

SUMMARY REPORT FOR 2014

THE COMPLETE REPORT IS AVAILABLE AT WWW.HUSBANKEN.NO
(NORWEGIAN ONLY)



KEY FIGURES FOR THE HOUSING BANK'S ACTIVITIES

	2009	2010	2011	2012	2013	2014
Programmes						
Housing allowance						
Amount disbursed in NOK million	2,701	3,121	3,177	3,087	2,919	2,964
Number of recipients during the year	136,708	149,700	155,500	152,600	148,300	144,740
Targeted grants for first-time buyers						
Amount awarded in NOK million	309	266	301	319	379	333
Number of housing units	1,431	1,064	1,454	1,242	1,352	1,224
Targeted grants for rental housing						
Amount awarded in NOK million	805	411	391	432	521	794
Number of housing units	2,426	1,151	1,002	1,002	974	1,166
Investment grants for sheltered housing and nursing homes						
Amount awarded in NOK million	926	448	1,178	1,099	1,424	3,603
Number of housing units	1,887	819	1,128	1,165	1,378	2,463
Targeted grants for student accommodation						
Amount awarded in NOK million	351	192	235	242	350	359
Number of housing units	1,486	845	1,054	1,039	1,483	1,259
Start-up loans						
Amount awarded in NOK million	4,422	5,248	6,075	7,028	6,895	6,069
Number of housing units	6,012	7,076	10,913	12,512	11,309	8,770
Basic construction loans						
Amount awarded in NOK million	12,420	6,043	10,529	9,922	14,233	10,700
Number of housing units	7,554	3,932	5,697	5,287	8,151	5,843
Basic renovation loans						
Amount awarded in NOK million	1,306	613	583	881	1,422	1,483
Number of housing units	4,440	1,874	2,138	2,946	3,601	3,345
Compensation schemes*						
Int. comp. schools and swimming facilities	605.0	527.0	528.0	479.0	465.0	510.8
Int. comp. religious buildings	22.3	21.0	36.8	35.0	37.2	49.1
Comp. grants for nursing homes and sheltered housing	1,461.6	1,143.0	1,161.7	1,061.0	1,031.0	1,043.1
Administrative key figures						
Loan portfolio, volume in NOK million	104.5	108.6	113.7	121.2	128.4	135.1
Loan portfolio, number of loan tranches	65,700	62,600	59,400	57,600	55,600	53,600
Net loan losses, NOK million	14	15	14	8	10	7
Loan losses as a % of loan portfolio	0.013	0.014	0.012	0.007	0.008	0.005
Average number of full-time equivalents	344	352	340	333	324	327
Admin expenses, NOK million**	295.6	318.9	338.6	341.2	346.9	369.1
Admin expenses per FTE	859,300	905,800	995,900	1,024,600	1,070,600	1,128,600
Salaries as a share of admin expenses	68.5%	69.1%	67.5%	68.9%	69.1%	67.8%

* Transferred from the Ministry of Local Government and Modernisation in 2014 to the Ministry of Education and Research, Ministry of Culture and Ministry of Health and Care Services.

** Sum of Employee benefits and Other operating expenses (c.f. Note 2 and Note 3 in the financial statements)

The Rundeskogen (Three Towers) housing project in Sandnes, which received an honourable mention in the 2014 Norwegian Award for Building Design. Architect: Helen & Hard. Photo: Aeroview

ABOUT THE HOUSING BANK

Right since its foundation in 1946, the Housing Bank has been the key government agency in the field of housing policy. Whereas once its main task was to ensure an adequate supply of housing, the main priority is now affordable and social housing for disadvantaged groups. We have also been given the role of complementing the housing market by promoting sustainable designs for houses, other buildings and living environments. The Housing Bank currently helps to finance around a quarter of the new housing units built each year in Norway.

The Housing Bank reports to the Ministry of Local Government and Modernisation, but it also manages programmes funded by the Ministry of Education and Research, the Ministry of Culture and the Ministry of Health and Care Services. The most important programmes are housing allowances and various loans and grants for the construction and refurbishment of housing units.

We also help to develop and disseminate knowledge, performing research and provide advice to municipal authorities, the voluntary sector, the construction industry and other stakeholders. Our most important partners are municipalities. We work closely with the other national welfare agencies to give municipalities the best possible support in their work on social and affordable housing.

