



Homes &  
Communities  
Agency

# CUSTOM BUILD SERVICED PLOTS LOAN FUND PROSPECTUS – CONTINUOUS MARKET ENGAGEMENT

June 2015

Archived

## **Contents**

<b>Introduction and aims</b>	<b>3</b>
<b>The Custom Build Serviced Plot Loan Fund</b>	<b>4</b>
<b>Eligibility criteria</b>	<b>6</b>
<b>Further information and assessment process</b>	<b>7</b>
<b>Who do I submit my application to?</b>	<b>15</b>
<b>Annex A – Interest rates for loans</b>	<b>16</b>
<b>Annex B – Expression of interest – Evidence Required</b>	<b>19</b>
<b>Annex C –Due Diligence and Know Your Customer (KYC) Requirements</b>	<b>22</b>

## Introduction and aims

1. This Prospectus sets out the detail of how to access the £150 million Custom Build Serviced Plots Loan Fund which has been designed to fund the development of serviced plots to support the growing number of people who want to custom build their own home.
2. The custom build<sup>1</sup> sector makes important contribution to housing supply, with about 1 in every 10 homes being built or commissioned by individuals. The aim of the Custom Build Serviced Plots Loan Fund is to help address the primary difficulty faced by many custom builders: securing a suitable building plot for their projects.
3. Funding will be on the basis of a fully recoverable loan. The programme will operate by making direct investments in specific projects through loans to bring forward serviced building plots for custom build projects.
4. As the programme will operate on this basis, the fund will only be payable to non public-sector recipients. Local authorities who wish to see it benefit their area will therefore need to identify a private or third sector partner or vehicle to lead a bid. For avoidance of doubt, registered providers classified to the private sector are eligible to bid.
5. The fund will provide loan finance to bring forward sites of 5 or more serviced plots. These are 'shovel ready' sites with planning permission, where plots or parcels are laid out and the land is ready for construction. Access is provided and each plot or parcel has utilities/services provided to the plot/parcel boundary.
6. Following the conclusion of the initial bidding round in 2014 access to the fund will be through a continuous market engagement process until the fund is fully allocated. The fund is intended to be open to applications from 2014/15 until 2019/20. The total fund must be drawn down by 31 March 2020.
7. The fund will be available in England only and will be managed by the Homes and Communities Agency. In London, arrangements have been agreed with the Greater London Authority. We will look, subject to sufficient high quality deliverable bids, to allocate to London a similar proportion as through the previous custom build programme. If there are suitable opportunities, this would equate to £22.5 million of funding for the capital. Funding for the Greater Manchester Housing Fund became available on 1st April 2015. Initial

---

<sup>1</sup> Custom home building typically involves individuals or groups of individuals commissioning the construction of a new home or homes from a builder, contractor or package company or, in a modest number of cases, physically building a house for themselves or working with sub-contractors. This latter form of development is also more commonly known as 'self build'.

enquiries from bidders for schemes in the ten local authorities in Greater Manchester should be made to Marie Hodgson, Head of Area for Greater Manchester [marie.hodgson@hca.gsi.gov.uk](mailto:marie.hodgson@hca.gsi.gov.uk). Any bids received from this date onwards will be forwarded to Greater Manchester Combined Authority.

## **The Custom Build Serviced Plot Loan Fund**

### **How will the funding work?**

8. The Loan Fund provides a total of £150 million repayable finance for eligible projects which bring forward 5 or more serviced plots for custom build homes.

9. Funding will be in the form of a loan offered with an appropriate interest rate applied with the State Aid matrix representing the minimum rate used (see Annex A for detail). This will ensure the fund complies with EU State Aid rules. Final offered rates may be in excess of those illustrated depending on the specifics of the project, the creditworthiness of the borrower, the nature of the proposed investment and security on offer. All funding is invested on a fully recoverable basis with a project-specific long-stop date by which all the loan must be repaid.

10. Loan funding for approved projects will be capped at 75% of their eligible costs, as agreed at the application stage. Applicants will be required to have in place the remaining 25%, with a preference for equity, of funding required to complete servicing of the plots to bring them to market. It is expected that applicants will have used this funding and incurred expenditure from their own resources before any loan advances are made.

