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Home Building Fund

The UK Government introduced the 3 million government finance to boost the housebuilding sector in the UK. The housing crisis is the government priority, and this fund should increase the number of houses which are built in the UK.

As part of the government's action to tackle the housing deficit and ensure everyone has a secure place to live, the Communities Secretary and the Chancellor made it clear that they are determined to take action and get more homes built. Measures see the launch of a massive £3 billion Home Building Fund. This will help to build more than 25,000 new homes this Parliament and up to 200,000 in the longer term. The fund will provide loans for small and medium enterprise builders,

custom builders, offsite construction and essential infrastructure, creating thousands of new jobs in the process.

Sajid Javid said: "This government is getting on with the job of building a country that works for everyone. We've made great progress fixing the broken housing market we inherited but now is the time to go further. We want to ensure everyone has a safe and secure place to live and that means we've got to build more homes.

It is only by building more houses that we will alleviate the financial burden on those who are struggling to manage."

Homes and Communities Agency CEO Mark Hodgkinson said: "We're determined to speed up delivery and promote new approaches to house-building. The new Home Building Fund offers the industry flexible development and infrastructure finance and we're open for business right away. From today, builders and investors just need to give us a call to start discussing funding for new homes. Our dedicated team will also provide expert ongoing support to new entrants to the sector and those companies proposing innovative solutions to speed up house building."

"community-led housing projects, serviced plots for custom and self-builders, off-site manufacturing, new entrants to the market and groups of small firms working in consortia to deliver larger sites". A range of non-financial support is also available.

Finance can be provided on short term or long term basis. The commercial interest rates and the arrangement fee will apply. Loans are secured against the property assets.

The fund specification

- loans of £250,000 to £250 million are available with smaller loans considered for innovative housing solutions and serviced plots for custom builders.



The Homes and Communities Agency (HCA) is the national housing, land and regeneration agency in England. It is sponsored by the Department for Communities and Local Government. The HCA has been providing loan finance to the private sector since 2008. During this time, the HCA has made available loans and investments totalling over £4.4 billion to support the private sector to build new homes and bring forward land for development.

On behalf of the Government, the Homes and Communities Agency (HCA) provides two types of funds: development finance and infrastructure finance. *Development Finance* is a loan funding to meet the development costs of building homes for sale or rent. *Infrastructure Finance* is a loan funding for site preparation and the infrastructure needed to enable the housing to progress and to prepare land for development. Loans can be individually tailored.

Financing is available to support projects like

- typical terms are up to 5 years for development finance, and up to 20 years for infrastructure loans
- interest is payable at transparent, pre-agreed variable rates
- eligible costs will be discussed with each applicant and depend on the type of funding requested
- sales income can be recycled to minimise the loan request
- subordinated lending will be considered
- finance is available to draw down up to 31 March 2021
- eligible costs will be discussed with each applicant and depend on the type of funding requested. (Source: HCA)

The Fund provides loan finance with other forms of financial support considered. The HCA is an investor in the Housing Growth Partnership which supports residential development projects - for more details visit www.housinggrowth.com.

The eligibility

- applicants will need to demonstrate that without this funding the scheme would not progress as quickly, or at all
- developments must be in England
- the borrower must be a private sector entity which has majority control of the site
- development projects must build a minimum of 5 homes
- the borrower must be a UK registered corporate entity
- infrastructure projects must ultimately lead to the development of new housing
- the minimum investment the Fund will make is £250,000, except in the case of innovative housing solutions and serviced plots for custom builders.

(Source: HCA)

The government is looking to invest funds that will ensure the following:

- the best value for money for the taxpayer
- quick delivery
- local support
- projects that match policy priorities, such as Housing Zones, brownfield development, diversification and innovation
- projects that match government housing priorities, such as starter homes, estate regeneration, Garden Villages and Towns and making use of available public sector land

The application

Contact HCA to check if your project meets the eligibility criteria. If yes the investment team will guide you through the application. Be ready to provide some details about the development plans and your business finances. An assessment of financial standing and risks associated with lending to the business and the project can be carried out by the HCA. Lending decisions will be made by the HCA and their decision is final.

Apply online at gov.uk/homebuildingfund, call 0300 1234 500 or email homebuildingfund@hca.gsi.gov.uk.

This article is for informative purpose only, for detailed up to date information refer to HCA.