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REPORT OF THE

**INDEPENDENT
COMMISSION ON THE
FUTURE FOR HOUSING**

IN NORTHERN IRELAND

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OUR VISION FOR HOUSING IN 2020

Our vision of an effective housing system in Northern Ireland by the year 2020, is one where:

1. There would have occurred a dramatic reduction in the level of homelessness. Support and assistance for those households who do become homeless, would be timely and effective. The eligibility framework for housing would be widened, to support any household that becomes homeless.
2. The gap between the number of existing homes and the number of households in housing need would have substantially narrowed. Shortages in affordable and suitable housing would have decreased so that all households are able to access the form and nature of housing that meets their needs and promotes their well-being.
3. All housing would be of a decent standard, exceeding the present Decent Homes Standard.
4. We would have arrived at a point where an acute lack of affordability has been resolved: with all households in a position to meet their housing costs, or receive reasonable assistance to do so. No household would be in danger of losing their home, regardless of tenure, because they cannot meet reasonable housing costs. Opportunities for households to own their own homes would be widely available without exposing them to unaffordable levels of debt.
5. Intervention to help households who are at risk of repossession would be readily available, to prevent homelessness and the trauma of losing a home. Financial institutions and the legal framework would work together to reduce instances of repossession where possible.
6. All new housing would be built on a mixed income and mixed tenure basis. No longer would developments only for low income households and only for rent be built. Housing would be provided in such a way as to enhance social cohesion, and where possible to promote integration between communities of different religious backgrounds. There would exist no areas where households fear to live.
7. The housing system would be sufficiently flexible to enable households to move tenures or move properties as and when their circumstances change, regardless of tenure. The system would increase choice for all households, in particular in social housing, with the allocations system promoting choice and flexibility while also ensuring fairness and equity.
8. There would be little waste within the housing system; in particular by reducing the number of empty properties and underuse of properties. The system would incentivise bringing empty properties back into use. Incentives to move would also be provided to those who live in properties that are too big for their needs.
9. Fuel poverty would be dramatically reduced. No household would be in a position whereby their housing contributes to fuel poverty. Housing policies in 2020 would play a proactive part in reducing the energy consumption of residential property.
10. Support for those with particular needs would be well resourced and tailored to the individual's requirements, available irrespective of tenure, and housing circumstances.
11. The importance of security of tenure would be recognised and all households would have easy access to independent cross-tenure housing advice.
12. Housing would be environmentally efficient with incentives for all to develop a carbon neutral housing stock.
13. The housing market would be stable and balanced with much reduced volatility, encouraging investment over the long term.
14. No longer would housing problems be an urgent priority for policy makers. Instead housing would make a substantial contribution to economic and social well-being, enabling the realisation of other public policy goals.

FOREWORD

It has been a privilege to chair this Commission and get to know the Northern Ireland housing scene in more depth.

I have been struck by the willingness to share ideas, and the generosity to contribute to the Commission's work, from all parts of the housing scene in Northern Ireland. I hope our report does justice to all of this input – for which the Commission is extremely grateful.

As an outsider, I note some significant differences – some positive, some negative – between Northern Ireland and Great Britain.

Despite long waiting lists for social housing, Northern Ireland does not face the acute housing shortages afflicting some English regions. And overall, the condition and management of Northern Ireland's housing – and, specifically, its public sector housing – compares favourably with its counterparts in GB. It is clear that housing's practitioners – in the face of obvious difficulties in past times – have worked hard, used the available public funding wisely and done a very good job.

For the future, there are also real positives for Northern Ireland: land availability is not quite so constrained – and public opposition to development not quite so vociferous – as in so many areas of Great Britain. And the precious resource of a highly significant and competent player – the Northern Ireland Housing Executive – makes it realistic for both central and local government to consider that major, ambitious housing initiatives could be successfully pursued. And the implementation of the Review of Public Administration opens up the possibility



“Maybe this emphasis on removing – not creating – barriers between people has special resonance in Northern Ireland with its past history of religious and cultural divides...”

of local councils adding an extra dimension, not least in using the planning system to effect significant change.

But there are downsides too. Shortages, and high prices in relation to incomes, remain very real issues for those without a decent home. And in some respects, conditions demand urgent attention: the extraordinary level of fuel poverty – perhaps affecting 40% of Northern Ireland households – cries out for investment in energy-saving measures – which can bring employment opportunities as well as reductions to CO₂ emissions, and can be paid for by savings on fuel bills.

Throughout the UK financial constraints will be a dominant influence on future housing investment. It seems likely that funding from private sources – bank lending to house builders and mortgages for home buyers – will go on suffering from the credit crunch for several years. And funding from the public purse – on which Northern Ireland is particularly dependent – could face cuts which fall particularly heavily on housing.

Perhaps, however, these constraints on housing activity make this the right time to take legislative steps and make organizational changes that will position Northern Ireland to take advantage of the inevitable upturn, when eventually it arrives.

Maybe this is the moment for a Housing Strategy that looks ahead to how everyone concerned with the future of Northern Ireland's housing can work together: a strategy that removes barriers, opens up opportunities for co-operation and partnership, breaks down artificial divisions.

This approach means ending dividing lines between public and private, between house builders and housing associations, between home ownership and renting, between health, social care and housing. It is now the norm in most of Great Britain to try and ensure that housing does not contribute to division nor perpetuate disadvantage, by separating and segregating those on the lowest incomes. By using financial and planning tools to build well-designed new homes in which there is a mix of incomes, and choices for ownership as well as renting, social exclusion and barriers to opportunity can be avoided. And there are financial as well as social advantages from seeing housing provision in less compartmentalized boxes: with cross-subsidies, movement from one tenure to another, for old as well as young, and an emphasis on creating communities that will remain popular places for generations. Working together means co-operation between the different components of local and central government, with joint initiatives to tackle housing, health and social problems together.

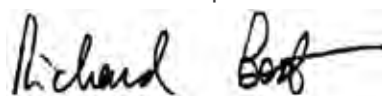
Maybe this emphasis on removing – not creating – barriers between people has special resonance in Northern Ireland with its past history of religious and cultural divides. And, at the heart of our recommendations for this holistic approach, we see a central role for the Northern Ireland Housing Executive, working

on behalf of the Northern Ireland government and the Department for Social Development in particular, in helping turn policy objectives into successful outcomes on the ground.

I conclude with sincere thanks to my three colleagues who share the responsibility for this report: Alyson Kilpatrick, Barrister-at-Law, who brought us a wealth of legal knowledge on housing and equalities; Professor Greg Lloyd, whose understanding of the planning systems throughout the UK is second to none; and Grainia Long, Director of the Chartered Institute of Housing in Northern Ireland, who has been the inspiration and guiding spirit for the whole enterprise.

“...this is the moment for a Housing Strategy that looks ahead to how everyone concerned with the future of Northern Ireland's housing can work together...”

I hope very much that the dispassionate, independent overview we have brought together helps inform policy-makers and practitioners, not just in looking at matters of immediate interest but in setting the direction for Northern Ireland's housing for some years to come. I have little doubt that, despite the hazards ahead, Northern Ireland's special characteristics of resilience, resolution and good humour, alongside its track record of proven success, will see it through. Our vision is for the long haul: building on today's foundations and the undoubted opportunities now apparent, we believe Northern Ireland's housing could well become an exemplar for Great Britain.



**LORD BEST
COMMISSION CHAIR
MAY 2010**



SECTION TWO

RECOMMENDATIONS

SECTION 2

RECOMMENDATIONS

SECTION 3 THE SIGNIFICANCE OF HOUSING FOR NORTHERN IRELAND

3.1 Housing as an Enabler for Economic Growth

We recommend:

- that the Department of Finance and Personnel recognises the significance to the Northern Ireland economy of a strong construction sector and takes temporary measures to counter-balance the current housing market failures by extra investment in private and social housing;
- that as a significant component in such investment, a National Home Insulation Programme is undertaken to retro-fit existing homes, and a major programme of research and development into the potential contribution of sustainable construction technologies in Northern Ireland should be established;
- that an economic strategic for Northern Ireland should include action to:
 - better understand how investment in housing and communities affects economic outcomes;
 - co-ordinate action at a regional and sub-regional level to make explicit the positive linkages between housing and economic development and in particular between housing supply and the labour market;
 - link housing supply targets with broader economic priorities;
- that a cross- sector Housing Market Panel, made up of representatives from the private and public housing sectors, should be established to advise the Department for Social Development on market trends across all sectors. This panel would undertake constant observations of the

housing market, provide a robust supply of sub-regional market intelligence and help prevent future market volatility;

- that government- and its relevant agencies- play a proactive role in taking forward partnerships and joint ventures, where appropriate, with the public and private sectors sharing the risks and rewards, and with the construction industry contributing to the development of social housing and infrastructure in new ways;
- that investment in social housing be used as an opportunity to ensure more apprenticeships and the use of local labour secured, for example, through building contracts or planning requirements.

3.2 Housing as Key to Addressing Climate Change and Easing Fuel Poverty

We recommend:

- that the Northern Ireland Executive gives enhanced priority to tackling climate change and that measures be taken through the Department for Social Development, as with the Interdepartmental Group on Fuel Poverty, to coordinate action across government departments so that the division of responsibilities here between the Department for Social Development, the Department of the Environment, the Department of Finance and Personnel and the Department of Enterprise, Trade and Investment does not hold back an holistic approach;
- that the fledgling green industries be supported as a dynamic new sector in Northern Ireland's economy, with appropriate government investment in research and development;

- that government develops incentives for owner-occupiers and landlords who wish to retro-fit their properties. It could develop a Northern Ireland- wide 'energy saving programme' which could include encouragement for financial institutions to develop financial products for retro-fit that attach loan repayments to the property rather than the owner, and spread payments to coincide with savings in energy bills;
- that requirements on house builders as well as social housing providers to meet higher standards for new build (equivalent to reaching levels 5 and 6 of the Code for Sustainable Homes) be maintained but timescales be set that reflect current cost pressures;
- that funding for social housing recognises the need for Decent Homes standards to incorporate energy-efficiency more prominently and to include energy networks and community heating on a similar basis to the Homes and Communities Low Carbon Infrastructure Fund in England;
- that for the private sector, continuing negotiations be pursued with energy companies to ensure improvements in energy ratings for their customers' homes but with consideration also given to further incentives for owner occupiers and landlords – including financing arrangements that attach loan repayments to the property not the present owner and spread payments to coincide with savings in energy bills.
- that integration must inform the Housing Strategy for Northern Ireland with clear targets and timescales for helping to achieve greater cohesion between people with different religious beliefs and different incomes;
- that government should publish an annual statement of progress on integration across a range of indicators which includes religious mix, tenure/income mix. Organisations from across the public, private and voluntary sectors should be invited to submit data and information to inform the statement;
- that because the impact of separated communities can be relieved by better integration of public services, all housing providers should work towards the provision of services and facilities that encourage mix between communities;
- that the Northern Ireland Housing Executive and housing associations continue to undertake shared housing projects when development opportunities arise, not least on 'neutral' sites, and those vacated by public bodies, including the Ministry of Defence and the Police Service of Northern Ireland;
- that planners should positively encourage private developers and housing associations to bring forward proposals for the productive use of brown field sites and 'buffer zones' for the purposes of providing shared housing schemes;
- that planners and funders should recognise the value of mixed tenure schemes – of owners, shared-owners and tenants – in contributing to breaking down established divides between communities;
- that housing associations in their contribution to regeneration, working with local communities, should make concerted efforts to secure funding from the European Union's Peace III, INTERREG and other sources of funding to promote greater community integration and shared living;

3.3 Housing's Role in Achieving Social Cohesion

We recommend:

- that policy makers ensure that an opportunity is not missed to meet the housing aspirations of the population and support meaningful integration across religion, income and tenure;

- that local councils- in exercising their new powers for regeneration- target key outcomes in terms of religious and tenure mix;

- that the formation of Community Land Trusts and opportunities for mutual and co-operative housing should be considered for shared housing projects that cross the sectarian divide;

- that the Common Selection Scheme for allocating social housing should be reviewed to take account of its potential to encourage – rather than inhibit – greater social cohesion (See 6.3 below).

3.4 Housing’s Significance in Tackling Poverty and Social Exclusion

We recommend:

- that the significance of housing in tackling poverty and inequality be recognised as a major justification for investment in this sector;

- that a Housing Strategy for Northern Ireland should be mindful of the role of housing and related services in alleviating poverty and social exclusion;

- that the Northern Ireland Housing Executive and housing associations establish anti-poverty programmes wherever they can, helping with support and advice on benefit entitlement, debt counselling, support for employment opportunities et al; and recognise the value they can add in reducing social exclusion;

- that lessons are learnt from research that links living in social housing developments where poverty is concentrated, with poor outcomes for tenants; so that mixed income/ mixed tenure housing that reduces these risks becomes the norm for future developments;

- that housing providers be supported in their valuable wider role of helping lift households out of poverty and social exclusion.

3.5 Housing Opportunities for Travellers

We recommend:

- the Housing Executive’s development programme to provide a decent supply of culturally sensitive accommodation for Travellers should be successfully completed as a matter of urgency;

- that legislation akin to that for England and Wales should be considered to require Councils to make land available for the provision of accommodation for Travellers;

- that legislation is introduced to provide comparable support and security for Travellers as for tenants entitled to social housing, for example, through adequate facilities on sites, and accommodation in caravans, as well as a level of security of tenure on a similar basis to that of secure tenants in bricks and mortar housing;

- that in respect of the inspection and regulation of the conditions on sites, the relevant council should proactively review and thereafter implement a strategy for ensuring the fitness for habitation of all sites;

- that where a Traveller applicant is homeless, and qualifies for housing, the Northern Ireland Housing Executive should seek to allocate accommodation on a site, where this is requested.

3.6 Housing’s Importance to Rural Communities

We recommend:

- that more resources are set aside to extend the Housing Executive’s work examining housing need in rural areas;

- that housing, land-use planning, transport and environmental policy are better aligned in a Rural Land Use Strategy to meet the particular housing needs in rural Northern Ireland;

- that clear actions for meeting need- to include new build social and affordable housing targets- should be outlined in the Housing Strategy for Northern Ireland;

- that a programme of Rural Housing Enablers- who bring together land owners, local communities, planners and social housing providers- be established to achieve more social/affordable housing in small schemes in rural areas;

- that new rural housing includes accommodation not exclusively for social renting, but also to meet the needs of young people with some aspirations towards affordable home ownership, thus retaining these households within the villages of Northern Ireland.

SECTION 4 THE INSTITUTIONAL FRAMEWORK

4.1 The Northern Ireland Assembly and Executive

We recommend:

- that the Department for Social Development publishes a Housing Strategy for Northern Ireland, setting out long term policy goals for the housing system for the decade to 2020;

- that the Housing Strategy would have as its priorities the attraction of sustainable levels of public and private investment; the stabilising of housing supply; the creation of a mixed housing economy; support for greater integration and social cohesion; with the appropriate organisations having effective structures to enable the strategy to take effect;

- that the Housing Strategy be prepared in consultation with key agencies, government departments, business, housing providers across the tenures, professional bodies and voluntary and community sector agencies.

Progress in delivery of the Housing Strategy should be reported to the Northern Ireland Assembly on an annual basis;

- that in the immediate future, a permanent sub-committee of the Department for Social Development should be established to co-ordinate cross departmental action on housing outcomes.

4.2 Local Government

We recommend:

- that local councils be clear on the role of housing- private, affordable and social- within their area so as to provide greater certainty for developers and housing associations, and help for the appropriate provision of new homes;

- that, to achieve this, close working relationships be forged with the NIHE- which has the central supporting role in housing delivery- and with the bodies responsible for the strategic overview of Northern Ireland's future;

- that the role of the Northern Ireland Housing Council be recognised as the central point of reference for local councils in the creation of a Housing Strategy and in its implementation.

4.3 The Regional Development Strategy

We recommend:

- that given the importance of housing to economic growth and stability, to community well being and cohesion and to environmental concerns, the Regional Development Strategy should position matters relating to housing as a central ingredient in the overall Northern Ireland framework.

4.4 Planning and Land Use

We recommend:

- that to fulfil the new requirements for planning, local councils will need to invest in people with skills to negotiate the best

arrangements for all parties, perhaps sharing expert officers across local authority boundaries and drawing on expertise from the Department of the Environment; as well as in equipping Elected Members to play their part in taking the all-important planning decisions;

- that planners use their extensive powers to help secure good quality housing with high standards of design and accessibility;
- that as market conditions improve, Northern Ireland's form of 'developer contribution' be used to require house builders to ensure that social/affordable housing is provided, usually through housing associations, as a matter of course in most new developments;
- that although the planning gain we are recommending would probably be achieved by a partnership between house builders and housing associations, as we note in Section 5.6, the option could be explored of developers themselves obtaining grant for social/affordable housing;
- that a new planning policy statement be prepared which brings together the regional and local priorities for delivering Northern Ireland's Housing Strategy;
- that the modernised land use planning system place a high priority on promoting and managing the public realm to contribute to the greater well being of communities across Northern Ireland;
- that the new councils in Northern Ireland, when in place, create local strategic forums of landowners, developers, builders and local representatives to inform the local planning frameworks for housing within a community plan;
- that consideration is given to private developers being allowed to bid for grant where they have the capacity to undertake mixed income/tenure schemes.

4.5 Regulation and Redress

We recommend for social housing:

- that the regulatory framework for social housing be modernised with three key priorities: a greater role for residents; continual improvement of performance and value for money; and attracting greater levels of investment in social housing;
- that the Department for Social Development should establish a co-ordinating agency for the regulation of social housing. In addition to developing a reformed regulatory framework for social housing, this body might in time also assume responsibility for regulation of landlords in the private sector;
- that intervention should be limited to those cases where there is evidence of poor performance. We recommend the adoption of risk-based regulation with a well defined set of standards to be achieved by associations;
- that the regulator publishes an annual assessment of the performance of the Northern Ireland Housing Executive and housing associations against a common standards framework;
- that the new regulatory framework places an increased emphasis over time on self-assessment by housing associations and that annual self-assessments are made publicly available;
- that the Ombudsman be given the power to undertake 'own initiative' investigations to strategically examine issues where they have been the subject of multiple complaints.

We recommend for the private rented sector:

- that private landlords should be given the opportunity, on a voluntary basis, to apply directly to join the Ombudsman's scheme, as

part of the objectives of the Private Rented Sector Strategy to enhance management standards;

- that residents should play a much greater role in the regulation of social housing to test the effectiveness of services and help shape and develop new products;

- that all private landlords should be listed by an appointed agency on a public register. This process should present no barriers to entry, be “light-touch”, and have nominal cost implications for private landlords. This will in turn assist the collection of much-needed market intelligence on the rental sector and pave the way for future licensing measures, as required;

- that registered (listed) landlords who are convicted for specific offences or offend persistently on other grounds risk sanctions based on a pre-set tariff: if they are struck off the register, there should be a requirement that their property be managed only by an approved managing agent;

- that a mandatory tenancy deposit protection scheme is established as in England, Wales and Scotland (for properties with rentals up to £100,000p.a.) to protect all tenancy deposits, with an in-built resolution service to mediate in case of disputes;

- that all letting and managing agents should be strongly encouraged to join a recognised professional body and thereby to accept the obligations of adhering to a Code of Practice which includes membership of an independent ombudsman/redress scheme. Any agents that are not members of a recognised professional body should be required to register with the statutory agency (as above) and, as with all estate agents, should be required to belong to an independent Ombudsman/redress scheme (see Section 4.5);

- that the Department for Social Development should undertake a review of the current

tenancy regime, in addition to pursuing the Commission's recommendations for registration of landlords and regulation of managing agents. The review should consider the correct balance in the interest of landlords and tenants in respect of security of tenure, as well as devising a model written tenancy agreement (or clearly spelling out the minimum requirements for a written tenancy agreement), which should include the statutory entitlement to have repairs carried out and to have the terms and conditions of tenancy provided at the date of commencement of the tenancy rather than within 28 days.

SECTION 5 TOWARDS A MIXED HOUSING ECONOMY

5.1 The Private Rented Sector

We recommend:

- that the Department for Social Development should take forward its important initiatives with regard to the Private Rented Sector Strategy in 2010. This strategic framework should incorporate the legislative and administrative proposals which follow;

- that the current fitness standard should be replaced by a new Housing, Health and Safety Rating system which is comparable to that for England and Wales in order to improve the health, safety and well-being of tenants in the private rented sector. Local councils should ensure resources are available to their Environmental Health Departments for enforcement of standards. In particular, attention should be given to energy performance since fuel poverty represents such a significant problem in Northern Ireland;

- that training programmes for private landlords and managing agents should be developed in partnership with professional bodies and

trade associations in the sector, to increase access to information and enhance professional development;

- that support should be made available to assist lower income households to access the private rented sector as an alternative to social housing. Rent deposit/guarantee schemes (similar to the Smart Move model which is working in a small scale already in Northern Ireland) should be developed to overcome barriers to entering the sector and such support should be accompanied by advice and, where necessary, provision of tenancy support for vulnerable households to sustain their tenancies;
- that a special effort should be made to attract institutional investors into the residential sector in Northern Ireland: the Northern Ireland Housing Executive should play a more deliberate role as enabler and catalyst, forging partnerships for new developments that incorporate investment from major institutions like pension funds (perhaps along the Real Estate Investment Trusts model).

5.2 Cooperative/Mutual/Co-housing

We recommend:

- that policy-makers include the development of cooperative housing as a feature within Northern Ireland's Housing Strategy;
- that local councils, in their capacity as driving Community Planning Partnerships in the future, play a lead role in encouraging cooperative housing options;
- that central and local government should help in the building of skills and capacity within the community and voluntary sector to facilitate the development of more cooperative housing in Northern Ireland.

5.3 Mixed Tenure and Mixed Income Housing

We recommend:

- that, as noted in Section 4, planning powers be used to secure social/affordable housing on most developments by private house builders, usually through partnership with a housing association and that mixed tenure developments should become the norm by 2015;
- that where housing associations are taking the lead, the estates they build should also contain a tenure/income mix, with low cost home ownership – through shared ownership or 'Homebuy' equity-loan models – alongside the social rented homes;
- that these changes in the ways in which housing associations operate be facilitated by permitting an extension of their constitutional rules and by consent for receipts from sales to be recycled to provide more new homes.

5.4 Co-ownership Housing

We recommend:

- that not only should the Co-ownership Scheme be continued in its current form, but the Co-ownership Housing Association should be the partner/agent for some of the housing associations moving into mixed income/mixed tenure development, providing the funding and administration for shared owners to occupy homes of the developer housing association;
- that in so far as private developers move into provision of low-cost home ownership options alongside their homes for outright sale, the Co-ownership Housing Association could perform the same partner/agent role as for the housing associations;
- that the Co-ownership Housing Association pays particular regard to the value of the shared ownership (or equity ownership) opportunities for people with disabilities, and for new households in rural areas;

- that the experience of Co-ownership Housing Association should be harnessed to run a pilot project to enable a model of flexible tenure that allows for ‘downward staircasing’ (see Section 6.1).

5.5 New Forms of Investment

We recommend:

- that the concept of partnerships between the different sectors should now be taken to a new level: with input and oversight from the Northern Ireland Housing Executive. Joint ventures/ special purpose vehicles/Local Housing Companies may create the frameworks for action that combines the resources and skills of the private and social housing sectors;

- a comprehensive review of investment opportunities by DFP and DSD should explore all available avenues, including support from the European Investment Bank;

- that ways of funding home improvements through interest only loans, rolled up interest loans, and shared equity loans should be explored to fill the gap left by reductions in public funding for home improvements;

- that DFP and DSD take forward the opportunities which mixed-tenure schemes produce not only to provide subsidies for social housing but to invest in projects that will see repayments of funds for recycling into additional new homes.

5.6 The Role of Housing Associations

We recommend:

- that the next Housing Bill facilitates an expanded role for Northern Ireland’s housing associations and empowers the Housing Executive, as the strategic housing authority and as the enabler and facilitator for investment in the sector, to play a stronger role in promoting housing associations;

- that housing associations should have the legal powers to build for shared ownership/low cost home ownership/outright sale and to use the proceeds from this to cross-subsidise new development;

- that consideration be given to housing associations bidding for grant competitively, not only with each other but with private sector developers. While this may succeed in driving down costs, however, care must be taken not to undermine the role of associations in taking on broader functions as place-makers, in partnership with local councils, and playing a greater role in regeneration, community cohesion, financial inclusion and more;

- that housing associations in Northern Ireland – which operate on a smaller scale than comparable social housing providers in Great Britain - work with the Northern Ireland Federation of Housing Associations to find new ways of working together to share services and secure better procurement deals.

SECTION 6 OPENING UP HOUSING OPPORTUNITIES

6.1 Mortgage Rescue and Flexible Tenure

We recommend:

- that a Housing Strategy for Northern Ireland should include an explicit policy position on mortgage rescue schemes and use of flexible tenure to help shape the housing market in the longer term;

- that work by the Chartered Institute of Housing to explore flexible tenure options across the UK- to include Northern Ireland- should identify the best options for ‘downward staircasing’ in Northern Ireland and the experience of Co-ownership Housing Association should be harnessed to run a pilot project to this end.

6.2 Homelessness

We recommend:

- that the legislative protection for 16 and 17 year olds is strengthened to give this group adequate protection;
- that a codified, bespoke procedure should be introduced for all residential possession proceedings;
- that government should rectify the absence of legal aid for those facing eviction from their home;
- that there has been recently introduced a pre-action protocol for all mortgage repossessions, however, there is no such protocol for rent repossessions. We believe that disparity is unsustainable and a pre-action protocol should be introduced for all possession actions;
- that a programme of education for lawyers and judges dealing with housing cases should be explored.

6.3 Fair Allocations of Social Housing

We recommend:

- that the system of allocations in Northern Ireland should be reviewed to consider ways in which the risk of polarisation can be reduced, to use the allocations scheme as a way to enable other policy goals, such as income, tenure and religious mix, without undermining fair access, principles of equality of opportunity, and a needs-based system;
- that this review explores the potential to provide incentives to those willing to be more mobile, or try shared housing or housing in the private rented sector; the review should consider the extent to which procedures may in themselves restrict choice;

- that the review should consider how to involve a wider range of providers including the private rented sector, co-operatives and mutuals; and more flexible tenure options so social housing can offer greater choice, address changing household circumstances and support housing aspirations;

- that Choice Based Lettings Scheme be piloted, aimed at giving people more active involvement in the decision regarding their housing, to learn lessons for practice;

- that consideration be given to how to manage demand and accessibility to the waiting list.

6.4 Security of Tenure in Social Housing

We conclude that:

- a fundamental change in the allocation of social housing is not necessary or desirable at this time.

6.5 House Sales/ Right to Buy

We recommend:

- that as part of a wider policy on flexible tenure, Northern Ireland's government further reduces the level of discount available to purchasers, introduces a buy back scheme which would allow the social landlord first refusal should the purchaser wish to sell and/ or excludes from the House Sales Scheme homes and areas of high demand and housing pressure. An Equality Impact Assessment should be undertaken as part of any decision to place exclusions on the policy.

6.6 Resident Involvement / Empowerment

We recommend:

- that a Northern Ireland Tenant Involvement Framework should be published by the

Department for Social Development, in consultation with tenants from across Northern Ireland. It should set out a clear policy direction for tenant involvement and how social landlords should deliver key objectives. The framework should recognise the role which tenants can play in the management of housing services, both in terms of their design and in regulating their delivery;

- that the Framework should also include key steps to be taken by the Department for Social Development to embed tenant involvement in the inspection process for housing associations;

- that the Northern Ireland Housing Executive and Northern Ireland Federation of Housing Associations should work jointly to develop a framework for resident involvement within housing associations. Consideration should be given to expansion of the remit of the Housing Community Network to include residents from housing associations;

- that housing providers should embed resident involvement into their business plans as a matter of course.

6.7 Advice Services

We recommend:

- that housing advice should continue to offer support to households who are threatened with, or who experience homelessness and to people who can't afford to purchase outright. In the short-term, limited resources should continue to be made available and directed at those most in need, particularly those individuals and households that live in neighbourhood renewal/deprived areas;

- that access to housing advice should continue to be enhanced particularly through web-based advice and for hard to reach groups (e.g. young persons, elderly and disabled households);

- that there should be a commitment to the establishment of Personal Housing Plans. Partnership agreements between all relevant agencies should define the roles for each partner in the project;

- that a more sophisticated approach to housing advice should be adopted to assist households in planning for suitable and sustainable housing options. Advice should be extended to cover lettings, prospects for training and employment etc. alongside housing advice;

- that households registering on the waiting list for social housing may have some ability to pay higher than social rents. All housing options should be explored to best accommodate the needs of these households, including independent advice on the private rented sector and intermediate tenures;

- that government funded advice providers should operate collectively to eradicate duplication of energy and resources, improve levels of co-operation and sharing of good practice, explore efficiency savings to be made through procurement and rationalisation of services.

6.8 Housing for Older People

We recommend:

- that Northern Ireland's Housing Strategy should include measures for the development and delivery of a range of housing options for older people. This should set out targets for the next ten years to create an adequate supply of housing for older people that meets their needs and aspirations;

- that government should explore the ways to support elderly home owners to release equity in their homes in order to pay for home improvements (and sometimes for related social care);

- that options for the future should include more mixed tenure developments by both the private sector and the housing associations; retirement Co-housing schemes; Extra Care developments; adoption of the Retirement Village model; and specialist housing integrated within developments for younger households;

- that housing, health and social care providers should work together-sometimes pooling budgets- to develop co-ordinated approaches to providing flexible care and support for older people- including emergency call systems 'Telecare' in the home- personalised to the individual's circumstances.

6.9 Bringing Empty Properties Back Into Use

We recommend:

- that there be no further postponement of the rating of empty properties beyond April 2011;
- that the Northern Ireland Housing Executive proactively uses its powers to vest and occupy empty properties, and that consideration be given to giving additional powers to the NIHE, such as Empty Dwellings Management Orders, as in England and Wales;
- that a programme of work is undertaken to prevent further increases in the number of homes lying vacant in the private rented sector. This should include the provision of advice for home owners wishing to rent their properties.

SECTION 7 THE ROLE OF THE NORTHERN IRELAND HOUSING EXECUTIVE

7.1 NIHE: An Overview

Our vision for the Housing Executive has the following components:

- an ongoing, central role in supporting DSD's creation of a Housing Strategy for Northern Ireland;
- a separation of the strategic enabling role of the NIHE, from its social landlord role, within a single organisation, with one overarching Board and Chief Executive;
- the NIHE's strategic housing role could be further developed with an enhancement of the Housing Executive's partnerships with each of the eleven local councils following the Review of Public Administration;
- the Housing Executive's landlord role should become an integral, but distinct business enterprise, with a greater role for residents in its governance;
- the essential requirement for extra investment in the Housing Executive's housing stock should be achieved by a combination of modest rent increases and some re-profiling of annual repayments of historic debt;
- that providing the steps above are taken, the Housing Executive's role as a landlord should remain within the public sector on a self-financing basis for the coming period;
- that a full financial appraisal be carried out to assess whether these measures will be sufficient, or whether for the longer term, transferring the stock outside of public ownership has to be explored;

- NIHE rents should be set by a Rent Authority for Northern Ireland (RANI) which would be independent of direct government control;

- the landlord body, with its own board, within the NIHE, would be 'The Northern Ireland Housing Management Organisation' (NIHMO) with its own set of accounts, and one-third of its Board members drawn from the NIHE population of residents;

- the NIHE should take forward its central strategic and enabling role through a range of partnerships, joint ventures, special purpose vehicles, as well as direct support for housing associations, and assistance for local councils to secure affordable homes through planning obligations;

- that the NIHE takes the lead in exploring additional funding sources such as Tax Increment Financing, and partnerships with institutional investors interested in long-term involvement in rented housing.

7.2 The Northern Ireland Housing Executive's Strategic and Enabling Roles

We recommend:

- that the Northern Ireland Housing Executive plays a central role in the Department for Social Development's Housing Strategy for Northern Ireland;

- that the Department for Social Development ensures that the Northern Ireland Housing Executive has the necessary powers to work with local councils in creating the partnerships- not just with housing associations but with private developers and financial institutions- that are needed to undertake major new housing projects, and regeneration schemes.

7.3 Separating the Roles of the Northern Ireland Housing Executive

We recommend:

- that separation of the strategic enabling and the landlord roles should take place. Both should remain under the same umbrella with the same overarching Board and Chief Executive; but in terms of financial accounting and on going management, the two streams of activity should be identifiably separate;

- that as a strategic housing enabler, the Northern Ireland Housing Executive should provide high level advice to the Department for Social Development and should then act within the housing policies and strategic framework determined by the Northern Ireland Executive. Within this policy framework, the Housing Executive should further develop its strategic housing role, identifying long term housing requirements with each of the eleven new local council which will follow implementation of the RPA. It should increase its understanding of the interplay between housing markets and the tools that influence those markets. It should build effective housing partnerships and relationships that maximize the contribution of housing associations and private developers. It should strengthen links between housing services and community development, between housing and regeneration/economic development, health and well-being;

- that in terms of the Housing Executive's landlord role, following the disentanglement of the budgets and clarity on the deficit funding arrangements, the Housing Executive's landlord role should become an integral, but distinct business enterprise, with a greater role for residents in its governance.

7.4 Investment in the NIHE's Housing Stock

We recommend:

- that the essential requirement for extra investment in the Housing Executive's housing stock should be achieved by a combination of modest rent increases and some re-profiling of annual repayments of historic debt;
- that the separate housing accounts we are recommending for the landlord functions should allow accumulation of surpluses / reserves with ongoing financial responsibility firmly in the hands of the Housing Executive Board;
- that, insofar as rental income in the future is insufficient to cover the costs of ongoing improvement of existing stock, negotiations should take place with HM Treasury to reduce annual repayments of historic debt to more manageable levels;
- that providing the steps above are taken, the Housing Executive's role as a landlord should remain within the public sector on a self-financing basis for the coming period;
- that a full financial appraisal be carried out to assess whether these measures will be sufficient, or whether for the longer term, transferring the stock outside of public ownership has to be explored.

