

Investment Statement 2008-11

April 2008

South West



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1. Foreword from the Field Director

Welcome to the first of the updates that will accompany our regular market engagements for the 2008-11 Affordable Housing Programme.

Our overall intention is to inform providers, Local Authorities and other stakeholders about the shape of our programme - both what has been taken up already, and what remains to be taken up - to help them judge how best to pitch their efforts.

At this early stage in the 2008-11 AHP - and having just successfully completed the 2006-08 AHP, with thanks to all of you - the basic messages are clear.

- There is no part of the programme that is fully taken up.
- Nil-grant and low-grant schemes are needed to balance high-grant schemes.
- The performance of the planning system is crucial to our judgments about (i) deliverability, (ii) value-for-money.
- The region's tenure target for the allocation of resources requires that 70% of the homes funded will be for social rent and 30% for Homebuy. The 70% social rent target is the absolute minimum required if we are to meet the region's output target for 2008-11. We will be seeking to increase this proportion through the regular market engagements, and providers should seek to maximise rented housing numbers in their developments.
- To meet our share of the national target of 10,300 completions in rural settlements of less than 3,000 population, we will need to significantly exceed the Regional Housing Body's minimum target of 2,200 homes.
- The region needs to respond to the challenge of delivering more Lifetime homes.

Our most immediate interest from the April 2008 regular market engagement is in proposals for more 2008-09 completions.

The Government's increase in affordable housing resources for the South West - the biggest increase of any region - has created a major opportunity for all of us. There are challenging numbers' targets too, which means that our resources will need to be combined with others. By working together, by collectively stepping out of our various comfort zones, we can make a big, positive, impact on affordable housing in 2008-11.

Andrew Wiles

Director, South West

2. Introduction

This Investment Statement details the level of National Affordable Housing Programme (NAHP) resources in the South West for 2008-11, summarises the allocations made under the first bid round in autumn 2007, and describes the Regional Housing Body's targets and priorities. It should thus assist providers and Local Authorities in preparing bids for April/May.

The Regional Housing Body has determined that £711m (86%) of the Regional Housing Pot is to be directed to the provision of affordable housing over the period 2008-11. This cash sum, after allowing for projected commitments from the 2006-08 programme at the launch of the bid round, translates into a programme of new allocations with a value of around £760m.

Target programme levels per year, with current levels of allocations and outstanding programme to be allocated, are set out below. The overall programme includes a target of £7m for works to existing RSL stock (including remodelling).

Table 1 – Target Programme

	TARGET £m	Allocations so far £m	Yet to be allocated £m
2008/09	237	83	154
2009/10	274	33	241
2010/11	249	11	238
Total	760	127	633

Some adjustments to these programme levels will be required on conclusion of the 2006-08 programme and final committed spend projections being known, and during the course of the programme in the light of actual new spend forecasts.

Table 2 – Allocations so far

	LCHO							
	RENT	NBHB	OMHB	HOLD	LCHO Total	Sub- total	Other	Grand total
Value (£m)	84	12	26	0	39	123	4	127
Homes	1,989	763	750	0	1,513	3,502	170	3,672

The rent element of the programme is made up of long term social rented housing, long term social rented housing resulting from the remodelling of supported and older person housing, and temporary social housing (TSH) which can have a term of anything up to 29 years. All these qualify as rent outputs for the purpose of rent targets.

The Homebuy element of the programme is made up of New Build HomeBuy (NBHB), Intermediate Rented housing (Int. Rent) which is sub-market rented housing (no allocations made), Open Market HomeBuy (OMHB), Home Ownership for people with Long-term Disabilities (HOLD), and Social HomeBuy (a programme which enables existing social rent tenants to buy a share in their property). 'Other' is made up of works to existing RSL stock. Social HomeBuy is not treated as a homebuy output for the purpose of homebuy targets.

The new programme set out above includes our current forecast of the new Open Market HomeBuy programme at 250 homes a year (£35k subsidy a home). Transitional arrangements to honour commitments to existing customers taking up the 2006-08 Open Market HomeBuy product will add to this figure in 08/09.

Including OMHB 17% of the 2008-11 programme has been allocated, delivering 16% of the target number of homes. The slight mis-match in ratio reflects the inclusion of 100% of the OMHB programme at higher grant levels than the overall projected Homebuy programme assumes.

