



# PROSPECTUS

## Greater Birmingham & Solihull Local Enterprise Partnership

### Unlocking Housing Sites Programme

February 2016

Helping to bring forward new housing development in the administrative areas of Birmingham, Solihull, East Staffordshire, Lichfield, Tamworth, Cannock Chase, Bromsgrove, Redditch and Wyre Forest



## **Foreword**

The provision of a quality housing offer is a key strength of this area and essential to the region's continued economic growth. Recognising this, the Greater Birmingham and Solihull Local Enterprise Partnership is keen to work with all partners involved in bringing forward housing development including the private sector - developers and land owners, local authorities and Housing Associations. I am therefore pleased to be able to launch a new programme funded by our Local Enterprise Partnership through its Local Growth Fund to target future housing schemes, which for a variety of reasons are stalled but with the right intervention could be brought forward.

*Andy Street*

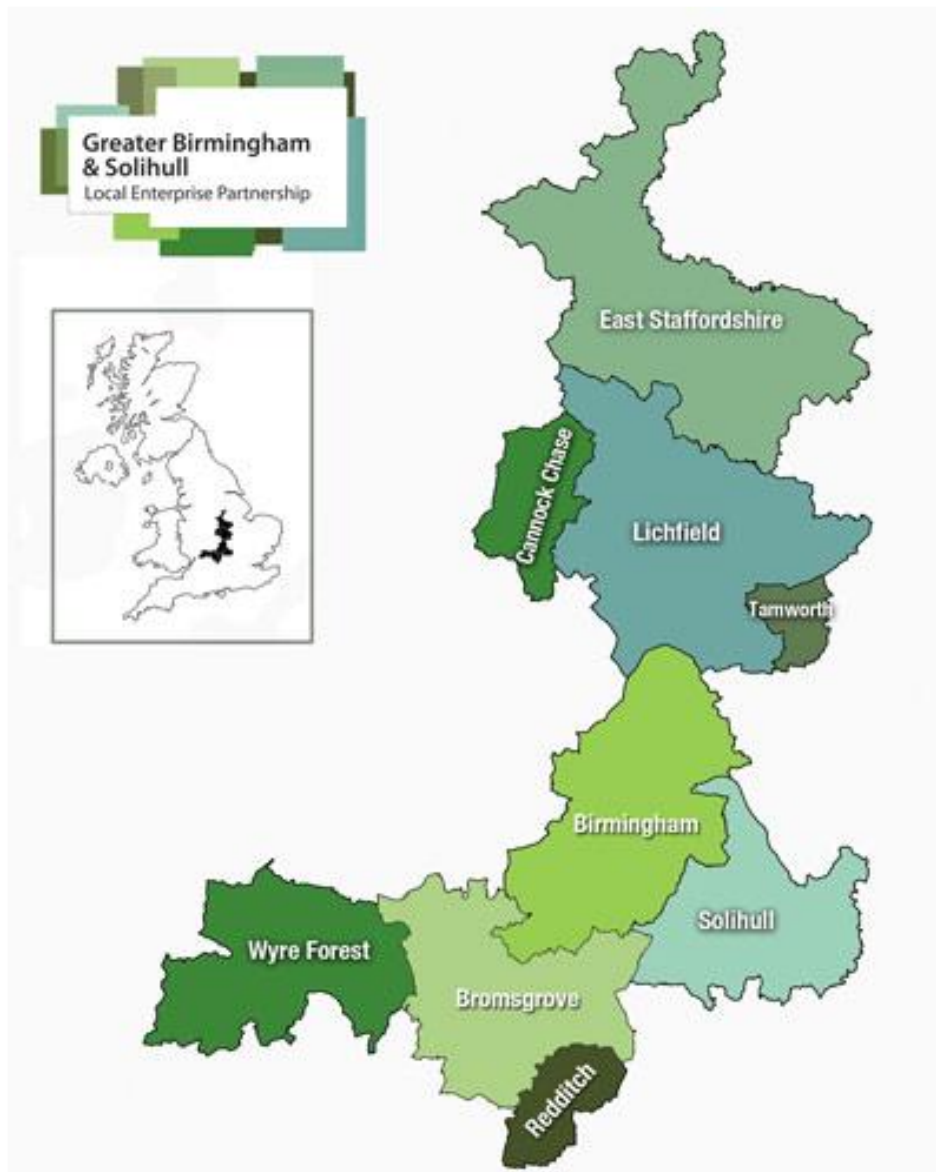
*Chair of the Greater Birmingham & Solihull Local Enterprise Partnership*

## Introduction

We know that there are many reasons why sites that have the potential to be developed sometimes stall and are difficult to get off the ground

To help unlock these sites and increase the supply of much needed new housing, we have developed the Unlocking Housing Sites Programme with Local Growth Fund of £9 million made available by the Greater Birmingham & Solihull Local Enterprise Partnership.

