

North Essex Authorities' response to EXD/079 (Homes England Statement on State Aid and Lending)

This response is submitted by the North Essex Authorities (**NEA**). EXD/079 raises three key points of relevance:

1. EXD/079 makes clear that the Government, through Homes England, are actively, looking at funding mechanisms to unlock and accelerate large-scale housing developments. There is a track record of that funding being 'put to work', with the document noting that this finance has unlocked or accelerated the delivery of approximately 200,000 homes. Schemes which have benefitted from funding have included:
 - (a) Canary Wharf Group's development of 3,500 homes in Canary Wharf (formerly Wood Wharf);
 - (b) Urban and Civic's development of over 4,500 homes at Alconbury Weald; and
 - (c) Quintain's development of over 7,600 homes at Wembley Park.
2. The NEA have always accepted that any funding mechanism needs to be State aid compliant. The note sets out the transparent method being used by Homes England for determining the interest rate to be applied to loans. Their track record of infrastructure funding demonstrates that State aid compliant mechanisms can be, and have been, designed.
3. As the Homes England note indicates, the interest rate on any lending would depend on factors including credit worthiness and collateralisation. A variety of delivery models have been considered by the NEA, including a Locally Led New Town Development Corporation, joint ventures, private sector delivery and locally authority owned delivery vehicles. There is no reason to doubt that each of the potential delivery vehicles is credit worthy. The NEA note that the sponsoring local authorities are responsible, ultimately, for the liabilities of a development corporation so a development corporation would be credit worthy. Similarly in a development corporation model land would be acquired at "no scheme" world values relatively early in the development process and would provide a degree of collateral for any lending.
4. The NEA conclude that the note from Homes England supports their view that infrastructure funding is likely to be available if necessary and that any arrangements can (and will) be structured, regardless of the delivery vehicle, to be State Aid compliant.