

Closing the gap

Unlocking investment to
address the UK's affordable
housing challenge

August 2023

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Foreword



Professor Alex Lord, Lever Chair
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England's housing crisis is now at least two decades in the making. A historic failure to build a sufficient number of new homes has caused a chronic undersupply of affordable housing in areas across the country.

However, it's against this backdrop of crisis that essential aspects of housing policy have drifted. For example, the government's target for the completion of new dwellings has been relaxed and is now only 'advisory'. This leaves local authorities on the horns of a dilemma: how do you address the housing crisis without the essential evidence and analytical tools to plan proactively for new development?

This report represents an important step in addressing this question by presenting evidence on the effects of current housing policy on registered providers of social housing. It is these registered providers — numbering over 1,500 in the UK — that will be essential to delivering the new affordable dwellings that the country so urgently requires.

Yet the findings of the research point in the opposite direction; the registered providers surveyed report an expected 22% reduction in their development pipelines over the short-medium terms.

For more than three decades registered providers have relied on private finance to support their development ambitions. But the economic conditions of today, including rising inflation and interest rates, mean that the cost of debt has soared and social landlords must now pay more to access the finance they need to build new homes. This pressure has been compounded by the enormous investment required for landlords to



hit net zero targets as well as addressing issues of disrepair in the sector, which are subject to ongoing media scrutiny.

We need a step change in the delivery of new affordable homes. But the collective voice of registered providers reported in this work illustrates a significant gap between this aspiration and what they expect to materialise over the coming years. This timely and important intervention presents a clear case that we need to think again about stimulating the delivery of new affordable dwellings.

“This timely and important intervention presents a clear case that we need to think again about stimulating the delivery of new affordable dwellings”

About this report



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octopus real estate
A brighter way

The UK has been in the midst of an intensifying housing crisis for some time. More than five years ago, the UK Government published a white paper outlining plans to reform the housing market and increase the supply of new homes¹. But the crisis has only worsened.

Intervening events, including a global pandemic, the tragedy of Grenfell, a sustained period of high inflation and, more recently, increased interest rates, have challenged affordability further.

In short, the housing market is still very much broken.

The shortfall of new homes for social and affordable rent is particularly acute. A number of registered providers of affordable housing have been doing what they can to build new homes while battling a myriad of pressures against a backdrop of declining grants from central government. Having been involved with the social housing sector for more than 20 years, the scale and range of challenges today seem to eclipse the problems of the past.

Several studies have demonstrated the shortfall of affordable housing and set targets compared with demand and what the country needs. A paper commissioned by the National Housing Federation (NHF) and homelessness charity Crisis found that 340,000 new homes are required annually, of which 145,000 should be affordable². Official government figures show that in England in 2021/22 there were 59,175 affordable homes completed³ – the highest figure since 2015 and yet still desperately short of demand.

Key figures

22%

average expected fall in development pipelines from England's largest registered providers

3

top 3 barriers to development plans: construction costs, interest rates and refocusing on existing stock

36%

more than a third of social housing providers say their work towards net zero has slowed in past 12 months

Timeline

- **1950s** – Local authorities are the primary builders of social housing
- **1960s** – Overall housebuilding peaks
- **1988** – Housing Act introduced, giving registered providers of social housing access to private finance
- **1990s** – Onset of sustained period of Large-Scale Voluntary Transfers (LSVTs) between councils and housing associations. Housing associations overtake councils as primary providers of social housing
- **2008** – Global financial crisis and onset of low interest rate environment. Housing and Regeneration Act opens door to for-profit providers and new forms of private capital.
- **2010** – Coalition government slashes housing budget in Spending Review
- **2015** – Government announces 4-year social rent reduction
- **2017** – Grenfell Tower fire
- **2020** – Covid-19 pandemic causes a slowdown in housebuilding
- **2022** – Interest rates begin rising rapidly



For the last few years, the discussion has focused on how to reach 145,000 new affordable homes per annum. But now the challenge is — how do we even maintain the current level of output, let alone increase it?

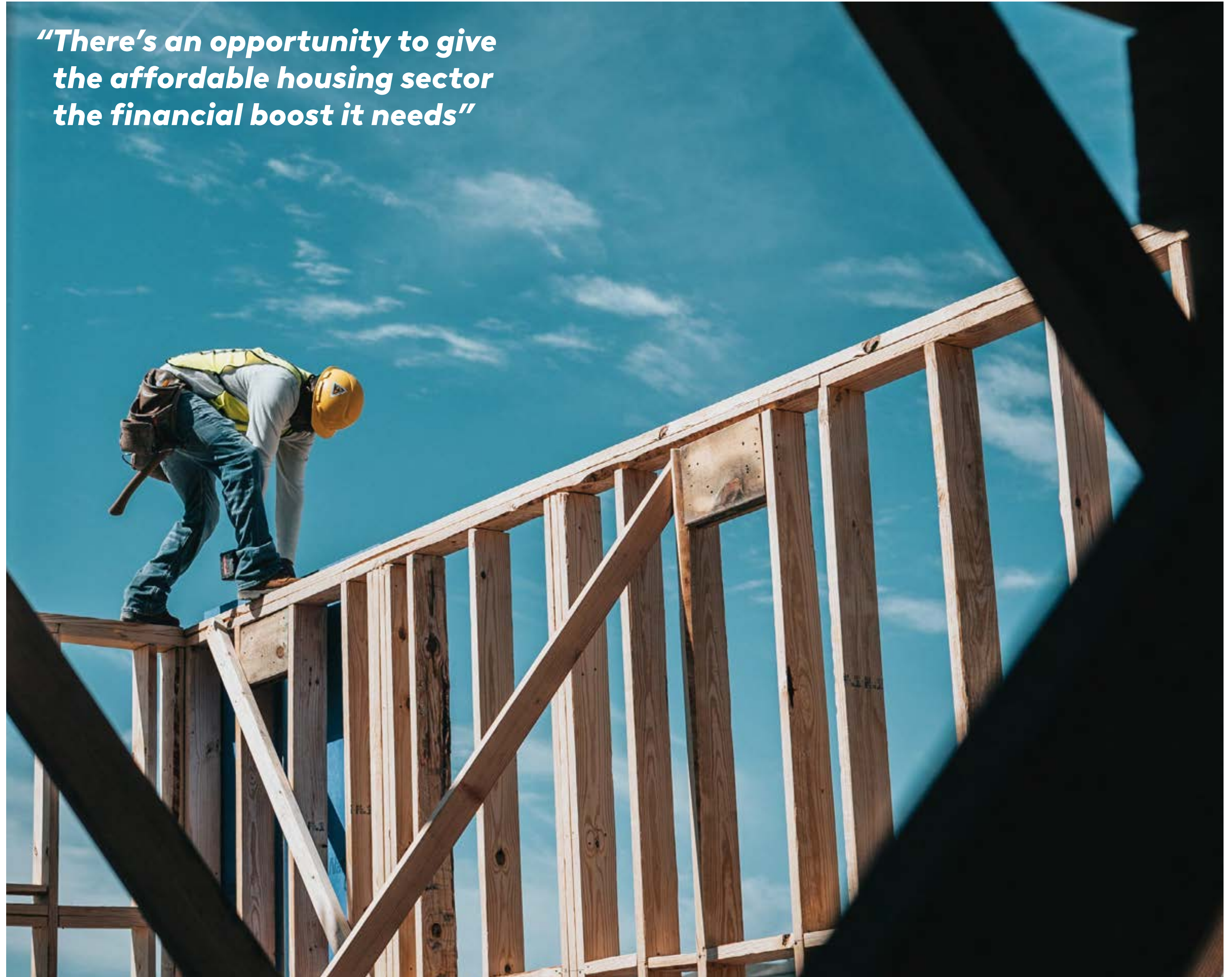
Our landmark research crystallises recent anecdotal evidence and demonstrates that there will be a slowdown in the total development of affordable housing by registered providers, who make up the bulk of affordable homes supply.

This is because the social housing sector is facing a ‘perfect storm’ of pressures including: inflation, higher interest rates, net zero commitments, regulatory and policy-related pressures, as well as credit quality and other structural issues in the market. More recently, the social housing sector has had to react to a 7% rent cap, which is estimated to equate to a £3.2bn loss in rental income for registered providers⁴. Increasingly, existing homes are being prioritised for investment, which is understandable given the revelations around the poor quality of some homes in the sector.

In the current climate, the biggest developing registered providers are struggling to meet their own development aspirations, let alone reach output to meet the country’s needs. But what my experience has also taught me is that registered providers are unwaveringly committed to delivering new affordable housing. They may be exercising prudence in avoiding taking on new debt, but there are other ways these organisations can access private finance. New equity partnerships, for instance, are now very much part of the funding landscape.

With growing demand from the finance community for social impact investments, and registered providers looking for more finance, there’s an opportunity to give the affordable housing sector the financial boost it needs. We believe that equity partnerships represent the next wave of innovation in the sector, comparable to the 1980s when registered providers were given access to the debt capital markets. While some may be sceptical about this new way of working, ultimately, we hope that the sector can unite around our common goal: building affordable homes.

“There’s an opportunity to give the affordable housing sector the financial boost it needs”



Methodology

This report forms part of a wider project Octopus has conducted over a six-month period. The report is founded on four main approaches:

- 1. Desktop research** — analysing various data sources such as government figures, sector surveys, stock market updates and bond market data. Overall, Octopus has analysed figures from organisations that accounted for more than 50% of registered providers' output in 2021/22.
- 2. Semi-structured interviews** — conducting one-to-one interviews with the majority of the top 20 biggest developing registered providers to better understand their approach to development in the coming years.
- 3. Survey research** — Octopus partnered with Inside Housing to conduct a survey which asked respondents about their concerns regarding development and finance.
- 4. Roundtables** — in June 2023, Octopus hosted a roundtable for 20 leaders within the sector to discuss the challenges around development.



1

A perfect storm

The current challenges facing the affordable housing sector



The social housing sector is in the most challenging economic period it has faced in decades.

For several years, registered providers have been trying to keep pace with the costs associated with both new building safety measures and retrofitting their existing stock.

Registered providers have been feeling the strain of these added costs, but for the last 18 months these pressures have been compounded by a new set of challenges.