The value of our loan portfolio is rising, while the number of loans is falling. Loan losses are currently very low, and continue to fall. Administrative expenses per full-time equivalent have risen somewhat over the past few years. This is mainly due to the recruitment of highly-qualified and experienced staff. As a proportion of administrative expenses, salaries have remained stable at around two thirds of the total.

Organisational structure

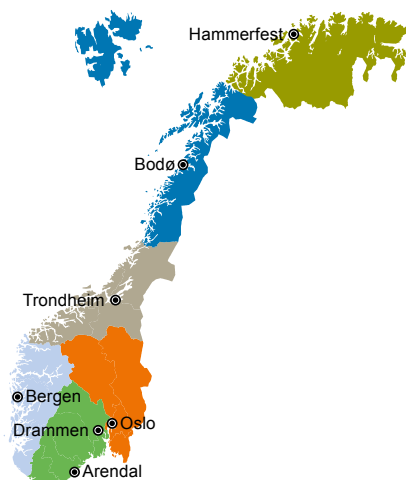
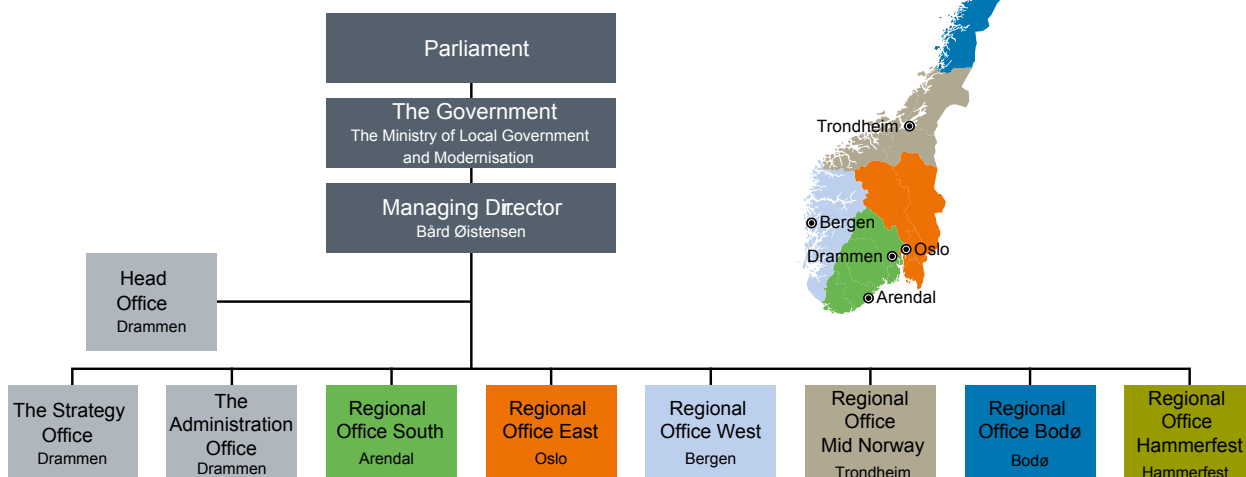
The Housing Bank is a civil service organisation that reports directly to the Norwegian parliament, government and Ministry of Local Government and Modernisation. Parliament allocates funding through the national budget to finance both its administrative costs and the loans and grants that it awards. The Office of the Auditor General of Norway is responsible for making sure that the resources are used in accordance with current rules and parliament's wishes.

The Housing Bank has a regional structure, with six offices in Arendal, Oslo, Bergen, Trondheim, Bodø and Hammerfest. Drammen is home to the main administrative functions, including the Administration Office, Strategy Office and Head Office. The Housing Bank's organisational structure is based on the principles of proximity and delegation: the people who are closest to the end users are in the best position to provide appropriate solutions.

The regional offices implement housing policy in collaboration with municipalities, the construction sector, voluntary organisations and other stakeholders. Our regional structure, which is designed to ensure proximity to municipalities and our customers, is an asset and a strength. At the same time, users and customers in all regions have access to the same services.

In spring 2014, the Housing Bank held the event "One Housing Bank" in order to promote a common understanding of our strategy, core values and work on housing provision. The event was opened by the Minister of Local Government and Modernisation, Jan Tore Sanner, who called for modernisation, improvement and simplification.

Organisational chart



Vision, goals and values

The vision of Norwegian housing policy is that **everyone should have access to adequate and secure housing**. The government has charged the Housing Bank with complementing private credit markets in order to provide housing to disadvantaged groups, promote sustainable housing solutions and offer financing throughout Norway.

