

# BRIEFING



## National clearing house briefing note

18 July 2008

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One of the measures to assist the housing market announced earlier this month by the Department of Communities and Local Government (CLG) was the establishment of a 'National clearing house' via the Housing Corporation to facilitate the transfer of bulk packages of new home stock over 500 units from developers to Registered Social Landlords (RSL's). The 500 can be on any number of sites across the country and can include agreements with different RSL's, though the HC stress that the RSL should be an investment partner and ideally someone who already works within the area and has a positive relationship with the local authority.

The new system is in addition to the standard bid assessment processes which currently applies for smaller volumes of stock, further details on that below.

It is to be managed nationally by the Housing Corporation, but will involve the Housing Corporation's (HC's) regional offices.

The purpose of the clearing house is to give quicker feedback to developers who approach with proposals involving significant offers of stock, and responses will be based on regional supply and demand considerations.

Developers are being asked to complete the attached template form and send proposals involving schemes with more than 500 homes by email to [fiona.macgregor@housingcorp.gsx.gov.uk](mailto:fiona.macgregor@housingcorp.gsx.gov.uk) and copied to [judi.mcpherson@housingcorp.gsx.gov.uk](mailto:judi.mcpherson@housingcorp.gsx.gov.uk)

Submissions, using the attached form, will need details including:

- name of scheme;
- location (local authority and Housing Corporation region);
- number of units, tenure mix and size mix (eg 3b 5p house, 2b 3p flat)
- rents to be charged or,

- for low-cost home ownership (LCHO) schemes, projected initial sales values by unit type/size, proposed first tranche equity percentage to be sold, and % rent charge on unsold equity;
- (where applicable) proposed period of intermediate renting (leading to sale in future - see below) and rent to be charged;
- standards (including unit sizes in m2), HQI element 'unit size', HQI element 'unit – layout', build for life scores and CSH (or eco homes) ratings;
- grant request and calculation of grant per unit and grant per person;
- current market value of properties on the open market, and discount being offered for bulk purchase;
- proposed completion dates;
- RSL involved,
- summary of any affordable housing already being delivered on the site, and who the RSL is. (Please note that where it is feasible, CLG wants the additional affordable housing to be delivered by the same RSL as any existing affordable housing to prevent unnecessary diversification of management arrangements); and
- status of units in relation to s106 planning obligations for affordable housing.

Once received, the HC will provide developers with feedback on submissions on a scheme by scheme basis, and at which point they may seek further information. Whilst this will not constitute a final commitment to fund the scheme, the HC believes a positive initial response should provide sufficient confidence for bidders to proceed to work up details of bids for full submission and assessment.

Schemes will subsequently need to be bid into the HC's regular/continuous market engagement process based on the full information requirements for any scheme and assessment will be followed by a commitment to fund. A full assessment of local and regional fit will continue to be a part of this process.

In submitting proposals under the national clearing house arrangements, bidders should provide the HC with a covering submission outlining how funding of packages of stock available currently or within the short term (completion within 2008-09) will be linked to proceeding with schemes which will deliver affordable housing in the medium term (2009-10 and 2010-11) including the possibilities for adapting the latter to ensure quality standards are achieved and the proposed mix of housing meets local and regional strategic priorities.

CLG says that it has already had some strong interest in the scheme from consultants putting together packages of deals for house builders and RSLs, and also direct from house builders, and which has resulted in a number of meetings in the past few weeks. It is stressing that

turnabout will be as quick as possible, and that if developers cannot fully complete the details in the attached form, it is still open to discussion and so should be contacted. Where full details cannot be provided, the HC will aim to give general feedback, although this will be subject to provision of further information.

For proposals of smaller numbers of stock, the existing process still applies whereby developers agree terms with a pre-qualified RSL development partner operating in the area in which they have stock. (If you do not currently work with RSLs in your area of operation, the relevant HC regional office will be able to help you identify which RSLs undertake development work in your area). Those RSLs can then submit a bid to the HC during regular market engagement (which is currently open, with a closing date of 23 July) for assessment and confirmation of the outcome by end of August. Alternatively, if you are one of the HC's pre-qualified investment partners, you can bid direct to the HC within the same timescales (or from September, we there will be a shift to a process of continuous market engagement when bids can be submitted via IMS for assessment as and when ready). The HC's assessment (at regional level) will take account of the factors outlined in the RME guidance, including value for grant, quality standards achieved and strategic priority fit.

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Relations**