

Market updates

The New Insolvency Regime for RPs - A new insolvency regime for RPs is set out in the Housing and Planning Act 2016 and will be brought into force by statutory instrument which has already passed through Parliament and is awaiting Royal Assent, at which time new insolvency rules for RPs will be issued. We will be providing a further update and briefing when the new insolvency provisions are fully operational.

Revision of Value for Money Standard and a new VfM Code of Practice - The Regulator for Social Housing has replaced the VfM Standard 2012 with the VfM Standard 2018, and issued a new VfM Code of Practice, both of which took effect on 1 April 2018. The Code explains the requirements of the VfM Standard and what the Regulator is looking for to satisfy itself that a RP is compliant with it. The new VfM Standard and Code are available on the website of the Regulator of Social Housing.

LIBOR - It is increasingly likely that the Sterling Over-Night Index Average (SONIA) will replace LIBOR as the benchmark used in the UK debt market. The Bank of England has now implemented reforms to SONIA, increasing the volume of transactions behind it and amending the way the rate is published. There is still work to be done before SONIA can be considered the most appropriate replacement for LIBOR but this is certainly a step forward in that respect. We will provide further updates as more progress is made.

Valuations - Since deregulation there has been much debate in the sector regarding the definition of EUV-SH and whether it should be amended to more accurately reflect how RPs are now regulated and manage their assets. There is now a proposal for a new third valuation measure, market value – social housing (MV-SH), which would take into account the potential for void properties to be sold out of the sector. This is being spearheaded by JLL and Savills who will be discussing the proposal with the Royal Institution of Chartered Surveyors. Watch this space for further updates.

Modular Construction: an update

We have now seen some positive developments for off-site construction (OSM) in the social housing sector. Previously OSM was perceived as an inferior product due to unpredictable lifespans, maintenance issues, factory insolvency risk and, (possibly the most challenging), lack of warranties. However, some joined up thinking is starting to emerge.

Alok Sharma as the last housing minister established a working group (continued by Dominic Raab) and chaired by Mark Farmer known officially as "Modern Methods of Construction: Joint Working Group on Assurance, Insurance & Finance Issues". This group of 30 or so industry representatives (including NHBC and L&G) are seeking to achieve the standardization of manufacturing processes within the industry, so that accreditation for the most common form of manufacturing process can be given to encourage secured lending across the sector.

Another game changer is the decision by NHBC to test and sponsor various pilot schemes, which have been issued with a traditional style NHBC ten-year certificate (Gallions Reach, Docklands). They have spoken with us about their investment in social housing pilot schemes with Keepmoat (Ilke Homes), Swan Housing and mainstream house builders, and aim to issue an identical NHBC certificate for OSM units as they do for traditional buildings, based on a 60-year lifespan. Once they move past the pilot stage, OSM will take a significant step closer to being fundable.

Upcoming seminars

The following seminars will take place in our office near London Bridge and are free to attend. For more information and to register to attend, please visit wslaw.co.uk/events.

The corporate offence of failing to prevent tax evasion
GDPR practical workshop for Housing Associations
Modular construction

Tues 15 May 2018
Wed 23 May 2018
Thurs 7 June 2018

To find out more contact Louise Leaver, Partner at Winckworth Sherwood on 020 7593 5050 or lleaver@wslaw.co.uk



SOME OF OUR
RECENT WORK
INCLUDES:

Charging

Acting for Genesis (now Notting Hill Genesis) on all aspects of their £200m facility with HSBC including advising on and negotiating the finance documents and the charging of 1093 units.

Private placement

Advising Vivid Housing Limited in relation to its recent £150 million private placement with Pricoa Capital Group which will fund its plans to develop 1,200 new homes a year.

Welsh private placement

Advising BAPFIM (BAE Systems Pension Funds Investment Management Limited) on the structuring, charging and documentation of a recent £25m private placement to a Welsh social housing provider.

Housing Finance Team



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