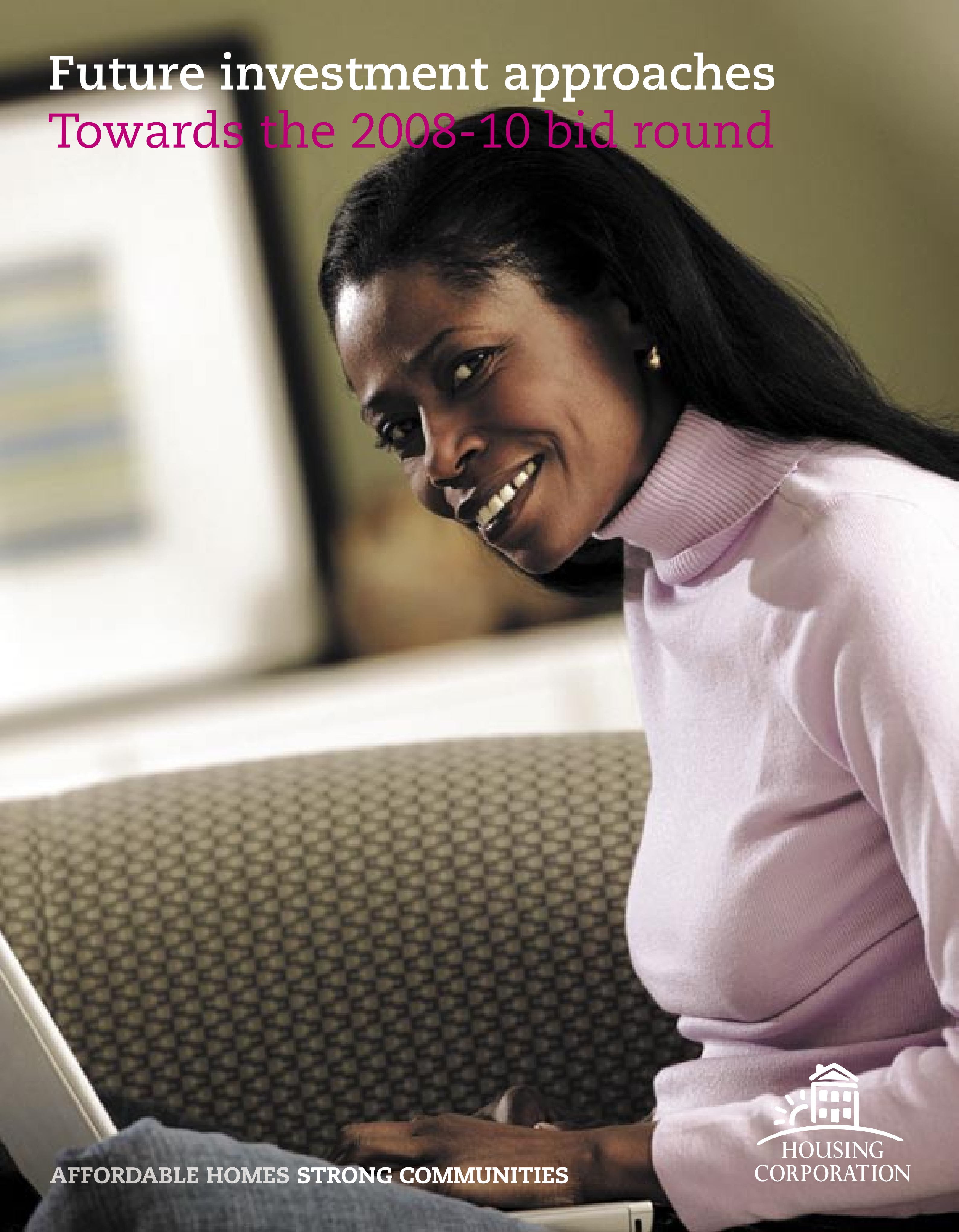
Future investment approaches
Towards the 2008-10 bid round



AFFORDABLE HOMES **STRONG COMMUNITIES**

HOUSING CORPORATION

Introduction

The Corporation launched its Future Investment Approaches Discussion Paper on 21 September 2006. In it, we set out the scale of the challenge which faces everyone involved in the delivery of new affordable housing, and proposals for a funding system which can meet this challenge.

