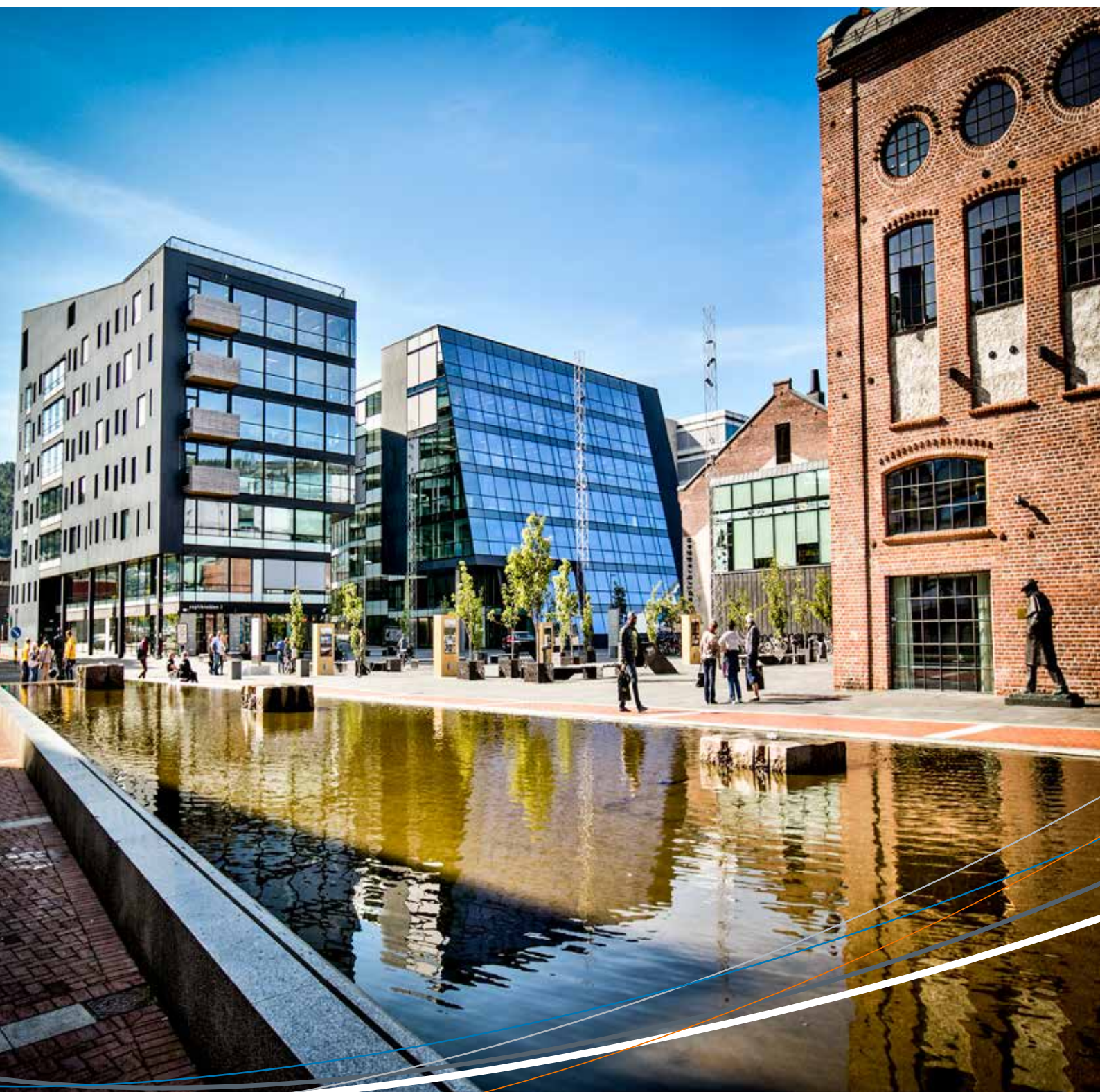


Summary annual report 2015

The complete report is available at www.husbanken.no (Norwegian only)