7.5 Rental Income to Sustain Investment

We recommend:

- NIHE rents should be set by a Rent Authority for Northern Ireland (RANI) which would be independent of direct government control;
- that the Rent Authority undertake a strategic review of the rental regime, to agree the basis on which rent is determined and to set out publicly the determination process, prior to making decisions on rent levels;

- that additional income from Housing Executive rental increases be reinvested into housing programmes, either to maintain or upgrade existing stock or for newbuild programmes;

- that any increase in Housing Executive rents must take account of affordability for households. While increased income for housing through rental income is badly needed, this should not harm the most vulnerable households.

7.6 Housing Management for the NIHE Stock

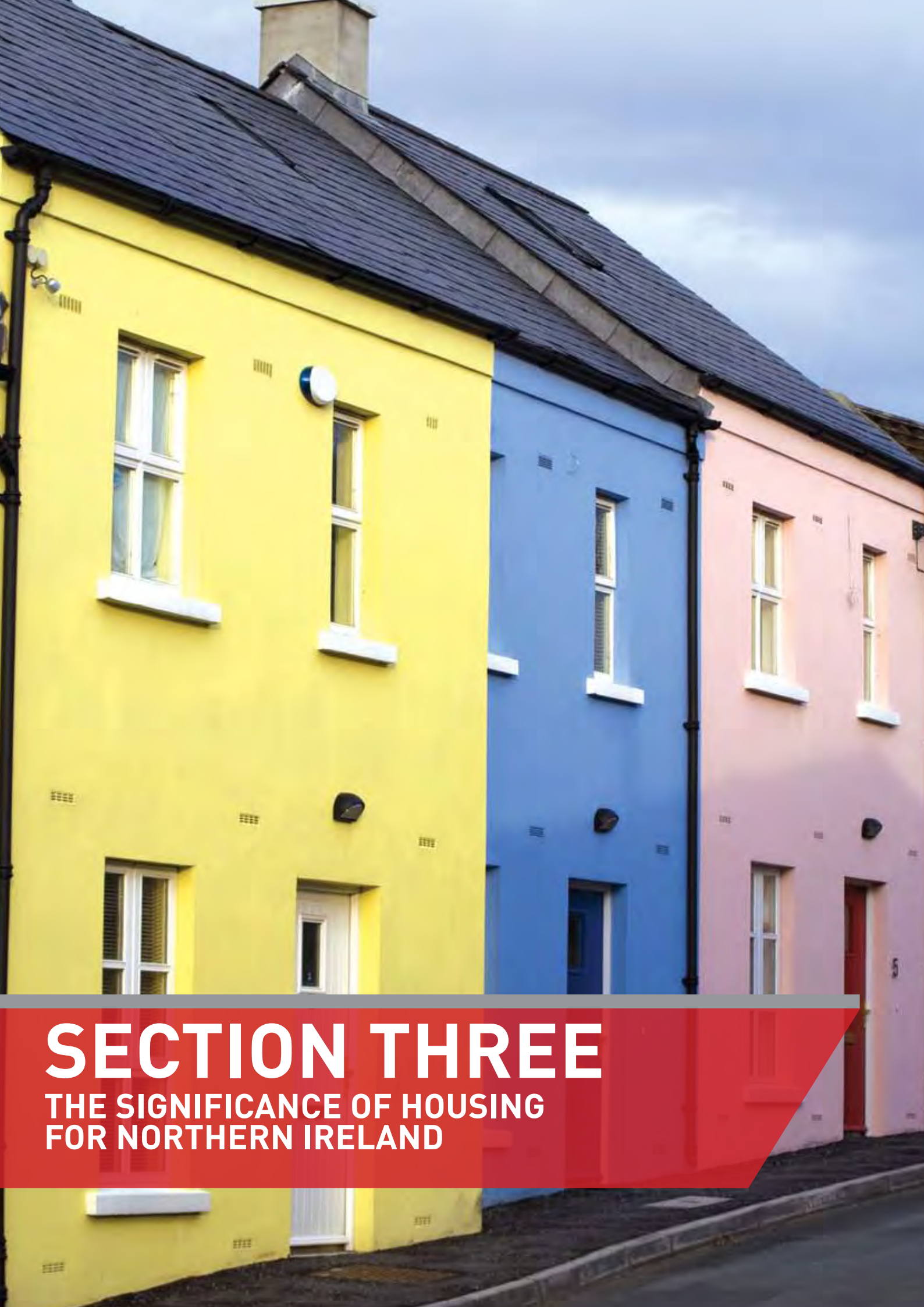
We recommend:

- That the landlord body, with its own board, within the Northern Ireland Housing Executive, would be 'The Northern Ireland Housing Management Organisation' (NIHMO), within the continuing overarching responsibility of the Housing Executive, with its own set of accounts, thus distinguishing this part of the Housing Executive's work from its strategic activity;
- that approximately one third of the members of the new Board should be drawn from the population of residents in the existing stock, with the remainder appointed by and including members of the Housing Executive Board, and with specialist skills sets.

7.7 New Homes and Communities

We recommend:

- that the Housing Executive explores a range of opportunities to work with others through joint ventures and special purpose vehicles, as well as directly with housing associations. This could encompass assisting with land supply or assembly and supporting local council in securing affordable homes through planning obligations on private developers;
- that the Housing Executive takes the lead in exploring additional funding sources such as Tax Increment Financing, and partnerships with institutional investors interested in long-term involvement in rented housing.



SECTION THREE

THE SIGNIFICANCE OF HOUSING
FOR NORTHERN IRELAND

SECTION 3

The Significance of Housing for Northern Ireland

Housing is central to Northern Ireland's economic development, to the health, welfare and education of its population, the regeneration, well-being and sustainability of our communities and to a peaceful and cohesive society.

In this section we consider the significance of housing for the economy in Northern Ireland, in promoting social cohesion, securing poverty reduction, and enabling sustainability and well being. Our recommendations urge all decision makers to recognise the fundamental and positive role which housing can play in improving the lives of current and future generations.

The construction industry in Northern Ireland is active, highly skilled, and makes a significant contribution to the local and regional economy. Despite a continued downward trend in construction output since 2005, the total value of the sector's output in 2009 was £2.97bn, and the sector employed over 34,000 people.⁷ Although much of the work carried out in recent years by the construction industry has been in the provision of infrastructure- the housing sector is of huge significance in economic terms.

3.1 Housing as an Enabler for Economic Growth

"Housing got us into this mess; housing can help pull us out."

Housing's role in influencing economic development is well recognised. Housing can be an enabler for economic growth- the supply of housing options for the whole population can directly affect employment opportunities, mobility and regeneration.⁸ Conversely, weak housing supply can perpetuate wealth and health inequalities and can endanger other

public policy goals such as social cohesion, strong employment growth and broader educational attainment.⁹ The Independent Review of Economic Policy in Northern Ireland recognised the importance of linking places where firms are best located to where workers wish to live.¹⁰ Indeed, it suggested that a lack of co-ordination and a failure to fully exploit the linkages of these hubs to other parts of the region has resulted in inhibited opportunities for growth in Northern Ireland's urban areas. It called for a deliberate co-ordination of policy in relation to business, housing, the labour market, skill formation, transport, regulation and land use planning. Similar findings have emerged from our discussions across the housing sector.

The link between housing and the economy was strongly evident in the immediate years after devolution when the growth in house prices led to increased housing output, growth in jobs in the construction sector and a resultant positive impact on the local economy. However, since 2003 Northern Ireland's housing market has experienced greater volatility – a relatively bigger boom and bust cycle– than any part of Great Britain, with the exception of central London.¹¹

Northern Ireland has been exposed to a number of powerful global factors that have impacted on property values: easier access to mortgage finance both for owner occupiers and buy-to-let investors; reductions in interest rates; sustained economic growth; inward migration; and upward pressure on prices because demand

"Recognising strong linkages between housing and economic growth can help housing supply to support economic growth."

⁷ Northern Ireland Statistics and Research Agency (NISRA), *Northern Ireland Construction Bulletin* (March 2010), <http://www.csu.nisra.gov.uk/niconsq32009.pdf>
⁸ Catherine Glossop, *Housing and Economic Development: moving forward together* (Centre for Cities and The Housing Corporation, 2008)
⁹ David Pretty CBE and Paul Hackett, *Mind the Gap – Housing Supply in a Cold Climate* (A discussion paper for the Smith Institute, the Town and Country Planning Association and PricewaterhouseCoopers, 2009), http://www.smith-institute.org.uk/smith-engine/_filesmgr/File/MindtheGapHousingSupplyinaColdClimate.pdf
¹⁰ Professor Richard Barnett, *Independent Review of Economic Policy* (Department of Enterprise, Trade and Investment (DETI) and Invest NI, 2009), http://www.deti.gov.uk/independent_review_of_economic_policy-2.pdf
¹¹ Alastair Adair, Jim Berry, Martin Haran, Greg Lloyd & Stanley McGreal, *The Global Financial Crisis: Impact on Property Markets in the UK and Ireland*. (University of Ulster Real Estate Initiative, 2009)

3.1

has outstripped supply. But in Northern Ireland there were two other related factors contributing to very dramatic real increases in prices: the 'peace dividend' has encouraged investment in owner occupied and rented property; and prosperity in the Republic of Ireland has resulted in the flow of substantial investment into Northern Ireland.

The current recession has stemmed that transfer of funds. The decreases in value that followed the boom have, as elsewhere, discouraged continuing investment in the regional economy. As a consequence, house building has contracted. The number of annual completions fell from over 15,000 in 2004 to some 7,200 in 2009.¹²

While Northern Ireland has been badly affected by the recession, it experienced the lowest level of economic contraction in the UK in 2009- at 4.5%.¹³ However, the key feature of the Northern Ireland economy- alongside a lack of critical mass and international competitiveness in the private sector- is the reliance on the public sector. Because this sector is likely to experience contraction in the coming years, the threats to employment may be particularly acute.

Investment in social housing creates jobs rapidly. Several recent reports note the positive impact of new build production on jobs in the construction industry; it is estimated that for every ten jobs created by expanding the social housing programme a further seven jobs can be sustained elsewhere in the economy.¹⁴ To some extent, public investment in housing can provide a countercyclical lever for addressing the severe consequences for employment created by the economic downturn.

An important benefit of investment in construction lies in the opportunity to create more apprenticeships. Here we note, for example, the success of the Aspire scheme which is generating 600 apprenticeships each year in North East England.¹⁵ Funding for

social housing can carry an obligation- through contracts or planning requirements- to take on apprentices and/or engage local labour, thus increasing the social benefits of this form of investment.

Despite the fact that some building materials are imported, the bulk of investment goes directly to employees, much of it being recycled within local communities. Home improvement projects that upgrade the accommodation of owners and private tenants, particularly in fitting improved levels of insulation, not only represent good long term investment in maintaining the nation's housing stock, but can help to reduce maintenance bills and tackle fuel poverty.

Through the Homes and Communities Agency (HCA) in England, public funds have supported house builders and housing associations – through the 'Kickstart' programme, by transferring homes built for sale into social housing for rent. The HCA is also supporting local authorities to build council housing for the first time in decades. In all cases, the investment in housing directly helps to ease rising unemployment and achieves not only additional homes but wider economic regeneration.

A strong supply of housing- across tenures- can have a positive impact on job creation.

NIHE REVIEW AND PERSPECTIVES 2010 - 2013



12 Source: Department for Social Development, *Northern Ireland Housing Statistics 2004/05* and National House Building Council (NHBC), http://www.dsdni.gov.uk/index/stats_and_research/stats-publications/stats-housing-publications/housing_stats.htm

13 Comparison with the eight English regions, Scotland and Wales. PricewaterhouseCoopers, *Northern Ireland Economic Outlook* (March, 2010), http://www.pwc.co.uk/nir/pdf/northern_ireland_economic_outlook_march_2010.pdf

14 Michael Smyth and Mark Bailey *Addressing the Economic Downturn: The Case for Increased Investment in Social Housing* (University of Ulster, 2009)

15 <http://www.aspirehousing.co.uk/working-for-us/apprenticeships>

16 Brendan Williams, Brian Hughes and Declan Redmond, *Managing an Unstable Housing Market* (A working paper for the Urban Institute Ireland, University College Dublin, 2010)

17 Gillian Young, Tony O'Sullivan and Kenneth Gibb, *Northern Ireland Housing Market Areas*, (Northern Ireland Housing Executive, 2010)

Successful economic development is dependent on the ability for those seeking employment being able to move and living in social housing can undermine economic development by restricting social mobility. Measures that facilitate not just mutual transfers but also mobility for jobseekers may prove of growing importance in restoring confidence to the economy.

Care should be taken, however, to prevent an over-supply of housing, which may contribute to greater volatility in house prices. Several studies have shown, for example, how the Republic of Ireland's overdependence on house-building has had a fundamental impact on its economy, resulting in over-supply and the phenomenon of so-called 'ghost estates'.¹⁶ Forward planning to build the right number of homes in the appropriate places is necessary for stability in the housing market and the broader economy.

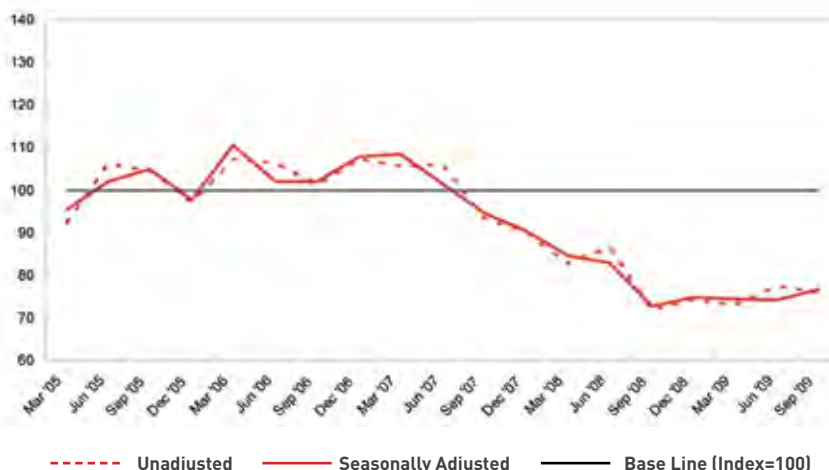
Recognising strong linkages between housing and economic growth can help housing supply to support economic growth. It enables policy makers to plan where greater public investment is required, or to encourage growth in new areas of supply such as the private rented sector so as to support mobility in the labour market. We welcome the publication of a recent study commissioned by the NIHE to establish a



set of housing market area (HMA) boundaries that will provide the geography for subsequent strategic analysis of housing markets in Northern Ireland by local planning teams.¹⁷ This could enable greater linkages between housing investment and the creation of employment opportunities.

We have noted a small but emerging group of Northern Ireland-based companies developing low carbon, low energy and sustainable construction technologies. There is now an opportunity for Northern Ireland to establish itself as a centre of excellence in the development of these technologies. We have observed an enthusiasm for working with new technologies, particularly those that enable sustainable construction. However, the cost of some technologies can be prohibitive without government assistance, underlining the case

INDEX OF HOUSING QUARTERS ENDING MARCH 2005 TO SEPTEMBER 2009



Source: Northern Ireland Construction Bulletin, March 2010

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for incentives to encourage greater use of sustainable building technologies and materials.

In terms of the shape of the house-building sector, small to medium sized companies- often developing within particular geographical limits- are a particular characteristic of Northern Ireland. During 2007, just four companies in Northern Ireland built more than 200 homes apiece.¹⁸ Many companies in this sector are family run businesses, which have provided job opportunities across Northern Ireland and which have been badly affected by the recent market downturn. Across the whole construction sector, more than 8400 jobs (18% of workforce) have been lost in the eighteen months to December 2009.¹⁹

While the future remains uncertain, it is clear that a new economic environment is emerging that will require the public and private sectors to adopt new approaches to the delivery of housing. The public sector throughout the UK is looking to play a more proactive role in making use of its assets- of land and of human and financial resources- to facilitate development, and support the construction industry. In return, the industry is recognising the value of contributing to the development of social housing and infrastructure. Both sectors are likely to share development risk, for example through the creation of Local Housing Companies (as noted in Section Five).

Public Expenditure

The Independent Review of Economic Policy in Northern Ireland, chaired by Professor Richard Barnett, suggests that Northern Ireland will be disproportionately affected by public expenditure cuts because it is relatively more reliant on the public sector, which represents around 63% of its GDP compared with 43% of the UK as a whole.

Public expenditure on housing in 07/08 was higher than at any other point in the previous twenty two years- at £1,130m.²⁰ Indeed, housing's share of government expenditure



was considerably higher in Northern Ireland in 2007/08 (at 6.7%) than in Scotland (3.8%), England (2.5%) or Wales (2.0%).²¹ But it is worth noting that precise comparisons between countries are not entirely straight forward; since, for example, the Northern Ireland figures include costs of water provision and different calculations apply to the payment of housing debt by public bodies.

This means that housing is highly vulnerable to public expenditure cuts. In January 2010, (£367m) of cuts were announced by the Northern Ireland Executive, and considerably more are expected in the next Comprehensive Spending Review.²² PricewaterhouseCoopers estimates that the budget of the Northern Ireland Executive will face a further potential shortfall of between £500-700m.²³

The potential impact of these shortfalls, and resulting expenditure cuts, for housing is now emerging. The Northern Ireland Housing Executive suggests that,

*'Preliminary figures would indicate that overall public expenditure support for the Housing Executive's budget will be approximately £50m lower in 2010/11 than it was 2009/10.'*²⁴

¹⁸ Source: National House Building Council

¹⁹ Northern Ireland Construction Bulletin, March 2010

²⁰ Steve Wilcox, ed. UK Housing Review 2009/10 (Published with the Chartered Institute of Housing and Buildings Society Association, 2009). Identifiable government expenditure is net of housing capital receipts, which are treated as 'negative expenditure' rather than income. Housing expenditure excludes housing benefit subsidy. <http://www.ukhousingreview.org.uk>

²¹ UK Housing Review 2009/10

²² <http://www.niassembly.gov.uk/record/reports2009/100112.pdf>

²³ Northern Ireland Economic Outlook March 2010

²⁴ Northern Ireland Housing Executive, Northern Ireland Housing Market Review and Perspectives 2010-2013 (2010)

²⁵ DETI, Northern Ireland Labour Force Survey: October to December 2009 (March, 2010)

²⁶ Independent review of Economic Policy

²⁷ Addressing the Economic Downturn: The Case for Increased Investment in Social Housing

3.1

We conclude that:

- Northern Ireland is particularly vulnerable at this time of economic difficulty on three counts. First, the level of economic inactivity amongst the working age population has been higher in Northern Ireland than in Great Britain and during the recession that gap has widened: the level of worklessness is estimated at 28.3%, compared with 21.3% in Britain.²⁵ Second, Northern Ireland has become accustomed to significantly higher levels of public spending which is likely to be more heavily constrained in the immediate future. Third, a greater proportion of the population in Northern Ireland is employed in the public sector, which is very likely to be seriously affected by cuts in public spending;
- with its labour-intensive construction programmes, housing can play a major role in supporting Northern Ireland's economic recovery from the current recession;
- a better understanding is needed on how housing investment impacts on the local and regional economy. The Commission supports the recommendations of the Independent Review of Economic Policy, which are intended to ensure greater policy coherence and the development and implementation of an economic strategy and strongly agrees that housing's role in the broader economy should be recognised;²⁶
- the priority for policy makers must be to ensure sufficient supply to support and enable job creation and productivity across all sectors, while also preventing a return to the boom and bust cycles in house prices;
- through investment in research and development, an emerging industry can be further developed producing raw materials for the construction of eco-friendly homes, and appropriate retrofit products. Investment in innovation will reap rewards for the local and regional economy as a result of the multiplier effect;²⁷
- with the expected scarcity of funding for the private and public sectors in the near future, partnership approaches will be required to maximise available resources;
- one of the biggest threats to the construction sector is the potential loss of skills and experience which will impact on the future ability of developers to return to the market when conditions improve. Continuity of investment is therefore critical.

We recommend:

- that the Department of Finance and Personnel recognises the significance to the Northern Ireland economy of a strong construction sector and takes temporary measures to counter-balance the current housing market failures by extra investment in private and social housing;
- that as a significant component in such investment, a National Home Insulation Programme is undertaken to retro-fit existing homes, and a major programme of research and development into the potential contribution of sustainable construction technologies in Northern Ireland should be established;
- that an economic strategic for Northern Ireland should include action to:
 - better understand how investment in housing and communities affects economic outcomes;
 - co-ordinate action at a regional and sub-regional level to make explicit the positive linkages between housing and economic development and in particular between housing supply and the labour market;
 - link housing supply targets with broader economic priorities;
- that a cross- sector Housing Market Panel, made up of representatives from the private and public housing sectors, should be established to advise the Department for Social Development on market trends across all sectors. This panel would undertake constant observations of the housing market, provide a robust supply of sub-regional market intelligence and help prevent future market volatility;
- that government- and its relevant agencies- play a proactive role in taking forward partnerships and joint ventures, where appropriate, with the public and private sectors sharing the risks and rewards, and with the construction industry contributing to the development of social housing and infrastructure in new ways;
- that investment in social housing could provide a specific opportunity to ensure more apprenticeships and the use of local labour secured, for example, through building contracts or planning requirements.

3.2 Housing as Key to Addressing Climate Change and Easing Fuel Poverty

In the great debate on rising CO₂ emissions and the problems of global warming, housing is a major issue. The residential housing stock across the UK accounts for over a quarter of all emissions and because reductions are not always feasible in other areas, significant cuts in carbon emissions from our homes will be required.

The UK committed itself under the Kyoto Protocol to reducing greenhouse gas emissions and has translated these promises, through the Climate Change Act 2008, into targets for 34% reductions by 2020 and 80% by 2050. The Stern Report of 2006 explained the value of acting now to prevent the need for far more expensive intervention at a later date. It estimated that the cost of action today, to reduce greenhouse gas emissions and avoid the worst impacts of climate change, will be limited to around 1% of global GDP each year. But, the report warns: “if we don’t act, the overall costs and risks of climate change will be equivalent to losing at least 5% of global GDP each year, now and for ever. If a wider range of risks and impacts is taken into account, the estimates of damage could rise to 20% of GDP or more.”²⁸

The role of housing

Action in the housing field is possible – and necessary – under two principal headings: first, by raising standards for new homes; and second, by retro-fitting existing homes.

On the new build side, government is committed to all new homes being ‘zero carbon’ by 2016. This will be enforced through Building Regulations. Social housing is set to progress toward this level - level 6 in the Code for Sustainable Homes - at a faster rate than private sector house builders. However,

achieving this high standard over the next few years represents a real challenge for both social and private sector house builders: doubts are being expressed over whether the costs of meeting the full carbon zero target are sustainable at a time of financial pressure on house prices, as they are likely to require off-site energy and heat generation through such measures as district heating schemes and combined heat and power plants (CHP).

Nevertheless, even reaching levels 4 and 5 of the Code will make a substantial difference and the costs of installing more energy-efficient systems, such as bio-mass heating or ground source heat pumps, will fall as economies of scale in procurement, provision, and advances in technology gather pace. The major problem is not likely to relate to newly-built homes but to the existing stock which, of course, will still account for almost all our homes in 2016.

The Northern Ireland context

The challenges and opportunities that flow from linking housing and energy-efficiency have special resonance in Northern Ireland. The economic gains of expanding new green industries are noted above and we are recommending a major programme of government-backed research and development of low carbon, sustainable construction technologies in Northern Ireland.



The most immediate and socially significant consequence of improving energy-efficiency is in relation to fuel poverty, i.e. those households who spend more than 10% of their income on fuel bills. Fuel poverty is more severe in Northern Ireland than in Great Britain. The Joseph Rowntree Foundation's *Monitoring of Poverty and Social Exclusion in Northern Ireland* (2009) shows Northern Ireland to have the highest proportion of children living in fuel poverty anywhere in the UK; lone parents are spending 56% of their income on fuel (compared with well under half of this figure in Britain). With pensioners also badly affected, this difference between Northern Ireland and Great Britain would appear to merit particular attention by the policy-makers.²⁹

The Independent Review of Economic Policy highlighted how the range of diverse responsibilities for the environmental, planning, economic and social aspects of tackling energy are spread across government departments- the Department for Social Development, the Department of the Environment, the Department of Finance and Personnel and the Department of Enterprise, Trade and Investment. The review concludes that this "makes it difficult to secure holistic and coordinated policies". This must not be a barrier to achieving what needs to be done and measures for departmental sub-structures to coordinate action across government departments will be of particular value in this field.

Jobs and Costs

Tackling the issue of fuel poverty has the huge bonus of potentially generating a large volume of jobs that will pay for themselves, in addition to raising living standards of the poorest and making life more comfortable.

Figures from the Department for Energy and Climate Change in Whitehall, with its Heat and Energy Management Strategy, suggest that a full retro-fit package will reduce space heating and hot water emissions by 80% (more where homes have solid walls or are not connected to

a gas supply); at a cost of £10,000 - £20,000 per property, it is estimated that a retro-fit programme could create 65,000 long-term jobs. Moreover, jobs in construction have a multiplier effect: £1m invested produces 21 jobs but leads also to 60% more jobs elsewhere in the supply chain.³⁰

Social housing providers cannot ignore this issue in terms of achieving 'Decent Homes' standards in the future. In the recent assessment of Housing Executive properties, consultants Savills note those that failed to achieve the standards- 11% out of a total of 17%- did so because of their inadequate heating systems.³¹ As well as by incorporating more carbon reduction measures when undertaking upgrades like new kitchens and bathrooms, the Housing Executive and the housing associations need specifically to address energy-savings measures because of the huge impact of fuel bills for social housing tenants.

Nonetheless, the energy performance of stock of the Northern Ireland Housing Executive and of the housing associations compares favourably with the private sector, with lower energy ratings found in the private rented and owner occupied sectors; and, since these two sectors account for the bulk of Northern Ireland's housing, the retro-fitting task will concentrate predominantly on the private sector.

There is little doubt that engaging owner occupiers and private landlords more fully in the retro-fitting process will depend partly on marketing for the value-for-money benefits to be derived from, for instance, cavity wall and loft insulation. But, financial incentives can speed up the process: for example, the boiler 'scrappage' scheme has done well in England, Scotland and Wales and it is estimated that every three boilers replaced save as much CO₂ as taking four cars off the road.³²

There are also interventions which can help in recouping the costs of retro-fitting over time

²⁸ Lord Nicholas Stern, *Stern Review Report on the Economics of Climate Change* (HM Treasury, 2006)

²⁹ In part, Northern Ireland's high fuel bills reflect the higher prices paid for gas and electricity, not least because transportation costs are higher than in Great Britain. This highlights the value of investing in local energy generation from the perspective of future energy security and an avoidance of reliance on imported supplies, as well as on grounds of cost. But these issues go beyond our housing remit. The Commission's primary concern is with the need to reduce costs by lowering fuel consumption.

³⁰ Source: Federation of Master Builders

³¹ <http://www.agendani.com/taking-stock>

³² <http://www.energysavingtrust.org.uk/Home-improvements-and-products/Heating-and-hot-water/Boiler-Scrappage-Scheme>

3.2

from savings in energy bills, e.g. Pay As You Save, which is piloted elsewhere. If energy companies have to meet targets for carbon savings, they will largely pass on their costs to their customers (who will be benefiting from lower bills and/or greater comfort). Further incentives may be needed for individuals and landlords, which could include relatively

generous feed-in tariffs for those who generate and sell back some electricity e.g. from photovoltaic cells.

3.2

We conclude that:

- addressing climate change represents a very important opportunity for Northern Ireland to bring together several strands of economic, environmental and social policy;
- despite the current economic conditions, government investment in reducing greenhouse gas emissions could not only help the international effort to combat climate change but could boost economic development and generate jobs in Northern Ireland on a large scale, while paying for this productive effort by reductions to fuel bills;
- this issue is of particular significance in Northern Ireland where fuel poverty represents a deeper and more widespread problem than in Great Britain.

We recommend:

- that the Northern Ireland Executive gives enhanced priority to tackling climate change and that measures be taken through the Department for Social Development, as with the Interdepartmental Group on Fuel Poverty, to coordinate action across government departments;
- that the fledgling green industries be supported as a dynamic new sector in Northern Ireland's economy, with appropriate government investment in research and development;

- that government develops incentives for owner-occupiers and landlords who wish to retro-fit their properties. It could develop a Northern Ireland-wide 'energy saving programme' which could include encouragement for financial institutions to develop financial products for retro-fit that attach loan repayments to the property rather than the owner, and spread payments to coincide with savings in energy bills;
- that requirements on house builders as well as social housing providers to meet higher standards for new build (equivalent to reaching levels 5 and 6 of the Code for Sustainable Homes) be maintained but timescales be set that reflect current cost pressures;
- that funding for social housing recognises the need for Decent Homes standards to incorporate energy-efficiency more prominently and to include energy networks and community heating on a similar basis to the Homes and Communities Low Carbon Infrastructure Fund in England;
- that for the private sector, continuing negotiations be pursued with energy companies to ensure improvements in energy ratings for their customers' homes but with consideration also given to further incentives for owner occupier and landlords – including financing arrangements that attach loan repayments to the property not the present owner and spread payments to coincide with savings in energy bills.

33 In this report we refer to the two principal traditions in Northern Ireland as Catholic and Protestant rather than Nationalist and Unionist. We recognise that it is more likely that Nationalists are from a Catholic tradition and Unionists from a Protestant tradition; however, that is not without exception.

34 Joseph Rowntree Foundation, *Monitoring Poverty and Social Exclusion in Northern Ireland 2009* (New Policy Institute, 2009), <http://www.jrf.org.uk/sites/files/jrf/monitoring-poverty-social-exclusion-2009-full.pdf>

35 Source: Community Relations Council

36 Ian Shuttleworth and Chris Lloyd, *Mapping Segregation in Belfast Northern Ireland Housing Executive Estates* (Northern Ireland Housing Executive, 2007)

37 Peter Shirlow and Brendan Murtagh, *Belfast: Segregation, Violence and the City* (Pluto Press, 2006)

38 *Belfast: Segregation, Violence and the City*

3.3 Housing's role in achieving social cohesion

The segregation of housing between the two principal communities in Northern Ireland is a significant feature, which can be linked to the conflict, but which must be addressed if Northern Ireland is to move towards a shared future. In social housing, there is an almost complete divide between estates that are occupied by those from the Catholic tradition and those from the Protestant tradition.³³ Even in most areas where owner occupation predominates, a high level of separation persists. We have been told that there are demands for new 'peace walls' to be built between communities currently living side by side.

Figures have been presented to us, that indicate:

- Over 90% of public housing is segregated on religious grounds.³⁴
- 91% of estates fall into a 'very polarized category' defined as having more than 80% of one community or less than 20% of that community using community background.³⁵
- Estates became more segregated between 1971-1991, with little changes in trends between 1991-2001.³⁶
- A 2006 publication on segregation in Belfast reported that a survey of 9,000 individuals living within interface communities 78% of respondents provided examples of at least three publicly-funded facilities that they did not use because they were located on the 'wrong' side of an interface.³⁷
- The survey also revealed that the vast majority of respondents in both Catholic and Protestant traditions (81% and 72% respectively) stated that on at least three occasions they had not sought a job in an area dominated by the 'other' community.³⁸

ANNUAL HOUSEHOLD INCOME (GROSS) - DWELLING TYPE

	Bungalow		Terraced House		Semi-Detached House		Detached House		Flat/ Apartment		Total	
	No	%	No	%	No	%	No	%	No	%	No	%
Under £4999	5260	23.2	8770	38.6	3180	14.0	2720	12.0	2790	12.3	22720	100.0
	3.5		4.1		2.4		2.4		5.9		3.4	
£5000-£6999	12330	22.7	18940	34.8	8950	16.5	4020	7.4	10120	18.6	54360	100.0
	8.2		8.8		6.7		3.5		21.3		8.3	
£7000-£9999	29330	24.2	53320	44.0	19330	15.9	6970	5.7	12340	10.2	121290	100.0
	19.6		24.8		14.6		6.1		26.0		18.4	
£10000-£14999	36050	24.0	56820	37.8	27850	18.5	16750	11.1	12820	8.5	150290	100.0
	24.1		26.5		21.0		14.7		27.0		22.8	
£15000-£19999	19250	22.7	27530	32.5	18790	22.2	14560	17.2	4610	5.4	84740	100.0
	12.9		12.8		14.2		12.7		9.7		12.9	
£20000-£29999	22580	24.7	25940	28.3	21920	24.0	18010	19.7	3080	3.3	91530	100.0
	15.1		12.1		16.5		15.8		6.4		13.9	
£30000-£39999	15080	17.7	18940	22.2	22060	25.8	27660	32.4	1600	1.9	85340	100.0
	10.1		8.8		16.6		24.2		3.4		13.0	
£40000-£49999	5290	26.0	2430	11.9	6180	30.3	6320	30.9	180	0.9	20400	100.0
	3.5		1.1		4.7		5.5		0.4		3.1	
£50000 or more	4320	15.4	1950	6.9	4550	16.2	17240	61.4	0	0.0	28060	100.0
	2.9		0.9		3.4		15.1		0.0		4.3	
Total	149490	22.7	214640	32.6	132810	20.2	114250	17.3	47540	7.2	658730	100.0
	100.0		100.0		100.0		100.0		100.0		100.0	

Source: Northern Ireland House Condition Survey 2006

3.3

Religious segregation is not, however, the only form of separation between households in Northern Ireland. There remains a lack of integration between people living in different housing tenures, and between people living on different incomes. Where mixed income/mixed tenure communities have increasingly become the norm in Great Britain, this has not been the case in Northern Ireland.

