

Date: 28 June 2019

Subject: GM Housing Investment Loans Fund – Investment Approval Recommendations

Report of: Paul Dennett, Portfolio Holder for Housing, Homelessness and Infrastructure and Steve Rumbelow, Portfolio Lead Chief Executive for Housing, Homelessness and Infrastructure

PURPOSE OF REPORT

This report seeks Greater Manchester Combined Authority (“Combined Authority”) approval of the GM Housing Investment Loans Fund loan detailed in the recommendation below.

RECOMMENDATIONS:

The Greater Manchester Combined Authority is requested to:

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

BORROWER	SCHEME	DISTRICT	LOAN
Prestbury Holdings Ltd	Laurel Banks	Trafford	£0.921m

- b. 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:

1. Housing Investment Fund (report to GMCA, 27 February 2015)
2. GM Housing Fund – Updated Investment Strategy (report to GMCA, 27 July 2016)

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 PUBLIC DOMAIN RELEASE DATE: 28 JUNE 2034
TfGMC	Overview & Scrutiny Committee	

Risk Management – see paragraph 5

Legal Considerations – see paragraph 6

Financial Consequences – Revenue – see paragraph 7

Financial Consequences – Capital – see paragraph 8

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 £434.5m, and the total value of equity investments made by the Fund is £2m. If the recommendations set out in this report are agreed, the value of loan offers will increase to £435.4m.
- 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 Mayors Town Centre Challenge and tackling issues such as rogue landlords, empty homes and improving standards within the Private Rented Sector. A report seeking approval to a proposition for utilising some of these surpluses is to be discussed elsewhere on the agenda.
- 1.4 The GM Housing Vision was approved via the GMCA in January 2019. This sets the context for housing delivery within GM and paves the way for the GM Housing Strategy, to be discussed elsewhere on the GMCA agenda, and a revised GM Housing Investment Loans Fund Investment Strategy that will be brought to the GMCA for approval in the following months. 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 Prestbury Holdings Ltd are seeking a loan of £0.921m from the GM Housing Investment Loans Fund for the construction of 5 town houses on a scheme known as Laurel Banks in Altrincham. The scheme, for which planning permission was obtained in Nov 2018, will deliver 5 units and support an SME developer within the GM area. There is a CIL contribution of c£16k with no affordable housing provision in line with local planning policy.
- 2.2 Further details of the scheme and proposed terms of the loans are included in the accompanying Part B report, to be considered in the confidential part of the agenda on account of the commercially sensitive nature of the information.

3. RISK MANAGEMENT

- 3.1 The structure and security package proposed for the loan in order to mitigate lending risks are given in the accompanying Part B report.

- 3.2 The loan 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 scheme is being delivered satisfactorily.

4. LEGAL CONSIDERATIONS

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

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 / MCC in addition to the approved Core Investment Team budget.

6. FINANCIAL CONSEQUENCES – CAPITAL

- 6.1 The proposed loan 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 loan in line with the terms set out in the accompanying report.