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## Global investors lined up for housing fund

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A merchant bank has assembled a group of institutional investors to pour tens of millions in equity funding from around the globe into the UK housing association sector.

The Salamanca Group is in advanced talks with eight social landlords, including councils, and expects to launch with an initial investment of £50m within months.

Ten investors, including family wealth funds, overseas pension funds and smaller UK funds, are signed up to invest, none of which have previously put money into the sector.

Salamanca has established a company, Funding Affordable Homes Limited (FAH), and is working on registering as a housing association with the Homes and Communities Agency so it could directly own some of the properties.

It plans to enter into long-term agreements with associations to fund the [building](#) of new affordable housing of all types.

Paul Munday, chief executive of Salamanca Housing Advisors which will work to identify opportunities for the fund, said: 'There is a growing desire from institutions to be part of this sector. In the short to medium term we will be developing hundreds of properties and create opportunities to grow that much further.'

The investors are hoping to achieve a return of between 4% and 6% on the portfolio, but accept they could initially offer a lower price to make the funding competitive compared to the bond market.

While some institutions have invested limited equity into the sector in the past, the potential scale of this company and the volume of new investors sets it apart.

FAH is using benchmarking information from housing charity HACT to demonstrate the social value of affordable housing to attract funds keen to make ethical investments.

It will be chaired by Richard McCarthy, former chair of the National Housing Federation (NHF), who joins a number of housing figures on the board, including Debbie Ounsted, former housing association chief executive and chair of the Joseph Rowntree Foundation.

Catherine Ryder, head of [policy](#) at the National Housing Federation, said: 'This is a welcome step forward and reflects the strength of the sector and the appetite for investing in social housing.'

FAH will create a portfolio of affordable homes which will either be leased back to associations, or held by the fund but managed by social landlords.