11. Loans are intended to finance the provision of serviced building plots for custom build development. Plots will therefore be required to be sold to custom builders (individuals or developers). Bulk sales of plots or serviced parcels to developers will be conditioned to prohibit the speculative construction of housing for sale on completion.

12. It is expected that the sales of plots will trigger partial repayment of the loan. This will be agreed on a case by case basis as some projects may require early receipts to be recycled back into the project.

13. Interest is added to the loan from the date of the agreement and is “rolled-up” on a daily basis. The total amount to be repaid will be forecast at the outset and agreed as part of the project budget and cash flow. The cash flow will be updated regularly as the project progresses so the amount to be repaid will always be known.

14. The loan agreement will have a “long-stop” date by which all the funding must be repaid. Timescales for repayment will be guided by normal industry standards, and will be agreed on a case by case basis. Some project long-stop dates may be after 31 March 2020, when the fund closes. Regardless of whether sales have been achieved, the long-stop date will trigger repayment of the loan in full plus accrued interest. Loans that can demonstrate earlier repayment will be advantaged in the application assessment process.

15. A charge will be required to be registered on the site title as security for the loan before any funding can be drawn down. The charge will be progressively released as plots are sold and repayments of the loan made.

16. A legal undertaking will be given to release the charge on repayment so that “retail” mortgage lenders financing staged-release mortgages for the purchase of plots are in no doubt they can secure their own debt. This should not therefore constrain the choice of lenders available to plot purchasers and custom builders.

17. It is envisaged that for some projects partly financed by bank loans an inter-creditor deed (ICD) will be required.

### **Relationship to other funding**

18. Schemes which have received support from other government programmes such as Get Britain Building and Builders Finance Fund to cover capital costs which are eligible under this fund will not be able to apply for funding for those particular costs under this programme.

19. It is possible that a scheme could benefit from the Custom Build Serviced Plot Fund and subsequently apply for funding under another HCA programme, providing it is not for expenditure that has already received funding support. In such circumstances the first loan would have to be repaid in full and the associated charge on the site released. Receipt of funding under one programme does not guarantee that an application for a loan under this programme will be successful.

## Eligibility Criteria

20. The following factors will be used to determine both applicant and project eligibility

### Eligible applicants

21. Funding will only be given to organisations able to satisfy the fund administrator that they are an appropriately constituted body, of good standing and with the capability to deliver their project.

22. Such bodies include bodies registered with the Charity Commission as a charity, or registered as an incorporated body with Companies House or with the Financial Services Authority as an industrial and provident society. This typically includes builders, contractors, developers, registered providers classified to the private sector, Community Land Trusts and Community Organisations recognised under the 2011 Localism Act.

23. Public sector bodies (including local authorities, County Councils, Local Enterprise Partnerships) are not eligible to bid unless they partner with a third party who can comply with the above requirements. Due diligence processes (see further below) will be carried out to ensure the proposed entity is suitable to receive funding.

24. Developers, enablers or construction firms who undertake the site infrastructure/servicing work and then offer design and build contracts for the construction of homes for plot purchasers, including self-finish housing, are eligible to apply.

### Eligible costs for funding

25. To ensure the intended effect of the fund is maximised, loans will be available for residential (Use Class C3) projects only where the project leads to the construction of new custom build homes.

26. Qualifying expenditure includes:

- on-site infrastructure directly related to the construction of the homes such as access roads, footpaths and cycleways
- provision of on-site utilities/services which are provided to plot/parcel boundaries

- land preparation required to prepare building plots (including remediation)
- costs associated with the demolition of any existing buildings on site
- fencing and structural landscaping required to secure the immediate site boundary (this excludes fencing or structural landscaping for individual plots)
- professional fees directly associated with works funded through the Custom Build Serviced Plots Loan Fund

27. The following expenditure is not funded:

- land acquisition costs
- S106 planning obligations, Community Infrastructure Levy charges and costs associated with S278 agreements
- construction costs for homes or other buildings (including any slabs/foundations and plot/parcel-specific hard and soft landscaping works)
- costs of preparing a planning application

28. Where the provision of building plots associated with custom build homes are part of a larger development, any costs associated with the larger development and site must be apportioned on an acceptable pro-rata basis to the plots for which funding is being sought.

