



House of Commons
Northern Ireland Affairs
Committee

Social Housing Provision in Northern Ireland

Sixth Report of Session 2003–04

Volume I



House of Commons
Northern Ireland Affairs
Committee

Social Housing Provision in Northern Ireland

Sixth Report of Session 2003–04

Volume I

Report, together with formal minutes

*Ordered by The House of Commons
to be printed 20 October 2004*

HC 493-I
Published on 25 October 2004
by authority of the House of Commons
London: The Stationery Office Limited
£0.00

The Northern Ireland Affairs Committee

The Northern Ireland Affairs Committee is appointed by the House of Commons to examine the expenditure, administration, and policy of the Northern Ireland Office (but excluding individual cases and advice given by the Crown Solicitor); and other matters within the responsibilities of the Secretary of State for Northern Ireland (but excluding the expenditure, administration and policy of the Office of the Director of Public Prosecutions, Northern Ireland and the drafting of legislation by the Office of the Legislative Counsel).

Current membership

Rt Hon Michael Mates, MP (*Conservative, East Hampshire*) (Chairman)
Mr Adrian Bailey, MP (*Labour / Co-operative, West Bromwich West*)
Mr Roy Beggs, MP (*Ulster Unionist Party, East Antrim*)
Mr Tony Clarke, MP (*Labour, Northampton South*) (Chairman, Sub-committee)
Mr Gregory Campbell MP (*Democratic Unionist Party, East Londonderry*)
(appointed 4.05.04)
Mr Stephen Hepburn, MP (*Labour, Jarrow*) (appointed 15.03.04)
Mr Iain Luke, MP (*Labour, Dundee East*)
Mr Eddie McGrady, MP (*Socialist Democratic Labour Party, South Down*)
Mr Stephen Pound, MP (*Labour, Ealing North*)
Rev Martin Smyth, MP (*Ulster Unionist Party, Belfast South*)
Mr Hugo Swire, MP (*Conservative, East Devon*)
Mark Tami, MP (*Labour, Alyn & Deeside*)
Mr Bill Tynan, MP (*Labour, Hamilton South*)

Powers

The Committee is one of the departmental select committees, the powers of which are set out in House of Commons Standing Orders, principally in SO No 152. These are available on the Internet via www.parliament.uk.

Publications

The Reports and evidence of the Committee are published by The Stationery Office by Order of the House. All publications of the Committee (including press notices) are on the Internet at www.parliament.uk/parliamentary_committees/northern_ireland_affairs.cfm.

Committee staff

The current staff of the Committee are Dr John Patterson (Clerk), Hugh Farren (Attached Clerk), Dr Aileen O'Neill (Committee Specialist), Tony Catinella (Committee Assistant), Janet Trevellyan (Secretary).

Contacts

All correspondence should be addressed to the Clerk of the Northern Ireland Affairs Committee, House of Commons, 7 Millbank, London SW1P 3JA. The telephone number for general enquiries is 020 7219 2172/3; the Committee's email address is northircom@parliament.uk

Contents

Report	<i>Page</i>
SUMMARY	3
1 INTRODUCTION	5
Background	6
Northern Ireland Housing Executive	6
Government and Housing Associations	7
Recent Developments in Great Britain	8
2 SOCIAL HOUSING – DEMAND AND SUPPLY	9
Common Waiting List and Common Selection Scheme	9
Demand trends	9
Geographic pattern of demand	10
Composition of demand	11
Homelessness	12
Supply of Social Housing	13
Community Development	14
3 PLANNING TO MEET HOUSING NEED	15
Modelling	15
Disputed figures	16
4 NEW BUILD PROGRAMME	17
Departmental Review	19
Planning Policy Statement 12	20
Role of Area Plans	21
Management of Social Housing	22
5 HOUSE SALES SCHEME	24
6 CO-OWNERSHIP SCHEME	27
7 PRIVATE RENTED SECTOR	29
8 QUALITY OF HOUSING	31
Decent Homes Standard	31
Lifetime Homes Standard	33
Sustainable Building	34
9 CONCLUSION	35
Conclusions and recommendations	37
Formal minutes	41

Witnesses	42
List of written evidence	43
List of unprinted written evidence	44

SUMMARY

While home ownership dominates the housing market in Northern Ireland with nearly three quarters of all dwellings in owner occupation, the need for good quality social housing remains undiminished. The Northern Ireland Housing Executive's creation in 1972 as the regional strategic housing authority has had a significant stabilising influence throughout the years of the 'troubles'.

The social housing sector is under great strain here- as it is the rest of the United Kingdom - with demand outstripping supply. Waiting lists of people seeking social housing - particularly those who are homeless or require social housing urgently- have increased significantly over recent years, and this trend is expected to continue. Meanwhile, the continued success of the house sales policy and the failure to meet the targets for building new houses has meant that the supply of social housing has fallen dramatically.

Urgent action on a number of fronts is required to redress this imbalance in supply and demand. We recommend that the government examines:

- the level of new house building required to meet demand
- the management of new social house building
- the fundamental impact on social housing of the house sales policy
- the regulation and impact of the private rented sector on social housing provision
- the impact of the co-ownership scheme on social housing
- the need to identify a challenging quality housing standard

Promising initiatives are underway, but these are being pursued in isolation. If action is not taken quickly the crisis presently threatened in social housing provision is likely to become a reality. The government requires to move without delay to construct and implement a co-ordinated regional housing strategy ensuring that the efforts of all relevant departments and agencies are maximised.

1 INTRODUCTION

1. Since the early 1970s, social housing in Northern Ireland has developed differently from the rest of the UK. This is true particularly in relation to housing policy and the management of housing services which have avoided the many changes in England, Scotland and Wales. The establishment of the Northern Ireland Housing Executive (NIHE) in 1972 provided a single, comprehensive regional strategic housing authority which has had a significant stabilising influence throughout the years of the ‘troubles’.

2. However, the latest NIHE annual review of the housing market in Northern Ireland published in January 2004¹ stated that “despite the continued economic growth and buoyancy in the housing market there are increasing signs of strain”. These strains manifest themselves in increasing affordability problems for first time buyers, a growing waiting list, rising numbers in urgent need of housing, and a declining supply of new social housing. Social housing stock in Northern Ireland is relatively new and is generally regarded as in good condition compared with other areas in Great Britain (GB).

3. In this report we set out the results of our examination of the effectiveness of current social housing provision in Northern Ireland, and have looked in particular at:

- the rising demand for social housing
- the continuing decline in the supply, and
- the quality of the housing stock

4. In undertaking this inquiry we were conscious of the excellent, groundbreaking reports on housing by the former Committee for Social Development of the Northern Ireland Assembly² which “represented the first local, cross-party analysis of housing issues for decades”.³ While the Assembly remains suspended, our aim has been to carry that work forward.

5. We have held informal meetings with the main political party representatives to listen to their views and concerns about social housing, and were encouraged by their general welcome for our inquiry; we have taken formal evidence from a range of organisations at hearings in Westminster, Belfast and Londonderry; a visit to Birmingham was undertaken to compare housing provision there with that in Northern Ireland. We heard evidence from Mr John Spellar, Social Development Minister. We have been able to draw on the

¹ The Northern Ireland Housing Market Review and Perspectives 2004-2007, NIHE January 2004

² The Committee carried out two major inquiries in 2001/2002 - Inquiry into Housing in Northern Ireland, Committee for Social Development, Second Report, Session 2001/2002; Second Report on the Inquiry into Housing in Northern Ireland (Homelessness), Committee for Social Development, Third Report, Session 2001/2002. The issues explored in these inquiries were:

- Private Sector Renewal and proposals to move from a mandatory to a discretionary grants system;
- Houses in Multiple Occupation and the Regulation of the Private Rented Sector;
- Large Scale Voluntary Transfers and the NIHE;
- The rights of Housing Association Tenants to buy their properties; and
- Homelessness.

³ HC 493-II Ev 61

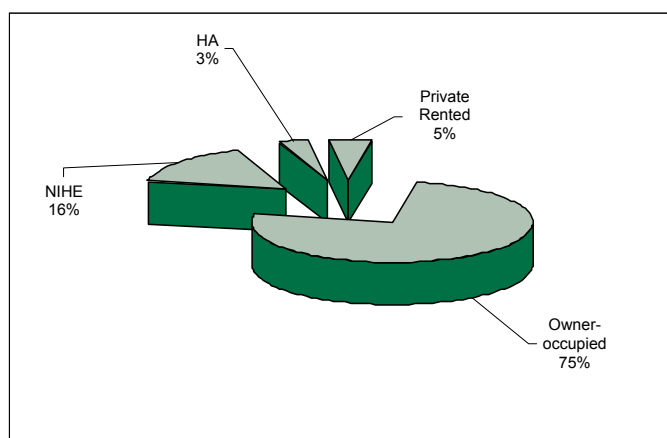
work of a recent House of Commons inquiry into affordable housing in England also⁴. We are grateful to all those who have helped us with this inquiry, including those who have provided oral or written evidence. We particularly wish to thank Tim Moore, a senior researcher with the Northern Ireland Assembly, for his valuable support and assistance.

Background

6. It was pointed out to us that Northern Ireland has “a distinctive demographic structure compared to other parts of the UK, with a greater proportion of under-16s and a smaller proportion of elderly pensioners”⁵. In Northern Ireland 23.6% of the population is aged 16 years and under compared to 18.7% in England and Wales.⁶ Average income remains much lower than the rest of the UK, and the average household size is larger at 2.6 compared to the UK average of 2.4.⁷

7. Home ownership has grown over the past twenty years aided by a steady if modest growth in house prices and the absence of the significant surges and collapses experienced in other parts of the UK, particularly south-east England. Last year owner occupied dwellings accounted for 75% of the total occupied housing stock in Northern Ireland, while the proportion of social housing –comprising NIHE and Housing Association dwellings– has fallen by 10% over the past ten years to just under 20% of all occupied dwellings. The remaining 5% of dwellings were in the private rented sector.

Figure 1: Occupied Housing Stock 2003



Northern Ireland Housing Executive

8. NIHE’s origin lies in the Cameron Commission of Inquiry which reported in 1969⁸ that one cause of continuing political conflict and street disturbances was “a rising sense of injustice and grievance amongst large sections of the Catholic population in respect of the

⁴ Affordable Housing, OPDM Housing, Planning, Local Government and the Regions Committee, Third Report of Session 2002-03, HC 75-I

⁵ HC 493-II Ev 125

⁶ HC 493-II Ev 158

⁷ *Housing Statistics 2002-03*, DSD/NISRA 2003

⁸ Disturbances in Northern Ireland - report of the commission under the chairmanship of Lord Cameron appointed by the Governor of Northern Ireland (1969) Belfast: HMSO

inadequacy of housing provision by certain local authorities”.⁹ It was set up as a non-departmental public body under the Housing Executive Act (NI) 1971 as the regional housing authority taking over responsibility for the building, management and allocation of all public housing from local authorities, the Housing Trust, and the Development Commissions.

9. The NIHE is “the sole assessor of social housing need in Northern Ireland, while the Department sets, controls and monitors the programme to meet that need, which is delivered by Housing Associations”.¹⁰ Its primary responsibilities are to:

- regularly examine housing conditions and housing requirements,
- draw up wide ranging programmes to meet these needs,
- effect the closure, demolition and clearance of unfit houses,
- effect the improvement of the condition of the housing stock,
- encourage the provision of new houses,
- establish housing information and advisory services,
- consult District Councils and the Northern Ireland Housing Council,
- manage its own housing stock in Northern Ireland, and
- fulfil the role of Home Energy Conservation Authority for Northern Ireland.