Key figures for the Housing Bank's activities

Programmes. Amounts in NOK million

	2011	2012	2013	2014	2015
Housing allowance					
Amount disbursed	3,177	3,087	2,919	2,964	2,915
Number of recipients during the year	155,500	152,600	148,300	144,740	141,770
Targeted grants for first-time buyers*					
Amount awarded	301	319	379	392	395
Number of housing units	1,454	1,242	1,352	1,535	1,588
Targeted grants for rental housing					
Amount awarded	391	432	521	794	991
Number of housing units	1,002	1,002	974	1,166	1,753
Investment grants for sheltered housing and nursing homes					
Amount awarded	1,178	1,099	1,424	3,603	3,744
Number of housing units	1,128	1,165	1,378	2,463	1,742
Targeted grants for student accommodation					
Amount awarded	235	242	350	359	622
Number of housing units	1,054	1,039	1,483	1,259	2,200
Start-up loans*					
Amount awarded	6,075	7,028	6,895	6,089	6,122
Number of housing units	10,913	12,512	11,309	8,806	7,316
Basic construction loans					
Amount awarded	10,529	9,922	14,233	10,700	10,285
Number of housing units	5,697	5,287	8,151	5,843	4,909
Basic renovation loans					
Amount awarded	583	881	1,422	1,483	766
Number of housing units	2,138	2,946	3,601	3,345	1,538
Compensation schemes**					
Interest compensation, schools and swimming facilities	528	479	465	510.8	472
Interest compensation, religious buildings	36.8	35	37,2	49.1	53
Comp. grants for nursing homes and sheltered housing	1,161.7	1,061.8	1,031.0	1,043.1	998.3

* The correction of an error in the data source means that the 2014 figures for start-up loans and grants for first-time buyers are slightly higher than previously reported.

** 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.

Administrative key figures

	2011	2012	2013	2014	2015
Net loan losses, NOK million	14	8	10	7	12
Loan losses as a % of loan portfolio	0.01%	0.01%	0.01%	0.01%	0.01%
Average number of full-time equivalents	340	333	322	331	326
Total budget for admin and purchasing* in NOK thousand	363 905	361 139	382 942	396 735	407 597
	363,905	361,139	382,942	396,735	407,597
Proportion of operating budget used**	99.10%	99.40%	97.60%	99.40%	99.20%
Total operating expenses in NOK thousand	356,890	360,259	369,424	394,303	390,145
Salaries as a share of operating expenses	63.40%	64.50%	64.30%	63.40%	65.80%
Wage expense per FTE in NOK thousand***	666	698	738	756	788

*Item 01 Operating expenses, Item 21 Special operating expenses, Item 45 Major purchases of equipment and direct debit mandates

**Sum total of Item 01 Operating expenses, Item 21 Special operating expenses and direct debit mandates as a proportion of amount allocated.

***The wage expense is defined in accordance with the standard chart of accounts as all wages, salaries and staff-related costs.

This includes wages and salaries, holiday pay, employer's NICs, gifts to employees, the canteen subsidy, the company health service and other benefits for staff.

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. Once its main task was to ensure an adequate supply of housing, but now the main priority is affordable and social housing for disadvantaged groups. The average standard of housing in Norway is one of the highest in the world, but there are still 120,000 people in disadvantaged groups and over 6,000 homeless people. The growing number of refugees will also place further strain on the housing market. The Housing Bank's most important task is helping households from these groups to obtain, and remain in, suitable housing.

Housing for Welfare, the government's strategy for social and affordable housing, emphasises the importance of housing in enabling other welfare measures to succeed. The Housing Bank has been tasked with coordinating the implementation of the strategy, to ensure that the various welfare agencies work together to help disadvantaged groups.

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, various grants to help people obtain their own home and loans and grants for the construction and refurbishment of housing units.

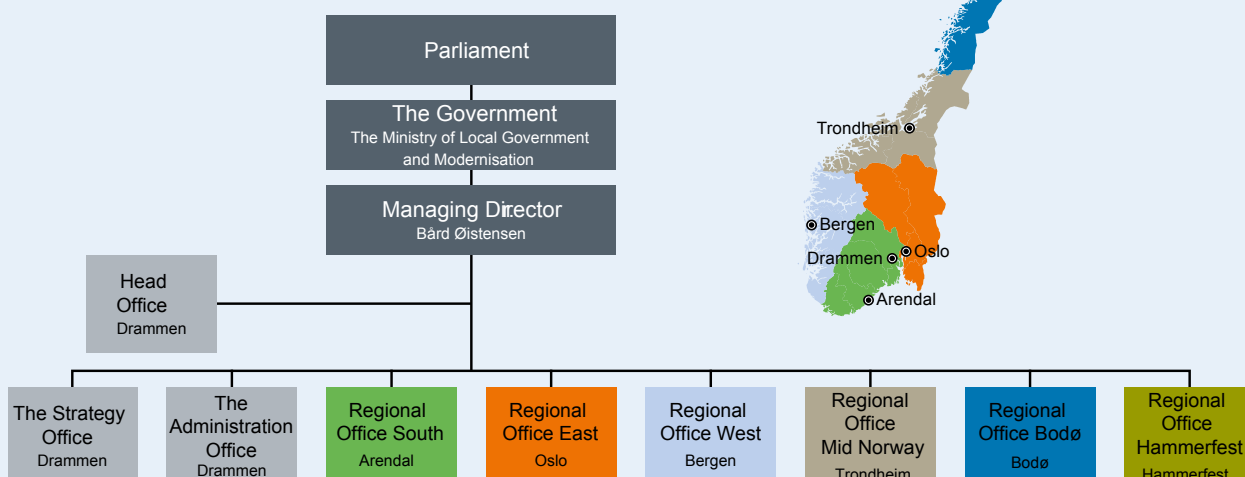
We also contribute by building and spreading knowledge,

