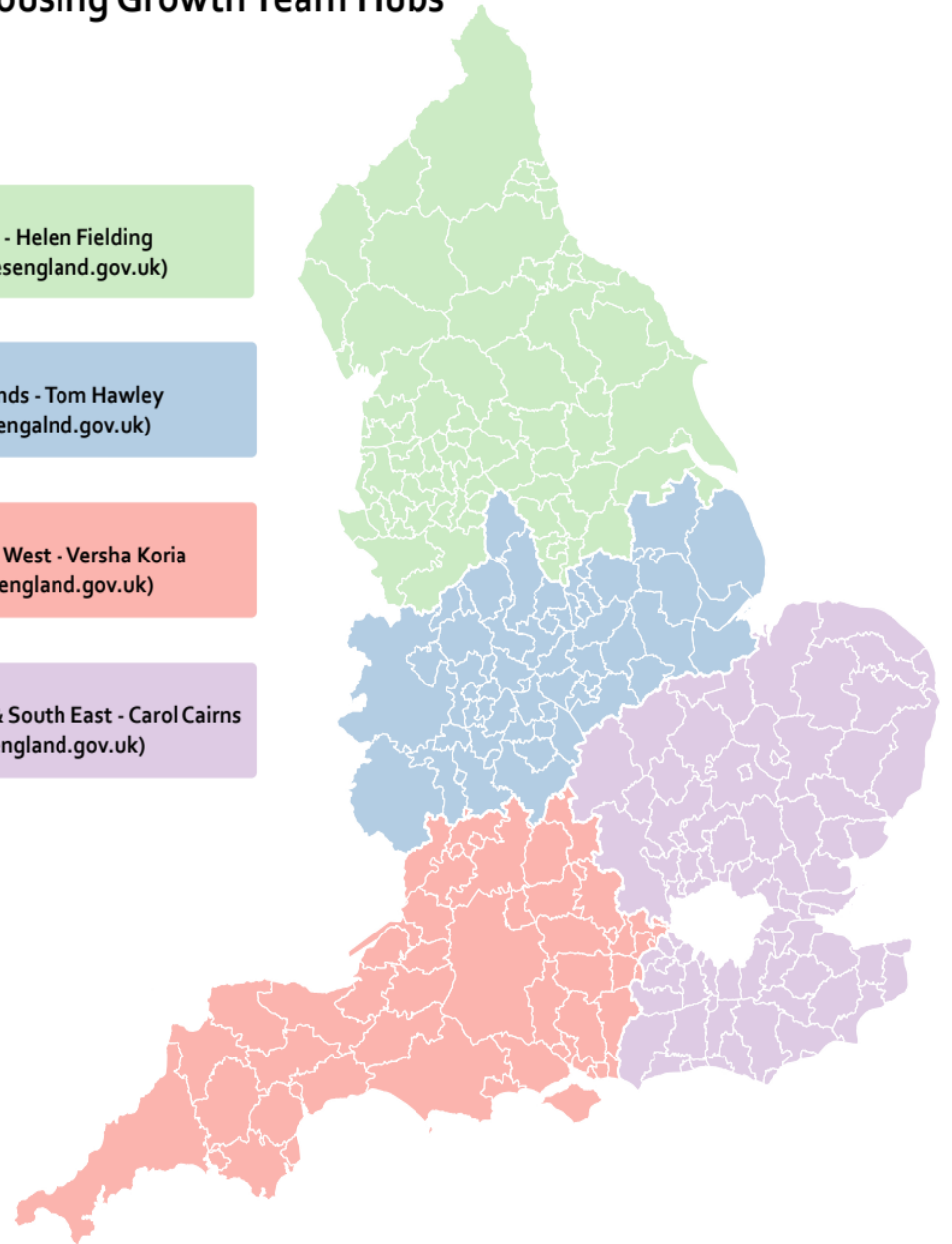
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Questions