

Greater Manchester Combined Authority

Date: 28 March 2025

Subject: GM Housing Investment Loans Fund / GM Brownfield Housing Fund

Report of: Salford City Mayor Paul Dennett, Portfolio Lead for Housing First, and Steve Rumbelow, Portfolio Lead Chief Executive for Place Based Regeneration & Housing

Purpose of Report

In view of the extended period between the Combined Authority's March and May meetings, the Combined Authority is asked to agree a delegation to the GMCA Chief Executive acting in conjunction with the Portfolio Lead for Housing First to approve urgent variations to existing funding from the GM Housing Investment Loans Fund, and to approve new funding and urgent variations to existing funding from the Brownfield Housing Fund.

The Combined Authority is also asked to note the achievements of the GM Housing Investment Loans Fund, which will be closed to new commitments at the end of March 2025.

Recommendations:

The Combined Authority is requested to:

1. Delegate authority to the GMCA Chief Executive acting in consultation with the Portfolio Lead for Housing to approve urgent variations to existing funding from the GM Housing Investment Loans Fund, and approve new funding and urgent variations to existing funding from the Brownfield Housing Fund, in the period 29 March 2025 to 29 May 2025.
2. Delegate authority to the Chief Finance Officer acting in conjunction with the GMCA Monitoring Officer to prepare and effect the necessary legal agreements.
3. Note the achievements of the GM Housing Investment Loan Fund, which will be closed to new commitments at the end of March 2025.

Contact Officers

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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)
- GMCA Trailblazer Devolution Deal (GMCA approval on 24 March 2023)
- GMCA Brownfield programme (Devolution Trailblazer deal) - Methodology and Year 1 Allocations (GMCA approval on 30 June 2023)
- Greater Manchester Brownfield Programme - Year 2 and 3 Methodology and Allocations (GMCA approval 26 January 2024)
- GM Brownfield Programme (GMCA approval 14 May 2024)
- GM Brownfield Programme (GMCA approval 27 September 2024) – Brownfield Housing Fund Reallocations
- GM Brownfield Programme (GMCA approval 13 December 2024) – Brownfield Housing Fund Reallocations
- GM Brownfield Programme (GMCA approval 31 January 2025) – Brownfield Housing Fund Reallocations

Tracking/ Process

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

No.

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

Risk Management

Any new brownfield grants approved under the delegation will be conditional upon a satisfactory outcome of detailed due diligence and ongoing monitoring confirmation that the schemes are being delivered satisfactorily.

Legal Considerations

Any new brownfield grants approved under the delegation will be documented in grant funding agreements and any other legal agreements required to be completed ahead of the first grant payment.

Financial Consequences – Revenue

Any revenue costs arising from new brownfield grants will be met from headroom currently available with the £500k budget previously agreed by the Combined Authority and overage payments received to date from historic Brownfield grants.

Financial Consequences – Capital

Any new brownfield grants approved under the delegation will be met from headroom which becomes available within the brownfield programme in 2025/26, for which the overall spend profile agreed with MHGLG is £85.8m.

1. Delegations sought

- 1.1. The agreement between GMCA and MHCLG regarding the funds which GMCA receives and invests funds through the GM Housing Investment Loans Fund (“GMHILF” or “the Fund”) provides for a commitment period running to the end of March 2025 with a further 3 year run off before the funds are repaid to Government.
- 1.2. Discussions with Government regarding an extension to the Housing Investment Loans Fund are ongoing as part of GMCA’s wider housing ask, but under current arrangements GMCA will not be able to make new investments from GMHILF. An overview of the Fund’s achievements based on the commitments GMCA has made is given below.
- 1.3. It may from time to time still be necessary to seek GMCA approval to vary the terms of existing investments. Accordingly, as there is no Combined Authority meeting in April the Combined Authority is asked to grant a delegation to the GMCA Chief Executive acting in conjunction with the Portfolio Lead for Housing First to allow urgent variations to existing funding from the GM Housing Investment Loans Fund to be approved in the period between the GMCA’s March 2025 and May 2025 meetings.
- 1.4. A delegation to the GMCA Chief Executive acting with the Portfolio Lead for Housing First is also sought to allow for new funding allocations and urgent variations to existing funding from the Brownfield Housing Fund to be approved during this period.
- 1.5. Any recommendations approved under the delegations will be subject to the usual due diligence processes and will be reported to the next available meeting of the Combined Authority.

2. Overview of the GM Housing Investment Loans Fund

- 2.1. GMHILF was established in 2015 as a £300m loan from MHCLG to address constraints on capacity and risk appetite within the development finance market which were inhibiting GM’s aspirations to accelerate housing delivery, and with a target to deliver 10,000 new homes in Greater Manchester.
- 2.2. Since its launch, GMCA has approved detailed proposals for lending to 103 developments and equity investments in 4 partnerships delivering new homes. While not all funding offers having been taken up, 69 loans have proceeded to a legal commitment of over £1.011bn of lending and £26m of equity funding.

2.3. The key achievements of the Fund are as follows:

- the funding GMCA has committed, will deliver over 11,000 new homes by the time the Fund is fully repaid in 2028, with 8,340 completed to date;
- of the 11,000 new homes GMHILF will deliver, over 80% are being built on brownfield land;
- alongside large-scale schemes delivered by established developers the Fund has supported 40 schemes delivered by SMEs;
- the Fund has supported challenging schemes where delivery has been key to local regeneration objectives, such as the Stockport Interchange project where the redevelopment of the former bus station is a key element of wider plans for the transformation of the town centre;
- the Fund continued to commit support for new schemes during the COVID19 pandemic, recognising the importance of maintaining development activity to protect and create jobs in the construction sector and signalling confidence in GM's economic recovery from the impact of the pandemic;
- £17m has been committed to a joint venture with various Registered Providers and three social impact funds focussed on the provision of new homes for some of the most vulnerable members of society;
- under the terms of the agreement with MHCLG, GMCA has underwritten 80% of the £300m original loan - of the 69 loans which have proceeded to legal commitment, 56 have now fully repaid and to date the GMHILF has not lost any money;
- by its close in 2028, the Fund is forecast to generate income of £39m to GMCA and around the same for MHCLG. The surplus income to GMCA has been used to fund a number of wider housing initiatives, including the Good Landlord Charter and a graduate training programme to increase the capacity of GM local authorities to bring forward housing development;
- (while GMCA's primary tool to support the delivery of affordable housing is the Brownfield Housing Fund, which is forecast to deliver over 11,000 new affordable homes over the programme's lifetime), schemes supported through the GMHILF will deliver over 500 affordable homes.