We are working in a context where the demand for affordable housing continues to outstrip supply – with more than 40,000 homes a year needed to keep up with new demand alone; where there are tight constraints in funding, in land supply and elsewhere; where Section 106 agreements are increasingly critical to the delivery of affordable housing; and where regional housing and planning strategies are, quite properly, becoming more ambitious and sophisticated.

The Corporation recognises that this challenge needs a funding system which minimises bureaucracy and is responsive to the needs of those operating in the market, but which has the rigour to ensure value is obtained in public spending and that key public benefits, embodied in Government targets for the number of affordable homes, are met.

Within the Future Investment Approaches Discussion Paper we set out our proposals under a number of headings:

- modernising our processes – described ideas for efficient and proportionate processes both for accessing funding and for guaranteeing design and quality standards;
- modernising our relationships – set out a flexible approach to how we work with delivery organisations: offering certainty where this is needed to unlock large or strategic schemes, and responsiveness to allow new development opportunities to be realised. We emphasised the critical importance of our relationship with local authorities and regional bodies to deliver sustainable communities and affordable housing which meets local needs, and pointed to a new emphasis on homes delivered in our reporting to stakeholders; and
- new ways to invest – suggested a range of new funding tools to meet the different needs of different delivery contexts, such as regeneration and growth areas which we want to investigate.

In making these proposals we noted that they pose a further challenge to our current and future delivery partners: to grasp the opportunities offered and drive further efficiencies in the provision of affordable housing that justify continuing investment and meet our customers' needs.

This paper picks up some of the main responses we received to the discussion paper and sets out how we intend to go forward with revised proposals, and our timetable for implementation. A full summary of responses is given in the chapter beginning on page 7.

Both in drafting the discussion paper and in formulating our revised proposals we have been influenced by discussion with the Future Investment Approaches Working Group which included the National Housing Federation (NHF), the Home Builders Federation (HBF), housing associations, private sector house builders, the Council for Mortgage Lenders and the Buildings Research Establishment. These proposals are intended further to embed a mixed economy in the provision of affordable housing.

Responses to the Future Investment Approaches Discussion Paper

The Housing Corporation received a total of 92 responses

Registered Social Landlords	52
Developers	5
Local authorities	27
Regional bodies and others	8
Number of responses	92

Of those Registered Social Landlords that responded 32 are existing Investment Partners, and two of the developers that responded are existing Partners.

Proposals in light of responses

Modernising our processes

The Corporation is an experienced funder of affordable housing. We know and have demonstrated that quality in assessment both achieves efficiency and adds value to the system for delivering quality homes and communities. We also recognise that bidding is a transaction cost for bidders, and that requirements must be proportionate: the bidding process should reflect the efficiency agenda. Our proposals therefore look at how we can streamline the process further, whilst still ensuring rigour in our assessment.

Pre-qualification

Reflecting the views of the majority of respondents, we propose to launch the pre-qualification process for the next bid round earlier than previously – to give more time for the process as a whole. Pre-qualification will begin in April 2007.

Pre-qualification will apply to all organisations wanting to access the programme as Investment Partners. We will not re-assess existing Partners against criteria they fulfilled in 2006-08, substantially reducing their submission requirements. We will assess existing partners against their delivery record. Our emphasis is on real performance, not box ticking.

Detailed criteria for pre-qualification will be published in the new year.

The bids and funding system

We have begun development of the processes and systems for our next bid round. There will be a number of systems improvements which respond to feedback to the discussion paper:

- as part of our Core Systems Re-Write project, a new bids module will be launched to replace the previous Investment Management System. All data collection will be reviewed, with a defined purpose for all data requested; and

- eighteen respondents raised financial workbook requirements in the 2006-08 bid round. There will be no separate financial workbooks going forward: some of the core data captured through financial workbooks in 2006-08 will be collected through the bids system.

Forty-six organisations replied to our question on feedback to bidders: most asking for greater transparency and more explicit pointers to lessons to be learnt. Following the next bid round we will provide fuller, more structured and more consistent feedback on unsuccessful schemes.

We propose to maintain a ‘specialist’ route, open to bidders with proposals for particularly specialist provision. We will provide further details on the specialist route at the launch of the pre-qualification process for the 2008 bidding process.

