

Building Council Homes for Londoners – Frequently Asked Questions

Bidding process

- 1. When will Open Project System (OPS) be open for bidding?**
July 2018.
- 2. Can council dedicated delivery bodies, rather than councils themselves, bid?**
While there should be one bid per council, and the GLA expects each bid to be led by the council, there may be circumstances where it is appropriate for council delivery bodies to lead a bid.

The GLA will consider requests to contract directly with dedicated delivery bodies for grant on a case-by-case basis.

Developing in-house skills and expertise

- 3. How can councils find out more about additional support the GLA is offering as part of *Building Council Homes for Londoners*?**
The GLA is committed to helping councils develop in-house capacity. Alongside capital funding, councils should speak to their relevant GLA contact about ways in which the GLA can help them to deliver ambitious new-build programmes as part of *Building Council Homes for Londoners*. Support includes, but is not limited to, placing or seconding GLA staff with councils, publishing technical guidance, establishing a forum to share best practice and, in limited cases, providing revenue funding where there is an identified need.

Affordable housing grant

- 4. Which homes will receive a grant rate of £100,000 per home?**
Councils that secure affordable housing grant through the Programme Approach will receive £100,000 per home for affordable starts where rents will be set at or below the London Affordable Rent (LAR) caps. This includes homes for social rent so long as rents do not exceed the LAR caps. Councils are free to determine the tenure of homes.
- 5. How do councils submit bids for discretionary grant rates through the Project-by-Project Approach?**
The GLA expects to allocate the majority of affordable housing grant in *Building Council Homes for Londoners* using set grant rates through the Programme Approach. For a limited number of projects, it will consider agreeing discretionary grant rates with councils for individual projects where development is unviable due to specific site constraints. Councils will need to provide a robust business case when bidding for funding through the Project-by-Project Approach and will not have flexibility to switch funding between projects (as there is under the Programme Approach). Councils should speak to their relevant GLA contact if they wish to bid for funding for individual projects under the Project-by-Project Approach.

6. Do councils need to have a controlling interest in dedicated delivery bodies in order for them to receive affordable housing grant through *Building Council Homes for Londoners*?

The GLA expects councils to have a controlling interest in dedicated delivery bodies in most cases. It will consider any exceptions on a case-by-case basis.

7. Can councils transfer projects with existing allocations in other GLA programmes into *Building Council Homes for Londoners*?

The GLA will review existing commitments councils may have in other GLA programmes when assessing bids for *Building Council Homes for Londoners*. The GLA does not expect to allocate *Building Council Homes for Londoners* affordable housing grant to councils for projects that already have funding allocated in other GLA programmes. Substitution of this kind will only be permitted in exceptional circumstances.

8. Can councils use *Building Council Homes for Londoners* affordable housing grant to convert private homes to affordable homes on projects that are already in receipt of funding through other GLA programmes?

Yes. Set grant rates are available for new supply of affordable homes.

9. How much grant per home will be available for London Living Rent / London Shared Ownership / other genuinely affordable intermediate homes that are due to start in 2018-19 or 2019-20 but slip into 2020-21 or 2021-22?

£38,000 per home is only available for London Living Rent / London Shared Ownership / other genuinely affordable intermediate homes that start in 2018-19 or 2019-20. If homes slip into 2020-21 or 2021-22, they will only receive £28,000 per home.

Right to Buy Ring-Fence Offer

10. How will the GLA reallocate ring-fenced Right to Buy receipts to councils?

For councils that opt-in to the Right to Buy Ring-Fence Offer, the GLA will reallocate the receipts (and interest) it receives from central Government back to the councils that collected the receipts as grant using a standard-form contract. Councils will be expected to identify a credible delivery plan to deliver a programme of projects on a three-year rolling delivery programme.

11. Should councils opting-in to the Right to Buy Ring-fence Offer pay Right to Buy receipts directly to the GLA?

Some councils have retention agreements with central Government setting out the circumstances in which they must pay Right to Buy receipts they collect to central Government. Councils that keep these agreements should continue to comply with them and return unspent Right to Buy receipts to central Government. When central Government transfers these receipts to the GLA, the GLA will ring-fence them for councils opting-in to the Right to Buy Ring-Fence Offer. In order to determine the correct amount of Right to Buy receipts (and interest) to ring-fence for each council – i.e. the amount each council paid to central Government – the GLA will collect information from councils about the amount of funding they return to central Government each quarter.