The Unlocking Housing Sites Programme is opportunity-led and open to the private sector, local authorities and Registered Providers for schemes within the Birmingham & Solihull Local Enterprise Partnership geographical area.



Offers for financial assistance will be at the discretion of Birmingham City Council, the accountable body for the programme, taking into account the appraisal and due diligence process and following the recommendation of the Unlocking Housing Sites Committee. All offers of funding will be contracted by the Council.

Expressions of Interest are now being invited from appropriate applicants with an established track record in delivery and the capacity and financial standing to deliver their proposals.

To inform applicants considering submission of an Expression of Interest this Prospectus sets out;

- the support available from the Programme
- the eligibility criteria
- the information that will be required for submissions
- the application and appraisal process.

### **How the Unlocking Housing Sites Programme can help?**

The programme has been designed principally to deliver targeted assistance to make sites ready for development and unlock constraints. Based on the evidence of need, financial assistance may be in the form of grant, loan or equity. In addition the programme may also consider funding for site specific feasibility studies.

### **Eligibility Criteria**

Expressions of Interest for assistance under the Unlocking Housing Sites Programme are required to meet the following criteria; there may be additional criteria dependent upon the option(s) you are applying for.

General criteria for all Expressions of Interest

1. Housing schemes must be located within the Greater Birmingham & Solihull Local Enterprise Partnership (GBSLEP) area (see map).

2. The programme is intended to support mixed tenure projects, which comprise open market sale homes and affordable homes (within National Planning Policy Framework definitions).
3. Schemes must be for new build properties and conversions; this excludes conversions for Multiple Occupation and student housing supply.
4. Schemes should be targeted to deliver between 10 and 100 residential units. Phases of a larger project or a package of sites may also be considered.
5. Section 106-specific residential units will only be considered to be eligible in exceptional circumstances. A developer must demonstrate that funding is necessary to enable delivery of the larger scheme and provide an independent assessment.
6. Applications must come from either; a land owner, a developer, a Registered Provider or a Local Authority.
7. All applicants must demonstrate a proven track record of delivery and the technical and financial capacity to deliver their completed scheme in accordance with their proposal submission.
8. Applications from joint venture arrangements will be considered if there are clear accountability, security and delivery arrangements.

**Expressions of interest for feasibility studies must also meet the additional criteria outlined below**

9. Applications should propose a 50% co-funding (cash) contribution by the applicant towards feasibility study costs.
10. Applications for feasibility funding need to relate to a clear investment proposal.

**Expressions of interest for capital finance for scheme delivery must also meet the additional criteria outlined below**

11. Schemes must demonstrate that they are capable of being fully funded by a retail bank, other lending institution or equity funder.
12. Applications should be based on a clear investment proposal and demonstrate a robust delivery plan.
13. Scheme should be ready for construction to start on site within nine months from the date of a formal offer letter of funding from this programme.
14. Outline Planning Consent in place (preference given to some or all of the Reserved Matters and pre-start Conditions being discharged)

### **Information required for Expression of Interest**

The Expression of Interest Investment Proposal Template sets out the information required. This is intended to capture:

- Applicant details and track record
- The development proposition
- The financial proposition
- Justification for funding sought
- Strategy for sales and marketing
- Commitment to supporting the local supply chain and apprenticeships.

Applications will need to specify whether they are applying for grant, loan, equity or a combination and distinguish between any cashflow requirements which would be loan funded, or any gap between development costs and completion value that requires grant funding or that may be more suited to equity investment. For all funding approved a commercial arrangement and monitoring fee will be charged to the applicant for costs incurred.

Submitted Expressions of Interest may be reviewed with Homes and Communities Agency (HCA) on a commercial-in-confidence basis to establish whether applicants should be referred for funding in HCA's Builders Finance Fund programme, which is currently in a Continuous

Market Engagement (CME) phase. It is possible that part funding from this programme may be offered to support other public sector funding programmes (e.g. HCA's Affordable Homes Programme and its Builders Finance Fund) as long as generally public sector support is less than half of total project costs.

