

De-regulation for housing providers

The Housing and Planning Act 2016 relaxed the regulatory requirements for registered providers of social housing.



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Housing specialist **Neil Lambert** describes what the changes have meant to BWB client **YMCA London South West**

YMCA London South West (YMCA LSW) was seeking a refinancing of existing debt in order to pay back a range of high-street lenders and specialist grant providers that had previously provided finance. By repaying four different lenders/grant givers YMCA LSW simplified its loan repayment profile and also reduced the cost of interest paid on the debt.

The chosen new lender was Metro Bank, which provided a £30m loan, £25m available for 15 years and £5m for 5 years. The new loan allowed YMCA LSW to repay pre-existing debt from Lloyds Bank plc, National Westminster Bank plc, the Charity Bank Limited and grant-giving charity the Esmée Fairbairn Foundation.

The properties used to secure the loan facility included converted Victorian mansion houses split into multiple rooms for use as hostels, traditionally built hostels and 'new' hostels that include gymnasiums and restaurants. A collaborative approach from Metro Bank meant that these additional income streams were allowed for the purposes of meeting covenant requirements.

Like many hostel providers, YMCA LSW is a registered provider with the Homes and Communities Agency (the HCA). This fundraising exercise was the first undertaken by YMCA LSW since the regulatory requirements of the HCA were relaxed by the Housing and Planning Act 2016. The reduced approach to regulation meant that YMCA LSW no longer needed to obtain consent from the HCA to secure properties to a loan facility. Under the former HCA regulatory regime registered providers were required either to have the benefit of a general consent to charge properties, or to seek specific consent from the HCA to secure properties to a particular loan facility. Usually smaller registered providers did not go through the process of obtaining the general consent to charge properties so had to deal with the much slower and more cumbersome specific-consent approach. The new

more streamlined, deregulated approach reduces the number of third parties that need to get involved in the property charging process, thus reducing cost and time.

There are still requirements that YMCA LSW (and other charitable registered providers) need to adhere to, such as taking the usual Charities Act 2011 advice on the disposal of the properties if they are registered with the Charity Commission (securing properties to a loan facility is considered a disposal for the purposes of s117 of the 2011 Act). Further, YMCA LSW will need to provide information in its quarterly return to the HCA via the National Register of Social Housing (or NROSH).

Previously, providers registered with the HCA that were also registered with the Charity Commission, such as YMCA LSW (so-called non-exempt registered providers), did not need to comply with the provisions of the Charities Act 2011, and there were concerns that the change would mean a more bureaucratic and costly ordeal for them when securing properties to loan facilities. However, it has become apparent that the advice under the Charities Act 2011 – which is now required – would usually have been obtained anyway, and the online NROSH return is relatively straightforward. (It is still possible for non-exempt registered providers to exempt themselves from the Charities Act 2011 requirements by converting to a Community Benefit Society, as Community Benefit Societies are not currently registered with the Charity Commission.)