Research has shown that mixed tenure schemes can reduce the problems of income-based segregation and the stigma and social disadvantage associated with it.³⁹ It seems highly likely that mixed tenure schemes could also play a part in breaking down the barriers of the religious divide. Not least because there is less propensity to live separately as people become better off.

Housing is, of course, only one aspect of segregation in Northern Ireland and sits alongside education, social activity, sports and more. Housing policy and practice cannot force people to come together. But neither should the housing system force people to live apart.

The housing system has affected, and has itself been affected, by segregation. Segregation of housing directly affects the mechanics of the strategic spatial planning framework, artificially skews the housing market and restricts housing choice. In housing management terms, it can lead to an inefficient duplication of services, as they are provided separately to both communities. In effect, segregation directly prevents the best use of public land and housing assets.

While housing cannot achieve social cohesion by itself, it seems unlikely that true integration can be achieved without a proactive and sustained commitment by housing professionals and leaders in the housing sector to working with local communities to achieve social mix.

Many people in Northern Ireland have expressed a desire to live together:

- 80% said they would prefer to live in a mixed-religion neighbourhood and this can be further

broken down to 80% (Catholic), 77% (Protestant) and 89% (No religion).

- In terms of favouring more mixing or more separation where people live, 41% wanted much more mixing, 40% wanted a bit more mixing and 15% wanted to keep things as they are.⁴⁰

These are critically important aspirations for a society emerging from conflict. But, perhaps unsurprisingly, different insecurities arising from the conflict remain and the pace of change from where people are, to where they would prefer to be, can only be taken at a speed which commands widespread support.

The housing and land use planning systems can act as important levers for securing greater community integration. The Commission recognises the important commitment of the Department for Social Development and the Northern Ireland Housing Executive to the shared housing programme: when all thirty housing areas in the Shared Neighbourhood Programme are launched, it will cover 22,500 households, comprising almost 70,000 people.⁴¹ We were delighted to see that Clanmil Housing won the top UK housing award this year with a development for families from both communities. We commend the Northern Ireland Housing Executive's Community Cohesion Unit for its work, and in particular its partnership work with local councils, and the part played by the Community Relations Council in supporting key projects at a community level. An increasing amount of activity of this kind is emerging, and in many places we were told about important changes now underway.

However, just as there are success stories and signs of genuine progress being made, there are also inherent difficulties facing families who have a genuine desire to live in mixed communities of the kind provided by shared housing projects. These barriers are not intentional but a by-product of other requirements for achieving fairness which are sometimes having unforeseen consequences. In particular, the Common Selection Scheme may make it hard for households to opt for social housing tenancies (or purchases) within a shared context (we return to this point in Section 6).

³⁹ *Monitoring Poverty and Social Exclusion in Northern Ireland 2009*
⁴⁰ *The Northern Ireland Life and Times Survey (NILTS) (2008)*, <http://www.ark.ac.uk/nilt/2008/>
⁴¹ Source: Department for Social Development

3.3

We conclude that:

- housing can play a crucial role in helping to achieve greater social cohesion and increased integration of Northern Ireland's communities;
- a 'fit for purpose' and effective housing system is undermined when people are separated on the basis of religion, income or tenure;
- a high proportion of people have expressed a strong desire to live in a mixed religion neighbourhood;
- cohesion and integration must be understood in the broadest terms, and encompass mixed income and mixed tenure. Provision of mixed tenure developments can play a constructive part in reducing division between communities.
- that the Northern Ireland Housing Executive and housing associations continue to undertake shared housing projects when development opportunities arise, not least on 'neutral' sites, and those vacated by public bodies, including the Ministry of Defence, and the Police Service of Northern Ireland;
- that planners should positively encourage private developers and housing associations to bring forward proposals for the productive use of brown field sites and "buffer zones" for the purposes of providing shared housing schemes;
- that planners and funders should recognise the value of mixed tenure schemes – of owners, shared-owners and tenants – in contributing to breaking down established divides between communities;

We recommend:

- that policy makers ensure that an opportunity is not missed to meet the housing aspirations of the population and support meaningful integration across religion, income and tenure;
- that integration must inform the Housing Strategy for Northern Ireland with clear targets and timescales for helping to achieve greater cohesion between people with different religious beliefs and different incomes;
- that government should publish an annual statement of progress on integration across a range of indicators which includes religious mix, tenure/income mix. Organisations from across the public, private and voluntary sectors should be invited to submit data and information to inform the statement;
- that because the impact of separated communities can be relieved by better integration of public services, all housing providers should work towards the provision of services and facilities that encourage mix between communities;
- that housing associations in their contribution to regeneration, working with local communities, should make concerted efforts to secure funding from the European Union's Peace III, INTERREG and other sources of funding to promote greater community integration and shared living;
- that local councils- in exercising their new powers for regeneration- target key outcomes in terms of religious and tenure mix;
- that the formation of Community Land Trusts and opportunities for mutual and co-operative housing should be considered for shared housing projects that cross the sectarian divide;
- that the Common Selection Scheme for allocating social housing should be reviewed to take account of its potential to encourage – rather than inhibit – greater social cohesion (See 6.3 below).

3.4 Housing's significance in tackling poverty and social exclusion

Despite the economic progress in an increasingly peaceful society over the full decade since the Northern Ireland Act 1998, poverty and social exclusion are still experienced daily by thousands of people in Northern Ireland.

The Commission's work has been greatly helped by the production of three reports from the Joseph Rowntree Foundation (JRF). The first of these reports, *What can we do to tackle child poverty in Northern Ireland*, revealed some important statistics: longitudinal analysis, over a four year period, shows a higher proportion of children in Northern Ireland than in Great Britain dip into poverty for a short period; but, more significantly, twice as many lived in persistent poverty (21% of children compared with the UK average of 9%) for at least three of the four years:



With the exception of housing, costs of goods and services in Northern Ireland are higher for poor households with, for example, the highest proportion of children living in fuel poverty anywhere in the UK, and lone parents spending 56% of their income on fuel (compared with 26% in Britain).

Lower housing costs are of particular value in easing poverty in Northern Ireland; the extent of child poverty overall in Northern Ireland reduces from being 1% higher than the UK average before taking account of housing costs, to being 4% below the average after taking account of housing costs.¹⁴²

The second JRF report, *What has devolution done for low income households? The case for housing*, looks at the role of housing and compares the position of the four countries after devolution.⁴³ It shows:

problems of shortage began to emerge in the latter part of the 2000s: 25 years ago the excess of dwellings over households was higher in Northern Ireland (at 9%) than in Scotland (6.5%), Wales (a little over 4%), and England (well under 4%). But this changed over the period and (alongside a tighter position throughout the UK) by 2006 was down to 4.7%;

the proportion of homes in the social housing sector in Northern Ireland declined in the decade from 1998 from over 25% to under 17%, taking it well below both England and Scotland

in Northern Ireland, the proportion of social housing lettings allocated to statutorily homeless households doubled over the last decade and has now reached "the highest level in any of the UK countries by some margin": over 70%, compared with 25% in Scotland, 23% in England and 16% in Wales.

The third report monitors poverty and social exclusion in Northern Ireland and adds to the

wider concerns on the housing front.⁴⁴ Its findings highlight concern that:

while the number of unfit homes shows a very positive decline (from 17,000 in 2001 to 10,000 in 2006), the number of households presenting as homeless has risen by nearly a half (from 13,000 to 19,000 in 2007/8) and those most in need of social housing (in "housing stress") almost doubled between 2001 and 2008 to 21,500.

More than half of all housing association tenants in 2006 had incomes of less than £10,000.⁴⁵ The Continuous Tenant Omnibus Survey identifies the growing 'residualisation' - the concentration of low income households in one place - of Northern Ireland Housing Executive stock. Only 15% of 'household reference persons' in Northern Ireland Housing Executive property were working, while 44% were in receipt of Income Support or Job Seekers Allowance. 58% of households had incomes of less than £10,400 a year.

"It is clear that housing associations and other organisations providing housing services are well placed to provide a range of measures to alleviate poverty and promote financial inclusion..."

The National Equality Panel highlighted the stark differences in economic outcomes between those living in different tenures across Great Britain and Northern Ireland.⁴⁶

Only half of men and 42 per cent of women of working age living in social housing are in paid work, compared with 89 per cent of men and 81 per cent of women in households with a

mortgage (Figure 4.7).

A third of social tenants have equivalent net incomes (before housing costs) below the official poverty line, and only a fifth of social tenants are in the top half of the income distribution (before or after housing costs) (Figure 7.6).

Growing up in social housing has become more strongly associated with poorer economic outcomes in adulthood than it was for previous generations (Box 11.1). This reflects, in large part, the increasing levels of relative disadvantage found in the sector compared with a quarter of a century ago.

Housing's role in alleviating poverty and social exclusion can be critical. If there is a robust supply of the right homes in the appropriate places: fewer households will face the traumas of homelessness; more families will have the essential security of a decent home in which to bring up their children; and vulnerable people will have a place conducive to overcoming their problems and disadvantages. But failure to ensure that there are enough suitable homes to go round condemns thousands to miserable lives. More people will suffer from physical and mental ill-health - with the associated cost to the public purse.

A report published by Shelter in 2006 highlighted the effects of bad housing on children: it can result in up to a 25 per cent higher risk of severe ill-health and disability during childhood and early adulthood; increased risk of meningitis, asthma, and slow growth, which is linked to coronary heart disease; a greater chance of suffering mental health and behavioural problems; and lower educational attainment, with greater likelihood of unemployment, and poverty.⁴⁷

The 2007 report by Professor John Hills noted the correlation between living in social housing where those on low incomes are concentrated, and difficulties in succeeding at school or in the job market. This evidence points to the

⁴² Goretti Horgan and Marina Monteith, *What can we do to tackle child poverty in Northern Ireland?* (Joseph Rowntree Foundation, 2009), <http://www.jrf.org.uk/sites/files/jrf/tackling-child-poverty-Northern-Ireland-summary.pdf>

⁴³ Steve Wilcox and Suzanne Fitzpatrick (eds.) *The impact of devolution: Housing and Homelessness* (Joseph Rowntree Foundation, 2010), <http://www.jrf.org.uk/publications/impact-of-devolution>

⁴⁴ *Monitoring Poverty and Social Exclusion in Northern Ireland 2009*

⁴⁵ Northern Ireland Housing Executive, *Continuous Tenant Omnibus Survey* (2008), http://www.nihe.gov.uk/continuous_tenant_omnibus_survey_annual_report_2008_november_2009_.pdf

⁴⁶ National Equality Panel, *An Anatomy of Economic Inequality in the UK* (2010), http://www.nihe.gov.uk/continuous_tenant_omnibus_survey_annual_report_2008_november_2009_.pdf

⁴⁷ Lisa Harker, *Chance of a Lifetime: The impact of bad housing on children's lives* (Shelter, 2006) http://england.shelter.org.uk/data/assets/pdf_file/0016/39202/Chance_of_a_Lifetime.pdf

3.4

importance of mixed income housing for which mixed tenure- low cost or full home ownership alongside renting- is the common proxy.⁴⁸

Housing providers, however, can do more than provide much- needed accommodation. In our discussions with key housing organisations and with individuals, we learned of efforts to combat the difficulties many households face in meeting housing costs, accessing advice and support, and in sustaining tenancies. The Commission heard at first hand the impact that ‘Housing Plus’ initiatives- provision of additional services and facilities for younger and older people- can have in tackling their exclusion from mainstream society. We learnt how housing providers are offering advice and practical support to help families overcome barriers accessing health services, to receiving entitlements, to benefits and care services, to

obtaining training and qualifications, and more.

It is clear that housing associations and other organisations providing housing services are well placed to provide a range of measures to alleviate poverty and promote financial inclusion.

⁴⁸ John Hills, *Ends and Means: The future roles of social housing in England* (The Centre for Analysis of Social Exclusion, 2007), <http://sticerd.lse.ac.uk/dps/case/cr/CASereport34.pdf>

“In effect, segregation directly prevents the best use of public land and housing assets...”

3.4

We conclude that:

- an effective housing system can address the underlying causes of poverty and social exclusion. Housing has made a significant contribution, for example, to easing the level of child poverty in Northern Ireland because of its lower costs;
- the concentration and segregation of low-income households, however, and the gap in economic outcomes between tenures, can harm life chances: a greater mix of incomes/ tenures can address problems of social housing becoming stigmatised;
- housing providers have a role that extends beyond their bricks-and-mortar remit, and can make a major contribution to supporting disadvantaged households.

We recommend:

- that the significance of housing in tackling poverty and inequality be recognised as a major

justification for investment in this sector;

- that a Housing Strategy for Northern Ireland should be mindful of the role of housing and related services in alleviating poverty and social exclusion;
- that the Northern Ireland Housing Executive and housing associations establish anti-poverty programmes wherever they can, helping with support and advice on benefit entitlement, debt counselling, support for employment opportunities et al; and recognise the value they can add in reducing social exclusion;
- that lessons are learnt from research that links living in social housing developments where poverty is concentrated, with poor outcomes for tenants; so that mixed income/ mixed tenure housing that reduces these risks becomes the norm for future developments;
- that housing providers be supported in their valuable wider role of helping lift households out of poverty and social exclusion.

3.5 Housing Opportunities for Travellers

Irish Travellers have experienced prejudice and social exclusion for centuries, which has resulted in them being one of the most disadvantaged groups in Northern Ireland. The cumulative effect of poverty, the limit in the number of stopping places and poor living conditions have led to poor health, low educational achievement, high mortality rates and difficulties in accessing the full range of statutory services.⁴⁹

⁴⁹ The final report of the Promoting Social Inclusion working group on travellers referred to the multiple disadvantage experienced, all of which were exacerbated by poor living conditions. *Consultation on the Final Report of the PSI Working Group on Travellers* (Office of the First Minister and Deputy First Minister, 2000).

⁵⁰ Policy on Accommodation for Travellers (DOE NI) 1999

⁵¹ Article 28A of the Housing (NI) Order 1981, as amended by Housing (NI) Order 2003

⁵² Chartered Institute of Housing and University of Ulster, *Outlining Minimum Standards of Accommodation for Travellers* (A research paper for the Equality Commission Northern Ireland, 2009), <http://www.equalityni.org/archive/pdf/travguideSDSHWeb100409.pdf>

In 1999, the Northern Ireland Housing Executive assumed strategic responsibility for accommodation for Travellers⁵⁰ and on the 1st December 2003 responsibility for the management and maintenance of serviced sites was transferred from local district councils to the Northern Ireland Housing Executive.⁵¹ However,

while the Northern Ireland Housing Executive has a duty to provide such sites as appears to it to be appropriate, it has merely the power to provide facilities. It does not have power to provide caravans.

The availability of decent, culturally sensitive accommodation for Travellers remains a serious problem. Equality Commission research found that the undersupply of permanent sites has led to families living on transit sites for very long periods; often with only basic facilities.⁵² The Northern Ireland Housing Executive has produced a Five Year Traveller Accommodation Programme, which identifies the development of co-operated, transit, and permanent sites. While there has recently been some progress in the development of accommodation options, it is being thwarted by, among other factors, the identification, acquisition and allocation of suitable land. In the Republic of Ireland, legislation exists to expedite the bringing forward of land for Traveller accommodation.



3.5

Conditions on most emergency and transit sites or sites occupied under the co-operation policy are very poor- often lacking basic services such as water, refuse collection and sanitation.⁵³

Northern Ireland is unlike Great Britain where the disparity of security of tenure between tenants in bricks and mortar accommodation- who are secure tenants⁵⁴- and Travellers –who are not-has been addressed. In Northern Ireland, an occupier of a site has no statutory security. That disparity has already been declared by the House of Lords to be discriminatory and in breach of the European Convention on Human Rights.⁵⁵ In Great Britain, Parliament legislated to remove the disparity.

⁵³ *Outlining Minimum Standards of Accommodation for Travellers*
⁵⁴ Following a period of 12 months as an introductory tenant
⁵⁵ *Birmingham City Council v Doherty* [2008] 3 WLR 636
⁵⁶ *Outlining Minimum Standards of Accommodation for Travellers*

3.5

We conclude that:

- Travellers in Northern Ireland face particularly acute difficulties despite legal rights to reside in culturally sensitive accommodation, which includes maintaining their nomadic culture and lifestyle;
- there remains a severe undersupply of decent, culturally sensitive accommodation for Travellers, and current conditions for many are extremely poor;
- the transfer of planning functions to Councils will make them a critical driver in ensuring land is available for the development of transit and permanent sites for Travellers;
- in addition to the need for supply of accommodation, standards on sites remain a particular problem, especially on transit sites;⁵⁶
- there exists a disparity between the security of tenure afforded to a Northern Ireland Housing Executive or Housing Association tenant in traditional bricks and mortar accommodation and that afforded to Travellers.

We recommend:

- that the development of a decent supply of culturally sensitive accommodation for Travellers should be completed as a matter of urgency;
- that legislation akin to that for England and Wales should be considered to require Councils to make land available for the provision of accommodation for Travellers;
- that legislation is introduced to provide comparable support and security for Travellers as for tenants entitled to social housing, for example, through adequate facilities on sites, and accommodation in caravans, as well as a level of security of tenure on a similar basis to that of secure tenants in bricks and mortar housing;
- that in respect of the inspection and regulation of the conditions on sites, the relevant council should proactively review and thereafter implement a strategy for ensuring the fitness for habitation of all sites;
- that where a Traveller applicant is homeless, and qualifies for housing, the Northern Ireland Housing Executive should seek to allocate accommodation on a site, where this is requested.



3.6 Housing's Importance to Rural Communities

One in three of Northern Ireland's population lives outside the main towns and cities.⁵⁷ In rural areas, housing need is often neglected and in reality, many households brought up in the countryside have particular difficulties in obtaining affordable, secure accommodation. Housing in rural areas has an importance beyond the straightforward meeting of individuals' needs: it can hold a community together allowing the next generation to put down roots and contribute economically and socially to making the village a vibrant and sustainable place.

Small changes in housing supply can make a major difference, positively or negatively, to a rural community. Stable and well-planned housing supply is key. The impact of the House

Sales Scheme/Right to Buy can be particularly acute in reducing the supply of social housing. We note the changes introduced in other jurisdictions to suspend the Right to Buy to pressured areas. A well-planned housing supply is dependent on a strong understanding of the level and nature of housing need. We note the work undertaken by the Northern Ireland Housing Executive to examine latent demand in these areas.

We recognise the importance of linkages between the supply and location of housing in rural areas and employment opportunities. We note the conclusions of a recent study commissioned by the NIHE that found that some rural areas show very little connection to the nearest local employment centre or elsewhere in Northern Ireland, and we agree that future analysis and policy should take account of the unaligned character of these locations.⁵⁸

Often the problem for social housing providers willing to assist in rural localities lies in the complexities and effort required for a small number of new homes. There may be local opposition or special planning requirements if the area is in a designated National Park or Area of Outstanding Natural Beauty where materials and design must take account of the local vernacular.

“Housing in rural areas has an importance beyond the straightforward meeting of individuals' needs: it can hold a community together allowing the next generation to put down roots and contribute economically and socially...”

⁵⁷ Rural Community Network estimates that approximately 65% of the 1.7 million inhabitants live in urban areas and 35% (589 000 as per 2001 census) in rural areas. Of those living in rural areas, the majority (456 000 of 589 000) lived in settlements of less than 1000 (i.e., small villages, hamlets and open countryside). Source: Rural Community Network

⁵⁸ Gillian Young, Tony O'Sullivan and Kenneth Gibb *Northern Ireland Housing Market Areas*, (Northern Ireland Housing Executive, 2010)

3.6

Connections to public transport may be vital and extensive local consultation can be hard to justify for, perhaps, just half a dozen new homes. One solution to these logistical difficulties lies in the employment of Rural Housing Enablers (RHEs), already pioneered by the Northern Ireland Housing Executive: such a person can bring together landowners, local communities and planners so that development by a social housing provider- usually the housing association- does not require extensive input of time and effort (which can in the end prove fruitless). RHEs have been shown to make a very significant difference to housing policies elsewhere in the UK.

Once again, the Commission sees the value of new homes containing a mix of social renting and low cost home ownership, so that new developments do not become stigmatised as places only for those on the lowest incomes. Even a project as small as six homes can become labelled by the rest of the community, if it only serves the needs of the most disadvantaged and if young households in work are excluded. Retaining economically active households with children attending the local school can sustain the life of rural areas which could otherwise see an exodus to the town and cities.

3.6

We conclude that:

- with over one-third of Northern Ireland's population living in rural areas, housing need in these places deserves close attention;
- affordable rural housing can make a major contribution to enabling the next generation to stay in- or return to- the village and sustain it as a vibrant community.

We recommend:

- that more resources are set aside to extend NIHE's work examining housing need in rural areas;
- that housing, land use planning, transport and environmental policy are better aligned in a Rural Land Use Strategy to meet the particular housing needs in rural Northern Ireland;
- that clear actions for meeting need- to include new build social and affordable housing targets- should be outlined in the Housing Strategy for Northern Ireland;
- that a programme of Rural Housing Enablers- who bring together land owners, local communities, planners and social housing providers- be established to achieve more social/affordable housing in small schemes in rural areas;⁵⁹
- that new rural housing includes accommodation not exclusively for social renting but also to meet the needs of young people with some aspirations towards affordable home ownership, thus retaining these households within the villages of Northern Ireland.

⁵⁹ Matthew Taylor, *Living Working Countryside: The Taylor Review of Rural Economy and Affordable Housing* (Communities and Local Government, 2008), <http://www.communities.gov.uk/documents/planningandbuilding/pdf/livingworkingcountryside.pdf>



“Recognising strong linkages between housing and economic growth can help housing supply to support economic growth...”





SECTION FOUR

THE INSTITUTIONAL FRAMEWORK

SECTION 4

The Institutional Framework

4.1 The Northern Ireland Assembly and Executive

The restoration of devolution to Northern Ireland in 2007 has provided for housing policy to be shaped by the Assembly and the Executive. Three years on, it is possible to assess where there have been areas of policy convergence or divergence from the other three UK jurisdictions and to learn lessons from practice elsewhere.⁶¹

The Commission notes the emergence of a deeper and richer policy debate on housing in Northern Ireland- due in no small part to the priority attached to housing by the Minister for Social Development, and to the role played by key agencies and organisations. We also note the active role played by the Social Development Committee in providing robust and effective Assembly scrutiny of housing policy and strategy.

Policy makers have faced significant challenges as a result of changes in the housing market since 2007. The volatility in affecting supply and demand and the levels of public and private finance available for housing has put constant pressure on decision-makers to focus on the current crisis, rather than on the longer term. Since housing powers and functions stretch across several government departments, each department understandably manages its own priorities as set out in the overall Programme for Government. These characteristics of Northern



Ireland's governance make it more difficult to map out and pursue a long-term coherent housing policy: however, achieving that is critical to success.

We have been influenced by the comments made by Professor Richard Barnett in his Review of Economic Policy in Northern Ireland on the need for improved co-ordination between departments with responsibilities spanning one area of public policy. He advocates permanent departmental sub-structures to direct cross-departmental action for each particular policy area. Such a focus would give rise to efficiency gains and greater effectiveness in policy implementation.

“The Commission notes the emergence of a deeper and richer policy debate on housing in Northern Ireland- due in no small part to the priority attached to housing by the Minister for Social Development, Margaret Ritchie, and to the role played by key agencies and organisations.”

⁶¹ Jim McCormick and Anne Harrop, *Devolution's impact on low-income people and places* (Joseph Rowntree Foundation, 2010), <http://www.jrf.org.uk/publications/impact-of-devolution>

4.1

Moreover, government departments need to work through a very large number of organisations and individuals with differing responsibilities for delivering housing outcomes. From housing associations to the voluntary and community sectors, from the Northern Ireland Housing Executive to the Planning Service, there are a range of different stakeholders each playing a key role in delivering the policy goals set by the relevant government department. Greater clarity on the role of each key stakeholder would be an important pre-requisite of devising a long term vision and strategy for housing in Northern Ireland. Clearly the

Department for Social Development will be at the centre of establishing and progressing with such a strategy.

“It will take time to introduce the planning policies that create the new communities we are advocating; but the sooner notice can given to the development community of impending change, the sooner these measures can be effected...”

4.1

We conclude that:

- housing policy is now successfully embedded in the governance structures; but the spread of responsibilities for different aspects of housing across government departments presents an extra challenge;
- outside of government, a very wide range of additional organisations and agencies have a part of play in achieving housing objectives; this points to the need for concerted efforts to co-ordinate these different strands of activity.

We recommend:

- that the Department for Social Development publishes a Housing Strategy for Northern Ireland, setting out long term policy goals for the housing system for the decade to 2020;
- that the Housing Strategy would have as its priorities the attraction of sustainable levels of public and private investment; the stabilising of housing supply; the creation of a mixed housing economy; support for greater integration and social cohesion; with the appropriate organisations having effective structures to enable the strategy to take effect;
- that the Housing Strategy be prepared in consultation with key agencies, government departments, business, housing providers across the tenures, professional bodies and voluntary and community sector agencies. Progress in delivery of the Housing Strategy should be reported to the Northern Ireland Assembly on an annual basis;
- that in the immediate future, a permanent sub-committee of the Department for Social Development should be established to co-ordinate cross departmental action on housing outcomes.

4.2 Local Government

At the local level, there are currently 26 Local councils in Northern Ireland which were created under direct rule in 1972. The councils have three main functions. First, each council is responsible for the provision of a range of local services including, inter alia, refuse collection and disposal, street cleansing, dog control, parks, open spaces, and sports and recreational facilities playgrounds. The essential feature of these responsibilities is that they are concerned with the well being of the different localities involved. Second, local councils have a representative role – where councillors are appointed to represent their councils or elected members in general on a number of more strategic public bodies (e.g. Health & Social Services). Third, local councils have a consultative role with respect to land use planning, transport, education and public housing. In contrast to the remainder of the UK, local councillors therefore have relatively limited influence over the developmental and regeneration aspects of the areas they represent.

In 2007, the restoration of the Northern Ireland Executive and Assembly led to a number of departmental reviews which considered developing a shared vision for local government; the number of councils; and the functions to transfer to local government. Cross-cutting issues were also addressed with respect to council-led community planning process and a complementary power of well-being. The resulting findings informed the subsequent reorganisation of local government, the final outcome for which was announced in March 2008: The current 26 council areas will be rationalised to create 11 new council areas.

Local government reorganisation seeks a fundamental review of “the existing arrangements for the accountability, administration and delivery of public services in Northern Ireland, and seeks to bring forward options for reform which are consistent with the arrangements and principles of the Belfast Agreement, within an appropriate framework of political and financial accountability”. A range of existing functions are to be transferred to local government, including statutory land use planning, rural development, the public realm, aspects of local roads functions, urban



4.2

regeneration, community development, a range of housing related functions, and local economic development and tourism.

In addition, a new function- community planning- will also be the responsibility of the new local council. Based on experience elsewhere, particularly in Scotland, community planning in Northern Ireland will likely be closely associated with the existing but not co-ordinated local community based arrangements for regeneration, and social inclusion. This approach stands in sharp contrast to the past emphasis placed on physical and property-led regeneration in Northern Ireland. Community planning is, therefore, likely to exercise significant influence on local housing agendas.

The Commission has been pleased to talk with

the Northern Ireland Housing Council, which represents the existing democratically elected authorities and will have an enhanced role in the new regime. The Council is the obvious point for consultation and agreement between central and local government on the Housing Strategy and its implementation.

“Failure to meet demand over a sustained period risks significant social and economic problems. It undermines economic prosperity, exacerbates inequalities, creates social division, constrains public service delivery and thwarts ambitions for home ownership...”

4.2

We conclude that:

- the transfer of new functions to local councils represents a marked decentralisation of government powers and arrangements in Northern Ireland which are currently very different from those prevailing elsewhere in the UK;

- the Review of Public Administration represents an important recasting of the institutional framework for Northern Ireland at large and for housing;

- although RPA will represent the re-enfranchisement of local communities and their elected representatives, to better serve their local public interests, in practice it will require considerable political skills in mediating between local interests and the different judgments on what the local public interest is and could be;

- the new devolved responsibilities relating to land use planning and to community planning will present challenges in promoting a strategic, joined up and consistent programme for local communities.

We recommend:

- that local councils be clear on the role of housing- private, affordable and social- within their area so as to provide greater certainty for developers and housing associations, and help for the appropriate provision of new homes;

- that, to achieve this, close working relationships be forged with the NIHE- which has the central supporting role in housing delivery- and with the bodies responsible for the strategic overview of Northern Ireland's future;

- that the role of the Northern Ireland Housing Council be recognised as the central point of reference for local councils in the creation of a Housing Strategy and in its implementation.

4.3 The Regional Development Strategy

In 2008, the Department of Regional Development (DRD) initiated a comprehensive review of the Regional Development Strategy. This contains three important features. First, the review of the spatial economic priorities in Northern Ireland will reflect the ethos of the Programme for Government 2008-2011 which articulates a range of social, economic, environmental and institutional priorities, including: the promotion of tolerance, inclusion, health and wellbeing; investments in infrastructure; and the delivery of modern public services. Second, it promotes strategic thinking in public policy with its attendant focus on promoting greater connectivity between the different facets of modern life and well-being. Third, the review of the Regional Development Strategy is taking place in parallel with and will complement the Review of Public Administration and its associated decentralisation of functions including land use planning and community planning.



4.3

We conclude that:

- the Regional Development Strategy, *Shaping Our Future*, is an important statement of strategic intent for the management of Northern Ireland's regional economy;
- the strategy plays a key role in reconciling the competing demands for promoting economic activity and infrastructure provision across Northern Ireland; it needs to assert priorities for all aspects of development – housing, retailing, commercial and industrial – within those agendas, and it has to balance the triple pillars of the sustainable development debate – social, economic and environmental.

We recommend:

- that given the importance of housing to economic growth and stability, to community well being and cohesion and to environmental concerns, the Regional Development Strategy should position matters relating to housing as a central ingredient in the overall Northern Ireland framework.

4.4 Planning and Land Use

Statutory town and country planning- land use planning- is an important part of the institutional framework in Northern Ireland. It provides the context in which the use and development of land is regulated in the wider public interest. There are two aspects to this: first, a forward planning dimension which sets out a vision for different localities in reconciling the appropriate allocation of land for residential, commercial, and industrial purposes; and second, an appropriate balance in accommodating community needs, open space, recreational and environmental uses. Current debates have centred on its efficiency, effectiveness, engagement with the wider public and its capacity to support sustainable development.

The National Audit Office has drawn attention to problems with the system for land use planning.⁶² The general assessment of the performance of the planning system is held to be disappointing on a number of aspects including the preparation time associated with Planning Policy Statements, the incomplete coverage of development plans, and development management targets which have not been met and suggest a performance below that achieved six years ago.

Others have argued that the system has also suffered from a democratic deficit when compared to land use planning elsewhere in the UK, where the use and development of land is controlled through statutory processes devolved to democratically elected local authorities. However, this is set to change, with local authorities assuming new powers following the Review of Public Administration. This represents an important modernisation of structures and processes with specific measures to ensure streamlining of the system, as well as creating the framework for managing large, complex or strategic development proposals.

Planning Capacity

Resources for the new planning regime are going to be critical. In negotiating deals with developers, planning officers need as sophisticated understanding of the financial constraints, and indeed the need for profit- which face those in the private sector. Recruiting and equipping highly competent people will be a worthwhile investment as the new arrangements take shape, and both sharing of expert staff across some local authority boundaries, and drawing upon central expertise provided by the Department of the Environment, will be invaluable in ensuring the highest levels of efficiency and good judgement. Elected Members with planning duties will also want to be fully briefed on how best they can play their part in taking these all-important decisions within the new planning system.





Promoting Quality

Through the conditions they impose when granting planning approvals, planning authorities exert considerable influence not just on the numbers of new homes that get built, but on the standards of design and the quality of those homes.

Northern Ireland has been in the forefront of providing Lifetime Homes standards that use principles of universal design to ensure today's new homes will be accessible in the future: such measures as level entrances, downstairs WC, space for wheelchair users to move around, mean that occupants who face temporary or permanent disabilities are not forced to live elsewhere. In an aging society, these design features for all new homes will help people to live independently, and prevent the need for residential care, while reducing accidents in the home.

Planners can also insist upon good design for which the Building for Life criteria provide a clear

basis.⁶³ Since 2009, design has been enshrined in legislation governing the role of the Homes and Communities Agency, as well as in the duties of local authorities in England and Wales. In the past, poor design has led to estates being demolished after barely twenty-five years, and, recently to examples of cramped, high-density flats, which seem unlikely to stand the test of time. If we are not to repeat the mistakes of yesteryear, planners will need to exercise their powers to raise standards of new housing provision.

Planning Gain

Other than in the smallest developments the planning system in England and Wales insists that house builders assign a proportion of the new homes for social/affordable housing, almost always by entering into partnerships with housing associations. In high demand areas like London, the percentage of social/affordable housing in all new schemes is likely to be set at around 50% (typically with 35% for rent and 15% for low cost home ownership). Elsewhere, lower percentages

⁶² Comptroller & Auditor General for Northern Ireland, *The Performance of the Planning Service* (Northern Ireland Audit Office, 2009), <http://www.niauditoffice.gov.uk/pubs/Planning/8425Planningfinal.pdf>
⁶³ Source: Commission for Architecture and the Built Environment

4.4

– which have been reduced to take account of the economic situation in some areas – are likely to prevail. The adoption of this approach, which is virtually universal in England and Wales and increasingly common in Scotland, has benefits beyond the social impact of avoiding ‘housing apartheid’: it also means that social housing gets built wherever owner occupied homes are being built, thus giving social housing providers access to sites which satisfy market requirements.