Drawing on its internal values of openness, collaboration and diversity, the Housing Bank shall strive to ensure that housing policy goals are met. As formulated by the government in 2014, the main goals of housing policy are:

- More homes and buildings that meet the needs of the future.
- More disadvantaged people should get their own home.
- Further simplification and innovation in the homebuilding and construction sectors.

In addition, the Housing Bank should meet the following general goal for government agencies:

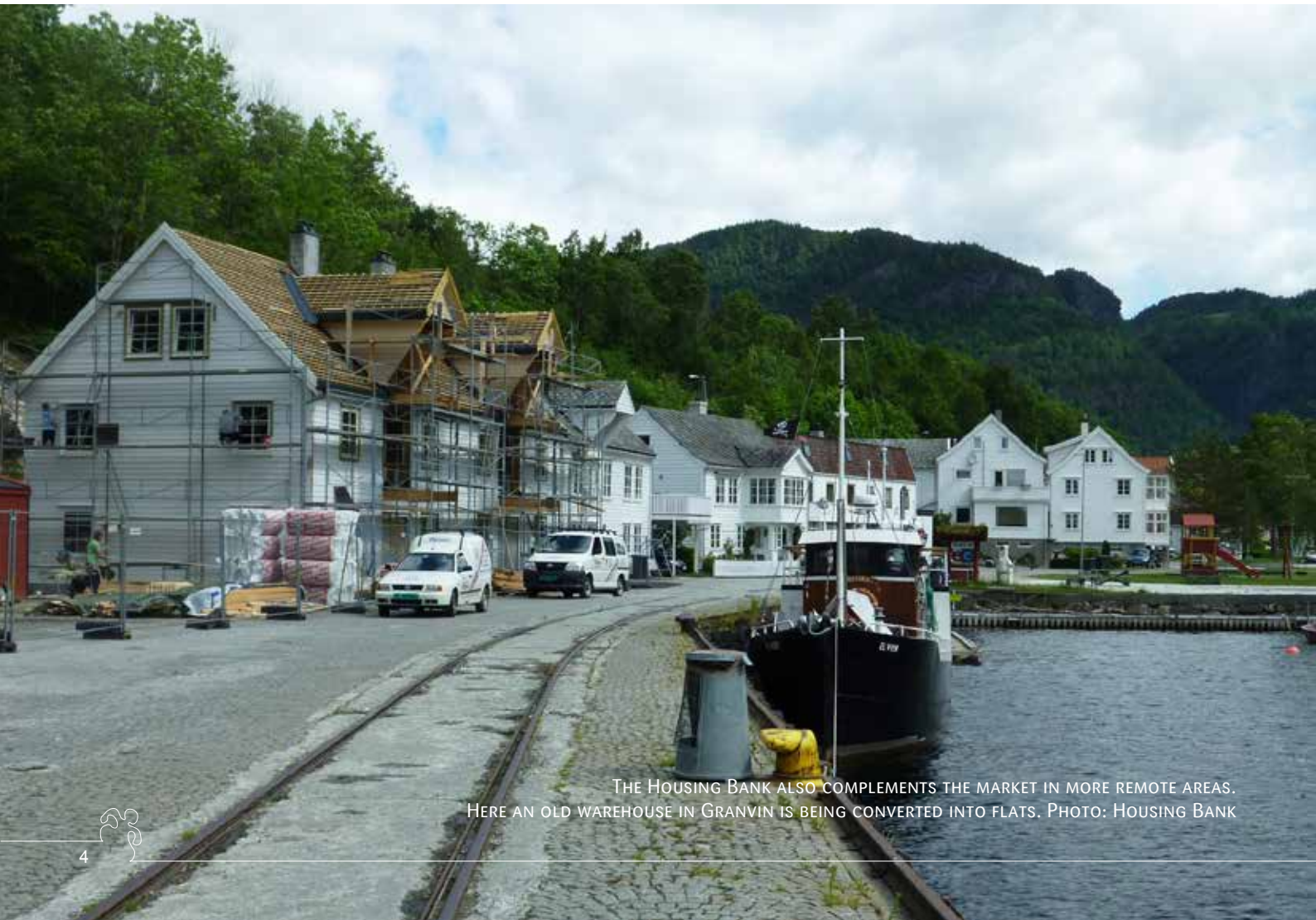
- Efficient and user-oriented use of resources.

