

GMCA

Date: 26 January 2024

Subject: GM Housing Investment Loans Fund - Investment Approval Recommendation

Report of: Councillor Ged Cooney, Portfolio Lead for 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 loan detailed in the recommendation below.

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
Britannia Victoria Ltd	Victoria Park Probation Centre	Manchester	£9.632m

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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Equalities Impact, Carbon and Sustainability Assessment:

The Equalities Impact and Carbon & Sustainability Assessment for the Victoria Park Probation Centre scheme is given below:

Recommendation - Key points for decision-makers

Impacts Questionnaire

Impact Indicator	Result	Justification/Mitigation
Equality and Inclusion		
Health		
Resilience and Adaptation		
Housing	G	Utilising land previously occupied by redundant commercial buildings to provide 60 homes consisting of 41 apartments & 29 houses.
Economy	G	Finance provided to support build costs of £8.8m which will largely be delivered from GM based enterprise.
Mobility and Connectivity		
Carbon, Nature and Environment		
Consumption and Production		
Contribution to achieving the GM Carbon Neutral 2038 target		
Further information	<p>G Positive impacts overall, whether long or short term.</p> <p>A Mix of positive and negative impacts. Trade-offs to consider.</p> <p>R Mostly negative, with at least one positive aspect. Trade-offs to consider.</p> <p>RR Negative impacts overall.</p>	

Carbon Assessment

Buildings	Result	Justification/Mitigation
New Build residential		
Residential building(s) renovation/maintenance	N/A	
New build non-residential (including public) buildings	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 loan in order to mitigate risk are given in the accompanying Part B report. The loan will be conditional upon a satisfactory outcome to detailed due diligence and ongoing confirmation from a Monitoring Surveyor acting on the Fund's behalf that the scheme is being delivered satisfactorily.

Legal Considerations

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

Financial Consequences – Revenue

The borrower 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 loan 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)

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 (“the Fund”), the Combined Authority is asked to approve 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 £802.5m and the total value of approved equity investments is £26.3m¹. The loans and equity investments approved by the Combined Authority will deliver 9,571 new homes. If the recommendation set out in this report is agreed, the value of loan offers will increase to £812.1m with the number of new homes supported rising to 9,631.
- 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 Britannia Victoria Ltd is seeking a loan of £9.632m from the GM Housing Investment Loans Fund for the development of 41 apartments and 19 townhouses on the site of the former Probation Centre in Victoria Park, Manchester. Planning consent was granted in July 2022. The loan will support a SME developer bring forward the redevelopment of a brownfield site, with a Section 106 agreement in place for 12 of

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

the new homes to go forward for discounted market sale at a discount of at least 20% and ringfenced for sale to key workers or those on low incomes.

- 2.3 Further details of the development and proposed 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.