



**EMBARGOED until Sunday 2<sup>nd</sup> October 2016  
00.00 hrs**

## **Council house-building renaissance would save post-Brexit Britain billions**

Building 100,000 social rent homes a year would save the country billions whatever happens to the economy post-Brexit according to new research published today by a group of housing organisations.

Research by City consultancy Capital Economics for a coalition of housing organisations has assessed the impact of future investment in council house-building on the UK economy in the light of Brexit.

Analysing potential future direction for borrowing costs and economic growth, the new analysis [Building New Social Rent Homes An Updated Economic Appraisal](#) presents four scenarios for the economy post-Brexit (“Britain becomes Japan”; “Back to the 1970s”, “Strong Economic Growth” and “Capacity Constraints”). The research finds that in each of the scenarios funding new social housing would deliver long term savings to the Government of up to £300 billion.

Among its findings:

- Investing in genuinely affordable new homes for rent will reduce the massive bill the taxpayer picks up paying the rents of low-income people in the private sector. Over a 50 year period the saving would be between £100 billion and £300 billion;
- The upfront cost to the Exchequer of building 100,000 new homes a year would cost no more than two weeks’ worth of current spending on the NHS;
- Borrowing for investment in valuable physical assets is good for the economy and would be welcomed by the financial sector.

The NFA and ARCH, whose members manage more than one million council homes in England and Wales, and SHOUT’s campaigners are calling on the new government to invest in 100,000 new homes per year at genuinely affordable rents in the new economic environment following Brexit, and at a time when the Local Government Association has warned that 4 million working people will [no longer be able to find somewhere affordable to live by 2024](#).

Hugh Broadbent, Chair NFA points out that:

*“To complete a 100,000 new homes per annum housebuilding programme would only cost £7bn - the equivalent of two weeks’ worth of spending in the NHS. But, in the long-run the return on this borrowing would deliver greater savings to the taxpayer and the economy. Critically the investment needed would be paid for through rental income and not from general taxation”.*

The experts at Capital Economics add:

*“Not all borrowing is the same. It would be quite right to be concerned about an increase in public debt in order to fund the day-to-day costs of public services. Borrowing to invest or save, as for this policy, is prudent however and would likely be welcomed rather than met with alarm.”*

Martin Wheatley, a leading member of the SHOUT housing campaign said:

*“This research shows that public investment in lower rent rental housing can and should be central to Theresa May’s ambition to help those families who are “just getting by.” As well as providing a secure home at a rent households can afford, such investment would save the taxpayer billions in the long term. Support for a council house-building renaissance, alongside development by other social landlords and the private sector is critical if the Government is to achieve its ambitions for 200,000 or more new homes per year.”*

Councillor Paul Ellis, Chair ARCH said:

*“For some time large parts of the country have experienced a housing crisis, and it is increasingly obvious that positive action needs to be taken sooner rather than later. Innovative ideas from several Councils and their partner ALMOs have already shown we are more than capable of being part of the solution, and we want to do more. In addition to increasing Britain’s housing stock by more than four million homes over 50 years, a Council led house-building programme would go a long way to help families who are being priced out of the market. 2024 will be here before we know it – Councils and ALMOs are up for the challenge, and are ready to play our part.”*

**END**

**Embargoed until 00.00hrs Sunday 2 October 2016**

**Notes for Editors:**

Today’s report: [Building New Social Rent Homes an Updated Economic Appraisal](#) is an update of update of research published in 2015 by the NFA and SHOUT. The original research can also be found [here](#):

LGA’s research on housing affordability can be found at [http://www.local.gov.uk/web/guest/media-releases/-/journal\\_content/56/10180/7910317/NEWS](http://www.local.gov.uk/web/guest/media-releases/-/journal_content/56/10180/7910317/NEWS)

**SHOUT**

Shout is a volunteer-run campaign making the case for investment in genuinely affordable homes and demonstrating the positive effects that such housing has on people and communities. It was launched in June 2014, with support from politicians of all parties, and housing tenants and professionals.

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**NFA -The National Federation of ALMOs**

There are 37 ALMOs (arm's length management organisations) across England managing 503,311 council homes across 40 local authorities.

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Working on behalf of local authorities who own and manage council housing.

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