

Report to: Cabinet



Date of Meeting 8 September 2021

Document classification: Part A Public Document

Exemption applied: None

Review date for release N/A

Beer Community Land Trust Refinancing of Development Loan

Report summary:

A request (linked) has been received from Beer Community Land Trust (CLT) asking the Council to refinance two elements of previously approved development loans. The request is to help the Trust address delay issues through Covid and certain cost increases as identified in their request. The dates below differ from the initial request due to the passing of time from the CLT request and further discussions with the Trust in the preparation of this report. Values have not changed.

As a reminder the Council has made available development finance to the CLT for two schemes providing local affordable housing:

- 1st scheme (7 houses; 4 affordable rental and 3 discounted sales) - Now complete with original loan being £1,060,000, the majority now repaid in line with the agreement. The final sum outstanding is £290,000 due for repayment now. The request from the CLT is for a further 5 year term, with £40,000 principal paid off now, leaving £250,000 being refinanced giving a repayment date of October 2026.

To be refinanced on the same terms in relation to corresponding Public Works Loan Rate with a margin added to ensure compliance with subsidy control/competition rules.

- 2nd scheme (6 units; 2 houses and 1 flat affordable rental, 2 houses and 1 flat shared equity) – Currently in development with a loan of £1,150,000. The request does not to increase the amount borrowed but asks to reschedule the loan tranches and extend the term of the loans by a maximum of 6 months.
- The 1st tranche of £250,000 scheduled repayment June 2022 extended to November 2022
- The 2nd tranche of £550,000 to be released in September 2021 with repayment in October 2026
- The 3rd tranche of £350,000 to be released before March 2022 with repayment by November 2022

Again to be refinanced on the same terms.

The development finance to Beer CLT has previously been agreed on the understanding that appropriate collateral is legally secured to protect the Council and all costs are recovered to give a cost neutral or better position to the Council. Should Cabinet agree to the refinancing as requested then it will be ensured these two key aspects remain.

Other aspects on loan draw down detailed in CLT request are within the current agreement and do not require Cabinet approval.

Is the proposed decision in accordance with:

Budget Yes No

Policy Framework Yes No

Recommendation:

That Cabinet recommend to approve Beer CLT request of refinancing previously approved development loans as detailed in the report.

That Cabinet recommends that the Council's costs of entering into revised agreements, including due diligence, legal and surveying costs are to be met by the Borrower.

Reason for recommendation:

Council have agreed to provide development finance to Beer CLT in order to provide local housing at no cost to the Council. The request for refinancing from the Trust is in line with that decision.

Officer: Simon Davey, Strategic Lead Finance, sdavey@eastdevon.gov.uk

Portfolio(s) (check which apply):

- Climate Action and Emergencies
- Coast, Country and Environment
- Council and Corporate Co-ordination
- Culture, Tourism, Leisure and Sport
- Democracy and Transparency
- Economy and Assets
- Finance
- Strategic Planning
- Sustainable Homes and Communities

Equalities impact Low Impact

Climate change Low Impact

Risk: Low Risk; The risk considerations have not significantly changed from the original decision was made.

Links to background information [Request from Beer CLT to refinance elements of their development loan.](#)

Link to [Council Plan](#):

Priorities (check which apply)

- Outstanding Place and Environment
- Outstanding Homes and Communities
- Outstanding Economic Growth, Productivity, and Prosperity
- Outstanding Council and Council Services

Financial implications:

Detailed in the report summary

Legal implications:

Legal Services will ensure that the Council's interests are appropriately protected and will ensure that all necessary documentation is completed.