It has a statutory role in providing accommodation for certain groups of homeless people. It also administers housing benefit in Northern Ireland.

10. There is a consensus that the NIHE has provided a successful framework for delivering social housing over the past thirty years,¹¹ and it is also held in high regard for its community development work.¹² The Committee for Social Development commended the NIHE in its report in 2001.¹³

Government and Housing Associations

11. The Department for Social Development (DSD) has the primary responsibility for housing policy in Northern Ireland and develops housing strategies and programmes in partnership with the NIHE, registered Housing Associations, and a range of stakeholders.¹⁴

⁹ Birrell, D and Hayes, A (1999) *The local government system in Northern Ireland*. Dublin: Institute of Public Administration. p. 20

¹⁰ HC 493-II Ev 58

¹¹ HC 493-II Ev 17

¹² HC 493-II Q259 Ev 107

¹³ *Inquiry into Housing in Northern Ireland*, Committee for Social Development, Second Report, Session 2001/2002.

¹⁴ HC 493-II Ev 58; Paddy Gray, University of Ulster, summed up the respective roles in relation to the delivery of the new social housing programme: “*The new social housing programme is delivered by a three way partnership: The need for additional social housing is assessed by the Housing Executive on the basis of its strategic model and local waiting list information. The Housing Executive draws up a draft programme for approval by the Department for*

12. Other Departments have a significant impact on the provision of housing. The Department for Regional Development (DRD), responsible for strategic planning, implements the Regional Development Strategy (RDS) which aims to facilitate the supply of additional housing to meet the projected needs of the region over the next 25 years. The Department of the Environment (DOE) has responsibility for operational planning matters including planning control, the preparation of development plans, and processing planning applications. The Department of Finance and Personnel (DFP) has responsibility for making and amending building regulations and controls building standards. DFP controls the level of expenditure on building and maintenance of social housing through its overall responsibility for public expenditure.

13. Housing Associations are non-profit bodies which provide, manage, and maintain housing accommodation. There are currently 39 registered, and a number of unregistered, associations in Northern Ireland. Many originated as local community based organisations and specialise in providing accommodation for special needs groups. The Housing Policy Review in 1996 resulted in responsibility for all 'new build' social housing being transferred to them from the NIHE.¹⁵

Recent Developments in Great Britain

14. The Low Cost Home Ownership Task Force, set up by the Deputy Prime Minister and chaired by the Rt Hon Baroness Dean, reported in November 2003.¹⁶ The Task Force was set up to consider a variety of schemes currently available to potential homeowners on low or modest incomes and identify the most effective ways of promoting sustainable homeownership.¹⁷

15. The report of a UK-wide Review of Housing Supply in March 2004, set up by the Chancellor of the Exchequer and the Deputy Prime Minister and chaired by Kate Barker, makes recommendations to address the lack of supply and responsiveness of housing in the UK.¹⁸ While the supply of housing, estimating housing need, land availability and the planning system – all issues relevant to our work were covered, many of the Review's recommendations apply to England only.¹⁹

Social Development. The Department approves and issues the final programme, including any agreed modifications to the draft and allocates schemes to individual housing associations. It is also responsible for ongoing programme management. The housing associations are responsible for building and managing the new dwellings. [Ev 132-133]

¹⁵ See New Build Programme paragraph 50 et seq

¹⁶ *A Home of My Own, The report of the Government's Low Cost Home Ownership Task Force*, November 2003

¹⁷ Key recommendations of the Task Force include:

- In the short term, alignment of Right to Buy discounts and qualifying criteria with the Right to Acquire;
- In the longer term, exploration of a form of equity loan as an alternative to Right to Buy and Right to Acquire;
- The recycling of receipts back into low cost home ownership schemes to help others into home ownership; and
- A reform package to streamline existing schemes.

¹⁸ *Delivering Stability: Securing our Future Housing Needs, Review of Housing Supply*, Kate Barker, March 2004

¹⁹ *ibid.*, Executive Summary, paragraph 40.

2 SOCIAL HOUSING – DEMAND AND SUPPLY

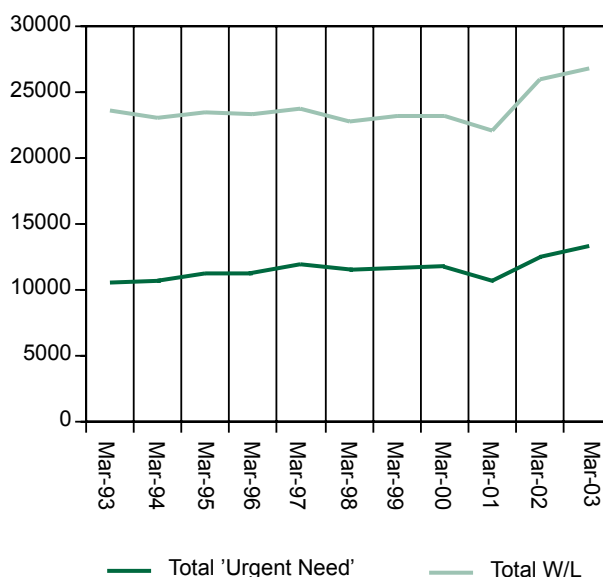
Common Waiting List and Common Selection Scheme

16. There has been a Common Waiting List for all applicants for both NIHE and Housing Association general needs accommodation since 1998. In 2000 a new Common Selection Scheme was introduced which applied a points based assessment to applicants; a non-points based list is maintained of applicants with 'complex needs' who require more specialised accommodation; and 'urgent housing need' was renamed 'housing stress' and defined on the basis of an applicant with 30 or more points.²⁰

Demand trends

17. The Common Waiting List is the NIHE's key source of information when measuring demand for social housing. The number of waiting list applicants remained broadly the same at around 23,000 through much of the 1990s. Following a slight reduction in 2000-01 (possibly related to reassessment during the introduction of the Common Selection Scheme) the numbers have increased significantly with 2002-03 showing a 6% increase in applicants over the previous year to 26,700, of whom just under half are in housing stress.

Figure 2: Trends in the Waiting List-1993-2003



Source: NIHE

18. We heard concerns about the growth in the length of the waiting list for social housing, and there is a strong expectation that demand for such housing will continue to grow over the next 10 years.²¹ The Northern Ireland Tenants Action Project and the Housing Community Network told us that:

²⁰ *The Northern Ireland Housing Market Review and Perspectives 2004-2007*, NIHE, January 2004, Page 38

²¹ HC 493-II Ev 125; Ev 2

“It is a source of continuing and growing concern to local community groups across Northern Ireland that the Waiting List for social housing, including the number of applicants in “housing stress” has continued to grow, particularly at a time when it is evident that the provision of new social housing is not keeping pace with the rising levels of housing stress.”²²

We also heard doubts that the Common Waiting List is a true reflection of the actual level of need.²³

Geographic pattern of demand

19. Demand for social housing across Northern Ireland is uneven. Not unexpectedly the Greater Belfast area has the highest concentration of housing need and housing stress, and the north-west around Londonderry is also identified as an area of high demand. The NIHE pointed to distinctive patterns showing a “clear east/west divide with housing stress heavily concentrated in the urban east and Derry City; and pockets of rural demand in the west”.²⁴

20. The areas of highest demand within Belfast are in the north and west of the city although we were told that the biggest growth in waiting lists has recently been in areas of South and East Belfast.²⁵ The NIHE set out its view of the position in Belfast:

“Within the urban east intense housing demand exists, although in different forms: with North and West Belfast driven by family demand and a youthful population structure to sustain such demand; in South Belfast driven by single demand and higher levels of neutral space (in the religious sense); in East Belfast through a mix of elderly/single demand; and in Lisburn through a mix of single and family demand.”²⁶

The reasons for high demand are varied according to Mr Paddy Gray, lecturer in the University of Ulster: proximity to Belfast, the main hub of economic activity; difficulty in obtaining land for new low cost housing in and around Belfast, and the lack of social housing; the level of house prices in Belfast and the surrounding areas; and socio-demographic forces such as the increased propensity for single living and marriage breakdown.²⁷

21. It was suggested to us that there were distinct housing needs in different communities. The University of Ulster told us that “Catholic housing need” manifests itself “in housing shortage in particular locations”; while “Protestant housing need...takes the form of need for house and area rehabilitation and modernisation.”²⁸ This could be dismissed as a gross generalisation,²⁹ and the University recognised that to categorise all housing in this way

²² HC 493-II Ev 100

²³ HC 493-II Ev 100

²⁴ HC 493-II Ev 82

²⁵ HC 493-II Q 43 Ev 14

²⁶ HC 493-II Ev 82

²⁷ HC 493-II Ev 130

²⁸ HC 493-II Ev 125

²⁹ HC 493-II Q55 Ev24

would be wrong. However, there is a recognition that, particularly in North Belfast, there is intense pressure for more housing on the Catholic side; while on the Protestant side there are vacant properties and “the need is for improvement to the condition of the housing stock”.³⁰ We saw some evidence of this during our visits to Belfast, and we applaud the efforts of NIHE and others to tackle the issue through the North Belfast Housing Strategy.

Composition of demand

22. Three household types dominated the waiting list for social housing in March 2003: single people (44%), small families (26%) and elderly people (19%).³¹

23. Many respondents drew our attention to the fact that the proportion of single people on the waiting list was increasing. For example, the Housing Council expressed concerns about “the continued growth in single person households” and called for “creative solutions to address this demand”,³² and NIHE thought that “the gradual shift towards increasing the supply of small as opposed to family housing through the social new build programme will continue” and confirmed that “Larger, high density schemes for single people are planned.”³³

24. The DSD acknowledged that single people were the largest household type on the Waiting List, but provided a nuanced view of the nature of that group:

“Single people make up the largest percentage of the waiting list, some 44 per cent, but it is by its very nature a transient market in that there are people who come on to the waiting list and there are people who go off the waiting list. There are those indeed who would put their name down almost speculatively.”³⁴

We also heard the Northern Ireland Federation of Housing Associations warn that single people did not necessarily mean young people.³⁵ However, the NIHE told us that the number of younger single people in housing need was indeed on the increase.³⁶ The Foyer Federation and the Housing Rights Service raised concerns that young single people were disadvantaged by the present points allocation system because:

“It has become normal practice for young people to either remain on the list for a considerable period of time (normally with less than 30 points) or be offered accommodation in areas of low demand where, without appropriate support and facilities, they can find themselves becoming homeless.”³⁷

³⁰ HC 493-II Q166 Ev 79

³¹ *The Northern Ireland Housing Market Review and Perspectives 2004-2007*, NIHE January 2004 page 39

³² HC 493-II Ev 188

³³ HC 493-II Ev 84

³⁴ HC 493-II Q122 Ev 71

³⁵ HC 493-II Q59 Ev 26

³⁶ HC 493-II Ev 81

³⁷ HC 493-II Ev 158 & 147-148

25. However, young people were by no means the only group of concern and the Housing Rights Service (HRS) pointed to an increase in the number of older people in housing stress normally as a result of the inaccessibility of their current accommodation. HRS pointed out that this group, and those with disabilities, find it “particularly difficult” to gain access to suitable accommodation.³⁸

Homelessness

26. Homelessness in Northern Ireland has increased significantly over the past decade and has reached a disturbingly high level. In 2002-03 there were 16,426 households which claimed they were homeless. This represented a 16% increase over the previous year.³⁹ The proportion of households presenting as homeless in Northern Ireland according to evidence given by officials to the Committee of Public Accounts’ inquiry, *Housing the Homeless*, is higher than in other parts of the UK.⁴⁰

27. The NIHE has a statutory duty under the Housing (Northern Ireland) Order 1988 to provide accommodation for certain groups of homeless people. It published a Homelessness Strategy in 2002 which is being implemented in partnership with the statutory and voluntary sectors.⁴¹ *Housing the Homeless*⁴² was highly critical of NIHE for failing to produce a strategy until 14 years after it had assumed responsibility for homelessness services and considered that it had been “complacent”.⁴³ The report was also critical of the Department for Social Development for not providing “sufficient oversight or guidance to NIHE in order to ensure that a strategy was produced sooner”.⁴⁴

28. The Committee for Social Development in the Assembly published a report of an inquiry into homelessness in Northern Ireland in June 2002.⁴⁵ That report called for homelessness to be “accorded the highest possible priority” and made a number of important and detailed recommendations.