The inclusion of 100% of the OMHB programme also affects the tenure balance of the programme which at 56% rent/44% Homebuy does not currently meet the Regional Housing Body's minimum target of 70% rent and 30% Homebuy. (If OMHB is discounted from the programme the ratio improves to 72% rent and 28% Homebuy, the region's objective). Redressing the overall balance of tenure in the programme will be achieved through future regular market engagements. This process will also address the shortfall in the proportion of the programme directed to Strategically Significant Cities and Towns (SSCTS) (which is significantly short of the target of 60-70%), and the target levels for the 3 main sub regions (and 13 HMAs within them).

In all other respects the proposed programme is in line with or exceeds the Regional Housing Body targets.

Substantial headroom remains in the region's budget for the allocation of the remaining programme. We will use the opportunities presented by quarterly (or thereabouts) regular market engagements (RMEs) to allocate these resources as development opportunities are presented to us.

3. Competition

The region received a total of £321m in bids, £312m relating to the period 2008-11. This was perhaps not as substantial as anticipated and the majority of major strategic sites in the region were not bid for in this round, due to insufficient progress on planning negotiations and infrastructure decisions. The majority of the 08-11 bids were for delivery in 08/09 (£183m), with £95m in 09/10 and £35m in 10/11. Despite the relatively modest level of bidding a substantial proportion of the bids were considered as having delivery issues in the context of their planning position. This was particularly the case with s106. related developments, and impacted on the level of allocations made to private sector partners.

A total of £15m (580 homes) of bids were received from Private Sector Partners, with £4.4m allocated to deliver 112 homes for rent and 54 for sale. The reasons for rejection of the remaining bids included uncertainty of deliverability, lack of a clear case for gap funding and poor value for money.

Table 3 - Bids received

		Number of bidders	Value (£m)	Homes	Grant per home (£k)
RENT	Private Sector Partner	4	12	428	29
	Housing Association	25	246	4924	50
	Total	29	259	5352	48
LCHO	Private Sector Partner	4	2	152	16
	Housing Association	17	52	2193	24
	Total	21	54	2345	23
Grand total		29	313	7697	41

Table 4 - Bids accepted

		Number of successful bidders	Value (£m)	Homes	Grant per home (£k)
RENT	Private Sector Partner	2	4	112	32
	Housing Association	20	81	1877	43
	Total	22	84	1989	42
LCHO	Private Sector Partner	2	1	54	14
	Housing Association	13	11	709	16
	Total	15	12	763	16
Grand total		23	96	2752	35

4. Overall allocations

The Regional Housing Body has set the following target proportions for the regions three sub-regions

'North'	42% (current allocation share of 35%)
'South East'	18% (current allocation share of 15%)
'Peninsula'	40% (current allocation share of 50%)

Thirteen Housing Market Areas (HMAs) are nested within the sub-regions against which investment ranges have been agreed to guide the Housing Corporation in the distribution of resources. Tables 5 & 6 below display the allocations by HMA and sub-region compared to indicative shares and ranges for the programme, and the allocations by rent and new build home buy for each of the Housing Market Areas and sub-regions. The figures do not include Open Market Home Buy or Other (works to existing RSL stock) allocations.

The current figures highlight that in both the North and South East sub-regions the proportionate shares of allocations are less than the indicative shares agreed whilst the Peninsula sub-regional allocation share exceeds the indicative figure. This reflects principally the shortfall in SSCT allocation levels referred to under Geographic Investment Priorities (section 7) and will need to be addressed through the regular market engagement bid rounds. A key issue was the absence of major strategic bids in the majority of relevant Housing Market Areas.