The sector has come under intense scrutiny over issues around damp and mould. The failings of social landlords have become mainstream news and a key focus of the current Secretary of State for Levelling Up, Housing and Communities, Michael Gove. As such, we've seen registered providers spending more on investing in their existing stock to bring it up to standard. This shift has occurred against a backdrop of worsening economic conditions, with inflation reaching double figures and interest rates reaching 5.25% — the highest level since the height of the 2008 financial crisis⁵.

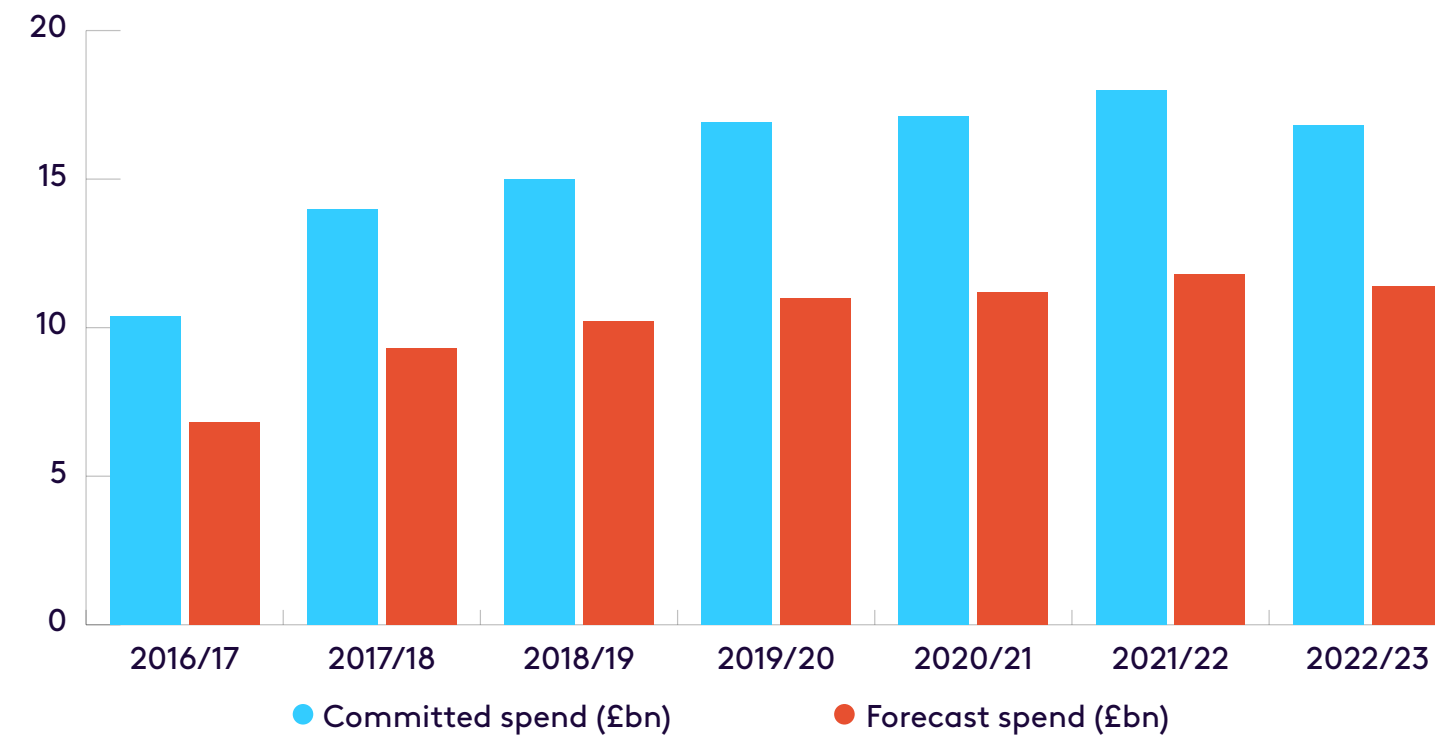
These pressures have led to concerns about the future of social housing development over the next few years, as reducing development is often the first lever that is pulled when finances are tight. This has been projected by credit ratings agency S&P, who released a report in March 2023⁶ suggesting UK registered providers will reduce borrowing over the next two years as they slow development.

The agency said it estimates the sector will borrow £16bn in the two years to March 31 2025, compared with £21bn it had previously forecast in the two years to March 31 2024. Despite this, it expects the sector's overall debt will continue to rise due to higher costs and higher investment spending.

The data story

When considering the competing pressures in the affordable housing sector, it's clear that a crucial decision needs to be made. The sector is at a crossroads, faced with the choice of investing in improving existing

Figure 1: RSH forecast development spend (£bn)



homes or building new ones. The data is beginning to suggest that registered providers have mostly chosen to focus on improving the current housing stock.

According to data from the Regulator of Social Housing's (RSH) quarterly surveys⁷, actual spending on development has plateaued in the last two years, and the coming years will see a reduction in development. The forecasted spend is expected to decrease from a peak of £17.1 billion in 2020/21 to £16.8 billion in 2022/23 (figure 1). Out of this £16.8 billion, £11.4 billion has already been allocated, leaving £5.2 billion uncommitted. This is significant because if registered providers continue to channel more funds into improving existing homes, many may have to withdraw from uncommitted projects.

It's also worth noting that the registered providers' money won't stretch as far as before. This is due to increased development costs associated with materials and labour, which means fewer homes will be built.

Spending on existing stock will continue to increase, especially considering the government is reviewing the Decent Homes Standard and the increased media focus on disrepair in the social housing sector. This trend

“Money won't stretch as far as before, which means fewer homes will be built”



is already playing out in the data from the RSH quarterly surveys.

In 2021/22, the sector spent £2.3bn on capitalised repairs and maintenance, which rose to £2.7bn by the end of 2022/23 (figure 2).

This increase is notable, but the forecast figures provided by the RSH will concern many registered providers. According to its forecasts, spending in this area will reach £3.5bn by this time next year. Overall expenditure on repairs and maintenance has also risen from £5bn in 2018 to £6.5bn in 2022⁸.

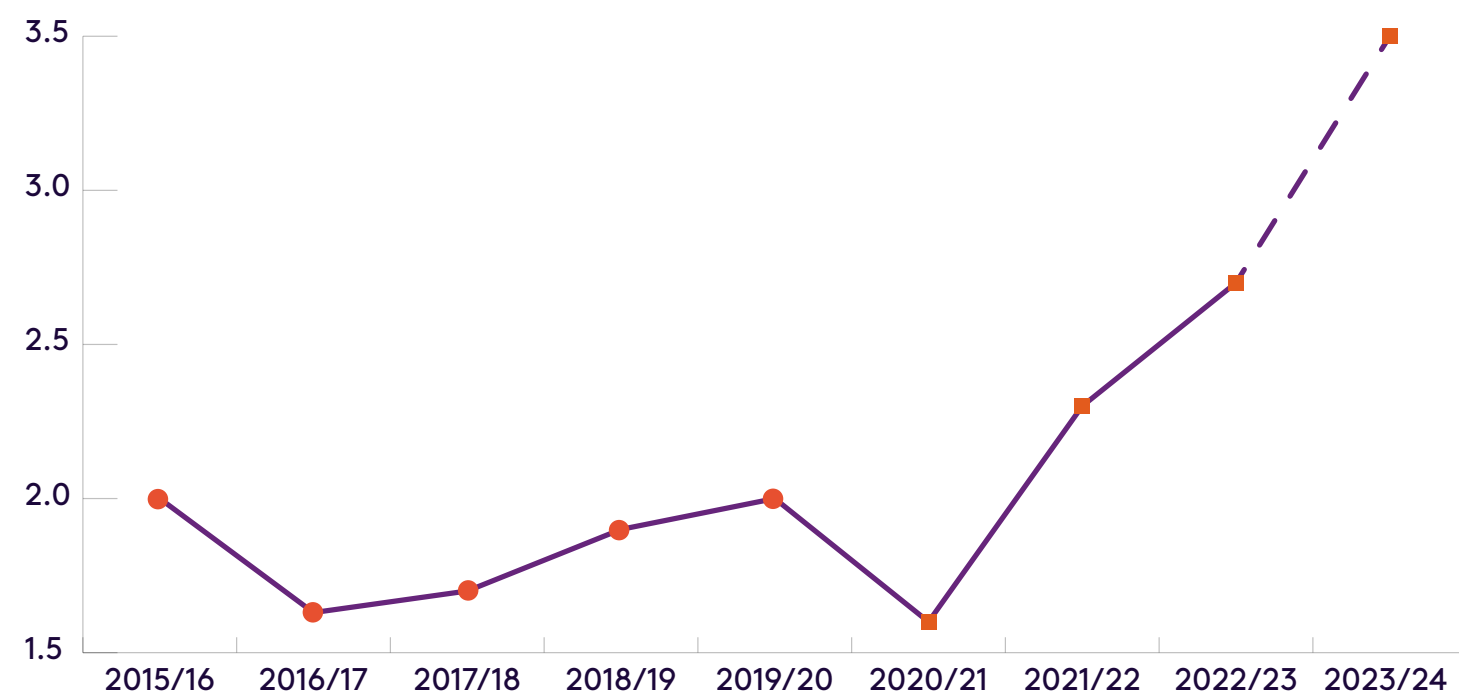
What it means

The data provided by the RSH shows a steady upwards trend regarding repairs and maintenance expenditure. The media attention that has uncovered widespread disrepair in social housing and the subsequent reaction from the sector will mean this trend will continue for some time.

