

GREATER MANCHESTER PLANNING & HOUSING COMMISSION

Date: 17 January 2017

Subject: GM Housing Investment Loan Fund

Report of: Eamonn Boylan, Portfolio Lead Chief Executive for Planning and Housing

PURPOSE OF REPORT

To update Commission members on the progress of the Greater Manchester Housing Investment Loan Fund.

RECOMMENDATION

Commission Members are requested to note the report.

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1. INTRODUCTION

- 1.1 The £300m GM Housing Investment Loan Fund (GMHILF) was approved by the GMCA in March 2015 along with the initial Investment Strategy. The GMHIF was publicly launched in June 2015. The Investment Strategy was updated in July 2016.
- 1.2 This report provides an update on the progress of the GMHILF as at the end of December 2016.

2. PROGRESS OF THE FUND

- 2.1 GM has approved loan offers for 15 loans, amounting to £196m of committed investment. The table below shows the summary status of the approved projects as at 31st December 2016.

Status	No Of Projects	Total Units	Total Loans (£m)
Drawing Funds	7	1,070	89.6
Signed Facility Agreements	0	0	0
CA Approved	8	1,368	106.6
Total Committed	15	2,438	196.2

3. OUTTURN AND FORECAST CAPITAL EXPENDITURE

- 3.1 The funding is provided from DCLG and will be drawn down in 4 yearly tranches. The first tranche of funding was £40m and drawn in 2015/16 with the second tranche being for £80m. Funding provided by DCLG is paid to MCC at the beginning of the financial year and any funding not invested is to be repaid to DCLG on 31 March of each year. Any funds repaid need to be re-invested before utilising current year funding.
- 3.2 The 2015 /16 outturn capital expenditure position for the Fund was £18.4m, resulting in a repayment of £21.6m to DCLG. The funds repaid are available for drawdown in the current financial year should there be a requirement from the GMHILF having invested the £80m tranche of funding for this financial year.
- 3.3 Based on those projects approved to date and expected to proceed, and the current pipeline, the forecast capital expenditure position for the Fund in the coming financial years is set out below. It is currently expected that £55m of funds will be repaid to DCLG at the end of the financial year due to two of the projects repaying a proportion of the outstanding loans.

Financial Year	Forecast Expenditure (loans)	Capital (approved)	Forecast Expenditure (pipeline loans)
2016 / 17	£48.4m		£0m

2017 / 18	£75.5m	£57.3m
2018 / 19	£46.5m	£36m

3.4 The CA loans approved to date equate to a commitment of £196.2m. The total outturn and forecast capital expenditure is £188.8m. The difference is due to the need to approve facility amounts that include potential funding requirements and which do not reflect the anticipated expenditure.

3.5 The forecast capital expenditure of pipeline loans assumes that £93.3m of commitments will be made. It is expected that these commitments will be made before the end of this financial year.

4. SUPPORTING PORTFOLIO ANALYSIS

4.1 The Investment Strategy sets out guidelines in relation to the portfolio that would be adhered to when making investment decisions. The table below sets out the schemes approved by the CA as at 31st December 2016.

Name of Project	Location	Type	GMCA Loan
Water Street	Manchester	Apartments for Rent (Forward Sold)	23.7
Tariff Street, Piccadilly Basin	Manchester	Apartments for Sale (City Centre)	9.7
Pomona Wharf	Trafford	Apartments for Rent (Forward Sold)	10.3
Woodfield, Altrincham	Trafford	Houses and Apartments for Sale	3.8
Boundary Park	Oldham	Houses for Sale	1.5
Charminster Drive	Manchester	Houses for Sale	0.95
Wilburn St Basin	Salford	Apartments for Sale (City Centre)	42.5
Edinburgh Castle	Manchester	Houses and Apartments for Sale (City Centre)	3.6
Lowes Road	Bury	Houses for Sale	1.37
Islington Wharf Phase 3	Manchester	Houses and Apartments for Sale (City Centre)	10.1
St Stephens Church	Tameside	Houses and Apartments for Sale	2.4
Lightbox	Salford	Apartments for Sale (City Centre)	8.3
The Place	Trafford	Houses for Sale	6.9
Owen Street	Manchester	Apartments for Sale (City Centre)	70.0
Former Star Inn	Oldham	Houses for Sale	1.2

4.2 Apartments in the City Centre include flats or apartments in Manchester, Salford and Trafford. The current guidelines and the position of the Fund against these guidelines are as follows:

Guideline	£ Of £300m Fund	Current Fund Position
Apartments for Sale or Rent (City Centre) without forward sale agreed	£200m	£144.2
Apartments for Sale or Rent (City Centre) including those with forward sale agreed	£250m	£178.2
Single Developer	£90m	£70
Infrastructure	£90m	£0m

4.3 The current investment committed to City Centre schemes is £178.2m, representing 59% of the Fund and 91% of the committed investment.

5. NEXT STEPS

5.1 Work is ongoing to identify further projects that require support from the GM Housing Fund outside the City Centre. The GMHILF will support projects that will be brought forward as part of the GM Spatial Framework as and when these are ready to start on site.

6. RECOMMENDATIONS

6.1 Recommendations are found at the front of the report.