Table 5 - Housing Market Area/Sub-regional investment

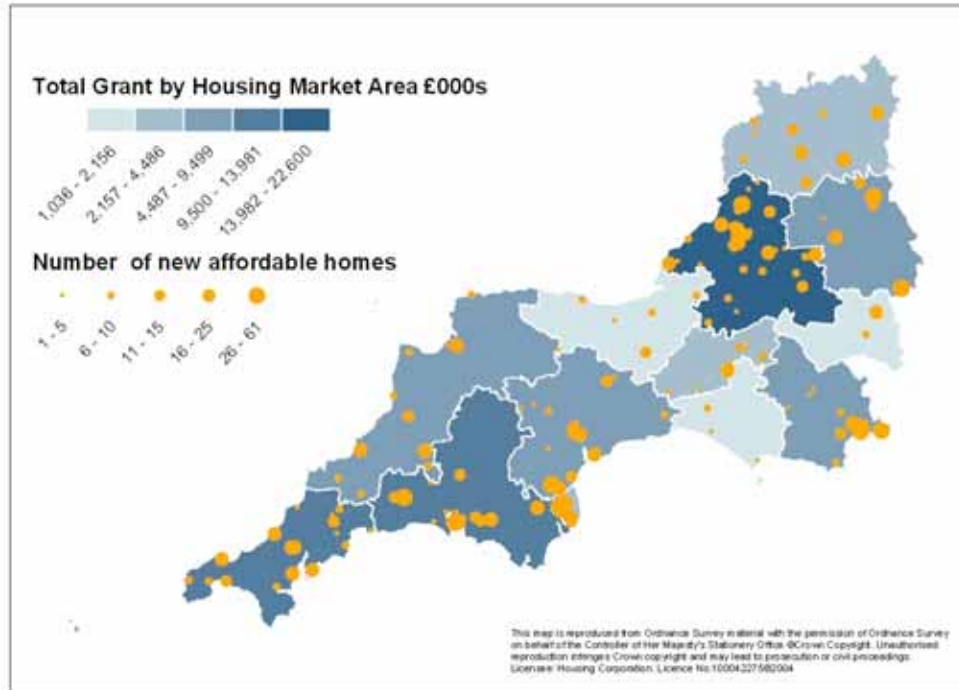
HMA/Sub Region	Indicative Share of 08/11 AHP		Investment Range	Allocated	
	£m	%		£m	%
West of England	189	26	180-199	23	24
Gloucester, Cheltenham	65	9	62-68	4	4
Swindon	51	7	48-54	7	7
= North Sub Region	305	42	290-321	34	35
Bournemouth & Poole	73	10	69-77	8	8
Weymouth & Dorchester	22	3	20-24	1	1
South Somerset	22	3	20-24	3	4
Salisbury	15	2	13-17	2	2
= SW Sub Region	132	18	122-142	14	15
Plymouth	87	12	83-91	14	15
Exeter	58	8	55-61	10	10
West Cornwall, Isles of Scilly	58	8	55-61	11	11
Taunton	29	4	27-31	2	2
Torbay	29	4	27-31	5	5
Polycentric Devon & Cornwall	29	4	27-31	8	8

= Peninsula sub-region	290	40	274-306	49	50
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Table 6 – Allocations by sub-region (excludes OMHB and Other)

		RENT			LCHO		
		Value (£m)	Homes	Grant Per Home (£k)	Value (£m)	Homes	Grant Per Home (£k)
South East	Bournemouth & Poole	7.7	144	53.2	0.4	24	15
	Salisbury	1.9	63	29.5	0.3	27	10.9
	South Somerset	2.8	101	27.8	0.4	17	22.2
	Weymouth - Dorchester	0.9	17	51.6	0.2	9	17.7
	South East Total	13.3	325	40.6	1.1	77	15.5
Peninsula	Exeter	8.1	231	35	1.4	88	16.1
	Plymouth	12.4	238	52.2	1.6	83	18.7
	Polycentric Devon & Cornwall	6.5	153	42.6	1	66	14.9
	Taunton	1.9	37	51.1	0.1	2	28
	Torbay	4.2	135	31	0.3	33	9.2
	West Cornwall	8.8	183	48.1	2.2	131	16.8
	Peninsula Total	41.9	977	42.9	6.6	403	20.6
North	Gloucester & Cheltenham	3.5	144	24.5	0.4	75	4.8
	Swindon	6.6	133	50	0.3	41	8
	West of England	18.8	410	45.9	3.8	167	22.6
	North Total	28.9	687	42.2	4.5	283	21.7
	Total	84.1	1,989	42.3	12.2	763	15.9

Map 1 – Total Allocations



5. Summary of performance against Regional Housing Body targets

The region's housing priorities remain as set out in this statement and have been formed by the South West Housing Body (URL: www.southwesthousingbody.org.uk). These were also further disseminated at a series of seminars in February 2008 for bidding partners and local authorities.

