



# **SUSTAINABLE INVESTMENT IN SOCIAL HOUSING**

**Sukvinder Kalsi – Birmingham City Council**

# Introduction

- Social Housing - the National Context
- The Economic Value of Social Housing
- Maintaining Existing Social Housing
- New Social Housing Investment
- Review of Current Finance System
- Conclusions and the Future

# Social Housing – National Context

- Demand for Social Housing > 1.8 million
- Demographic Trends and Needs
- Maximum Homeownership ~ 75%?
- Current Economic Conditions
  - shortfall in affordable housing
  - lack of available finance
  - need for economic mobility

# Social Housing – Economic Value

- Social Housing Providers (RSLs/Councils) and stock of 4 million ~ 20%+
- Essential to Neighbourhood Sustainability (costs quantified easier than value)
- Understated financial value
  - £160 billion or £40,000 per property
- Under-utilised value of assets
  - £40 billion debt or £10,000 per property

# Maintaining Existing Social Housing

## Local Authorities

- Decent Homes Standard – by 2010?
- Major Repairs Allowance £1.2 billion  
(average of £650 per property)
- National Supported Borrowing
- Estimated Backlog - £19 billion
- Existing Council Finance System - Issues

# Maintaining Existing Social Housing

## Registered Social Landlords

- Decent Homes Standard
- Maintenance Liabilities - reflected in transfer value
- Provision of Gap Funding e.g. ERCF/HAT
- Future Liabilities through Business Plans including rent/affordable borrowing

# **New Social Housing Investment**

## **Recent Changes and National Funding**

- Council New Build Regulations (exemption from system & rtb receipts)
- Pre Budget – April 2009 - £600 million including Challenge Fund of £100 million
- Building Britain's Future - £1.5 billion including £250 million for LA Build

# Council Housing Finance Review

- Review Completed & Current Consultation
- Focus on Long Term Sustainability
- Ensuring Minimum Service/Maintenance Standards/Rent Policy
- Options for Self Financing
- Social Housing Sector Regulation (TSA)

# Conclusions and the Future

- Social Housing - Strong Demand
- Significant Investment - £2.1 billion
- Council Finance System Review – Important, Equitable and Sustainable
- A Demanding but Exciting Agenda