At Expression of Interest stage applicants must demonstrate that the investment is State Aid compliant and complete the assessment proforma. Information on state aid can be found at:

[www.gov.uk/government/publications/state-aid-a-beginners-guide-guidance-notes](http://www.gov.uk/government/publications/state-aid-a-beginners-guide-guidance-notes)

## **How will schemes be assessed and prioritised?**

### Expression of Interest stage

Schemes which satisfy the eligibility criteria will be considered through a scoring process. This has been designed to prioritise housing schemes that make the most impact, have the earliest completion, provide good value for public money, are on brownfield land and are delivered by local developers.

Therefore preferential weighting will be given to the following (The order does not indicate any extent to which priority will be given):

- Schemes that offer the greatest prospect of quantified early delivery
- Schemes that offer the greatest acceleration of housing delivery
- Schemes that offer the most impact in terms of amount requested and homes delivered
- Schemes which offer the greatest prospect of investment recovery.
- Local developers
- Previously Developed Land (brownfield sites)
- Applicant experience in housing scheme delivery
- Funding package for scheme confirmed in terms of Value for Money

- Schemes which provide commitment to the local supply chain and apprenticeships.

### Shortlisting stage

The Programme Committee will review all the Expressions of Interest submissions against the eligibility criteria. Those that are considered to have met the eligibility criteria will be scored against the measures stated above and schemes prioritised.

As part of the shortlisting stage applications will be assessed on their need for financial intervention and why this is required.

### Due Diligence Stage

Applicants will be notified in writing whether their application has been shortlisted for the due diligence stage. The shortlisted schemes will undergo a technical due diligence review to test value for money, addressing any legal, financial or technical issues and delivery risks for the proposed scheme. Applicants will need to satisfactorily complete the due diligence process on an open book basis. The due diligence process will require, as a minimum, provision of the information below but may be extended further at discretion of the programme team. This may also include site visits, interviews etc.

- a) Legal Title of the subject site(s), showing the legal interest and any restrictions or charges, easements and way leaves that affect the land.
- b) Finance arrangements sought, arranged and conditions imposed (or likely to be imposed) on availability and drawdown. Includes any Affordable Housing Programme support and financial support from any other public sector sources (e.g. LEP Growing Places, LEP Mezzanine, LEP Local Growth Fund).
- c) Project Programme for delivery of completed units.



- d) Development Appraisal reflecting scheme viability. This should include the cash flow of anticipated costs for land treatment, provision of access and development construction together with anticipated receipts from property sales. This should include any agreed pre-sales and respective purchaser(s) of units (particularly affordable units).
- e) Planning Consent(s) relating to the subject site(s)- including Outline application and consent, S106 Agreement or agreed Community Infrastructure Levy contribution, Reserved Matters discharged and any pre-commencement condition pertaining or discharged.
- f) Changes in applicant financial standing from Expression of Interest stage.
- g) Confirmation of project team (including individuals) to deliver the site development through to project completion.
- h) Any external consultant Reports on site conditions, market interest in the development 'offer', any abnormal costs expected.
- i) Statement that there is no information withheld by the applicant(s) and that it is accurate and up to date to the best of its knowledge.

All applicants will be formally notified whether they have successfully completed the due diligence stage or not. For successful applicants letters will be issued setting out the terms of the funding offer. All approved funding will be contracted by Birmingham City Council (as the Accountable Body for this Programme) using its Conditions of Funding Agreement and potentially Funder Prioritisation documentation. Security over funding will be taken where available and may be liable to repayment should agreed actions or progress not be met.

## **How to apply?**

Your Expression of Interest must be submitted on the Investment Proposal Template. This needs to be supported by completion of the State Aid Assessment Form and a letter from the relevant Local Authority setting out the status of any planning applications and that it supports the scheme subject to an appropriate Planning Application being submitted.

Expressions of Interest are being invited from 15<sup>th</sup> February 2016 for a period of 12 weeks closing on 6<sup>th</sup> May 2016. These must be submitted before the closing date electronically via email to the following address:

**[enquiry@financebirmingham.com](mailto:enquiry@financebirmingham.com)**

**Expressions of Interest have been received and are being evaluated.  
This programme remains open for applications until further notice.**

Please ensure that your proposal meets the relevant criteria, and that you provide all the requested information, those with incomplete or missing information relating to eligibility will not be considered.

For enquiries on the programme please email with your details to [enquiry@financebirmingham.com](mailto:enquiry@financebirmingham.com) and a programme officer will contact you.