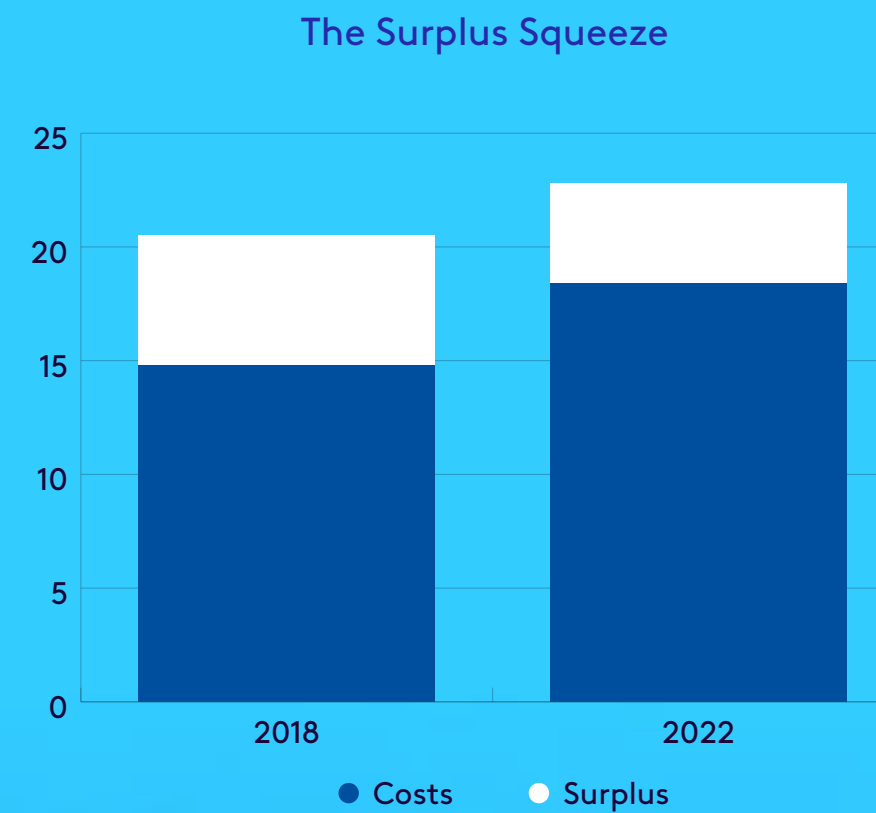
The difficulty for registered providers is that investment in existing assets has become more urgent as the cost of doing so has also risen. Debt costs have increased, and the ability to service has declined. Taken together, the data hints at a lower amount of affordable housing being developed.

This sentiment is evident in the survey we commissioned, with 47% of respondents saying they're 'not confident' they will be able to maintain their development at the same levels as last year.

Figure 2: Capitalised repairs and maintenance expenditure (£bn)



The surplus squeeze and how it affects the capacity to build new homes

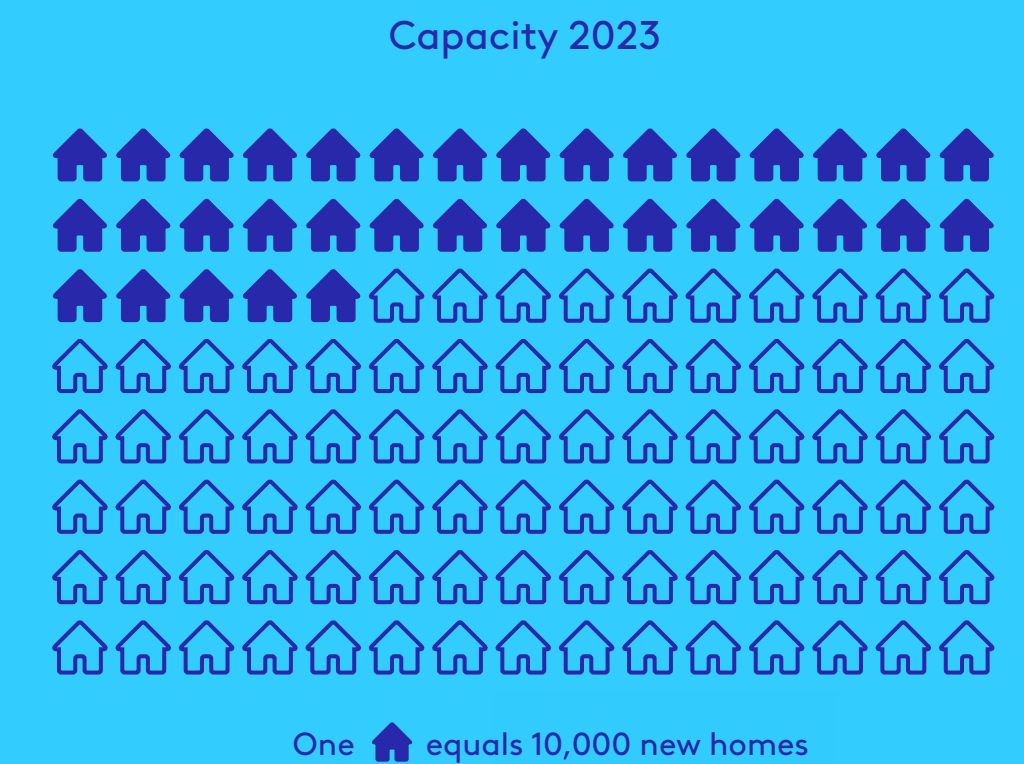


In 2018, the sector reported an operating surplus of over £5.5bn⁹, shrinking to under £4.5bn in 2022¹⁰ due to higher costs. This has reduced the available surpluses that can be used to secure finance to build new homes.

The sector's surplus has dropped by c.23% in 5 years, while borrowing costs have doubled. This has significantly curbed providers' ability to build homes funded by debt.



In 2018, based on estimated build costs and an assumed fixed debt cost of around 2.25% (Bank of England base rates, plus a 1.5% margin)¹¹ surpluses could have theoretically been leveraged over time (notwithstanding other financial metrics) to build over a million new homes.



In 2023, based on estimated build costs and an assumed fixed debt cost of around 6.75% (Bank of England base rates, plus a 1.5% margin)¹² surpluses could theoretically be leveraged over time (notwithstanding other financial metrics) to build around a third of a million new homes.



Case studies

Clarion

Clarion is one of the largest social housing landlords in the country and is responsible for developing a significant proportion of the sector's housing.

The landlord has been revising its development forecast downwards in the last few years. As Mark Hattersley, Chief Financial Officer at Clarion explains: "We could see a challenging market emerging about 18 months ago, so we started moderating our pipeline. We still have a long-term ambition to build 3,200 homes a year, but we're aiming more towards 2,000 until the market recovers."

Mark notes that the group has a number of committed schemes, which are now costing a lot more than when they were approved. Add the government's consultation on second staircases in multi-storey developments¹³ into the mix and those schemes look even more expensive.

As for Clarion's forecast spend on uncommitted schemes, he admits there's a risk that this could be reduced. He says: "We are hopeful, and targeting not going backwards, but there's an element of risk to that. And if there's another economic fallout, all bets are off."

L&Q

L&Q has been the leading developer in the registered provider sector for several years, regularly topping the table on Inside Housing's annual 'Biggest Builders' survey.

However, the organisation has been very open about the constraints on its capital spending ability in the current climate and has had to rein in its ambitions when it comes to the number of homes it will be able to build in the coming years.

"We were building around 5-6,000 homes a year based on the last couple of years' accounts, but going forward, we don't predict to be building more than 3,000 homes a year over the next five years," says Waqar Ahmed, Finance Director at L&Q.

"We've been hit by higher inflation costs on maintenance and development. That means

"We don't predict to be building more than 3,000 homes a year over the next five years."

— Waqar Ahmed, L&Q



erosion of EBITDA on development, which means erosion of development margins. And we've also been hit by a higher interest rate environment."

L&Q's trading update for the nine months up to the end of 2022 revealed a reduction in all key financial metrics compared with the previous year. EBITDA was down 25% from £287m to £215m, while the EBITDA margin fell from 29% to 22%. Perhaps most significantly, EBITDA interest cover — a metric often tied to banks' lending covenants for registered providers — fell from 256% to just 159%.

"We're still above our covenants," says Waqar. "All you do in return is adjust your debt levels hence smaller development programmes. You don't compromise on health and safety; you don't compromise on major repairs and on service to residents. So, the only balancing item you do have is debt and the development programme."



2 Where next for affordable housing supply?

The future of development output



The output of new builds from registered providers has peaked and now looks set for a downward trajectory.

The survey Octopus conducted with Inside Housing found that 91% of respondents see development as part of their core purpose. This is reflected in development output figures which have remained relatively stable over the last few years despite the various challenges registered providers have faced.

Despite this, there are times when funding must be prioritised for other aspects of their work, namely improvements to existing stock. The analysis in this chapter shows the progress on new build affordable housing over the last few years. It combines this with recent comments by leaders in the affordable housing sector about the direction of travel for development. The picture it paints suggests that the years of stable, if lower than necessary, delivery of affordable housing are coming to an end.

Regulator of Social Housing Global Accounts

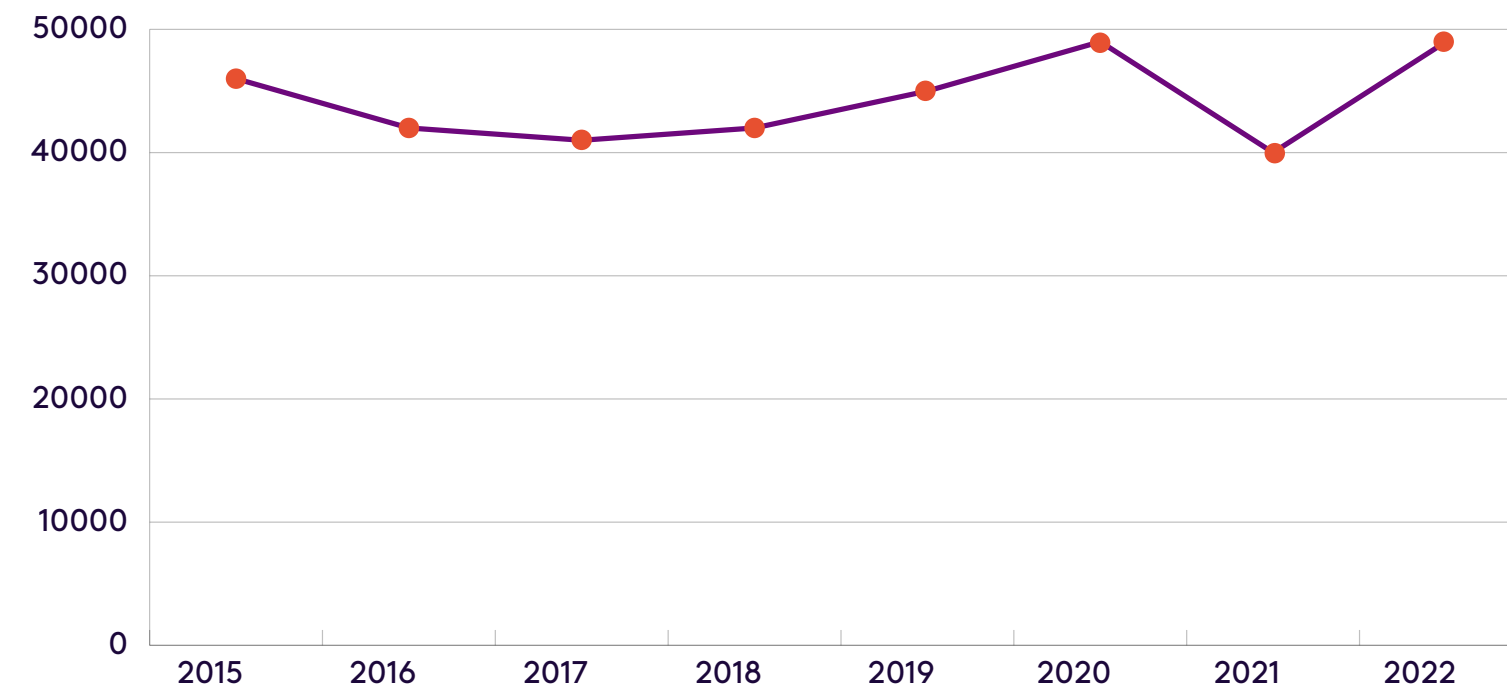
Each year the RSH publishes the data it has collected throughout the year from private registered providers of social housing, primarily housing associations, with more than 1,000 social homes in their stock. The data doesn't include social homes built by local authorities.