In considering how the funding system could help them offer best value, a number of housing associations mentioned the rules on recycling grant. We will consider additional flexibilities in the use of recycled grant - for example in allowing more geographic flexibility or the ability to use RCGF to support land acquisition to facilitate more social rented housing - bearing in mind that this represents public investment in the new supply of affordable housing. The recent report of the Government's Shared Equity Task Force, and the National Audit Office report into low cost home ownership, A Foot on the Ladder, both note the substantial gains made by housing associations when home buyers have purchased additional equity at an increased market value. Both reports recommend that the Corporation work with Government and associations to ensure that the equity uplift from its investment is captured and recycled. We will take this forward as part the next bidding round.

Tranche payments

To manage the risk in introducing a mixed economy of providers, we operated separate tranche payment regimes under the 2006-08 programme, with unregistered bodies receiving no grant until homes are occupied or transferred to a housing association. With the experience gained from the 2006-08 programme behind us, we will take steps to equalise the regime across organisation types in future rounds.

In considering how the funding system could help them offer best value, 24 organisations mentioned a payment of grant at the point of land acquisition (linking this to reduced interest payments on expenditure incurred). We are evaluating making such a change within the next bid round, considering the impact on costs of borrowing, the incentive for bringing land forward, whether the change is necessary to unlock or accelerate delivery and the impact on the expenditure and delivery profile of our programmes, as well as the cost and benefits of committing resource, in advance of certainty on delivery. We will want to look at these impacts regionally as well as nationally.

Design and quality

Under the umbrella of the future investment approaches process, we have conducted a review of Scheme Development Standards. In discussion with stakeholders we have concluded that the current wide remit and detail of coverage can deflect attention from the prime performance expectations on quality and standards. As a result we are proposing to reconfigure and truncate our published scheme development standards to:

- focus on revised core design and quality performance standards dealing primarily with the internal environment, the Code for Sustainable Homes and Building for Life;

- incentivise high quality and good environmental performance through a combination of core standards and our assessment process (by, for example, advantaging schemes that achieve higher levels within the Code for Sustainable Homes framework);

- enable publication of ‘enhanced standards’ tailored to the needs of individual programmes, competitions or initiatives in order to drive forward particular design-related outcomes (for example in the Thames Gateway);

- bring low cost home ownership within the requirement for Code for Sustainable Homes level three, but otherwise leave it outside the core standards, though with incentives for enhanced quality

We will launch revised Design and Quality Standards in April 2007 and set out additional incentives within the bid assessment process at the launch of bidding for the next National Affordable Housing Programme.

Modernising our relationships

Regular market engagement

Within the Future Investment Approaches Discussion Paper we set out our proposals to introduce regular market engagements, in addition to main bid rounds. We noted how more frequent access to grant has the potential to improve alignment with our Investment Partners’ business plans, supporting competition and efficiency; to enable delivery organisations to be responsive to land acquisition and development opportunities; and to encourage Partners to offer schemes with a high certainty of delivery, because, for example, detailed planning permission has been achieved. Respondents agreed with our analysis, 86% supporting the introduction of regular market engagements.

We propose to implement regular market engagement for Investment Partners within the next National Affordable Housing Programme. We anticipate that the majority of funding will be allocated in the main bid round but this will be dependent on the bids and whether they offer value in terms of value for money and a good fit with regional and local strategies. We will be considering carefully how these new arrangements can be used to ensure that we get good value for our investment on section 106 sites.

We will announce a schedule for market engagements at the launch of the next bid round. Bid requirements and assessment criteria will be the same as those for the main bid round, and we shall set expectations on speed of delivery.

Longer-term funding on strategic sites

We propose to take forward our proposals to make five-year funding decisions on strategic sites (for Investment Partners) within the forthcoming bid round, mainstreaming the approach to pre-allocations that we took in 2006-08. We believe this will support highly competitive bids (for example by enabling better supply chain management and the use of modern methods of construction) and enable Partners to give attention to the quality of design, and up-front work and investment in community development.

We are considering how to define strategic sites, in the light of responses to the discussion paper, and will publish a definition within the bid round prospectus. The regional housing and spatial strategies will be central to identifying specific strategic sites.

Partnership Plus

Within the Future Investment Approaches Discussion Paper we set out our proposals to introduce a new form of relationship, Partnership Plus. By offering +Partners additional flexibility in programme management, we believe that they will be able to improve their supply chain management – including land acquisition – and development efficiency, feeding through into a lower grant take. By offering Partnership Plus to excellent performers we aim to incentivise best practice in both new supply and service delivery.

