

# Investing in our housing stock – an update

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## What we will cover

- What have we done?
- Why have we done?
- What are the findings? Asset management and our options to access finance to invest in our housing stock.
- Next steps - Managing our housing portfolio as a business.



## What have we done?

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- Commissioned Savills to carry out two pieces of work
  - Asset performance evaluation report
  - Options appraisal for investment in the Council's housing stock
- The findings of this work will inform how we manage our assets and how we deliver the investment needed, as well as how we carry out regeneration in the future.



## Why have we done it?

- 1) Want to improve the quality of our housing stock. More than Decent Homes.
- 2) The introduction of self financing to the Housing Revenue Account (HRA) means as a Council we have greater certainty over the amount of money we will have long term, as well as challenges the use of RPs in developments.
- 3) Have ambitions to improve our housing offer to older people, regenerate our estates and develop more homes.



# Current situation – resources vs need

Need – money needed to improve stock

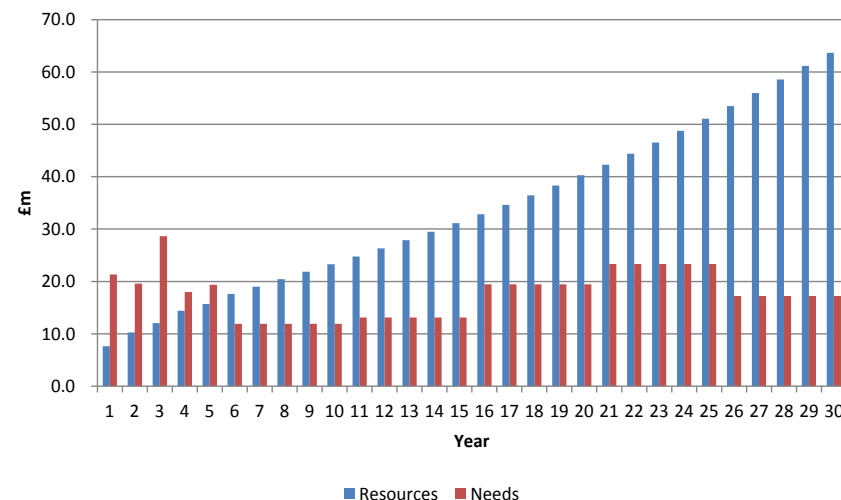
- Resources based on Council's 2013/14 HRA business plan
- Long term surplus from rent but short term investment gap £47m

Resources – HRA debt cap

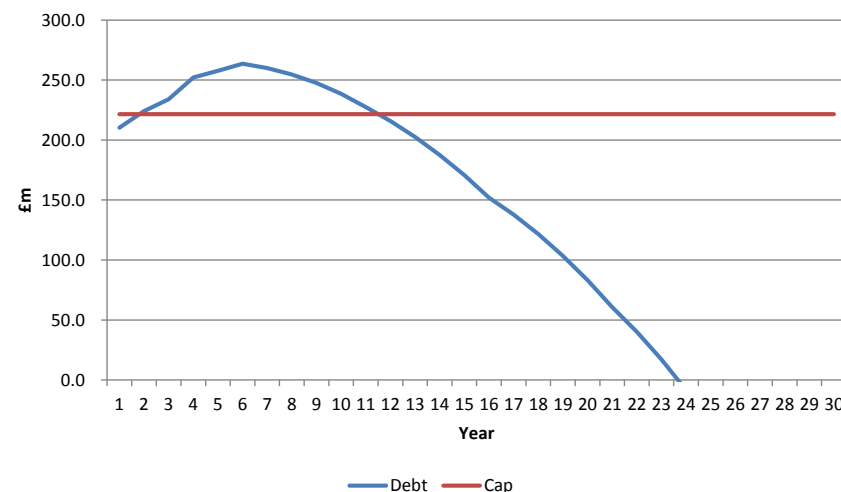
- Total debt requirement £263.6m
- Debt cap £221.6m
- £42m borrowing requirement above cap

Investment is affordable but not permissible due to the debt cap

Resources v needs



Debt



# Report 1: How do our housing assets perform?

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- Stock broken up into groups which represent similar types of housing in a geographical area
- Each group is then assessed for its net present value cash flow (rental income less repair costs)
- This then allows us to identify groups which perform well and those which don't to help us make long term decisions for both all the stock and specific estates and types of properties.



