

THE NATIONAL AFFORDABLE HOMES AGENCY

Investment Statement 2008-11

April 2008

Yorkshire & Humberside



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1. Foreword from the Field Director

I am delighted to be introducing this Regional Investment Statement which outlines our initial allocations from the National Affordable Housing Programme for 2008-11.

In building our regional programmes we looked to achieve a number of key objectives to ensure that our allocation decisions were sound and in support of the regional priorities for each northern region. These objectives included:

- meeting the regional priorities laid down by the Regional Housing Boards;
- ensuring that the individual intricacies of the 3 northern regions were taken account of whilst not losing sight of those issues that cut across the North;
- linking our investment decisions to economic regeneration and development;
- concentrating our investment around the City Regions where economic prosperity can be best influenced;
- maintaining a continued focus on the provision of larger family homes;
- continuing to meet challenging efficiency targets and ensuring best value for grant.

Out of the total £1bn available for allocation across the North we have made new allocations of just over £475m in this first round of allocations. This equates to a little over 47% of the funds available to us and will deliver 11,152 new homes for rent and sale.

The remainder of our resources will be allocated through an ongoing process of regular market engagement where we will seek to add to the initial allocations with more quality schemes that will meet regional priorities and contribute to the delivery of the targets set by Government in recent months.

Our regional investment priorities continue to address diverse challenges and include the provision of homes in rural areas, support for the elderly and BME communities and ongoing support for Housing Market Renewal.

We are committed to delivering affordable homes to focus on the priority areas where they are most needed. Allocations were strategically directed in each of the three regions in line with the evolving Regional Housing Strategies in the North:

- £194.8m allocated to building 10,800 larger family homes. This constitutes 42% of the overall initial allocations for the 3 northern regions;
- a concentration of investment towards City Regions in order to contribute to economic growth;
- ongoing support for Housing Market Renewal with £193m allocated to the northern Pathfinders and priority areas – equating to 41% of our overall programme.

The programme will build on the success of previous years and will continue to be delivered through our Investment Partners, which includes a mixed economy of providers ranging from Housing Associations, ALMOs and new partners from the private sector.

As we move closer to the creation of the Homes & Communities Agency we will align our work with that of English Partnerships and will continue to work closely with Local Authorities, reinforcing the strength of our partnership along the way.

We will continue to encourage opportunities for innovative approaches to design and procurement and closer strategic working to provide well designed affordable homes in sustainable communities.

I very much look forward to the challenge of beginning the delivery of this ambitious programme and creating a positive legacy that will deliver the affordable new homes in sustainable communities that are needed across the North and one that the Housing Corporation can be proud to hand to the Homes and Communities Agency.

John Carleton
Field Director – North

March 2008

2. Introduction

The Yorkshire and Humber Assembly via the Regional Housing Board allocated £314.7m for the period 2008/11. The Corporation has allocated £134.8m in total to new schemes in this initial bids round, this represents approximately 41% of the total resources available in the Region. The allocated programme is balanced 70 % housing for rent and 30% for LCHO.

The region's completions targets are very challenging and it will be vitally important that additional allocations are made for schemes that will complete in 2008-11 through the first phases of regular market engagement.

A large proportion of affordable housing continues to be delivered via s106 agreements without public subsidy and the Corporation has spent a considerable amount of time and effort in getting to understand how this process works. The region has seen some very good examples of good practice in delivering affordable housing without subsidy, for example in Harrogate and York. The Corporation will continue to work with partners to spread this good practice. Where additionality can be demonstrated, in terms of improved quality, additional units, or tenure changes, we will consider combining grant with s106 agreements.

Table 1: Overall regional allocation

	RENT	LCHO					
	RENT	HBYNB	OMHB	LCHO Total	Sub-total	Other	Grand total
Value (£m)	100.0	23.4	11.3	34.7	134.8	0.0	134.8
Homes	2,152	1,115	321	1,436	3,588	0	3,588

3. Competition

The ratio of bids received to allocations made was 1.85 which is much lower than in previous years . This is a reflection of the fact that the Corporation has worked with partners on schemes prior to them being bid for and partners working up bids in partnership with local authorities prior to bidding. Tables 2 and 3 below shows the split of bids received and bids accepted.