performing research and advising municipal authorities, the voluntary sector, the construction industry and other stakeholders.

Housing allowances are our most important tool in the field of affordable housing, and they enable just over 140,000 households to obtain, and remain in, their own homes. Together, grants for first-time buyers and for rental housing enable over 3,000 households to move into their own homes.

In 2015, the Housing Bank financed almost a fifth of all housing units started through basic construction loans and grants for sheltered housing. The Housing Bank also manages grants for student accommodation on behalf of the Ministry of Education and Research, which enabled the construction of 2,200 new housing units in 2015, and a record number over the past five years. This both ensures the provision of suitable housing for students and frees up supply for the general rental market. These are some of the ways in which the Housing Bank supplements the housing market in order to achieve the housing policy goals of suitable housing provision and helping disadvantaged groups to obtain their own homes. The key figures show a stable picture. Loan losses have risen, but they remain very low as a percentage of our loan portfolio. The share of operating expenses that goes to salaries has risen slightly in recent years, as a result of both higher salaries per full-time equivalent and lower non-wage operating expenses.

Organisational chart



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 is split into six regions with offices in Arendal, Oslo, Bergen, Trondheim, Bodø and Hammerfest. The main administrative functions are based in Drammen, 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. Meanwhile, efficient processes and equal treatment are high priorities for the Housing Bank, and the internal project "One Housing Bank" helps to promote a common understanding of our strategy, simplification and effective coordination.

Vision, goals and strategy

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 and to ensure that more homes and buildings meet the needs of the future.

Drawing on its 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 2015, the main goals of housing policy are:

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

In addition, the Housing Bank has the following general goal:

- *Efficient and user-oriented management systems*

The Housing Bank has developed a new strategy (2016-2021) that reflects the key drivers of changes to our society over the coming years:

- *Pressure on the welfare state*
- *Greater migration – large flows of refugees*
- *Demographic challenges – an ageing population*
- *Rapid technological change and digitisation*

In order to meet these challenges, and to maximise improvements to people's lives, the Housing Bank's future work will build on the following strategic choices:

- to continue developing its role as a coordinator of welfare agencies based on the government's "Housing for welfare" strategy
- to help municipalities develop integrated approaches that promote good, safe housing and residential areas for the population in general and for disadvantaged groups in the housing market in particular
- to be the leading Norwegian welfare agency in terms of developing and implementing digital solutions

Going forward, the Housing Bank wants to be a respected, coherent and forward-looking agency that is capable of seeing the bigger picture. By the end of the strategy period, the Housing Bank should have increased the proportion of people living in long-term suitable housing, by virtue of its complementary role in the housing market.



Torshovdalen in Oslo. Winner of The Norwegian Government's Award For Good Practice In Building Design 2015. Photo: The Housing Bank

Housing for Welfare

Five ministers and six directorates are all promoting a joint strategy for social and affordable housing. The aim of the strategy is to coordinate and focus government programmes aimed at disadvantaged groups in the housing market. The government has given the Housing Bank responsibility for pushing through and coordinating activities based on the strategy.

Around 150,000 people are considered to belong to disadvantaged groups in the housing market. Of these, around 6,200 don't have a permanent place to live. The national strategy Housing for Welfare (2014-2020) aims to coordinate and focus efforts to ensure that more people have a good place to live. It is rare to see so many ministers standing behind a joint strategy. It shows that they have a joint belief that housing is a key aspect of welfare provision.

One important tool is a digital guide to providing welfare services that will be launched in autumn 2016. This will give municipalities access to expertise, advice and examples of good practice in welfare service provision.