Our proposals and aspirations for Partnership Plus struck a chord with stakeholders. Responses to the discussion paper including comments such as, “We support the rationale behind the +Partners proposal and agree that this route ought to deliver better supply chain management and development efficiency and effectiveness.”

We will announce details of Partnership Plus status, process and schedule at the launch of pre-qualification for Investment Partners in the 2008-10 programme. We are currently working on detailed issues, in particular:

- the pre-qualification criteria to be applied, and how these can capture previous performance, the value offered in the next bidding round and, if possible, a measure of community engagement;
- the best procurement route; and
- the accountability framework to ensure delivery against national and regional targets.

New ways to invest

The discussion paper suggested a number of innovative funding tools. These underpin a new approach in which a flexible set of interventions allows us to make best use of resources and provides fit with the needs of those delivering to communities. We noted that these new ways to invest are not intended to replace existing ways of working, and that our other proposals, such as regular market engagement, give us the opportunity to introduce new ways of investing across the next National Affordable Housing Programme. They will add to our toolkit of possible interventions.

We were delighted by the positive response to these ideas – 85% of respondents declaring themselves interested in developing the proposed tools – and the evidence of how our Partners are themselves driving innovation, for example through Special Purpose Vehicles, Community Land Trusts and overage arrangements with funders.

We are in discussion with the Government's Communities and Local Government department and the Treasury on the introduction of new models of investment. We will engage with our delivery partners on how these might be developed and introduced within the next National Affordable Housing Programme.

We will test out some of these ideas through the Northern Housing Challenge.

Next steps

We are now moving to mainstream key outcomes from the Future Investment Approaches process within preparation for our next bidding round. We will liaise with colleagues from the NHF and HBF as details are worked through and will continue to work closely with colleagues from Communities and Local Government to gain agreement for the specific implementation proposals.

We have made substantial progress at national and regional levels in agreeing protocols with local authorities. In implementing the Future Investment Approaches proposals we will work with local authorities to ensure these support their engagement with Corporation investment.

December 2006	Publication of Future Investment Approaches Outcomes and Delivery.
January-March 2007	Discussion with stakeholders on pre-qualification criteria for Investment Partners and + Partners, schedule for regular market engagements and definition of strategic sites.
April 2007	Launch of pre-qualification process. Launch of Design and Quality Standards.

Policy in confidence

Discussion paper: returns analysis

The Future Investment Approaches discussion document was launched on 21 September 2006 and closed for submission on 20 October 2006. This analysis shows the key issues raised by stakeholders in reply to each of the discussion papers questions. Questions are arranged under the headings used in the discussion paper.

Who replied?

The Housing Corporation received a total of 92 responses.

Registered Social Landlords	52
Developers	5
Local authorities	27
Regional bodies and others	8
Number of responses	92

Of those Registered Social Landlords that responded 32 have existing Partner status, and two of the developers that responded are existing Partners.

Replies range from general submissions in support of the paper, to single issue statements, to detailed responses to each of the 24 questions posed in the paper. Response rates varied from question to question – as not all responders addressed every question.

Meeting the challenge

Q1. How far will such assessment [of bidding organisations, through the Value for Grant comparator and assessment of available financial capacity] help the Corporation achieve the efficiency gains we are seeking? If not what further assessment would/might?

There was a general welcome for the efficiency proposals as outlined.

“We welcome the commitment to streamline systems.”
East of England Region Partner Housing Association

“We believe that a new system should be based on clearly stated principles; longer-term programmes (three to five years); and that there should be a move away from individual scheme scrutiny towards programme output/outcome delivery; increased flexibility of scheme substitution; and opportunities for savings made in one part of the programme to be reinvested elsewhere in the programme.”
Representative body

General welcome	26
Against in principle	6
Other	9
Number of responses	41

Use of the Value for Grant comparator tool

"The Value for Grant comparator is a useful assessment tool, and establishes some reasonable principles relative to making comparisons between diverse schemes."
South West region Partner housing association

Favourable	14
Qualified	3
Unfavourable	7
Number of responses	24

Q2. Are there specific changes or issues relating to current frameworks (e.g. in relation to rents or recycled receipts) which would help organisations make better use of their financial capacity?

