

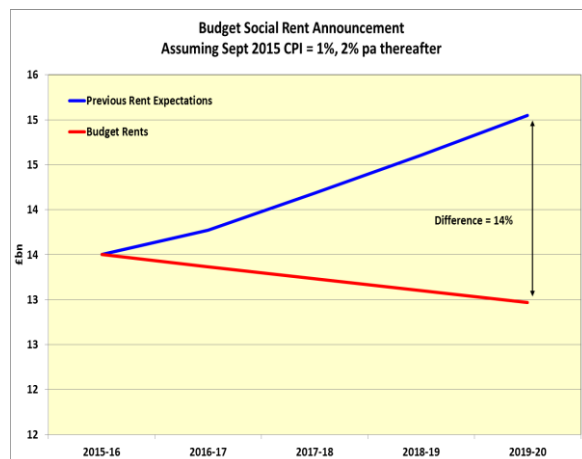
Impact of Budget announcement on rent policy

Sue Harvey
sue@campbelltickell.com

 @SueHarveyCT

Budget rent announcement

- Social housing rents to fall by 1% pa for 4yrs
- By yr5, rents will be c14% lower than current business plan projections



Impact on RP Sector 1

- Funders like index-linked income
- Potential for reduced credit ratings
- Increased cost of borrowing
- Reduction in EUV-valuations
- More properties to secure existing debt
- Margins squeezed
- Considerably reduced development ambitions
- For some: difficulty sustaining existing debt

Impact on RP Sector 2

- Significant cost reductions required
- Consolidation to achieve efficiencies
- Sell assets to reduce debt
- More RPs in a pickle
- Stress-testing: cometh the hour
- Regulatory efforts focus on weakest and potential rescuers





Impact on LAs

- Assumed responsibility for debt in 2012 based on value of stock
- Now same significant cuts in rental income
- And obliged to sell high value stock and hand receipts to exchequer
- And only retain 50% of any RTB receipts
- And don't retain pay-to-stay rent uplift

This analysis excludes impacts of:

- Benefit cap reduced to £23k / £20k
- Working age benefits frozen for 4yrs
- No automatic HB for 18-21 year olds
- Extension of RTB
- Compulsory pay-to-stay for those with incomes of £40k / £30k

CT Economic Forecast

	2015	2016	2017	2018
Economy				
Sector	