

Date: 18 December 2020

Subject: GM Housing Investment Loans Fund – Investment Approval Recommendations

Report of: Salford City Mayor Paul Dennett, Portfolio Lead Leader for Housing, Homelessness and Infrastructure and Steve Rumbelow, Portfolio Lead Chief Executive for Housing, Homelessness and Infrastructure

**PURPOSE OF REPORT**

This report seeks the Greater Manchester Combined Authority’s (“Combined Authority”) approval to the GM Housing Investment Loans Fund loans detailed in the recommendation below.

**RECOMMENDATIONS:**

The Combined Authority is requested to:

1. Approve the GM Housing Investment Loans Fund loans detailed in the table below, as detailed further in this and the accompanying Part B report:

BORROWER	SCHEME	DISTRICT	LOAN
Greengate Investments 1 Ltd	Collier’s Yard, Greengate	Salford	£37.562m
Great Jackson Street Investments Ltd	The Blade	Manchester	£32.438m

2. Delegate authority to the GMCA Treasurer acting in conjunction with the GMCA Monitoring Officer to prepare and effect the necessary legal agreements.

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**BACKGROUND PAPERS:**

- Housing Investment Fund (report to GMCA, 27 February 2015)
- GM Housing Investment Loans Fund – Revised Investment Strategy (report to GMCA, 25 October 2019)

<b>TRACKING/PROCESS</b>		
Does this report relate to a major strategic decision, as set out in the GMCA Constitution		YES
<b>EXEMPTION FROM CALL IN</b>		
Are there any aspects in this report which means it should be considered to be exempt from call in by the relevant Scrutiny Committee on the grounds of urgency?		NO
GM Transport Committee	Overview & Scrutiny Committee	

Equalities Implications – not applicable

Climate Change Impact Assessment and Mitigation Measures – not applicable

Risk Management – see paragraph 3

Legal Considerations – see paragraph 4

Financial Consequences – Revenue – see paragraph 5

Financial Consequences – Capital – see paragraph 6

## **1. INTRODUCTION & OVERVIEW**

- 1.1 In line with the agreed governance process for the GM Housing Investment Loans Fund (“the Fund”), the Combined Authority is asked to approve the loans detailed in section 2, which have been recommended for approval by the Fund’s Credit Committee.
- 1.2 The total value of offers of loans from the Fund approved by the Combined Authority to date is £437.5m and the total value of equity investments made by the Fund is £17m<sup>1</sup>. If the recommendations set out in this report are agreed, the value of loan offers will increase to £507.5m.
- 1.3 Affordable housing and section 106 agreements are dealt with at a local level in line with local policies, national planning legislation and the government’s National Planning Policy Framework. As agreed at the December 2018 meeting of the GMCA, the majority of the surpluses generated from the Fund will be ring fenced to support provision of additional housing affordable to GM residents, supporting the Mayor’s Town Centre Challenge and tackling issues such as rogue landlords, empty homes and improving standards within the Private Rented Sector.
- 1.4 The GM Housing Vision was approved via the GMCA in January 2019. This sets the context for housing delivery within GM and paved the way for the GM Housing Strategy and revised GM Housing Investment Loans Fund Investment Strategy that were approved by GMCA in October 2019. Alongside the launch of the GM Spatial Framework, the agreement to these strategic documents will be a pivotal point in shaping the way housing is brought forward across Greater Manchester and setting the objectives and focus of future investments made from the Fund.

## **2. LOAN APPROVALS SOUGHT**

- 2.1 A SPV within the Renaker group – Greengate Investments 1 Ltd – is seeking a loan of £37.562m from the GM Housing Investment Loans Fund for a development of 559 apartments known as Collier’s Yard in the Greengate area of Salford. The site has been assembled through a series of purchases from private owners. Detailed planning permission for the Collier’s Yard development was granted in March 2020, alongside outline consent to a wider masterplan which aims to bring forward two further buildings with c. 1,000 apartments, public realm and the re-use of the Grade II\* listed former Collier Street Baths (the repair of which Renaker has funded to secure the building ahead of bringing forward detailed proposals). There is no affordable housing provision within the Collier’s Yard development, but under a Section 106 agreement Renaker will construct a new public park and boulevard as part of this first phase of the masterplan’s delivery.
- 2.2 A second SPV within the Renaker group – Great Jackson Street Investments Ltd – is seeking a loan of £32.438m from the GM Housing Investment Loans Fund for a development of 414 apartments known as The Blade, in the Great Jackson Street area of Manchester city-centre. The overall site has been assembled through a purchase from a private owner and

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<sup>1</sup> These figures exclude loan offers that have not been taken up and are therefore withdrawn.

the acquisition of a long-leasehold interest from Manchester City Council. Detailed planning permission for The Blade and a further building of 441 apartments on an adjacent site was granted in August 2020. There is no affordable housing provision but there are obligations under a Section 106 agreement for a new public park and contribution to affordable housing to be made subject to the values achieved on sales of the development. The Section 106 agreement also encompasses earlier legal agreements for Renaker to part construct a primary school linked to the wider Great Jackson Street development.

- 2.3 Further details of the schemes and proposed terms of the loans are included in the accompanying Part B report, to be treated as confidential on account of the commercially sensitive nature of the information.

### **3. RISK MANAGEMENT**

- 3.1 The structure and security package proposed for the loans in order to mitigate risk are given in the accompanying Part B report.
- 3.2 The loans will be conditional upon a satisfactory outcome of detailed due diligence and ongoing confirmation from Monitoring Surveyors acting on the Fund's behalf that the schemes are being delivered satisfactorily.

### **4. LEGAL CONSIDERATIONS**

- 4.1 A detailed loan facility and other associated legal documentation will be completed ahead of the first loan payment for each scheme.

### **5. FINANCIAL CONSEQUENCES – REVENUE**

- 5.1 The borrowers will be required to meet the Fund's legal, due diligence and monitoring costs and there is no requirement for additional revenue expenditure by GMCA in addition to the approved Core Investment Team budget.

### **6. FINANCIAL CONSEQUENCES – CAPITAL**

- 6.1 The loans will be sourced from the £300m GM Housing Investment Loans Fund, including the recycling of loans repaid to the Fund.

### **7. RECOMMENDATION**

- 7.1 The Combined Authority is recommended to approve the loans in line with the terms set out in the accompanying report, and delegate authority to the GMCA Treasurer acting in conjunction with the GMCA Monitoring Officer to prepare and effect the necessary legal agreements.