29. The latest figures provided by NIHE for 2003-04 show that although the number of households claiming homelessness increased from 16,426 to 17,150, the number adjudged to be homeless after investigation by the NIHE remained broadly similar to the previous year – 8,594 compared to 8,580 in 2002-03.⁴⁶ While this was recorded in sections of the press as levelling off,⁴⁷ groups working directly with homeless people were much more cautious. Mrs O’Byrne of the Simon Community said “I think I and my colleagues would be reluctant to jump in and make too many generalisations following one year”.⁴⁸ The

³⁸ HC 493-II Ev 149

³⁹ HC 493-II Ev 130

⁴⁰ Committee of Public Accounts, Twenty- first Report of Session 2003-04, *Housing the homeless*, HC 559 Q3 Ev 1

⁴¹ HC 493-II Ev 87

⁴² HC 559 page 4

⁴³ *ibid.* page 5

⁴⁴ *ibid.* page 9

⁴⁵ *Second Report on the Inquiry into Housing in Northern Ireland (Homelessness)*, Committee for Social Development, Third Report, Session 2001/2002.

⁴⁶ *Housing Executive Release Homeless Figures*, NIHE Press Release 13 May 2004

⁴⁷ For example, *Homeless Figures Beginning to Level*, Irish News, 13 May 2004.

⁴⁸ HC 493-II Q350 Ev 162

number made homeless through intimidation showed a welcome fall of 22% from 1,618 in 2002-03 to 1,245 in 2003-04.

30. A Promoting Social Inclusion (PSI) Working Group on Homelessness, established under the Assembly Programme for Government and chaired by the DSD, has been examining the issue of homelessness. DSD explained that the aim of the group was to develop an inter-departmental and cross-sectoral response to homelessness.⁴⁹

31. Publication of a report by the Working Group, due to be consulted upon in March 2004, has been delayed and has failed to appear. We asked the Housing Rights Service and Simon Community, which are represented on the Working Group about the delay, and were not reassured to be told that:

“...at one level I would not have concerns because the work that was done in the latter months has been very useful work looking at issues to do with community attitudes to homelessness and taking a commitment to tackle some of those issues... If some of the issues that came in the latter part of the work of that group come out in the final consultation report then that delay would be a delay that has been worthwhile”⁵⁰

32. We welcome the valuable work being undertaken by the Promoting Social Inclusion (PSI) Working Group on Homelessness, particularly its engagement with voluntary groups working directly with homeless people. We urge the Minister to ensure that this report is published without further delay.

Supply of Social Housing

33. While waiting lists are growing and the number of people in housing stress and homeless is increasing significantly, the pool of social housing is declining dramatically.

34. The main reason for the decline lies in the operation of the house sales scheme. More than 90,000 new dwellings have been built by the NIHE. Since the introduction of the house sales scheme in 1979 a total of 113,661 dwellings have been sold,⁵¹ exceeding the remaining NIHE stock of 103,000⁵² “The Housing Executive is losing the equivalent of a large housing management district each year, a trend which has accelerated over the last five years, both in absolute numbers and as a proportion of the remaining stock.” In addition, more than 1,000 NIHE dwellings, generally derelict or obsolete, have been demolished annually.⁵³ The stock owned and managed by housing associations “has increased steadily over the past 10 years to 21,000 dwellings”⁵⁴ but this has proved insufficient to compensate for the sale of NIHE stock and to meet increasing demand.

⁴⁹ HC 493-II Ev 62

⁵⁰ HC 493-II Q374 Ev 169

⁵¹ HC 493-II Ev 67

⁵² HC 493-II Ev 131

⁵³ *The Northern Ireland Housing Market Review and Perspectives 2004-2007*, NIHE January 2004 page 79

⁵⁴ *The Northern Ireland Housing Market Review and Perspectives 2004-2007*, NIHE January 2004 page 81

35. There have been problems with the social housing ‘new build’ programme and this subject is covered more fully later on in this report.⁵⁵ Housing associations have been responsible for this programme since 1996 and, as the NIHE delicately put it, “delivery of the social new build programme has been problematic in recent years”.⁵⁶ DSD figures show that the number of new build dwellings started has fallen by nearly two-thirds over a five-year period from 1,862 in 1998-99 to just 669 in 2002-03.⁵⁷ DSD told us that the situation had improved in 2003-04 “This year... we aim to achieve our target or, if we do not, we shall fall short by a very small number.”⁵⁸ This proved to be over-optimistic. DSD figures published in September 2004 reveal that 1,140 new dwellings were started in 2003-04 against the target of 1,500, a shortfall of almost 25%.⁵⁹

36. This situation of sharply declining supply was considered grave by many who gave evidence to us. For example, the Northern Ireland Tenants Action Project pointed to the consequences for the numbers of those in housing stress:

“... the number of new starts in the social rented sector falls considerably short of what is needed and the conclusion is reached that this is a contributory factor in the increase in the number of people in housing stress. It is clear however that the problem seems to be getting worse rather than better and some significant intervention from government is required to address this serious issue and sooner rather than later.”⁶⁰

The Chartered Institute of Housing emphasised the pressure placed on the waiting list “We cannot continue to run a scheme whereby there is a net loss to the social housing provision at a time of escalating waiting list.”⁶¹ The Northern Ireland Federation of Housing Associations pointed out that housing aspirations were likely to be blocked “There has to be a tighter balance between what we sell and what we produce; otherwise people on the waiting list who are living in some of these high demand areas and trying to get housing there will never have their legitimate aspirations met.”⁶²

Community Development

37. NIHE has a significant role in community development and carries this out mainly through a Housing Community Network which “seeks to involve around 400 community groups in policy, programme and service development. In addition NIHE, often in conjunction with the Department for Social Development’s regeneration and voluntary

⁵⁵ See paragraph 50 et seq.

⁵⁶ HC 493-II Ev 83

⁵⁷ *Housing Statistics 2002-03*, DSD/NISRA, 2003, Table 4.1

⁵⁸ HC 493-II Q123 Ev 72. A press article quoting the Northern Ireland Federation of Housing Associations claimed that the target had been met for the first time in 2003-04 with 1,529 new builds started, *1,500 Homes Boost for Social Housing*, Belfast Telegraph, 8 April 2004

⁵⁹ *Housing Statistics 2003-04*, DSD/NISRA, 2004, Table 4.1

⁶⁰ HC 493-II Ev 100

⁶¹ HC 493-II Q29 Ev 11

⁶² HC 493-II Q62 Ev 27

activity units, directly supports capacity measures in individual neighbourhoods or sectors.”⁶³

38. Fears were expressed by the Northern Ireland Tenants Action Project that the diminishing scale of the NIHE’s housing stock could endanger this community role.⁶⁴ The Chartered Institute of Housing struck a less concerned note laying emphasis on the NIHE’s multi-functional roles which included a “... very serious role in both community development, producing balanced communities and responding to local need” and also “... the responsibility through its cross-tenure role on strategic responsibility for the private rental sector.”⁶⁵ DSD did not foresee the ongoing reduction in stock through the house sales scheme as posing a threat to the future of NIHE.⁶⁶ The NIHA appeared alive to the challenge it will face in balancing the new roles it has been given over the last decade in the context of a falling housing stock.⁶⁷

3 PLANNING TO MEET HOUSING NEED

Modelling

39. Two means are used to assess the level of new build social housing required to meet future need. The first is the Net Stock Model developed by the University of Ulster in 1994 and used to forecast the overall number of social houses needed across Northern Ireland. This model uses census data to project the number of new households likely to be formed over a five to ten year period. It is estimated that the private sector will meet the greater part of this demand for new houses, and the shortfall is deemed to be the requirement for social housing. NIHE then supplements this with an analysis of the waiting list to assess need at a local level.

40. We heard criticism of the Net Stock Model (NSM) but mainly in relation to its failure to identify the social housing requirement at a local level, an element the model was not designed to identify. In addition, some witnesses thought that there was insufficient local consultation, openness and transparency about the modelling process. For example, the Northern Ireland Tenants Action Project (NITAP) considered that:

“Many community representatives would take the view that the Net Stock Model for the calculation of housing need is not the most appropriate method of measurement and that social housing is not a residual sector but indeed the tenure of choice for many households and would call on greater consultation with local communities when using such models to calculate housing need.”⁶⁸

⁶³ HC 493-II Ev 87

⁶⁴ HC 493-II Ev QQ259, 261 Ev 106

⁶⁵ HC 493-II Q32 Ev 12

⁶⁶ HC 493-II Q148 Ev 76

⁶⁷ HC 493-II Q184 Ev 91

⁶⁸ HC 493-II Ev 100

However, NITAP did accept that NSM is “probably is not geared up for identifying local need”⁶⁹ though it remained concerned that there was no transparent model to do so.

Disputed figures

41. DSD explained that there had been concerns about the robustness of the NSM and that a review had been carried out by the Universities of Ulster and Cambridge which had “essentially confirmed that the figure was more or less right “about 1,500 new units were required annually.” The Department stressed that the NSM did not identify “ that there are particular needs at particular locations” and that for local needs “information is derived from another source.”⁷⁰

42. NIHE explained that the review applied two models which confirmed the figure at between 1,400 and 1,500 but it strongly recommended “that these models be used in conjunction with other methods, especially ‘bottom-up’ waiting list data with its detailed local information on demand pressure”. NIHE concluded “Using aggregate waiting list information it is estimated that from 2004 there is an additional annual need for some 300 dwellings giving an ongoing requirement for some 1,750 new social dwellings each year.”⁷¹

43. This requirement for 1,750 new social dwellings each year from 2004 appears to have been authoritatively accepted by the organisations that gave evidence to us, with the notable exception of the Department. Despite assuring us that the NIHE is the sole arbiter and assessor of housing need in Northern Ireland and that it “is responsible, inter alia, for assessing housing need, using local waiting list information and by applying the Net Stock Model”⁷² the Department appeared to disagree with the NIHE’s conclusion of the number of new social houses required annually. The Department wrote to us saying ‘there may be some confusion about the figure’ and pointed out that the review “confirmed a continuing requirement of 1,500 a year including an allowance for backlog and mismatch”. In relation to the figure of 1,750, DSD stated: “I wish to make it clear that this is the Housing Executive’s figure and has not been confirmed or accepted by the Department. The current position is that we have asked the Housing Executive to explain how they arrived at this figure and a response is awaited from them.”⁷³

44. The result of this confused picture is that the target for new social housing in the current year 2004-05 is unclear, and this may explain why it has not been included in the current DSD Public Service Agreement.

