

Modular housing update

The government-backed Farmer Report, which is setting the guidelines for the standardisation of the sector, has essentially agreed the general protocol required to make this sector fit for the 21st century. Whilst formal recommendations have been delayed until later this year, the principles fall into three broad sections:

1. Consistent terminology, definitions and data collection requirements creating standardised methods of construction;
2. Integrated and unified approach to quality assurance and warranties for the properties built with Modular Methods of Construction; and
3. Evidence to be stored confirming methods used to build each building scheme and data collection should be easily accessible for all future stakeholders.

RICS has also published supplementary guidance.

As far as investment and funding are concerned, point two above streamlines a procedure whereby building warranties will be obtainable if an integrated approach in line with the principles are followed. Once the Farmer Report recommendations have been adopted, four warranty providers (LABC, NHBC, Premier, and Checkmate, who are all part of the Working Group) can issue ten year warranties (subject to internal requirements) on the same basis as any other traditional product.

These warranties will provide the usual ten years of structural cover subject to any bespoke conditions in the policy, and at least two of these Warranty Providers warrant no less than 60 years durability for a property whatever the material used, so the warranty will be the same, irrespective of how it has been constructed. Could this finally unlock funding potential?

Visit wslaw.co.uk/in-the-press to read this briefing in full.



SOME OF OUR RECENT WORK INCLUDES:

Private placements - finance and charging

- Acting for **Network Homes Limited** on its £175m private placement funded by a combination of US and Canadian investors. The placement was structured over five series of notes, one of which was unsecured.
- Acting for **BAE Systems Pension Funds Investment Management Limited** on the structuring, charging and documentation of two private placements by two Welsh housing associations – £30m by Mid-Wales Housing Association and £50m by Grŵp Cynefin.

Development Finance

- Advising leading rooftop developer, **Apex Airspace**, on its funding deals totalling £19m with Homes England and with the Greater London Authority, to deliver homes across various sites in London as part of a drive to find innovative ways to address the nationwide housing crisis.

Revolving Credit Facilities

- Acting for **Sovereign Housing Association** in a new £75m revolving credit facility with National Australia Bank, the bank's first facility in the sector.

Overseas investment update

Recent capital markets issues have deviated from the traditional 30 year bullet, secured formula. These issues present a pertinent question for finance directors: should an association's next capital markets foray be targeted at overseas investors, and, if so, how might it be structured to appeal to such investors? We advised Network Homes Limited recently on its £175m private placement funded by a combination of US and Canadian investors (one of which was new to the sector). Last month, Bromford Housing Association issued a £100m private placement with five US investors, two of which were new to the sector. With the US PP market alone totalling around \$70-\$80 bn a year, there are clearly opportunities for the sector.

So what must associations consider when courting overseas investors? US investors (which typically tend to be pension funds and insurance companies) appear to be particularly receptive to investment in issues which include a series of notes with shorter tenors, such as 12 or 15 years. At the Liverpool conference in March, the enthusiasm from US investors for unsecured investment was commented on, to the extent that such investment was not seen as a 'one-off' in a housing association's debt portfolio. For further comment on how our Housing Finance team view this potential source of new investment, please visit wslaw.co.uk/thinking

Upcoming seminars

The following seminar will take place in our office near London Bridge and is free to attend.
[VAT & SDLT on RP developments - A guide to structuring your deal - Wednesday 15 May](#)

For more information and to register, please visit wslaw.co.uk/events.

Housing Finance Team



LOUISE LEAVER
Partner/Head of Housing
Finance
020 7593 5050
lleaver@wslaw.co.uk



PATRICIA UMUNNA
Partner
020 7593 5103
pumunna@wslaw.co.uk



DEBORAH ROWNTREE
Senior Associate
020 3735 1946
drowntree@wslaw.co.uk



LUCY GRIMWOOD
Associate
020 7593 5168
lgrimwood@wslaw.co.uk



GEMINI CECIL
Solicitor
020 3735 1914
gcecil@wslaw.co.uk



ROSANAGH HERRIES
Solicitor
020 3735 1893
rherries@wslaw.co.uk

Charging Team



ANDREW MURRAY
Partner/Head of Housing
020 7593 5092
amurray@wslaw.co.uk



RUBY GIBLIN
Partner
020 7593 5016
rgiblin@wslaw.co.uk



JILL O'REILLY
Charging Team Leader
020 7593 5067
joreilly@wslaw.co.uk



ALEXANDRA PETO
Associate
020 7593 5031
apeto@wslaw.co.uk



ANNETTE MONTHY
Associate
020 7593 5062
amonthy@wslaw.co.uk



HAYLEY TURNER
Chartered Legal Executive
020 7593 5245
hturner@wslaw.co.uk