### **Planning consent**

29. To qualify for funding, projects need to have outline planning permission (with reserved matters) as a minimum. This must include siting of plots and site access.

30. Proposals for schemes without planning consent may be considered where land is controlled by the applicant or where the site has been designated in an adopted development plan. However, no loan funding will be payable until an outline planning permission is in place. If the fund is over-subscribed, schemes which have planning permission will be given preference over those without.

### **Scale of projects which are funded**

31. To ensure the intended effect of the fund is maximised, eligible projects must bring forward sites with a minimum of 5 building **plots** which will enable the construction of 5

custom build homes, whether these are detached, terraced or in the form of apartments. There is no upper limit on the numbers of plots that can benefit from funding. However, to maximise the number of projects that can be assisted, a cap will be applied of £3 million for any single project.

32. For larger scale developments comprising of 200 or more plots it is expected that these will be divided into phases. Each phase will be expected to meet the eligibility requirements for funding.

### **How will eligible schemes be prioritised?**

33. Schemes which satisfy the stated eligibility criteria will be prioritised using the scheme administrator's (and their advisors') professional judgement. The following aspects will be considered through a scoring process. The order of the following does not necessarily represent the order in which priority will be given.

- Schemes which are most likely to achieve an early start on site
- Schemes which offer the most impact in terms of the amount of funds requested and plots delivered (value for money considerations)
- Schemes which offer the greatest prospect of investment recovery, including an assessment of the scheme's viability and security.

34. Overall exposure will be considered both in terms of organisation and geographical concentration on a portfolio level during the prioritisation process (and during due diligence) and the Fund administrator reserves the right to manage this exposure accordingly.



## Further Information and the Assessment Process

35. Applications for loan finance during continuous market engagement must be submitted using the online Expression of Interest form available through the Homes and Communities Agency's Partner Portal

36. Applicants must be able to demonstrate clearly that they can meet the eligibility requirements set out in this prospectus and indicate the amount of funding they are bidding for.

37. Applications will be assessed in a two-stage process:

- Initial assessment leading to short listing; and
- Due Diligence and Know Your Customer (KYC)

38. The initial assessment will use the following criteria:

- Meeting threshold eligibility requirements;
- Scheme size, total scheme costs and estimated market values;
- Value for money;
- Deliverability, including planning status and timing of plot completions;
- Evidence of commitment from purchasers/final plot owners or, if this cannot be demonstrated, evidence of local demand for building plots in the local area;
- Previous experience of delivery;
- Whether the project has support from a Right to Build Vanguard authority.

39. Shortlisted applications for funding will then be subject to a due diligence and KYC process to verify suitability for funding, including:

- Satisfactory identification and address verification for all persons who exercise control over the business;
- Bidder and project financial standing;

- Evidence of site ownership, planning status;
- Availability, sources and status of other project funding;
- The amount of Custom Build Serviced Plots loan required and interest rate to be charged;
- The project delivery risks are at an acceptable level and mitigated by the security offered for the funding required.

### **Expression of Interest Stage**

40. A single bidder can put forward bids for different sites. Each bid must individually comply with the eligibility criteria and requirements set out in this prospectus. Applicants should note that exposure will be managed at a portfolio level and decisions are final.

41. The Expression of Interest form asks bidders to identify the turnover and number of employees of the house building-related element of the organisation's business to provide an indication of company size. This will not be a factor in the eligibility or assessment process and is only relevant for reporting purposes. It is not applicable to community organisations.

42. Local Authorities will be consulted and may have non-financial information shared with them to seek their views on the application and to check the planning status of the project. Other verification, for example site visits, may be undertaken. Where the assessors' view of likely timing and deliverability (including start and completion dates of the project and the number of plots sold by certain milestones) differs from that of the bidder, the assessors' view will be final.