In England, a report by Communities and Local Government considers the role of planning agreements – mostly under Section 106 of the Town and Country Planning Act 1990 – between planning authorities and developers.⁶⁴ The value of these agreements to local communities was estimated at £4.9bn for 2007/08, with £2.6bn being for affordable housing (and the remainder for infrastructure and other wider needs – transport, education, community facilities – associated with the development). Almost all residential permissions for sites of 50 or more homes were subject to these agreements; about 85% of those of between 15 and 50 had agreements; and nearly half of the smaller sites below this threshold of 15 homes, had agreements.

Of course this not an opportune time to require a high percentage of social/affordable housing from developers: often they will already have purchased sites and are not in a position to negotiate the lower land price which makes planning gain self-financing. It will take time to introduce the planning policies that create the new communities we are advocating; but the sooner notice can given to the development community of impending change, the sooner these measures can be effected.



“It will take time to introduce the planning policies that create the new communities we are advocating; but the sooner notice can given to the development community of impending change, the sooner these measures can be effected...”

⁶⁴ Anthony Crook and Christine Whitehead, ‘Social housing and planning gain: is this an appropriate way of providing affordable housing?’ in *Environment and Planning A* Volume 34 (2002)

We conclude that:

- reform of land use planning is very important to achieve a more efficient and effective regulatory framework over land and property development and open up opportunities for civil engagement and for transparency in decisions on planning proposals;
- planning reform will offer opportunities to contribute to the implementation of a strategic approach to housing in Northern Ireland;
- planners have a key role in shaping Northern Ireland's housing, not just in determining the quantity of homes built in any locality, but in requiring quality of design which will stand the test of time;
- in the years ahead, a significant opportunity exists to draw in very substantial resources, reflected in lower prices paid for sites, from planning agreements that require some social/affordable housing, as well as contributions for infrastructure, in new private sector developments.

We recommend:

- that to fulfil the new requirements for planning, local councils will need to invest in people with skills to negotiate the best arrangements for all parties, perhaps sharing expert officers across local authority boundaries and drawing on expertise from the Department of the Environment; as well as in equipping elected members to play their part in taking the all-important planning decisions;
- that planners use their extensive powers to help secure good quality housing with high standards of design and accessibility;

- that as market conditions improve, Northern Ireland's form of 'developer contribution' be used to require house builders to ensure that social/affordable housing is provided usually through housing associations, as a matter of course in most new developments;
- that although the planning gain we are recommending would probably be achieved by a partnership between house builders and housing associations, as we note in Section 5.6, the option could be explored of developers themselves obtaining grant for social/affordable housing;
- that a new planning policy statement be prepared which brings together the regional and local priorities for delivering Northern Ireland's Housing Strategy;
- that the modernised land use planning system place a high priority on promoting and managing the public realm to contribute to the greater well being of communities across Northern Ireland;
- that the new councils in Northern Ireland when in place create local strategic forums of landowners, developers, builders and local representatives to inform the local planning frameworks for housing within a community plan;
- that consideration is given to private developers being allowed to bid for grant where they have the capacity to undertake mixed income/tenure schemes.

4.5 Regulation and Redress

A viable housing system is dependent on the efficient administration of robust regulation and provision for effective redress for residents. The institutions and organisations that provide housing in Northern Ireland, and the housing services they develop, are regulated in a variety of ways by several departments and agencies.

Social Housing

Over recent years, governments across Great Britain have reviewed the regulation of social housing, through the Essex Review in Wales, the Cave Review in England, and the Scottish Government's *Firm Foundations* document. A general preference is emerging towards adopting a regulatory framework which sets similar standards across social housing, which is led by a co-ordinating agency. We have sought to learn lessons from the debate elsewhere in forming our opinion on regulation of housing in Northern Ireland.

Robust regulation is essential for housing associations wishing to attract private finance. Martin Cave drew strong parallels between the regulation of housing associations in England and their ability to borrow money at low rates of interest- he estimated that the saving in lower interest rates alone made possible by the existence of regulation is £200 – £400 million per annum.⁶⁵ The Housing Finance Group report stressed the positive impact of the regulatory regime in England on the credit risk of housing associations- the report estimated that the existence of the regulatory regime would increase the ratings of all housing associations by two steps or notches over their standalone profile “to reflect the robustness of the regulatory framework and tight oversight.”⁶⁶

The regulatory framework in Northern Ireland has evolved iteratively. Regulation of social housing is led by Department for Social Development. It determines the Housing



Executive's performance framework in the light of the Department's wider strategic aims and Public Service Agreement (PSA) objectives and targets. The Housing Executive's objectives, key targets and performance measures are agreed by the Minister and set out in the Corporate and Business Plans.⁶⁷ DSD also has direct regulatory responsibility for housing associations and inspects associations directly. The 'do-it-yourself-shared- ownership' (DIYSO) shared ownership model- Co-ownership Housing - is regulated within the system of regulation for housing associations. The private rented sector has largely been unregulated- though the Commission has been encouraged by DSD's recent publication of *Building Sound Foundations: A Strategy for the Private Rented Sector*.

The Northern Ireland approach to regulation

of social housing has been to apply the requirements of the Housing Association Guide and to inspect associations using a performance framework and a system of cyclical or 'rolling' inspections. The current inspection framework is relatively new, with the second 'round' of inspections currently being undertaken. The Commission notes the positive changes recently made to this process and that the Department intends to move towards an approach which would lessen the level of intervention in associations that are performing well.

Several contributors to the Commission urged a more transparent approach to regulation, with a focus on a framework of standards for all social housing providers to achieve; - these standards could span housing management outcomes, governance and risk management. Housing associations themselves argued for a regulatory system that would provide them with the flexibility to develop new services and products, while meeting standards that were focused on outcomes. Some organisations argued for a more open inspection framework- whereby aggregate inspection reports are published on an annual basis to enable a focus on improving standards through guidance and practice sharing.

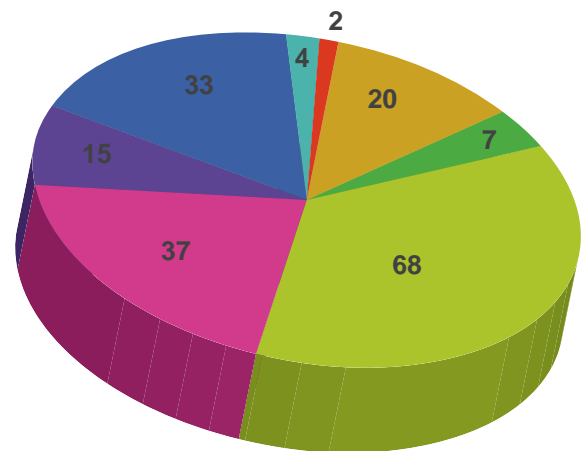
We note that in Northern Ireland, residents currently play a minimal role in the regulatory framework. This contrasts with the system for the Tenants Services Authority in England where residents are well represented on the governing Board and a new National Tenants Voice is being established.

In relation to the seeking of redress, residents in social housing can approach the Northern Ireland Ombudsman to save the considerable time and expense of taking matters to the courts. The Ombudsman- or more formally, the Commissioner for Complaints- receives complaints from individuals who may have been affected by maladministration on the part of a public body; this includes the Northern Ireland

Housing Executive, and since 2002, housing associations. In 2008/09 the Ombudsman received 73 written complaints concerning housing authorities.⁶⁸ In his 2008/09 Annual Report, he provides a positive assessment of the approach taken by the NIHE and by housing associations in responding to complaints.

However, the Ombudsman can only respond to complaints initiated with his office. He cannot undertake 'own initiative' investigations, which could enable a more strategic assessment of a particular issue. (The Ombudsman's scheme does not apply to the private rented sector.)

WRITTEN COMPLAINTS RECEIVED IN 2008/09 BY COMPLAINT SUBJECT



- Land & Property 4
- Building Control 2
- Education 20
- Environmental Health & Cleansing 7
- Housing 68
- Personnel 37
- Recreation & Leisure 15
- Miscellaneous 33

Source: Northern Ireland Ombudsman

⁶⁵ Martin Cave, *Every Tenant Matters: A review of social housing regulation* (Communities and Local Government, 2007), <http://www.communities.gov.uk/documents/housing/pdf/320365.pdf>
⁶⁶ The Housing Finance Group, *Meeting the Challenge: Market Analysis* (Homes and Communities Agency, 2010) <http://www.homesandcommunities.co.uk/public/documents/HFG.pdf>
⁶⁷ Northern Ireland Housing Executive, *Management Statement: Financial Memorandum- Dossier of Controls with Northern Ireland Housing Executive* (Department for Social Development)
⁶⁸ Northern Ireland Ombudsman *Annual Report 2008/09*

4.5

The Private Rented Sector

The recent Rugg Report from York University indicates that there may be as many as 1.2m landlords in England and Wales, a large proportion of which own just one property, and it cannot be expected that all of these small landlords will maintain high professional standards. Regrettably it is clear that a small minority of landlords there are not only incompetent but are also exploiting their tenants. For those who engage managing agents, there is also an issue of sustaining a high quality service transfers from the landlord to the agent.

Although there is already a wealth of regulation relating to the physical standards of property, a common complaint is that resources are not available to implement these measures at the local level. Moreover, in terms of management, and the relationship between landlord and the tenant / agent, there is very little on the statute book. There are no requirements on landlords or their agents to be part of a redress / ombudsman service.

In recent years there has been an improvement in the quality of private sector accommodation: the unfitness rate decreased substantially from 8.7% in 2001 to 2.7% in 2006.⁶⁹ Nonetheless, in 2006, 27% of privately rented dwellings failed to meet the Decent Homes Standard. In particular, there are special problems in Northern Ireland with regard to standards of heating and insulation: in 2006, 44% of tenants were found to be living in fuel poverty (i.e. spending more than 10% of their incomes on fuel bills). Enhanced heating and insulation standards would contribute to the achievement of wider social and public policies, including the reduction of carbon emissions.

Opinions are divided as to whether these difficulties in the private rented sector would be best resolved by enhanced regulation and inspection or whether trying to drive up standards might have the unintended consequence of deterring future investment into the sector. Some respondents have suggested linking the payment of Housing Benefit with property conditions; this was proposed by the



Department for Social Development in its draft strategy *Building Sound Foundations* and by the Department for Work and Pensions in its Housing Benefit Reform consultation. But others felt that onerous regulatory requirements were more likely to prove costly and even lead to landlords withdrawing from the market. We note that rent levels have already been linked, to some extent, to standards of fitness but many properties fall outwith the provisions of the Private Tenancies (Northern Ireland) Order 2006.

We note that consultation by the Department for Communities and Local Government in England in the wake of the Rugg Review, has led the UK government to propose a compulsory national register for all landlords (to which only enforcement agencies would have full access). Consideration is being given as to whether a 'points-based approach' with a pre-set tariff for penalties against landlords that commit specific offences should be introduced; or whether a statutory regulator should be established. The government also agrees with the emerging consensus around the need to regulate letting and managing agents in order to provide greater consumer protection for both tenants and landlords, with improved redress arrangements to respond to complaints and resolve disputes.

Tenancy Rights in the Private Rented Sector

According to the Housing Rights Service, the majority of private sector complaints relate to: inadequate tenancy agreements and rent books; deposits that are not returned; problems with security of tenure and illegal evictions; and disputes over repairs. The good news is that research shows that 89% of tenants are happy with their landlord/tenant relationship. However, the bad news is that there is little redress for those tenants who feel unfairly treated and who would face considerable cost, delay and uncertainty if they took the matter to Court. Furthermore, as noted elsewhere, there is not an abundant supply of affordable expert advice and representation.



Local authority Environmental Health Departments have a key part to play in enforcing legislation and many have built up positive relationships with local landlords. But a criticism throughout the UK is that powers exist but are not energetically implemented. With the implementation of the Review of Public Administration there should be opportunities for extending the local enforcement task. We consider this an important element of the review.

69 Northern Ireland Housing Executive, 2009 *House Condition Survey: Preliminary Findings* (2010), http://www.nihe.gov.uk/2009_house_condition_survey_preliminary_findings_feb_2010.pdf

4.5

We conclude that, for social housing:

- the regulatory framework can greatly improve the terms for securing affordable private finance for housing associations. The Housing Finance Group has shown how effective regulation can have a positive impact on investors'/credit agencies' assessment of associations' credit risk, thus reducing the cost of borrowing;

- the design of all regulatory systems requires a transparent division of responsibility between the policy (the determination of objectives by elected representatives) and regulation (the implementation of the objectives via interaction with the providers and, more importantly, their tenants);⁷⁰

- the regulatory framework for social housing in Northern Ireland has led to performance improvements in housing associations. However, there is a case to be made for a reformed framework to standardise approaches to housing management, to enable housing associations to increase their capacity to attract private finance and to facilitate a greater role for residents;

- the Ombudsman scheme in Northern Ireland is an effective form of redress for residents, while also serving to enhance standards within the NIHE and housing associations, although it cannot replace an effective regulatory framework;

- several housing providers have, on a voluntary basis, made great efforts to involve residents in evaluating the services offered to them, but this is no substitute for the involvement of residents in the wider regulatory framework, as demonstrated in other jurisdictions.

We conclude that, for private rented sector:

- the rapid expansion of lettings through many thousands of landlords raises questions on regulation relating not just to physical standards but to quality of management;

- important work from the University of York points to ways in which the private rented sector's potential may be harnessed without disadvantaging its tenants.

We recommend for social housing:

- that the regulatory framework for social housing be modernised with three key priorities: a greater role for residents; continual improvement of performance and value for money; and attracting greater levels of investment in social housing;

- that the Department for Social Development should establish a co-ordinating agency for the regulation of social housing . In addition to developing a reformed regulatory framework for social housing, this body might in time also assume responsibility for regulation of landlords in the private sector;

- that intervention should be limited to those cases where there is evidence of poor performance. We recommend the adoption of risk-based regulation with a well defined set of standards to be achieved by associations;

- that the regulator publishes an annual assessment of the performance of the Northern Ireland Housing Executive and housing associations against a common standards framework;

- that the new regulatory framework places an increased emphasis over time on self-assessment by housing associations and that annual self-assessments are made publicly available;

- that the Ombudsman be given the power to undertake 'own initiative' investigations to strategically examine issues where they have been the subject of multiple complaints.

We recommend for the private rented sector:

- that private landlords should be given the opportunity, on a voluntary basis, to apply directly to join the Ombudsman's scheme, as part of the objectives of the Private Rented Sector Strategy to enhance management standards;

- that residents should play a much greater role in the regulation of social housing to test the effectiveness of services and help shape and develop new products;

- that all private landlords should be listed by an appointed agency on a public register. This process should present no barriers to entry, be 'light-touch', and have nominal cost implications for private landlords. This will in turn assist the collection of much-needed market intelligence on the rental sector and pave the way for future licensing measures, as required;

- that registered (listed) landlords who are convicted for specific offences or offend persistently on other grounds risk sanctions based on a pre-set tariff: if they are struck off the register, there should be a requirement that their property be managed only by an approved managing agent;

- that a mandatory tenancy deposit protection scheme is established as in England, Wales and Scotland (for properties with rentals up to £100,000p.a.) to protect all tenancy deposits, with an in-built resolution service to mediate in case of disputes;

- that all letting and managing agents should be strongly encouraged to join a recognised professional body and thereby to accept the obligations of adhering to a Code of Practice which includes membership of an independent ombudsman/redress scheme. Any agents that are not members of a recognised professional body should be required to register with the statutory agency (as above) and, as with all estate agents, should be required to belong to an independent ombudsman/redress scheme (see Section 4.5);

- that the Department for Social Development should undertake a review of the current tenancy regime, in addition to pursuing the Commission's recommendations for registration of landlords and regulation of managing agents. The review should consider the correct balance in the interest of landlords and tenants in respect of security of tenure, as well as devising a model written tenancy agreement (or clearly spelling out the minimum requirements for a written tenancy agreement), which should include the statutory entitlement to have repairs carried out and to have the terms and conditions of tenancy provided at the date of commencement of the tenancy rather than within 28 days.



SECTION FIVE

TOWARDS A MIXED HOUSING ECONOMY

SECTION 5

Towards A Mixed Housing Economy

In this section the Commission looks at the problems facing both the housing market and the provision of subsidised housing and suggests that in both sectors serious challenges lie ahead. However, these may prove the catalyst for diversifying the ways in which housing is provided, perhaps leading to positive long-term change.

Over the past decade, Northern Ireland's housing market has experienced unprecedented volatility and uncertainty. As noted earlier, during the period 2002 to 2007, house prices rose dramatically as supply – despite higher levels of completions in the owner occupied sector – failed to match demand.⁷¹

By 2010 the housing bubble had burst, with activity in house price levels returning to those of a decade earlier. Today private sector completions, at just 7,200 in 2009 are 50% lower than four years ago.⁷²

In contrast, new build activity in social housing has experienced a revival in recent years. The Minister for Social Development has made the building of social housing a priority and succeeded in sustaining output during a difficult period for the market. Housing association starts rose by nearly 30% between 2005 and 2010 and have held steady.

Northern Ireland does not face all the supply constraints that exist in Great Britain. Levels of

housing need, however, remain stubbornly high. While new households and first time buyers find it difficult to get a foot on the home ownership ladder, the waiting list for social housing is the highest it has ever been at just under 40,000 households.⁷³ The private rented sector has expanded, housing both those who might have been first time buyers in previous years, and those for whom the long term security and more modest rents of the social housing sector might have been the preferred option.

As this report argues, failure to meet demand over a sustained period risks significant social and economic problems. It undermines economic prosperity, exacerbates inequalities, creates social division, constrains public service delivery and thwarts ambitions for home ownership.⁷⁴ But a resumption of pre-2007 levels of house building is not a realistic prospect in the near future. The Smith Institute predicts that on a best-case scenario a 10% growth each and every year, it would take seven years to get back to the 2007 completions level.

It is clear that the 'credit crunch' has ended the era of cheap, plentiful credit; mortgage finance is likely to remain harder to access and developers themselves are likely to suffer from a much harsher climate for borrowing. If interest rates rise or if unemployment grows, home ownership will become even more difficult. At the same time, the current contraction of the construction industry is

⁷¹ Steve Wilcox, ed. *UK Housing Review 2009/10* (Published with the Chartered Institute of Housing and Buildings Society Association, 2009)

⁷² Source: National House Building Council

⁷³ Northern Ireland Housing Executive, Northern Ireland *Housing Market Review and Perspectives 2010-2013* (2010)

⁷⁴ David Pretty CBE and Paul Hackett, *Mind the Gap – Housing Supply in a Cold Climate* (A discussion paper for the Smith Institute, the Town and Country Planning Association and PricewaterhouseCoopers, 2009)

HOUSING COMPLETIONS IN NORTHERN IRELAND A

	1970	1975	1980	1985	1990	1991	1992	1993	1994	1995
Northern Ireland										
Housing Executive	7,692	4,885	2,507	3,233	1,299	953	1,049	810	900	1,305
+ Government departments	86	203	56	2	15	2	51	18	–	–
= Total public sector	7,778	5,088	2,563	3,235	1,314	955	1,100	828	900	1,305
+ Housing associations	18	55	325	595	442	759	702	663	555	737
+ Private sector	4,038	3,776	3,568	6,940	6,163	5,164	5,913	5,707	5,522	6,790
= All dwellings	11,834	8,919	6,456	10,770	7,919	6,878	7,715	7,198	6,977	8,832

Note: The 1970 figures for the Northern Ireland Housing Executive include new town starts and completions, before their transfer to the NIHE in 1972 and 1973.

Source: UK Housing Review 2009/10

5.1

leading to a loss of skill and experience from the sector, making recovery increasingly difficult. All this suggests that in the years ahead, Northern Ireland will bear the burden of a low-supply housing landscape.

To compensate for problems in the private sector, several commentators have advocated stronger intervention and investment from government.⁷⁵

Public expenditure on housing in 2007/08 was higher than at any other point in the previous 22 years, at £1,130m.⁷⁶ This level of subsidy compares favourably with levels in other jurisdictions and the government's Investment Strategy for Northern Ireland certainly recognizes the importance of housing in the coming years.⁷⁷ However, reductions are expected in public expenditure in the forthcoming Comprehensive Spending Review and this raises uncertainties for social housing. A call for increased investment – and the Commission would certainly endorse the value of this – could hardly come at a worse time.

For these reasons, it seems that neither dependence on private sector house builders, who are so adversely affected when credit is tight and the economy less buoyant, nor reliance on new social house building, which is driven by the availability of public funding, will deliver the much-needed homes of tomorrow. As the Commission on Cooperative and Mutual Housing says in its conclusions: "A housing policy simply based on mass home ownership and a residual social rented housing safety net, was too limited and inflexible even before the

credit crunch, and is now even more so."⁷⁸

It seems the time may be right for a mixed housing economy that reduces dependence on the two traditional sources of supply and thereby addresses the volatility – the stop-start nature of house building – experienced over the past decade.

5.1 The Private Rented Sector

Standing between housing for sale and social renting is the private rented sector (PRS).

The recent growth of the private rented sector represents one of the most dramatic aspects of Northern Ireland's housing history: from just 28,600 homes in 1991, the sector had grown to nearly 81,000 properties by 2006 and preliminary findings from the House Condition Survey 2009 suggest a more rapid acceleration to a figure approaching 125,000 homes. The private rented sector is now larger than the social housing sector in Northern Ireland. If empty dwellings which were privately rented when last occupied are taken into account, the total stock of the private rented sector rises to almost 1 in 5 dwellings in Northern Ireland!

While some speculators will have had their fingers burnt – after purchasing at the height of the market and seeing a decline in capital values – it seems likely that the private rented sector will continue to play a significant role in the years ahead. Investment in 'buy to let' may no longer be expected to yield short-term

HOUSING COMPLETIONS IN NORTHERN IRELAND B

1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
890	1,075	683	196	77	25	19	–	–	–	–	–	–
–	–	–	–	–	–	–	–	–	–	–	–	–
853	1,075	683	196	77	25	9	–	–	–	–	–	–
805	747	813	1,118	915	1,505	891	930	413	998	1,041	1,040	1,140
6,579	8,346	8,581	8,183	10,420	12,120	12,937	13,584	15,143	16,065	16,924	12,660	9,670
8,274	10,168	10,077	9,497	11,412	13,650	13,847	14,514	15,556	17,063	17,965	13,710	10,800

75 *Mind the Gap – Housing Supply in a Cold Climate* and National Housing and Planning Advice Unit (NHPAU), *More homes for more people: building the right homes in the right places* (Department of Communities and Local Government, 2009), <http://www.communities.gov.uk/documents/507390/pdf/1276301.pdf>

76 Within this total figure of £1130m, DSD expenditure was £703m, offset by £183m in receipts giving a net expenditure total of £520m. Source: Department for Social Development

77 *UK Housing Review 2009/10*

78 The independent Commission on Cooperative and Mutual Housing, *Bringing Democracy Home* (2009), <http://www.ccmh.coop/sites/default/files/Commission%20Report.pdf>

79 Paddy Gray and Ursula McNulty, 'The Increased Role of the Private Rented Sector on Catering for Low-Income Groups in Northern Ireland' in the *European Journal of Housing Policy* 8:4 (2008)

80 Julie Rugg and David Rhodes, *The Private Rented Sector: Its Contribution and Potential* (University of York, 2007)

gains but income from rents may well be more attractive than those available from comparable financial investments. Demand is also likely to be sustained due to a combination of factors: difficulties for potential first-time buyers because of restricted mortgages; rising unemployment creating problems for existing home owners; and public spending cuts diminishing the supply of new social housing.

As in Great Britain, Northern Ireland's private rented sector meets the needs of a wide range of households - from high-income households attracted by the level of flexibility and choice, to low-income households who may be unable to access any other accommodation. The sector is also well suited to meet the needs of students and young professionals. But research undertaken by the University of Ulster has found that many tenants who would have traditionally rented in the social housing sector are also now choosing to live in the private rented sector.⁷⁹ With some £200m p.a. of public money going to private landlords in Housing Benefit payments, the dividing line between private and social housing has blurred.

The Commission has been interested in the

prospects of the private rented sector in drawing in new investment and increasing the supply of homes for a variety of needs. We have been assisted by the review undertaken by Julie Rugg at the University of York in 2009 which raises key issues for the future of this sector in England and Wales, underlining its potential to do more, but also highlighting its inherent weaknesses.⁸⁰

In Section 4.5 we consider necessary regulation and redress arrangements for the private rented sector and potential changes to the tenancy regime.

ACCESS

There are many lower income households whose accommodation needs could be met within the private rented sector but who face major barriers to entering the sector. There are problems of obtaining a tenancy for those who cannot raise deposits and rent in advance. Research carried out by the Northern Ireland Housing Executive has found that more than half (53%) of benefits recipients had to pay a deposit and/or rent in advance (requiring an average total advance payment of £439) although few of those in receipt of Housing



5.1

Benefit claim for these advance payments. (Similarly, Housing Benefit – and its successor the Local Housing Allowance – are paid on the basis of 13 4-weekly periods whereas the private sector normally charges rent on the basis of 12 calendar months; this can lead to an accumulation of arrears over the course of a year.)⁸¹

Moreover, access to the PRS is limited where rent levels exceed the ceiling for Benefit payments leaving the tenant to meet the difference.

For others, access to the PRS is limited because of perceptions by landlords that tenants on benefits will be troublesome or require extra support which those outside the social sector are unable to provide. Landlords may also fear administrative problems which delay the payment of benefits. A recent survey in England indicated that a majority of landlords were unwilling to accept tenants who were

claiming Housing Benefit.⁸²

PRIVATE SECTOR LEASING

Local authorities in Great Britain have made use of private sector leasing to secure accommodation for homeless people. In return for a more secure rental stream for the period of the lease (and rectification of any damage at the end of the period), the landlord can offer better terms than they would on the open market. Local authorities have used the private rented sector as a source of temporary housing prior to placing the household in permanent accommodation in the social housing sector. Housing associations have often acted as the intermediary in securing properties from private landlords for this purpose. We note that there is already some success in this area in Northern Ireland- the NIHE currently leases approximately 800 units in the private rented sector to meet its homelessness obligations.⁸³

While these arrangements meet emergency

“There are many lower income households whose accommodation needs could be met within the private rented sector but who face major barriers to entering the sector...”



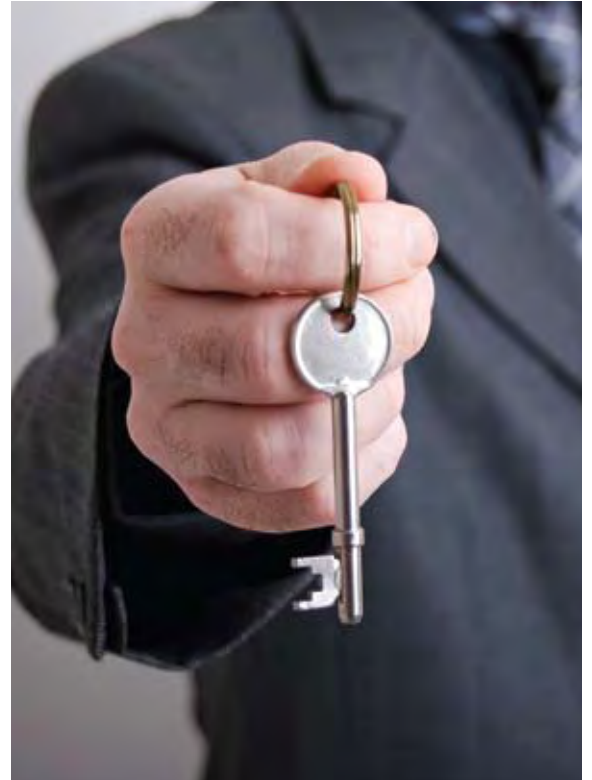
needs in a helpful way, they have their own drawbacks. If the leasing model is to be adopted more widely in Northern Ireland, these difficulties will need to be addressed. Rents (together with management charges) covered by housing benefit are likely to be considerably higher than for social housing, while standards may well be lower. The relatively high rents may act as a deterrent to a household entering employment. We also recognise that the PRS is not a realistic option for households in need of support and that insecurity of tenure can result in households having to move regularly, each time requiring an application to the Housing Executive's homeless persons service.

To overcome these problems, some English authorities facing the most severe pressures – mostly in the London Boroughs – are participating in schemes which convert the temporary leased accommodation into permanently occupied housing, often with the ownership in social enterprises established solely for this purpose. A pilot scheme with the Department for Work and Pensions has also allowed rents to be charged to the tenant at levels comparable to social housing, with the balance paid directly to the agency; this removes a major barrier to work for the tenant and should therefore reduce the cost to the Department.

Public and voluntary sector bodies, and private landlords, can also take forward ideas for Local Lettings Agencies that help people find accommodation in the private rented sector and sustain successful tenancies there and for accreditation of landlords who sign up to an appropriate Code of Practice and to whom tenants can be referred with confidence.

LACK OF INSTITUTIONAL INVESTMENT

Northern Ireland's private rented sector is characterised by small-scale private landlords. As in Great Britain, almost no investment into the residential sector has come through institutions such as pension funds and



insurance companies who tend to invest more heavily in commercial properties. But there are considerable advantages to attracting institutional investors into the private rented sector: such investors look to the longer term and can provide greater security of tenure for the occupiers; they are more likely to use professional management agents; and, importantly, they can add new housing supply by investing in new development, rather than simply purchasing existing properties.

Institutional investors tend to operate on a greater scale thus absorbing significant funds achieving economies. They will also seek rental yields that match comparable investment returns. Despite the creation of opportunities for new residential Real Estate Investment Trusts (REITS) which overcome previous tax disadvantages for this form of investment, the private rented sector has not proved attractive to the investment institutions to date.

⁸¹ Source: Housing Rights Service
⁸² Alexandra Frost, Sarah Corker, Liam Reynolds, Francesca Albanese, *For whose benefit? - A study monitoring the implementation of local housing allowance* [Shelter, 2009]
⁸³ Source: Northern Ireland Housing Executive

5.1

We conclude that:

- a vibrant private rented sector is an important element in the mixed housing economy and the remarkable growth of the sector in Northern Ireland means the private rented sector here deserves special attention;

- the quality of the stock has improved and satisfaction levels remain high; but with 27% of dwellings failing the Decent Homes Standard and with particular problems in terms of heating and insulation, alongside only minimal statutory oversight of management standards, consideration should be given to regulation and redress mechanisms for consumers (see Section 4.5);

- if the private rented sector is to meet the needs of those on lower incomes who are unable to access social housing, then problems of access to private sector tenancies must be addressed. Good examples of schemes using guarantees, bonds, providing help with deposits, for example, demonstrate how imaginative measures can serve to unlock housing opportunities for those on lower incomes;

- opportunities for leasing property from private landlords, to meet priority needs, deserve exploration, with recognition of the hazards which are being addressed in some London Boroughs with experience in this field are of considerable interest to Northern Ireland;

- there may be special opportunities in the Northern Ireland context to attract investors: these could bring institutional investment into new residential development for rent, with an emphasis on the longer term and on professional standards of management.

We recommend:

- that the Department for Social Development should take forward its important initiatives with regard to the Private Rented Sector Strategy in 2010. This strategic framework should incorporate the legislative and administrative proposals which follow;

- that the current fitness standard should be replaced by a new Housing, Health and Safety Rating system which is comparable to that for England and Wales in order to improve the health, safety and well-being of tenants in the private rented sector. Local councils should ensure resources are available to their Environmental Health Departments for enforcement of standards. In particular, attention should be given to energy performance since fuel poverty represents such a significant problem in Northern Ireland;

- that training programmes for private landlords and managing agents should be developed in partnership with professional bodies and trade associations in the sector, to increase access to information and enhance professional development;

- that support should be made available to assist lower income households to access the private rented sector as an alternative to social housing. Rent deposit/guarantee schemes (similar to the Smart Move model which is working in a small scale already in Northern Ireland) should be developed to overcome barriers to entering the sector and such support should be accompanied by advice and, where necessary, provision of tenancy support for vulnerable households to sustain their tenancies;

- that social housing providers should explore opportunities for leasing arrangements with private sector landlords on a wide scale—alongside the potential for Local Lettings and Accreditation schemes to help lower income households into the sector and provide them with a greater level of security of tenure;

- that a special effort should be made to attract institutional investors into the residential sector in Northern Ireland: the Northern Ireland Housing Executive should play a more deliberate role as enabler and catalyst, forging partnerships for new developments that incorporate investment from major institutions like pension funds (perhaps along the Real Estate Investment Trusts model).



5.2 Cooperative/Mutual/Co-housing

In many European countries, the cooperative housing sector plays a significant role. While it comprises only 0.6% of the housing stock in the UK, the comparable figure is 18% for Sweden and 15% for Norway.⁸⁴ In Northern Ireland, although there is a strong tradition of community involvement in housing, very few housing co-operatives have been established.

There are different forms of cooperative and mutual housing: some comprise households who jointly own and manage homes for rent (receiving subsidies like traditional housing associations); many models abroad enable the occupiers to have a stake in the housing market through mutual home ownership, including in co-housing projects for older people; and more recently there has been much interest in Great Britain in the establishment of Community Land Trusts, where land ownership is held for the benefit of present and future occupiers.

