Case Study

Maryhill Housing, Glasgow

Refinance

Maryhill Housing was created in 1977 in a tenement in the East Park area of Maryhill, Glasgow. Over the last 40 years Maryhill Housing Association has grown into a leading housing provider in the city.

Objective

(i) To increase Maryhill’s financial capacity and obtain maximum freedom over its future borrowing;

(ii) increase the total available funding from £19.5m to £35.5m to fund a 350-unit development programme; and

(iii) deal with the expiry of availability of the existing loan

What we did

DTP Reviewed Maryhill’s existing borrowing arrangements totalling £19.5m and covenants with Royal Bank of Scotland, which dated back to the stock transfer in 2011.

It included a wider review of the association’s treasury arrangements, including review of business plan assumptions, to ensure the association gave full consideration to the range of options available in respect of both its existing and future borrowing capability.

Once the board had approved the funding plan, we then supported Maryhill throughout the period of the refinancing in order to complete the new loan prior to the financial year end.

What we achieved

We presented our report to the board in plain language and, supported by our analysis, explained how a renegotiation with an increase in the loan would be the best option.

With our help, Maryhill elected to renegotiate with the existing lender and, at the same time, investigate alternative options to test value for money.

The new loan would allow Maryhill to manage its business without either business plan consent or the constraints of LSVT-style financial covenants imposed by the original loan.

Working closely with Rebecca Wilson, Director of Resources, we achieved a large increase in Maryhill’s available funding, a lengthening of the availability period and freedom from the LSVT constraints of the old loan.

With the benefit of a new revolving credit facility in a modern loan agreement, Maryhill is now able to exploit its full borrowing capacity and has the freedom to manage its own business.

DTP provided both business planning and treasury support and advice throughout the refinancing project. We have now successfully moved away from the previous LSVT loan to a more appropriate arrangement which will enable Maryhill to continue with our ambitious development plans over the next few years.

Rebecca Wilson, Director of Resources

A different perspective