The data reveals a trend of social housing output stagnating¹⁴. Output between 2015 and 2020 ranged between 41,000 and 49,000 new social homes. Figures fell to 40,000 in 2021 due to covid-19 related disruption but rose last year to 49,000 (figure 3). The general picture is one of consistent delivery. But when we consider the number of new affordable homes that are needed, such as the 145,000 a year recommended by Crisis and the NHF, this data reveals the significant shortfall the country is facing.

Office for National Statistics data

If we look to another data source — the Office for National Statistics (ONS) *Housing Statistics* series¹⁵ — we can see the proportion of housing completions that are for different tenures. This data is based on annual Homes England figures and covers development delivered through the government agency in England, excluding London.

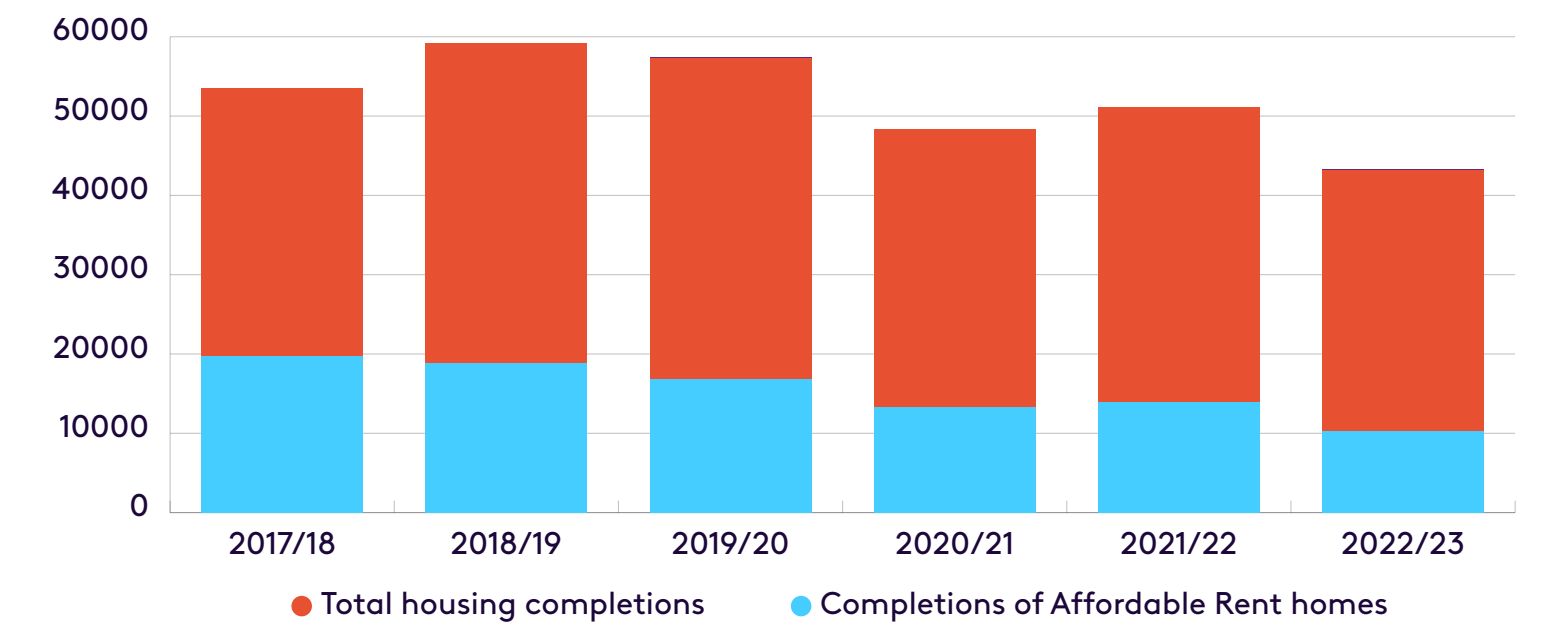
Figure 3: Total new units of social housing



When looking at the various categories of tenure, there's a clear downward trend in new affordable home completions as a proportion of overall completions. Affordable Rent, Social Rent, Intermediate Rent and Affordable Home Ownership units have fallen as a proportion of total output over the last few years. According to the ONS figures, 77% of all housing completions in 2017/18 were for affordable homes, but this fell to 71% in 2022/23. The picture becomes even more stark when comparing Affordable Rent completions to total housing output, with the proportions falling from 58% (19,763 homes) in 2017/18 to just 31% (10,250) in 2022/23 (figure 4).

Meanwhile, the proportion of homes for social rent increased over the same period, from 990 units in 2017/18 to 3,732 units in 2022/23. Although units roughly tripled, social rent homes made up a small proportion of total completions, rising from 3% to 11% over the period (figure 5).

Figure 4: Affordable Rent homes as a proportion of total housing completions



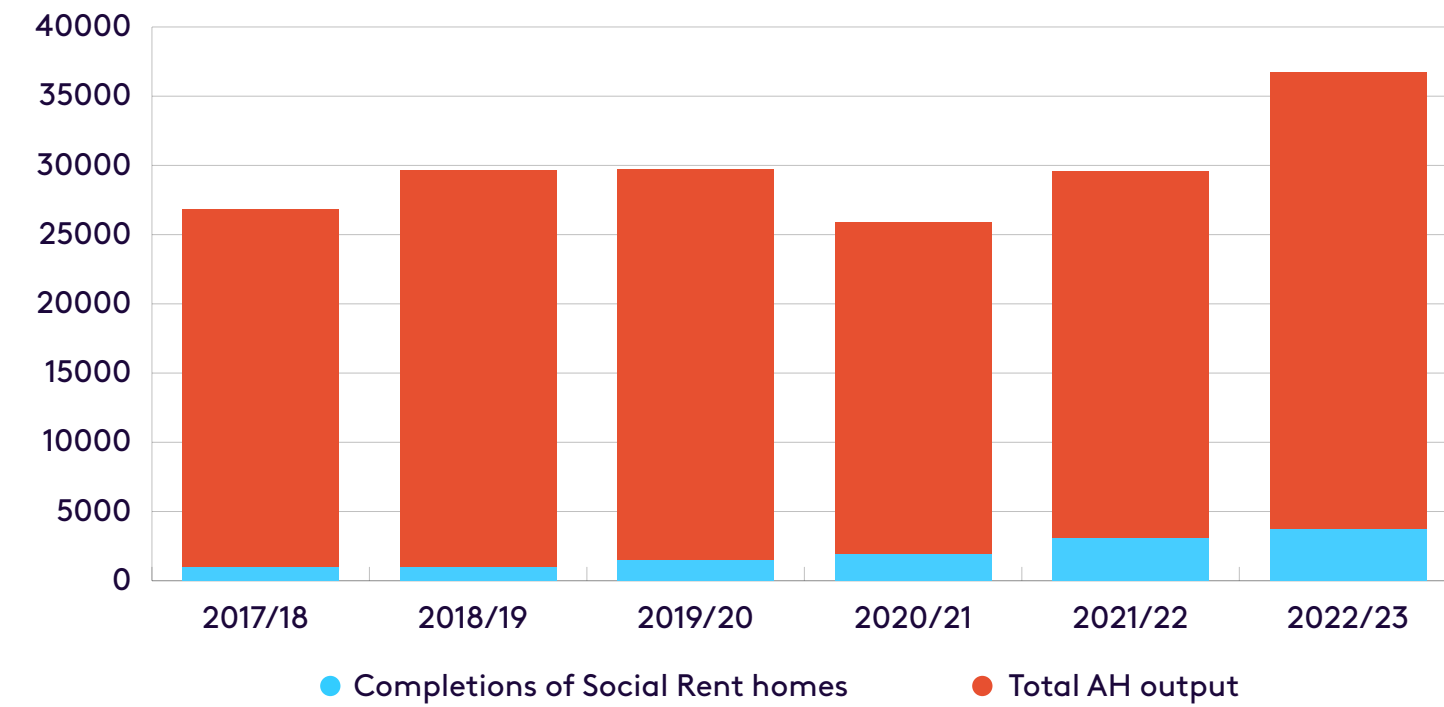
Department for Levelling Up, Housing and Communities data

However, a third data set tells another story. The UK Government's official housing statistics report that 59,356 affordable homes were completed in England in 2021-22, an increase of 13% compared with the previous year¹⁶. These statistics appear to be higher than other datasets and the trend shown above. It's important to note that these figures include new build properties from housing associations and local authorities as well as acquisitions of existing homes. When we focus strictly on new build the number falls to 49,000. Since 2017/18, the figures for new build have fluctuated between 39,000 and 50,000.

However, given the proportion of homes delivered by registered providers within this dataset, and the downward trajectory that this report supports, it's anticipated that these government figures will begin to fall. This will occur when committed developments are completed, and the reality of what is happening in the market today starts to filter through into the official numbers.

“When we consider the number of new affordable homes that are needed, this data reveals the significant shortfall the country is facing”

Figure 5: Social Rent completions as proportion of total completions



What the registered providers are saying

Octopus has interviewed CEOs and CFOs of registered providers about their development ambitions and whether they expect to maintain development levels given the current pressures on them. The interviews include most of the sector’s top 20 biggest developers and several medium-sized organisations.