Table 7 below provides a summary of the delivery of this first round of allocations for 08-11 against the Regional Housing Body's key targets for the 2008-11 programme. Further information is provided under section 7 & 8. These targets relate to allocation numbers not completions.

In addition the region was given a target by CLG of completing a minimum of 12,900 homes for rent and 5,700 for Homebuy over the three year period as a condition of the Regional Housing Pot settlement. These numbers are still to be finalised in the context of NAHP targets, and the region's additional delivery in 2006-08.

Early assessment of forecast outputs indicate that delivery from the 2006-2008 programme and first round of allocations should deliver over 7,600 (59%) homes for rent and 2,822 (50%) of the homebuy completions. These figures are now being reviewed in the light of final outcomes in the 2006-2008 programme. Substantial numbers of homes remain to be delivered from the programme still to be allocated

Table 7 – Summary of performance against the Regional Housing Body's targets

	Regional Housing Body recommendations	Initial Allocations
Value ¹ (£m)	760	127m
Homes ² (08-14)	21,481	3,672
Regional priorities	15401 Homes for rent (70%)	1,989 (13%)
	6,080 Homes for sale (30%)	1,513 (25%)
	25% Homes for Rent 3B +	29%
	20% Homebuy 3B +	19%
	10% rented homes for Supporting People and Older Persons	12%
	60%/70% of programme to be directed to strategically significant cities and towns	45%
	2,200 homes in settlements <3000 population	437 (15%)
	2,300 homes in settlements of 3-10,000 population	538 (18%)
	42% of programme in North Sub Region	35%
	18% of programme in South East Sub Region	15%

	Regional Housing Body recommendations	Initial Allocations
	40% of programme in Peninsula Sub Region	50%
	50% of new homes through brownfield development	63%
	New Build Homebuy Affordability. 60% of households to have incomes of <£25k, with a tolerance of +/- 5% These outcomes are to be delivered by each NBHB provider.	Average rent levels on unsold equity reduced to 2.39% (compared to 2.75% standard) & average expected first tranche sales % reduced to 43% (compared to previous 50% average).
	To increase the proportion of Lifetime Homes beyond the 06-08 level of 10%	10%

6. Value

The South West region is required to achieve year-on-year grant reductions of 7-9% for social rent and 6-8% for NBHB on the average NAHP grant per home over the three year period of its programme. These reductions are applied to the original allocated 2007/08 grant averages after some allowances for inflation. The programme proposed across the three years delivers an average grant per home for rent, which is within, albeit at the higher end of, the target range and below the bottom end of the range for NBHB. However, the 2008/09 averages at £48,109 grant per home for rent (£14,520 per person) and £19,480 for NBHBY (£5,582 per person) are above the targets. We have taken some risks in starting at this level - the figures will need to come down through subsequent regular market engagements.

A number of factors contributed to this challenging start:

- lower than expected levels of deliverable s106 related bids;
- the absence of zero grant bids;
- the absence of major strategic sites;
- the higher than target level of supported and older persons provision at this stage in the programme; and
- proportionately lower levels of other public subsidy and zero grant schemes than informed the baseline grant figures for 2007/08, on which the SW's efficiency targets have been calculated.

This led to the rejection on cost grounds of a number of potential 2008/09 schemes in particular at this stage (the vast majority 100% affordable housing). It is clear that a number of RSLs will need to achieve more effective efficiencies, and the bidders and LAs will need to deliver on s106 schemes (especially zero grant developments) if we are to achieve the number of homes required. The grant levels for different market areas are set out in table 8 below.

It is important to note that the figures will reflect differing levels of allocations in the market areas at this stage, provision for a range of different client groups and relate only to a modest proportion of the total programme to be allocated. Much remains to be done if we are to deliver the homes required in the region. However, we believe that there are sufficient value for money developments in the pipeline to achieve (or get very close to) the region's efficiency targets and that these will emerge over the course of the RMEs, particularly in relation to s106 developments and the regions major strategic sites.

It should be noted that our efficiency targets are averages not caps, and will be assessed at the regional level.