Debate around the benefits of cooperative housing has been helped by the establishment of the Commission on Cooperative and Mutual Housing which reported in 2009. This Commission found very high levels of tenant satisfaction in cooperative developments particularly among minority ethnic communities: the Tenant Services Authority in England found that tenants in cooperatives were the most satisfied with their landlord. And the Commission also found high housing management standards within these organizations. It recommends that by 2030, each town, village and community should be able to offer cooperative and mutual housing options to potential residents.⁸⁵

In many respects, Northern Ireland already possesses a favourable environment for a successful cooperative housing sector. There is an active community and voluntary sector from which cooperative housing can emerge; it has a tradition of cooperatives in the financial sector in the form of credit unions, and in the agricultural sector; and there is a burgeoning social enterprise sector in Northern Ireland.

⁸⁴ *Bringing Democracy Home*
⁸⁵ *ibid*

5.2

Perhaps of most relevance to Northern Ireland are the findings of the Commission on Cooperative and Mutual Housing in relation to community cohesion. Its report makes numerous references to research and evidence that identifies the positive impact which cooperative housing can have on community integration. It seems that this form of housing can go a long way to creating balanced and engaged communities. As noted above, the pursuit of a shared future strategy together with greater mixed tenure housing is key to achieving real social cohesion in Northern Ireland.

To achieve growth in this somewhat neglected sector there may be a need for some investment in its legislative and administrative infrastructure. The models prevalent in mainland Europe are based on a body of housing law that protects against governance difficulties. And many of the successful housing cooperatives in Great Britain have been strongly supported by Secondary Housing Cooperatives and established housing associations that can

deploy their professional skills and negotiating strengths to support local housing cooperatives.

“...housing cooperatives can draw on the time and talents of those willing to engage in self-help to meet their housing needs. They can lead to high levels of satisfaction and can play a special part in creating and supporting balanced communities...”

5.2

We conclude that:

- housing cooperatives can draw on the time and talents of those willing to engage in self-help to meet their housing needs. They can lead to high levels of satisfaction and can play a special part in creating and supporting balanced communities;
- important ground work has already been done by the Commission on Cooperative and Mutual Housing which can be drawn on for information and guidance.

We recommend:

- that policy-makers include the development of cooperative housing as a feature within Northern Ireland’s Housing Strategy;
- that local councils, in their capacity as driving Community Planning Partnerships in the future, play a lead role in encouraging cooperative housing options;
- that central and local government should help in the building of skills and capacity within the community and voluntary sector to facilitate the development of more cooperative housing in Northern Ireland.

5.3 Mixed Tenure and Mixed Income Housing

Reliance on the two traditional streams of housing provision – homes for sale and social housing – not only exposes the overall programme to risks, when one or both of these are threatened by external factors, it also divides the population into two identifiably separate groups, with lower income households in social housing set apart from better-off home owners.

In Section 3 we noted the potential for enhanced social cohesion from a long term strategy for housing which enables and promotes diversification of tenure, religious background and income. Although the House Sales Scheme has achieved a tenure mix on more popular Housing Executive estates, new housing association developments are almost always exclusively for those on the lowest incomes or those with complex needs: this can only re-enforce social divisions and stigmatize the least affluent, diminishing their life chances.

One danger arising from focusing on new build social housing, on its own - while a welcome attempt to increase supply for those in the greatest need - is that it risks creating polarized estates during a time of reduced overall supply. In its report *Minding the Gap* the Smith Institute warns that in such initiative, aimed at mitigating the current slump in private house-building, could lead to the creation of new 'mono-tenure' estates where the majority of tenants are out of paid work and reliant on housing benefit, widening the gap between the haves and have-not.⁸⁶

A concentration of disadvantaged households can overwhelm local services, overload good neighbourliness, undermine the efforts of local schools and make it more difficult to get employment for those brought up there. An important part of the solution may lie in ensuring

that new housing developments contain residents with a range of incomes and often this is achievable by having a mix of tenures, with home owners and tenants all living in similar new homes.

Unlocking the potential of mixed tenure housing

The key to unlocking the potential of mixed income/mixed tenure housing lies in the planning system. The requirement to ensure a proportion of new homes built by private house builders are set aside for social/affordable housing is a condition of the planning consent for the majority of developments in Great Britain, as we note in Section 4.2. Until the latest market downturn, two thirds of affordable/



social housing in England – almost all owned and managed by housing associations – was being built by private sector developers as part of new estates which are primarily for sale.⁸⁷ As well as saving large sums of public investment – nearly £5 billion in England in 2008 - it scatters the social housing within the wider community, and avoids the hazards of building potentially 'residualised' estates. Currently the position is very different in Northern Ireland where this approach has not yet been adopted.

⁸⁶ *Minding the Gap – Housing Supply in a Cold Climate*

⁸⁷ Anthony Crook and Christine Whitehead, 'Social housing and planning gain: is this an appropriate way of providing affordable housing?' in *Environment and Planning A* Volume 34 (2002)

5.3

As well as achieving a mix on private sector estates through the planning system, it is now seen as best practice for housing associations in England and Wales to include a mix of tenures within their own new schemes: shared ownership, the equity-loan based 'Homebuy' schemes and 'Rent to Buy' forms of low cost home ownership are now commonplace wherever a housing association builds new homes. These sales produce receipts for recycling into additional housing. And further financial gains are achieved by those who part-purchase acquiring further equity – sometimes up to full ownership – when their incomes rise, allowing the extra capital receipts to be recycled later to generate additional homes.⁸⁸

Moreover, a mix of incomes/tenures can sometimes be achieved by private developers without a partnership with a housing association. Normally it seems best for ongoing ownership and management of the rented stock, and shared ownership housing, to be in the hands of a competent housing association. But some developers may have the capacity and skill to incorporate low cost home ownership, if not social renting, within their own commercial

activity. At a time when selling homes outright is not always easy, retaining some part of the ownership – through shared ownership or 'Homebuy' models – can make sense.

In Northern Ireland, achieving tenure and income mix will require some changes to the constitutional rules of housing associations. It will also require acceptance by policy-makers that recycling of grant is necessary to generate more accommodation. It will require leadership and vision on behalf of all housing providers. And finally, it will require patience: research by the Joseph Rowntree Foundation has shown that as developments mature over twenty years and more, the full benefits of tenure and income mix become clear.⁸⁹

⁸⁸ The Homebuy scheme introduced by Mid Wales Housing Association has been lauded as particularly successful. *Affordable Housing Task and Finish Group - the Essex Review* (2008), <http://www.chcymru.org.uk/essex-review/index.html>

⁸⁹ Joseph Rowntree Foundation, *Mixed Tenure, Twenty Years On - Nothing Out of the Ordinary* (Chartered Institute of Housing, 2005), <http://www.jrf.org.uk/sites/files/jrf/190501807x.pdf>

⁹⁰ Source: Co-ownership Housing Association

5.3

We conclude that:

- mixed income/mixed tenure communities have the potential to transform opportunities for socially-excluded households in Northern Ireland. Mono-tenure estates exclusively for those on low incomes are no longer appropriate for current and future generations.

We recommend:

- that, as noted in Section 4, planning powers be used to secure social/affordable housing on most developments by private house builders, usually through partnership with a housing association and that mixed tenure developments should become the norm by 2015;

- that where housing associations are taking the lead, the estates they build should also contain a tenure/income mix, with low cost home ownership – through shared ownership or 'Homebuy' equity-loan models – alongside the social rented homes;

- that these changes in the ways in which housing associations operate be facilitated by permitting an extension of their constitutional rules and by consent for receipts from sales to be recycled to provide more new homes.

5.4 Co-ownership Housing

In this section thus far we have advocated an extension of the approaches undertaken by housing associations to create mixed income/mixed tenure schemes that incorporate low cost home ownership alongside social renting. We turn now to the special form of shared ownership which has been developed within Northern Ireland and has proved highly successful.

The Co-ownership Housing Association enables home seekers to purchase a property on the open market on a shared ownership basis. When it suits them and their financial circumstances make it possible, they can acquire additional equity stakes and ‘staircase up’ and staircase out’ moving to full ownership. This arrangement – known in other jurisdictions as ‘Do-It-Yourself Shared Ownership’ -

has proved very popular, enabling 21,000 households to secure a home, of which a very high proportion have moved on to become outright purchasers.⁹⁰

With difficulties for first-time buyers in obtaining a high ratio of mortgage loan to property value, and a requirement for many to find up to 30% of the purchase price by way of deposit, the shared ownership arrangements offered by the Co-ownership Housing Association has proved an important route onto the housing ladder. As well as commending the arrangements as currently administered, the Commission can see the value of using this product to help housing associations achieve the mixed income/mixed tenure estates we are so keen to encourage.

5.4

We conclude that:

- the Co-ownership Housing Association has proved a successful model for Northern Ireland and its value in supporting first-time buyers into home ownership is likely to grow;
- Co-ownership Housing Association’s role has a special relevance to those facing difficulties in accessing shared ownership, including people with disabilities and newly formed households in rural areas.

We recommend:

- that not only should the Co-ownership Scheme be continued in its current form, but the Co-ownership Housing Association should be the partner/agent for some of the housing associations moving into mixed income/mixed tenure development, providing the funding and administration for shared owners to occupy homes of the developer housing association;

- that in so far as private developers move into provision of low-cost home ownership options alongside their homes for outright sale, the Co-ownership Housing Association could perform the same partner/agent role as for the housing associations;

- that the Co-ownership Housing Association pays particular regard to the value of the shared ownership (or equity ownership) opportunities for people with disabilities, and for new households in rural areas;

- that the experience of Co-ownership Housing Association should be harnessed to run a pilot project to enable a model of flexible tenure that allows for ‘downward staircasing’ (see Section 6.1).

5.5 New Forms of Investment

The likely restriction of public investment for social housing will require policy-makers to find innovative financial models for the future. A new report from the Housing Finance Group established by the Homes and Communities Agency in England looks at future sources of private investment for new and existing subsidized housing.⁹¹ Similarly, in Scotland, the Housing Supply Task Force has produced recommendations on new funding models including Tax Increment Finance for infrastructure and more creative use of surplus public sector land.⁹² In Wales, the Essex Review put forward proposals for new approaches to securing finance for social housing, including through the establishment of Local Housing Companies, low cost home ownership to achieve cross-subsidy and development of the Welsh Community Mutual model.⁹³ And the Joseph Rowntree Foundation has established a Housing Market Task Force chaired by Kate Barker whose Bank of England's report made the case for a substantial national programme of house building.⁹⁴

Social housing providers in Northern Ireland have already moved away from the 100% public funding model and raised over £400m in private finance. Most recently, three housing associations in Northern Ireland have benefited to the tune of £21m from an important bond issue from The Housing Finance Corporation.

Despite the pressures of the credit crunch, housing associations can be regarded by lenders as a good credit risk. On average each additional home they build generates nearly £4,000 of rental income and a major proportion of this can sustain borrowing.⁹⁵ Most associations have an asset base which represents a good covenant for lenders.

Housing associations also have the huge advantage, compared with other potential

borrowers, of being regulated by a government body: this brings considerable assurance to lenders. This has been underlined by the recent Housing Finance Group report, as noted in Section 4.5.⁹⁶

One association – the first in Northern Ireland – accessed funding from the European Investment Bank in 2009.⁹⁷ This is another sign of the opportunities to tap into sources of borrowing, perhaps to a greater extent than in the past.

Funding for Home Improvements

With the severe restrictions on grants for home improvements, it is time for different ways of drawing in the money needed to upgrade deteriorating homes. These include different ways in which resources could be released:

1. an interest only loan for works deemed 'essential';
2. a rolled-up interest loan for older owner-occupiers, e.g. for those aged 75 or older; and
3. an equity share loan for younger people.

For potential recipients to consider loans in place of grants, the loan offered must be affordable. For many, this would require features that the commercial sector cannot be expected to provide. Loans with softer terms, i.e. loans costing less than the corresponding commercial loans, would be required. Loans with wider availability, i.e. loans offered to people, and/or on properties, that commercial lenders would usually turn down, should also be developed. These loans should be made available from an organisation in which the potential recipient has more confidence than in corresponding commercial providers (we return to this theme in 6.8).

Other measures

As well as stepping up borrowing from private sources, there may be opportunities to make public funding go further by viewing this not simply as a subsidy but as an investment. The Homes and Communities Agency has been moving away from supplying grants to investing,

91 The Housing Finance Group, *Meeting the Challenge: Market Analysis* (Homes and Communities Agency, 2010)

92 Housing Supply Taskforce, *Housing Supply in Scotland* (2009), <http://www.scotland.gov.uk/Resource/Doc/1125/0077335.pdf>

93 *Affordable Housing Task and Finish Group - the Essex Review* (2008)

94 <http://www.jrf.org.uk/work/workarea/housing-market-task-force>

95 Source: Strategic Investment Board

96 *Meeting the Challenge: Market Analysis*

97 'Clanmil Secures £15m from European Investment Bank to Deliver New Housing Projects across Belfast', 14th January 2009 <http://www.clanmil.org/newsarchive.php>

98 Homes and Communities Agency, *Investing in Affordable Housing - Consultation Paper: Social Housing Assistance - Principles of Recovery* (2009), <http://www.homesandcommunities.co.uk/public/documents/equity-investment-consultation-paper.pdf>

99 <http://www.allparty-urbandevelopment.org.uk/index.html>

100 PricewaterhouseCoopers, *Local housing companies and beyond: Creating incentives to increase housing supply* (2009), http://ebulletin.futureoflondon.org.uk/downloads/Local_Housing_Companies_And_Beyond.pdf

including by holding equity, on a basis that will lead to a pay-back and a recycling of the public money. In its consultation paper *Social Housing Assistance: Principles of Recovery*, the HCA spells out how its flexibility (granted by the Housing and Regeneration Act 2008) can allow bespoke packages of finance through a mix of grant and equity funding, enabling the public purse to benefit when occupiers acquire additional equity stakes.⁹⁸

The All Party Parliamentary Group on Urban Development at Westminster has recommended that the Homes and Communities Agency should also explore the use of Tax Increment Financing.⁹⁹ This is the funding mechanism used in several US States to allow local authorities to borrow money against anticipated future increases in tax revenue. This concept may also have some potential for Northern Ireland.

In our section on the private rented sector, we looked at the possibilities of institutional investors bringing new resources into housing (possibly through the vehicle of Real Estate

Investment Trusts). More directly in relation to the building of new homes for ownership or social renting, we note the new partnership models now emerging elsewhere in Great Britain. Joint ventures can bring together local council, housing associations and commercial developers: risks and rewards are shared; the public sector may input the land and a combination of planning gain, cross subsidy and grant can finance the social renting and low cost home ownership. Special purpose delivery vehicles/Local Housing Companies can make use of private sector development expertise as well as the skills of the social housing providers and the resources of the public sector.¹⁰⁰ The Northern Ireland Housing Executive – with its land holdings, its funding for housing associations and its role in supporting local council – is likely to be at the centre of these extended partnership arrangements. We return to this theme in the context of the role of the NIHE, in Section 7.

5.5

We conclude that:

- with the expectation that grants and subsidies will be harder to come by in the years ahead, new ways on borrowing on affordable terms must be explored;
- housing associations, as regulated bodies with substantial capital assets, are well placed to increase borrowing, enabling them to operate as strong partners with private sector developers.

We recommend:

- that a comprehensive review of investment opportunities by DFP and DSD should explore all available avenues, including support from the European Investment Bank;
- that ways of funding home improvements through interest only loans, rolled up interest

loans, and shared equity loans should be explored by DFP to fill the gap left by reductions in public funding for home improvements;

- that DFP and DSD take forward the opportunities which mixed-tenure schemes produce not only to provide subsidies for social housing but to invest in projects that will see repayments of funds for recycling into additional new homes;
- that the concept of partnerships between the different sectors should now be taken to a new level: with input and oversight from the Northern Ireland Housing Executive. Joint ventures/special purpose vehicles/Local Housing Companies may create the frameworks for action that combine the resources and skills of the private and social housing sectors.



5.6 The Role of Housing Associations

As the main developers of social housing in Northern Ireland, housing associations play a unique and important role in meeting housing needs. Like their counterparts in Great Britain, associations have replaced public authorities – in this case the NIHE – as the providers of new social housing. They have delivered the programme through a mixed-funding regime which combines public subsidy – Housing Association Grant – (HAG) and private finance in a diversified mix of buying and developing new sites, ‘design and build’, buying new homes ‘off the shelf’, and acquiring ‘existing satisfactory homes’.

The introduction of mixed funding from 1992 has enabled associations to attract significant private investment to fund development. Since then, associations have raised over £400m in private finance, typically from banks, building societies and other institutional investors,

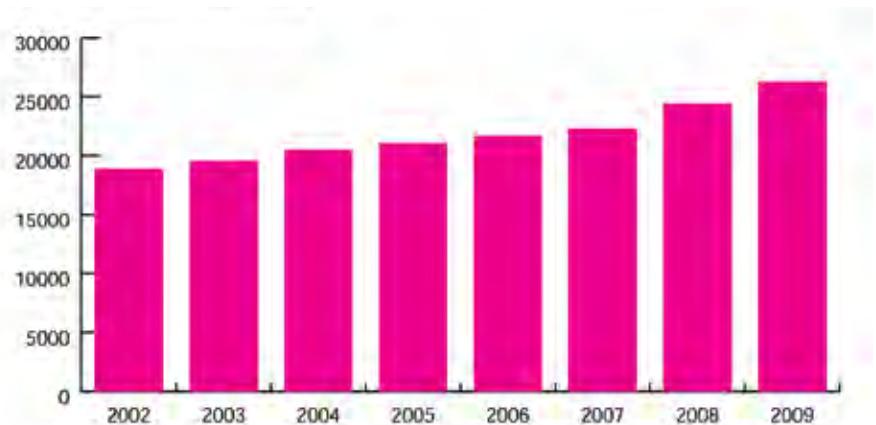
including The Housing Finance Corporation.¹⁰¹ Alongside this, and perhaps because of it, there has been an increased focus on governance, accountability, performance and financial management within associations.

Over recent years, housing associations have expanded their work, thanks to increased public investment from the Department for Social Development, as well as access to private sector borrowing. Despite volatility in land prices and downward pressure on HAG levels, housing associations have managed to sustain levels of completions; in 2009/2010, they purchased or started building 1,838 homes, just above the target of 1,750 set by the Department for Social Development.¹⁰²

Although Northern Ireland’s housing associations have expanded their market share, their position remains radically different from that in England. Housing association-owned properties accounted for almost one quarter (23%) of social housing at March 2009.¹⁰³ While this was a considerable increase since March 2002 when the equivalent proportion was 14%, the corresponding figure in England – following transfer of Council stock to the housing association sector – is above 50%.

The Commission has looked at ways in which the contribution of these significant providers

REGISTERED HOUSING ASSOCIATIONS’ OCCUPIED RENTED STOCK (SELF-CONTAINED), 2002-2009



Source: DSD Housing Statistics 2008-09. Figures are at March each year.

101 Northern Ireland Housing Executive, Northern Ireland Housing Market Review and Perspectives 2010-2013 (2010)
 102 Source: Department for Social Development
 103 Northern Ireland Housing Market Review and Perspectives
 104 Meeting the Challenge: Market Analysis (A grant rate of 45% is currently used in calculations of future grant-making by England's HCA)
 105 Northern Ireland Housing Market Review and Perspectives

of social housing might be enlarged. Options include drawing in more private investment, making public funds go further, and widening the scope of housing associations to embrace mixed tenure development.

In Section 5.4 we look at opportunities for housing associations to increase their borrowing from private sector sources. They can take advantage of their ability to borrow for development to cover mixed tenure housing- as elsewhere in the UK. In Section 5.3 we have looked at the value of mixed tenure schemes which can be made possible by the planning system.

The dramatic inflation in land values in recent years affected associations' ability to purchase land and made them reliant on deals with developers who secured sites and offered 'design and build' and 'off the shelf' projects. During this time, associations were not themselves allowed to build for sale to cross subsidise the development of social rented housing. This appears to have been a missed opportunity.

At the same time, housing associations have operated in a relatively benign social climate compared with that of their counterparts in Great Britain. Until recently, public investment per home was running at over 70% - a considerably higher rate than in England where a grant rate of 45% is currently used in calculations of future grant-making by England's HCA.¹⁰⁴ In the years ahead, it seems unlikely that housing associations can avoid being

affected by public funding constraints and the emphasis is likely to continue to be on 'doing more for less'.

Northern Ireland's housing associations have not been subject to the same degree of competition as in other jurisdictions. Until now, housing associations have not been required to compete against each other in bidding for grant. In England, associations have had to compete not only with other associations but with private developers who have been able to bid for grant to build social housing. This has not led to a very significant input from the private sector but it has been suggested to the Commission that private developers be given similar opportunities in Northern Ireland so that associations are 'kept on their toes'.

It has also been put to us that the scale of the sector is another factor in making growth more difficult: in Northern Ireland housing associations comprise smaller organisations than in other parts of the UK. At March 2009 there were thirty-four registered housing associations in Northern Ireland. Of these, only ten have more than 800 homes; these own more than three quarters (77%) of all housing association stock.¹⁰⁵ Moreover, development activity is concentrated in the hands of just one third of the associations. (None of the major housing associations operating in Great Britain have a presence in Northern Ireland.)

There remains an ongoing debate about the possibility or necessity of mergers between housing associations to create the necessary

	2006 (%)		2009 (%)		inc vacants	
Owner occupied	468,800	66.5	461,800	62.4	480,400	64.9
Private Rented & Other	80,800	11.5	124,600	16.8	142,000	19.2
Housing Executive	93,400	13.3	85,650	11.6	90,800	12.3
Housing Association	21,500	3.1	24,550	3.3	26,700	3.6
Vacant	40,400	5.7	43,400	5.9		
Total	705,000	100	740,000	100	740,000	100

Source: Northern Ireland Housing Executive (Preliminary findings of the 2009 House Conditions Survey)

5.6

economies of scale. However, size is not necessarily the key factor: smaller associations with well developed objectives – which may not include ongoing development – have justified their independent status. Nevertheless, the economies from the sharing of services – such as IT and finance – and from forming partnerships for procurement, may contribute valuable savings in the difficult times ahead. Amongst some of the larger associations, the development of group structures – with separate entities coming together in one overarching enterprise – may emerge as the way to reap the benefits of cooperation and economies of scale.

In progressing the work of these organisations over the years ahead, it is clear that the Housing Executive has a key role. But the Housing Executive does not have a statutory duty to ‘promote’ the role of housing associations and the time may be right for this positive relationship to be enshrined in legislation.

Finally, many associations have criticised the volatility of the funding landscape and lack of

certainty in obtaining scheme approvals which can be problematic for long term business planning and the securing of private finance. At the same time, use of the Total Cost Indicator benchmarking, which applies area or cost bands for all social housing, was viewed by some associations as overly-restrictive. A more streamlined approach may prove more cost-effective.

“In recent years the social housing programme has been delivered through a mix of buying and developing new sites, ‘design and build’, buying new homes ‘off the shelf’, and ‘existing satisfactory homes’...”



5.6

We conclude that:

- housing associations have considerable potential to expand their activities; the public funding arrangements for them should not undermine their capacity for creativity and entrepreneurship;
- the proposed transfer of regeneration functions to local councils provides an opportunity for associations to be key partners in renewal and community place-making activities. They should seek to work in close cooperation with councils and engage in the processes of securing wider regeneration of neighbourhoods, helping in the promotion of sustainable communities;
- associations have proved well able to obtain private sector finance; a switch from conventional borrowing to greater use of bond issues may help this to continue;
- associations have used a variety of delivery methods – from straight forward procurement to design and build, et al – to meet their targets for new build; this approach is to be commended in ensuring that associations do not become overly dependent on one form of procurement;
- an opportunity has been missed in the past to reframe the business models of associations and use their asset base and capacity to build for (part/outright) sale to cross-subsidise their activities;
- concentration of development activity within one third of the housing associations suggests that smaller associations may have to diversify their activity and find new sources of income if they are to remain viable in the future. However, this may present positive opportunities as well as organisational challenges.

We recommend:

- that the next Housing Bill facilitates an expanded role for Northern Ireland's housing associations and empowers the NIHE, as the strategic housing authority and as the enabler and facilitator for investment in the sector, to play a stronger role in promoting housing associations;
- that housing associations should have the legal powers to build for shared ownership/low cost home ownership/outright sale and to use the proceeds from this to cross-subsidise new development;
- that consideration be given to housing associations bidding for grant competitively, not only with each other but with private sector developers. While this may succeed in driving down costs, however, care must be taken not to undermine the role of associations in taking on broader functions as place-makers, in partnership with local councils, and playing a greater role in regeneration, community cohesion, financial inclusion and more;
- that housing associations in Northern Ireland – which operate on a smaller scale than comparable social housing providers in Great Britain - work with the Northern Ireland Federation of Housing Associations to find new ways of working together to share services and secure better procurement deals.



SECTION SIX

OPENING UP HOUSING OPPORTUNITIES

SECTION 6

Opening up Housing Opportunities

6.1 Mortgage Rescue and Flexible Tenure

Housing market activity in recent years in Northern Ireland led to a growth in first time buyers and new investors to the market. Large numbers of households increased the amount of household income being spent on housing costs; and, as the Semple review recorded, Northern Ireland experienced an acute affordability crisis.

The economic downturn has led to job losses, and despite continuing low interest rates, levels of repossessions have risen significantly. The Northern Ireland Court Service reported a 64% increase in applications for possession by lenders between 2007 and 2008. The graph below shows the trend in actions for possession in the fourth quarter between 2005 and 2009. In Oct - Dec 2009, the quarter for which most recent figures are available, 532 possession orders were granted.

Losing a home through repossession can have a devastating impact on a household, and be highly detrimental to the stability of a community. A study by the University of York

¹⁰⁶ Sarah Nettleton, 'Losing a home through mortgage repossession: the views of children', in *Children and Society* 15:2 (2001)

ACTIONS FOR POSSESSION, NORTHERN IRELAND: FOURTH QUARTER 2005-2009



Source: NI Court Service

highlighted the disruption to family life and the level of uncertainty throughout the process of repossession. It found that loss of a mortgaged home was accompanied by changed social status, that children had to endure long periods of uncertainty and worry and that the views of children were not taken into account in the administrative process of repossession. The research warned that repossession can be a route to poverty, homelessness and long term debt for households with children.¹⁰⁶

An important function of any housing system is to find ways to avoid repossession where possible. The protocol for forbearance – through repayment holidays or extended mortgage repayment periods – by the reputable lenders has proved very helpful across the UK. But the prospect of rising interest rates and/or higher unemployment means further mechanisms may be needed to reduce the dangers – and expense – of an increase in homelessness.

Northern Ireland remains the only part of the United Kingdom without a Mortgage Rescue Scheme- despite earlier efforts by the Department for Social Development.

Flexible Tenure

Flexible tenure options reduce mortgage payments and can offer a response to repossession, while also embedding greater flexibility in the housing system more generally.

There are already examples of support for homeownership for tenants in Northern Ireland. The Northern Ireland Housing Executive House Sales Scheme has enabled tenants to buy their homes outright. Housing association tenants can also purchase their homes outright, with certain conditions attached. The Co-ownership model - a 'Do It Yourself Shared Ownership' scheme - working since 1978, allows incremental movement upwards from shared ownership into full ownership. In 2008, DSD introduced an equity sharing option for

6.1



Northern Ireland Housing Executive tenants, though given market conditions, take up has been disappointing- just two households have bought an equity stake.¹⁰⁷ In the private market, equity release proved popular as house prices grew- whereby home owners took out a further loan on their property to release capital.

The options above are geared towards helping people into home ownership, and therefore would not be of benefit to households on the lowest incomes. There has been no example of flexible tenure in Northern Ireland which allows a household to change from owner-occupation to shared ownership, or to a social housing tenancy in the same property. Furthermore, only certain categories of households qualify for Co-ownership; there are strict conditions on the House Sales Scheme and right to buy for housing associations tenants, etc. Without the availability of tenure neutral housing advice, it is unlikely that all of these models could be considered by the same household when

making decisions on housing options.

Across the UK, different types of flexible tenure tend to target specific groups and are often available only at 'crisis' point (e.g. mortgage rescue). There has been little public consideration of what flexible tenure could offer to households outside of these groups. Nor has there been consideration of the medium to long-term impacts of the new flexible tenure products that are emerging.¹⁰⁸

Perhaps most significantly, the existing options in Northern Ireland are geared towards households who seek to eventually own outright- there is no option of downward staircasing available. There is no meaningful option for a household with difficulty meeting housing costs, and who may wish to change tenure for a specific period. By expanding the flexible tenure models available, a broader range of options could be provided, including one which could better respond to households'

changing circumstances, and offer help to households struggling to meet housing costs.

The Joseph Rowntree Foundation has operated a flexible tenure system in the JR Housing Trust since 1997. In a paper in 2007, it set out the reasons the Housing Trust has agreed to requests for ‘staircasing down’: loss of employment accounts for 32 per cent of cases; general debt problems also account for 32 per cent; relationship breakdown was the main reason in 13 per cent of cases; health-related issues account for 19 per cent; and in 4 per cent of cases the funds were needed to pay for repairs where these were the responsibility of the shared owner.¹⁰⁹

¹⁰⁷ Source: Land and Property Services

¹⁰⁸ Chartered Institute of Housing, *Flexible Tenure: A Discussion Paper* (2009)

¹⁰⁹ Joseph Rowntree Foundation, *How flexible tenure can prevent mortgage repossessions* (2007), <http://www.jrf.org.uk/sites/files/jrf/2029-flexible-tenure-housing.pdf>

¹¹⁰ *How flexible tenure can prevent mortgage repossessions*

In developing options for ‘staircasing down’ in Northern Ireland, there are some distinctions within the housing system that should be taken into account. Because the Co-ownership Housing Association has been the provider of this, intermediate housing, housing associations have not undertaken shared equity schemes; they have not therefore been building up receipts from ‘staircasing up’ to

“A strategic approach to flexible tenure should enable a greater number of housing options for all, while embedding affordability into the system and responding to circumstances as they arise...”

pay for ‘staircasing down’. Research from Joseph Rowntree Foundation in 2007 showed how receipts from 117 instances of upward staircasing covered the cost of 84 cases of downward staircasing.¹¹⁰ Meanwhile shared ownership has not become the tenure in its own right that it has become elsewhere and all of this suggests that the Northern Ireland market may take some time to become accustomed to flexible tenure.

6.1

We conclude that:

- Mortgage Rescue Schemes may become of growing importance in the difficult times ahead if interest rates rise and unemployment affects more households;
- flexible tenure options would allow owners to ‘staircase down’ to lower levels of ownership or to renting to be more responsive to households struggling to meet housing costs;
- Northern Ireland has benefited from the Co-ownership Housing Association DIYSO model which, with the Association’s recent success in drawing in extra mortgage funding, looks set to continue this useful work.

We recommend:

- that a Housing Strategy for Northern Ireland should include an explicit policy position on mortgage rescue schemes and use of flexible tenure to help shape the housing market in the longer term;
- that work by the Chartered Institute of Housing to explore flexible tenure options across the UK- to include Northern Ireland- should identify the best options for ‘downward staircasing’ in Northern Ireland and the experience of Co-ownership Housing Association should be harnessed to run a pilot project to this end.

6.2 Homelessness

Despite a modest decrease last year, there has been a worrying upward trend in homelessness over the past decade. This highlights the lack of suitable accommodation for vulnerable groups in Northern Ireland, and the issues that exist for households attempting to sustain tenancies. Last year a total of 18,076 households in Northern Ireland presented as homeless to the Housing Executive.¹¹¹

The main cause of homelessness in Northern Ireland is family and relationship breakdown, which affects over 40% of people who are homeless. This is followed by loss of tied/rented accommodation, having no Northern Ireland accommodation and accommodation which is not reasonable to occupy. Other reasons include: intimidation; leaving care; failed tenancy; and leaving prison or hospital.

We note that the legislative framework has changed over the last two decades in England, Scotland and Wales but has remained largely unchanged in Northern Ireland and since its introduction in 1989.

Government has recently introduced a strategic framework for responding to homelessness. Previously, the Northern Ireland Housing Executive, although not required to do so by legislation, produced a homeless strategy, but it was not up-dated regularly. The Housing (Amendment) Bill places a mandatory obligation on the Northern Ireland Housing Executive to formulate a homeless strategy. The bill also requires government departments and agencies, such as the Department of Health, Social Services and Public Safety and the Probation Board for Northern Ireland, to take into account the contribution they are required to make to the homeless strategy.

The bill sets out the scope of the homeless strategy, which must include: consideration for preventing homelessness; ensuring sufficient accommodation is available for people who

are or become homeless; and securing the satisfactory provision of advice and assistance for people who are or may become homeless or who have been homeless and need advice and assistance to prevent them becoming homeless again. The provision of good quality, timely and practical advice and assistance to an applicant presenting as homeless is crucial in this context and should be provided to all applicants whether presenting as homeless or threatened with homelessness. A household which fears that repossession is a possibility at some time in the future also needs to receive advice and assistance to prevent them becoming homeless. This will be at a stage before they would become threatened with homelessness in the technical legal sense. This is consistent with the Commission's emphasis on the importance of preventing homelessness.

The majority of homeless presentations cite the loss of settled accommodation (both owner-occupied and rented accommodation) as the main cause of homelessness. If a person presents as homeless having lost settled accommodation, there is a real risk that he or she will be deemed intentionally homeless. In other words, failure to pay mortgage instalments or rent may constitute a deliberate act or omission resulting in homelessness. If a finding of intentionality is made, the Northern Ireland Housing Executive is unlikely to be under a duty to provide accommodation.¹¹² Accordingly, the repossessed individual or household is unable to access social housing. If the reason for losing accommodation is financial difficulty there are unlikely to be sufficient household resources to enter the private sector.

A large number of households remain without representation during the court process. That is despite the fact that there may be a number of options to either defend the court action outright or to achieve an outcome short of outright possession. We have been greatly assisted by the evidence of Housing Rights Service, which provides critical advice and representation to some households enabling them to resist eviction. However, their resources are limited and they cannot offer their service to all who are

¹¹¹ Source: Simon Community (NI)

¹¹² There may, however, be a duty to provide short-term accommodation if the applicant is in priority need.



