Policy Stability to Delivery: Implications of the CSR for Housing Finance Professionals

Centrus

Sector snapshot: stark fall in development activity

Before diving into the strategic implications, it's crucial to acknowledge the state of play:

- **London's G15 housing associations** saw starts collapse by **66%** in two years, from 13,744 in 2022–23 to just **4,708** in 2024–25; completions also dropped 11% to around 9,200 (Source: *Inside Housing*).
- **NHBC data** shows affordable/rental sector registrations fell **18%** in 2024 to **35,245**, with **London hit hardest** (a 48% drop).
- **Nationally**, housing starts in England dropped **16%** in 2023 to around **149,000 homes**, following an **11% decline in completions** (Source: *The Guardian*).

In short, new build supply has stalled dramatically — particularly in London — as the impact of a once-in-a-generation change in building regulations, ever-increasing service demands, and rising capital and build costs combine to soften operational performance and hit development viability.

Why the CSR matters now

Against this backdrop, the Comprehensive Spending Review (CSR) represents a significant milestone for the sector:

- **Grant levels** for development beyond 2026 are now becoming clear. While the committed £39bn is backloaded, it signals sustained long-term investment — but it will take time for the sector to scale up delivery accordingly.
- **Rent convergence** and a long-term rent standard will boost revenue growth — though not all RPs will benefit equally, and longevity of the policy is uncertain. Still, this represents a materially more stable and supportive landscape for planning.
- **Access to the Building Safety Fund** will improve cash flow and increase capacity, especially for RPs facing substantial, non-income-generating safety spend. These works must be completed quickly, and their financing has been a material burden.
- Together, these measures offer a **clearer framework for long-term investment decisions**.

A challenge for the sector now will be demonstrating tangible results from this new commitment — especially since many of the visible outputs may not land until the next Parliament. The broader macroeconomic context, including interest rate uncertainty, also remains a headwind.

Finance framework: from news to modelling to action

With the policy environment more settled (for now), our guidance for finance teams over the coming months includes:

1. **Reforecast business plans** incorporating CSR outcomes as details firm up — and reassess development capacity accordingly.

2. **Finalise post-CSR business plans**, quantifying the variance from pre-CSR models. Sector-wide, this data could become a key narrative tool to evidence responsiveness and impact to Government.
3. **Revise funding and hedging strategies** to reflect reduced domestic policy risk. With rent, grant, and regulatory baselines stabilising into a potential 10-year rhythm, locking out more treasury risk now may preserve capacity gains. This could include forward hedging or refinancing strategies.
4. **Re-engage with funders, investors, and rating agencies**, using CSR momentum to underpin balanced growth plans and maintain access to competitive capital.
5. **Acknowledge Government expectations** of delivery, as made clear in recent CEO communications — this is a moment of stability offered in return for real outcomes.

Strategic focus: locking in momentum

- **Leverage improved balance sheets**: The CSR outcome should strengthen financial performance, improve development appraisals, and offer increased capacity
- **Revisit mothballed schemes**: Medium-term opportunities shelved due to safety spend or policy uncertainty may now be viable.
- **Reinforce risk management disciplines**: Be ready to pivot again if the macro landscape deteriorates.

Conclusion: a pivotal moment for planners and treasurers

Yes, the sector still carries the weight of recent headwinds — from rent suppression to regulatory cost inflation. But the CSR offers something we haven't had for some time: **a line of sight to medium-term policy stability, capital support, and a clear mandate to deliver**.

Housing finance professionals now face a critical opportunity to reset plans, communicate ambition, and align delivery with strategic clarity. Considering how best to respond — and when — is essential to ensuring the sector moves from policy stability to tangible progress on the ground.

We're supporting clients across the sector to analyse capacity changes, develop and adapt strategies to best utilise the CSR outcome. If you would like to discuss what the CSR means for your business plan, funding strategy or treasury approach in more detail, please get in touch with your Centrus team.