



Why government needs to
do more with less

by Tammy Kulesa



The Housing Finance
Corporation:
Accessing European
money for social housing
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Background on THFC

THFC

The Housing Finance Corporation

- *Not for Profit* Finance Company
- Sole purpose is funding Housing Associations
- Set up in 1987 by the Housing Corporation and the National Housing Federation
- Rated A+ Long term by Standard & Poors
- Lend to around 150 different HAs nationally from very large to community based organisations
- Currently lend just short of £4Bn
- Experts in bond finance and EIB sourced funding
- Now responsible for delivering the £3.5Bn UK wide Affordable Housing Guarantee Scheme

- Origins in project finance for EU
- Few staff cover Western European regeneration
- Broad franchise
- But how does EIB define Housing?



How does EIB Funding work?

THFC

The Housing Finance Corporation

- EIB original appraisal skills developed from large individual schemes
- UK examples: £75m+ lent to Glasgow HA, Gentoo (Sunderland) and Wakefield & District Housing
- Lending formula adapted through THFC to make many smaller long term loans based on the 'here's one I built earlier' principal
- Starting to diversify into selective large single loans e.g. Sanctuary Housing £350m
- Typically a strong investment grade public rating (Long Term A) is a pre-condition
- Implied government support



What is financeable?

- Up to 50% of overall scheme costs
- Social Housing, supported housing, refurbishment, housing plus investment (e.g. Doctor's surgery, playground)
- Scheme should fall within cohesive area or regional regeneration plan with local authority backing
- Typically brownfield = better
- Energy efficiency typically a winner
- Part of scheme funded by EIB *cannot be for sale*
- 'Blue plaque syndrome: must stay as social housing while EIB loan is outstanding