45. The picture became even more confusing when we looked at funding where DSD told us at the end of March that for 2004/2005 it had reduced its “ target to 1,300 based on the money that is available to us” but that it “will be bidding for additional funds to try and

⁶⁹ HC 493-II Q234 Ev 103

⁷⁰ HC 493-II Q120 Ev 71

⁷¹ *The Northern Ireland Housing Market Review and Perspectives 2004-2007*, NIHE January 2004 page 45-46

⁷² HC 493-II Ev 63

⁷³ HC 493-II Ev 79

uplift that to at least 1,500 and, depending on the outworking of the review of the Net Stock Model, perhaps even further.”⁷⁴

46. We found that the Minister’s attempt to clarify the overall position did not succeed in dispelling the confusion:

“The New Stock Model indicated an annual requirement of about 1,500 units overall in Northern Ireland. As I said earlier, there was therefore a feeling that, in order to deal with some of these imbalances of demand between areas and estates, a flexibility figure of 250 was required. What I also said was that - partly affected by the fact that construction inflation, as everywhere, has been moving ahead of the general rate of inflation and also driven by the rise in house prices, and land prices have gone up quite significantly - effectively we currently only have funding for 1,300. That is precisely why we may need to look for an additional bid. Those are the three figures and those are the reasons lying behind what, as I said earlier, could be seen as a perceived inconsistency, but which I think is reasonably coherent”⁷⁵

47. The level of new social housing required is not an issue for academic debate but has a critical impact on people in housing stress or homeless. Many of our respondents⁷⁶ stressed to us that the shortfall in new social housing contributed to the increase in the level of demand and the numbers in housing stress.

48. We are concerned at the evident confusion over the level of new social housing required in Northern Ireland and the annual target for new build housing. It is also wrong that the target has been arbitrarily reduced from 1,750 to 1,300 houses in the current year because funding has only been made available for the smaller number. This is particularly unfortunate when, despite strong evidence of escalating housing stress and homelessness, around £37 million annually from record levels of sales of existing Housing Executive stock⁷⁷ is returned to the Treasury, when that could be used for the benefit of the homeless in Northern Ireland.

49. One of the conclusions of the recent Committee of Public Accounts report, *Housing the Homeless*⁷⁸ was that “the Department must review urgently its projections for the number of new social housing units required, and the level of funding needed to provide them”. We support that recommendation and urge the Minister to set clear and unequivocal targets for new social housing provision, and to ensure the provision of an appropriate level of funding to meet those targets.

4 NEW BUILD PROGRAMME

50. Only five of the 39 registered Northern Ireland housing associations have more than 1,500 units while 30 associations have fewer than 500 units.⁷⁹ Not all associations

⁷⁴ HC 493-II Q141 Ev 75

⁷⁵ HC 493-II Q396 Ev 175-176

⁷⁶ For example, HC 493-II Ev 2; Ev 100; Ev 132; Ev 203.

⁷⁷ HC 493-II Ev 98

⁷⁸ HC 559

⁷⁹ Housing Association Stock Levels at 31.03.03, DSD website

participate in the social housing programme and there are currently 25 associations in the general development programme while the remaining 14 retain their original, specialist focus to provide housing for particular groups such as older people and people with disabilities.⁸⁰ NIHE stressed the crucial importance of the social new build programme in reducing housing need and indicated its own commitment to continue and enhance its support role to housing associations.⁸¹

51. As noted earlier, following the transfer of responsibility from NIHE to housing associations in April 1998 the target for new builds has not been met. This has been one of the most serious issues brought to our attention and we heard evidence of the serious tensions it has caused between the associations, NIHE and government.⁸²

52. According to evidence from the Chartered Institute of Housing (CIH), the switch of responsibility for new build was prompted not by a belief that the associations could do a better job than the NIHE, but because they had access to private sector money unavailable to the NIHE and because their borrowing was not a charge on central government.⁸³ The CIH considered that changes to the NIHE structure could be made to allow it flexibility to meet investment needs,⁸⁴ that expertise in the NIHE was not being utilised, and that “only a handful” of the associations had the capacity to “undertake new development”.⁸⁵

53. The DSD and the Northern Ireland Federation of Housing Associations argued that, from a financial perspective, the change of policy had been a success because the housing associations had attracted around £200 million of private loans over a 10-year period to address social housing needs.⁸⁶ However, only a proportion of this private funding can be attributed to the change of policy. Prior to the change housing associations borrowed significant levels of private finance mainly to provide specialist housing and this role has continued. For example, in the two years before 1998 when they took over full responsibility for general social housing, they borrowed an average of £16.5 million of private finance.

54. When we questioned a range of witnesses on whether housing associations were capable of achieving the new build targets there was a reluctance to apportion blame and respondents were full of praise for the record of housing associations in providing specialist type accommodation. However, while the commitment to meet their new responsibility to provide general needs housing was not questioned, there was clear concern about the failure to meet the targets.⁸⁷

⁸⁰ HC 493-II QQ127, 131 Ev 73

⁸¹ HC 493-II Ev 81

⁸² HC 493-II Ev 134

⁸³ HC 493-II Ev 2

⁸⁴ HC 493-II Ev 17

⁸⁵ HC 493-II Q10 Ev 7

⁸⁶ HC 493-II Ev 23; Q124 Ev 72

⁸⁷ For example, HC 493-II Q236 Ev 103; Ev 187

Departmental Review

55. Following mounting criticism about the failure to meet new build targets,⁸⁸ DSD carried out a review to examine the difficulties faced by housing associations in delivering the new build programme. As a result, a number of measures were taken including the establishment of a tri-partite working group involving DSD, NIHE and the housing associations; and a planning liaison group was set up specifically to address planning delay issues.

56. DSD stated that land availability and acquisition were the principal difficulties faced by housing associations in developing schemes.⁸⁹ The NIHE had a 'land bank' that it was able to draw on for many of its new build schemes when it was responsible. This was not available to the associations who were not funded to acquire land in advance of an approved scheme. Any purchase of land in advance carries expense and risk for an association. Housing associations were also penalised through the Housing Association Grant as the level of funding was determined by the date of acquisition rather than the date of approval of the scheme. DSD pointed out that:

“...Housing Associations have been expected to purchase land, secure planning permission, appoint a contractor and start on site, all in the 15 month period from issue of the new build programme to [the] end of [the] financial year.”⁹⁰

Recent “massive” increases in the cost of land for residential development, which has quadrupled since 1995,⁹¹ also pose a difficulty for the housing associations.

57. The length of time taken to secure planning permission for housing development was highlighted by many witnesses, including the Northern Ireland Federation of Housing Associations,⁹² as a further, major cause for the failure to meet the new build programme targets. The view of the Construction Employers Federation is that the planning system is overburdened, and it pointed out that “it is not unusual for a planning application to take anything up to two years to complete.”⁹³

58. As noted earlier, planning functions in Northern Ireland are divided between the Department for Regional Development (DRD) with responsibility for strategic planning, and the Department of the Environment (DOE) which is responsible for operational planning, including development plans and planning applications. Officials explained the measures being taken to address planning delays through, for example, the Planning Liaison Group noted earlier,⁹⁴ and work with the Northern Ireland Local Government Association to streamline the consultation process with District Councils.⁹⁵

⁸⁸ HC 493-II Q167 Ev 88

⁸⁹ HC 493-II Ev 66

⁹⁰ HC 493-II Ev 66

⁹¹ HC 493-II Ev 65

⁹² HC 493-II Q87 Ev 33

⁹³ HC 493-II Ev 201

⁹⁴ See paragraph 55

⁹⁵ HC 493-II QQ284-286 Ev 117-118

59. The Construction Employers Federation also considered that the lack of suitable land for development contributed to the failure to meet the new build targets.⁹⁶ DOE's view was that there was no general land supply problem but that social housing providers were struggling to compete with the private sector to acquire land.⁹⁷

Planning Policy Statement 12

60. DRD prepares Planning Policy Statements (PPS) as part of its guidance in implementing the Regional Strategic Plan. The most significant of these in relation to housing is PPS12, 'Housing in Settlements', which is currently in draft form. DSD described PPS12 as:

“...the whole ‘Plan, Monitor and Manage’ process to ensure the delivery of the right amount of housing of the right type in the correct location and at the right time. This involves the introduction of housing needs assessment, urban capacity studies, and a phasing approach to development plans which are the main vehicle for the delivery of housing.”⁹⁸

61. Those who gave evidence to us on PPS12 considered that it had the potential to be a positive influence on the delivery of social housing and called for it to be introduced as a matter of urgency.⁹⁹ NIHE considers it “critical in sustaining the supply of land for affordable housing”,¹⁰⁰ and that it “offers a significant role for the Housing Executive in terms of influencing both the assessment of what land is required and the allocation of that land to meet social housing need and affordable housing.”¹⁰¹

62. The draft Policy and Planning Statement (PPS12) ‘Housing in Settlements’ has the potential to make a significant impact on the supply of land for social and affordable housing and was issued for a three-month consultation in November 2002. We are extremely concerned that, almost two years later, it has not been finalised. We urge John Spellar, Minister with responsibility for regional development, to explore the reasons for this unacceptable delay, and to ensure that it is finalised and issued without delay.

63. As noted above,¹⁰² we have had evidence to suggest that social housing providers are struggling to compete with the private sector to acquire land. DRD suggested that greater use of Article 40 agreements under the Planning (Northern Ireland) Order 1991 could help to force developers to provide social and affordable housing in private developments. This is similar to Section 106 Agreements under the 1990 Town & Country Planning Act in England and Wales. DRD told us:

⁹⁶ HC 493-II Ev 201

⁹⁷ HC 493-II Q282 Ev 117

⁹⁸ HC 493-II Ev 59

⁹⁹ See, for example, HC 493-II Q37 Ev 14

¹⁰⁰ HC 493-II Ev 80

¹⁰¹ HC 493-II Q168 Ev 88

¹⁰² See paragraph 59

“In GB one of the successes has been the very proactive use of Section 106. We have similar Article 40 agreements. They have not been used widely, in our view, in Northern Ireland. Together with DOE, we do envisage some wider use of those in the future. That will assist, to use the words carrot and stick, to force developers to provide social and affordable housing within developments in future. That will come with the policy of PPS12.”¹⁰³

64. The recent House of Commons select committee report, *Affordable Housing*, recognised that Section 106 Agreements “are now increasingly used to secure contributions to affordable housing and community needs”. It concluded that while “Contributions towards affordable housing secured through the planning system so far have been modest and the potential is inevitably limited ...the major contribution by planning agreements is to promote mixed tenure development”.¹⁰⁴

65. We recognise the potential for the planning system, through Article 40 agreements under the Planning (Northern Ireland) Order 1991, to contribute to the provision of social and affordable housing and to promote mixed tenure developments, and we urge that greater use of such agreements is made by Departments where appropriate.

Role of Area Plans

66. Area Plans, which apply to individual District Council areas or groups of Councils, also play an important role in identifying land for housing. The introduction of the Regional Development Strategy changed the way the likely need for additional housing is assessed, and consequently the Department of the Environment (DOE) has been involved in a programme to update current Area Plans. The original target date to complete all Area Plans using this new approach had been 2005, but the Annual Report 2002/03¹⁰⁵ on progress in implementing the Programme for Government indicated that the target had been “...adjusted to be achieved by end of 2006”.