“The worrying upward trend in homelessness in the past decade underlines the lack of suitable accommodation for vulnerable groups in Northern Ireland and the issues that exist for households attempting to sustain tenancies...”

6.2

in need of it. In Northern Ireland, legal aid is not available in cases of admitted debt.¹¹³ Many mortgage repossession actions fall into that category but, as a matter of law, there are many defences of a technical and substantive nature which can be relied upon.

Furthermore, in Northern Ireland there is little

by way of safeguard in the procedure required for a lender or landlord to bring repossession actions. Unlike England and Wales, which has a codified practice for the bringing of actions, there is no specialised procedure. For example, in the county court little is required by way of pre-action procedure or pleading of the action.

¹¹³ The rationale being that there is no defence to an action based upon admitted debt.

6.2

We conclude that:

- the obligation on the Northern Ireland Housing Executive to produce a Homelessness Strategy is a very positive development. Furthermore, the requirement for other agencies to take account of the strategy should enable a co-ordinated and inclusive approach to the delivery of services;
- the proportion of young people and single people among those who present as homeless suggests that more successful solutions are required to sustain tenancies for this group and to ensure the provision of suitable accommodation and support services;
- 16 and 17 year olds are not afforded appropriate protection under the legislation, distinguishing Northern Ireland from Great Britain;
- to reduce the number of homeless individuals and households, it is essential to support those experiencing difficulties to enable them to remain in their homes. Preventing repossession in the first place is perhaps the most important initiative;
- the right to independent advice and representation is a fundamental right, which should be guaranteed to all facing eviction from their home. There remains a lack of affordable specialist advice and representation services for homeless people- or for people at risk of homelessness- in Northern Ireland;

- the absence of legal aid for those facing eviction from their home, is unacceptable. In England and Wales legal aid is available and has prevented many thousands of households from being rendered homeless;
- a strong specialised legal sector willing to take cases, many of which can be complex, is critical in preventing homelessness.

We recommend:

- that the legislative protection for 16 and 17 year olds is strengthened to give this group adequate protection;
- that a codified, bespoke procedure should be introduced for all residential possession proceedings;
- that government should rectify the absence of legal aid for those facing eviction from their home;
- that there has been recently introduced a pre-action protocol for all mortgage repossessions, however, there is no such protocol for rent repossessions. We believe that disparity is unmaintainable and a pre-action protocol should be introduced for all possession actions;
- that a programme of education for lawyers and judges dealing with housing cases should be explored.



6.3 Fair Allocations of Social Housing

The allocation of social housing, which is a critical public resource, is influenced by governments' broader aims and intentions. A comparative analysis of European regional policy reveals a variety of models for the allocation of social housing. Some models concentrate on need while others aim to achieve a social mix.¹¹⁴ Professor John Hills' review of social housing in England raised questions about the role of social housing;¹¹⁵ while he recognised that it has a key role to play in contemporary society, he stated its continued provision must be set against a broader backdrop of the creation of mixed communities, the extension of social mobility and the widening of geographical and employment mobility options.

In Northern Ireland, allocations are made firmly on the basis of need, with the policy intention that the most vulnerable households are able to access housing. While there has been some

debate in recent years about the operation of the system, there has not been fundamental reform to allocations, aimed at reducing social exclusion or residualisation and to increase choice for applicants.¹¹⁶ In many local authority areas in other parts of the UK Choice-Based-Lettings scheme now operates on a quasi-market basis with prospective tenants 'bidding' for vacant properties using the points they have accumulated. Choices can be made of areas/ estates which take account of factors of which housing provider may have no knowledge, e.g. proximity to family and friends or place of work. Choices can also be made over whether to accept a less popular home today or wait for a better home later.¹¹⁷

Northern Ireland's Selection Scheme

In Northern Ireland, the Housing Executive, as the strategic housing authority, has responsibility for the development and implementation of a scheme to make "provision for determining the order in which prospective tenants or occupiers of the Executive's houses are to be granted tenancies".¹¹⁸ The Housing Selection Scheme- or Common Selection Scheme as it is often known - assigns points to applicants on the basis of housing need. It is the applicant's points score that dictates their position on the waiting list. Points are awarded according to category: Intimidation; Insecurity of Tenure; Housing conditions; and Health and Social Well Being. This method of accessing social housing is different from and separate to the homelessness route. Homeless applicants, however, will also appear on a common waiting list and will often take priority on the basis of higher points. Only one application need be made and thereafter the applicant will be considered for both Housing Executive and housing association accommodation.

Despite some recent alleviation of the pressure for re-lets, the scale of need remains very high in Northern Ireland, with nearly 20,000 applicants in 'housing stress', i.e. with more

¹¹⁴ Chartered Institute of Housing, *Allocations and Local Flexibility* (Practice Brief, 2010)

¹¹⁵ Hills defines social housing as "housing run by not-for-profit or public landlords for rent, normally at below-market rents". The involvement of the public sector is to ensure that the provision of housing is not based on the level of income but rather on the level of housing need.

¹¹⁶ Shelter, *Fair allocations and choice based lettings* (2005), http://scotland.shelter.org.uk/_data/assets/pdf_file/0011/48197/FairAllocationsandChoiceBasedLettings.pdf

¹¹⁷ *Allocations and Local Flexibility*

¹¹⁸ By virtue of article 22 of the Housing (Northern Ireland) Order 1981

6.3

than 30 points following assessment.¹¹⁹ This figure grew year on year during this decade, with a 36% increase between 2004 and 2009. Although the numbers in housing stress dropped slightly in 2009, along with the numbers applying to join the waiting list, the figure grew year on year during this decade, with a 36% increase between 2004 and 2009. The Northern Ireland Housing Executive *Housing Market Review and Perspectives* acknowledges the difficulties in identifying underlying factors for this fall; however, it does suggest that the recession's part in reducing household formation and the growth of the private rented sector have made an impact.

The limited supply of social housing coupled with an allocations process based exclusively on need can result in concentrations of the poorest and most disadvantaged people in society living in social housing, and John Hills described how allocations policies can sometimes become an 'engine of polarisation'.¹²⁰

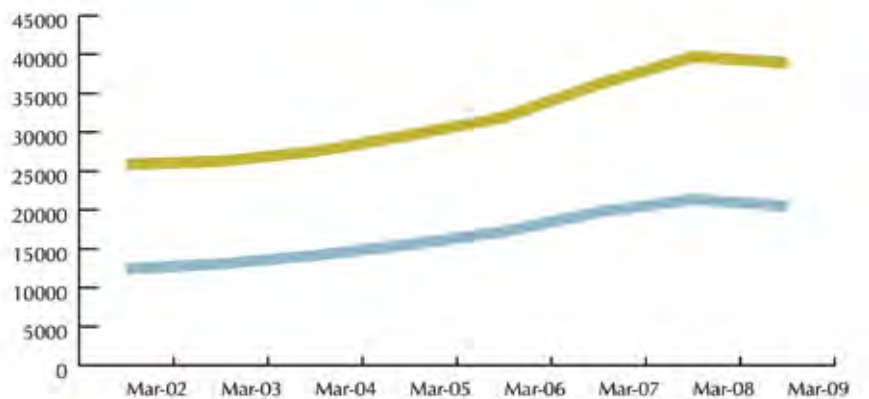
While it is easy to acknowledge the risk of polarisation associated with allocating on the basis of need, alternatives that are successful and equitable are difficult to find. Approaches to allocations involve a complex balancing act between competing priorities and opportunity costs. In Northern Ireland, the Housing Executive is credited with consistent application of a robust and fair allocations policy and any reform to allocations must be considered very carefully. Our approach has been to consider ways in which we can reduce the risk of polarisation and to use the allocations scheme as a way of enabling other policy goals, such as income, tenure and religious mix without undermining fair access, principles of equality of opportunity, and a needs based system. We emphasise that those most in need of social housing should continue to have priority.

Feedback

We note some salient comments on the system of allocations in Northern Ireland:

- The housing waiting list is currently not an accurate indicator of the scale and nature of housing need in Northern Ireland. Rather than reflecting the numbers in the most acute form of housing stress, in its entirety it represents the numbers who wish to access social housing- this could include people waiting for a management transfer, for example;
- There is not a widespread perception in Northern Ireland that the allocation of social housing is unfair. There is, however, a view that it could be modernised to better reflect the range of providers and scale and nature of need and a more strategic approach adopted to rationing a scarce resource;
- It is said that the system of allocations has not changed recently to reflect increasing levels of demand for social housing; nor is it sufficiently flexible to respond to changing circumstances within a household. From our conversations with applicants, and with organisations who provide advice, we hear there is little incentive for applicants to change or withdraw their application for social housing should their circumstances change;

TRENDS IN THE WAITING LIST, 2002-2009



Source: Northern Ireland Housing Market Review and Perspectives 2010-2013

- While this view is based on anecdotal evidence, there does appear to be a perception among some applicants in housing need that to make a homelessness application is the only feasible route into social housing. This echoes a debate in England, with some commentators suggesting that the system of allocations there, whereby the scale of allocations to homeless people has ‘crowded out’ lettings to non-homeless applicants. This is seen as creating a ‘vicious circle’ and creating a perverse incentive for people seeking social housing to ‘go the homeless route’.¹²¹

- Northern Ireland benefits from a single agency maintaining responsibility for the system of allocations, which helps embed consistency of application. Nonetheless, the factors to be taken into the account to assess need are complex, and still require a subjective view to be taken by the assessor. In our conversations throughout the sector

there was an opinion that the system of points scoring allows for inconsistency, whereby one applicant could achieve different points from another, despite being in similar circumstances.

- There is little choice built into the system in Northern Ireland. While applicants are provided with up to three reasonable offers, the decision on which property to offer is made by the housing provider; in other jurisdictions Choice Based Lettings enable the applicant to apply for particular properties. Restricted choice is somewhat exacerbated by the segregated nature of social housing in Northern Ireland, whereby applicants prefer to live in areas where their neighbours have a similar background.

- The points awarded under the system reflect a previous time in Northern Ireland where instances of intimidation were perhaps a more regular occurrence. Points

119 In 2008/09, re-lets increased for the first time in several years. There were approximately 16 per cent more Housing Executive re-lets (excluding transfers) in 2008/09 (5,571) than in 2007/08 (4,825), and the total number of housing association allocations and re-lets through the Common Selection Scheme also increased during the same period, from 2,464 to 2,561. In combination, the figures show a 12 per cent rise in the number of allocations between 2007/08 and 2008/09, so that during 2008/09 total social sector allocations stood at more than 8,000 for the first time since 2005/06. *Northern Ireland Housing Market Review and Perspectives*
120 John Hills, *Ends and Means: The future roles of social housing in England* (Centre for the Analysis of Social Exclusion, 2007)
121 Hal Pawson, ‘Local authority homeless prevention in England: empowering consumers or denying rights’ (Paper to Housing Studies Association Conference, 2006)



6.3

are awarded based entirely on current circumstances and need, the Commission is interested in the feasibility of the system better reflecting preferences and aspirations. For example, there may be a case for awarding points to applicants willing to be mobile and look outside their preferred area of choice or for those willing to consider living in mixed communities, as they become available.

- Overall, the system in Northern Ireland has worked well despite increased need and pressure from shortage of supply and its reputation for fairness is to be commended. Nevertheless, there is a case to be made for modernisation. In his review of social housing in 2007, John Hills wrote about the inherent costs to rationed systems and these are as relevant to Northern Ireland as

to Great Britain. These include: the sharp differences in treatment between those who do and do not make it through the rationing process; limitations on choice for those who do so; incentives to, and suspicions of, fraud or manipulating circumstances; limitations on mobility; and lack of consumer power over providers.

We note with interest the intention of the Northern Ireland Housing Executive to amend the application form for housing to allow housing applicants to state whether they would prefer to live in a shared area. While this will not affect the allocation process, it will provide data on housing aspirations among housing applicants.¹²²

¹²² Source: Department for Social Development

6.3

We conclude that:

- overall, the system in Northern Ireland has worked well, despite increased need and pressure from shortage of supply, and the Housing Executive's reputation for fairness is to be commended;

- there is a case to be made for creating an allocations system which looks beyond meeting need to the creation of sustainable and peaceful communities and promoting choice. The points system should reflect preference and aspiration as well as need.

We recommend:

- that the system of allocations in Northern Ireland should be reviewed to consider ways in which the risk of polarisation can be reduced, to use the allocations scheme as a way to enable other policy goals, such as income, tenure and religious mix, without undermining fair access, principles of equality of opportunity, and a needs-based system;

- that this review explores the potential to provide incentives to those willing to be more mobile, or try shared housing or housing in the private rented sector; the review should consider the extent to which procedures may in themselves restrict choice;

- that the review should consider how to involve a wider range of providers including the private rented sector, co-operatives and mutuals; and more flexible tenure options so social housing can offer greater choice, address changing household circumstances and support housing aspirations;

- that Choice Based Lettings Scheme be piloted, aimed at giving people more active involvement in the decision regarding their housing, to learn lessons for practice;

- that consideration be given to managing demand and accessibility to the waiting list.

6.4 Security of Tenure in Social Housing

The Commission is aware of an emerging debate in England following the Hills review which opened up a discussion regarding the allocation of social housing tenancies for life. Allocation of social tenancies reflects what we consider to be the function of social housing—whether it is to meet the needs of a household at a time of particular need, or whether it is to provide housing for vulnerable households for the long term. The debate in England has noted that over the lifetime of a tenancy, a household’s circumstances will sometimes improve to a point where they would no longer fulfil the eligibility criteria for a social housing tenancy if they were making a fresh application. Policy makers are considering whether there is merit to introducing regular reviews throughout the life of a tenancy either to require households to move out of social housing should their circumstances change or to advise on alternatives – such as changing to shared ownership from renting – which might be in the occupier’s best interests.

Other commissions (such as the Westminster Housing Commission, for the Westminster City Council, 2006) have considered whether, at a time of limited housing resources there should be changes for security of tenure for social housing. Other commissions have noted the hazards of diminishing security for social housing. If strong communities are to be created, tenants need to put down roots and feel settled in a stable environment. A system which penalises tenants who improve their incomes discourages employment and



generates disincentives to people coming off benefit. If those who succeed are required to move on, there is the danger that social housing is confined exclusively to the poorest households.

While the Commission acknowledges the scale of housing need in Northern Ireland, and the pressure on limited housing resources, this issue did not emerge during the course of our work. We are further aware of the legal complexities and resource implications that would be involved in removing the current security of tenure for future social housing tenants, for example the legislative amendments required, the resources needed to administer changes to tenancies, the gravity of the review outcome for the household concerned, the need for representation for the household, and recourse to the court system following review.

6.4

We conclude that:

- a fundamental change in the allocation of social housing is not necessary or desirable at this time.



6.5 House Sales/Right to Buy

The approach by governments across the UK to the Right to Buy is an example of the kind of policy divergence that has emerged since devolution.¹²³ Restrictions have increasingly been placed on the Right to Buy in Britain to protect the social housing stock. In Scotland the policy has been suspended in some areas and the Welsh government is acquiring power to control the Right to Buy. In Northern Ireland, house sales plummeted recently, with just 250 expected sales in 2009-10.¹²⁴ Despite this volatility in sales, there has been little debate on the future of the policy in Northern Ireland.

In a number of places the programme of House Sales has had positive benefits in mixing together home owners and tenants in a single community, providing a choice of tenure and removing the disadvantage of estates being labelled as only for those on the lowest incomes. However, Northern Ireland has seen

bigger decline in its proportion of social housing than in any other part of the UK, mostly as a result of its House Sales scheme (with some 117,000 properties being sold to sitting tenants since 1979).¹²⁵

The right for a secure tenant to purchase their home (whether this be a Northern Ireland Housing Executive or housing association property) is governed by the House Sales Scheme, which is underpinned by statute. The law allows for Northern Ireland Housing Executive discretion on the content of the scheme, for instance to reflect supply and demand, though amendments to the scheme must be approved by the Department for Social Development. There are currently restrictions, for example, on purchase of sheltered accommodation, specially adapted accommodation and one and two-bedroom bungalows.

As work by Professor Steve Wilcox has shown, it takes around fifteen years for the impact for this loss of ownership of subsidised housing to

reduce the number of re-lets to those on the waiting list: most of those who buy would not have moved out if they had remained as tenants so there is little effect in the short term.¹²⁶ But gradually the reduction of the stock (down from 25% to under 17% as a proportion of Northern Ireland's housing) means fewer re-lets for those in priority need. Conversely the length of the waiting list has grown significantly in recent years. This spells trouble for the future.

There are other down sides to any Right to Buy scheme. Some buyers have found the costs of improving and maintaining their properties have imposed greater financial strains than they had expected. Housing Rights Service has reported the repossession of former social rented properties from House Sale Scheme tenants. More generally, it is not uncommon to see the acquired properties sold on to (buy to let) private landlords who will seek higher rents (not least from students). The 2006 House Condition Survey showed that approximately 20 per cent of these had been resold on the open market: two thirds to new owner occupiers and the remaining one-third to private landlords. Having a range of separate landlords (and managing agents) can undermine economical and efficient housing management and anti-social behaviour on an estate by private tenants, sometimes including those evicted from social housing near by, can be hard for social landlords to address.

The Commission notes that the level of discounts in Northern Ireland was capped in 2002 (at £24,000) and the credit crunch, with consequent recent falls in house prices, has discouraged tenants from buying: from a peak of over 5,000 homes being sold each year in the early 2000s, the figure was less than 100 by 2008/09. This may mean that the time is right to take steps which would prevent further losses of the stock.

We note that in Scotland severe restrictions are planned for future sales following similar losses of stock to those encountered in Northern Ireland. The Scottish Government has estimated that the current Housing (Scotland) Bill could reduce losses from sales by up to 18,000 for the decade from 2012 to 2022.

“While it is easy to acknowledge the risk of polarisation associated with allocating on the basis of need, successful and equitable alternatives are difficult to find....”

¹²³ Professor Derek Birrell, *The impact of devolution on social policy* (The Policy Press, 2009)
¹²⁴ *Northern Ireland Housing Market Review and Perspectives*
¹²⁵ *ibid*
¹²⁶ *UK Housing Review 2009/10*

6.5

We conclude that:

- Northern Ireland has suffered disproportionately from the diminution in the proportion of homes available as social housing and this may be an opportune time to place additional constraints on the House Sales programme.

We recommend:

- that as part of a wider policy on flexible tenure, DSD further reduces the level of discount available to purchasers, introduces a buy back scheme which would allow the social landlord first refusal should the purchaser wish to sell and/or excludes from the House Sales Scheme homes and areas of high demand and housing pressure. An Equality Impact Assessment should be undertaken as part of any decision to place exclusions on the policy.

6.6 Resident Involvement / Empowerment

The involvement of residents in the design and delivery of housing services has become the norm in Great Britain. Housing providers have acknowledged the benefits to be derived from enabling residents to help inform the decisions that affect their housing.

In Northern Ireland, the Northern Ireland Housing Executive has a long tradition of promoting tenant involvement, led by the Housing Community Network which works to an area-based framework for participation by residents. In our discussion with residents, we were struck by their knowledge and commitment to influencing service design and delivery. However, this approach to tenant involvement is not necessarily consistent across social housing. While many housing associations can demonstrate examples of excellent practice in resident engagement, they have acknowledged that they have faced challenges in developing a consistent framework for involving residents in service design and delivery.

A framework for tenant involvement usually involves a housing provider making resident involvement a key pillar of its business. It requires an assumption that decisions will be negotiated with residents wherever possible, that those decisions will be subject to resident scrutiny, that resident involvement is built into strategic, departmental and operational plans and that staff members understand the reasons that the organisation undertakes resident involvement.¹²⁷ Practice in England has shown that tenant compacts can enable landlords and tenants to agree the scale and nature of tenant involvement, the methods of engaging tenants and raise the profile of tenant involvement to widen participation among groups of tenants not previously involved. All of this requires considerable cultural and organisational change within the landlord organisation and resources to build the capacity of residents. However, the results for service design and delivery

outcomes have been shown to be very positive. Suggested outcomes range from an improved housing service to increased skills amongst tenants, via more stable communities and better value for money.¹²⁸

However, successful tenant involvement can go beyond reflecting the views of tenants in the design and delivery of services, to resident-led management and regulation of standards. The new regulatory framework in England is strongly focused on the role of residents in the inspection process and in the regulation of standards. We would consider the involvement of tenants as critical to the success of changes to the regulatory framework in Northern Ireland. From our conversations with providers, with tenants and with advice organisations, we found considerable support for greater involvement of tenants in a reformed regulator environment, with a focus on quality of service, housing management and housing outcomes.

¹²⁷ Source: Chartered Institute of Housing (Practice Online www.cih.org)
¹²⁸ Liz Millward, 'Benefits not barriers: a different way of attracting people to tenant participation?' (Paper to the Housing Studies Association Conference, 2005)



6.6

We conclude that:

- there is considerable scope for greater resident involvement in the design and delivery of housing in Northern Ireland. Irrespective of housing provider, all residents should be provided with opportunities to be involved in the management of their homes.

We recommend:

- that a Northern Ireland Tenant Involvement Framework should be published by the Department for Social Development, in consultation with tenants from across Northern Ireland. It should set out a clear policy direction for tenant involvement and how landlords should deliver key objectives. The framework should recognise the role which tenants can play in the management of housing services, both in terms of their design and in regulating their delivery;
- that the Framework should also include key steps to be taken by the Department for Social Development to embed tenant involvement in the inspection process for housing associations;
- that the Northern Ireland Housing Executive and Northern Ireland Federation of Housing Associations should work jointly to develop a framework for resident involvement within housing associations. Consideration should be given to expansion of the remit of the Housing Community Network to include residents from housing associations;
- that housing providers should embed resident involvement into their business plans as a matter of course.

6.7 Advice Services

Housing advice has a significant role to play in improving the operation of the housing sector. Timely, independent and good quality housing advice has an instrumental role to play in enabling the effective functioning of our housing markets, by directing resources towards those in housing need and in enabling households to make informed housing choices. Specialist housing advice continues to act as an important tool in preventing homelessness and in addressing its associated social and economic affects.

During discussions with advice providers, it became clear that the discernible increase in demand for housing advice services (a symptom of the current economic climate) is placing severe pressures on what are already stretched and finite resources. One advice agency has reported a 300% annual increase in demand for housing debt advice alone. This pressure means that resources, quite rightly, continue to be directed to those vulnerable households who are most in need.

“Timely, independent and good quality housing advice has an instrumental role to play in enabling the effective functioning of our housing markets, by directing resources towards those in housing need and in enabling households to make informed housing choices...”

To this end, the Commission acknowledges the positive work of the Social Development Minister and her department in launching a mortgage debt and advice service for Northern Ireland last year. This has provided much needed additional resources for specialist advice and support services for those households faced with mortgage difficulties, exacerbated by the recession. Such timely advice has had profound benefits not only for the households experiencing repayment difficulties, but also for the wider communities in which they live. With the effects of the recession continuing to impact on communities, it is essential that specialist advice continues to be made available and readily accessible for those who need it.

To ensure that support continues to be offered to the most vulnerable members of our society, the Commission believes households should be empowered to have direct involvement in the resolution of their problems, through Personal Housing Plans. The principle of this approach is to ensure that by allowing households to engage with key agencies will in turn lead to a more suitable and sustainable outcomes. The acute undersupply of socially rented accommodation (and access issues to other forms of accommodation) combined with factors such as health problems, income difficulties and welfare issues can have negative impacts on households and the wider community. Personal Housing Plans can provide tailored, person-specific solutions to very complex housing issues.

The Department for Social Development’s *Opening Doors* Strategy acknowledged that if specialised advice provision is only delivered at a regional level then appropriate referral, training and quality mechanisms must be in place to ensure that the relevant client groups have appropriate access to specialist advice services through local providers.¹²⁹ The Commission is fully supportive of initiatives like the Community Housing Advice Project (CHAP), established jointly by Housing Rights Service, Citizens Advice and Advice NI, which has



129 Department for Social Development, Opening Doors: The Strategy for the Delivery of Voluntary Advice Services to the Community (2007)

been a very successful model for enhancing the capacity of housing advice, training and information to its twenty four partner agencies at the local level. These models should be further developed with good practice shared amongst other advice providers. It is vitally important that advice and information is enhanced and targeted at hard to reach groups, such as disabled and elderly households.

In recognising the excellent work and advice provision by both specialist and generalist advice agencies, the Commission believes that over the longer-term housing advice can and should offer more. A better coordinated and enhanced role for customer focused housing

advice would not only support people facing an immediate housing crisis, but could also focus on and assist more households in realising their longer-term housing aspirations. A revised and more sophisticated approach to advice provision with a focus on earlier intervention and prevention (rather than cure) is needed. If a broader vision for housing advice was adopted making it accessible for those on moderate incomes, then this could contribute towards crisis prevention at a later stage.

As part of a longer-term vision for housing, housing advice and support, in its current form, would benefit from an integrated model of housing options and prevention based service. Such an integrated model would continue to provide support and interventions around homelessness, offer specialist housing advice, provide information and advocacy support and help influence and challenge policy. However, it could also integrate advice and information on (any future pilot) Choice Based Lettings schemes and Partner Landlord Schemes, as well as the range of housing options available to all households in need of support or accommodation.

“In recognising the excellent work and advice provision by both specialist and generalist advice agencies, the Commission believes that over the longer-term housing advice can and should offer more...”

6.7

An 'options based' approach to advice provision – available for all households irrespective of tenure- could offer a resolution to housing issues for clients in all housing tenures.

Universal advice provision with an enhanced remit could assess housing need; provide advice and information on housing rights, entitlements and housing options (including the range of affordable housing options available); provide training and employment opportunities; offer advice on welfare entitlements, housing costs and housing debt; and offer advice to older residents regarding their housing options. Demand for advice is likely to increase as the range of housing options are extended through a mixed housing economy, as re-lets through social housing become less and as new housing policies and strategies are introduced.

An important aim of the universal, tenure neutral approach is to streamline access to and provision of housing advice and to better respond to the needs of customers through a single point of contact/location. This would streamline the process from the users' perspective and better enable households to realise their longer-term housing aspirations. The Department for Social Development has identified that after information on welfare benefits, most enquiries are made in relation to consumer trade and business, debt and financial concerns, housing and homelessness and employment.¹³⁰ In terms of service delivery methods only a few service providers offered face to face advice through an extensive network of offices with wide geographical coverage. Smaller advice providers (with a regional office generally in Belfast) tend to offer advice through face to face contact, appointments, outreach, telephone services and internet advice.¹³¹ A more strategic approach to housing advice delivery is needed for Northern Ireland with more emphasis placed on: quality; ease of access; tenure neutrality; and a broader range of advice for more households. This can only be successfully achieved by building on and nurturing the current good practice, innovation and partnerships that exist through the wide spectrum of advice and information providers operating in the public, voluntary and community sectors.



With anticipated cutbacks in public expenditure, the amounts available for advice services from many funding sources are likely to reduce. Therefore, a more strategic approach to advice delivery should also focus on efficiency. *Opening Doors* revealed that despite the three main advice networks (that include the vast majority of advice organisations) having significantly increased in size to deliver a wide range of services - both generalist and specialist in nature - there has been little attempt made to identify duplication of provision. The strategy also noted that such duplication in some areas is matched by gaps in service provision in others. With demand for advice provision outstripping the resources currently available, work should be undertaken to address any gaps in service provision and/or duplication that exists

¹³⁰ *Opening Doors: The Strategy for the Delivery of Voluntary Advice Services to the Community*

¹³¹ *ibid.*

6.7

We conclude that:

- good quality housing advice is an essential element of an effective housing system and integral to the achievement of the vision for housing in 2020. The Commission acknowledges the importance of the constituent elements of advice: from access to information; interpretation of information; assistance to act on information; advocacy/representation; and challenging policy;
- a more strategic approach to advice provision could form part of an overall Housing Strategy for Northern Ireland. DSD's policy responsibility for voluntary information and advice services complements this process;
- in the medium to longer term, housing advice provision could be remodelled to help more individuals realise their long-term housing aspirations. This should not just focus on social housing but also individuals seeking to choose the most appropriate option suited to their current circumstance;
- whilst we appreciate the demand for advice by those faced with a housing crisis, a more holistic approach to advice provision has the potential to support a wider range of households. A universal source of advice and information, available to all households, which explores all available options, will assist better informed decisions and lead to more sustainable housing outcomes.

We recommend:

- that housing advice should continue to offer support to households who are threatened with, or who experience homelessness and to people who can't afford to purchase outright. In the short-term limited resources should continue to be made available and directed at those most in need, particularly those individuals and households that live in neighbourhood renewal/deprived areas;
- that access to housing advice should continue to be enhanced particularly through web-based advice and for hard to reach groups (e.g. young persons, elderly and disabled households);
- that there should be a commitment to the establishment of Personal Housing Plans. Partnership agreements between all relevant agencies should define the roles for each partner in the project;
- that a more sophisticated approach to housing advice should be adopted to assist households in planning for suitable and sustainable housing options. Advice should be extended to cover lettings, prospects for training and employment etc alongside housing advice;
- that households registering on the waiting list for social housing may have some ability to pay higher than social rents. All housing options should be explored to best accommodate the needs of these households, including independent advice on the private rented sector and intermediate tenures;
- that government funded advice providers should operate collectively to eradicate duplication of energy and resources, improve levels of co-operation and sharing of good practice, explore efficiency savings to be made through procurement and rationalisation of services.



6.8 Housing for Older People

As in Great Britain, the population in Northern Ireland is aging. Here there are more people over the age of fifty than under the age of nineteen; in the next twenty years, the number of people over fifty will increase by more than 30%.¹³² Meeting the needs and aspirations of older people will require substantial public effort in the future. In this Section we consider the actions that are required to provide choice and quality to this and future generations of older people.

The majority of older people in Northern Ireland own their own home and many of these are living in properties which will become increasingly unsuitable – expensive to heat and to maintain and with awkward steps and stairs. Although Northern Ireland has shown itself to be among the leaders in promoting the Lifetime Homes standards of full accessibility for new homes, it takes several decades for such a policy to cover more than a small part of

the population. So adaptations to the existing stock – fitting hand rails and taps that are easy to turn, walk-in showers downstairs, replacing hazardous steps to the front door – can enable people to live independently for longer. Work by Home Improvement Agencies (sometimes called ‘Care and Repair’ and ‘Staying Put’) have already proved valuable in Northern Ireland, and could operate in many more areas. These initiatives can prevent falls, reduce the number of admissions to hospital and residential care and allow many thousands of older people to live fulfilling lives. And as we have noted in 3.2, improving insulation, filling cavity walls and upgrading heating systems leads to reductions in fuel poverty which is of particular concern in Northern Ireland, where 54% of those aged over 75 are living in fuel poverty.

Important work is being done by the Joseph Rowntree Foundation and others to see how elderly owner-occupiers can safely release equity in their homes to fund housing and care needs. Equity release can provide the finance for home adaptations and improvements, with loan repayments being deferred until the home

is eventually sold. Suspicion of private sector equity release products has deterred some who might have benefited from these arrangements (and, indeed, some of whose heirs and successors might have benefited not only from their parents staying independent for longer but from home improvements that have maintained the value of their home). Government may have a role in providing reassurance and supporting organisations that give good advice, so that more resources currently locked up in property equity can be released to improve the lives of older people. There may also be incentive schemes which the Department of Finance and Personnel could explore to help owners contribute to repair costs from the property equity (see Section 5.5).

In the social housing sector, many older people are accommodated on the estates of the Northern Ireland Housing Executive and some eighteen housing associations are providing over 10,000 homes for older or disabled people in sheltered housing projects. The on-site support available in sheltered accommodation is clearly appreciated. But from our conversations with the EROSH organisation – which promotes ‘the Essential Role of Sheltered Housing’ – and with providers, we have noted that some of the existing stock is proving inflexible in meeting a range of needs and some requires modernisation. Today, few older people are forced to leave their current accommodation so moves are only likely to take place if the housing offer is to a high enough standard. Some providers are reporting a slowing in demand and several have expressed concerns that the current stock is increasingly inappropriate for the needs and aspirations of older people. If some of today’s sheltered housing is not to become hard to let, managing this asset may require extensive adaptations, a move to new client groups such as students for whom the space standards are more appropriate, or even demolition and replacement.

For the future, the raising of physical standards for new retirement housing is clearly a priority. Expectations have changed about the design

of specialist accommodation and about the services which incoming residents expect to be provided. Research for Communities and Local Government in England in 2008 found that older people valued space, both in terms of size of property – with two bedrooms considered essential – and access to outdoor space, whether private balcony or garden, or communal areas. Increasingly, the traditional one bedroom accommodation will be rejected by older people. The recent report from the Housing for An Ageing Population: Panel for Innovation (HAPPI) emphasised the need for more space and light, comfort and convenience because we are all likely to spend more time in our homes as we grow older.¹³³ The report contains detailed recommendations on design standards for older people.

In addition to better quality homes, tomorrow’s housing for older people needs to be ‘care-ready’ with access to social care as and when it is needed. Extra Care schemes bring together health, social care and housing. They can take further the preventative work of older sheltered housing by allowing people to live independently for longer, reducing the need for residential care, making possible earlier discharge from hospital to a safe and suitable environment that avoids ‘bed blocking’. Even if future spending constraints means some of the more costly features in Extra Care projects need to be modified, this model is undoubtedly one which, with meals available alongside social facilities and care on tap, can meet the aspirations of many older people.

Another model worthy of consideration is the Retirement Village: these ‘continuing care retirement communities’ are common in the USA and are proving popular in Great Britain. Because of the scale of provision, they afford the opportunity for extensive facilities – restaurants and gyms that are open to the wider public, as well as care provision – and a full social life for residents.