Taking an aggregate figure from these interviews, registered providers are planning to cut their development pipelines by 22% in the coming years.

Some registered providers Octopus spoke with have cut back development by more than 40% because of financial conditions. In addition, the G15, which represents London’s largest registered providers, has said that its members are reducing development programmes by as much as a third¹⁷.

The reasons for this drop off in development were wide-ranging.

Factors identified include: the cost of development, cost of new debt, labour costs and shortages, decarbonisation work eating into development capacity, maintaining credit ratings, maintaining governance ratings, and uncertainty over rent settlements. Many interviewees highlighted the difficulty of ‘turning the tap back on’ for



development once it has been paused. Even if conditions improve in the future, there’s likely to be a lag in getting development back to where it was before registered providers began to cut back.

Interviewees suggested that a balance between developing new homes and investing in existing stock must be struck. Some warned that too much emphasis on new homes could leave registered providers with deteriorating stock, which requires vast amounts of investment to bring it up to standard.

The spend on existing homes can be split into two broad categories: spend on day-to-day repairs and maintenance, and spend on decarbonisation work. As noted in Chapter 1, the repairs and maintenance spend is expected to jump to £3.5bn from £2.7bn by the end of next year. This aligns with the interviews Octopus conducted with CEOs and CFOs, most of whom revealed they would be devoting more expenditure to this area.

On top of this, there’s the daunting cost related to decarbonisation. Research produced in 2021 by Savills estimated that decarbonising

England’s existing housing association homes will amount to at least £36bn on top of the £70bn they already have planned to spend by 2050¹⁸. Given inflation has moved since then, costs are now much higher.

DLUHC inquiry submissions

According to The NHF’s submission to the recent Levelling Up, Housing and Communities inquiry on social housing financing, some members forecast development to drop 10% to 20% over the next five years¹⁹.

The Northern Housing Consortium, representing councils, housing associations and Arms-Length Management Organisations (ALMOs) in the North of England, said its members are taking a “considered approach” to new development. The organisation said members are reducing development to invest in existing stock, while many have identified exposure to market sales as a risk²⁰.

Similarly, in its response, the Chartered Institute of Housing observed a slowdown in development. It highlighted that the DLUHC’s projections expected the Affordable Homes Programme 2021-26 will deliver 157,000 homes, compared to the 180,000 initially predicted²¹.

The RSH also noted that “there are some signs that private registered providers are planning to scale back development activity”²². Part of the issue, the RSH says, is down to constraints in the wider construction market and although pressures have eased slightly, more than half of providers are reporting delays in their supply chain.

“Even if conditions improve in the future, there’s likely to be a lag in getting development back to where it was”

A survey conducted by Inside Housing on behalf of Octopus yielded some stark findings relating to registered provider development.

The survey is based on data from 102 respondents. 64% of respondents worked for a housing association/registered social landlord, while 20% were from a local authority.

47%

Not confident

Nearly half (47%) of respondents said they were 'not confident' of maintaining development at 2021/22 levels.

21%–50%

Development reduction

20% of respondents expect to reduce their development by between 21–50% over the next two years.

3

Top 3 barriers to development

The top three barriers to development, according to respondents, are:

1. Construction costs
2. Interest rates/cost of debt
3. Refocusing on the quality and safety of existing homes.

11%–25%

Average funding shortfall

Over a third of respondents reported funding shortfalls of 11%–25% on schemes on average, 13% said they faced a shortfall of between 26%–50%.

INSIDE
HOUSING

Octopus roundtable insights

Below are some key quotes from the roundtable event hosted by Octopus earlier this year, which brought several key registered providers together to discuss their challenges.

"We've scaled back development. This has been driven by our board, who prioritise investment in existing stock."

"We have an ageing housing stock, which just makes decarbonisation more difficult, and requires substantial investment."

"Housing associations are expected to do everything, everywhere, all at once. There's absolutely a requirement to start looking at other models of working."

"We are at a step change moment; something has to be done differently."

"Affordable housing is never going to be politically popular. A lot of MPs only see us through the lens of the complaints they get in their inbox from constituents."

"Credit ratings want us to stay where we are, but this puts us in the position of (having to choose between) protecting our credit rating or delivering more homes."

Case studies

Stonewater

Ongoing cost inflation has led Stonewater to re-evaluate how it sets out its ambitious house building programme, with Chief Financial Officer Anne Costain explaining how the organisation will set a target for capital spend, rather than homes built.

While Stonewater's developments will likely peak at around 1,400 homes built next year, the organisation will begin to target a c.£210m annual capital spend, partly because of higher costs but also because of the difficulty in predicting costs in the future.

"We did a new business plan in the autumn where we were reviewing all the numbers because of the inflation impacts that we were seeing around maintenance and development costs."

Anne says that some of the "underlying inflation that impacts housing associations" is higher than the CPI figure commonly used to track inflation. On maintenance alone, she says that costs over the past year have increased 20-30%, while development costs are also up in the "double digits" in percentage terms.

What this means is that some developments are no longer viable at the costs previously agreed. This is particularly problematic for any registered provider, including Stonewater, that has committed to deliver homes under government grant schemes. Stonewater's partnership with Guinness to build more than 8,000 homes is the largest under Homes England's Strategic Partnership programme.

"There are developments where the anticipated returns are now simply not achievable on the basis originally envisaged. So we've had conversations around these and agreed a set of costs which deliver against our criteria in the new operating environment," she says.

The strategic partnership, along with other committed schemes, means that Stonewater's development pipeline won't start to drop significantly for another two to three years. "It's like a super tanker, you can't just turn off the tap," explains Anne. But she admits that previous ambitions will be "challenging when you start running the numbers with the inflation figures."

Home Group

Home Group is one of the sector's biggest builders, typically developing more than 1,000 homes a year. The group owns and manages more than 55,000 homes, primarily across the north of England and Scotland but operates across the UK.

Will Gardner, Executive Director of Asset & Development, says the group has used a cross-subsidy model for some time and that uncertainty in the housing market has hampered its ability to use private sale proceeds to fund the development of affordable homes.

Will notes that the group does all it can to maintain momentum when it comes to development. He says: "We are very aware that when you turn off development pipelines, it's very difficult to turn them back on again, just because of the timescales involved in development."

He notes that Home Group is into the second year of its five-year strategy, which aims to build 7,500 homes over that time. By comparison, the group's previous five-year strategy targeted 10,000 homes. "Our development programme is a bit smaller now, but I'm



not too sure I can point to one factor that created it," he says.

The registered provider's most recent investor update from April 2023 also seeks to make a distinction between committed and uncommitted schemes in its pipeline. The update notes that 51% of its development is uncommitted, adding that it will only commit to these "if the conditions are right".

According to Will, one of the biggest barriers to achieving the desired level of investment is the scale of building safety and decarbonisation works required in the sector. He suggests the sector is "burying its head in the sand" over decarbonisation work, with much of the sector putting it off.

He says: "I think part of the reason why people haven't wanted to go too early [on decarbonisation] is because doing so is expensive. But I think as the technology improves and the market matures, it will become cheaper to do." Will says the cost of decarbonisation will "undoubtedly" add pressure to registered provider development pipelines.

"When you turn off development pipelines, it's very difficult to turn them back on again."

— Will Gardner, Home Group

3

Funding and finance

The existing landscape and the need for innovation



Registered providers have been under financial strain for some time, but the pressure continues to build.

To understand the challenges facing registered providers, it's useful to look back at how the existing business model got to where it is today.

For the most part, all roads lead back to the Housing Act of 1988. The legislation acknowledged the value of the assets registered providers had amassed and allowed them to borrow against this. It also opened the door to the large-scale voluntary transfer (LSVT) movement, with council homes being transferred into private housing association ownership. This was a watershed moment for the sector that meant registered providers now had access to private finance and were no longer solely reliant on government funding.

Arguably, the rise of private finance has also enabled the UK Government to reduce its level of public investment in social housing. And following the financial crisis of 2008, the government scaled back the level of investment in social housing. This move was offset by cheap interest rates and cross subsidy, which helped registered providers afford debt to develop. But today organisations find themselves with lower grant rates while interest rates have risen continuously, meaning debt is more expensive than it was two years ago.

There's now upwards of £130bn of private finance in the UK social housing sectors (England, Scotland, Wales and Northern Ireland), provided via banks, bond aggregators, public own-name bonds and private placements. The sector has become more sophisticated in its dealings with banks and the debt capital markets, which is reflected in the constant growth of debt.

In more recent times, we've seen wider trends in the financial markets that have driven investors to look for sectors representing worthy environmental, social and governance (ESG) related investments. The sector scores strongly across the 'S' and the 'G' when it comes to ESG. There's an obvious social



benefit to providing homes for those who cannot afford to buy their own. Additionally, the sector's governance regime is overseen by the RSH, which reassures investors about its governance credentials. While the construction of new homes is inherently carbon intensive, registered providers are building homes that are energy efficient, which also satisfies the 'E'.

In the past decade, registered providers have been capitalising on this new force in the financial markets. This is born out in the most recent data from the RSH, which shows that registered providers in England had racked up £123.1bn in total facilities by the end of the 2022/23 financial year²³.

Debt facilities were particularly popular in the last decade as registered providers sought to make the most of a low interest rate environment. However, interest rates have soared since the mini-Budget in September 2022, resulting in very few registered providers being active in the debt capital markets.

Using a snapshot of registered provider bonds, we can trace the rise in bond yields between January 2021 and March 2023 (figure 6). The data, taken from Social Housing magazine, shows average bond yields rising from 2.01% to 4.96%. This significant increase in the cost of debt has meant registered providers are biding their time, looking to alternatives, including bank finance through vehicles like revolving credit facilities (RCFs). In many cases, registered providers avoid raising debt altogether until rates return to a more favourable level.