67. NIHE’s assessment of need for both social housing and low cost affordable housing informs the preparation of Area Plans and enables DOE to make provision for that level of housing in the Plans.¹⁰⁶ NIHE explained that PPS12 would link closely to the area plans and that this was intended to secure more land for housing development.¹⁰⁷

68. DOE told us that the draft PPS12 has already influenced the preparation of Area Plans which “are now required to include policies to provide a housing choice by achieving a mix of tenures and house types in order to help create more balanced communities”.¹⁰⁸ There was a recognition that the delayed PPS12 would have an impact on land availability for social and low cost housing but that its potential would not be maximised fully until completion of the programme of Area Plans. The Northern Ireland Federation of Housing

¹⁰³ HC 493-II Q299 Ev 121

¹⁰⁴ *Affordable Housing, OPDM Housing, Planning, Local Government and the Regions Committee*, Third Report of Session 2002-03, HC 75-I, paragraphs 34 & 52

¹⁰⁵ *Progress in Implementing the Executive’s Programme for Government*, Annual Report for 2002/03, Annex C

¹⁰⁶ HC 493-II Q174 Ev 89

¹⁰⁷ HC 493-II Q196 Ev 93

¹⁰⁸ HC 493-II Ev 113

Associations summed up a general concern of many witnesses: “The production of area plans is way behind the programme and although there are ambitious targets for putting that right it still might take years to get complete coverage and even then we are in for a process of review.”¹⁰⁹

69. Unfortunately, those concerns seem to be well founded. DOE explained that the likelihood of objections leading to public inquiries will result in slippage. Consultation on new legislation aimed at speeding up the process later this year is planned.¹¹⁰ Though this might help in the longer term, it is unlikely to enable the 2006 target for Area Plans to be met more easily. The DOE told us that the 2006 deadline was in doubt:

“...I would be naïve not to assume that there would be perhaps a higher than expected level of objections over our area plans. It is interesting that planning is on the increase. Environmental awareness is on the increase. Therefore, I cannot say that this will be achieved by 2006. I think there will be slippage there; we will do our best to minimise any slippage but it would be very optimistic to say this will be done by 2006, given the programme that we are involved in, given the likelihood of difficult public inquiries, but we will minimise how far we go beyond 2006 as much as we can, but some of it is beyond our control.”¹¹¹

70. Public inquiries relating to Area Plans are undertaken by the Planning Appeals Commission but a recent media report on the Ards and Down Area Plan suggested that the major cause of delay was the inability of the Planning Service (an agency of the DOE) to respond to objections in a timely manner.¹¹² The Planning Service in the Ballymena area is reported to be in crisis as it attempts to process applications and deal with objections to the area plans.¹¹³

71. We recognise the practical difficulties faced by the Department of the Environment in dealing with large numbers of objections to Area Plans, but are concerned that the 2006 target for completion of all Area Plans (itself a slipped deadline) is unlikely to be met. The establishment of Area Plans is of critical importance in identifying land for social and affordable housing against a background of growing need. We urge the Minister to review the current state of all Area Plans and to take appropriate steps to ensure that the 2006 target is achieved. The prospect of new legislation to speed up the process of public inquiries in the longer term is welcome but will not address the short term difficulty.

Management of Social Housing

72. Local authorities in Great Britain have been required to consider a range of options to improve and modernise their social housing stock.¹¹⁴ We recognise that a different

¹⁰⁹ HC 493-II Q87 Ev 33

¹¹⁰ HC 493-II Q300 Ev 122

¹¹¹ HC 493-II Q311 Ev 124

¹¹² *Showdown over area plan*, Co Down Spectator, Thursday 12th August 2004

¹¹³ *Planning Delays at crisis point – MLA, ‘Bureaucratic incompetence’ holding up applications*, News Letter, Wednesday, August 18, 2004

¹¹⁴ Three options were set out by the government for consideration to raise additional funding to improve social housing to the Decent Homes Standard: transfer stock to a housing association (LCVT); use of the private finance initiative

solution may be appropriate in Northern Ireland given the existence of a single housing authority and its relatively more modern stock of housing. We found that a fundamental study commissioned by DSD and NIHE to examine the available options for the future management of social housing in Northern Ireland was undertaken by HACAS Chapman Hendy in October 2000. In evidence to the Committee for Social Development of the Northern Ireland Assembly in April 2001, the Chartered Institute of Housing requested the publication of the HACAS Chapman Hendy report in order to stimulate wider debate. **Three years later the report has still not been published.**

73. We asked the Department about the report in March this year and were told that as a result of the prolonged drafting process it had “only been produced within the last couple of months”. NIHE explained that “on the advice of the consultants we delayed closure on this particular evaluation until we had greater detail and clarification from the Treasury about newly emerging models in England.”

74. When pressed about the outcome of the study the Department indicated that “it will be as likely as not the status quo in that the Housing Executive is fulfilling an important role in terms of both its strategic function and its landlord role.”¹¹⁵ We were interested to note that the NIHE appeared to question this “There is no such thing, I suspect, as the status quo in public service these days and the report does not say that. It is a public sector route but there are conditions that the HACAS recommends and we must take action on.”¹¹⁶

75. We asked the Minister about the government’s view of the report’s conclusions and when it would be published. The Minister was unable to give a date for publication of the report, or an authoritative view of the report:

“We, as the government department, have not yet decided on our preference within those options. That is why we are discussing with other departments. It would be a little premature of me to indicate a preference, but equally I want to give the Committee the assurance that we will put the report into the public domain and we will also be making public our response and our conclusions.”¹¹⁷

76. We have noted with alarm the systemic failure of housing associations to meet the targets for new build social housing over recent years. The review undertaken by the Department for Social Development of the difficulties faced by housing associations will have a limited impact. It is our conviction that a root and branch review of the management of social housing in Northern Ireland is long overdue and we call on the Minister to initiate one.

77. We believe that there would be merit in giving the Northern Ireland Housing Executive (NIHE) oversight of the new build programme together with a greater role on land identification. We also call for serious consideration to be given to returning some responsibility for the new build programme to NIHE, with appropriate powers to raise private finance.

(PFI); and the creation of arms length management organisations (ALMO). A coalition has called for a ‘fourth option’ where tenants vote for the council to retain its housing stock

¹¹⁵ HC 493-II QQ134-140 Ev 74

¹¹⁶ HC 493-II QQ193-194 Ev 92-93

¹¹⁷ HC 493-II Q410 Ev 178

78. We are deeply disappointed that a major study into the future management of social housing in Northern Ireland, commissioned in October 2000, has been the subject of serious delay and has not yet been published. We call on the Minister to publish the HACAS Chapman Hendy Report as a matter of urgency to encourage wide public debate on the options for the future management of social housing.

5 HOUSE SALES SCHEME

79. The House Sales Scheme was introduced in 1979 to offer existing NIHE tenants an opportunity to become homeowners and have a greater stake in their local communities. The Scheme has been successful with nearly 22% of the owner-occupied sector now living in former social housing. The NIHE drew our attention to the much lower level of home ownership in Northern Ireland prior to the Scheme compared with the remainder of the UK, and argued “the right to buy has increased the levels of low cost home ownership for a large number of families who otherwise would not have had that opportunity”.¹¹⁸ DSD noted the Scheme’s broader benefits in “helping to create sustainable mixed tenure estates, reducing anti-social behaviour and maintaining the stability of many estates across Northern Ireland”.¹¹⁹

80. However, as set out above, the sale of NIHE houses to existing tenants is reducing the overall supply of social housing, and a number of respondents expressed concerns about the effect on the availability of re-lets. Professor Murie, University of Birmingham, argued that the impact of house sales on re-lets “is lagged rather than immediate because purchases are by sitting tenants who would not have moved anyway. This means that the impact of house sales may not be felt until twenty or more years later.” The Northern Ireland house sales scheme has been in operation for 25 years and he warned the “the decline in re-lets in Northern Ireland may impact particularly heavily over the next few years”. Professor Murie suggested “the key to balancing the impact of the Sales Scheme is an appropriate level of new building”.¹²⁰ These views are endorsed by recent research commissioned by NIHE into the operation of the house sales scheme in Northern Ireland which drew particular attention to “the importance of seeing the House Sales Scheme as operating alongside other policies. Its impact on housing need is neither automatic nor inevitable. It is contingent upon other policies that are carried out and what is done with any capital receipts generated”.¹²¹

81. The *Inquiry into Housing in Northern Ireland* by the Northern Ireland Assembly Committee for Social Development in 2001 called for a complete review of the house sales scheme.¹²² Three years later when we started this inquiry a review of the scheme had not taken place, and many of the concerns expressed in evidence to the Committee for Social Development were repeated to us. For example, the Chartered Institute of Housing put

¹¹⁸ HC 493-II Q179 Ev 90

¹¹⁹ *Proposals to amend the house sales scheme and extend the statutory right to buy to housing association tenants*, DSD Consultation Paper, 18 May 2004

¹²⁰ HC 493-II Ev 205

¹²¹ *The Housing Executive’s House Sales Scheme and the Housing Market*, McGreal et al University of Ulster and Murie, University of Birmingham, March 2004

¹²² *Inquiry into Housing in Northern Ireland*, Committee for Social Development, Second Report, Session 2001/2002.

forward a number of detailed proposals to amend the scheme,¹²³ and also reiterated its earlier calls for a review.¹²⁴ The Northern Ireland Federation of Housing Associations has put forward suggestions to correct what it sees as the present imbalance between the provision of social housing and the aspiration of people to own their own home.¹²⁵

82. The DSD written evidence dated March 2004 stated that “With the extension of the House Sales Scheme to housing association tenants and, in light of the decline in social housing stock, the Department is currently reviewing the Scheme to determine what, if any, changes should be made to it.”¹²⁶ This was welcomed by the NIHE.¹²⁷ In May 2004 proposals to amend the Scheme were published for consultation.¹²⁸

83. The consultation paper contained no explanation of how the review was undertaken; the proposals appear to have been drawn up without the involvement of the main housing organisations, and contained no substantive discussion of the impact of house sales policy on social housing.¹²⁹ This appears to be at odds with what the Minister told us about his policy objectives for the proposed changes:

“... what we want to do is recognise the desire of a number of people to move into home ownership, but also to look at the balance between that and the interests of those who are on housing waiting lists or who will be on housing waiting lists in the future - the sort of issue that we were discussing earlier about the availability of social housing, and the availability of social housing in areas into which people would want to move. Therefore, we need to get that balance. We have looked at changes that have taken place in Great Britain. We have put out the consultation document.”¹³⁰

84. We heard strong evidence that the current position is untenable. The Chartered Institute of Housing pointed out that if the NIHE continues to lose 5,000 units per year, in ten years their stock level will have fallen to 45,000 only.¹³¹ The Alliance Party warned of an impending crisis if the current house sales and demolitions continue without an adequate plan for replacements.¹³² Sinn Fein was more pessimistic concluding that a crisis in social housing supply has occurred already.¹³³ We were most concerned, therefore, that the Minister was unable to provide any assessment of the likely impact of the proposed changes on house sales or on finance, and it seems clear that no such assessment has been undertaken:

¹²³ HC 493-II Ev 3

¹²⁴ HC 493-II Q29 Ev 11

¹²⁵ HC 493-II Q61 Ev 27

¹²⁶ HC 493-II Ev 67

¹²⁷ HC 493-II Ev 81

¹²⁸ *Proposals to amend the house sales scheme and extend the statutory right to buy to housing association tenants*, DSD Consultation Paper, 18 May 2004

¹²⁹ The proposals address only four specific elements of the house sales scheme: qualifying period for discount; level of discount; clawback of discount in the event of resale; potential for social landlords to buy back former social houses in the event of a resale

¹³⁰ HC 493-II Q413 Ev 178

¹³¹ HC 493-II QQ29-30 Ev 11

¹³² HC 493-II Ev 191

¹³³ HC 493-II Ev 203

“In terms of housing finance we have to assume that there is a possibility that there could perhaps be a temporary decline in sales. On the other hand, both from Housing Executive properties and from housing association properties, there would be a smaller payout from the housing funds in respect of each property. Quite frankly, we are not able to give a fine calculation as to how those two forces will balance out in terms of housing finance, but we recognise that there is a possible decline on one side and also a possible increase in income on the other.”¹³⁴

85. It is clear that housing bodies wish to engage in debate on this issue. For example, the Chartered Institute of Housing has suggested that house purchase policies should be decided according to local strategies and discounts determined locally to reflect housing stress and demand, a view which is in keeping with a conclusion in *Affordable Housing* that “Local authorities [also] need powers to suspend the right to buy in regeneration areas or where there is extreme demand for social rented housing, subject to approval by central Government”.¹³⁵ NIHE had some sympathy with this but argued that such an exclusion could be challenged as breaching the statutory duty on public authorities to promote equality of opportunity under Section 75 of the Northern Ireland Act 1998.¹³⁶

86. As we were considering the evidence to this inquiry, the Minister announced an extension to the House Sales Scheme to housing association tenants and implementation of the proposed changes on 8 October 2004. In making this announcement he indicated that the “main reason for these changes is to ensure that the policy of selling houses does not impact adversely on the supply of affordable housing both for those in urgent need of social housing and for potential first time buyers.”¹³⁷

87. The House Sales Scheme has been in operation for 25 years and has helped many people on low incomes to become homeowners. This is welcome. However, over the period the stock of social houses has shrunk alarmingly and more social houses have been sold than remain in NIHE ownership. We believe that the recent revision of elements of the House Sales Scheme was a missed opportunity to carry out a fundamental review of the entire Scheme. In particular, we are greatly concerned at the absence of any serious attempt to measure the likely impact of the sales policy on the future provision of social housing.

