Government housing funding programmes: a summary

Steve Fyfe
GMCA Head of Housing Strategy
(1) **Help to Buy** (£32bn nationally 2013-23)

- There are a range of Government-backed schemes under the Help to Buy banner (see [https://www.helptobuy.gov.uk/](https://www.helptobuy.gov.uk/)). These are aimed at individual households so spend in GM is determined by demand for the various schemes. Help to Buy support is available, with a range of eligibility criteria, as follows:
  - **Help to Buy Equity Loan**: the Government lends up to 20% of the cost of a newly built home, leaving households to find a 5% cash deposit and a 75% mortgage. No loan fees are charged on the 20% loan for the first five years.
  - **Help to Buy Shared Ownership**: for households who can’t afford the mortgage on 100% of a home, this offers the chance to buy a share of their home (between 25% and 75% of the home’s value) and pay rent on the remaining share. There are variations for older households and people with long-term disabilities.
  - **Help to Buy ISA/Lifetime ISA**: You can use a Lifetime ISA to buy your first home or save for later life. You must be 18 or over but under 40 to open a Lifetime ISA. You can put in up to £4,000 each year, until you’re 50. The government will add a 25% bonus to your savings, up to a maximum of £1,000 per year.
  - In October 2017, Government announced an additional £10 billion for the Help to Buy scheme to support 135,000 buyers access mortgages to buy newly built homes with a deposit of 5% or above.
(2) Shared Ownership and Affordable Homes Programme (SOAHP) (£11bn nationally 2015 to 2021)

• Grant funding targeted toward housing associations and other ‘registered housing providers’
• Allocations are made to housing providers rather than to areas, so there is no formal overall GM allocation as such.
• Bids are assessed on a competitive basis, taking into account grant rate and unit cost, with Homes England consulting districts on allocations to ensure strategic fit. Products include affordable rent, shared ownership, rent to buy, etc.
• ‘Strategic partnerships’ agreed with selected housing providers offers them longer term funding at an agreed grant rate per unit.
• £2 billion of social rent grant funding within the £9 billion total is only available to areas with ‘high affordability pressures’ where private rents are £50+ more per week than social rents. Five GM districts eligible – Bury, Manchester, Salford, Stockport, Trafford.
(3) Housing Infrastructure Fund
(£5.5bn nationally, 2017-2022)

• Announced in the Autumn Statement in 2016 and subsequently extended
• Grant funding allocated to local authorities on a competitive basis, in the period from 2018-19 to 2023-24, to fund physical infrastructure such as roads, community facilities and utilities targeted at unlocking new private house building in the areas where housing need is greatest.
• Deliver up to 650,000 new homes through two funding streams – the Marginal Viability Fund (MVF) for schemes up to £10m; and Forward Funding (FF) for schemes with an upper limit of £250m.
• Three GM FF bids – Bolton/Wigan; Manchester; Salford
• 12 GM schemes awarded MVF worth £69,227,164
(4) Home Building Fund (£4.5bn nationally 2016 - 2023)

- **Loan** funding aimed at private sector (or majority private sector):
  - To meet the development costs of building homes for sale or rent; and
  - For site preparation and the infrastructure needed to enable housing to progress and to prepare land for development
- Only invested in GM where GM Housing Investment Loan Fund cannot
- All lending requires appropriate security and loans are typically secured against property assets
- 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.
(5) Small Sites Fund (£750m nationally, 2018-2021)

• Provides grant funding to speed up getting the right infrastructure in place to support home building on stalled small sites to provide the homes their communities need.
• No formal application process – Homes England ‘open for business for schemes that can spend by March 2021’

(6) Land Assembly Fund (£1.3bn nationally, 2019-2021)

• Funding for Homes England to acquire land needing work and get it ready for the market, making it less risky for developers to invest in and start building.
• No formal application process – Homes England ‘open for business for schemes that can spend by March 2021’
(7) Estates Regeneration Fund (c.£180m nationally)

• Initially announced alongside the development of a national estate regeneration strategy, and intended to transform ‘up to 100 housing estates’
• Designed to accelerate and improve estate regeneration schemes through recoverable investments, helping to boost housing supply and improve the quality of life for residents in estates across England
• Funding available over 5 years from 2016 to 2021, including enabling funding and £140 million of project finance to kick-start and accelerate the regeneration of estates. This is loan finance for costs associated with land assembly including leaseholder buy-outs, de-canting/re-housing costs, demolition, preparatory construction and other works necessary to enable development or accelerate delivery
Homes England housing programme funding

**Geographical targeting**

- A minimum of 80% of resources available from five programmes will, on average over the next five years, be directed at areas of ‘highest affordability pressure’
- Areas defined using the ratio of median house prices to median workplace-based household income figures
- Only four local authority areas are included in the 80% category in the North of England (Trafford and South Lakeland plus Hambleton and Harrogate in Yorkshire)
- Programmes included:
  - Housing Infrastructure Fund (HIF) Forward Fund (FF)
  - Estates Regeneration Fund (approximately £180m);
  - Home Building Fund (£4.5bn);
  - Small Sites Fund (£630m); and
  - Land Assembly Fund (£1.3bn).
MHCLG: Geographical Targeting Across 5 Housing Programme Funds 30th October 2018

Ratio of median house price to median gross annual (where available) workplace-based earnings by local authority district, England, 2017

Source: ONS, House price to workplace-based earnings ratio, 26th April 2018

Table 5C: https://www.ons.gov.uk/peoplepopulationandcommunity/housing/datasets/ratioofhousepricetoworkplacebasedearningslowerquartileandmedian

Legend

- 2.71 (housing affordability ratio)
- 20% Funding available
- 8.88 (median housing affordability ratio)
- 80% Funding available
- 40.69 (housing affordability ratio)
- No housing affordability ratio data

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GMCA
GM Housing Investment Loan Fund
(£300 million for GM only)

- Ten year revolving loan fund intended to help kickstart housing projects that would otherwise be difficult to fund because of the caution in the residential finance market
- When the loans are paid back, the money can be reinvested in new projects. Any surpluses generated are retained and can be used to support delivery of strategic housing objectives
- Conditions to qualify for funding:
  - Any loan size considered between £500k and £30 million
  - Security requirements dependent on project specifics
  - Maximum four year loan term, longer terms considered case by case
  - Investments are made as debt and equity depending on the needs of individual schemes
- To date GM HILF has committed over £420m to build over 5,150 units at 40 sites across Greater Manchester