Table 8 - Value for grant

	RENT			LCHO		
	Grant per Home (£k)	Grant per person (£k)	Grant as % TSC	Grant per Home (£k)	Grant per person (£k)	Grant as % TSC
Bournemouth & Poole	53.2	18.9	48%	15.0	5.9	12%
Exeter	35.0	9.2	32%	16.1	4.8	14%
Gloucester & Cheltenham	24.5	8.0	23%	4.8	1.5	3%
Plymouth	52.2	14.9	45%	18.7	5.0	16%
Polycentric Devon & Cornwall	42.6	12.6	36%	14.9	4.4	12%
Salisbury	29.4	8.7	24%	10.9	3.1	8%
South Somerset	27.8	8.1	22%	22.2	5.2	15%
Swindon	50.0	14.2	34%	8.0	2.3	6%
Taunton	51.1	15.2	43%	28.0	5.6	17%
Torbay	31.0	8.4	28%	9.2	2.9	8%
West Cornwall	48.1	12.2	36%	16.8	4.3	11%
West of England	45.9	14.1	37%	22.6	7.4	16%
Weymouth -Dorchester	51.6	13.3	40%	17.7	4.4	11%
Total	42.3	12.3	35%	15.9	4.6	12%

Table 9 - Costs

	RENT			LCHO		
	Acq cost per home (£k)	On Costs per home (£k)	Works cost per home (£k)	Acq cost per home (£k)	On Costs per home (£k)	Works cost per home (£k)
Bournemouth & Poole	14.9	16.5	78.5	25.6	20.0	81.7
Exeter	14.4	13.9	80.1	20.2	17.8	79.0
Gloucester & Cheltenham	9.0	9.6	86.0	19.8	17.6	107.8
Plymouth	16.9	12.7	86.8	9.2	12.2	98.5
Polycentric Devon & Cornwall	9.3	11.3	99.1	20.3	11.8	91.3
Salisbury	20.3	8.6	94.2	16.8	14.3	111.3
South Somerset	17.5	17.8	88.8	10.0	29.5	104.3
Swindon	20.6	22.6	105.1	27.5	19.6	88.5
Taunton	2.4	13.6	102.0	0.0	28.2	141.5
Torbay	14.7	13.7	80.8	6.7	14.9	90.3
West Cornwall	24.7	12.9	97.8	32.8	24.3	93.3
West of England	27.7	17.2	80.7	45.4	20.9	72.8
Weymouth -Dorchester	10.8	21.7	97.0	5.7	34.7	128.5
Total	18.2	14.7	87.6	26.1	18.8	89.7

S106 related developments

Deliverability was particularly an issue with s106-related bids, where it was clear that a significant proportion of these developments were insufficiently progressed to establish a clear, agreed requirement for gap funding, were considered to represent poor value for money as presented or were considered a delivery risk due to the position of s106 negotiations.

A total of £82m (2,911 homes) of bids relating to s106 sites were received of which nearly three-quarters (£61m/1,975 homes) were rejected at this stage.

The proportion of the programme allocated to s106 sites at just under £20.9m (936 homes) is a significantly smaller proportion (at 34% of all homes) than we would anticipate the proportion will be as the programme is developed (over 50%).

Table 10 - S106 additionality

	RENT				LCHO			
	Proportion of expenditure		Grant per home (£k)		Proportion of expenditure		Grant per home (£k)	
	S106	non S106	S106	non S106	S106	non S106	S106	non S106
Bournemouth & Poole	23%	77%	53.3	53.1	67%	33%	20.0	10.0
Exeter	32%	68%	24.9	43.4	30%	70%	11.3	19.5
Gloucester & Cheltenham	69%	32%	23.2	27.8	80%	20%	4.8	5.1
Plymouth	38%	62%	40.3	63.6	52%	48%	16.8	21.3
Polycentric Devon & Cornwall	27%	73%	29.4	50.9	39%	61%	12.8	16.7
Salisbury	59%	41%	25.0	40.1	29%	71%	5.0	21.0
South Somerset	0%	100%	0.0	27.8	0%	100%	0.0	22.2
Swindon	0%	100%	0.0	50.0	0%	100%	0.0	8.0
Taunton	0%	100%	0.0	51.1	0%	100%	0.0	28.0
Torbay	44%	56%	25.5	37.5	85%	15%	10.3	5.6
West Cornwall	16%	84%	36.7	51.1	19%	81%	15.0	17.3
West of England	1%	99%	2.7	55.6	6%	94%	7.4	26.0
Weymouth - Dorchester	0%	100%	0.0	51.6	0%	100%	0.0	17.7
Total	21%	79%	27.4	49.5	26%	74%	10.8	19.1

7. Geographic investment priorities

In addition to the three sub-regional targets set by the Regional Housing Body (and the investment ranges for the regions 13 Housing Market Areas), the Regional Housing Body has also set a number of geographical investment priorities.