Table 2: Analysis of bids received

		Number of bidders	Value (£m)	Homes	Grant per unit (£k)
RENT	ALMO/SPV	1	0.3	7	40.0
	Private Sector Partner	3	14.3	272	52.6
	Housing Association	16	170.6	3,156	54.1
	Total	20	185.2	3,435	53.9
LCHO	Private Sector Partner	2	5.9	166	35.7
	Housing Association	13	38.2	1,659	23.0
	Total	15	44.2	1,825	24.2
Total		20	229.3	5,260	43.6

Table 3: Analysis of accepted bids

		Number of successful bidders	Value (£m)	Homes	Grant per unit (£k)
RENT	ALMO/SPV	1	0.3	7	40.0
	Private Sector Partner	1	3.0	78	38.1
	Housing Association	14	96.7	2,067	46.8
	Total	16	100.0	2,152	46.5
LCHO	Private Sector Partner	1	1.0	52	19.6
	Housing Association	10	22.4	1,063	21.0
	Total	11	23.4	1,115	21.0
Total		16	123.4	3,267	37.8

4. Overall allocations

Table 4: Allocations by sub-region (excludes OMHB)

	RENT			LCHO		
	Value (£m)	Homes	Grant Per Unit (£k)	Value (£m)	Homes	Grant Per Unit (£k)
Humberside	7.0	170	41.1	2.2	96	23.0
North Yorkshire	29.2	554	52.7	2.9	152	19.3
South Yorkshire	30.2	670	45.1	6.3	268	23.4
West Yorkshire	33.6	758	44.3	12.0	599	20.0
Total	100.0	2,152	46.5	23.4	1,115	21.1

5. Summary of performance against Regional Housing Board targets

The Regional Housing Board investment framework for Yorkshire and Humberside is structured around three themes:

- **places** - creating places where people want to live and want to stay, in particular transforming out towns and cities
- **access** - addressing difficulties in accessing housing, including providing affordable homes for the region
- **homes** - delivering decent homes in the private sector, delivering energy efficiency and addressing fuel poverty.

Funding has been allocated to support schemes that contribute to the themes of Places and Access. The priority splits for initial bid round allocations by sub region compared to Regional Housing Board recommendations are shown in the table below. As we move through the different phases of regular market engagement we will be looking to ensure the balance of allocations is in line with initial proposals. Future bidding rounds will need to attract a higher proportion of bids which will help to address the balance of funding to meet the original proposed level of percentages on priorities.

Table 5: Regional Priorities by Sub Region (excludes OMHB)

	Demand		Access	
	Proposed	Actual	Proposed	Actual
Humberside	40%	27%	60%	73%
North Yorkshire	-	-	100%	100%
South Yorkshire	60%	69%	40%	31%
West Yorkshire	50%	25%	50%	75%

6. Regional regular market engagement strategy

The Yorkshire and Humber Investment Team will seek bids via RME until all regional funds are allocated in line with the objectives of the Yorkshire and Humber Regional Housing Strategy, and with the aim of meeting all targets, i.e. number and tenure of units, rural units, larger homes, etc. With 60% of the funding resource to be allocated through RME we will be looking for competitive good quality schemes that meet priorities and are deliverable, and which enable us to remain within our efficiency targets. We will seek the earliest indications of forthcoming projects from our RSL and Local Authority partners, with a view to allocating available resources well in advance of the end of the three year programme.

7. Value

The regional cost to the Corporation in 2008-11 has reduced considerably from 2006-08 however as only 41% of the programme has been allocated through the initial bids round the outturn costs of the whole programme are not yet known. The capacity of RSLs to continue to deliver new homes at these levels of grant is a concern to the Corporation and something which will be regularly monitored.

