

Greater Manchester Combined Authority

Date: 30 September 2022

Subject: GM Housing Investment Loans Fund - Investment Approval
Recommendations

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 seeks the Combined Authority's approval to the GM Housing Investment Loans Fund ("GMHILF") loans detailed in the recommendation below. This report also provides information regarding a loan previously approved by the Combined Authority where an increase in the loan has been approved under delegation.

Recommendations:

The Combined Authority 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
Blueoak Estates (Manchester) Ltd	Alexander House	Trafford	£11.289m
AH2 Gee Cross Ltd	Rowbotham Street	Tameside	£3.402m
FSG Bolton Moor Lane Developments (One) Ltd	Moor Lane	Bolton	£3.314m
Manchester New Square Limited Partnership	Manchester New Square	Manchester	£26.700m

2. Delegate authority to the GMCA Treasurer acting in conjunction with the GMCA Monitoring Officer to prepare and effect the necessary legal agreements.
3. Note the GM Housing Investment Loans Fund loan detailed in the table below, which has been approved by the GMCA Chief Executive acting in consultation with the Portfolio Lead Leader for Place Based Regeneration & Housing under the delegation set out 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.

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

Contact Officers





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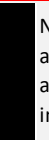
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Equalities Impact, Carbon and Sustainability Assessment:





The Equalities Impact and Carbon & Sustainability Assessment for each scheme is given below:







Alexander House

Impacts Questionnaire			
Impact Indicator	Result	Justification/Mitigation	
Equality and Inclusion			
Health			
Resilience and Adaptation			
Housing	G	Renovation of an under utilised secondary office building into 116 new apartments.	
Economy	G	Finance provided to support build costs of £7.6m which will largely be delivered from GM based enterprise. As above As above £19.4m property development value largely procured from investors outside of Greater Manchester.	
Mobility and Connectivity			
Carbon, Nature and Environment			
Consumption and Production			
Contribution to achieving the GM Carbon Neutral 2038 target			
Further Assessment(s):	N/A		
 Positive impacts overall, whether long or short term.	 Mix of positive and negative impacts. Trade-offs to consider.	 Mostly negative , with at least one positive aspect. Trade-offs to consider.	 Negative impacts overall.





Carbon Assessment				
Overall Score	#####			
Buildings	Result	Justification/Mitigation		
New Build residential	N/A			
Residential building(s) renovation/maintenanc	N/A			
New Build Commercial/Industrial	N/A			
Transport				
Active travel and public transport	N/A			
Roads, Parking and Vehicle Access	N/A			
Access to amenities	N/A			
Vehicle procurement	N/A			
Land Use				
Land use	N/A			
No associated carbon impacts expected.	 High standard in terms of practice and awareness on carbon.	 Mostly best practice with a good level of awareness on carbon.	 Partially meets best practice/ awareness, significant room to improve.	 Not best practice and/ or insufficient awareness of carbon impacts.







Rowbotham Street

Impacts Questionnaire		
Impact Indicator	Result	Justification/Mitigation
Equality and Inclusion		
Health		
Resilience and Adaptation		
Housing	G	
Economy	G	
Mobility and Connectivity		
Carbon, Nature and Environment		
Consumption and Production		
Contribution to achieving the GM Carbon Neutral 2038 target		
Further Assessment(s):	Equalities Impact Assessment and Carbon Assessment	
 Positive impacts overall, whether long or short term.	 Mix of positive and negative impacts. Trade-offs to consider.	 Mostly negative, with at least one positive aspect. Trade-offs to consider.
		 Negative impacts overall.





Carbon Assessment		
Overall Score		
Buildings	Result	Justification/Mitigation
New Build residential		
Residential building(s) renovation/maintenance	N/A	<p>B</p> <p>16 units will have gas boilers 4 units will have heat pumps</p> <p>All units are intended to use timber frame and wherever possible sustainable materials. Purchasers will be offered the optional to add PV system to their houses.</p> <p>TBC</p> <p>The borrower estimates £5000 - £6000 per unit for heat pumps.</p> <p>Assessment not complete as brownfield site made up of hardstanding and buildings..</p>
New Build Commercial/Industrial	N/A	
Transport		
Active travel and public transport	N/A	
Roads, Parking and Vehicle Access	N/A	
Access to amenities	N/A	
Vehicle procurement	N/A	
Land Use		
Land use	N/A	
No associated carbon impacts expected.	 High standard in terms of practice and awareness on carbon.	 Mostly best practice with a good level of awareness on carbon.
		 Partially meets best practice/ awareness, significant room to improve.
		 Not best practice and/ or insufficient awareness of carbon impacts.



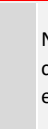




Moor Lane

Impacts Questionnaire				
Impact Indicator	Result	Justification/Mitigation		
Equality and Inclusion				
Health				
Resilience and Adaptation				
Housing	G	The development includes 22 houses to go forward for shared ownership, facilitating low cost home ownership. The development site is brownfield land. The development comprises 44 new build houses.		
Economy				
Mobility and Connectivity				
Carbon, Nature and Environment				
Consumption and Production				
Contribution to achieving the GM Carbon Neutral 2038 target				
Further Assessment(s): Equalities Impact Assessment and Carbon Assessment				
	Positive impacts overall, whether long or short term.	 Mix of positive and negative impacts. Trade-offs to consider.	 Mostly negative, with at least one positive aspect. Trade-offs to consider.	 Negative impacts overall.