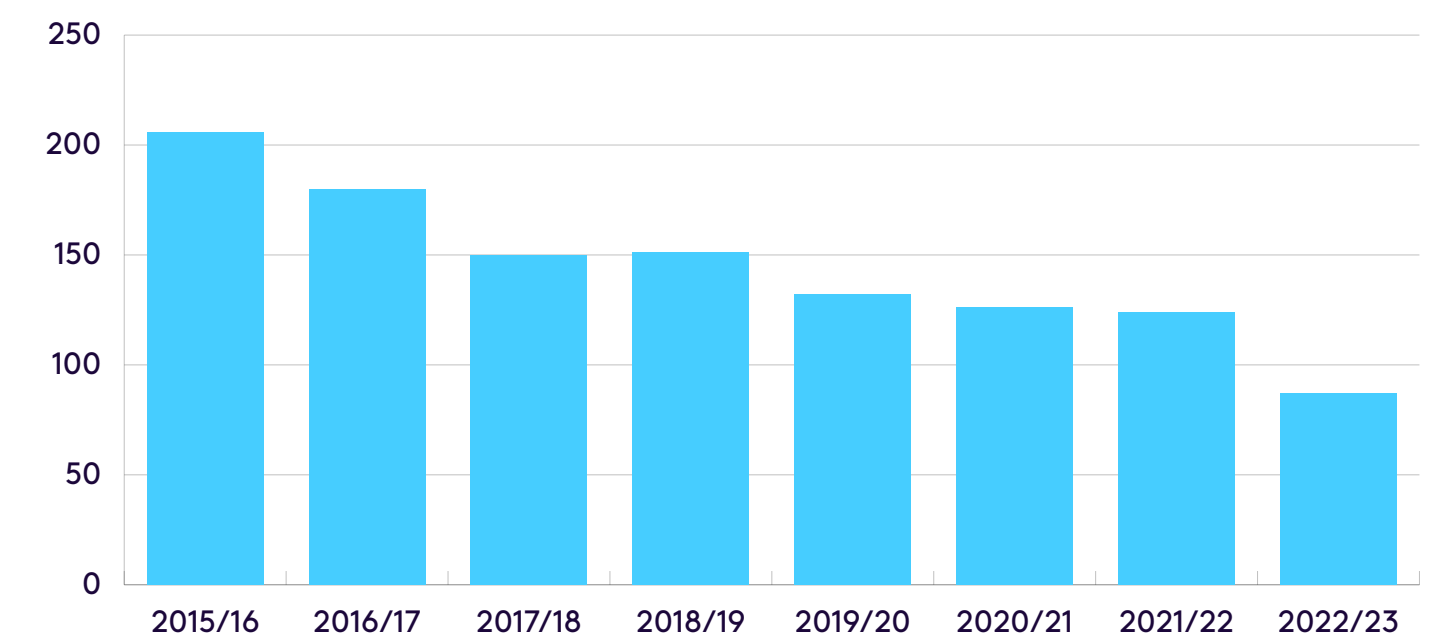
The other major story regarding registered provider finances is the consistent deterioration of the sector's interest cover. The most recent RSH quarterly survey revealed that the sector's aggregate interest cover has fallen to an all-time low of 87% and is forecast to drop to 83% by the end of March 2024²⁴ (figure 7).

Interest cover has been declining consistently for a number of years, but this decline has accelerated over the past year, with the RSH blaming spend on repairs and maintenance.

Figure 6: Bond yields

Organisation	Date launched	Nominal amount (£)	Yield at date of issuance (%)	Yield at 16/02/22 (%)	Yield at 22/03/23 (%)
Aster 1.405%	Jan-21	250	1.40	2.67	4.64
NHG 2.00%	Jun-21	250	2.08	2.73	5.15
Paragon 2.00%	May-21	300	2.03	2.70	4.97
MVTH 1.875%	Jul-21	250	2.00	2.82	5.08
Stonewater 1.625%	Sep-21	250	1.75	2.64	4.86
Southern 2.375%	Oct-21	300	2.50	2.86	5.06
Platform 1.926%	Sep-21	250	1.93	2.68	4.80
Beyond Housing 2.125%	May-21	250	2.22	2.62	4.90
Paradigm 2.250%	May-21	250	2.28	2.62	4.92
Anchor Hanover Group 2.00%	Jul-21	350	2.00	2.75	4.99
Clarion Funding PLC 1.875%	Sep-21	300	1.98	2.75	5.25
LiveWest 1.875%	Feb-21	250	1.90	2.54	4.90
Average			2.01	2.70	4.96

Figure 7: Registered provider average interest cover (%)



The Inside Housing survey commissioned by Octopus sought to understand what registered providers want to see from lenders, to allow them to deliver more homes.

59%

wanted to see more flexibility of loan covenants

37%

were in favour of removing Earnings Before Interest, Tax, Depreciation, Amortisation, Major Repairs Included (EBITDA-MRI) interest cover measure

36%

wanted ESG finance with discounts linked to KPIs

35%

wanted more covenant-lite lending

16%

called for more unsecured debt

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“The rise in the cost of funds, together with inflation, pressure on loan covenants and credit quality, has made many schemes unviable”

The RSH said it is monitoring the issues and that this shift was a primary driver for widespread viability downgrades towards the end of 2022.

The growing pressures on registered provider finances have driven a rise in the number of registered providers seeking loan covenant waivers from lenders. In particular, there has been a rise in the number of registered providers seeking waivers based on exceptional costs related to fire safety and decarbonisation work.

A further key consideration for registered providers active in the bond market is their credit quality. The sector’s credit rating as a whole has been on a downward trajectory for the last 18 months, with ratings agencies warning of their exposure to market sale risk and inflation. A lower credit rating means less access to investors. But in some cases, a decision to reduce development has been made largely in relation to maintaining the credit quality and rating of the provider.

For those in the sector, these pressures are nothing new. But it appears the sector’s recent financial turmoil has caught the eye of policymakers, with the Levelling Up, Housing and Communities select committee launching an inquiry into the ‘finances and sustainability of the social housing sector’.

Importantly, the rise in the cost of funds, together with inflation, pressure on loan covenants and credit quality, has made many potential development schemes unviable for registered providers. It has seen numerous registered providers recalibrate their development plans and, in some cases, remove their uncommitted development pipelines altogether from their plans. The viability of investing in Social and Affordable Rent has also been reduced, and the opportunity for delivering the wholesale increases that the country needs to see for social and affordable rented housing is disappearing.

However, there are potential solutions at hand — all of which rely on registered providers, the UK Government and the investment community working together and being prepared to tackle this situation with new and innovative ways of thinking and doing.

These three actors have been vital in securing funding via the debt capital markets in the past, and we consider this same trio crucial in new models such as equity partnerships. We expect the government to ensure that these models are tightly regulated and monitored, the same way that registered providers currently are. On top of this, the finance community should view equity partnerships simply as a new method of directing investment into affordable housing. For-Profit Registered Providers (FPRPs) who utilise equity partnerships can then be the conduit that converts private finance into new affordable housing.

Case studies

PA Housing

PA Housing owns and manages more than 23,000 homes across the Midlands, London and the South East. It has a “sizeable” growth programme, according to Simon Hatchman, Executive Director of Resources.

Despite this, the registered provider has recently switched its focus to investing in existing homes. Simon explains: “We had an original plan to build 6,000 homes in the decade through to 2030, but that will reduce to something closer to 5,000.”

Simon says PA is “aware of how residents’ expectations are evolving, and how these compare to the traditional approach the sector has taken to asset investment.”

But Simon notes that the registered provider’s financial position is hampering development and investing in existing stock.

He says: “We’ve seen a lot of building pressure on the existing asset side. But I suppose it doesn’t really matter whether you’re talking about investment in existing homes or your investment in growth. The limiting factors are still the same.

“It’s what puts a brake on spending money as quickly as you’d like in an ideal world. And for us, by far and away, it’s the interest covenants we have with our bank debt. So they are what impede us from doing more, more quickly.”

Southern

Southern, which recently completed a merger with fellow G15 member Optivo to create Southern Housing Group, is another association that has been forced to reduce its development programme in the face of challenging market conditions.

Having seen its new build numbers peak at around 1,500 in 2019, a combination of building safety work, net zero carbon obligations and cost inflation has seen that figure gradually reduce in the years since.

While Southern says it plans to “move back towards our long-term trend” of 1,500 new homes after 2025, the latest numbers provided to Inside Housing show that it completed just 621 homes in 2021/22, of which a little over a third were for social or affordable rent.

Southern’s initial plans to develop 1,500 homes a year in the long run were hit first by the realisation of how much work would be needed to make safe its portfolio of high-rise blocks post-Grenfell, and then by the risks associated with cost inflation.

“In our financial planning, we ensure we capture the full known costs we face to maintain our existing assets. Improved knowledge and changing regulations around building safety, together with a deeper understanding of what it’ll take to get to net zero, means there’s more cost that has gone in during that first ten-year period than we’d imagined back in 2020,” says Tom Paul, who is now Executive Director of Strategy & Change at the newly merged Southern.

To avoid seeing its development programme slow down even further, Southern has opted to subsidise schemes from its own reserves in order to make them economically viable. In some



instances, this subsidy is as much as £100,000 per home on schemes where there’s a balance of general needs rented and shared ownership units.

Tom accepts that this way of funding new build housing is not sustainable, but explains how the prevailing market conditions have led to this unusual solution.

“Viability is key,” he elaborates. “Anticipated future net rent and shared ownership sales proceeds will ensure an Internal Rate of Return on that initial capital outlay in excess of our funding costs.

“What we’ve experienced over the last year, especially over the last six months, is that it is being completely upended. So we’ve seen build costs go significantly up, we’ve seen land values not especially fall, we’ve seen the cost of finance increase significantly, and our expectations of long term costs of ownership are up too.

“So, unless we find ourselves back into some sensible equilibrium, the amount of development we can do is constrained at the moment because of the subsidy that we’re having to put in to make schemes viable.”

4

Alternative solutions

The role of new funding partnerships



With the housing crisis continuing to deepen and with registered providers facing a growing list of financial pressures, some organisations have sought to introduce innovations to help create greater additionality.

As with the onset of private capital in the sector in the 1980s, a new wave of innovation was sparked by legislation with the Housing and Regeneration Act in 2008. This act allowed profit-making entities to become registered with the RSH.

This led to a new wave of FPRPs being set up, often backed by large-scale institutional investors. The model is predicated on the idea that investors will receive consistent returns from inflation-linked rent income while the sector benefits from more affordable homes funded through private capital. The model also ties in with the wider movement within the financial sector to channel capital into areas with an ESG benefit.

These relatively new models account for a small portion of the country's affordable housing stock. However, they have the potential to take on a much more prominent role in funding the development of new affordable homes as traditional registered providers cut back on development.