Coordinating welfare provision

In spring 2014, the Solberg government presented a national strategy for social and affordable housing called "Housing for welfare", which gave the Housing Bank a key role in improving the integration and targeting of government programmes aimed at disadvantaged groups.

Good housing is a prerequisite for other welfare measures to succeed. Providing housing for disadvantaged groups and enabling them to remain in their own homes significantly increases their quality of life, reduces their reliance on benefits and helps to cut municipal spending on health and social care services.

In recent years, the Housing Bank's strategy has involved working very closely with municipalities and the construction industry in order to develop good housing solutions. This partnership has produced tangible results, and the vast majority of people now have good housing arrangements. However, some people still struggle to enter the housing market, and need help to find a suitable home. Complementing the market, to enable these people to find a suitable place to live, will remain the Housing Bank's most important task within housing policy going forwards.



THE HOUSING BANK ALSO COMPLEMENTS THE MARKET IN MORE REMOTE AREAS. HERE AN OLD WAREHOUSE IN GRANVIN IS BEING CONVERTED INTO FLATS. PHOTO: HOUSING BANK

HOUSING BANK AWARDED PRIZE FOR THE BEST DIGITAL SERVICE IN THE PUBLIC SECTOR

The Housing Bank is modernising and catching time thieves

“The Housing Bank has succeeded in becoming genuinely user-oriented. Managers must prioritise the needs of users as they move to digital service provision in the public sector,” says Ingelin Killengreen, who heads the Agency for Public Management and eGovernment (Difi).

“This prize is a huge recognition of our work on digital service delivery within the modernisation programme SIKT, and goes to all of the people who have put so much commitment and dedication into creating the solution. This includes the people who have analysed and translated user needs, the software developers and not least the municipalities. We saw an opportunity to improve our services and catch time thieves,” says Bård Øistensen, the Housing Bank’s Managing Director.

Putting users first

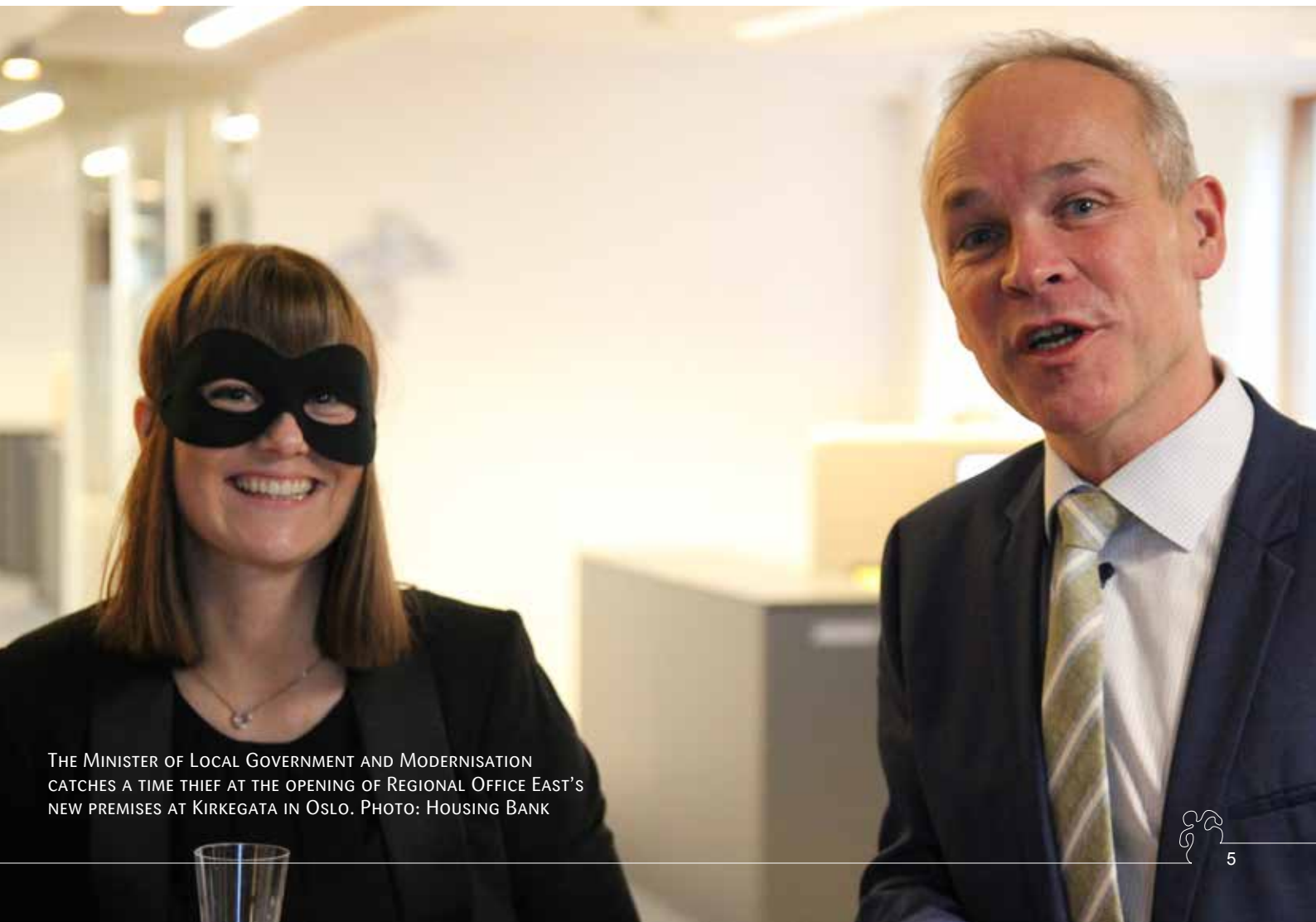
“The eApplication for housing allowances has modernised and simplified the application process for users, and helps to meet the government’s goal of ‘making life simpler for