- 12. Will the GLA consider reallocating ring-fenced Right to Buy receipts as grant directly to council dedicated delivery bodies?**
Yes.
- 13. Can ring-fenced Right to Buy receipts be combined with HRA borrowing within a project?**
The GLA has published an [addendum](#) to the Building Council Homes for Londoners funding prospectus with updated guidance for additional HRA borrowing headroom in 2019-20, 2020-21 and 2021-22. Ring-fenced Right to Buy receipts may be combined with additional HRA borrowing within a project.
- 14. Can councils ring-fence Right to Buy receipts they returned to central Government prior to opting in to the Right to Buy Ring-fence Offer?**
No. The GLA will ring-fence receipts that councils return to central Government after they have opted in to the Right to Buy Ring-fence Offer.
- 15. How should councils record homes funded using Right to Buy receipts?**
Where councils are delivering rented homes using ring-fenced Right to Buy receipts (reallocated to them by the GLA as affordable housing grant as part of the Right to Buy Ring-Fence Offer), they should submit a project in Open Project System to enable the GLA to make payments.

Councils delivering homes with retained Right to Buy receipts should log nil-grant named projects in Open Project System.

Additional Housing Revenue Account (HRA) borrowing headroom

- 16. When will further details about the process to bid additional HRA borrowing between 2019-20 and 2021-22 be announced?**
The GLA has published an [addendum](#) to the Building Council Homes for Londoners funding prospectus with updated guidance for projects requiring additional HRA borrowing headroom in 2019-20, 2020-21 and 2021-22.
- 17. Can councils bid for an indicative allocation of additional HRA borrowing headroom?**
No. Councils must bid for additional HRA borrowing headroom by submitting named projects. If councils receive an allocation of additional headroom they can substitute projects as long as this does not affect the year in which the borrowing is drawn down. Moving allocations of additional headroom between years will require central Government approval.
- 18. Can councils combine additional HRA borrowing with grant or Right to Buy receipts?**
Yes. Councils may, for named projects, bid for additional HRA borrowing only, additional HRA borrowing alongside grant or additional HRA borrowing alongside Right to Buy receipts.

Housing outputs

19. What is the GLA definition of a “council home”?

A council home must be delivered by a council or a council’s dedicated delivery body. It must also be an affordable home available for rent or low-cost home ownership.

20. Where can councils find out more information about the London Affordable Rent, London Living Rent and London Shared Ownership products?

The Homes for Londoners: Affordable Homes Programme 2016-21 Funding Guidance contains more information about these housing products. A link to the funding guidance is available here:

<https://www.london.gov.uk/sites/default/files/homesforlondoners-affordablehomesprogrammefundingguidance.pdf>

Further information is also included on the programme’s FAQ page which is available here:

https://www.london.gov.uk/sites/default/files/homes_for_londoners_2016-21_-_frequently_asked_questions_updated_9_may.pdf

21. Are there restrictions on the type of entity that can own and/or manage rented affordable homes funded with affordable housing grant – including ring-fenced Right to Buy receipts reallocated as grant – through *Building Council Homes for Londoners*?

Yes. Where it proposes to give financial assistance on condition that the recipient provides low-cost rental accommodation, the GLA is required to impose a further condition ensuring that a registered provider of social housing is the landlord of the accommodation when it is made available for rent. Partners should seek legal advice to ensure their proposals meet this restriction.

22. Can councils and/or their dedicated delivery bodies receive £100,000 per home for temporary accommodation homes if rents are charged at or below London Affordable Rent levels?

No. The GLA may, however, consider funding temporary accommodation as an intermediate rent product or through the Project-by-Project Approach. Partners should discuss specific projects with their relevant GLA contact.

23. Can councils use ring-fenced Right to Buy receipts to fund temporary accommodation homes?

Possibly. Temporary accommodation might be able to be supported as long as the terms of the Right to Buy Ringfence Offer are met.

24. Will homes funded through *Building Council Homes for Londoners* still be subject to the Right to Buy?

Possibly. Tenants that live in some homes funded through *Building Council Homes for Londoners* may be eligible for the Right to Buy in the future. Partners should seek legal advice on this issue.

Compliance with State Aid

25. How do councils and their dedicated delivery bodies ensure that they are not over-compensated in accordance with State Aid rules?

The GLA will follow a similar process as it is using for the Affordable Homes Programme 2016-21 to ensure partners are not overcompensated. Further information is included in the [FAQs](#) for that programme (see “Compliance with State Aid”).

Contracts

26. When can I view template funding agreements for *Building Council Homes for Londoners*?

Template funding agreements will be published on the GLA website shortly.

Timescales

27. When will the GLA announce funding allocations for *Building Council Homes for Londoners*?

The GLA expects to announce funding allocations for initial bids by October 2018. However, it encourages councils to finalise bids as soon as possible and may make announcements of funding allocations over the summer where these are agreed.

Any further questions relating to this funding prospectus can be submitted to:
affordablehomes@london.gov.uk