Value for grant

Table 6: Value for grant

	RENT			LCHO		
	Grant per unit (£k)	Grant per person (£k)	Grant as % TSC	Grant per unit (£k)	Grant per person (£k)	Grant as % TSC
Humberside	41.1	9.1	38.6%	23.0	5.4	21.1%
North Yorkshire	52.7	13.2	39.6%	19.3	4.4	12.5%
South Yorkshire	45.1	11.6	40.6%	23.4	6.1	19.3%
West Yorkshire	44.3	10.1	37.4%	20.0	4.8	16.8%
Total	46.5	11.2	39.1%	21.1	5.1	17.1%

Costs

Table 7: Costs

	RENT			LCHO		
	Acq cost per unit (£k)	On Costs per unit (£k)	Works cost per unit (£k)	Acq cost per unit (£k)	On Costs per unit (£k)	Works cost per unit (£k)
Humberside	19.2	10.6	76.6	26.7	12.4	69.2
North Yorkshire	9.9	16.5	106.6	19.3	19.4	115.5
South Yorkshire	16.1	12.3	82.6	25.2	15.7	80.3
West Yorkshire	12.3	15.1	91.1	11.6	15.7	91.9
Total	13.4	14.2	91.3	17.2	15.9	90.4

S106 additionality

Very little of the programme in the region is delivered via s106 schemes and this is a common factor across the three northern regions. A considerable amount of affordable housing is delivered in the region via s106 agreements but this is delivered without public subsidy a position that the Corporation is keen to encourage.

Table 8: Proportions of allocation delivered through S106

	RENT				LCHO			
	Proportion of expenditure		Grant per unit (£k)		Proportion of expenditure		Grant per unit (£k)	
	S106	non S106	S106	non S106	S106	non S106	S106	non S106
Humberside	9.6%	90.4%	30.5	42.7	3.2%	96.8%	5.0	26.1
North Yorkshire	0.0%	100.0%	0.0	53.5	0.0%	100.0%	0.0	20.5
South Yorkshire	6.5%	93.5%	32.5	46.3	4.0%	96.0%	25.0	23.3
West Yorkshire	5.7%	94.3%	36.9	44.9	6.9%	93.1%	18.0	20.2
Total	4.5%	95.5%	32.1	47.5	4.9%	95.1%	14.6	21.5

8. Geographic investment priorities

Rural

The rural programme needs to be increased substantially via the successive rounds of Regular Market Engagement to meet the very challenging rural completions targets set by central government. The Corporation is working closely with regional stakeholders and the regional housing board to increase the number of rural schemes.

Table 9: Allocations to rural populations

		RENT			LCHO		
		Value (£m)	Homes	Grant Per Unit (£k)	Value (£m)	Homes	Grant Per Unit (£k)
Population less than 3,000	Humberside	1.1	25	45.4	0.2	9	26.7
	North Yorkshire	4.1	62	65.7	0.9	30	28.7
Population less than 3,000 total		5.2	87	59.9	1.1	39	28.2
Population between 3,001 and 10,000	Humberside	0.5	10	51.0	0.1	5	26.0
	North Yorkshire	4.0	63	64.1	0.2	9	25.0
	West Yorkshire	0.6	23	24.3	0.1	14	8.6
Population between 3,001 and 10,000 total		5.1	96	53.2	0.5	28	17.1
Total rural		10.3	183	56.4	1.6	67	23.5

Housing Market Renewal Pathfinder

The Corporation continues to support the two pathfinder areas and will expect to make additional allocations to schemes in these areas that help to support the Pathfinder strategies .

Table 10: Pathfinder allocations

Pathfinder	RENT			LCHO		
	Value (£m)	Homes	Grant Per Unit (£k)	Value (£m)	Homes	Grant Per Unit (£k)
Humberside	1.6	39	40.9	0.8	30	27.3
South Yorkshire	17.5	425	41.1	4.1	180	22.1
Priority Area West Yorkshire	8.1	167	48.7	4.0	196	20.5
Total	27.2	631	43.1	8.8	406	21.6

Northern Challenge

From the shortlist of 17 proposals agreed by the Housing Minister in February 2007, the Housing Corporation undertook a detailed assessment of these outline bids using the same criteria as in the 2008/11 NAHP bid round.

