

Housing Delivery Fund

Barclays and Homes England are working together to provide £1bn of residential development debt funding to help build more homes, more quickly.



Homes England



Introducing the Housing Delivery Fund

Key features and benefits

- Funding will be delivered through whole loans comprising senior and mezzanine debt
- Senior debt will be provided solely by Barclays, while mezzanine debt will be provided equally by Barclays and Homes England
- Loans will be sized against development costs, including finance costs (loan to cost ratio) and value of development upon completion (loan to gross development value ratio)
- Subject to individual deal characteristics, the senior debt can reach up to the lower of 65% loan to cost and 55% loan to gross development value, with junior debt providing additional leverage up to the lower of 80% loan to cost and 70% loan to value, where appropriate
- Funding of between £5m and £100m is available.

Helping to solve the housing crisis

The UK Government has a target to build 300,000 new homes a year. Barclays and Homes England are collaborating to provide up to £1bn in residential development debt funding to help deliver more homes at a faster pace.

Use of funds

The fund can help suitable development schemes looking for debt funding comprising senior and mezzanine tranches. Between £5m and £100m of funding is available to borrowers seeking to develop or accelerate the progress of new homes in England.

Core eligibility criteria

Both the Borrower and the proposed development scheme must meet the following core criteria to be eligible for the funding application:

- ✓ There must be reasonable evidence that the scheme would not progress or would not progress as quickly without this funding, or that the scheme aids innovation.
- ✓ The fund aims to target construction of more affordable homes and so increase access to home ownership. The development must consist of homes for rent or for sale and can include social housing, or private rental homes (subject to a satisfactory repayment source). Residential-led, mixed-use development schemes will also be considered. Serviced apartment and student accommodation developments are not eligible.
- ✓ A minimum of 10 homes must be built as part of the development, and they must be in England. The tenure of homes can be Freehold or Leasehold with the latter subject to peppercorn ground rents only.
- ✓ The Borrower must be able to demonstrate a successful track record of delivering previous development schemes.
- ✓ The Borrower must be a private sector entity with a majority control of the development site (although suitable joint ventures may be eligible if both parties are acceptable to Barclays and Homes England).
- ✓ The Borrower must be an England and Wales incorporated entity, LP or LLP.

How the Housing Delivery Fund has helped residential development

- Homes England and Barclays have agreed loan deals worth £229.8m
- 897 new homes to be built in Wimbledon, Southampton and Canning Town



Important funding requirements

All funding will be subject to the following conditions:

- All necessary planning approvals and permissions enabling the scheme to proceed are held, and any challenge window must have expired, prior to funding being available
- Developer equity to have been invested in full into the development prior to any mezzanine or senior funding being drawn
- The development must be fully funded i.e. it must not be reliant on additional funds beyond developer equity and the whole loan with exceptions on a case by case basis for house building schemes
- Appropriate cost and interest overrun contingency should be available either accommodated within the structure or external means
- Barclays will appoint an independent surveyor to monitor the progress of the scheme
- Satisfactory security will be required, including, but not limited to, a share pledge and fixed and floating security over the undertaking of the Borrower
- Satisfactory insurance must be on risk, in line with what is customary for funding of this nature
- Any injunctable rights of light positions must be identified and resolved by settlement or by rights of light insurance satisfactory to Barclays and Homes England
- Funding may be subject to further conditions depending on the details of the scheme and the funding package.

Next steps

For more information or to make an application for funding, please choose one of the following options:

- Contact your Barclays Relationship Director directly
- Call 0800 015 1921* to speak to a member of our team.



Who are Homes England?

Homes England are the government's housing accelerator. They have the appetite, influence, expertise and resources to drive positive market change. They're making possible the new homes England needs, helping to improve neighbourhoods and grow communities. They welcome partners who share our ambition to challenge traditional norms and build better homes faster. <https://www.gov.uk/government/organisations/homes-england>

Other important information

Costs: Loans will attract an interest margin and fees. The interest margin and fee package will be influenced by a number of factors, including credit quality, tenor, guarantee and security package.

Fixed/Floating interest: We will discuss with you at application stage the options for fixed or floating interest rates.

Term: Loan terms will be tailored to construction and marketing programmes and will typically be between 24 and 60 months.

Repayment sources: Loans will be structured on the basis that sales proceeds from completed schemes or an alternative pre-agreed arrangement will be the source of loan repayment.

Please note: Even if a proposal meets the core eligibility criteria and the funding requirements opposite can be delivered, funding decisions are at the discretion of Barclays and Homes England. Both Homes England and Barclays will apply their usual credit lending and due diligence procedures to any proposal.

[barclayscorporate.com](https://www.barclayscorporate.com)

You can get this in Braille, large print or audio by calling 0800 400 100* (via Text Relay or Next Generation Text Relay if appropriate). Barclays also welcomes calls via SignVideo for BSL users. Visit [barclays.co.uk/signvideo](https://www.barclays.co.uk/signvideo).

*Calls to 0800 numbers are free from UK land lines and personal mobiles, otherwise call charges may apply. Please check with your service provider. To maintain a quality service we may monitor or record phone calls. Lines are open 7 days a week, 7am to 11pm.

Barclays Bank PLC is registered in England (Company No. 1026167) with its registered office at 1 Churchill Place, London E14 5HP. Barclays Bank PLC is authorised by the Prudential Regulation Authority, and regulated by the Financial Conduct Authority (Financial Services Register No. 122702) and the Prudential Regulation Authority. Barclays is a trading name and trade mark of Barclays PLC and its subsidiaries. Item-Ref: BM414764. August 2019.