

# Affordable Homes Guarantee Scheme

If you would like to find out more about the scheme or discuss how it might apply to your organisation, we would be very pleased to have an initial discussion. Please contact Lucy Grimwood ([lgrimwood@wslaw.co.uk](mailto:lgrimwood@wslaw.co.uk)) in the Housing Finance team.

## 1. BACKGROUND

- The new Affordable Homes Guarantee Scheme (AHGS) will be administered by ARA Venn. It offers £3bn of loans to RPs and is open for applications until 26 April 2024. The UK Government has the option to increase the scheme by a further £3bn and extend it by a further two years.
- The scheme will provide loans to support the delivery of "Approved Pipeline Schemes": new-build affordable homes identified in the borrower's development pipeline.
- Loans will:
  - be funded by Saltaire Finance, a wholly owned subsidiary of ARA Venn, through a medium-term note programme public bond issuance (enabling a range of maturities); and
  - have the benefit of a guarantee from The Department for Levelling Up, Housing and Communities.

## 2. ELIGIBILITY AND PURPOSE

- The loans are available to Registered Providers of affordable housing in England (including for-profit RPs, noting the terms for for-profits may differ slightly)
- Loans must be used to support the delivery of social rent, affordable rent and affordable home ownership, through new-build affordable homes – including: (i) those in existing affordable housing grant programmes (such as the AHP 2021-2026), subject to not having started on site at the point of application; (ii) affordable homes on Section 106 funded sites funded both with and without grant; and (iii) homes built using MMC.

## 3. STRUCTURE

- Loans must be for a minimum amount of £5 million and a maximum term of 30 years.

- The loans are available either in a single drawdown or in tranches, and must be secured.
- Borrowers will be required to commence construction of each scheme within 24 months of the relevant drawdown date.

## 4. LOAN TERMS – EXPECTED TO INCLUDE:

- Liquidity reserve fund: 6 to 12 months interest cover must be placed in a fund held by the lender.
- Corporate interest cover ratio: 1.0x, at all times.
- Asset cover and valuations: 105% EUV-SH / 115% MV-ST (with releases permitted once headroom exceeds 115% EUV-SH or 125% MV-ST). Annual desktop and five-yearly full valuations.
- Prepayment (in full or in part) before the loan's repayment date would be subject to Spens.
- For the loan's duration, assets used either as security for the loan or Approved Pipeline Schemes must be used for Social Rent, Affordable Rent or affordable home ownership (subject to future staircasing).
- Regular monitoring reports will be required.
- Further covenants will be discussed and agreed with the lender on a case-by-case basis.

Interested borrowers can contact ARA Venn directly: [ahgs@ara-venn.com](mailto:ahgs@ara-venn.com).



LUCY GRIMWOOD

Senior Associate  
+44 (0)20 7593 5168  
[lgrimwood@wslaw.co.uk](mailto:lgrimwood@wslaw.co.uk)

Please note this summary has been prepared with reference to publicly available information as at the date of this note; scheme requirements/parameters may subsequently change.