- 60-70% of the programme to be allocated to Strategically Significant Cities & Towns (SSCTs);
- 2,200 homes to be delivered in settlements of less than 3,000 population; and
- 2,300 homes to be delivered in settlements of 3-10,000 population.

We are also monitoring the level allocation of programme to the region's growth points. Table 11 sets out the Growth Points' allocations and Table 12 show the number of homes being delivered in different settlements, including other 'urban' areas not deemed to be SSCTs.

As previously highlighted allocations to SSCTs (and the regions Growth Points) are lower than required (at 45%) to meet the Regional Housing Body's target. This shortfall will be addressed through the regular market engagements.

Table 13 sets out the allocation details for rural housing for each of the HMAs.

In proportionate terms allocations to settlements under 3,000 population and between 3,001-10,000, are in line with the target figures for the first programme. However, if we are to meet the region's share of the national target of 10,300 completions in 2008-11 for settlements below 3,000 we will have to significantly exceed the 2,200 allocation target.

Table 11 - Growth Points

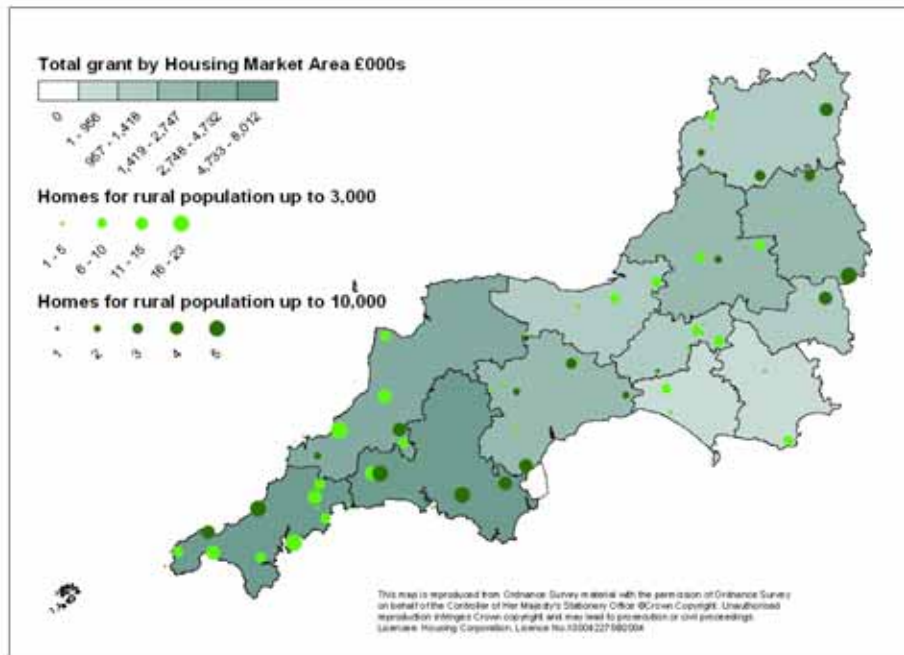
Growth Point	RENT			LCHO		
	Value (£m)	Homes	Grant Per Home (£k)	Value (£m)	Homes	Grant Per Home (£k)
Exeter and East Devon	2.0	81	24.3	0.0	33	14.2
Plymouth	5.4	131	40.9	0.8	48	16.8
Poole	0.4	14	30.0	0.0	6	0.0
Swindon	2.9	43	67.4	0.3	7	40.0
Taunton	0.7	17	42.6	0.0	0	0.0
Torbay	4.4	139	31.3	0.3	33	9.2
Truro	3.1	74	42.4	0.8	58	13.0
West of England	16.0	303	52.9	3.0	125	24.4
Total	34.9	802	44.7	5.6	310	18.3