Rent, Recycled Capital Grant Fund, Disposal Proceeds Fund and other

Rent relaxation	15
Other issues	13
Recycled Capital Grant Fund relaxation	10
Disposal Proceeds Fund relaxation	2
Number of responses	40

Modernising our processes

Q3. Are there additional amendments [to the process of bidding and programme management] we should consider?

"From an RSL perspective, the workbooks are a complete nightmare and serve no useful purpose. Why are they essential?"
Central region partner housing association

"The Clients Charter process, which is a requirement of grant for housing associations, has become overly bureaucratic and restrictive in its interpretation."
Representative body

Review of financial workbooks	18
Clients Charter	2
IMS / PIMS	7
Other	27
Number of responses	54

A number of responders submitted individual responses that didn't fit into the above categories and have been grouped together here as 'other'. In this, issues ranged from a preference for keeping Recycled Capital Grant Fund within the local authority where it has been generated; making provision for differing sizes of Registered Social Landlord within the programme; and a call to the Housing Corporation to ensure that whole life rural costs are acknowledged.

Note that the discussion paper flagged that a review of data collection through financial workbooks is being undertaken as part of preparation for the 2008-10 bid round.

Q4. What would you like to see in terms of feedback on bids, in terms of detail and format?

"It would be very useful to have more detailed and structured feedback on bids in order to address issues for the future. Areas to be covered should include: why bids are rejected; examples of these contrasted with examples of projects supported to demonstrate the points to be addressed; how we can do better; how we can learn from each other; and how specific scheme bids can be improved to become acceptable?"
Central region housing association

Transparency	15
Lessons learned	14
General welcome	5
Other	12
Number of responses	46

Q5. What can the sector offer as a result of [review of financial workbooks; wider review of data collection; increased flexibility of the rules on negotiation with bidders etc] these modernisations? Can these gains be quantified?

What can the sector offer?

"Improved programme management and more homes."
London region housing association

"Housing associations offer a strong track record in the delivery of continuous improved efficiency and are keen to continue to do this. There are a large number of ways in which this can be delivered and the Federation and its members stand ready to discuss how this 'more for less' can be achieved."
Representative body

General efficiencies	12
Delivery	16
Quality	2
Reduction in bureaucracy freeing resources	9
Number of responses	39

Can these gains be quantified?

"Greater flexibility and productivity – the latter can be quantified over time."
Central region rural housing association

"Modernisation should not mean increasing complexities in the process. Outturns are what matter and these need to be quantifiable. If these modernisations offer potential savings in bid costs then this should help partners to reduce overheads – leading to fewer, but better quality bids."
South East region local authority

Cost	9
Time	6
Other	11
No	3
Number of responses	29

Q6. Are there other ways in which we can incentivise the benefits of deepened inter-organisational working?

Can we incentivise partnership working?

"Housing association and other provider engagement with Local Strategic Partnerships and Local Area Agreements may be a factor in the future, particularly where freedoms and flexibilities or opportunities for budget sharing would assist in delivering efficiency gains."
London region local authority

Agree	30
Disagree	9
Other	7
Number of responses	46

How/what should we incentivise?

"Long-term allocations of funding on Registered Social Landlord controlled strategic sites could be conditional on developing an agreed approach to modern methods of construction. This would give the confidence to develop long-term relationships and develop the supply chain. This would not work on all sites but part of the programme could be earmarked for this approach."
London region housing association

Certainty of funding	10
Engage with local authorities	4
Case examples / Housing Corporation support	16
Other ways	15
Number of responses	45

Are there changes to the framework of grant payment that would help delivery?

Agree	39
Undeclared	3
Disagree	9
Number of responses	51

What are those changes?

"Increased grant at earlier stages would reduce development period interest, with savings resulting in lower grant."
London region housing association

Grant at point of acquisition	24
Single framework	8
Other	17
Number of responses	49

Q8. Do you agree that initiating pre-qualification in April is the best schedule?

"Existing investment partners who are meeting delivery targets should not have to pre-qualify for investment in future bidding rounds if regional offices confirm that they are meeting delivery targets... Existing partners who have failed to meet delivery targets would have to go through Housing Corporation pre-qualification along with new organisations."