### **Meeting threshold eligibility requirements**

43. Applicants submitting an Expression of Interest must be able to demonstrate they are an appropriately constituted body or charity. This may be subject to further checking before shortlisting. Projects cannot be shortlisted which do not meet this requirement.

44. Proposals must be for residential development. The provision of infrastructure to bring forward other uses will not be considered.

45. Projects bringing forward a site with fewer than 5 building plots will not be considered.

### **Scheme size, costs and estimated market values**

46. There is no upper limit on the number of plots but proposals are constrained by a £3m cap. Exceptions to this will only be considered where the project is associated with a larger scale phased development in excess of 200 plots which has the full support of the local planning authority.

47. Applicants must provide robust estimates of all project costs, the estimated market values for each plot created in a scheme and the loan funding required.

48. Average cost and loan limits will be used to prioritise schemes that offer better value for money (see below).

### **Value for money**

49. Schemes that can demonstrate a lower average cost per plot (and satisfying the other eligibility criteria) will be prioritised over those with a higher cost.

50. Similarly, loan funding is limited to 75% of eligible scheme costs so a lower funding proportion will be favoured. Schemes that can demonstrate a lower funding proportion (and satisfying the other eligibility criteria) will be prioritised over those requiring the full 75%.

### **Deliverability, including planning status and timing of completions**

51. Project applicants must provide details of the planning status for the scheme. Schemes that can demonstrate full planning permission will be prioritised over those with outline permission. Projects with outline permission (with reserved matters) must have access and siting of plots committed. Projects which have outline planning with indicative dates by which full planning permission is expected to be secured will be preferred over those with no dates.

### **Commitment from purchasers/final plot owners**

52. Where possible, proposals should include details of potential plot purchasers and the level of commitment they have made. In the absence of potential buyers, applicants should include details of the estimated market demand for plots in the local area. Schemes will be favoured that show evidence of commitment. Potential purchasers should always be owner

occupiers or developers committed to delivering custom build homes. Sales to investors or bulk sales of parcels to developers to build speculative housing for sale upon completion are not permitted.

### **Previous experience of delivery including financial standing**

53. Applicants that can evidence previous experience of custom build housing delivery will be prioritised over those with no experience.

54. Applicants must submit their latest accounts or, for newly incorporated bodies, management accounts and a statement setting out their track record. There will be further examination of financial standing at due diligence.

55. For newly created legal entities that cannot demonstrate previous experience in custom home building, the focus will be on understanding the sources of funding and its proposed arrangements for procurement of construction. Legal entities created specifically for a loan application can effectively demonstrate a “track record”, for example, in their selection of development partners with previous experience in this area.

### **Shortlisting Stage**

56. Shortlisting decisions during continuous market engagement will be made by the HCA and the GLA. Applications for schemes in London will be passed to the GLA. The GLA will lead on assessment and recommendations for shortlisting of all projects in London, and will remain a key part of the relationship management process for all selected projects as schemes progress.

57. Applicants will be notified in writing whether their application has been shortlisted for due diligence and Know your Customer (KYC).

### **Due Diligence and KYC Stage**

58. A due diligence and KYC pack will be issued to all shortlisted bidders which will contain greater detail than summarised here.

59. The due diligence and KYC review will, in broad terms, consider the following:

- The bidders financial standing – bidders will be expected to provide up to date accounting and other financial information and an assessment will be made of their track record of paying back investments along with their overall credit rating.
- What alternative sources of funding have been explored.
- The level of funding that is appropriate – consideration will be given to the minimum amount of public funding necessary for the scheme to get under way and might be less than the funding sought. It is expected that the private sector will fund scheme costs wherever possible and total public funding (including funding from other public sources) will comprise a maximum 75% of project costs.
- Appraise the scheme's financial, commercial and market position and its ability to generate income to pay back the investment at a later date.
- The ability of the funding recipient to re-pay the loan and interest in full – An assessment will be made of the ability to deliver against an agreed start on site, plot sales programme and re-payments schedule to correspond with this and deliverability of the entire scheme. Clear recovery schedules will be put in place with a longstop repayment date, based on normal industry standards, by which point the loan is expected to be paid back in full.
- The level of security required – investment will not be made without appropriate security being in place to assure full re-payment. Examples include a legal charge, parent company guarantee or performance bond.
- The legal due diligence will include, as a minimum, the provision by the funding applicant of a fully completed Certificate of Title. This will be required for the site (in its entirety) that the funding is to be provided for and any other site over which security is to be received. Applicants should also be prepared to provide details of any other senior lending at the beginning of the due diligence process.