88. We also found no indication that in undertaking the review of the House Sales Scheme, the Department for Social Development has given consideration to the recent authoritative research commissioned by the NIHE and carried out by the University of Ulster and the University of Birmingham. That research had called for consideration of a range of alternative sales options.

¹³⁴ HC 493-II Q414 Ev 178

¹³⁵ *Affordable Housing, OPDM Housing, Planning, Local Government and the Regions Committee*, Third Report of Session 2002-03, HC 75-I, Recommendation (k)

¹³⁶ HC 493-II Ev 99

¹³⁷ Minister announces changes to house sales scheme, DSD News Release, 8 October 2004

6 CO-OWNERSHIP SCHEME

89. The Northern Ireland Co-ownership Scheme was established in 1978 and enables households on lower incomes to purchase between 50% and 75% of the property and rent the remainder from the Co-ownership Housing Association. The Scheme is managed by the Northern Ireland Co-ownership Housing Association (NICHA) which has helped around 18,000 households to become homeowners over the past 26 years. The ultimate aim of most people in the co-ownership scheme is to become full owners by purchasing the outstanding balance in due course. In Northern Ireland around 75% of all households in the co-ownership scheme have achieved full ownership compared to less than 10% in England and Wales.

90. Two recent research reports¹³⁸ commissioned by DSD conclude that the Scheme has been successful; represents good value for money; and provides an important niche in the housing market.¹³⁹ DSD and NIHE were confident that, as the average income of households which participate in the co-ownership scheme is around £13,500, full home ownership for that group would not be an option. The alternatives would be to go on the social housing waiting list or enter the private rented sector.¹⁴⁰

91. However, we found that there is no established mechanism for determining demand for co-ownership, and the further question arises whether the scheme meets identified housing need. The University of Ulster suggests that the scheme's "main function is to enable people who *would* have been able to buy to do so sooner, or achieve other objectives in terms of area of choice or price band".¹⁴¹ NICHA reacted sharply to this suggestion and indicated that the detailed interview process would ensure anyone who could afford full home ownership would be directed to do so, and also that:

"The very fact that the average income of the person coming through the scheme is £13,500, two-thirds of the Northern Ireland average, and also the fact that the average price of the property we are purchasing is £70,000, shows that it is by far and away targeted at the right people who are on the margins and that is what is being delivered."¹⁴²

While Professor Paris, University of Ulster, accepted that the Scheme has a place if targeted appropriately, his view was that the present arrangements should be carefully examined, and he welcomed current NIHE research being undertaken into the Scheme.¹⁴³

92. We welcome the research being taken forward by NIHE of existing co-ownership participants to consider if alternative options were available to purchasing a home

¹³⁸ *Assessing Value for Money: the Northern Ireland Co-ownership Scheme*, McGreal et al, University of Ulster, August 2003; *Do-It-Yourself Shared Ownership*, Chartered Institute of Housing NI, 2003

¹³⁹ HC 493-II QQ149, 151 & 189 Ev 76 & 92

¹⁴⁰ HC 493-II QQ150 & 189 Ev 76 & 92

¹⁴¹ HC 493-II Ev 127

¹⁴² HC 493-II Q97 Ev 46

¹⁴³ HC 493-II Q324 Ev 141

through the co-ownership scheme. This should provide evidence for the first time of the impact of the co-ownership scheme on social housing waiting lists.

93. We recommend that consideration is given to the merits of assessing all applicants for co-ownership under the common selection scheme to ensure that the scheme is addressing real need and having an impact on waiting lists.

94. We found that there are concerns about future funding levels. NICHA said that “uncertain and indeterminate funding” in recent years meant that they were unable to provide sufficient homes to meet demand.¹⁴⁴

“Two years ago we got funding of £12.9 million. Last year we received funding of £7.9 million and this year we have been given an intimation that the funding will be, to start off with, just over £5 million, so we have gone from 600 houses to 300 houses to 200 houses.”¹⁴⁵

The DSD explained that “The reason that the department’s allocation to co-ownership has dropped is that we have been encouraging co-ownership to recycle its receipts on a more proactive basis.”¹⁴⁶ However, NICHA was under the impression that “DSD has indicated it will bid for an effective doubling of baseline funding for Co-Ownership within that review process (2004 Spending Review), an amount sufficient to deliver 600 homes annually”.¹⁴⁷

95. NICHA argued that it was a net contributor to the Northern Ireland social housing budget “to the tune of £18 million.”¹⁴⁸ This was because “the funds Co-Ownership receives from the Department for Social Development are in the form of Social Housing Grant, in practice it is more of an interest free housing loan which is fully and surely repaid... Indeed, this fits the pattern from the previous ten years when we returned 20% more than we actually received.”¹⁴⁹

96. We are concerned at the erratic and uncertain level of funding provided for co-ownership over recent years. In view of its success, and given the Northern Ireland Co-ownership Housing Association’s contention that it is a net contributor to the social housing budget, we find this approach difficult to understand. We recommend that a realistic and sustained level of funding is provided to ensure that the co-ownership scheme can continue to develop.

97. The recent Low Cost Home Ownership Task Force Report in Great Britain¹⁵⁰ recognised that the key obstacle to entering home ownership is affordability. The Report also recognised the role played by shared ownership in enabling people on low income in high cost areas to purchase part of their home and recommended that a stakeholder group be set up to advise the Housing Corporation about improvements in the operation of

¹⁴⁴ HC 493-II Ev 42

¹⁴⁵ HC 493-II Q94 Ev 44

¹⁴⁶ HC 493-II Q390 Ev 174

¹⁴⁷ HC 493-II Ev 42

¹⁴⁸ HC 493-II Ev 41

¹⁴⁹ HC 493-II Ev 41

¹⁵⁰ See paragraph 14

shared ownership.¹⁵¹ Professor Murie argued that Northern Ireland's scheme represented a real success:

“The problems with shared ownership in England are partly to do with the diversity of providers and the complexity with detailed differences between different providers. In this sense again Northern Ireland has a great advantage in having a single co-ownership scheme which is tried and tested and presents no problems to lenders and others. It also appears to have been successfully targeted and can be used to achieve mobility within the social rented sector.”¹⁵²

98. The Northern Ireland Co-ownership Scheme, operated by the Northern Ireland Co-ownership Housing Association, has an impressive record having helped around 18,000 people into home ownership over the past 26 years. Its main strength is that there is a single scheme in Northern Ireland operated by a single organisation with a proven track record. We believe that the success of the Co-ownership Scheme in Northern Ireland provides a valuable example for the Housing Corporation in its consideration of how to improve the shared ownership scheme in England.

7 PRIVATE RENTED SECTOR

99. The private rented sector in Northern Ireland has grown steadily in the past ten years and there are now around 49,000 privately rented dwellings.¹⁵³ Much of this growth has been achieved through ‘buy-to-rent’ or ‘build-to-rent’, and this trend has been fuelled by high capital appreciation rather than excessive rents. It is recognised that the sector, which accounts for 7.6% of the total housing stock, plays an important role in meeting housing need particularly in areas of high demand for social housing.¹⁵⁴ The Northern Ireland Tenants Action Project told us that “households are increasingly turning to the private rented sector because they cannot access the public sector or are probably staying in the private rented sector for a lot longer than would have normally or previously been the case.”¹⁵⁵ The advantages of private rented sector housing are that it offers a range and flexibility that may not be available in the social sector. It can also provide an opportunity to live in a mixed community since much of the social housing can be seen as quite polarised.¹⁵⁶

100. NIHE explained that there are essentially two private rented sector markets in Northern Ireland: one with the old and unfit rental dwellings which require renovation; and the other an emerging market served mainly by buy to let properties.¹⁵⁷ It pointed out that the new private rented sector could complement or compete with social housing provision. For example, in areas of high housing need, such accommodation can attract

¹⁵¹ *A Home of My Own, The report of the Government's Low Cost Home Ownership Task Force*, November 2003, Chapter 6.64

¹⁵² HC 493-II Ev 202

¹⁵³ HC 493-II Q47 Ev 16

¹⁵⁴ HC 493-II Ev 62

¹⁵⁵ HC 493-II Q265 Ev 108

¹⁵⁶ HC 493-II Q363 Ev 165

¹⁵⁷ HC 493-II Q203 Ev 94-95

young single people thereby reducing the waiting list; but in areas where housing demand is low new modern private accommodation can attract tenants out of existing social housing.

101. Worries were expressed to us about standards in this sector. The Foyer Federation was concerned that young vulnerable people moving on from Foyers could find themselves in unfit housing in the private rented sector putting their health and mental well-being at risk.¹⁵⁸ The Housing Rights Service encapsulated some of the problems which could be faced by tenants in such accommodation:

“Often private tenants are paying high rents for accommodation which is unfit, in disrepair or lacks modern facilities such as central heating. Enforcement of repairs is an ongoing issue. Private tenants are normally unaware of their rights and the available remedies in this area. We find that some are reluctant to take any action and are concerned about the possible consequences, such as eviction.”¹⁵⁹

102. The CIH suggested that value for money in the private rented sector needed to be examined given the high level of unfitness, the absence of any regulation in relation to quality, and the escalating cost of housing benefit. The housing benefit bill for this sector had risen recently from £85 million to over £110 million.¹⁶⁰ The NIHE, which administers housing benefit in Northern Ireland, explained that growth in private renting and rent increases in both the private and social sectors had pushed up housing benefit costs. The total housing benefit bill increased from £312 million in 1999/2000 to £347 million in 2003/04. However, over the same period the number of NIHE housing benefit claimants fell by 22%, while the number of private sector housing benefit claimants rose by 35%. The average housing benefit awards rose by 21% in NIHE housing, and by 18% in the private sector.¹⁶¹

103. In view of the concerns expressed about the escalating cost of housing benefit in recent years, we welcome the Department’s research into the relationship between housing benefit levels and expansion of private renting.¹⁶²

104. The private sector’s ability to complement the provision of social housing is widely accepted. However, it is generally recognised that the relevant legislation, the Rent (Northern Ireland) Order 1978, is cumbersome and out of date focusing primarily on rent control determined by the letting history of the property, rather than providing any remedy for poor quality or unfitness. In particular, concerns about inconsistencies in tenants’ rights, rent control, and unfitness across sector led the Department to carry out a review of the legislation last year, and a subsequent decision to prepare new legislation “which will aim to improve conditions in the private rented sector and bring us to a situation where government intervention in the sector in terms of rent control will be

¹⁵⁸ HC 493-II Ev 158

¹⁵⁹ HC 493-II Ev 149

¹⁶⁰ HC 493-II Q48 Ev 16

¹⁶¹ HC 493-II Ev 99/100

¹⁶² HC 493-II Ev 84

determined by fitness and not as exists at the moment where government intervention is determined by the status of the property in 1978”.¹⁶³

105. In addition, we were told that the NIHE was developing a strategy for the sector to ensure that it can play “a meaningful role as a viable and affordable alternative to social housing for those in need, whilst recognising the rapidly increasing costs of housing benefits to private sector tenants”.¹⁶⁴

106. We recognise the increasingly important role played by the private rented sector in meeting housing need across Northern Ireland, and we particularly welcome the recent publication of the strategic framework for the sector by the Department for Social Development and NIHE.¹⁶⁵ We were pleased to see that the strategy has been developed in consultation with relevant stakeholders and that there appears to be a high degree of commitment on the part of government to its implementation.