South East partner housing association

"The intention to begin the pre-qualification process for 2008-10 in April 07 is welcomed although we believe the preparation work should not begin until then so as to leave year end free from distraction. The final submission date should be as usual so as not to shorten the bid preparation period."

South East partner housing association

Agree	40
Disagree	12
Undeclared	3
Number of responses	55

Q9. Do you support the introduction of each of these changes [in particular giving unregistered bodies access to the specialist route]? In your view what benefits will be realised?

Most responders to this question were exercised with advancing the arguments for and against opening up the specialist route. Very few responded with specific quantifiable gains.

"We support the specialist provision route and have no objection to this being opened up to other bodies, subject to the same rigorous assessment of whether they have the expertise and resources to deliver."

London region housing association

"Yes, we would support these changes. The private sector is developing experience in specialist provision, for instance in extra care housing through private finance initiatives."

London region private sector house builder

Agree	31
Disagree	21
Undeclared	1
Number of responses	53

Regular market engagement

Q10. How can we ensure regular market engagement maximises your ability to make best use of land supply opportunities, and are there other actions we can take to facilitate this?

In responding to this question the majority welcomed in principle the proposal to make a percentage of the NAHP pot available in-year and agreed that increased access to funding would give Registered Social Landlords increased confidence to react to market opportunities as they arise. Many of those responding commented that care needs to be taken to ensure that in-year bidding doesn't become a distraction to delivery and drain on resources.

"More regular market engagement fits in more naturally with the development cycles of developers of affordable housing, which often fail to fit into regular one or two-year bidding cycles. Regular market engagements might offer incentives to innovate and promote entrepreneurial behaviour, with providers being more able to respond to opportunities as they arise. However, there is a risk of diversion from delivery."
Representative body

"This direction is welcomed but we are very concerned at the absence of any reference to the involvement of local authorities in 'market engagement'... The Housing Corporation must work even more closely with local authority enablers and make itself more accessible and understandable to third party stakeholders."
South West region rural local authority

Agree	56
Disagree	5
Undeclared	4
Number of responses	45

Are there other actions we can take to facilitate this?

Involvement of local authorities	6
Flexibility over substitutions	3
Support land banking	7
Other	5
Number of responses	21

Q11. What can the sector offer as a result of regular market engagement? Can these gains be quantified?

The majority of responses to this question agreed that increased access to funding would lead to efficiencies and deliver the outcome of more affordable housing, but were not necessarily able to specify how to quantify the resulting benefits.

"The sector will be able to offer increased delivery certainty, in terms of cost and timing."
North region partner housing association

Certainty / confidence	16
Increased efficiency in delivery	12
Flexibility	10
Other	10
Number of responses	48

Longer-term funding on strategic sites

Q12. What conditions should be placed on schemes and organisations eligible for longer-term funding?

It was difficult to determine trends in the responses given in answer to this question, however past record, specified delivery targets (set against milestones) with a high degree of project management, were relatively clear.

"As a starting point, conditions for longer-term funding should include regular, positive engagement between the Registered Social Landlord and lead investor and a satisfactory annual Housing Corporation Assessment."
London region partner housing association

Delivery targets	7
Past record	10
Project management	4
Other	21
Number of responses	42

A number of responders submitted a range of individual responses that didn't fit into the above categories and have been grouped together here as other. These responses includes comments that strategic site funding should not be to the detriment of other schemes and a suggestion that partners should be required to spend proportions of funding by particular time scales.

Q13. For pre-allocations in the 2006-08 bidding round, strategic sites were defined by Regional housing Boards and concentrated on growth areas. Is this the right way to define strategic sites? Is there a definition you would prefer to use?

Is this the right way to define strategic sites?

"Regional Housing Board defined strategic sites will pick up most of the key opportunities in growth areas."
Representative body

"Size and relevance to the region/sub-region should be the criteria as decided by the Housing Corporation, Regional Housing Boards, sub-region and relevant local authorities."
East of England region housing association

"Do Regional Housing Board growth areas always tally with where the sites are? What happens if sites are not in growth areas but affordable housing is required and no funding is in place is there flexibility in this approach?"
Central region private sector house builder

Agree	16
Disagree	37
Undeclared	2
Number of responses	55

A number of responders to this question disagreed with strategic sites as defined by Regional Housing Boards. Many of those responding felt that this definition was too restrictive and didn't take sufficient account of sites of local importance. This point was particularly emphasised by local authority stakeholders.