Carbon Assessment				
Overall Score				
Buildings	Result	Justification/Mitigation		
New Build residential				
Residential building(s) renovation/maintenance	N/A	DFR/TEF - 21.49% DFEE/TFEE - 4.99% Forecast biodiversity gain exceeds 10% Development is located in Bolton town centre with very strong access to amenity, transport etc. Buildings include air source heat pumps.		
New Build Commercial/Industrial	N/A			
Transport				
Active travel and public transport	N/A			
Roads, Parking and Vehicle Access	N/A			
Access to amenities	N/A			
Vehicle procurement	N/A			
Land Use				
Land use	N/A			
No associated carbon impacts expected.	 High standard in terms of practice and awareness on carbon.	 Mostly best practice with a good level of awareness on carbon.	 Partially meets best practice/ awareness, significant room to improve.	 Not best practice and/ or insufficient awareness of carbon impacts.

Princess Street

Impacts Questionnaire		
Impact Indicator	Result	Justification/Mitigation
Equality and Inclusion		
Health		
Resilience and Adaptation		
Housing	G	The development consists of 351 new apartments. The development is on a brownfield site in Central Manchester.
Economy	G	The development creates/safeguards employment opportunities within the GM construction & professional services sector. The development increases opportunities for on-the-job training, working with new materials and understanding building regulations and legislation.
Mobility and Connectivity		
Carbon, Nature and Environment		
Consumption and Production		
Contribution to achieving the GM Carbon Neutral 2038 target		
Further Assessment(s): Equalities Impact Assessment and Carbon Assessment		
	Positive impacts overall, whether long or short term.	 Mix of positive and negative impacts. Trade-offs to consider.
	Mostly negative, with at least one positive aspect. Trade-offs to consider.	 Negative impacts overall.

Carbon Assessment		
Overall Score		
Buildings	Result	Justification/Mitigation
New Build residential		The development exceeds the applicable Building Regulations. The development is located in the city centre and therefore in close proximity to significant amenity.
Residential building(s) renovation/maintenance	N/A	
New Build Commercial/Industrial	N/A	
Transport		
Active travel and public transport	N/A	
Roads, Parking and Vehicle Access	N/A	
Access to amenities	N/A	
Vehicle procurement	N/A	
Land Use		
Land use	N/A	
	No associated carbon impacts expected.	 High standard in terms of practice and awareness on carbon.
	Mostly best practice with a good level of awareness on carbon.	 Partially meets best practice/ awareness, significant room to improve.
	Not best practice and/ or insufficient awareness of carbon impacts.	

Risk Management

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

Legal Considerations

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

Financial Consequences – Revenue

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.

Financial Consequences – Capital

The loans will be 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, 29 September 2017)

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 delegation agreed by the Combined Authority at its meeting on 29 July 2022, the GMCA Chief Executive acting in consultation with the Portfolio Lead Leader for Place Based Regeneration & Housing 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 £598.4m 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 recommendations set out in this report is agreed, the value of loan offers will increase to £643.1m, with the number of new homes supported rising to 8,154.
- 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 approved by GMCA in January 2019 began to set a new context for housing delivery within GM and paved the way for the co-produced GM Housing Strategy and revised GM Housing Investment Loans Fund Investment Strategy that were approved by GMCA in October 2019. Alongside the work toward the Joint Development Plan Document: Places for Everyone, this development of a shared strategic approach to the delivery of new homes across Greater Manchester sets the objectives and focus of future investments made from the Fund.

2. Loan approvals sought

- 2.1 Blueoak Estates (Manchester) Ltd is seeking a loan of £11.289m from the GM Housing Investment Loans Fund for the development of 110 apartments at Alexander House, Old Trafford. Planning permission was granted in July 2020. The

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

loan will support a North West based SME developing within GM. There is no Section 106 payment or affordable housing provision as the scheme represents Permitted Development.

- 2.2 AH2 Gee Cross Ltd is seeking a loan of £3.402m from the GM Housing Investment Loans Fund for the development of 20 houses on a site in Hyde. Planning permission was granted in June 2011 and has been confirmed as extant. The loan will support a SME developer bring forward the redevelopment of a brownfield site. There is no affordable housing provision due to the small scale of the scheme.
- 2.3 FSG Bolton Moor Lane Developments (One) Ltd is seeking a loan of £3.314m from the GM Housing Investment Loans Fund for a development of 44 houses on the site of the former Moor Lane bus station in Bolton town centre. Planning permission was granted in November 2021. The loan will support a SME developer to deliver 22 houses for open-market sale together with a further 22 houses for shared ownership, and forms part of a package of development which includes a further 60 affordable homes and for which an offer of £2.222m grant from the GMCA Brownfield Land Fund has been made.
- 2.4 At its meeting in September 2017, the Combined Authority approved a loan of £51m from the GM Housing Investment Loans Fund to Manchester New Square Limited Partnership for the Manchester New Square scheme (formerly referred to as Princess Street), a development of 351 apartments on a site in central Manchester. Manchester New Square Limited Partnership has requested an amendment to the facility to allow re-borrowing of up to £26.7m of the repayments it has made.
- 2.5 Further details of the developments 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. Loan approved under delegation

- 3.1 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 requested a revised loan of £1.670m, an increase of £70k on the amount originally approved.