Another likely change for the years ahead, in keeping with our other recommendations on mixed tenure housing, is a shift to

132 www.ageuk.org.uk/northern-ireland/about-us/
133 Housing our Ageing Population Panel for Innovation Report (HAPPI) [2009], <http://www.homesandcommunities.co.uk/public/documents/Happi%20Final%20Report%20-%20031209.pdf>

6.8

accommodating older home owners as well as tenants. Since the majority of older people are owner occupiers, and these face the same obstacles of unsuitable properties both social housing providers and private developers have a huge market here for building new homes. There are also attractions to the Co-housing model common in other European countries where the future occupiers co-design the homes they will buy or rent together, and take charge of the ongoing management. The mutual support available in co-housing projects for older people gives these schemes a very special dimension.

Delivering appropriate housing options for older people can have a significant impact on wider housing supply by freeing up under-occupied three bedroom (and larger) houses for younger families. By providing an attractive proposition to older households to move on to more manageable, accessible and less isolated accommodation, the need to build more family housing is reduced. The new retirement housing is often welcomed by neighbours; it does not generate a big increase in traffic; there are no fears of anti-social behaviour; and, because it accommodates people close to the shops and services they need, it is environmentally sound.

6.8

We conclude that:

- some existing sheltered housing is ready to be upgraded if it is not to become hard-to-let in the future and investment in this stock is likely to be a growing priority;
- although Northern Ireland adopted the Lifetime Homes approach to new housing ahead of most parts of Great Britain, there remains an under supply of accessible, manageable, economical homes for people as they grow older in Northern Ireland;
- new housing that attracts older people to leave larger homes, frees up much-needed family accommodation- often with gardens- for the next generation.

We recommend:

- that Northern Ireland's Housing Strategy should include measures for the development and delivery of a range of housing options for older people. This should set out targets for the next ten years to create an adequate supply of housing for older people that meets their needs and aspirations;

- that government should explore the ways to support elderly home owners to release equity in their homes in order to pay for home improvements (and sometimes for related social care);
- that options for the future should include more mixed tenure developments by both the private sector and the housing associations; retirement Co-housing schemes; Extra Care developments; adoption of the Retirement Village model; and specialist housing integrated within developments for younger households;
- that housing, health and social care providers should work together-sometimes pooling budgets- to develop co-ordinated approaches to providing flexible care and support for older people- including emergency call systems 'Telecare' in the home- personalised to the individual's circumstances.

134 Northern Ireland Housing Review and Perspectives

135 Sir John Semple, *Review into Affordable Housing: Final Report* (Department for Social Development, 2007), http://www.dsdni.gov.uk/affordable_housing_final.pdf

136 Statement by Minister Sammy Wilson on 23rd September 2009 http://www.lpsni.gov.uk/index/news_archive_section/wilson_postpones_revaluation_and_clarifies_position_on_rating_of_empty_homes_23_sept_09.htm

137 Northern Ireland Assembly Official Report (Hansard) 6th October 2009 <http://www.niassembly.gov.uk/record/reports2009/091006.pdf>

6.9 Bringing Empty Properties Back Into Use

Northern Ireland continues to experience an increase in the number of homes lying empty—the 2009 House Condition Survey confirmed an estimated 44,000 vacant properties at any one time in Northern Ireland, 5.9% of the stock. This compares to 40,300 (5.7%) in 2006 and 32,000 (4.9%) in 2001.¹³⁴ The figures are particularly worrying in the private rented sector, where 12% of the properties are vacant.

Sir John Semple made a series of recommendations in his 2007 report for reducing the number of empty properties in Northern Ireland.¹³⁵ Among his recommendations, was the introduction of a new system of to provide for a 100% liability on properties vacant for six months or more, rising to a 200% liability if vacant for a year or more. The rating of empty homes was announced in November 2007; however, its introduction was postponed until April 2011 on the basis

that it would put pressure on owners of empty properties who cannot find buyers or tenants.¹³⁶ Speaking in the Assembly, the Finance Minister also suggested that Land and Property Services were experiencing difficulties in compiling a list of owners who would be subject to the ratings changes.¹³⁷

The Semple report also recommended that the Northern Ireland Housing Executive act as the Empty Homes Agency for Northern Ireland. We note the progress made by the NIHE to undertake further research to examine the potential for bringing properties back into use, to identify the location of properties and their owners and to look specifically at the potential for encouraging owners to either sell them or bring in a tenant.

6.9

We conclude that:

- empty properties should be considered an unnecessary cost to the public purse; they can undermine attempts to improve neighbourhoods and at a time of housing need, are a missed opportunity to relieve pressure on the waiting list;
- the upward trend in vacancies in the private rented sector is a worrying sign of oversupply in the market;
- while government and the Northern Ireland Housing Executive have taken actions following Sir John Semple's recommendations, it does not appear to be reducing the number of properties currently empty, nor is it discouraging new homes from becoming vacant.

We recommend:

- that there be no further postponement of the rating of empty properties beyond April 2011;
- that the NIHE proactively uses its powers to vest and occupy empty properties, and that consideration be given to giving additional powers to the NIHE, such as Empty Dwellings Management Orders, as in England and Wales;
- that a programme of work is undertaken to prevent further increases in the number of homes lying vacant in the private rented sector. This should include the provision of advice for home owners wishing to rent their properties.



SECTION SEVEN

THE ROLE OF THE NORTHERN IRELAND
HOUSING EXECUTIVE



SECTION 7

The role of the Northern Ireland Housing Executive

The Northern Ireland Housing Executive is one of the largest landlords in Europe. It combines this role with many of the strategic functions undertaken by local authorities in Great Britain, as well as by the Homes and Communities Agency in England and the Executive arms of the Scottish Parliament and the Welsh Assembly. The presence of this highly significant player greatly enhances Northern Ireland's capacity to tackle the housing issues faced here; and success since the early 1970s places Northern Ireland's housing in a much better position than in many parts of Great Britain.

Because of the central importance of this agency, we regard our recommendations about the future role of the Northern Ireland Housing Executive as among the most significant we are making. This chapter on the future for the Housing Executive begins with a note on the background to its development, followed by consideration of possible changes to the different roles of the Northern Ireland Housing Executive.

7.1 NIHE: An Overview

Previous inquiries have commended the work of the Northern Ireland Housing Executive. The 2001 Social Development Committee Inquiry recognised the success of the organisation in meetings its strategic and operational responsibilities. In 2004 the Northern Ireland Affairs Select Committee in the House of Commons stated that it has "provided a successful framework for delivering social housing over the past thirty years, and it is also held in high regard for its community development work".¹³⁸

This Commission notes that over a period of nearly forty years, the Housing Executive has

undertaken its responsibilities to widespread acclaim. It transformed the fitness of the housing stock, undertook a major programme of house building, helped over eighty thousand households into home ownership through the House Sales Scheme, and made a major contribution to regeneration and integration in Northern Ireland. In June 2009 a study by Savills, the international firm of property consultants, reported that Housing Executive homes were "in better condition than anywhere else in the United Kingdom".¹³⁹ Furthermore, it has worked in partnership with a range of other public agencies to contribute to the health and well being of the community.

Our Vision for the NIHE's Future

In the rest of this section, we set out the Commission's views on how the NIHE can develop and extend its crucial role in the years ahead.

Our vision for the Housing Executive has the following components:

- an ongoing, central role in supporting DSD's creation of a Housing Strategy for Northern Ireland;
- a separation of the strategic enabling role of the NIHE, from its social landlord role, within a single organisation, with one overarching Board and Chief Executive;
- the NIHE's strategic housing role could be further developed with an enhancement of the Housing Executive's partnerships with each of the eleven local councils following the Review of Public Administration;
- the Housing Executive's landlord role should become an integral, but distinct business enterprise, with a greater role for residents in its governance;

¹³⁸ Northern Ireland Affairs Select Committee, Northern Ireland Affairs – Sixth Report (House of Commons, 2004) www.publications.parliament.uk/po/cm/200304/cmselect/cmniaf/493/49302.htm

¹³⁹ Paddy McIntyre, 'Serving the Omnibus Man' (Speech at 40 year Anniversary of Ombudsman's Office, 2009) http://www.nihe.gov.uk/ombudsman_40th_anniversary_.pdf

7.1

- the essential requirement for extra investment in the Housing Executive's housing stock should be achieved by a combination of modest rent increases and some re-profiling of annual repayments of historic debt;
- we do not see the necessity for stock to be transferred outside of public ownership, but we would not close the door on this option if more detailed financial assessment indicated that this was the most prudent way forward;
- NIHE rents should be set by a Rent Authority for Northern Ireland (RANI) which would be independent of direct government control;
- the landlord body, with its own board, within the NIHE, would be 'The Northern Ireland Housing Management Organisation' (NIHMO) with its own set of accounts, and one-third of its Board members drawn from the NIHE population of residents;
- the NIHE should take forward its central strategic and enabling role through a range of partnerships, joint ventures, special purpose vehicles, as well as direct support for housing associations, and assistance for local councils to secure affordable homes through planning obligations;
- and that the NIHE takes the lead in exploring additional funding sources such as Tax Increment Financing, and partnerships with institutional investors interested in long-term involvement in rented housing.

7.2 The Northern Ireland Housing Executive's Strategic and Enabling Roles

The Housing Executive is perhaps best known in local communities for its role as a major social landlord. But we see its strategic advisory function, alongside its enabling powers to support the work of others, as an equally significant long-term role.

The first component to the strategic role relates to the input the Northern Ireland Housing Executive can make to housing policy formulation at a governmental level. The Northern Ireland Housing Executive has the practical experience and hands-on understanding of all parts of Northern Ireland's housing scene and Ministers will want to make maximum use of its advice. Elsewhere in this report we emphasise the value of locating housing within the context of the regeneration of neighbourhoods and the creation of strong, healthy communities. The Housing Executive has a crucial part to play in: bringing together the holistic vision embodied in a community-focused Housing Strategy for Northern Ireland; addressing all aspects of housing demand and need, including quality standards; environmental issues; community cohesion and integration; homelessness and the needs of disadvantaged groups like Travellers; and planning and land supply.

With the Department for Social Development taking the lead, the Housing Executive can play a special role in sustaining links: with local authorities, collectively and individually through the Northern Ireland Housing Council; with the housing associations and their Federation; and with the other public agencies, such as health, education, police service; as well as voluntary agencies including the Housing Rights Service; academics and researchers; and the private sector providers and their representatives. Its

role can be seen as akin to that of the Homes and Communities Agency in England which acts as the government's delivery partner.

In this context we commend the Northern Ireland Housing Executive's own suggestion to the Commission of a Consultative Forum that would undertake the development of an overarching strategy and could be particularly valuable to the new Councils when they come into being.

The other component of the Housing Executive's strategic and enabling role encompasses its direct relationship with, and funding for, the housing associations and the private sector. In relation to the NIHE's support for housing associations, we have set out our thoughts below. In terms of working with the private sector, the Northern Ireland Housing Executive retains a central role in securing the most effective contribution from private providers, in spite of cuts to the budget for home improvement grants (from £43m last year to £30m this year).¹⁴⁰

The HCA has risen to the challenge of acting as the enabling body with local council to generate a range of housing solutions. We believe that the Housing Executive is capable of acting

with equal success for Northern Ireland. The HCA has deployed grant aid to assist house builders to complete developments stymied by the market conditions, facilitated the release of public land for housing from different sources, engineered new funding models that involve investment through taking an equity stake, in place of subsidy, as well as strongly supporting the partnerships and housing associations and private developers.

In supporting the creation of sustainable mixed income/mixed tenure estates, the HCA has pioneered 'rent to buy' and low-cost home ownership based on equity loans. Indeed, it is estimated that during the most difficult year for the house-building industry- 2008/09- more than half of all the homes built in England were funded or supported by the HCA.¹⁴¹

We regard Northern Ireland as fortunate to have an organisation able to assume a strategic and enabling role on the scale comparable to that prevailing in Great Britain. Through joint venture enterprises, special purpose vehicles and Local Housing Companies, we recognise that the instruments are available for the Northern Ireland Housing Executive to act as the catalyst for

¹⁴⁰ Northern Ireland Housing Executive, *Northern Ireland Housing Markets Review and Perspectives 2010-2013* (2010)
¹⁴¹ Steve Wilcox, ed. *UK Housing Review 2009/10* (Published with the Chartered Institute of Housing and Buildings Society Association, 2009)

7.2

We conclude that:

- the Northern Ireland Housing Executive represents an enormously significant component of Northern Ireland's housing and with its strategic and enabling role it has the credibility, competence, and resources to help shape and be part of tomorrow's new initiatives for housing and regeneration.

We recommend:

- that the Northern Ireland Housing Executive plays a central role in the Department for Social Development's Housing Strategy for Northern Ireland;
- that the Department for Social Development ensures that the Northern Ireland Housing Executive has the necessary powers to work with local council in creating the partnerships- not just with housing associations but with private developers and financial institutions- that are needed to undertake major new housing projects, and regeneration schemes.

7.3 Separating the Roles of the Northern Ireland Housing Executive

The relationship between the strategic enabling role on one hand and the social landlord role on the other makes for a far-reaching enterprise which has been able to join up different strands of housing delivery. The overlap between the different functions has enabled the organisation to be innovative and creative. Nevertheless, the Commission has considered whether the extent and breadth of the Housing Executive's functions could become problematic. We have considered whether lack of clarity in the funding of the whole organisation, with a blurring of boundaries between the non-landlord and landlord roles, could prove confusing and inhibit effectiveness in the future.

To date, we do not sense that the combination of the Housing Executive's roles has led to

significant problems. However, against a backdrop of severe constraints for the future of public expenditure, the hazards of an aggregation of funding for the component parts of the Northern Ireland Housing Executive's work could create difficulties.

In 2009/2010 approximately £595m will have been spent by the Housing Executive on its combined roles. On the enabling side, it will distribute grants of £157m to housing associations and of £45m to the private sector and the other side, it will spend £180m on the management, maintenance and improvement of its own housing, as well as other capital spend and repayment of debt. In relation to income, alongside the rents from its landlord function at £240m, there is a Deficit Funding Grant of £230m from HM Treasury.

As we understand it, the Deficit Funding Grant services the loan debt, and it also contributes to the cost of the landlord and the strategic function. As the loan debt is repaid, the DFG reduces. If the Housing Executive re-profiled



debt which reduced loan costs, the DFG would reduce, therefore reducing the funding available for the strategic functions.

In our consideration of the future for the Northern Ireland Housing Executive's landlord role, both in relation to financing on-going expenditure and in terms of the way management responsibilities are handled, we see a need for a clearer delineation of the Housing Executive's roles.

“...the hazards of an aggregation of funding for the component parts of the Northern Ireland Housing Executive's work could create difficulties...”

7.3

We conclude that:

- both the landlord and the non-landlord roles of the Northern Ireland Housing Executive are of considerable significance to the future of housing in Northern Ireland and deserve to be strengthened and enhanced. But the combination of these roles within a single entity and the blurring of boundaries reflected in the calculation of the Deficit Funding Grant could hinder progress in achieving more effective provision in the future;
- there is a need for a separation between a) the Housing Executive's strategic enabling role in informing government policy and in the delivery of that policy through housing associations and the private sector and b) its tasks as a major social landlord;
- there would be considerable organisational, investment and delivery benefits if these two functions were to be separated in order to provide clarity and avoid unintended financial consequences for one of these functions as a result of changes to the other.

We recommend:

- that separation of the strategic enabling and the landlord roles should take place. Both should remain under the same umbrella with the same overarching Board and Chief Executive; but in terms of financial accounting and on

going management, the two streams of activity should be identifiably separate;

- that as a strategic housing enabler, the Northern Ireland Housing Executive should provide high level advice to the Department for Social Development and should then act within the housing policies and strategic framework determined by the Northern Ireland Executive. Within this policy framework, the Housing Executive should further develop its strategic housing role, identifying long term housing requirements with each of the eleven new local council which will follow implementation of the RPA. It should increase its understanding of the interplay between housing markets and the tools that influence those markets. It should build effective housing partnerships and relationships that maximize the contribution of housing associations and private developers. It should strengthen links between housing services and community development, between housing and regeneration/economic development, health and well-being;
- that in terms of the Housing Executive's landlord role, following the disentanglement of the budgets and clarity on the deficit funding arrangements, the Housing Executive's landlord role should become an integral, but distinct business enterprise, with a greater role for residents in its governance.

7.4 Investment in the NIHE's Housing Stock

The Housing Executive has received much praise for the handling of its landlord functions, from those whom we consulted. It has managed to consistently maintain standards in its housing stock, not least through recycling receipts from the sale of properties to existing tenants and the sale of surplus land.

However, the Housing Executive continues to face significant requirements for modernisation costs while a substantial reduction in its capital receipts has resulted in serious shortfalls: income from house and land sales has fallen from over £100m in 2007 to £8m in 2009, though net capital receipts are likely to increase again in the future. When set against expected future public expenditure constraints, the shortfall highlights a severe need for funding for the years ahead. The Commission has considered how the Housing Executive's current asset base and rental income might be used to make good these shortfalls.

We note that the arrangements for funding the Housing Executive differ markedly from those for public sector housing in Great Britain. The Housing Executive already has the capacity to reinvest surplus rental income and sales receipts, in contrast to the constraints of the Housing Revenue Accounts in England and Wales which have proved highly unpopular and are likely to be dramatically reduced, resulting in a redistribution of debt between local authorities in place of payment of subsidies to some and claw-back of net rental income from others.

However, despite the freedoms enjoyed by the Housing Executive, it faces a barrier in seeking to meet its requirements for reinvestment in its existing stock. This relates to its obligations for repayment of historic debt. The Housing Executive has been making major inroads into the repayment of this historic debt, bringing down the total from around £1b to £780m in just two years, but debt repayment at this level will

clearly absorb a large proportion of the funds which might otherwise go to the upgrading of estates due for modernisation.

The Housing Executive's projected debt profile for the next ten years is as follows:

Closing Balance For Year	Debt £million
2008/09	873
2009/10	780
2010/11	693
2011/12	614
2012/13	541
2013/14	472
2014/15	409
2015/16	352
2016/17	301
2017/18	255
2018/19	217
2019/20	185

Source: Northern Ireland Housing Executive

As an alternative to the Housing Executive self financing its landlord role from its own resources, some contributors have suggested to that the housing stock could be transferred into non-public sector ownership. This would enable new borrowing outside public spending constraints. In England and Wales more than half the Council houses have now been transferred in this way, thus overcoming problems of new borrowing being included in public spending debt. But in order to facilitate these large scale voluntary transfers, it has been necessary for HM Treasury to write off part or all of the outstanding debt in a number of cases (including the major transfer of Glasgow's Council housing stock). At this difficult time for public finances, suggestions for the write-off of debt for the Northern Ireland Housing Executive may meet with opposition from HM Treasury.

Moreover, good practice demands that transfers only proceed after extensive consultation with residents. Ballots of tenants in Great Britain have sometimes, with Birmingham as a notable example, rejected the transfer option out of a desire by tenants to remain in the public sector



“The quality of Northern Ireland Housing Executive stock is relatively high compared with that of local authorities elsewhere...”



7.4

and/or from a fear that rents will increase by more in a transferred organisation than under the status quo. There can be a danger of going down the transfer route then discovering that this option is deemed unacceptable by residents, requiring a 'Plan B' which may then be harder to devise.

The quality of Northern Ireland Housing Executive stock is relatively high compared with that of local authorities elsewhere. In addition the Housing Executive already enjoys financial flexibility – to recycle proceeds from surplus rents and from receipts from sales – which have been denied for public sector housing elsewhere and future revenue from rents could produce surpluses (see 7.5 below) which could be adequate to finance the annual improvement programme. The change therefore necessary to ensure the viability of this approach appears

to be some adjustment to current obligations for repayment of debt, and modest increases in rental income over time.

While we do not have access to the fine details necessary for a full financial appraisal (looking at the interplay of historic debt, requirements for new debt and future property values based on expected revenue from rents) we therefore see the potential for the Housing Executive to become self-financing. That said, we accept that consideration of the merits of transfer outside of public ownership may be a matter for debate in the future if more detailed financial assessment indicated that this was the most prudent way forward.

7.4

We conclude that:

- despite the high standards achieved by the Housing Executive, there is an ongoing need for substantial investment in stock modernisation. It is no longer possible to rely upon the recycling of proceeds from sales of land and property. This necessitates a search for an alternative way of financing this work;

- the separation of the Housing Executive's landlord from its strategic enabling role (as recommended earlier) would mean that changes to the arrangements for handling the landlord function would not have implications for the funding of other functions, and its strategic role, in terms of policy and delivery.

We recommend:

- that the essential requirement for extra investment in the Housing Executive's housing stock should be achieved by a combination of modest rent increases and some re-profiling of annual repayments of historic debt;

- that the separate housing accounts we are recommending for the landlord functions should allow accumulation of surpluses / reserves with ongoing financial responsibility firmly in the hands of the Housing Executive Board;

- that, insofar as rental income in the future is insufficient to cover the costs of ongoing improvement of existing stock, negotiations should take place with HM Treasury to reduce annual repayments of historic debt to more manageable levels;

- that providing the steps above are taken, the Housing Executive's role as a landlord should remain within the public sector on a self-financing basis for the coming period;

- that a full financial appraisal be carried out to assess whether these measures will be sufficient, or whether for the longer term, transferring the stock outside of public ownership has to be explored.

7.5 Rental Income to Sustain Investment

The level of resources available for investment in the Housing Executive's stock is, of course, dependent on the income obtained from rents. Here, the Housing Executive differs from providers of public housing in Great

Britain in being able to retain rental receipts for reinvestment, thus enabling the organisation to plan for the longer term.

It is not clear how rent levels are currently determined within the Department for Social Development and the case has been made to the Commission for setting out the criteria on which decisions are taken. A reform of the system to achieve greater clarity could

INDICATIVE MODEL OF ACCUMMULATED RENTS

Year	Housing stock			Capital Receipts		Additional Rental Income	
	Opening	Sales	Closing	Annual	Cumulative	Annual	Cumulative
1	90,000	300	89,700	£16,800,000	£16,800,000	£4,672,200	£4,672,200
2	89,700	300	89,400	£16,800,000	£33,600,000	£9,313,200	£13,985,400
3	89,400	300	89,100	£16,800,000	£50,400,000	£13,923,000	£27,908,400
4	89,100	300	88,800	£16,800,000	£67,200,000	£18,501,600	£46,410,000
5	88,800	300	88,500	£16,800,000	£84,000,000	£23,049,000	£69,459,000
6	88,500	300	88,200	£16,800,000	£100,800,000	£27,565,200	£97,024,200
7	88,200	300	87,900	£16,800,000	£117,600,000	£32,050,200	£129,074,400
8	87,900	300	87,600	£16,800,000	£134,400,000	£36,504,000	£165,578,400
9	87,600	300	87,300	£16,800,000	£151,200,000	£40,926,600	£206,505,000
10	87,300	300	87,000	£16,800,000	£168,000,000	£45,318,000	£251,823,000
11	87,000	300	86,700	£16,800,000	£184,800,000	£49,678,200	£301,501,200
12	86,700	300	86,400	£16,800,000	£201,600,000	£54,007,200	£355,508,400
13	86,400	300	86,100	£16,800,000	£218,400,000	£58,305,000	£413,813,400
14	86,100	300	85,800	£16,800,000	£235,200,000	£62,571,600	£476,385,000
15	85,800	300	85,500	£16,800,000	£252,000,000	£66,807,000	£543,192,000
16	85,500	300	85,200	£16,800,000	£268,800,000	£71,011,200	£614,203,200
17	85,200	300	84,900	£16,800,000	£285,600,000	£75,184,200	£689,387,400
18	84,900	300	84,600	£16,800,000	£302,400,000	£79,326,000	£768,713,400
19	84,600	300	84,300	£16,800,000	£319,200,000	£83,436,600	£852,150,000
20	84,300	300	84,000	£16,800,000	£336,000,000	£87,516,000	£939,666,000
Totals		6,000		£336,000,000		£939,666,000	

Estimated annual sales **300**

Estimated average price, after discount **£56,000**

Rent increased cumulative weekly amount of **£1.00**

Assumptions

1. Figures exclude any adjustment for inflation.
2. Application of the capital receipts would be dependent on the 'asset ownership' model in place e.g. an ALMO type model may lease the properties from NIHE which would retain ownership and, possibly, control of any associated capital receipts.

Source: Northern Ireland Housing Executive

7.5

also determine whether greater convergence is necessary between the different social landlords, particularly between the Housing Executive and most housing associations. It is clear to us that Housing Executive rental levels are relatively low when compared to housing associations in Northern Ireland (although we accept that like with like comparisons are difficult) and, perhaps more significantly, when compared with other housing providers across Great Britain.¹⁴² We believe that there is scope for increasing rents over a period of time and we estimate that an extra £1 per week year- on-year would raise nearly £1bn over twenty years. Even within the first six years of such a policy, accumulated rental income would rise by nearly £100m.¹⁴³



¹⁴² Source: Northern Ireland Housing Executive (NIHE)
¹⁴³ *ibid*
¹⁴⁴ National Audit Office, *Annual Report 2009*, http://www.nao.org.uk/publications/0809/nao_annual_report_2009.aspx

The burden of this increase would fall principally on the UK taxpayer as the bulk of rents, approximately 70%, are paid through Housing Benefit (now the Local Housing Allowance).¹⁴⁴ However, for those tenants who cover their rent in full, rent increases will clearly be unpopular. However, discussions with residents suggest this may be acceptable if funds are reinvested in new or existing homes.

The trouble with imposing rent increases in the statutory sector is that it presents problems for politicians, particularly when tenants are facing a harsh economic climate. The answer may lie in an independent system for rent setting. This might be a new entity or perhaps be formed by expanding the role and remit of the Rent Officer for Northern Ireland- the body which determines an appropriate rent for any tenancy which is subject to rent control.

7.5

We conclude that:

- the current disparities between social landlords' rents are difficult to justify and, as well as removing anomalies, a new system could see a phasing of rent increases that would fund greater investment in Housing Executive stock.

We recommend:

- that rent levels in social housing should be set by an independent body: a Rent Authority for Northern Ireland- perhaps as part of the role for the Rent Officer for Northern Ireland- within the remit of the Department for Social Development;

- that the Rent Authority undertake a strategic review of the rental regime, to agree the basis on which rent is determined and to set out publicly the determination process, prior to making decisions on rent levels;
- that additional income from Housing Executive rental increases be reinvested into housing programmes, either to maintain or upgrade existing stock or for newbuild programmes;
- that any increase in rents must take account of affordability for households. While increased income for housing through rental income is badly needed, this should not harm the most vulnerable households.

7.6 Housing Management for the NIHE Stock

We are advocating a re-alignment of the landlord role of the Northern Ireland Housing Executive. We have explored the merits of establishing landlord body, with its own board. We do not see a strong case on financial grounds for the Housing Executive transferring its stock to new non-public ownership in order to attract private finance. However, arrangements for stock transfer elsewhere have not only been on financial grounds (although these have dominated the debate). Arrangements for councils in England and Wales have also been about the advantages of a management structure that stands outside local politics and which relates single-mindedly to housing (not the range of services for which a local authority has responsibility). In England, achieving this level of independence and a unitary purpose has been pursued, for around a million homes, through the creation of Arms Length Management Organisations (ALMOs). We have considered whether this model should be

followed in Northern Ireland.

Once again, we note that the position is different in Northern Ireland from Great Britain. The Housing Executive has a Board and leadership that is not subject to changing local political control and it has purposes exclusively concerned with housing (as opposed to a housing function which is set within the much wider responsibilities of every local authority). So the arguments for the ALMO model do not take us very far in the Northern Ireland context.

Rather, we have looked at the merits of giving the housing management role a clearer identity following the delineation between the Housing Executive's strategic-enabling role and its landlord role. This would also be the opportunity for recognising more formally the value of increased participation of residents in the governance of the enterprise, which is a popular hallmark of Arms Length Management Organisations.

7.6

We conclude that:

- the Housing Executive possesses many of the characteristics, already, which are sought by those who have advocated the ALMO model of ownership and management in England;
- the separation of the Housing Executive landlord function and the creation of a new Board exclusively concerned with the landlord role, offers the opportunity for an organisational model that involves tenants more centrally in the process of governance in Northern Ireland.

We recommend:

- That the landlord body, with its own board, within the NIHE, would be 'The Northern Ireland Housing Management Organisation' (NIHMO), within the continuing overarching responsibility of the Housing Executive, with its own set of accounts, thus distinguishing this part of the Housing Executive's work from its strategic activity;
- that approximately one third of the members of the new Board should be drawn from the population of residents in the existing stock, with the remainder appointed by and including members of the Housing Executive Board, and with specialist skills sets.

7.7 New Homes and Communities

Quite apart from the requirements for the modernisation of existing Housing Executive stock, we see a major role for the Housing Executive in meeting the need for an extensive programme of new building to overcome current shortages.

The Housing Executive is in a pivotal position to support the next phase in the development of housing in Northern Ireland and ensure a flow of mixed tenure, mixed income, new communities, both large and small. This will require partnership working with private developers, local authorities and housing associations. The Housing Executive has the scale of operational expertise, and the public and political support, to facilitate the delivery of this aspect of Northern Ireland's Housing Strategy.

In order to play this crucial role, the Housing Executive needs to be the catalyst and driver for

local developments – advising local councils on their planning and regeneration roles, assisting with land supply or assembly and liaising with private sector developers. It can also be the channel for the necessary investment in new affordable homes for rent and ownership, not only through grant-aid for housing associations- for which there will be new constraints in the years ahead- but through new vehicles. Securing investment from other sources is likely to be an essential function for the Housing Executive.

The Commission has been exploring the opportunities for the Housing Executive to draw in new funds as a key part of its strategic enabling role. We believe it has the capacity to stand at the centre of a Northern Ireland initiative to pursue major new developments and facilitate their funding.

Advice from leading experts in this field suggests that the potential exists for the Housing Executive to enter into partnerships, always within the context of meeting the aspirations of local council, not only with



housing associations but with private developers in the following ways:

- By continuing to work closely with housing associations as the frontline providers of social and affordable homes;
- By establishing joint ventures and Special Purpose Vehicles (SPVs) which gauge local authority input in relation to land, planning and regeneration powers, alongside private sector involvement;
- By working with DOE- and following RPA implementation with local councils- to secure development gains through planning obligations on private developers;
- By exploring funding possibilities, such as Public Finance Initiatives (PFI)/Public Private Finance (PPFs) and Tax Increment Financing (TIF)/Accelerated Development Zones (ADZs), that invest in anticipation of future increases in local taxation;
- By negotiating with institutional investors- including pension funds and insurance companies- for funding of long term renting in which the institutions may retain ownership (perhaps informed by the Homes and Communities Private Renting Initiative);¹⁴⁵

¹⁴⁵ <http://www.homesandcommunities.co.uk/>



- By considering direct development- akin to the revival of council house building in England- where the Housing Executive has sufficient resources, alongside borrowing repaid from rents, to 'go it alone'.

7.7

We conclude that:

- as part of its strategic and enabling function, the Housing Executive has a crucial role to play as the catalyst and driver for local developments by acting as the key partner for local council;
- to play this role, the Housing Executive will need to be proactive in supporting local council planning and regeneration roles and in liaising with the private sector and financial institutions to secure both development funding and the building of new homes.

We recommend:

- that the Housing Executive explores a range of opportunities to work with others through joint ventures and special purpose vehicles, as well as directly with housing associations. This could encompass assisting with land supply or assembly and supporting local council in securing affordable homes through planning obligations on private developers;
- that the NIHE takes the lead in exploring additional funding sources such as Tax Increment Financing, and partnerships with institutional investors interested in long-term involvement in rented housing.



SECTION EIGHT

**ACTION BY THE STATUTORY
AND RELATED BODIES**

SECTION 8

Action by the Statutory and Related Bodies

For the Northern Ireland Executive, we recommend that:

- it develops an Economic Strategy for Northern Ireland which should include action to:
 - i. better understand how investment in housing and communities affects economic outcomes
 - ii. co-ordinate action at a regional and sub-regional level to make explicit the linkages between housing and economic development and in particular between housing supply and the labour market
 - iii. link housing supply targets with broader economic priorities;
- it establishes a permanent sub-committee of the Department for Social Development to co-ordinate cross departmental action on housing outcomes;
- it plays a proactive role in taking forward partnerships and joint ventures, where appropriate, with the public and private sectors sharing the risks and rewards of development;
- it gives enhanced priority to tackle climate change and that it take measures, through the Department for Social Development, as with the Interdepartmental Group on Fuel Poverty, to co-ordinate action across government departments with responsibility in this area;
- it seizes the opportunity to meet the housing aspirations of the population and take proactive measures to support meaningful integration across religion, income and tenure;
- it publishes an annual statement of progress on integration across a range of indicators which includes religious mix, and tenure / income mix in housing. The statement should be informed by data and information submitted from across the public, private and voluntary sectors.

- it recognises the significance of housing in tackling poverty and inequality as a major justification for investment in this sector;

- It gives the Ombudsman extended powers to undertake 'own initiative' investigations to strategically examine issues where they have been the subject of multiple complaints.

For the Department for Social Development, we recommend that:

- it publishes a Housing Strategy for Northern Ireland, setting out long term policy goals for the housing system for the decade to 2020;

The Housing Strategy would have as its priorities the attraction of sustainable levels of public and private investment; the stabilising of housing supply; the creation of a mixed housing economy; support for greater integration and social cohesion; with the appropriate organisations having effective structures to enable the strategy to take effect.