Six of the projects across the North have been successful in receiving an allocations in the first bid round.

Further work is being undertaken on another seven projects across the North and bids are expected under regular market engagement. Four projects failed due to fundamental reasons e.g. sites were lost or not available.

The resulting allocations and units from the initial bid round for the North is as follows:

Table 11: Northern Challenge allocations

Region	Total Grant £m	Units
North East	£2.150	69
North West	£0.818	23
Yorkshire & Humber	£16.270	447

Northern Challenge successful projects to be delivered in Yorkshire and Humber are:

Table 12: Northern Challenge allocations to Yorkshire & Humber

	RENT		LCHO	
	Value (£m)	Homes	Value (£m)	Homes
Earl Marshall Site, Sheffield	0.3	10	0.1	4
BCHT Ravenscliffe, Bradford	3.5	66	1.4	66
Accent Fairfield Road, Leeds	3.6	70	1.8	71
Prince of Wales Colliery, Wakefield	3.8	80	1.7	80
Total	11.2	226	5.0	221

9. Thematic investment priorities

Supported housing

The programme contains an adequate amount of supported housing, the majority of which is extra care housing for the elderly. The Corporation would expect to support further supported housing schemes during the course of 2008-11. However the higher costs of these schemes will need to be balanced by the inclusion of other good value projects.

Table 13: Allocations for supported housing

	RENT		LCHO	
	Homes	Grant per unit (£k)	Homes	Grant per unit (£k)
Housing Type - Older People	91	34.7	59	13.4
Specialist housing for older people	132	58.7	5	29.0
Total housing for older people	223	48.9	64	14.7
Offenders and people at risk of offending	5	53.5	0	0.0
People with drug problems	8	52.5	0	0.0
People with learning disabilities	19	64.1	0	0.0
People with mental health problems	4	30.0	5	24.0
Teenage Parents	5	76	0	0.0
Women at risk of domestic violence	17	77.1	0	0.0
Young People at risk	4	32.2	0	0.0
Young people leaving care	2	75.1	0	0.0
Total other supported housing	64	66.1	5	24.0
Total supported housing	287	52.3	69	15.3

Larger homes

Approximately 42% of the regional programme supports the building of homes with 3 or more bedrooms

demonstrating the Corporation's commitment to provide larger homes for families.

Table 14: allocations for homes with three or more bedrooms

		Value (£)	Homes	Grant per unit (£k)
RENT	Humberside	3.7	85	43.0
	North Yorkshire	11.2	186	60.3
	South Yorkshire	12.6	269	46.8
	West Yorkshire	19.8	390	50.9
RENT Total		47.3	930	50.9
LCHO	Humberside	1.0	39	26.6
	North Yorkshire	1.2	60	20.7
	South Yorkshire	2.6	93	27.9
	West Yorkshire	6.7	284	23.5
LCHO Total		11.6	476	24.3
Region Total		58.9	1,406	41.9

Meeting the needs of 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. We require all Investment Partners working in areas with a significant BME population to produce a BME method statement.

This seeks to ensure that all Investment Partners operating in areas with a significant BME population work with community organisations, including BME associations, to engage them in activities such as project design, access to lettings, property management or ownership. All successful bidders have provided statements and we have reviewed these and are providing feedback where further work is required. The Corporation recognises that there may be instances in which specialist BME provision cannot be incorporated within an investment partnership, perhaps because there is no suitable organisations operating in an area. We have therefore retained a specialist investment route to accommodate such projects.

Design & quality

The table below shows the number of new build units meeting the Code for Sustainable Homes CSH3 and above.

Table 15: Code for Sustainable Homes

	RENT		LCHO	
	% of total	Homes	% of total	Homes
Meeting CSH3	87%	1,754	89.8%	975
Meeting CSH 4 or higher	8.4%	169	9%	98
Total		1,923		1,073

LCHO affordability

The Corporation is concerned about the affordability of LCHO units and has worked with partners to reduce rents where possible.