How should strategic sites be defined?

"Regarding the definition of strategic sites, we consider that this should not be the size of the site included as small sites can also be strategic. Is it just the Regional Housing Board strategy this is based on or will Local Area Agreement targets figure?"
London region local authority

With local authority involvement	11
Flexibly	5
Locally defined growth areas	18
Other	21
Number of responses	55

A number of responders submitted individual responses that didn't fit into the above categories and have been grouped together here as other. These responses include comments that growth areas are located in the South, while the North has different issues that need to be acknowledged; there is a need to balance strategic with delivery; and that the Regional Housing Boards' definition is too narrowly defined and that a size parameter would be more useful.

Q14. How can we ensure longer-term funding maximises your ability to take a strategic approach to land supply, and are there other actions we can take to facilitate this?

In the majority of responses to this question, responders took the opportunity to tell us that they are already engaged in land banking and are therefore already taking a strategic approach to land supply.

What other actions?

"The purchase of suitable land for the development of new affordable housing is often difficult and is a major barrier to the delivery of this housing. The Housing Corporation could consider greater flexibility over tranche payments and permission for the use of RCGF resources to fund the purchase of suitable land."
Representative body

Better communication	2
Five-year programmes	4
Dialogue with local authorities	1
Number of responses	7

Q15. What can the sector offer as a result of longer-term funding? Can these gains be quantified?

What can the sector offer?

"Longer-term funding can result in improved deliverability if aligned with increased flexibility for Partners. It also enables Partners to obtain increased economies of scale in procurement."
South West region partner housing association

"Guaranteed units built to an agreed standard, and within a definitive time scale."
Central region private sector house builder

Reduced costs	9
Certainty of delivery	21
Other	22
Number of responses	52

Can these gains be quantified?

Those expressing a view quantified suggested gains/outcomes in terms of the following:

Measurable supply chain efficiencies	7
Increased number of affordable homes delivered	4
An increase in the level of community engagement	3
An increase in land banking activity	6
Number of responses	20

Partnership Plus

Q16. Are these [delivery record, use of reserves, excellent supply chain management etc] the right criteria for Partnership Plus; are there other key criteria we have missed? What standards should be set within these criteria?

"We think that all development partners should be eligible rather than selecting a few."
London region partner housing association

"We believe that the potential benefits on offer to +Partners are broadly in line with the originally stated intentions and expectations of Investment Partnering. We understand that there is a need continuously to improve the performance of all delivery agents and believe that the provision of incentives to achieve this is a useful addition."
Representative body

"We support the rationale behind the +Partners proposal and agree that this route ought to deliver better supply chain management and development efficiency and effectiveness."
London region partner housing association

Agree	48
Disagree	14
Undeclared	7
Number of responses	69

What standards should be set?

Open to all	20
Involvement of local authorities	9
Design	5
Other	28
Number of responses	62

Q17. Are there other incentives to top performance we might consider?"

Flexibility on cross-regional programme management, substitutions and delivery where partners work in more than one region. More certainty on grant for new schemes by agreeing area grant levels on a per person/unit basis by tenure type. Options to pilot new initiatives to test viability."
Representative body

Relax regulation	3
Increased programme flexibility and freedoms	15
Other	18
Number of responses	36

A number of responders submitted individual responses that didn't fit into the above categories and have been grouped together here as other. These responses included comments that incentives should be referenced with the demands of local authorities, top performers should be given the opportunity to influence policy and the use of incentives is the best way to deliver changed behaviour and achieve outcomes.

Q18. What can the sector offer through Partnership Plus? Can these gains be quantified?

"We believe that with Partnership Plus, we will be able to offer improved leverage in negotiations

with developers, enabling both improved costs and better programme delivery."
South West region housing association

Certainty of delivery measured through increase in affordable homes	12
Measurable reductions in costs	5
Other	16
Number of responses	33

A number of responders submitted individual responses that didn't fit into the above categories and have been grouped together here as other. These responses included suggestions for the increased supply of good quality schemes, measurable by fewer scheme failures; commitment to bid criteria from the outset; competitive and quantifiable outputs; and provide the sector with renewed confidence to address innovation.

Q19. For +Partners, how do we create a target framework within Regional Housing Strategy requirements, without compromising delivery agents' freedom to manage a programme we are introducing?