### **Know Your Customer (KYC)**

**60** The Homes and Communities Agency will require sufficient information to satisfy its 'Know your Customer' requirements, including but not limited to satisfactory identification and address verification for all persons who exercise control over the business, provision of appropriate financial accounts and evidence of any funding lines available to the bidder.

Where the bidder is a consortium the Agency will require full details and verification of the consortium structure and accounts information for each of the consortium members. Further details of the initial information that will be required at due diligence are included at Annex C.

61. A due diligence and KYC pack will be issued to all shortlisted bidders which will contain greater detail than summarised here.

## **Contract Stage**

62. Schemes that successfully pass the due diligence and KYC stage and achieve formal investment approval will enter into formal negotiations to contract terms before investments are made. Contracts will need to be completed in sufficient time to allow the draw down timetable to be met. The intention is to complete contracts for schemes that pass the due diligence and KYC stage as soon as possible after due diligence and KYC is concluded.

63. Key terms of the Loan Agreement will include:

- milestones for project delivery including long-stop dates for starts and completions of serviced plots
- the requirement that the scheme is managed on an open book basis. Borrowers will be required to provide regular reports on progress, including construction progress (e.g. site preparation, utility installation) and quarterly project cash flow updates
- the expectation that applicants will need to exercise rigorous cost control. No additional loan funding will be made available and any additional costs incurred over those anticipated at Expression of Interest stage will need to be met by other sources of finance.
- the requirement that the loan is secured through a charge on the land and other means as agreed in due diligence

## **Management and Monitoring**

64. Contracts shall include a number of reporting obligations to allow the appropriate monitoring of the investments. Contract terms will require robust scheme specific financial

and delivery related information, to be provided typically on a monthly basis. In addition, corporate level information may be required from the contracting parties throughout the term of the investment.

## Who do I submit my application to?

65. All Expression` of Interest for the Custom Build Serviced Plot Loan Fund should be submitted to the Homes and Communities Agency via the Partner Portal at

<https://partners.hca-online.org.uk/>

66. Annex B provides an overview of the information that will be requested through the Expression of Interest.

67. As well as completing the Expression of Interest, applicants are asked to provide a supporting investment proposal. This should support the bid's compliance with the eligibility and assessment criteria and outline the delivery plan for the site. The template investment proposal is available on the Gov.uk website at the following link:

<https://www.gov.uk/government/publications/custom-build-serviced-plots-loan-fund>.

Information about the Custom Build Serviced Plots Loan Fund can also be found on the [GLA website](#). This template must be completed and uploaded for submission via the Partner Portal (see application guidance for further details).

68. Guidance on how to access the Partner Portal and complete the Expression of Interest is available on the [Gov.UK](#) website.

## Data Protection

69. The information you provide will be held in the strictest confidence and adhere to the provision of the Data Protection Act 1998. More details on our Data Protection Policy can be found at <https://www.gov.uk/data-protection>.

70. For further information, please contact the Homes and Communities Agency via this e-mail address: [ServicedPlots@hca.gsi.gov.uk](mailto:ServicedPlots@hca.gsi.gov.uk)

## **Annex A – Interest Rates for Loans**

Custom Build Serviced Plots investments are recoverable, with an appropriate rate of return on the investment.

The investments must be structured in a way that is State Aid compliant and this will take the form of a commercial loan.

The level of investment offered through this fund at the end of the due diligence process will be based on our view of the minimum necessary for the proposal to proceed and of recoverability. Both the quantum and type of investment offered will be based on our appraisal of the proposal and might be less than the funding sought.

### **Terms**

The HCA will consider the interest rate that can be offered for loan based individual project circumstances at the due diligence stage.