The directorates that will implement the strategy are:

- *The Housing Bank*
- *Norwegian Labour and Welfare Service*
- *Norwegian Directorate for Children, Youth and Family Affairs*
- *Norwegian Directorate of Health*
- *Norwegian Directorate of Integration and Diversity*
- *Directorate of Norwegian Correctional Services*



Joint responsibility – joint goals, for five ministries:



Housing policy plays a key role in creating a society with equal opportunities for everyone. Having somewhere to live – a home – can help us to study, work, start a family and enjoy a social life. Without a place to live it is difficult to overcome the other challenges that we face in life, so our quality of life and health suffer.

Jan Tore Sanner, Minister of Local Government and Modernisation



We must succeed in helping more disadvantaged parents to enter the labour market and more young people to complete their education. If we are to achieve that, housing will be the key to participating in the labour market.

Robert Eriksson, Minister of Labour and Social Inclusion



Children in Norway must have a safe home and be able to grow up in a good community. Having stable housing arrangements is important for all children. Children who have been granted Norwegian residency must get somewhere to live in a Norwegian municipality as soon as possible.

Soveig Horne, Minister of Children and Equality



Safe and stable housing is a prerequisite for providing good health and welfare services, and it helps users to cope with their health problems.

Bent Høie, Minister of Health and Care Services



To prevent crime, it is important for the government to reduce the number of people who lose their homes while serving a sentence and increase the number who are offered a home on release, if they don't already have one

Vidar Brein-Karlsen, State Secretary at the Ministry of Justice and Public Security



Managing Director's Summary

In 2015, Norway received record numbers of asylum seekers. Municipalities responded by taking in significantly more refugees, and the need to provide housing for them led to greater demand for the Housing Bank's loans, grants and expertise. The challenges associated with housing refugees will become even greater in 2016. The need for better coordination between welfare agencies in the field of housing provision is growing in parallel with the challenges faced by municipalities.

Housing for Welfare

The Housing for Welfare strategy, which involves the Housing Bank and five other government agencies working together to facilitate the efforts of municipalities to house disadvantaged groups, provides a good foundation for meeting these growing challenges. The Housing Bank is coordinating and leading the implementation of the strategy. In 2015, our main tasks included establishing a framework for cooperation and integrating housing perspectives into the work of the participating directorates. To judge by the positive feedback that we have received, we performed those tasks very well. The directorates have drawn up a joint plan of action for 2016, which is the year that we move from planning to execution.

In 2015, the Housing Bank developed a new programme for municipalities that will start in 2016. This will be our most important tool for implementing Housing for Welfare. The municipal programme builds on the good relationships that we have developed with municipalities all over the country through our affordable housing programmes. In close cooperation with municipalities and other government welfare agencies, we will encourage an integrated approach to strategic planning and promote good and safe residential areas and housing conditions for the population at large, and for disadvantaged groups in particular.

The biggest single tool in the Housing for Welfare strategy is the development of a digital guide. In 2015 we carefully planned the guide in consultation with the municipal sector. The guide aims to bring together all relevant information about social and affordable housing from the directorates participating in Housing for Welfare, to create a powerful tool for municipalities. Amongst other things the guide will include advice on work processes in the field of housing and services, examples of good practice, digital courses, knowledge sharing, templates, check lists and much more.



Full steam ahead with digitisation

Digitisation is a key element of the Housing Bank's modernisation drive. The Housing Bank's strategic ICT development programme SIKT was initiated in 2012. We continued full steam ahead with the programme in 2015, and there will be no let-up in 2016.

- An e-application for housing allowances was launched in 2014. In 2015 we further developed it, and more categories of applicants have been able to use it. Overall, 11.5 percent of applicants used an e-application, which was in line with the target for 2015. In 2016 we will upgrade the system so that from 2017 onwards we will have access to up-to-date income information from the Norwegian Tax Administration when processing applications. That will ensure that recipients receive the right amount of housing allowance, while the Housing Bank will need considerably fewer resources to check and process demands for the repayment of excess housing allowance payments.
- Throughout 2015 we worked on the e-application for start-up loans, which is being launched in 2016. The new system will make it much easier for people to apply for a start-up loan. Furthermore, a new CRM system for municipalities will be launched in 2017. Together, the e application for start-up loans and the new CRM system will free up thousands of staff hours at municipalities, time which is currently used for data entry, data gathering, archiving and reporting in relation to start-up loans.
- In April 2015 the Housing Bank became one of the first government agencies to start using secure digital communication, starting with the decision letters sent to housing allowance applicants. Sending fewer letters in the post is good for the environment, and saves the Housing Bank significant postage expenses.