Indeed, research has shown that this model continues to be a growing part of the sector. According to research by Savills²⁵, FPRPs now own more than 28,000 affordable homes in England, representing an increase of 35% since March 2022. It is expected that FPRPs will own a further 9,300 homes by the end of 2023, taking their total stock above 37,000 homes. Savills also expects this trend to continue with more and more FPRPs being set up, with total stock owned by FPRPs expected to hit 113,000 by 2028.

The British Property Federation (BPF) along with Legal & General last year produced research which concluded that without a new funding structure, there will be a shortfall of 95,000 affordable homes each year²⁶. The BPF has advocated for a new partnership between equity investors and traditional registered providers to combat this.

The Inside Housing survey commissioned by Octopus found:

- 49% of respondents were more likely to work with FPRPs/ equity partners compared to 12 months ago
- FPRPs/equity partners' primary role, according to respondents, is to take on development risk (36%) and to forward fund schemes (28%)

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At the start of 2023, the group published a toolkit for registered providers looking to partner with investors²⁷. The toolkit included suggestions for a code of governance for FPRPs as well as standardisation of management agreements between registered providers and FPRPs.

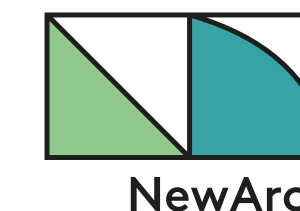
While there has been scepticism around the advent of FPRPs and other models linked to the private sector, the recent pressures registered providers have come under may well have softened their opposition. This is because, ultimately, these partnerships will support greater additionality when it comes to affordable housing at a time when traditional funding methods are not feasible.



NewArch Homes



*Elizabeth Austerberry,
Chair, NewArch Homes*



NewArch Homes is a FPRP, operating in the same way as not-for-profit registered providers, except its profits are distributed to its investors in a long-term sustainable model.

NewArch aspires to develop several thousand affordable homes over the coming years by using equity investment to generate sustainable capital that can be invested in affordable housing in the long term. This alternative financing method is being adopted by a number of FPRPs to help increase the supply of new affordable homes.

NewArch Homes is funded through long-term investment from investors motivated to deliver high-quality affordable housing to the UK. This investment is managed by Octopus Investments, which also manages NewArch Homes.

NewArch aims to partner closely with other registered providers to help bring forward development projects that might otherwise not come to fruition through traditional financing routes.

“We know the registered providers are the primary delivery vehicle for new affordable homes in the UK, and we want to partner closely with the sector so that our capital can be used in lieu of — or alongside — traditional financing methods to enable more affordable homes to be built.”

Case study

Metropolitan Thames Valley Housing

G15 landlord Metropolitan Thames Valley Housing (MTVH) is one of the biggest landlords in the country and has previously sought to find new ways of working in order to maintain its development ambitions.

Geeta Nanda, CEO of MTVH, refers to a joint venture that MTVH entered into with a major housebuilder in 2012. “That was when we were looking at how we can do more with housebuilders, not just a one-off around a particular scheme, but a strategic one that spread over a number of years.”

She explains that the move resulted from the financial challenges of the time but that this way of working has become standard practice in the sector. Geeta sees similarities between the uptake of this model and the FPRP movement.

She says: “Now we’ve got this wave of FPRPs which is important because it allowed pension funds and others into the affordable housing space, but these things take time to mature.”

Geeta suggests that after a few years of FPRPs being marginal players, the sector is now seeing larger sums of money from longer-term investors. She says she doesn’t view this as a bad thing and that, without a “radical” change in funding from the government, the process is inevitable.



5

Building the homes of tomorrow

Delivering housing that is fit for future generations



Sustainability is both a challenge and an opportunity for house building in the UK.

While the pressure is on to deliver more homes that address the supply and affordability crisis, registered providers and their partners must also be mindful of delivering homes that are fit for future generations.

The UK is a signatory of the Paris Agreement of 2015 that aims to limit global warming to 1.5 degrees by the end of the century, and the UK Government has a commitment to reach net zero carbon by 2050²⁸. The built environment sector has a huge role to play if the country is to meet this target, given it is responsible for 25% of greenhouse gas emissions in the UK²⁹ and 39% globally³⁰.

The Future Homes Standard is set to be introduced in 2025 and will require new build homes to be future-proofed with low-carbon heating and world-leading levels of energy efficiency. This means homes that are zero-carbon ready.

Meanwhile, UK Government has set a target of improving all existing social homes to meet the minimum EPC 'C' energy efficiency target by 2030. The target for all other dwellings is 2035³¹.

More energy-efficient homes not only help reduce carbon emissions but also address fuel poverty at a time when many low-income households across the country are under severe financial strain and are being hit the hardest due to the cost-of-living crisis and energy price inflation.

Sustainable development is not only about mitigating climate change, protecting the natural environment, enhancing biodiversity, and preventing the depletion of natural resources, but also about building and supporting thriving and connected communities that deliver positive social outcomes for households.

Innovations and new funding models will be crucial to meeting the opportunity.

The Greener Homes Alliance, a partnership between Octopus Real Estate and Homes England, is one example of how the partnerships can help



deliver more sustainable homes. The programme provides £175m loan finance and expert support to SME housebuilders looking to build high-quality, energy-efficient homes.

The government has committed £3.8bn over ten years as part of its Social Housing Decarbonisation Fund, which encourages registered providers to begin decarbonising their stock³². However, it is widely accepted that this funding will not be enough on its own for the sector to meet the necessary targets.

Another solution that has been put forward is the idea of using government guarantees to fund decarbonisation work³³. This proposal would allow registered providers to access debt funding at a competitive interest rate, such as it has done with the Affordable Homes Guarantee Scheme³⁴.

As we move ever-closer to the country's net zero deadline, we expect to see more policies and innovations created and enacted to allow registered providers in particular to deliver this aspect of their work.

“More energy-efficient homes not only help reduce carbon emissions but also address fuel poverty”

6

Key takeaways

Summarising the challenges and solutions



The challenges

Decarbonisation — the process of decarbonising properties is expected to cost registered providers billions of pounds. Savills has calculated that, to hit net zero by 2050, the cost for housing associations in England alone will be at least £36bn³⁵. Since this figure was produced, economic conditions have worsened and costs are likely to be much higher. This long-term problem will command resources that would otherwise be used to develop new homes.

Revised home standards — the Future Homes Standard, which comes into force in 2025, will require new build homes to be ‘zero carbon ready’ and have carbon dioxide emissions at least 75% lower than those built to current building standards³⁶. It is expected that the higher build costs related to this new standard will mean fewer homes are produced.

Building safety requirements — a key consequence of the Grenfell Tower fire in 2017, the Building Safety Act 2022 overhauled existing regulations and sought to give residents and homeowners more powers and protections. The social housing sector will experience increased costs as landlords look to manage homes with more complex regulatory standards.

Cost inflation — cost inflation is rising faster than rents and is reducing surpluses in turn, meaning the sector has less capacity to service the debt needed to build new homes.

Rent intervention — rent policy intervention has meant rents have not kept up with cost inflation, squeezing the sector’s surplus meaning the sector has less capacity to service the debt needed to build new homes. The current rent cap, which stands at 7%, is only in place until April 2024, and registered providers will be looking for certainty over rents beyond this date.

Cost of borrowing — the cost of borrowing has doubled in the last 12 months, making debt more expensive and some projects unviable and leaving registered providers questioning whether to take on additional debt, resulting in fewer new homes being built.



Cost of building — build cost inflation has risen exponentially over the past 18 months, making projects unworkable and pushing some contractors into administration, making it harder to build new homes.

Planning — planning applications are taking longer to process and approvals are harder to procure. This is slowing the delivery process and, in some instances, making it harder to secure planning consent, particularly on green belt land where exceptional circumstances for the delivery of affordable homes will be harder to justify under the proposed changes to the National Planning Policy Framework.

“With traditional finance routes becoming unattractive, there is the opportunity for registered providers to explore other methods”

The solutions

With most of the challenges outside of the control of registered providers, it’s increasingly important to find new ways of meeting the need for more affordable homes in the UK.

1. A stable rent settlement

Registered providers will be able to plan for and build more homes if they have sight of a long-term, fixed-rent settlement that ensures rents rise in line with inflation.

2. Alternative debt options

With traditional routes to debt becoming unattractive due to high borrowing costs, registered providers should explore other methods, such as equity partnerships.

3. Improved planning process

A smoother planning process which recognises the social benefits of building new affordable homes.

4. Innovative support for decarbonisation

The government should look for new funding streams and methods of supporting registered providers through this expensive process.

5. Unfreeze Local Housing Allowance

The government announced in October 2022 that it would extend the 2020/21 freeze on LHA rates for another year. Several parties have called for LHA rates to be increased to cover the 30th percentile of local rents as a minimum.

Final thoughts



Jack Burnham,
Head of Affordable Housing,
Octopus Real Estate

octopus real estate
A brighter way

Octopus has ambitious plans to invest across the country in affordable homes for those who need them through our registered provider (NewArch Homes). We are convinced that patient private capital can play a significant role in building the affordable homes that the country so desperately needs.

A new suite of pressures

Registered providers have the skills, experience and track record to deliver vast numbers of affordable homes, but are under significant pressure to invest in their existing homes. This is set against a backdrop of rising costs, a rent cap, and a freeze on the Local Housing Allowance, which is squeezing registered providers' surpluses and reducing the capacity to utilise surpluses to service the debt needed to build new affordable homes.

For the last decade, the sector has built affordable homes by using its surplus to service what was previously low, fixed-rate debt. Not only are surpluses squeezed, but they also do not go as far as the price of debt has risen. This is making interest payments higher, ultimately reducing the amount of debt that registered providers can — and, prudently, want — to take on.

Our research shows that the net effect of this is a 22% drop in affordable homes at a time when record numbers of people need affordable homes. The sector has a strong track record in innovating through difficult economic periods and Octopus relishes the opportunity co-create innovative solutions that can deliver the sector capital to develop affordable homes at scale.

The sector is at a crossroads

In producing this report, we've had many conversations with key figures in the social housing sector. This has provided valuable and reliable insight into the position that many registered providers find themselves in today.

What is clear from this research is that registered providers appear to have reached a crossroads. In one direction, they can continue business as usual and hope for a miracle of increased grant rates from government. On the other hand, they can look for innovative solutions — as they have done in the past — which can help produce the homes the country needs.