107. Some concerns have been expressed to us about the level of fitness standards to be used in the proposed new legislation to improve housing conditions in the private sector; and there was also a call for provision of rent guaranteed tenancy deposit schemes which could assist homeless people in gaining access to the private rented sector.¹⁶⁶ We welcome the prospect of legislative proposals and will wish to scrutinise these in due course.

8 QUALITY OF HOUSING

Decent Homes Standard

108. NIHE carried out its first comprehensive house condition survey in 1974. In that survey it found that 90,000 dwellings or 20% of the total housing stock was unfit, a rate three times higher than England. By 2001, this had been reduced to 4.9%. DSD considered that “the marked decline in unfitness” was a result of improving economic prosperity and confidence in the housing market which had stimulated new dwelling construction and higher levels of home improvement in the private sector assisted by grants expenditure “as well as the continued investment in social housing.” It pointed out that “Levels of investment in housing in Northern Ireland have been consistently higher than in GB.”¹⁶⁷

109. The Government made a commitment in 2000 to bring all public sector homes in Great Britain up to the Decent Homes Standard by 2010, but failed to extend it to Northern Ireland. The reason appears to lie in the quality of housing stock in Northern Ireland which was generally regarded as higher than in England. In Professor Murie’s estimation “Northern Ireland starts off from a better position with a more modern, better

¹⁶³ HC 493-II Q162 Ev 78

¹⁶⁴ HC 493-II Ev 62

¹⁶⁵ *Renting privately, a strategic framework*, Department for Social Development & NIHE, May 2004

¹⁶⁶ HC 493-II Q363 Ev 165

¹⁶⁷ HC 493-II Ev 68

quality public sector housing stock, and without the same erosion of confidence in the sector that has been experienced in parts of England.”¹⁶⁸

110. NIHE carried out a house condition survey in 2001 using the Decent Homes Standard and found that almost one third of all dwellings failed to meet the standard, including one half of tenanted NIHE properties. Of the 58,000 tenanted NIHE dwellings that failed, virtually all (97%) failed on the thermal comfort criterion because of the presence of solid fuel or electric heating. Only 3% failed because of disrepair, and 2% because of the lack of modern facilities and services. 7% of housing association properties failed, and this small proportion may be due to the relatively new stock in this sector. We saw earlier there are concerns about standards in the private rented sector where 47% failed to meet the standard.¹⁶⁹

111. In the course of this inquiry we heard many calls for the introduction of the Decent Homes Standard in Northern Ireland, particularly to protect vulnerable groups. For example, the Northern Ireland Tenants Action Project considered that the standard would “confirm that there needs to be significant and continued investment in the housing stock, across all tenures.” and pointed out that “many of the most vulnerable groups in Northern Ireland are those which live in the worst housing conditions”.¹⁷⁰ NIHE indicated that tackling fuel poverty is a priority and is being addressed through fuel switching:

“While the Department for Social Development’s Fuel Poverty Strategy is at draft stage a range of policies and additional investment have been put into place in recognition of its importance. Fuel switching (from coal to oil/gas) was introduced in 2000; a strategy for switching NIHE stock was simultaneously introduced and in the private sector the Warm Homes scheme targets fuel switching for elderly households.”¹⁷¹

112. Fuel poverty is recognised as a major problem in Northern Ireland. The high level of Northern Ireland Housing Executive homes that would have failed to meet the Decent Homes Standard on thermal comfort grounds is a cause for considerable concern. We welcome the development of a Fuel Poverty Strategy and the ongoing action being taken to tackle the issue through fuel switching.

113. NIHE has recognised an expectation from government that it is necessary to look beyond the Decent Homes Standard and incorporate issues like neighbourhood renewal, community safety, health and safety, as well as fuel and poverty. It has reviewed the position in other parts of the UK and looked at the cost of implementing a comprehensive Northern Ireland version of a housing quality standard. It pointed out that the final decision is a matter for government. NIHE stated that, should the current Decent Homes Standard be extended to Northern Ireland, they would be able to meet the target by 2010.¹⁷²

¹⁶⁸ HC 493-II Ev 205

¹⁶⁹ *Northern Ireland House Condition Survey 2001*, NIHE, 2003

¹⁷⁰ HC 493-II Ev 101

¹⁷¹ HC 493-II Ev 85

¹⁷² HC 493-II Q199 Ev 94

114. We call on the Minister to develop and introduce as a matter of urgency a comprehensive and challenging housing quality standard for Northern Ireland with appropriate targets and funding.

Lifetime Homes Standard

115. The problems faced by people with disabilities gaining access to good quality housing were brought home to us starkly during a meeting with disability groups in a separate inquiry.¹⁷³ We heard that proposals to build specific accommodation for disabled people were frequently opposed, and individual disabled people frequently face opposition when attempting to purchase a house. However, NIHE appears aware of the problem and has reported that physical accessibility issues relating to age and disability have grown in recent years across all tenures. We were told that £30 million is spent annually adapting properties in Northern Ireland.¹⁷⁴

116. Lifetime Homes, a design standard developed by the Joseph Rowntree Foundation in the 1990s, is intended to ensure that a new house or flat will fully meet the needs of most households throughout their lifetime, and reduces the need for costly adaptations after building is complete. It was adopted by DSD in 1997 for social housing, extended to all general needs housing association properties from April 2001, and has multiple benefits:

“The adoption of the Standard has resulted in fewer adaptations being required and where they are, the works have been easier due to house design... The additional cost of incorporating the Lifetime Homes standards across tenures has been estimated to range from £165–£545 per dwelling which could be recouped in 3-10 years. It has also been suggested that the Lifetime Homes Standard promotes social integration by reducing need for temporary residential care, has a role in accident prevention and associated savings in health costs. It has made the housing stock more accessible and as a consequence more sustainable.”¹⁷⁵

117. We heard several calls for the extension of the Lifetime Homes standard to the private sector. In particular, the Chartered Institute of Housing argued for an amendment to Part R of the building regulations requiring the private sector to use the design as a minimum standard. CIH considered that only compulsion would ensure that the private sector took the standard seriously.¹⁷⁶ The Minister said that he supported the extension of the Lifetime Homes standard to the private sector, but that it was a matter for the Department of Finance and Personnel with its responsibility for building regulations.¹⁷⁷

118. We recognise the substantial benefits for people with disabilities in having all new dwellings built to Lifetime Homes standard as well as the potential longer term savings on the cost of adaptations. We call on Ian Pearson, the Minister with responsibility for

¹⁷³ Northern Ireland Affairs Committee Inquiry, *Hate Crime in Northern Ireland*. Informal meeting with Disability Action and Mencap in Belfast, 14 June 2004

¹⁷⁴ HC 493-II Ev 85, 70

¹⁷⁵ HC 493-II Ev 70

¹⁷⁶ HC 493-II Q46 Ev 15

¹⁷⁷ HC 493-II Q431 Ev 181

Finance and Personnel, to introduce the Lifetime Homes standard as soon as possible by amending the relevant building regulations.

Sustainable Building

119. While there may be fewer unfit houses in Northern Ireland than in England and Wales, Professor Woolley, Queen’s University Belfast told us that standards of sustainable housing in Northern Ireland are lower than in the rest of the UK.¹⁷⁸

120. Professor Woolley, defined sustainability in the housing context as the environmental impact of new development, the opportunities to improve energy efficiency, the need to reduce damaging pollution, and improvements in the health of housing occupants.¹⁷⁹ He pointed out that current planning policy documents make no reference to the need to encourage sustainability and energy efficiency, and argued that greener standards are being largely ignored in Northern Ireland. He considered there is presently insufficient co-ordination between government and other agencies concerned with energy efficiency. In his view, the main priority for social housing was to make existing buildings more energy efficient, but the result of the present unsatisfactory position is that while programmes to introduce insulation do exist “Insufficient research has been done to evaluate the success and effectiveness of current insulation grants.”¹⁸⁰

121. Professor Woolley was concerned also that the way housing associations develop social housing may make a sustainable approach to construction difficult to follow “an increasing number of housing associations use Design and Build packages from developer builders as the main form of procurement of social and special needs housing and this makes the incorporation of environmental best practice extremely difficult.”¹⁸¹ The Northern Ireland Federation of Housing Associations (NIFHA) accepted that more could be done to incorporate greater energy efficiency and sustainability into new housing and said that housing associations would like to see more being done on this issue. NIFHA pointed out that there was considerable flexibility in the types of design and build contracts available.¹⁸²

122. The Sustainable Buildings Task Group was set up in Great Britain in October 2003 to advise the Government on practical and cost effective measures to improve the sustainability of buildings in the short and long term. Reporting in May 2004 the Group concluded that “a significant uplift in quality is both possible and affordable” and that “an urgent change is needed in the way our buildings are constructed and maintained if we are to avoid the mistakes of the disastrous 1960s building boom”.¹⁸³ Its report, *Better Buildings – Better Lives*, called on the Government and the building industry to adopt a single national Code for Sustainable Building.

¹⁷⁸ HC 493-II Ev 187

¹⁷⁹ HC 493-II Ev 184

¹⁸⁰ HC 493-II Ev 186

¹⁸¹ HC 493-II Ev 186

¹⁸² HC 493-II Q81 Ev 32

¹⁸³ *Making today’s buildings fit for tomorrow*, Sustainable Buildings Task Group, News Release, 18 May 2004

123. The report was welcomed by the government, and GB departments and the industry are co-operating to develop a Code for Sustainable Building designed to set best practice standards of energy efficiency, flood resilience, water consumption, greenhouse gas emissions, and waste production.¹⁸⁴ The Minister told us that these developments were being monitored and that it would be a matter for the Department of the Environment in Northern Ireland to implement such a code in consultation with other departments. However, he gave no indication of whether any consideration had been given to extending the Code to Northern Ireland.¹⁸⁵

124. We welcome the assurance that the work of the Sustainable Buildings Task Force in Great Britain is being monitored. We urge Angela Smith, the Minister with responsibility for the Environment, in consultation with other Departments, to consider making a public commitment to extend the Code for Sustainable Building to Northern Ireland at the earliest opportunity.

9 CONCLUSION

125. Our inquiry has shown the dedication and commitment of many in the housing sector. This has resulted in difficulties with the new build programme being tackled, innovative work by Northern Ireland Housing Executive to pilot integrated housing schemes,¹⁸⁶ and strategy development for the private rented sector, fuel poverty, and other issues. But much more remains to be done.

126. If urgent action is not taken a crisis in the supply of social housing seems inevitable. The number of people on the Common Waiting List has increased significantly, particularly those who are in housing stress and those who are homeless. 26,700 people are currently seeking social housing, of whom nearly half are in housing stress. The number of homeless households increased by 16% last year to 16,426. At the same time, the supply of social housing is falling dramatically due mainly to house sales where the number sold exceeds the remaining NIHE stock. The present situation has been exacerbated through the failure over recent years to meet the targets for new building. A balance of supply and demand needs to be achieved as a matter of urgency.