The interest rate matrix below shows the minimum margin. Interest rates will be based on our assessment of the creditworthiness of the bidder and the collateral offered. The EC reference rate is also applied to the loan, which is currently 1.04% as from 1<sup>st</sup> October 2014. For example, a project with 'satisfactory' creditworthiness and 'normal' collateral would have a margin of between 2.20% and 4.0%. Taking into account the current reference rate, this will lead to an initial interest rate of between 3.24% and 5.04% being applied to the loan.

### **Creditworthiness**

Where bidders have a rating from a recognised credit rating agency this will be used. Relatively few UK private sector residential developers have an externally verified credit rating. More registered providers (RPs) have ratings and they are traditionally in stronger categories.

Where the bidder does not have an external rating, its creditworthiness will be reviewed at due diligence. This will involve an assessment of the bidder's financial



standing and the risks associated with lending to that business - likelihood of default (encompassing both capacity and willingness to pay) is an important factor.

Considerations may include:

- Financial analysis - profitability, net asset position/balance sheet strength, gearing, etc.
- Assessment of the trading history/development experience of a borrower – evidence of a “track-record” of delivery.
- The ability of the borrower to service the loan (interest and capital) in the context of its existing commitments
- Accounts, credit-checks, references - leading to an overall profile of a borrower
- Benchmarking against peer companies

Government’s decision will be final.

### **Collateralisation**

This will consider the security offered for the loan and the amount that the lender could expect to lose in the event of default. This will involve an assessment of the amount that could be recovered from the project, the security offered and also from the bidder’s balance sheet. We will require satisfactory demonstration of repayment from the scheme cashflow (assessed by our advisors) and adequate security (supporting the level of proposed borrowing) to minimise its loss in a default scenario (e.g. a legal charge, parent company guarantee, performance bond). Shortlisted bids which, through the due diligence process, clearly demonstrate repayment and appropriate security will be treated as having “normal” collateralisation. Should the collateral offered justify a different categorisation, this will be taken into consideration in the rate offered.

Government’s decision will be final.

### **Interest Rate Matrix**

The table below shows the minimum margin based on our assessment of the creditworthiness of the bidder and the collateral offered:

Creditworthiness	Collateralisation		
	High	Normal	Low
<b>Strong (AAA-A)</b>	0.60%	0.75%	1.00%
<b>Good (BBB)</b>	0.75%	1.00%	2.20%
<b>Satisfactory (BB)</b>	1.00%	2.20%	4.00%
<b>Weak (B)</b>	2.20%	4.00%	6.50%
<b>Financial Difficulties (CCC or below)</b>	4.00%	6.50%	10.00%

Archived

## **Annex B –Expression of Interest – Evidence Required**

### **Applicant details:**

- Name of organisation
- Contact name
- Contact email address
- Contact telephone number
- Address of organisation
- Company Registration Number
- Details of joint venture or consortium arrangements
- Confirmation of board sign-off
- Confirmation that prospectus has been read and understood
- Confirmation of acceptance of Heads of Terms
- Confirmation of involvement in any other Custom Build Serviced Plots Fund or Custom Build Homes Loan Fund bids or other bids to the HCA for funding
- Annual turnover
- How many staff are employed.

### **Site details:**

- Name and location (including Local Authority area, co-ordinates and postcode)
- Confirmation that a site plan has been provided
- Size of site (hectares)
- Planning status
- Number of serviced plots
- Confirmation of applicant's control of site

- Confirmation that the site is not in receipt of funding support from other Government programmes for the same costs.

**Custom Build Serviced Plot bid details:**

- Confirmation that the bid is the only one for the Fund on this site/ phase of the site
- Confirmation that the proposed recipient of the funding is the eligible applicant.

**Timescales and delivery:**

- Start on site date
- Details of anticipated delivery programme.

**Serviced plots delivered:**

- Number of serviced plots the proposal will deliver, if funded.

**Financial details:**

- Cost profile for development works
- Profile of loan funding requested
- Source details for balance of funding (bank loan, developer equity, other public funding)
- Profile of capital repayment to Homes and Communities Agency.