Consensus suggests that the various pressures facing registered providers will mean many will be looking at partnership working as a solution. Our registered provider, NewArch Homes, has been created with partnership at the forefront of our ambitious growth plans and we are excited by the ongoing discussions with many traditional registered providers about the potential to collaborate to build much needed affordable homes.

Sustainable capital is needed to keep the sector growing

Registered providers have been using debt as a way of building new homes for several decades. There has been a particular growth in debt over the past decade, with registered providers' total debt facilities jumping from £71.8bn in 2013/14³⁷ to £123.1bn in 2022/23.³⁸

The returns generated from the cost of building homes of the quality required in 2023 do not produce sufficient returns to justify extending the debt on the sector's balance sheet. As a result, registered



providers are beginning to prudently consider slowing down their development programmes instead of taking on the burden of more expensive and unsustainable debt.

The sector and its investors are at a turning point. Debt at current rates will not be utilised at the same volume and, as a result, the delivery of new homes will dramatically reduce over the next few years.

The sector and its investors have an opportunity to engage in a process to find more sustainable funding solutions that can bridge an era of lower grant funding levels and more expensive debt. As the operator of our own Registered Provider (NewArch Homes), we understand the importance of fair partnerships, and Octopus' partnership model aims to deliver long term partnerships in which returns are shared and not guaranteed (through interest payments) by registered providers.

Time to consider key objectives

As registered providers continue to grow and evolve, their commitment to their core purpose is repeatedly called into question. Critics would suggest that as organisations merge and bring more homes under management, they stray from their original identity as community-based organisations. However, this evolution is driven by a desire to strengthen and therefore build more affordable housing for those who need it. Likewise, allowing private interest into the sector through equity partnerships stirs similar debates among the different schools of thought.

“For registered providers looking for equity partners, it is essential that they are a good fit both financially and culturally”

Octopus aims to support registered providers to continue to use their development expertise to grow further than traditional financial constraints might allow. We can invest in projects to ensure that additional affordable homes are still brought forward, without putting undue strain on our partners' balance sheets.

Choosing the right partnerships

When exploring options such as equity partnerships, it's vital that registered providers conduct thorough due diligence. Impact (ESG) investing is fast becoming embedded into responsible investment practice. Given its obvious social benefits, affordable housing has attracted a great deal of interest from investors looking at this type of investment. With the recent influx of interest in the sector, it's even more important to ensure value alignment when forging new partnerships, from both investors and registered provider partners.

The growth of equity partnerships has the potential to be a turning point for finance in the sector as significant as the Housing Act of 1988. With this in mind, serious consideration needs to be given to those that registered providers choose to work with.

Octopus

Octopus is committed to investing in the people, ideas and industries that will change the world. We acknowledge the skill and expertise across the social housing sector and are embracing the opportunity to work closely with registered providers to build genuinely affordable quality homes, and to provide services that ensure our customers are treated well.

We take a long-term approach to investing in affordable housing and want to build lasting partnerships to provide sustainable private capital alongside our partners to make a meaningful impact on the provision of affordable housing across the country.



Glossary

Affordable rent — type of rent in which landlords can charge up to 80% of local market rent

Credit rating — an assessment of an organisation's credit worthiness and ability to meet financial commitments, typically given by a credit ratings agency

Decarbonisation — (in housing) the process of reducing the carbon emissions of a property through actions such as improving energy efficiency and introducing renewable energy sources

EBITDA — earnings before interest, taxes, depreciation and amortization. An alternative measure of profitability to net income

Energy Performance Certificates (EPCs) — a document which provides an energy efficiency rating in relation to a property

For-Profit Registered Providers — registered providers of social housing that are allowed to distribute profits to shareholders, under the terms of the Housing and Regeneration Act 2008

G15 — the group of London's 11 largest housing associations

Homes England — the government's housing and regeneration agency which helps accelerate housebuilding across England

Housing association — not-for-profit organisations that develop and manage affordable homes and provider support for local communities. They do so using a mixture of government funding and private finance

Interest cover — the ability of an organisation to pay the interest on its outstanding debt. In social housing, EBITDA interest cover seeks to measure the level of surplus that a registered provider generates compared to interest payable

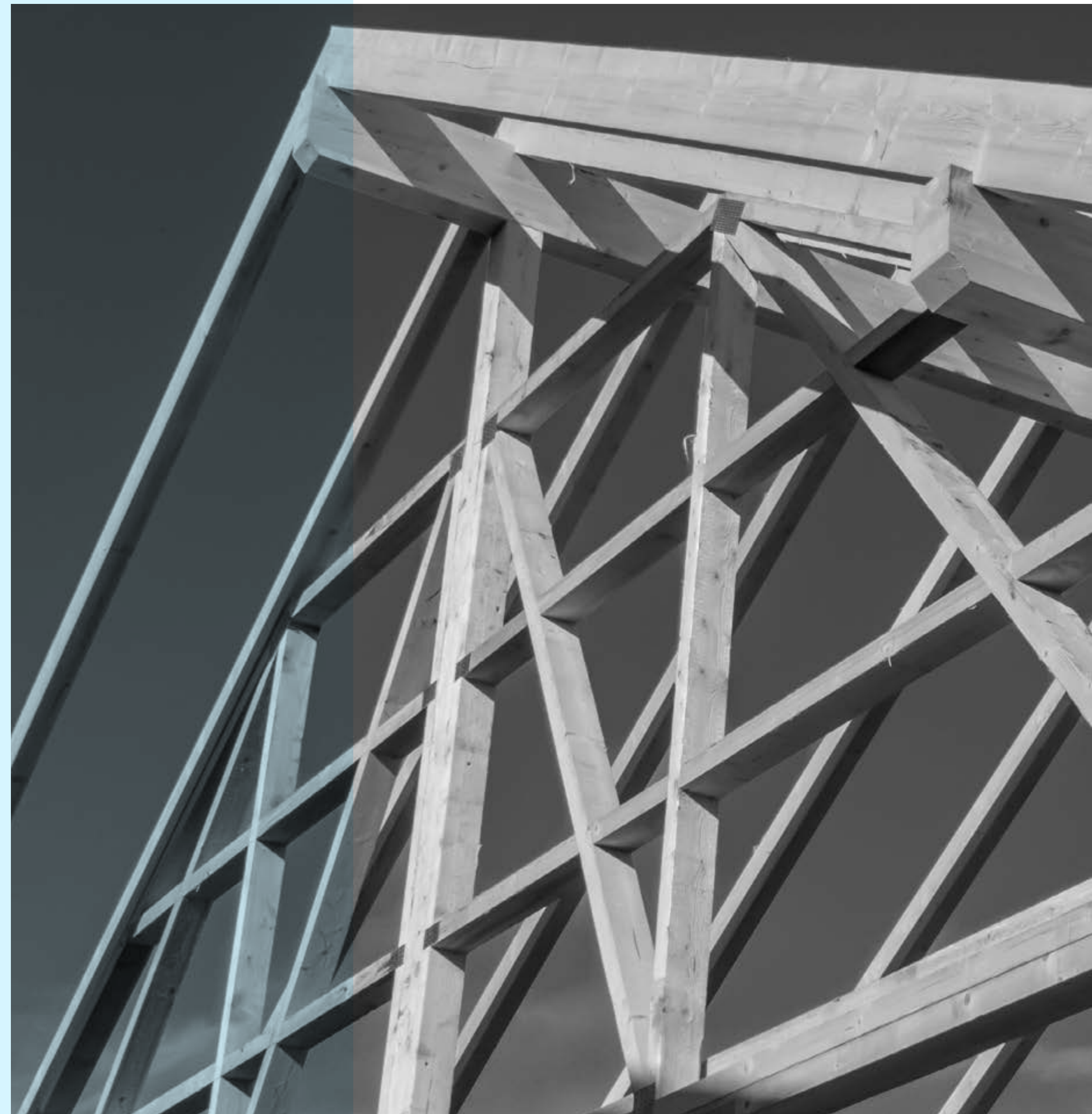
Intermediate housing — includes affordable rent and affordable home ownership options such as shared ownership

Local Housing Allowance — a calculation method used to determine how much tenants in the private rented sector can receive in housing benefit

Registered provider of social housing — often referred to as 'registered provider' this term describes providers of affordable housing, including housing associations, for-profit providers and local authorities that are registered with the relevant social housing regulator

Regulator of Social Housing — the regulating body for registered providers in England. An executive non-departmental public body, sponsored by the Department for Levelling Up, Housing and Communities

Social rent — rent that is usually around half of market rent and is calculated by a government formula



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About the authors

octopus real estate
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About Octopus Real Estate

Octopus Real Estate, part of Octopus Investments, is a leading specialist real estate investor, with over £3.7 billion in real estate assets and secured lending, and a highly experienced team of over 90 professionals.

The property lending team provides bespoke, customer focused financing solutions across the UK residential, commercial and development sectors. The team has lent more than £6.2 billion across over 4,400 loans, providing competitively priced financing throughout the UK and spanning the property investment lifecycle, with loans typically ranging from £100,000 to £100 million+.

The investment team manages over £1.8 billion of investments, with a focus on care homes, retirement communities and affordable housing.

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About Octopus Investments

Octopus Investments, part of the Octopus Group, is an investment company investing in the people, ideas and industries that will change the world. We manage investments for retail and institutional investors, investing the £13* billion they have entrusted to us into the areas where we believe we can have the greatest impact.

Our retail investors and the financial advisers that support them, have many different goals, from supporting their families to lead better lives and effectively passing down wealth to protecting their money and directing it to places that need it. We provide a range of products

*Includes undrawn commitments, funds under advisory mandates, funds monitored and the Octopus Cash service as of 31st March 2023.

that help them to achieve these aims, including Venture Capital Trusts, Enterprise Investment Schemes, Business Relief-qualifying investments and listed UK small and medium-sized company funds.

We support our institutional investors to meet their investment mandates on behalf of their end investors, across five specialist asset classes: renewable energy, sustainable infrastructure, real estate, healthcare and venture capital.

Octopus Real Estate and Octopus Ventures are part of Octopus Investments.

Social

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Social is a communications consultancy that works with purpose-driven businesses and specialises in ESG and impact communications, in particular, within the built environment and impact investing industries.

Social is a registered B Corporation meaning it has been verified as meeting high standards of social and environmental impact, transparency and legal accountability to balance profit and purpose.

With thanks to...





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