It should be prepared in consultation with key agencies, government departments, business, housing providers across the tenures, professional bodies and voluntary and community sector agencies. Progress in delivery of the Housing Strategy should be reported to the Northern Ireland Assembly on an annual basis. It should be mindful of the role of housing and related services in alleviating poverty and social exclusion;

It should include:

- clear actions for meeting need- to include new build social and affordable housing targets;
- clear targets and timescales for helping to achieve greater cohesion between people with different religious beliefs and different incomes;

□ measures for the development and delivery of a range of housing options for older people. This should set out targets for the next ten years to create an adequate supply of housing for older people that meets their needs and aspirations;

□ the development of cooperative housing as a feature of Northern Ireland's housing.

□ an explicit policy position on mortgage rescue schemes and use of flexible tenure to help shape the housing market in the longer term.

● it takes the concept of partnerships between the different sectors should now be taken to a new level in financing and delivery of housing: with input and oversight from the Northern Ireland Housing Executive. Joint ventures/special purpose vehicles/Local Housing Companies may create the frameworks for action that combines the resources and skills of the private and social housing sectors;

● with the Department of Finance and Personnel, it should undertake a comprehensive review of investment opportunities for housing which should explore all available avenues, including support from the European Investment Bank;

● with the Department of Finance and Personnel, it takes forward the opportunities which mixed-tenure schemes produce not only to provide subsidies for social housing but to invest in projects that will see repayments of funds for recycling into additional new homes;

“an explicit policy position on mortgage rescue schemes and use of flexible tenure to help shape the housing market in the longer term...”



● it ensures that the Northern Ireland Housing Executive has the necessary powers to work with local councils in creating the partnerships- not just with housing associations but with private developers and financial institutions- that are needed to undertake major new housing projects, and regeneration schemes;

● it secure the essential requirement for extra investment in the Housing Executive's housing stock through a combination of modest rent increases and some re-profiling of annual repayments of historic debt- this will require DFP negotiation with HM Treasury;

● additional income from Housing Executive rental increases be reinvested into housing programmes, either to maintain or upgrade existing stock;

● providing the steps above are taken, it should retain the Housing Executive's role as a landlord within the public sector on a self-financing basis for the coming period;

along with DFP, it should undertake a full financial appraisal to assess whether these measures will be sufficient, or whether for the longer term, transferring the stock outside of public ownership has to be explored;

- it establish an independent body: a Rent Authority for Northern Ireland- to set rent levels in social housing- perhaps as part of the role for the Rent Officer for Northern Ireland- within the remit of DSD;
- it directs the new Rent Authority to undertake a strategic review of the rental regime, to agree the basis on which rent is determined and to set out publicly the determination process, prior to making decisions on rent levels;
- it ensures that any increase in rents in social housing must take account of affordability for households. While increased income for housing through rental income is badly needed, this should not harm the most vulnerable households;
- it establishes a cross-sector Housing Market Panel, made up of representatives from the private and public sectors, to advise the department on market trends across all sectors. It would undertake continual observance of the housing market, provide a robust supply of sub-regional market intelligence and help prevent future market volatility;
- it makes possible the formation of Community Land Trusts, or opportunities in mutual / co-operative housing, for shared housing projects- whenever suitable land is available on the preferential terms;
- it undertakes a review of the Common Selection Scheme to take account of its potential to encourage – rather than inhibit – greater social cohesion;
- it learns lessons from research that links living in social housing developments where poverty is concentrated, with poor outcomes for tenants; so that mixed income/mixed tenure housing that reduces these risks becomes the norm for future developments;
- it supports housing providers in their valuable wider role of helping lift households out of poverty and social exclusion;
- it should introduce legislation to provide comparable support and security for Travellers as for tenants entitled to social housing, for example, through adequate facilities on sites, and accommodation in caravans, as well as a level of security of tenure on a similar basis to that of secure tenants in bricks and mortar housing;
- it strengthens legislative protection for 16 and 17 year olds to give this group adequate protection;
- it introduces a codified, bespoke procedure should for all residential possession proceedings;
- it rectifies the absence of legal aid for those facing eviction from their home;
- it introduces a pre-action protocol for all possession actions;
- it explores a programme of education for lawyers and judges dealing with housing cases;



- it set aside further resources to extend the Housing Executive's work examining housing need in rural areas, through a programme of Rural Housing Enablers. They would bring together land owners, local communities, planners and social housing providers- to achieve more social/affordable housing in small schemes in rural areas;

- it takes particular action to that new rural housing includes accommodation not exclusively for social renting, but also to meet the needs of young people with some aspirations towards affordable home ownership, thus retaining these households within the villages of Northern Ireland;

- it pays particular attention to the need for mixed income/mixed tenure developments in rural areas;

- it considers the option of developers themselves obtaining grant for social/affordable housing;

- it undertakes modernisation of the regulatory framework for social housing with three key priorities: a greater role for residents; continual improvement of performance and value for money; and attracting greater levels of investment in social housing;

- it establishes a co-ordinating agency for the regulation of social housing . In addition to developing a reformed regulatory framework for social housing, this body might in time also assume responsibility for regulation of landlords in the private sector. The regulator should publish an annual assessment of the performance of the Northern Ireland Housing Executive and housing associations against a common standards framework;

- it adopts an approach to regulation which limits intervention to those cases where there is evidence of poor performance. We recommend the adoption of risk-based regulation with a well defined set of standards to be achieved by

associations. The new regulatory framework should place an increased emphasis over time on self-assessment by housing associations and that annual self-assessments are made publicly available. Residents should play a much greater role in the regulation of social housing to test the effectiveness of services and help shape and develop new products- the Tenant Involvement Framework should include the key steps to be taken by DSD to embed tenant involvement in the inspection process for housing associations;

- it publishes a Northern Ireland Tenant Involvement Framework in consultation with tenants. It should set out a clear policy direction for tenant involvement and how landlords should deliver key objectives. The framework should recognise the role which tenants can play in the management of housing services, both in terms of their design and in regulating their delivery;

“...particular attention is paid to the need for mixed income/mixed tenure developments in rural areas...”

- it should take forward its important initiatives with regard to the Private Rented Sector Strategy in 2010. This strategic framework should incorporate the legislative and administrative proposals which follow:

- all private landlords should be listed by an appointed agency on a public register. This process should present no barriers to entry, be 'light-touch', and have nominal cost implications for private landlords. This will in turn assist the collection of much-needed market intelligence on the rental sector and pave the way for future licensing measures, as required;

- registered (listed) landlords who are convicted for specific offences or offend persistently on



other grounds risk sanctions based on a pre-set tariff: if they are struck off the register, there should be a requirement that their property be managed only by an approved managing agent;

- the current fitness standard should be replaced by a new Housing, Health and Safety Rating system which is comparable to that for England and Wales in order to improve the health, safety and well-being of tenants in the private rented sector. Local councils should ensure resources are available to their Environmental Health Departments for enforcement of standards. In particular, attention should be given to energy performance since fuel poverty represents such a significant problem in Northern Ireland;

- training programmes for private landlords and managing agents should be developed in partnership with professional bodies and trade associations in the sector, to increase access to information and enhance professional development;

- a mandatory tenancy deposit protection scheme is established as in England, Wales and Scotland (but for properties with rentals up to £100,000p.a.) to protect all tenancy deposits, with an in-built resolution service to mediate in case of disputes;

- landlords are given the opportunity, on a voluntary basis, to apply directly to join the Ombudsman's scheme, as part of the objectives of the Private Rented Sector Strategy to enhance management standards;

“...training programmes for private landlords and managing agents should be developed in partnership with professional bodies and trade associations in the sector...”



- all letting and managing agents should be strongly encouraged to join a recognised professional body and thereby to accept the obligations of adhering to a Code of Practice which includes membership of an independent ombudsman/redress scheme. Any agents that are not members of a recognised professional body should be required to register with the statutory agency (as above) and, as with all estate agents, should be required to belong to an independent ombudsman/redress scheme;

- support should be made available to assist lower income households to access the private rented sector as an alternative to social housing. Rent deposit/guarantee schemes (similar to the Smart Move model which is working in a small scale already in Northern Ireland) should be developed to overcome barriers to entering the sector and such support should be accompanied by advice and, where necessary, provision of tenancy support for vulnerable households to sustain their tenancies;

- it should undertake a review of the current tenancy regime, in addition to pursuing the Commission's recommendations for registration of landlords and regulation of managing agents. The review should consider the correct balance in the interest of landlords and tenants in respect of security of tenure, as well as devising a model written tenancy agreement (or clearly spelling out the minimum requirements for a written tenancy agreement), which should include the statutory entitlement to have repairs carried out and to have the terms and conditions of tenancy provided at the date of commencement of the tenancy rather than within 28 days;

- with the Northern Ireland Housing Executive, it should make a particular effort to attract institutional investors into the residential sector in northern Ireland;



- with DOE it uses planning powers to secure social/affordable housing on most developments by private house builders, usually through partnership with a housing association and that mixed tenure developments should become the norm by 2015;

- where housing associations are taking the lead, the estates they build should also contain a tenure/income mix, with low cost home ownership – through shared ownership or 'Homebuy' equity-loan models – alongside the social rented homes;

- with DFP, it gives consideration to ways of providing reassurance and possible incentives that encourage home owners to release equity tied up in their properties for improvements and repairs, and sometimes for related care (Sections 5.5 and 6.8);

- that government should explore the ways to support elderly home owners to release equity in their homes in order to pay for home improvements (and sometimes for related social care);

- that options for the future should include more mixed tenure developments by both the private sector and the housing associations; retirement Co-housing schemes; Extra Care developments; adoption of the Retirement Village model; and specialist housing integrated within developments for younger households;

- that housing, health and social care providers should work together-sometimes pooling budgets- to develop co-ordinated approaches to providing flexible care and support for older people- including emergency call systems 'Telecare' in the home- personalised to the individual's circumstances;

- it facilitates changes in the ways in which housing associations operate by permitting an extension of their constitutional rules and by consent for receipts from sales to be recycled to provide more new homes;

- it should enable the Co-ownership Housing Association to be the partner/agent for some of the housing associations moving into mixed income/mixed tenure development, providing the funding and administration for shared owners to occupy homes of the developer housing association;

- it reviews the system of allocations in Northern Ireland to consider ways in which the risk of polarisation can be reduced, to use the allocations scheme as a way to enable other policy goals, such as income, tenure and religious mix, without undermining fair access, principles of equality of opportunity, and a needs-based system;

- in reviewing the system of allocations, it explores the potential to provide incentives to those willing to be more mobile, or try shared housing or housing in the private rented sector; the review should consider the extent to which procedures may in themselves restrict choice;

- in reviewing the system of allocations, it considers how to involve a wider range of

providers including the private rented sector, co-operatives and mutuals; and more flexible tenure options so social housing can offer greater choice, address changing household circumstances and support housing aspirations;

- it pilots a Choice Based Lettings Scheme aimed at giving people more active involvement in the decision regarding their housing, to learn lessons for practice;

- as part of a wider policy on flexible tenure, it further reduces the level of discount available to purchasers, introduces a buy back scheme which would allow the social landlord first refusal should the purchaser wish to sell and/or excludes from the House Sales Scheme homes and areas of high demand and housing pressure. An Equality Impact Assessment should be undertaken as part of any decision to place exclusions on the policy;

- it uses the next Housing Bill to facilitate an expanded role for Northern Ireland's housing associations and to empower the NIHE, as the strategic housing authority and as the enabler and facilitator for investment in the sector, to play a stronger role in promoting housing associations;





- it introduces the legal powers for housing associations to build for shared ownership/low cost home ownership/outright sale and to use the proceeds from this to cross-subsidise new development;
- it considers requiring housing associations to bid for grant competitively, not only with each other but with private sector developers. In doing so, care must be taken not to undermine the role of associations in taking on broader functions as place-makers, in partnership with local councils, and playing a greater role in regeneration, community cohesion, financial inclusion and more;
- it should ensure that in the short-term limited resources for housing advice should continue to be made available and directed at those most in need, particularly those individuals and households that live in neighbourhood renewal/deprived areas. It should ensure that access to housing advice continues to be enhanced particularly through web-based advice and for hard to reach groups (e.g. young persons, elderly and disabled households). It should commit to the establishment of Personal Housing Plans. It should engender a more

sophisticated approach to housing advice to assist households in planning for suitable and sustainable housing options. Advice should be extended to cover lettings, prospects for training and employment etc alongside housing advice;

- it should work with advice providers to ensure that all housing options are explored for those in housing need but with some ability to pay more than social rents- including independent advice on the private rented sector and intermediate tenures;
- a programme of work is undertaken to prevent further increases in the number of homes lying vacant in the private rented sector. This should include the provision of advice for home owners wishing to rent their properties. Consideration should be given to giving additional powers to the NIHE, such as Empty Dwellings Management Orders, as in England;
- It ensures that the Northern Ireland Housing Executive has the necessary powers to work with local councils in creating the partnerships- not just with housing associations but with private developers and financial institutions- that are needed to undertake major new housing projects, and regeneration schemes;

“...introduce the legal powers for housing associations to build for shared ownership/ low cost home ownership/ outright sale and to use the proceeds from this to cross-subsidise new development...”

For the Department of Finance and Personnel, we recommend that:

- it recognises the significance to the Northern Ireland economy of a strong construction sector and takes temporary measures to counter-balance the current housing market failures by extra investment in private and social housing;
- as a significant component in such investment, it establishes a National Home Insulation Programme to retro-fit existing homes;
- it supports the fledgling green industries as a dynamic new sector in Northern Ireland's economy and that it invests in a major programme of research and development into sustainable construction technologies in Northern Ireland;
- it develops incentives for owner-occupiers and landlords who wish to retro-fit their properties. It could develop a Northern Ireland-wide 'energy saving programme' which could include encouragement for financial institutions to develop financial products for retro-fit that attach loan repayments to the property rather than the owner, and spread payments to coincide with savings in energy bills;
- it maintains the requirements on house builders as well as social housing providers to meet the higher standards for new build-equivalent to reaching levels 4 and 6 of the Code for Sustainable Homes- but that timescales are set that reflect current cost pressures;
- it recognises the need for 'Decent Homes' standards to incorporate energy-efficiency more prominently and should explore use of energy networks and community heating on a similar basis to the Homes and Communities Low Carbon Infrastructure Fund in England;

- It gives consideration to ways of providing reassurance and possible incentives that encourage home owners to release equity tied up in their properties for improvements and repairs, and sometimes for related care (Sections 5.5 and 6.8);
- with DSD, it should undertake a comprehensive review of investment opportunities for housing which should explore all available avenues, including support from the European Investment Bank;
- it should explore ways of funding home improvements through interest only loans, rolled up interest loans, and shared equity loans to fill the gap left by reductions in public funding for home improvements;
- with DSD, it takes forward the opportunities which mixed-tenure schemes produce not only to provide subsidies for social housing but to invest in projects that will see repayments of funds for recycling into additional new homes;
- ensures that investment in social housing be used as an opportunity to secure more apprenticeships and the use of local labour secured, for example, through building contracts or planning requirements;

“...explore ways of funding home improvements through interest only loans, rolled up interest loans, and shared equity loans to fill the gap left by reductions in public funding for home improvements...”

- it work with DSD to ensure the essential requirement for extra investment in the Housing Executive's housing stock through a combination of modest rent increases and some re-profiling of annual repayments of historic debt- this will require it to undertake negotiations with HM Treasury to reduce annual



repayments of NIHE historic debt to more manageable levels. Providing the steps above are taken, the Housing Executive's role as a landlord should remain within the public sector on a self-financing basis for the coming period;

- with DSD, it should undertake a full financial appraisal be carried out to assess whether these measures will be sufficient, or whether for the longer term, transferring NIHE stock outside of public ownership has to be explored;

- with DSD it takes forward the opportunities which mixed-tenure schemes produce not only to provide subsidies for social housing but to invest in projects that will see repayments of funds for recycling into additional new homes;

- there be no further postponement of the rating of empty properties beyond April 2011.

For the Department of Regional Development, we recommend that:

- Given the importance of housing to economic growth and stability, to community well being and cohesion and to environmental concerns, the Regional Development Strategy should position matters relating to housing as a central ingredient in the overall Northern Ireland framework.

For the Department of the Environment we recommend that:

- it should ensure that planners positively encourage private developers and housing associations to bring forward proposals for the productive use of brown field sites and "buffer zones" for the purposes of providing shared housing schemes;

- it should ensure that planners recognise the value of mixed tenure schemes – of owners, shared-owners and tenants – in contributing to breaking down established divides between communities;

- it should introduce legislation akin to that in England and Wales to require councils to make land available for the provision of accommodation for Travellers;

- it develop a Rural Land Use Strategy to meet the particular housing needs in rural Northern Ireland through better alignment of land-use planning, housing, transport and environmental policy;

- planners use their extensive powers to help secure good quality housing with high standards of design and accessibility;



“...local councils- in exercising their new powers for regeneration- target key outcomes in terms of religious and tenure mix...”

- it introduce a form of 'developer contribution' to require house builders- when market conditions improve- to ensure that social/ affordable housing is provided, usually through housing associations, as a matter of course in most new developments;
- it prepares a new planning policy statement which brings together the regional and local priorities for delivering Northern Ireland's Housing Strategy;
- it ensures that the modernised land use planning system place a high priority on promoting and managing the public realm to contribute to the greater well being of communities across Northern Ireland;
- it should help in the building of skills and capacity within the community and voluntary sector to facilitate the development of more cooperative housing in Northern Ireland;
- with the DSD it uses planning powers to secure social/affordable housing on most developments by private house builders, usually through partnership with a housing association and that mixed tenure developments should become the norm by 2015;
- with the DSD it takes forward the opportunities which mixed-tenure schemes produce not only to provide subsidies for social housing but to invest in projects that will see repayments of funds for recycling into additional new homes.

For local government, we recommend that:

- the role of the Northern Ireland Housing Council be recognised as the central point of reference for local councils in the creation of a Housing Strategy and in its implementation;
- local councils- in exercising their new powers for regeneration- target key outcomes in terms of religious and tenure mix;



- in respect of the inspection and regulation of the conditions on sites for Travellers, the relevant local council should proactively review and thereafter implement a strategy for ensuring the fitness for habitation of all sites;

...and following transfer of functions under RPA, we recommend that:

- local councils are clear on the role of housing- private, affordable and social- within their area so as to provide greater certainty for developers and housing associations, and help for the appropriate provision of new homes;
- that, to achieve this, close working relationships be forged with the NIHE- which has the central supporting role in housing delivery- and with the bodies responsible for the strategic overview of Northern Ireland's future;
- the new councils in Northern Ireland create local strategic forums of landowners, developers, builders and local representatives to inform the local planning frameworks for housing within a community plan;



management, the two streams of activity should be identifiably separate;

- it should provide high level advice to DSD and should then act within the housing policies and strategic framework determined by the Northern Ireland Executive. Within this policy framework, the Housing Executive should further develop its strategic housing role, identifying long term housing requirements with each of the eleven new local authorities which will follow implementation of RPA. It should increase its understanding of the interplay between housing markets and the tools that influence those markets. It should build effective housing partnerships and relationships that maximize the contribution of housing associations and private developers. It should strengthen links between housing services and community development, between housing and regeneration/economic development, health and well-being;

- local councils, in their capacity as driving Community Planning Partnerships in the future, play a lead role in encouraging cooperative housing options;

- that to fulfil the new requirements for planning, local councils will need to invest in people with skills to negotiate the best arrangements for all parties, perhaps sharing expert officers across local authority boundaries and drawing on expertise from the Department of the Environment; as well as in equipping Elected Members to play their part in taking the all-important planning decisions.

For the Northern Ireland Housing Executive, we recommend that:

- it plays a central role in the Department for Social Development's Housing Strategy for Northern Ireland;

- it undertake separation of its strategic enabling and the landlord roles. Both should remain under the same umbrella with the same overarching Board and Chief Executive; but in terms of financial accounting and on going

- following the disentanglement its the budgets and clarity on the deficit funding arrangements, its landlord role should become an integral, but distinct business enterprise, with a greater role for residents in its governance. The separate housing accounts we are recommending for the landlord functions should allow accumulation of surpluses / reserves with ongoing financial responsibility firmly in the hands of the Housing Executive Board;

- a new landlord body, with its own board, within the NIHE, should be established. 'The Northern Ireland Housing Management Organisation' (NIHMO), should operate within the continuing overarching responsibility of the Housing Executive, with its own set of accounts, thus distinguishing this part of the Housing Executive's work from its strategic activity. Approximately one third of the members of the new Board should be drawn from the population of residents in the existing stock, with the remainder appointed by and including members of the Housing Executive Board, and with specialist skills sets;

- it explores a range of opportunities to work with others through joint ventures and special purpose vehicles, as well as directly with housing associations. This could encompass assisting with land supply or assembly and supporting local authorities in securing affordable homes through planning obligations on private developers;

- It takes the lead in exploring additional funding sources such as Tax Increment Financing, and partnerships with institutional investors interested in long-term involvement in rented housing;

- because the impact of separated communities can be relieved by better integration of public services, it should work with all housing providers towards the provision of services and facilities that encourage mix between communities;

- along with housing associations, it continues to undertake shared housing projects when development opportunities arise, not least on 'neutral' sites, and those vacated by public bodies, including the Ministry of Defence, and the Police Service of Northern Ireland;

- It plays a lead role in contributing to a review of the Common Selection Scheme and providing intelligence and data to the review, and in doing so, It gives consideration to managing demand and accessibility to the waiting list;

- it establish anti-poverty programmes, helping with support and advice on benefit entitlement, debt counselling, and support for employment opportunities; recognising the value they can add in reducing social exclusion;

- its development programme to provide a decent supply of culturally sensitive accommodation for Travellers should be successfully completed as a matter of urgency;

- it should seek to allocate accommodation on sites- where this is requested- for Traveller applicants who are homeless, and who qualify for housing;



“...along with housing associations, it continues to undertake shared housing projects when development opportunities arise...”

- it should explore opportunities for leasing arrangements with private sector landlords on a wide scale – alongside the potential for Local Lettings and Accreditation schemes to help lower income households into the sector and provide them with a greater level of security of tenure;

- it makes a special effort to attract institutional investors into the residential sector in Northern Ireland. That it should play a more deliberate role as enabler and catalyst, forging partnerships for new developments that incorporate investment from major institutions like pension funds (perhaps along the Real Estate Investment Trusts model);

- it proactively uses its powers to vest and occupy empty properties, and that consideration be given to giving additional powers to the NIHE, such as Empty Dwellings Management Orders, as in England and Wales;
- it undertakes a programme of work to prevent further increases in the number of homes lying vacant in the private rented sector. This should include the provision of advice for home owners wishing to rent their properties;
- it help to develop a framework for resident involvement- perhaps with expansion of the remit of the Housing Community Network to include residents from housing associations.
- because the impact of separated communities can be relieved by better integration of public services, all housing providers should work towards the provision of services and facilities that encourage mix between communities;
- in their contribution to regeneration, working with local communities, they make concerted efforts to secure funding from the European Union's Peace III, INTERREG and other sources of funding to promote greater community integration and shared living;
- they establish anti-poverty programmes, helping with support and advice on benefit entitlement, debt counselling, support for employment opportunities et al; and recognise the value they can add in reducing social exclusion;

For housing associations, we recommend that:

- that in so far as private developers move into provision of low-cost home ownership options alongside their homes for outright sale, the Co-ownership Housing Association could perform the same partner/agent role as for the housing associations;
- that the Co-ownership Housing Association pays particular regard to the value of the shared ownership (or equity ownership) opportunities for people with disabilities, and for new households in rural areas;
- that the experience of Co-ownership Housing Association should be harnessed to run a pilot project to enable a model of flexible tenure that allows for 'downward staircasing';
- along with the NIHE, housing associations continue to undertake shared housing projects when development opportunities arise, not least on 'neutral' sites, and those vacated by public bodies, including the Ministry of Defence, and the Police Service of Northern Ireland;
- along with the Northern Ireland Federation of Housing Associations, they should develop a frameworks for greater resident involvement within housing associations;
- they embed resident involvement into their business plans as a matter of course;
- they continue to work with the NIFHA to find new ways of working together to share services and secure better procurement deals.





ANNEXES ONE-FOUR

ANNEX: 1

The Commission

LORD BEST



Lord Best retired at the end of 2006 after 18 years as the Director of both the Joseph Rowntree Foundation and Joseph Rowntree Housing Trust.

He is Chair of the Hanover Housing Association, Vice-Chairman of the All Party Parliamentary Group on Urban Development and Hon Treasurer of the All Party Parliamentary Group on Homelessness and Housing Need. TCPA

He is President of the Local Government Association and Chair of the Independent Commission on the Future of the LGA. He is also Chair of the Giving Forum and President of the Continuing Care Conference. Some of his previous posts have included : Chairman of the Westminster Housing Commission (2005-2006); Commissioner, Rural Development Commission (1989-1998); Chair, Inquiry into Social Inclusion in Glasgow (1998-2000); Secretary, Duke of Edinburgh's Inquiry into British Housing (1984-1991). Between 1973 and 1988 he was Director of

the National Federation of Housing Associations. He was a member of the Commission on the Future of Birmingham's Council Housing and chaired the Hull Partnership Liaison Board (2002-2004).

Richard Best was created a Life Peer in 2001. He chairs the Audit Committee of the House of Lords.

President Local Government Association, Chairman of Hanover Housing Association, Trustee Royal Society of Arts, Trustee The Tree Council, Vice-Chairman of the All Party Parliamentary Group on Urban Development and Hon Treasurer of the All Party Parliamentary Group on Homelessness and Housing Needs, Chair of House of Lords Audit Committee, Chairman of The Giving Forum, Vice President of Town and County Planning Association, Board Member of Ombudsman of Estate Agents, Chair Office of Public Management's Public Interest and General Council; Hon Fellow RIBA, Hon Life Member Chartered Institute of Housing, Hon Doctor of Letters, Sheffield University.

PROFESSOR MICHAEL GREGORY LLOYD



Greg Lloyd took up his position as Professor of Urban Planning and Head of the School of the Built Environment at the University of Ulster on the 1st July 2008.

He started his career in the Department of Land Economy at the University of Aberdeen and was subsequently Professor and Head of the School of Town and Country Planning at the University of Dundee.

Immediately prior to moving to the University of Ulster, Greg was Professor of Planning in the Department of Civic Design at the University of Liverpool. His research interests include: the relations between public policy; planning and real

property developments; institutional innovation in spatial planning practices and land and property development; and the efficiency and effectiveness of new planning and regulatory arrangements. Reflecting these interests, Greg was Ministerial Adviser to the Northern Ireland Assembly Government on its reform of land use planning. He is a member of the Scottish Government's National Planning Framework Advisory Group and also sits on the European Regional Committee of the Commonwealth Association of Surveying and Land Economy (CASLE).

He is a Distinguished Professional member of the Chartered Institute of Housing.

ALYSON KILPATRICK BL



Alyson Kilpatrick studied law at Queens University Belfast, the Inns of Court School of Law London and the College of Europe Bruges. She was called to the Bar of England and Wales (Middle Temple) in 1992 and was a founding member of Arden Chambers.

From 1993, she practised from Chambers in London and Manchester until her return to Northern Ireland in 2008, where she is now in private practice. Alyson has extensive experience of litigation in the higher courts, representing a wide variety of clients including public authorities, the voluntary sector, charities and individuals concentrating on public law, housing, homelessness and human rights. Throughout her practice, Alyson has published extensively. For example, as contributor to The Human Rights Act

1998: A Practitioner's Guide (Sweet and Maxwell), as an editor of the Housing Encyclopedia and Housing Law Reports (Sweet and Maxwell), as author of Repairs and Maintenance: Law and Practice for the Management of Social Housing (Lemos and Crane), Discrimination in Housing Law (Lemos & Crane) and Housing Law in Northern Ireland (forthcoming 2010 SLS Legal Publications).

She is regularly invited to speak at conferences on legal practice and procedure involving human rights, housing, homelessness, the rights of Irish Travellers and policing and criminal justice. In 2009, Alyson was appointed Human Rights Advisor to the Northern Ireland Policing Board. She is a voluntary member of the Board of the Simon Community Northern Ireland.

ANNEX: 2

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Northern Ireland Housing Executive
Chartered Institute of Housing**

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ANNEX: 4

Definitions

Accelerated Development Zones

Accelerated Development Zones follow the same principles as Tax Increment Financing and allow local authorities to capture incremental value in the form of tax revenues generated by new development. Accelerated Development Zones would be distinct physical areas and would only be established on the development of a viable business case.

Affordable Housing

The Commission has used the same definition of affordable housing as Sir John Semple in his Review into Affordable Housing (2007). As such, affordable housing encompasses social rented housing (provided by the Northern Ireland Housing Executive and Housing Associations) and intermediate housing (provided through shared ownership, such as the Co-Ownership Scheme).

Arms Length Management Organisation

Arms Length Management Organisations (ALMOs) were established in England in 2002, on a not-for-profit basis, in order to manage council housing on behalf of local authorities. The local authority retains ownership of the stock and the right to allocate housing, while the ALMO runs the day-to-day management of the housing stock ensuring that it is properly maintained and meets the Decent Homes Standard. A key element of an ALMO is tenant involvement, with tenants comprising a significant percentage of an ALMO Board and having a role in making decisions that affect their neighbourhoods and communities.

Deficit Funding Grant

This is money used to pay a debt or cover an anticipated shortfall in a budget. The Northern Ireland Housing Executive receives Deficit Grant Funding from HM Treasury to pay off a historic debt.

Empty Dwelling Management Orders

Empty Dwelling Management Orders are a discretionary power introduced in England and Wales under the Housing Act 2004 allowing local authorities to take over the management of long-term privately owned empty homes. In his 2007 Review into Affordable Housing, Sir John Semple recommended that the Department for Social Development should bring forward legislation to introduce Empty Dwelling Management Orders in a bid to reduce the number of empty properties in Northern Ireland.

Housing, Health and Safety Standard

The Housing, Health and Safety Rating System is essentially a risk assessment for residential properties and replaced the Fitness Standard element of the Decent Homes Standard in England and Wales. The Housing, Health and Safety Rating System is focused on avoiding/minimising potential hazards rather than meeting minimum standards and targets key

areas of concern for tenants. It produces a tangible determination, within and without, of a property through a scoring system that sees properties grouped into bands according to the 'hazards' found during the inspection process.

Joint Ventures

Joint Ventures are investment tools that bring together public and private sector organisations and are increasingly common in the social housing sector. Local authorities/Registered Social Landlords enter into a contractual agreement with a private developer/company to share risk and expertise and/or access to land and funding.

Kickstart Programme

The Kickstart Housing Delivery Programme is a £1bn investment in housing established by the Homes and Communities Agency in 2009 as a catalyst to unlocking stalled housing schemes in England. It supports the construction of high-quality mixed tenure housing on sites that already have planning permission, but have run into difficulties as they move to the development stage. The Kickstart programme is aimed at private, social and intermediate housing.

Local Housing Companies

Local Housing Companies are a type of joint venture between the public sector and private sector that aim to increase the supply and range of new homes.

Personal Housing Plans

Personal Housing Plans offer a personalised and structured approach to assessing housing need. Through this approach, applicants/clients will undergo an interview outlining their housing needs and aspirations and then be provided with a written report summarising the options available to them and an action plan. They can then access a database of housing information and actively seek out potential properties.

Real Estate Investment Trusts

Real Estate Investment Trusts (REITS) are companies or trusts that use the combined capital of a number of investors to invest in residential and commercial property. REITS can be more appealing than traditional investment in real estate as they have special tax considerations and are less influenced by trends in the housing market.

Review of Public Administration

The Review of Public Administration was launched in June 2002 by the Northern Ireland Executive with the aim of establishing modern, accountable and effective arrangements for the delivery of public services. Local government will be significantly affected by the review, which will see the number of councils reduced from 26 to 11. Community planning will be the focus of these new councils and they will have a range of powers and functions designed to help them carry out their new role, such as: aspects of planning; rural development; public realm; urban

regeneration and community development; some housing-related functions; local economic development; and tourism.

Rural Housing Enablers

The role of a Rural Housing Enabler (RHE) is to work with rural communities and councils to help them with the process of providing affordable housing in rural areas. RHEs offer independent advice and support, act as facilitators and allow for a more strategic approach to rural housing issues. They can assess need in rural areas, identify possible development sites and explore opportunities for new and innovative approaches to housing provision.

SmartMove

SmartMove was developed as a means of helping homeless or vulnerable people find housing in the private sector. The scheme provides comprehensive housing advice and access to good quality accommodation. SmartMove offers landlords a guarantee rather than a deposit to secure accommodation for the homeless and other vulnerable groups and continues to support and advise tenants even after they have moved into their new homes.

Special Purchase Vehicles

A Special Purchase Vehicle (SPV) is usually a company established for a particular purpose, such as the delivery of a project. SPVs can be owned by one organisation or jointly with a number of partners/stakeholders involved. SPVs deliver specific and well-defined outcomes and are particularly suited to large and complex projects.

Tax Increment Financing

Tax Increment Financing is a public financing method used predominantly in the United States to finance redevelopment and community improvement projects. In essence, the public sector plans and delivers a major project then uses the tax yield from that project to pay off the debt incurred in developing the project. Tax Increment Financing or TIF is a form of area-based regeneration and can be used to deliver affordable housing or urban renewal projects. It would require enabling legislation in England and the devolved administrations if it was to be introduced in the UK.

Total Cost Indicators

Total Cost Indicators (TCI) are benchmark area/cost bands for social housing. TCI are used by the Department for Social Development to ensure that the provision of social housing achieves value for money and that the right level of grant is paid to housing associations. TCI are determined by information on land and property costs and are reviewed on a twice yearly basis.

Commission on the Future for Housing in Northern Ireland May 2010

The Commission would like to thank Curious Design for their work on this report.

Further copies of the report are available to download at www.cih.org/northernireland/housingcommission

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