"If delivery agents are set minimum expected expenditure targets throughout the five years, there can be early warning indicators of agents not meeting targets. The grant could then be offered to others through market engagement windows or through another +Partner."
South East region partner housing association

Linked to time	4
Local authority involvement	4
Keep it simple	10
Other	18
Number of responses	36

A number of responders submitted individual responses that didn't fit into the above categories and have been grouped together here as other. These responses included suggestions that it is important to ensure that Partners meet key targets with a spatial dimension; freedoms to be linked to strategic housing objectives and to meet market demands; and need to reflect sub-regional work to protect rural local authorities and ensure a level playing field.

Q20. How frequently should +Partners report; over what period should they be held accountable for delivery, and what tolerances should be built in?

"Quarterly reporting would be reasonable with accountability on a one or two year basis. The programme should ideally be for five years."
London region partner housing association

"Quarterly monitoring via meetings or meetings as and when new major projects arise."
North region partner housing association

Quarterly	14
6 months – 1 year	4
Keep current arrangements	3
Other	14
Number of responses	35

Of those who expressed a view the period of accountability was seen as:

1 year	2
1 – 3 years	1
5 years	4
Number of responses	7

New ways to invest

Q21. Are you interested in taking up each of these models [Corporation equity shares, Community Land Trusts, etc]?

"We welcome the Housing Corporation engaging in thinking about new investment models. These should be additional tools rather than replacing the current funding system, which has an excellent record of delivery."
London region partner housing association

Interested	34
Undeclared	6
Number of responses	40

Q22. Have you been engaged in developing and delivering similar models, and what lessons might we learn?

"The Community Land Trusts model is something that we are looking at in regeneration areas. This has real benefits for the community. This Housing Association has also been involved in overage agreements with English Partnerships where surplus on sales income is shared as an overage and the overage pot is reinvested into more affordable housing."
South East region partner housing association

"We remain unconvinced of the benefits of setting up model devices such as Community Land Trusts, these can become frighteningly complicated and legalistic, with equally horrendous legal fees."
London region partner housing association

Community Land Trusts	9
Overage arrangements	4
Special Purpose Vehicles	3
Other	18
Number of responses	34

A number of responders submitted individual responses that didn't fit into the above categories and have been grouped together here as other. These responses included comments about strategic rural model with local authority partners; exploring ways that outright sale can buy down Social Housing Grant; and in the London-wide initiative with English Partnerships, EP has taken the risk out of land purchase.

Q23. What other changes to the frameworks in which you work (e.g. the planning system) would help in effective delivery of these innovations?

"This housing association values the largely constructive relationships it has with planning authorities. However, in maintaining our development programme in the medium and long-term the state of flux that surrounds planning policy is a real impediment."
London region housing association

"The uncertainties of planning are a key risk factor and therefore impact on the provision of affordable housing schemes. Most importantly the vagaries of the committee system need to be dealt with."
London region partner housing association

"We would welcome greater engagement from planners with the delivery of affordable homes as there is sometimes an appearance of poor co-ordination between development control, strategic planning and enabling teams within the same local authority."
South West region partner housing association

Housing Corporation support and influencing public bodies	7
Reform of the planning system	19
Innovation	4
Other	6
Number of responses	36

Q24. Are there any other models that the Corporation should be considering?

Responses were varied and a selected list is given below.

Suggested models	Number of suggestions
Community Land Trusts	3
Overage models	3
All grant to be time limited	1
Innovative low cost home ownership products	2
Funding for rural housing enablers	1
Reduce reliance on S.106	1
Housing associations investing surpluses	1
Retained equity share in rural areas	1
Equity shares	2

Suggested models	Number of suggestions
Longer-term developments (40-60 year timescale)	1
Five-year commitment on strategic sites	3
Allow local authorities to compete for funding	4
Use of strategic partners on site	1
HARAH model of cross boundary working	1
Encourage increased staircasing	1
Local authorities encouraged to ‘lend’ land	1
Real estate trusts	1
Short-term loans	1

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Future investment approaches
Towards the 2008-10 bid round

This paper sets out the Housing Corporation's proposals for the 2008-10 bid round of its investment programme for new affordable housing. It explains how we intend to modernise our processes and our relationships with delivery organisations and use a range of new funding tools to meet different needs.