

# TREATING COUNCIL HOUSING FAIRLY

NFA report backs case for adopting international borrowing rules to kickstart council building boom

## Press release

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The National Federation of ALMOs (NFA), which represents 47 not for profit housing organisations across England, has published a new report calling on the government to overhaul borrowing rules to enable councils to build new council homes.

Entitled 'Treating Council Housing Fairly' and authored by housing policy expert John Perry, the report outlines the case for a government review into restrictions on public sector borrowing which are preventing councils from investing in new housing stock.

The report argues that the Government should adopt the General Government Gross Debt (GGGD) measurement used by the EU, the International Monetary Fund and other organisations. This would bring the UK in line with other European countries and allow ALMOs and councils to deliver 60,000 new homes without affecting the way the country's debt is viewed internationally.

NFA Policy Director, Chloe Fletcher, said:

"The government clearly recognises that the shortage of affordable council housing is a major problem and went some way to improving the situation by raising council borrowing caps by a modest amount in the recent autumn statement. However we urge the government to go further and to do more. No other EU country treats social housing investment in the same way as we do in England where new borrowing is restricted because it counts towards public sector debt even though it is paid for from rental income."

“There are many bodies outside the public sector that present liabilities to the government including privatised utilities such as water and power as well as PFI schemes involved in essential services such as transport or health. When we are facing a housing crisis it makes clear sense for the government to consider changing these rules to bring the UK into step with the rest of Europe to allow councils to borrow modest sums to invest in new social housing.”

During the 2013 Autumn statement, the government announced that the HRA borrowing limits for councils will be raised by £300m allocated on a competitive basis with some significant strings attached. This is a welcome first step to the general lifting of the debt caps proposed by the NFA and other housing bodies in the 2012 report Let's Get Building.

The report which was produced by the NFA along with four leading housing organisations and the Local Government Association, outlined the economic case for relaxing borrowing restrictions which could lead to 60,000 new affordable homes over five years and add an estimated 0.6 per cent to GDP creating 19,200 jobs.

To read both reports in full, visit the NFA website at [www.almos.org.uk](http://www.almos.org.uk).

## **ENDS**

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The National Federation of ALMOs is the trade body that represents the interests of the 47 arm's length management organisations (ALMOs) across England.