most people’. Our next task, and we are already making good progress, is an eApplication for start-up loans,” continues Øistensen.

This year 52 candidates for the prize were assessed against specially developed criteria. Based on their scores in this first round, five services took part in the final for the best digital services in the public sector.

The jury gave the following reasons for its decision:

This year’s winner of the prize for best digital service deserves credit for making the application process much simpler for its users. This has been done by combining a good design with clear language and clever use of technology. The service is very clearly laid out and easy to navigate. The language is friendly and user-oriented, and the service is designed to act as a written agreement between the agency and the user. Technology is used cleverly to collect relevant information from other records, and to adapt questions to the individual circumstances of users.



THE MINISTER OF LOCAL GOVERNMENT AND MODERNISATION CATCHES A TIME THIEF AT THE OPENING OF REGIONAL OFFICE EAST’S NEW PREMISES AT KIRKEGATA IN OSLO. PHOTO: HOUSING BANK



MANAGING DIRECTOR'S SUMMARY

A predictable, modern Housing Bank

In 2014 there was a clarification of **the Housing Bank's social purpose**, role and working relationship with the municipalities. Our focus has been on modernisation, simplification, improving efficiency and documenting results. Meanwhile, our programmes have become even more targeted. Priority has been given to using basic loans for rental housing, social housing and pilot and best practice projects. Start-up loans are being reserved for people with long-term difficulties getting a loan from a private sector bank. Our level of funding enables us to make a great difference to people's quality of life. Including funding for student accommodation, sheltered housing, rental housing and housing allowances, the Housing Bank's support for the housing market is worth almost NOK 30 billion.

The aim of our **ICT modernisation programme** is to make our services simpler and more efficient. This involves moving to digital service provision, and within that it was natural to prioritise our biggest programme – housing allowances. Over the course of the year, just as many people receive housing allowances as receive financial social assistance. Housing allowances provide a financial safety net for individuals, and reduce the burden on municipalities' budgets for welfare services. The Housing Bank assumes that more people are entitled to housing allowances than actually receive them. With our digital service, anyone with access to a tablet, mobile phone or computer can apply and receive an immediate indication of whether they may be entitled to housing allowances. Another benefit is that municipal staff don't

have to manually enter data from application forms into the system.

This will save municipalities very many hours of work each year. We are delighted that our eApplication for housing allowances received DIFI's prize for the best digital service in the public sector for 2014. Thanks to a strong focus on project portfolio management, combined with good management and excellent human resources, the results of our ICT modernisation programme SIKT are living up to our expectations.

Within the Housing Bank we have also worked hard to increase the efficiency of our internal systems and procedures. By reorganising our work on housing allowances, we have reduced our response time to housing allowance appeals from two weeks to three days. Government guidelines on "plain language" are a key consideration when developing our electronic applications. As part of our efforts to use resources more efficiently, we have also implemented project portfolio management, a project model and a benefit realisation process for all of the Housing Bank's projects.

