

Case Study 1: Greater Manchester Combined Authority – Housing Investment Fund

Greater Manchester Combined Authority (GMCA) has established a £300m, 10-year Housing Investment Fund, to be invested in the form of loans and equity. It is a corner stone of GM's housing growth strategy.

Its primary purpose is to provide recoverable investment to projects that support the development of additional housing within the area. This approach has resulted in all loans to date being senior debt akin to a high street senior debt provider. Loan amounts to individual projects have been limited to 60% of the scheme costs, including the cost of any upfront land investment, with the loan being fully secured.

Case Study 2: Warrington Borough Council – lending to housing associations

Warrington Borough Council (WBC) has been very active in the debt markets, raising around £900m for a range of projects. The debt has been raised from a number of sources, primarily Public Works Loan Board (PWLB) and more recently through a £150 million public bond issuance. WBC is also participating in the municipal bonds agency.

Around £300m of PWLB loans have been on-lent to a number of housing associations. The primary purpose of the loans is to generate new housing supply and stimulate economic growth in the borough

The loans are attractive to housing associations as they provide more flexibility than traditional bank loans, and the banking market is currently only offering short tenure loans.

WBC is also planning to establish its own housing company to build around 400 homes on Council owned sites. This will be structured through a General Fund wholly owned company (WOC), which provides number of benefits including:

- There is no housing revenue account requirement;
- The housing assets will not be caught by Government social housing policies including rent levels (including rent cuts) or right to buy provisions.

Case Study 3: Homes and Communities Agency (England) –Home Building Fund and Housing Growth Partnership

Home Building Fund (Debt provider)

This is a £3bn Government fund administered by the HCA. Its objective is to increase the number of new homes being built in England. The Fund offers loan finance to large builders and developers, small builders, community builders, custom builders and regeneration specialists and is also available for offsite manufacturing.

Housing Growth Partnership (Equity provider)

Housing Growth Partnership (HGP) is a social impact investor backed by Lloyds Bank and the Homes & Communities Agency to help address housing affordability by providing support to the regional residential development community to increase the number of new homes built in the UK.

The HGP's focus is to partner with small house builders and residential developers to support the sustainable growth of their businesses, increasing the number of homes they can produce.

Case Study 4: Thurrock Borough Council –implementing a Wholly Owned Company (WOC)

Thurrock Borough Council has created a Wholly Owned Company to support it in the delivery of 1,000 homes across a mix of tenures (including market rent and market sale) over the next five years.

The sites that are being developed are primarily Council -owned sites (either General Fund or Housing Revenue Account).

The Council will purchase equity in the Company (using proceeds from sale of land to the Company) and, where required, borrow from PWLB and on - lend to the Company to provide the necessary development finance.

The Company has drawn down its first sites and is currently in the process of commissioning key contractors to develop it out.