Greater focus on social and affordable housing

The Housing Bank's role is to complement the private market. Our loan and grant programmes help to meet housing policy goals when they cannot be achieved through market forces. We play a significant role in overall housing provision, but in 2015 our loan and grant schemes were targeted even more on the most disadvantaged groups in the housing market.

- Housing allowance is the backbone of social housing policy. Over the course of 2015, a total of 141,770 households received a combined NOK 2.9 billion in housing allowances. In recent years, the number of recipients has fallen year on year, and a growing number of people have housing expenses that are too high to be covered by their housing allowance. The Housing Bank is concerned that housing allowance is becoming less effective as a social housing policy tool, because it is failing to keep up with the rise in housing costs.
- Municipalities provided just over NOK 6.1 billion in start-up loans to approximately 7,315 households, down from 8,806 households in 2014. This reduction was mainly due to the scheme being more clearly targeted at households with long-term difficulties getting a loan. Nevertheless, total lending volumes increased marginally in 2015, as a higher proportion of borrowers needed 100% mortgages. In 2015 over half of start-up loans went to families with children, defined as a priority target group in the Housing for Welfare strategy.
- The Housing Bank awarded basic loans for the construction of around 4,900 homes in 2015, 16 percent fewer than in 2014.
- During the year we provided grants for around 1,750 municipal rental units, nearly 600 more than in 2014. Our target was 1,720 units. Factors such as the urgent need to house refugees meant that demand for grants from municipalities significantly outstripped the resources that the Housing Bank has at its disposal. There was also a significant increase in the use of basic construction loans for rental housing, in combination with contracts that allow local authorities to assign social housing tenants to some of the flats.
- In November 2015 we reached our goal of financing 12,000 units in sheltered housing and nursing homes, as set out in the 2015 home care plan (2008-2015). In its advisory role to the municipalities, the Housing Bank has made a big contribution to the quality of many of the municipal projects.
- In 2015 the Housing Bank continued to invest in retrofitting lifts in low-rise blocks, with a total of 38 lifts providing access to 423 flats being installed. We had record numbers of applicants, seeking more than double our budget for the year. We were therefore able to prioritise and finance more lifts that meet the latest standards than in the past.

Simplification and improvement

At the Housing Bank we are continuously working to improve and streamline our operations, so that we can offer better services to our customers and partners. More resources are needed for digitisation and other high-priority programmes such as Housing for Welfare. We are investing heavily in becoming more efficient in other areas so that we can channel resources to our highest priorities. Over the course of 2015 we have worked on restructuring

back-office functions such as HR, communications and auditing in order to free up resources for priority areas. We are also continuously looking at the division of responsibilities between our offices and at opportunities for centralising tasks to save resources.

Over the course of 2015, efficiency measures and an even clearer focus on our most important tasks allowed us to reduce the total number of staff at the Housing Bank from 351 to 336 through natural wastage. The financial resources that this has freed up have largely been used for further investment in our digitisation projects.

Outlook

Over the coming years, we will face a raft of housing policy challenges. We must permanently raise our capacity to house refugees in municipalities. At the same time, there are significant challenges associated with housing other disadvantaged groups. If we are to succeed we must come up with sustainable solutions, rather than short-term ones that get in the way of good, long-term solutions. Both the state and the municipalities must manage to combine significantly greater investment in housing refugees with good, integrated planning for the housing needs of all social groups.

The Housing Bank is ready to meet those challenges. During 2015 we developed a strategy for the period between now and 2021, which will provide a good framework for providing the best possible assistance to municipalities. Our main focus will more than ever before be social and affordable housing. We will continue to build up our understanding of the housing market so that we can provide analysis and information as a good foundation for policy formulation and integrated housing management at municipalities. Through Housing for welfare we shall help ensure that state agencies work together to give municipalities a better basis for successful local activities in the area of social and affordable housing.

The challenges that we face over the coming years will put us to the test. In 2016, we will roll out our new municipal programme in parallel with continuing to digitise our services. Our operations must become even more efficient and we must prioritise well so that we have resources for the most important tasks that will provide the greatest benefits. In view of our good results in 2015, and as we continue to develop better and more efficient management systems, procedures and tools, I feel confident that the Housing Bank will greatly facilitate the supply of social and affordable housing in 2016 and subsequent years.



Bård Øistensen
Managing Director



Husbanken

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www.husbanken.no