

Mixed-use development projects, such as shops on the ground floor with flats above, are increasingly popular in urban regeneration and property development. However, securing **development finance for mixed use** can be complex due to the blend of commercial and residential elements. This guide explores how to navigate the process, what lenders are looking for, and [Visit this website](#) which brokers can help you access the best funding packages.

Understanding Mixed-Use Development Finance

Mixed-use developments combine different property uses, typically commercial (like retail or offices) at the lower floors and residential flats above. Lenders assess these projects differently from single-use schemes because the risks, income streams, and planning constraints vary.

Before diving into broker options and lender panels, it's good to understand some key financial terms often involved in development finance:

Key Finance Concepts for Mixed-Use Developments

- **GDV (Gross Development Value):** This is the total expected value of the completed development once all units — both commercial and residential — are sold or let. For example, if the shop units are worth £500,000 and the flats £1,500,000, the GDV is £2,000,000.
- **LTV (Loan-to-Value):** The maximum percentage of the property's value a lender is prepared to loan. Usually, for mixed-use, this varies by lender but expect around 60% to 70% of GDV.
- **Loan-to-Cost (LTC):** This ratio looks at what percentage of your total development costs (including land, construction, fees) the lender will cover. Development loans typically offer between 60% and 75% LTC.

How Does Development Finance Work for Mixed-Use?

Most mixed-use development finance follows the standard mechanics of staged funding:

1. Initial Advance: Covers purchase of land or existing property.
2. Construction Drawdowns: Funds released in stages as the build reaches agreed milestones — foundations, frame, roofing, and completion.
3. Interest Roll-Up or Payments: Interest can roll up (added to loan balance) or sometimes partially serviced during construction.
4. Exit Strategy: Once development completes, borrowers sell or refinance based on GDV to repay the loan.

Staged drawdowns protect lenders by only releasing monies as progress is verified, lowering risk on mixed-use schemes with varying income streams.

Lender Appetite for Mixed-Use Developments

Not all lenders have the same appetite for mixed-use schemes due to the combined commercial and residential risk profile.



- **Commercial and residential lending demands:** Lenders seek evidence that both elements are viable. For shops, this means a commercially robust location and tenants lined up or pre-lets agreed. For flats, they usually want planning permission and clear exit routes via sales to owner-occupiers or investors.
- **Loan Size:** Mixed-use deals generally start from around £150,000 but can go well over £5 million. Larger lenders may have set bands, while specialist bridging lenders offer more flexibility.
- **Sector Knowledge:** Lenders experienced in mixed-use developments understand the nuances and offer tailored products with sensible LTV and LTC limits.

Who Can Help? Using Brokers to Access Development Finance

Given the complexities, working with a broker with multi-lender access and deep sector knowledge is critical. Here are key criteria when selecting a broker:

- **Speed:** Mixed-use developments often face tight timelines. Choose brokers known for swift initial assessments and deal structuring.
- **Lender Access:** Brokers with wide panels and multi-lender access increase your chances of finding a lender with appetite for your specific project.
- **Transparency:** Avoid brokers who hide fees or don't clarify interest rates and terms upfront. Reliable brokers provide transparent quotes early.

Featured Brokers for Mixed-Use Projects

Broker	Loan Size	Range	Region	Coverage	Strengths	Who this is for
KIS Finance	£150,000 to £5 million+	UK-wide	Strong multi-lender panel, transparent pricing, rapid assessment	Developers needing fast quotes and wide lender options for mixed-use schemes	The Loans Engine	£100,000 to £3 million UK-wide Specialist in bridging and development loans with clear online process
Smaller mixed-use developers wanting quick online eligibility checks	Scottish Bridging Loans	£50,000 to £2 million	Scotland and Northern England	Excellent regional knowledge with flexibility for Scottish mixed-use schemes	Developers in Scotland and northern regions requiring specialist regional lender access	

All these brokers are highly rated on Reviews.io, offering strong customer feedback on speed and transparency.



Comparing Dealer-Specific Loan Bands and Capacity

It's vital to review each lender's published loan bands and capacities to match your project size. For instance:

- **KIS Finance** can handle £150k up to £5m+, making them ideal for mid-size to large mixed-use developments.
- **The Loans Engine** specializes in smaller deals (£100k–£3m), perfect for pilot projects or conversions.
- **Scottish Bridging Loans** offers niche expertise in Scotland with smaller loans down to £50k.

Ensure your project GDV and cost profile fit comfortably within these bands for a smoother approval process.

Why Multi-Lender Access Matters

Mixed-use developments sit at the intersection of commercial and residential, so lender appetite can be unpredictable. Brokers offering **multi-lender access** mitigate this risk by:

- Comparing terms from bridging lenders, specialist development finance lenders, and traditional commercial lenders
- Matching your project to a lender whose terms suit your specific risk profile (GDV, location, build complexity)
- Improving speed by running parallel lender applications

Good brokers constantly update their panels, removing lenders that are slow, restrictive, or unclear about fees.

Final Thoughts: Getting the Right Finance for Mixed-Use Developments

Securing finance for a shop below flats scheme requires careful planning and clear understanding of key financial metrics.

- Calculate your GDV accurately by valuing residential and commercial elements separately.
- Understand the lender's thresholds for LTV and LTC to avoid overstretching.
- Engage brokers with multi-lender access and luminous transparency on fees and terms.
- Factor in staged drawdowns aligned with reliable build progress reporting.

With the right financing partner — such as **KIS Finance**, **The Loans Engine**, or **Scottish Bridging Loans** — you can unlock the capital needed to bring your mixed-use project to life efficiently and cost-effectively.

Always check independent reviews on [Reviews.io](#) or similar platforms before committing to a broker to ensure their reputation for speed and honesty aligns with your expectations.

Quick Summary: Mixed-Use Development Finance

Topic Key Takeaway
GDV Total projected sale or rental value of both commercial and residential units
LTV Lender typically lends 60%-70% of GDV in mixed-use finance
LTC Lender covers 60%-75% of your total development costs, including land and construction
Drawdown Funds released in stages based on build progress milestones
Broker selection Prioritise speed, lender panel breadth, and upfront fee transparency
Who to call KIS Finance for large deals, The Loans Engine for small to medium, Scottish Bridging Loans for Scotland/Northern England