An introduction to the Home Building Fund
The £4.5 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 Homes England 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.
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
- infrastructure finance is available to draw down up to 31 March 2021 while development finance will now be available to draw down up to 31 March 2023
- 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. Homes England is an investor in the Housing Growth Partnership which provides equity capital directly for residential development projects – www.housinggrowth.com

Homes England has also established an investment partnership with Barclays, which provides residential development debt funding to build more homes more quickly. For more information contact 0800 015 1921

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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.

www.gov.uk/homebuildingfund
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 some 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
- funding will not be provided for projects where in our view there is unjustified use of leasehold for new houses
- the borrower must be a UK registered corporate entity
- infrastructure projects must ultimately lead to the development of new housing

- the minimum investment 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 Home Building Fund’s eligibility criteria may be updated from time to time to reflect government priorities. Should changes to the eligibility criteria for the Home Building Fund be required we would not be obliged to consult with you about them. Any lending decision we make to you under the Home Building Fund may be changed or withdrawn by us until we have completed due diligence and signed agreements with you. We therefore advise you not to make business decisions assuming your application will be successful until we have signed agreements with you.

Homes England 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, and will approve applications based on:

- the best value for money for the taxpayer
- projects that focus on areas of highest affordability pressures
- the greatest potential for early delivery
- clear local support
- projects that support policy priorities such as strengthening the Small and Medium-Sized Enterprises (SME) developer market, brownfield development and diversification and innovation in the housing market
- projects that support wider government housing priorities, such as estate regeneration, Garden Villages and Towns and making use of available public sector land
How do you apply?

The first step is to contact Homes England. 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/homebuilding fund
Complete a short form to request a call back or register your interest

0300 1234 500

homebuildingfund@homesengland.gov.uk

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Important information

Homes England 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 Homes England 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) and sanctions regimes.

As part of the due diligence process undertaken by the Homes England “Know Your Customer” (KYC) involves establishing and verifying the identity and the address of the Directors / Owners / Partners of the bidding entity, together with establishing and identifying the Ultimate Beneficial Owner(s) and Principal Controllers / decision makers. Importantly ensuring that there is no untoward adverse antecedents as well as assessing and managing any risks presented.

The purpose is to ensure we have full transparency not only of the contracting party, but also of the ultimate sources 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.