

# Breaking Ground



## The housing accelerator

How UTB are working in partnership with Homes England to help build new homes.

### Welcome to the latest edition of Breaking Ground.

Inside Harry Swales of Homes England, describes how they are engaging with various lenders, including UTB, to ensure SME housebuilders have access to the funding they need to build and grow. Homes England is the government's 'housing accelerator'. Their mission includes increasing the supply of public land for development, stimulating local economic growth and encouraging the adoption of MMC to help build 'better homes, faster'.

If you have any feedback or would like to discuss a proposal, please give me a call.

#### Paul Turton

Director of Business Development and Marketing, Property

#### Call or mail me

07887 716 015

[pturton@utbank.co.uk](mailto:pturton@utbank.co.uk)





# Building alliances to build homes



**Harry Swales** has worked with Homes England since 2015 and was appointed Executive Director of their Markets, Partners and Places directorate in February last year. He has over 15 years' experience in the real estate industry as a developer, investor and funder. A chartered surveyor by trade, Harry has a background in delivering projects in both the public and private sector.

Since Homes England launched, we have supported SME house builders in partnership with lenders who share our purpose. This strategy works because it uses the financial and operational capabilities of the market and provides additional support to SMEs, whilst delivering good value for public money.

We have recently observed a relatively resilient development lending market across both regulated banks and the alternative lending sector. However, the economic outlook means the volume and terms of finance available to SMEs can be variable.

Therefore, a wide range of quality lenders and capital is essential to drive the diverse, competitive, and resilient development lending market necessary for SMEs to build, grow and play a bigger part in building the high quality homes the country needs.

Since the launch of our Home Building Fund, Homes England has lent over £1.1bn in development loan finance, supporting close to 350 SME housing projects. Our direct lending activity is designed specifically to support builders who face challenges obtaining private sector finance.

Our lending alliances, with organisations

like United Trust Bank, complement this approach, increasing the support available to builders by diversifying the lending market itself. By using our funding flexibly, we're able to provide more choices for SME developers and support a more resilient lending ecosystem.

Our existing alliances support a full range of SMEs, funding projects as small as two homes and larger developments of up to 600 homes.

- The Housing Growth Partnership with Lloyds Bank is a fund which invests equity alongside SMEs into their development projects, also providing an SME advisory service through experienced industry experts.
- The Housing Delivery Fund with Barclays Bank provides loans of between £5m and £100m to larger SME development projects.
- In late 2020 we launched a partnership alongside non-bank lending platform, Invest & Fund, targeting the growth of micro and small builders with loans of between £400k & £2.5m.
- Our newest product, announced in February 2021 is The Housing

Accelerator Fund, in partnership with United Trust Bank. This 5-year alliance provides SME loans of between £1m and £10m at enhanced leverage of up to 70% loan to Gross Development Value, easing the SME equity burden and allowing quicker building and growth.

Looking to the future, we'll continue to work across the market to support SMEs in innovative and impactful ways. In particular, we'll look to increase the finance available to SMEs showcasing sustainable, progressive building practices and will explore how we can expand the supply of institutional capital to support residential development finance.

At Homes England, we're committed to supporting the growth and diversification of the SME sector, we know how important SMEs are to a healthy and resilient housing market. Our development finance and lending alliances help builders get on and build now and improve the lending landscape for SMEs. We'll continue to explore new partnerships and opportunities to make this happen.



# UTB funds £6.7m north west development in JV with Housing Growth Partnership

United Trust Bank (UTB) is funding a £6.7m development of 25 new family homes in a rural Cumbrian village. The scheme is being undertaken by an experienced and successful regional housebuilder in a joint venture (JV) with the Housing Growth Partnership (HGP).

UTB was approached by the borrowers after the original funders withdrew their offer following the onset of the first Covid-19 lockdown. The developers were within weeks of completing the

purchase of the c3.2 acre site and the withdrawal of the funding only added to the housebuilder's pandemic challenges.

Both UTB and the housebuilder had an existing relationship with HGP and despite the travel and operational difficulties presented by lockdown, all parties worked hard to get the project back on track. With the £4.16m UTB funding in place, the housebuilder proceeded with the land purchase and groundworks have now commenced.

**BORROWER** Regional House Builder

**AMOUNT** £4.16 million

**LOAN TYPES** Development Finance

**LOCATION** North West

**LTC** 62%

## PROJECT TYPE

- Greenfield development of 25 family homes
- A mix of 2-5 bedroom houses and bungalows

## SPECIAL FEATURES

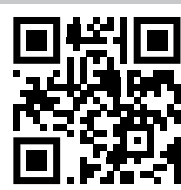
- New to bank customer
- JV with Housing Growth Partnership
- Original lender withdrew funding offer due to Covid-19 lockdown



# aprao

## Could Aprao make your business more productive?

Aprao is a cloud-based development appraisal tool designed to help SME housebuilders and developers increase their efficiency and free up time. Many of our customers are already reaping the benefits of giving up their 'home-made' appraisal spreadsheets and adopting this technology as a new way of working. Aprao are currently offering a free, no obligation 14-day trial and you can find out more at [Aprao.com](https://Aprao.com)



## Appraisal software for property developers.

Forget outdated software and spreadsheets: increase your speed and efficiency with Aprao.

Visit [aprao.com/utb](https://aprao.com/utb) for your free trial



# Words to the Wise

For insight and commentary from across the property industry visit UTB's Wise Owl webpage: [utbank.co.uk/wise-owls](https://utbank.co.uk/wise-owls)





# housing accelerator

## Housing Accelerator Fund

*Working in partnership with Homes England*

**70% LTGDV | Loans up to £10m**

## Development Finance

**65% LTGDV | Loans up to £30m**

## Development Exit

**75% LTV | Loans up to £30m**

### **BUILDING ON A PARTNERSHIP**

United Trust Bank, supporting the building activities of Developers and House builders to deliver much needed homes across England & Wales.

