



Application for Homes England Investment Partner Status and amendment to the rent setting policy for the purchase of affordable housing on section 106 sites

1.0 Background and detail

1.1 Homes England are the funding body for Registered Providers (typically Housing Associations) and provide grant to build new affordable housing. As part of the governments Affordable Homes Programme, Homes England are making available £7.39 billion between 2021 and 2026 to deliver up to 130,000 affordable homes outside of London.

1.2 The Council is registered with Homes England as a Local Authority Registered Provider and was previously an investment partner. Subject to the approval of this report an application will be made for the Council to reinstate its investment partner status with Homes England. This will allow the Council to access grant funding from the Affordable Homes Programme 2021-2026 **and** will allow the Council to charge affordable rents on properties either directly developed or on properties bought from house builders through section 106 agreements.

1.3 Most Registered Providers let their newly built housing at **affordable rent levels**. Affordable rents are set at up to 80% of market rent inclusive of service charges. The intention behind the introduction of Affordable Rent in 2011 was to enable Registered Providers to generate additional capacity for investment in new affordable housing.

1.4 In order to charge affordable rents Registered Providers must be an investment partner (or strategic partner) of Homes England and sign up to a housing supply delivery agreement. Most local Registered Providers are investment partners (or strategic partners) of Homes England and therefore can charge affordable rent on all new housing schemes.

2.0 Section 106 opportunities for the Council and affordable rent.

2.1 The Council has a number of opportunities to work with house builders to directly provide affordable housing delivered through the planning system on section 106 sites. These schemes are normally ineligible for Homes England funding as they will be delivered via the planning gain/section 106 system. However, in order for the Council's offer price to be commercially comparable, the Council will want to charge affordable rents instead of social rents for these sites.

2.2 However, the Council cannot currently charge affordable rents on section 106 sites for two reasons;

2.1.1 The Council's rent setting policy (September 2019) only allows for affordable rents to be charged if grant is received from Homes England to develop new housing (section 106 sites are expected to be delivered without Homes England grant),

2.1.2 The Council is neither an investment partner or strategic partner of Homes England,

3.0 Way forward

3.1 By becoming an investment partner of Homes England and entering into the relevant agreements the Council can access grant funding **and** charge affordable rents on grant funded schemes and non-grant funded section 106 sites.

3.2 By amending paragraph 5.4 of the 2019 approved rent setting policy (as set out in Appendix 2) affordable rents can be charged on properties delivered through the planning system but which are not eligible for Homes England grant funding.

3.3 it is recognised that even affordable rents set at up to 80% of market rents could be too high in more affluent parts of the borough and therefore paragraph 5.4 of the 2019 approved rent setting policy (as set out in Appendix 2) has been amended to ensure affordable rents are set no higher than the Local Housing Allowance.

4.0 Shared Ownership Rents

4.1 To align with Homes England guidance the shared ownership rent calculation in paragraph 5.5 of the rent setting policy has been amended (as set out in Appendix 2).