**Planning details:**

- Confirmation of planning status
- Confirmation of whether any other consents are required
- Confirmation that the site is fundamentally viable, can support the repayment of the fund and has the consent of any existing lenders to access additional finance from this fund.

**Wider project financial details:**

- Confirmation of total cost (to include land value, profit and infrastructure costs)
- Confirmation of confirmed public funding
- Confirmation of unconfirmed public funding
- Gross Development Value supported by a summary development appraisal.

**Ownership details:**

- Confirmation of whether the applicant has control of the site
- Details of the nature of control
- Confirmation of the freehold owner
- Confirmation of whether the site was disposed of by a public sector body
- Details of whether the Homes and Communities Agency, Greater London Authority or other government organisation has any on-going interest in the site.

**Investment Proposal:**

- Confirmation of the date by which funds will be drawn down in full.
- Outline delivery plan for the site. A template for this is available on the Gov.uk website at the following link: <https://www.gov.uk/government/publications/custom-build-serviced-plots-loan-fund>.

**Further information:**

Further detail of what is required in the Expression of Interest form can be found in the accompanying guidance available on the [GOV.UK](https://www.gov.uk) website.

## **Annex C**

### **Due Diligence and Know Your Customer (KYC) Requirements**

The following is provided for information and indicates the information which will be required should a scheme be shortlisted and entered into due diligence. Where possible, applicants are advised to prepare due diligence information in advance. Excessive delays in receiving due diligence information may result in a scheme not proceeding.

#### **For all applications**

- Evidence of identity and proof of address will be required for all persons who exercise control over the business

#### **In the case of bidders acting alone:**

- Latest audited financial accounts for the bidder (full accounts rather than abbreviated).
- Management or draft accounts where the audited accounts are more than six months old.
- Latest audited financial accounts for the bidder's ultimate parent company (full accounts rather than abbreviated).
- Details of any events occurring since the last audited accounts that have a material effect on the understanding of the bidder's, or its wider group's, financial standing, including but not limited to change of control or ownership, corporate re-financing, significant acquisitions, disposals or closure of subsidiaries or business units and potential contingent liabilities including litigation. If none of these apply then a statement confirming the fact.
- Evidence of funding lines available to the bidder, including up to date details of headroom within facilities and undrawn facilities.
- Where it is proposed that funding will be introduced from related parties then similar information in relation to headroom and undrawn facilities.
- Identity of proposed guarantor(s) (if applicable).

### **In the case of consortia bids:**

- Details of the legal status of the bidder (examples include joint venture company, partnership, limited liability partnership, limited partnership).
- Details of the names of consortium members, structure of the consortium and roles of each consortium member.
- For existing joint venture vehicles the latest audited financial accounts for the bid vehicle (full accounts rather than abbreviated).
- Management of draft accounts where the audited accounts are more than six months old.
- In the case of newly formed joint venture vehicles details of the structure of the opening balance sheet, including details of partner's proposed equity and stakeholder loan investments.
- Latest audited financial accounts for each of the consortium members (full accounts rather than abbreviated).
- In respect of the bid vehicle and each consortium member details of any events occurring since the last audited accounts that have a material effect on the understanding of the bidder's, or its wider group's, financial standing, including but not limited to change of control or ownership, corporate re-financing, significant acquisitions, disposals or closure of subsidiaries or business units and potential contingent liabilities including litigation. If none of these apply then a statement confirming the fact.
- Evidence of funding lines available to the bidder, including up to date details of headroom within facilities and undrawn facilities.
- Similar information in relation to the funding lines available to each consortium member.
- Where it is proposed that funding will be introduced from related parties then similar information in relation to headroom and undrawn facilities.
- Identity of proposed guarantor(s) if applicable.

www.gov.uk/hca  
mail@homesandcommunities.co.uk  
0300 1234 500



## Homes & Communities Agency

**Homes and Communities Agency**  
Fry Building  
2 Marsham Street  
London SW1P 4DF

Archived

The Homes and Communities Agency is committed to providing accessible information where possible and we will consider providing information in alternative formats such as large print, audio and Braille upon request.