

GMCA

Date: 12 September 2022

Subject: GM Housing Investment Loans Fund - Investment Approval
Recommendation

Report of: Councillor Andrew Western, Portfolio Lead Leader for Place Based
Regeneration & Housing, and Steve Rumbelow, Portfolio Lead Chief
Executive for Housing, Homelessness and Infrastructure

Purpose of Report

This report requests that the GMCA Chief Executive, acting in consultation with the Portfolio Lead Leader for Place Based Regeneration & Housing, exercise his powers contained in the GMCA Constitution Part 3 Section F paragraph 3.17 to approve an increase of less than 10% on a GM Housing Investment Loans Fund loan previously approved by the Combined Authority.

Recommendations:

The GMCA Chief Executive acting in consultation with the Portfolio Lead Leader for Place Based Regeneration & Housing is requested to:

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

BORROWER	SCHEME	DISTRICT	LOAN
Splash Developments Ltd	Medlock Road	Oldham	£1.670m

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

Contact Officers

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Risk Management

The structure and security package proposed for the loan in order to mitigate risk remain unchanged from the proposals previously approved by the Combined Authority.

Legal Considerations

An amendment to the loan facility agreement will be completed ahead the additional amount of the loan being drawn.

Financial Consequences – Revenue

The borrower will be required to meet the Fund's legal costs and there is no requirement for additional revenue expenditure by GMCA in addition to the approved Core Investment Team budget.

Financial Consequences – Capital

The loan is sourced from the £300m GM Housing Investment Loans Fund, including the recycling of loans repaid to the Fund.

Number of attachments to the report: None

Comments/recommendations from Overview & Scrutiny Committee

None.

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)
- GM Housing Investment Loans fund – Investment Approval Recommendation (report to GMCA, 31 July 2020)

Tracking/ Process

Does this report relate to a major strategic decision, as set out in the GMCA Constitution

Yes

Exemption from call in

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

1. Introduction

- 1.1 In line with the agreed governance process for the GM Housing Investment Loans Fund (“GMHILF” or “the Fund”), the GMCA Chief Executive, acting in consultation with the Portfolio Lead Leader for Place Based Regeneration & Housing, is asked to approve an increase in the loan detailed in section 2, which has 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 £598.3m and the total value of approved equity investments is £26.3m¹. The loans and equity investments approved by the Combined Authority will deliver 7,980 new homes. If the recommendation set out in this report is agreed, the value of loan offers will increase to £598.4m.

2. Increased loan approval sought

- 2.1 At its meeting in July 2020, the Combined Authority approved a loan of £1.600m to Splash Developments Ltd for the development of 8 houses on a site in Woodhouses, Oldham. Following scheme delays, the borrower has requested a revised loan of £1.670m, an increase of £70k on the amount originally approved.
- 2.2 Further details of the development and terms of the loan are included in the accompanying Part B report, to be treated as confidential on account of the commercially sensitive nature of the information. If approved, the increased loan will be reported to the next available meeting of the Combined Authority.

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