Table 13 - Rural

		RENT			LCHO		
		Value (£m)	Homes	Grant Per Unit (£k)	Value (£m)	Homes	Grant Per Unit (£k)
Population less than 3,000	Bournemouth & Poole	0.6	11	53.6	0.0	2	20.0
	Exeter	0.4	11	36.6	0.2	10	16.3
	Gloucester & Cheltenham	0.3	13	24.2	0.1	4	18.0
	Plymouth	1.2	22	55.0	0.3	11	25.3
	Polycentric Devon & Cornwall	2.9	49	58.2	0.4	18	20.7
	South Somerset	0.7	50	14.8	0.1	6	21.3
	Swindon	0.2	4	40.5	0.1	2	25.0
	Taunton	1.2	20	58.3	0.1	2	28.0
	West Cornwall	4.9	93	52.2	1.2	57	21.4
	West of England	1.0	22	47.1	0.1	2	25.0
	Weymouth - Dorchester	0.8	15	53.1	0.2	9	17.7
Population less than 3,000 total		14.1	310	45.5	2.6	123	21.1
Population between 3,001 and 10,000 total	Exeter	1.7	45	38.6	0.2	12	16.5
	Gloucester & Cheltenham	0.9	36	25.9	0.1	18	5.5
	Plymouth	5.8	85	68.0	0.7	33	20.1
	Polycentric Devon & Cornwall	1.3	31	41.0	0.2	17	14.1
	Salisbury	1.1	44	25.0	0.1	17	5.0
	South Somerset	0.2	4	47.5	0.0	0	0
	Swindon	2.5	62	40.9	0.0	32	0
	West Cornwall	1.7	33	52.1	0.2	28	7.8
	West of England	1.1	21	51.3	0.2	9	19.0
Population between 3,001 and 10,000 total		16.3	361	45.3	1.7	166	10.1
Total rural		30.5	671	45.4	4.3	289	14.7

To ensure appropriate targeting of our resources in line with the Regional Housing Body's strategy it is important that bids are appropriately coded and identified when they fall under either of the rural target areas. Our experience in the last bid round was that this had not been addressed particularly in relation to those settlements at the upper end of the 3,001-10,000 population (e.g. Totnes and Amesbury).

Map 3 – Rural allocations



8. Thematic investment priorities

In addition to the spatial and tenure targets the Regional Housing Body agreed a number of the thematic investment priorities

Supported Housing/Older People's provision

£18m has been allocated to Supported and Older Persons' provision, including £3m of works to existing stock. The programme currently delivers 236 homes for rent and 16 for Home Buy. The programme exceeds the regional target of 10% of homes for rent, and may potentially increase if further investigations establish that 65 homes covered under the works to existing stock programme constitute remodelling. The figures do not include move-on provision being provided in some areas as part of larger general needs schemes. A number of schemes have not been supported at this stage on cost or delivery grounds and will be followed up for the next RME. These included bids made under the HOLD programme which we are discussing with Advance.

Table 14 - Supported housing/older people's provision

	RENT		LCHO	
	Homes	Grant per home (£k)	Homes	Grant per home (£k)
Specialist housing for older people	97	72.0	10	22.0
Total housing for older people	97	72.0	10	22.0
Homeless families with support needs	10	35.1	0	0.0
Offenders and people at risk of offending	18	80.1	0	0.0
People with alcohol problems	0	0.0	6	24.1
People with drug problems	2	30.3	0	0
People with learning disabilities	4	75.0	0	0.0
People with mental health problems	44	41.8	0	0.0
People with physical or sensory disabilities	12	74.0	0	0.0
Young People at risk	49	50.3	0	0.0
Total other supported housing	139	52.8	6	24.1
Total supported housing	236	60.7	16	22.8

LCHO affordability

A set of income targets have been agreed for New Build Home Buy delivery:

- 60% of households to have incomes <£25k;
- 40% of households to have incomes >£25k; with
- a tolerance of +/- 5%

The outcomes are to be delivered by each NBHB provider and will be monitored, but one indication of ensuring affordability is the degree to which rent levels on unsold equity are reducing against a national standard of 2.75%, and the extent to which average first tranche sales can be brought below 50% to improve accessibility. Table 15 summarises the current position.

