



# Getting capital investment into housing

By Claire Hall

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# Where does capital come from?

- The Government
- Housing providers own finances
- Support providers own finances
- The council
- NHS
- Families / Trust funds
- Private finance / Social investment



# The Government

- Homes & Communities Agency (HCA) oversees work of Registered Providers (of housing)
- Some RPs are registered to develop housing using Social Housing Grant (SHG)
- Availability of SHG has reduced considerably – RPs contribution increasing
- LA Housing Strategy team will support bids so need to be aware of demand



# Housing providers' own finances

- Housing providers are using:
  - their reserves
  - their own land
  - their borrowing facilities
- Criteria will vary
- LA Housing Strategy Team can connect to housing providers



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# Support providers' own finances

- Some support providers have reserves or borrowing facilities to build / buy properties
- Will have their own strategies regarding use
- Most will want a support contract guaranteed for a period of time



# The Council

- Planners decide how section 106 monies are used
- This can be infrastructure, contribution of housing being built, cash to build/but elsewhere
- Housing Revenue Account review now allows LAs with housing to retain income to reinvest
- LA Housing Strategy team can advise and also link to Planners



# NHS

- Grants and charges transferred from PCTs to NHS Property Services on 1 April 2013
- They subsequently transferred to NHS England on 1 April 2015
- NHSE taking decisions regarding 'recycling' of grant and other transactions
- New process will be formally made available later this year
- NHSE working on current schemes in development



# NHS cont...

New process:

- Standardised approach to business cases
- Assurance approval
- Suite of legal and transactional documentation



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# NHS cont...



## Likely process:

- Housing provider business case to be agreed by LA and CCG
- Submission to NHSE Regional Team
- Liaison with all parties to confirm key aspects
- Approval from Chief Finance Officer
- NHSE agrees necessary legals



# Local Strategies

- Important for Social Services /CCGs to link with Strategic Housing teams to ensure strategic need understood and reflected in local housing and planning strategies
- Housing for people with learning disabilities should be a consideration for Health & Wellbeing Boards



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# Families / Trust Funds

Some families have assets or Trust funds they can use / release for:

- Buy to let
- Buy to lease to a housing provider
- Joint purchase with a housing provider
- Purchase with other families / form a company

Factsheet on H&SA website

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# Private finance

- Perception that the social investment market and private finance is 'new', 'unfamiliar' and 'risky'
- HAs have used private finance to part fund housing for decades
- Lack of government funding and “Big Society” push has increased use of private and other finance



# Social Investment

Funding via structured packages and bonds from high net worth individuals, corporates and other investors wishing to:

- Invest in low risk activity
- Invest for the long term
- Receive a higher than average return
- Invest in a positive social outcome
- Invest in the UK
- Satisfy Corporate Social Responsibility



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# Overview

- Models, structures and sources vary.
- Some take a long term lease from the investment company, including buy clause at the end
- Some draw on funding directly – like a loan
- Rents are high as no public subsidy, but most agree ‘exempt’ rents
- Some providers can combine public assets (land, section 106 monies etc) to reduce rents





# Mixed finance example

- 3 bed semi detached house
- S106 agreement was to sell at a discount for social housing
- BeST purchased and set a core rent to reflect the discount



# Mixed finance examples 2



## Maun View

- A parcel of land for sale owned by the LA
- LA wanted larger than average properties and low density
- BeST built 12 self contained bungalows, staff accommodation and communal space in a secure gated scheme
- LA donated £85k to reduce the land purchase costs to keep the core rent at an affordable level



## Weaver Court

- Currently a registered home for approx 20 people with learning disabilities
- LA is gifting the building on a 125 year lease to convert to 23 self contained supported living apartments .
- The core rent will be reflect the gross costs based on the no cost property

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