The government's strategy for social and affordable housing, "Housing for welfare", establishes key aspects of the Housing Bank's social purpose. The national strategy streamlines and builds on our methodology, which is based on our partnership with municipalities. We have been given the challenging role of coordinating the work of the participating government agencies.

“Housing for welfare” is an ambitious project to integrate public service provision. The Housing Bank is in a unique position, because enabling social and affordable housing provision is one of its key tasks. The main priorities of the other agencies lie in different areas. It is therefore important to spend sufficient time developing an integrated strategy, so that the end result is better than what any of us could achieve individually. A joint plan of action has been developed, and we have high expectations for a joint guide that may become a key tool in the welfare state’s housing-related activities.

The housing market is very tight. The combination of rapid population growth and a low rate of home building is creating challenges in the main population centres. Meanwhile, market interest rates have fallen so far that the Housing Bank’s basic loans have lost some of their competitive advantage. Nevertheless, basic loans can still have a positive impact on the quality of buildings. In 2014 priority was given to housing with the Nordic swan ecolabel, and a number of projects met the relevant criteria.

There is strong support for the strategy of encouraging home ownership in Norwegian housing policy. The Housing Bank enables more people to move from renting to owning their own property. Amongst low-income households, the home ownership rate could be much higher. Particularly over the past year, several towns have been developing models to achieve this, which also helps to free up municipal rental housing for the people who most need it.

Nevertheless, **we can see that the rental market is changing**, and that there is growing interest in renting. There is a great need for municipal rental housing, but we also lack a professional private rental market. The people who are most likely to rent are refugees, economic migrants and people going through difficult transitions. Renters often have inadequate legal protection and lack support networks, while rental housing is often of low quality. So the question is: do we have the necessary tools to solve the problem?

Basic loans are a priority, and a growing proportion of them are going to rental units, but there is potential to do even more. Funding has been increased for the grants for rental housing and student accommodation. Meanwhile, municipalities applied for record volumes of investment grants in 2014. This is helping to increase the availability of municipal rental housing. The government has also made some adjustments to housing allowances, to ensure that people who rent privately aren’t at a disadvantage. All of these measures are useful.

A new development is that some home builders are starting to build rental units without any grants. The biggest and most innovative developers can see that basic loans have benefits that go beyond low interest rates.

One example of this is a project to build 180 new rental units in Oslo. The City of Oslo is entitled to assign social housing tenants to some of the flats, while the remaining flats are rented out in the ordinary market. This model is interesting, because the developer benefits from a basic loan on the favourable conditions that are given if an agreement is signed with a municipality.

The Housing Bank is working to **upgrade the existing housing stock**. Best practice and refurbishment projects must be used to prepare the current housing stock for the demographic challenges that we will face over the coming years. Small investments can make a big difference, and enable many people to stay in their homes longer. We are pleased to see that the take-up of grants for adapting homes is increasing. We will continue to monitor this programme very closely in 2015. 2014 was a breakthrough year for grants to install lifts. This will have a big impact on the housing stock over the next few years. Currently 25,000 people over 80 live in buildings of more than two floors without a lift.

As Managing Director of a dispersed, regional organisation, it is vital to have the opportunity to move the whole Housing Bank in the right direction, both internally and in its dealings with third parties. In 2014 we gathered all of our staff in Sandefjord for a two-day conference focusing on modernisation, teamwork and housing for welfare. I am proud to lead an organisation that is capable of planning and organising challenging events of this kind itself. It was great for all of us that the Minister of Local Government and Modernisation opened the conference, offering some very useful thoughts on both further simplification and welfare service provision.

Our Strategy Office, IT team and HR department all play key roles in our organisational development. Our IT projects are a source of pride for the whole organisation. The HR department ensures that everyone at the Housing Bank receives the same support, has access to personal development programmes, gets appropriate training when they join us and so on. I am pleased to see that sickness absence is falling. There will always be some fluctuation, but there has been a downward trend for some time, and we are below the target in our inclusive working life agreement. I see this as a tribute to our work to build a strong organisation, and proof that we are giving our staff suitable tasks in a framework that enables them to perform them well. Nevertheless, we know that 2015 will be a challenging year. But we are well prepared, and aim to continue delivering our services efficiently.



Bård Øistensen



Husbanken

Alle skal bo godt og trygt

To contact your nearest regional office,
call 22 96 16 00

WWW.HUSBANKEN.NO