Table 15 - LCHO affordability (excluding OMHB)

	Average rent as a % of unsold equity	Average % first tranche sale
Bournemouth & Poole	2.44%	45
Exeter	2.55%	41
Gloucester & Cheltenham	2.30%	48
Plymouth	2.33%	42
Polycentric Devon & Cornwall	2.75%	41
Salisbury	2.43%	43
South Somerset	2.75%	50
Swindon	1.82%	48
Taunton	1.67%	40
Torbay	2.71%	43
West Cornwall	2.64%	37
West of England	2.02%	48
Weymouth -Dorchester	2.17%	37
Regional average	2.39%	43

Larger Homes

The programme proposed exceeds the region's larger homes target for rent (25%) and falls marginally short of the target for New Build HomeBuy (20%).

Table 16 – Homes with three or more bedrooms

		Value (£)	Homes	Grant per home (£k)
RENT	Bournemouth & Poole	0.9	14	67.0
	Exeter	3.5	90	38.8
	Gloucester & Cheltenham	0.8	26	31.7
	Plymouth	4.0	79	50.7
	Polycentric Devon & Cornwall	2.7	47	56.6
	Salisbury	0.5	17	28.5
	South Somerset	1.3	43	30.2
	Swindon	1.7	29	58.2
	Taunton	0.6	9	68.0
	Torbay	1.6	34	46.2
	West Cornwall	3.7	65	56.5
	West of England	4.9	97	50.4
	Weymouth -Dorchester	0.4	6	59.8
RENT Total		26.5	556	47.7
LCHO	Bournemouth & Poole	0.0	1	23.3
	Exeter	0.3	15	20.4
	Gloucester & Cheltenham	0.1	13	6.6
	Plymouth	0.5	22	24.2
	Polycentric Devon & Cornwall	0.3	14	22.6
	Salisbury	0.0	3	5.8
	South Somerset	0.3	12	22.3
	Swindon	0.1	3	38.1
	Taunton	0.1	2	28.0
	Torbay	0.0	2	11.9
	West Cornwall	0.7	41	17.4
	West of England	0.4	17	25.1
	Weymouth -Dorchester	0.1	3	19.5
LCHO Total		2.9	148	19.9
Region Total		29.4	704	41.8

BME communities

In the context of a more mixed economy of affordable housing provision and with significant new communities emerging, the Corporation has developed a new approach to meeting the needs of BME communities for its 2008-11 programme using a comprehensive method statement approach.

This seeks to ensure all investment partners work with community organisations, including BME associations, to engage them in activities such as project design, access to lettings, property management or ownership. Bristol has the highest percentage of BME population of any South West local authority. Method statements are required from bidders requesting grant funding in this area, and for any proposals for specialised BME provision.

The Corporation recognises that there may be instances in which specialist BME provision cannot be bid within an investment partnership, perhaps because there are no suitable organisations operating in an area. We have therefore retained a specialist investment route to accommodate such projects.

Design & quality

2,436 qualifying homes are being built to Code for Sustainable Homes level three or higher. Those homes not meeting CSH level 3 are principally either existing properties or receive no grant funding, and therefore are not required to meet CSH level 3.

The proportion of Lifetime Homes (10%) is disappointing. We are committed to increasing the number of homes built to Lifetime Homes standard, and we anticipate this becoming a mandatory standard in future programmes.

Table 18 - Design & quality

	RENT		LCHO	
	% of total	Homes	% of total	Homes
Meeting CSH3	99.5%	1,767	99%	654
Meeting CSH 4 or higher	0.5	9	1%	6
Total	100%	1,776	100%	660

9. Pre-allocations

A number of key strategic sites have been identified, in the Regional Housing Body's recommendations to CLG on the use of the Regional Housing Pot, which might benefit from up to 5 years' funding commitment. Details are provided at the Regional Housing Body's website ([www. Southwesthousingbody.org.uk](http://www.Southwesthousingbody.org.uk)). The developments will be eligible for consideration for pre-allocations. Prospective bidders are asked to check with the Housing Corporation before assuming (or not) the availability of five-year funding.

We have made no pre-allocations at this stage, but will do so in future regular market engagements as these sites are ready for delivery.