

Affordable Homes Guarantee Scheme

**COST-EFFECTIVE
LOANS FOR PRIVATE
REGISTERED PROVIDERS**

**SUSTAINABLE FINANCE
TO SUPPORT INVESTMENT IN
NEW AND EXISTING HOMES**

**TENOR UP TO 30 YEARS.
ATTRACTIVE TERMS AND
COLLATERAL EFFICIENCY**

Structure

- ARA Venn is investment manager for the delivery of the £6bn scheme on behalf of UK Government.
- The scheme provides cost-effective long-term loans to Private Registered Providers to facilitate investment in new and existing affordable homes in England.
- Loans are funded by issuance of public bonds, which carry a UK Government guarantee that provides attractively priced financing.
- The scheme is open to applications until April 2026 (plus further Government extension options).

Purpose

- Loans are for general corporate purposes.
- Delivery undertakings: Borrowers must use funds at least £ for £ equivalent to the total amount borrowed to support delivery commitments on:
 - 1) New affordable homes (at least half of borrowed amount) with a start-on-site date within 3 years of funding
 - 2) Improvement of existing homes (at most half of borrowed amount) including decarbonisation and housing decency spend within up to 6 years of funding application.

Terms

- The loans use market-standard documentation and have a maturity of up to 30 years (shorter maturities available).
- A minimum borrower (EBITDA-only) interest cover ratio of 1.2x (or such other level required by the lender) to be tested annually. There is no gearing covenant.
- Market-standard undertakings for a loan. The Borrower will also provide reporting to evidence the required investment in new and existing homes.

Loan Security

- The loans must be secured by existing portfolios of social housing properties.
- Minimum property security value is subject of 105% on an EUV-SH basis and 115% on an MV-STT basis.
- Asset Cover covenant is calculated on loan amount used to support new homes and not the portion used to facilitate investment in existing homes. Any portion of loan amount not covered by property security value is subject to an asset cover fee.

For further information please contact us at ahgs@ara-venn.com

FOR SCHEME RULES AND FAQs PLEASE VISIT gov.uk/government/publications/housing-guarantee-scheme-rules-affordable-homes-guarantee-scheme-2020/affordable-homes-guarantee-scheme-2020

