



Homes &
Communities
Agency

A photograph of a construction worker in a blue hard hat and orange safety vest, seen from behind, holding a yellow glove against a vertical measuring scale. In the background, another worker is visible near a tripod, and a house is under construction under a bright, hazy sky at sunset. A solid green vertical bar is on the right edge of the image.

An introduction to the Home Building Fund

The £3 billion Home Building Fund is government finance to increase the number of new homes being built in England

Introducing the Home Building Fund

We need more homes to be built and finance can be a barrier – particularly for small builders and innovative schemes. So as well as helping larger builders and developers, the Home Building Fund is also open to small builders, community builders, custom builders and regeneration specialists.

This guide tells you more about the Fund, including what types of projects are eligible and how to apply.



What is the Home Building Fund?

The Home Building Fund is a flexible source of funding administered by the Homes and Communities Agency (HCA) on behalf of government.

The Fund provides:

Development Finance

Loan funding to meet the development costs of building homes for sale or rent.

Infrastructure Finance

Loan funding for site preparation and the infrastructure needed to enable housing to progress and to prepare land for development.

Loans can be tailored to your individual circumstances.

We want to encourage innovation, both in the kind of homes that are built and the way they are delivered. Financing is available to support these projects which could include 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 for larger infrastructure schemes to help overcome barriers to schemes progressing more quickly.

How does the Home Building Fund work?

Our flexible approach to structuring loans enables us to provide finance on both a short and long term basis.

All our lending requires appropriate security and loans are typically secured against property assets.

The key features of the Fund are:

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

- 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

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



What does it cost?

Interest rates will be applied to the loan at commercial rates.

In addition to the interest rate an arrangement fee will be charged. Further information about our approach to pricing can be found on our website.

Who can apply?

Finance is available to all private sector organisations involved in delivering new homes and the provision of enabled sites ready for residential led schemes.

The Fund has a few core eligibility criteria:

- 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

At the point at which a loan offer is made, applicants are normally required to have a controlling interest in the land and a clear route to achieving planning consent.

The HCA has responsibility for managing the Fund and its lending decisions are final.

Prioritisation

As a government-backed initiative, the Home Building Fund also reflects wider government priorities. We are looking for:

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

What is the Homes and Communities Agency?

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.

The HCA has a dedicated investment team who bring together extensive experience of commercial lending with the government's investment capability.



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How do you apply?

The first step is to contact the HCA. You can do this online, or by email, phone or post. We'll take some details, and if your project appears to meet the eligibility criteria, we'll put you in touch with a member of the investments team who will help you make your application.

Just as with any other development loans, you'll need to provide certain key pieces of information about your development plans, and your business finances as part of the decision making process.

-  **Gov.uk/homebuildingfund**
Complete a short form to request a call back or register your interest
-  0300 1234 500
-  homebuildingfund@hca.gsi.gov.uk
-  Home Building Fund
Homes and Communities Agency
Fry Building
2 Marsham Street
London
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Important information

The HCA is registered with the financial services regulator, the Financial Conduct Authority (FCA), for supervision of its Anti Money Laundering (AML) controls in relation to the lending activities carried out by the HCA Investment directorate as required by the Money Laundering Regulations 2007 (MLR). We are therefore required to comply with legal as well as relevant FCA regulatory requirements with regard to the prevention of AML / Counter Financing of Terrorism (CFT). As part of the due diligence process undertaken by the HCA, "Know Your Customer" (KYC) involves establishing the identity and verifying the address of the Directors / Owners / Partners of the bidding entity, together with establishing and identifying the Ultimate Beneficial Owner (s) and Principal Controllers.

The purpose is to ensure we have full transparency not only of the contracting party, but also of the ultimate source of funds in establishing the entity, or any relevant equity investment into the Borrowing party's project. Full KYC requirements can be downloaded via the website.

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Gov.uk/homebuildingfund

Complete a short form to request a
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