Table 16: LCHO affordability

	Average rent as a % of unsold equity	Average % first tranche sale
Humberside	2.26	50.00
North Yorkshire	1.52	53.40
South Yorkshire	2.66	52.44
West Yorkshire	2.09	49.69
Regional average	2.16	51.11

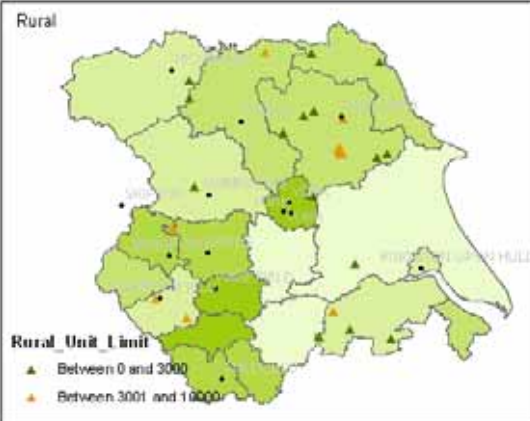
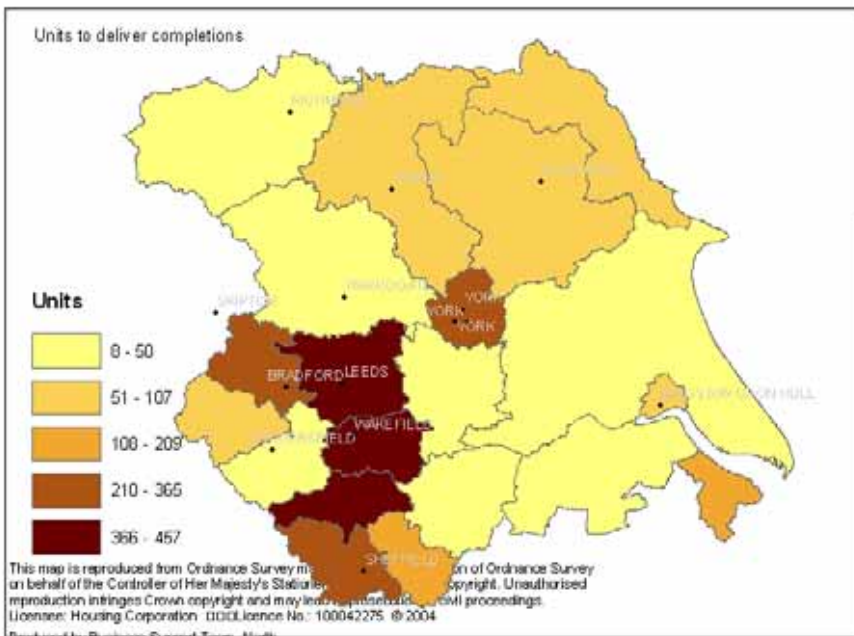
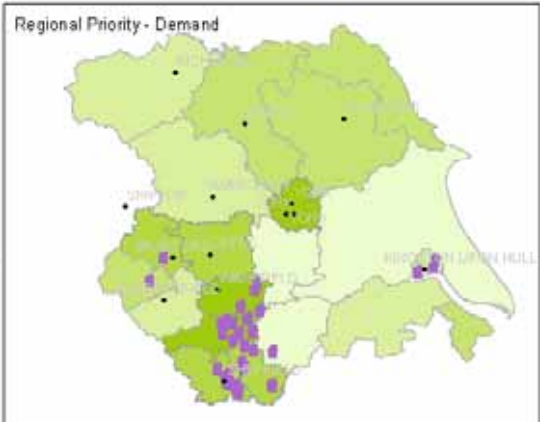
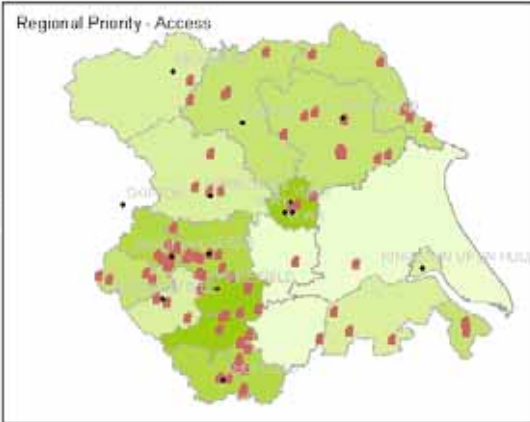
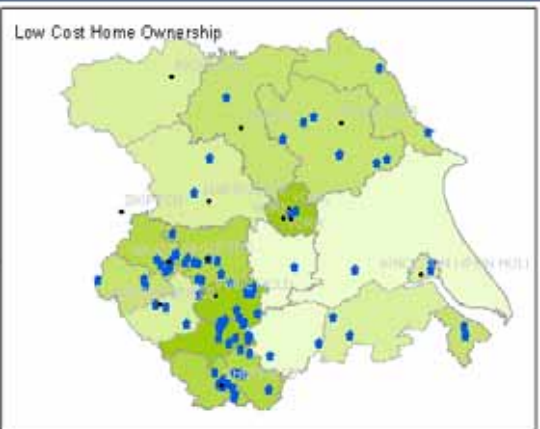
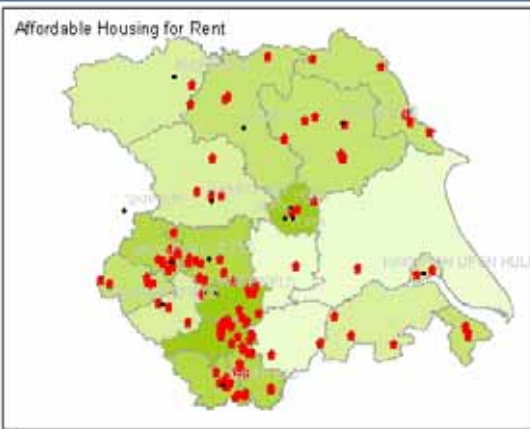
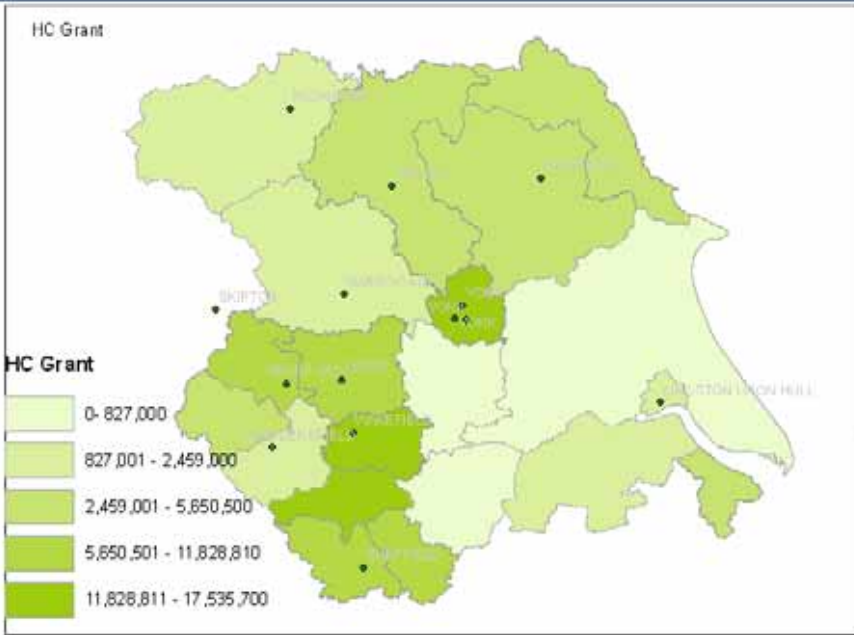
10. Pre-allocations

Pre allocations were made to two schemes one at Yarborough in Grimsby and one at Derwenthorpe in York. Both schemes were recognised as being of strategic importance by the Regional Housing Board and required long term certainty of funding to ensure they were delivered

Table 17: Pre-Allocations

	RENT		LCHO	
	Value (£m)	Homes	Value (£m)	Homes
Total	3.9	88	0.7	35

Yorkshire and Humber National Affordable Housing Programme 2008/11



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