## Next steps

- Agree an investment standard for all our housing stock
- Develop an Asset Management and Investment Strategy
- Cross reference with work being done on regeneration – Hidden Homes, Grenfell Tower, Edenham Way

## Report 2: what are our options to deliver the level of investment needed?



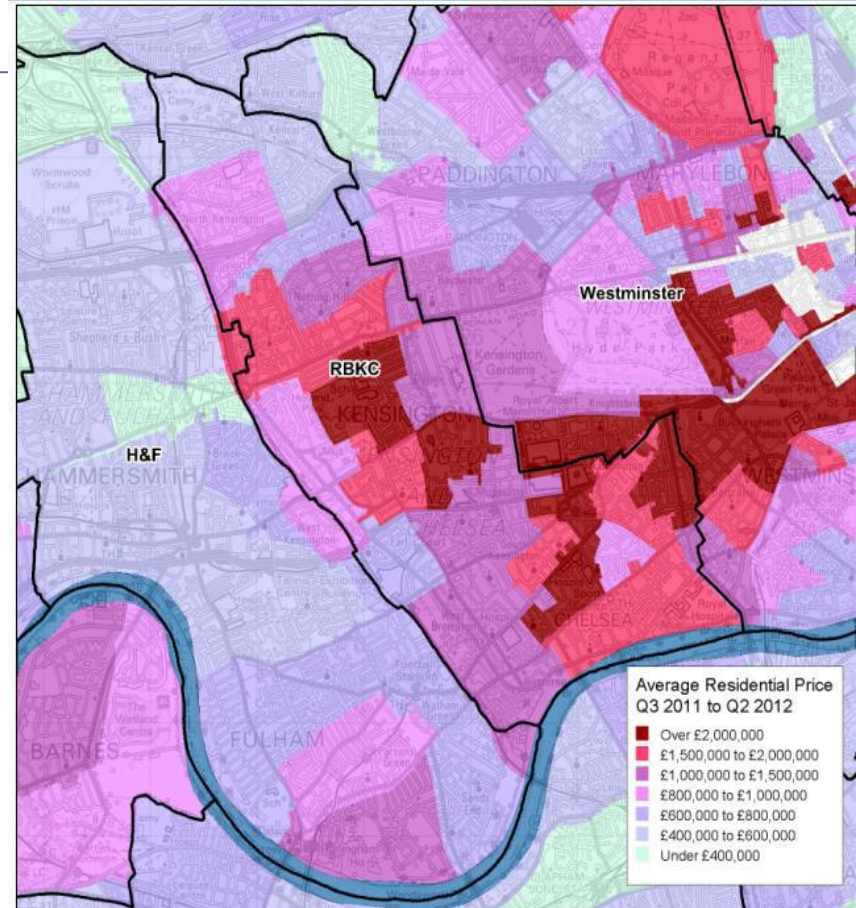
- Asked them to look at all the options possible
- Key headline = no financial case for stock transfer – can access the required funding in other ways due to changes to the HRA
- Conclusion: a combinations of the options is possible and these should be explored further and linked to asset management





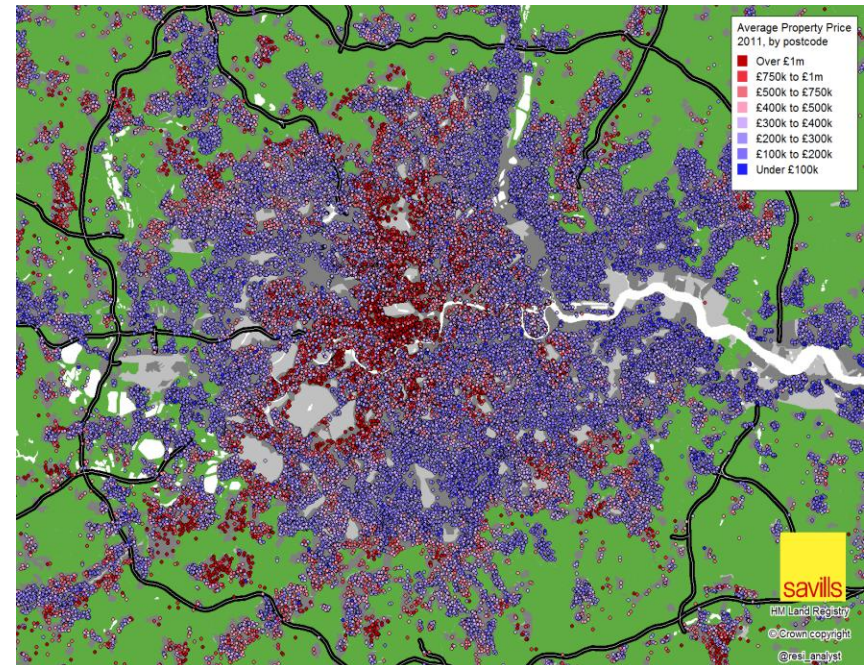
# Additional capacity within the HRA

- Re-profiling of the investment programme
- Rent policy review
- Targeted disposals and replacement with social housing – maintaining stock levels
- Targeted small scale conversions to affordable or market rents and/or shared ownership



# Additional funding outside HRA

- Number of options for funding and delivery – could involve working with KCTMO
  - Sale and leaseback
  - Regeneration company
  - Council owned company
- Public/Private Partnerships



## Next steps

- Developing our HRA Business Plan
- Setting an investment standard for our housing
- Rent policy
- Looking at how we can deliver regeneration – land at Edenham Way



# QUESTIONS

