

More Homes Scotland: MMR Invitation – Successful proposal to deliver 1,000 affordable homes.

As part of the [More Homes Scotland](#) approach, and to contribute to the target to deliver at least 50,000 more affordable homes by 2021, the Scottish Government invited prospective MMR providers to submit proposals for expanded mid-market rented (MMR) housing under the [MMR Invitation scheme](#).

Following the conclusion of a detailed due-diligence process that considered a number of potential proposals that could deliver mid-market rent homes at scale, secure significant private investment and deliver good quality homes that meet tenant's needs, one proposal was approved by Scottish Ministers.

On 19 June 2018, the Minister for Local Government and Housing announced that the Placemaking and Regeneration Group, [Places for People](#) had been successful in securing Scottish Government loan funding of £47.5m for their proposal which will deliver 1,000 affordable mid-market rent homes.

The MMR Fund will utilise the Scottish Government loan funding of £47.5m, combined with an initial £10m of equity investment from Castle Rock Edinvar Housing Association to create a platform to attract further equity investment. Places for People intend to attract pension funds, including Local Government Pension Scheme (LGPS) funds to invest.

Scottish Government loan support will help create a public/private funding platform of around £150m that will provide a boost to the Scottish economy, while contributing to the continued expansion of affordable housing across Scotland.

The Places for People proposal will deliver against the [6 key outcomes set out in the MMR Invitation scheme](#)

The key elements of the funding arrangement are that:-

- Places for People have set up a residential real estate fund (the MMR Fund) which will own and deliver mid-market rent homes, supporting people on low and modest incomes to access high quality rented accommodation at affordable rent levels.

- The MMR Fund is being operated as a Scottish Limited Partnership (SLP). This is a form of Limited Partnership which is used in a wide variety of economic sectors and as investment vehicles. A range of safeguards have been put in place to ensure complete transparency on the operation of the MMR Fund which includes:-
 - ❖ The MMR Fund will be managed by Places for Peoples fund management business [PfP Capital Limited](#) which is Authorised and Regulated by the Financial Conduct Authority (FCA) under FRN 775636;
 - ❖ The MMR Fund will be registered with the FCA as an Alternative Investment Fund. The FCA requires that, as an authorised fund manager, PfP Capital maintains the highest standards of governance;
 - ❖ The MMR Fund will be limited to delivering affordable housing in Scotland only;
 - ❖ Investors must be of 'fit and proper' standing to invest and any person / organisation who has been sanctioned by the FCA, is expressly barred from investing in the MMR Fund;
 - ❖ No changes to the MMR Fund governance regime can be made without first informing Scottish Minister; and
 - ❖ There are a number of Public Service Obligations (PSO) that ensure that the MMR Fund and its Investors must deliver an affordable housing service. This will be monitored on a regular basis and Scottish Ministers will have a range of default rights and remedies that are linked to the PSO and the loan facility to protect their investment.