127. The general perception that the overall quality of housing in Northern Ireland is good masks problems such as high levels of unfitness in the private rented sector and high levels of fuel poverty. The absence of a challenging quality standard in the social housing sector is a cause for concern.

128. Our greatest concern is that policies on many housing issues such as the house sales scheme, the co-ownership scheme, and the private rented sector have been developed in isolation with insufficient assessment of their overall impact on the general provision of housing in Northern Ireland. In addition, responsibility for housing issues ranges across at least four departments which makes co-ordination

¹⁸⁴ *Better Buildings at the Heart of Sustainable Development*, OPDM, DTI & DEFRA, News Release, 18 May 2004

¹⁸⁵ HC 493-II QQ429-430 Ev 181

¹⁸⁶ HC 493-II Q213 Ev 96

across government difficult. The Social Development Minister indicated that a number of the issues we raised were the responsibility of Ministerial colleagues.

129. We call on the Government to develop a strong and inclusive regional housing strategy setting out a vision for housing in Northern Ireland along the lines, for example, of the National Housing Strategy for Wales.¹⁸⁷ The fundamental objective must be to ensure that housing strategy development and delivery is fully co-ordinated with all other key regional and local policies and strategies.

¹⁸⁷ *Better Homes for People in Wales, A National Housing Strategy for Wales*, The National Assembly for Wales, July 2001.

Conclusions and recommendations

1. We welcome the valuable work being undertaken by the Promoting Social Inclusion (PSI) Working Group on Homelessness, particularly its engagement with voluntary groups working directly with homeless people. We urge the Minister to ensure that this report is published without further delay. (Paragraph 32)
2. We are concerned at the evident confusion over the level of new social housing required in Northern Ireland and the annual target for new build housing. It is also wrong that the target has been arbitrarily reduced from 1,750 to 1,300 houses in the current year because funding has only been made available for the smaller number. This is particularly unfortunate when, despite strong evidence of escalating housing stress and homelessness, around £37 million annually from record levels of sales of existing Housing Executive stock is returned to the Treasury, when that could be used for the benefit of the homeless in Northern Ireland. (Paragraph 48)
3. One of the conclusions of the recent Committee of Public Accounts report, Housing the Homeless was that “the Department must review urgently its projections for the number of new social housing units required, and the level of funding needed to provide them”. We support that recommendation and urge the Minister to set clear and unequivocal targets for new social housing provision, and to ensure the provision of an appropriate level of funding to meet those targets. (Paragraph 49)
4. The draft Policy and Planning Statement (PPS12) ‘Housing in Settlements’ has the potential to make a significant impact on the supply of land for social and affordable housing and was issued for a three-month consultation in November 2002. We are extremely concerned that, almost two years later, it has not been finalised. We urge John Spellar, Minister with responsibility for regional development, to explore the reasons for this unacceptable delay, and to ensure that it is finalised and issued without delay. (Paragraph 62)
5. We recognise the potential for the planning system, through Article 40 agreements under the Planning (Northern Ireland) Order 1991, to contribute to the provision of social and affordable housing and to promote mixed tenure developments, and we urge that greater use of such agreements is made by Departments where appropriate. (Paragraph 65)
6. We recognise the practical difficulties faced by the Department of the Environment in dealing with large numbers of objections to Area Plans, but are concerned that the 2006 target for completion of all Area Plans (itself a slipped deadline) is unlikely to be met. The establishment of Area Plans is of critical importance in identifying land for social and affordable housing against a background of growing need. We urge the Minister to review the current state of all Area Plans and to take appropriate steps to ensure that the 2006 target is achieved. The prospect of new legislation to speed up the process of public inquiries in the longer term is welcome but will not address the short term difficulty. (Paragraph 71)

7. We have noted with alarm the systemic failure of housing associations to meet the targets for new build social housing over recent years. The review undertaken by the Department for Social Development of the difficulties faced by housing associations will have a limited impact. It is our conviction that a root and branch review of the management of social housing in Northern Ireland is long overdue and we call on the Minister to initiate one. (Paragraph 76)
8. We believe that there would be merit in giving the Northern Ireland Housing Executive (NIHE) oversight of the new build programme together with a greater role on land identification. We also call for serious consideration to be given to returning some responsibility for the new build programme to NIHE, with appropriate powers to raise private finance. (Paragraph 77)
9. We are deeply disappointed that a major study into the future management of social housing in Northern Ireland, commissioned in October 2000, has been the subject of serious delay and has not yet been published. We call on the Minister to publish the HACAS Chapman Hendy Report as a matter of urgency to encourage wide public debate on the options for the future management of social housing. (Paragraph 78)
10. The House Sales Scheme has been in operation for 25 years and has helped many people on low incomes to become homeowners. This is welcome. However, over the period the stock of social houses has shrunk alarmingly and more social houses have been sold than remain in NIHE ownership. We believe that the recent revision of elements of the House Sales Scheme was a missed opportunity to carry out a fundamental review of the entire Scheme. In particular, we are greatly concerned at the absence of any serious attempt to measure the likely impact of the sales policy on the future provision of social housing. (Paragraph 87)
11. We also found no indication that in undertaking the review of the House Sales Scheme, the Department for Social Development has given consideration to the recent authoritative research commissioned by the NIHE and carried out by the University of Ulster and the University of Birmingham. That research had called for consideration of a range of alternative sales options. (Paragraph 88)
12. We welcome the research being taken forward by NIHE of existing co-ownership participants to consider if alternative options were available to purchasing a home through the co-ownership scheme. This should provide evidence for the first time of the impact of the co-ownership scheme on social housing waiting lists. (Paragraph 92)
13. We recommend that consideration is given to the merits of assessing all applicants for co-ownership under the common selection scheme to ensure that the scheme is addressing real need and having an impact on waiting lists. (Paragraph 93)
14. We are concerned at the erratic and uncertain level of funding provided for co-ownership over recent years. In view of its success, and given the Northern Ireland Co-ownership Housing Association's contention that it is a net contributor to the social housing budget, we find this approach difficult to understand. We recommend that a realistic and sustained level of funding is provided to ensure that the co-ownership scheme can continue to develop (Paragraph 96)

15. The Northern Ireland Co-ownership Scheme, operated by the Northern Ireland Co-ownership Housing Association, has an impressive record having helped around 18,000 people into home ownership over the past 26 years. Its main strength is that there is a single scheme in Northern Ireland operated by a single organisation with a proven track record. We believe that the success of the Co-ownership Scheme in Northern Ireland provides a valuable example for the Housing Corporation in its consideration of how to improve the shared ownership scheme in England. (Paragraph 98)
16. In view of the concerns expressed about the escalating cost of housing benefit in recent years, we welcome the Department's research into the relationship between housing benefit levels and expansion of private renting. (Paragraph 103)
17. We recognise the increasingly important role played by the private rented sector in meeting housing need across Northern Ireland, and we particularly welcome the recent publication of the strategic framework for the sector by the Department for Social Development and NIHE. We were pleased to see that the strategy has been developed in consultation with relevant stakeholders and that there appears to be a high degree of commitment on the part of government to its implementation. (Paragraph 106)
18. Some concerns have been expressed to us about the level of fitness standards to be used in the proposed new legislation to improve housing conditions in the private sector; and there was also a call for provision of rent guaranteed tenancy deposit schemes which could assist homeless people in gaining access to the private rented sector. We welcome the prospect of legislative proposals and will wish to scrutinise these in due course. (Paragraph 107)
19. Fuel poverty is recognised as a major problem in Northern Ireland. The high level of Northern Ireland Housing Executive homes that would have failed to meet the Decent Homes Standard on thermal comfort grounds is a cause for considerable concern. We welcome the development of a Fuel Poverty Strategy and the ongoing action being taken to tackle the issue through fuel switching. (Paragraph 112)
20. We call on the Minister to develop and introduce as a matter of urgency a comprehensive and challenging housing quality standard for Northern Ireland with appropriate targets and funding. (Paragraph 114)
21. We recognise the substantial benefits for people with disabilities in having all new dwellings built to Lifetime Homes standard as well as the potential longer term savings on the cost of adaptations. We call on Ian Pearson, the Minister with responsibility for Finance and Personnel, to introduce the Lifetime Homes standard as soon as possible by amending the relevant building regulations (Paragraph 118)
22. We welcome the assurance that the work of the Sustainable Buildings Task Force in Great Britain is being monitored. We urge Angela Smith, the Minister with responsibility for the Environment, in consultation with other Departments, to consider making a public commitment to extend the Code for Sustainable Building to Northern Ireland at the earliest opportunity. (Paragraph 124)

23. Our inquiry has shown the dedication and commitment of many in the housing sector. This has resulted in difficulties with the new build programme being tackled, innovative work by Northern Ireland Housing Executive to pilot integrated housing schemes and strategy development for the private rented sector, fuel poverty, and other issues. But much more remains to be done. (Paragraph 125)
24. If urgent action is not taken a crisis in the supply of social housing seems inevitable. The number of people on the Common Waiting List has increased significantly, particularly those who are in housing stress and those who are homeless. 26,700 people are currently seeking social housing, of whom nearly half are in housing stress. The number of homeless households increased by 16% last year to 16,426. At the same time, the supply of social housing is falling dramatically due mainly to house sales where the number sold exceeds the remaining NIHE stock. The present situation has been exacerbated through the failure over recent years to meet the targets for new building. A balance of supply and demand needs to be achieved as a matter of urgency. (Paragraph 126)
25. The general perception that the overall quality of housing in Northern Ireland is good masks problems such as high levels of unfitness in the private rented sector and high levels of fuel poverty. The absence of a challenging quality standard in the social housing sector is a cause for concern. (Paragraph 127)
26. Our greatest concern is that policies on many housing issues such as the house sales scheme, the co-ownership scheme, and the private rented sector have been developed in isolation with insufficient assessment of their overall impact on the general provision of housing in Northern Ireland. In addition, responsibility for housing issues ranges across at least four departments which makes co-ordination across government difficult. The Social Development Minister indicated that a number of the issues we raised were the responsibility of Ministerial colleagues. (Paragraph 128)
27. We call on the Government to develop a strong and inclusive regional housing strategy setting out a vision for housing in Northern Ireland along the lines, for example, of the National Housing Strategy for Wales. The fundamental objective must be to ensure that housing strategy development and delivery is fully co-ordinated with all other key regional and local policies and strategies (Paragraph 129)

Formal minutes

Wednesday 20 October 2004

Members present:

Mr Michael Mates, in the Chair

Mr Adrian Bailey

Mr Roy Beggs

Mr Gregory Campbell

Mr Tony Clarke

Mr Stephen Pound

Rev. Martin Smyth

Mr Mark Tami

The Committee deliberated.

Draft Report (Social Housing Provision in Northern Ireland, proposed by the Chairman, brought up and read.

Ordered, That the Chairman's draft Report be read a second time, paragraph by paragraph.

Paragraphs 1 to 129 read and agreed to.

Resolved, That the Report be the Sixth Report of the Committee to the House.

Ordered, That the Chairman do make the Report to the House.

Ordered, That the provisions of Standing Order No. 134 (Select Committees (reports)) be applied to the Report.—(*The Chairman.*)

[Adjourned till Monday 25 October at 9.30 am.]

Witnesses

Wednesday 24 March 2004	<i>Page</i>
Mr Kieran Walsh, Mr Tony Ruddy, and Mr John Perry, Chartered Institute of Housing in Northern Ireland	Ev 5
Wednesday 29 March 2004	
Alderman Arnold Hatch, Mr Chris Williamson, Mr Arthur Canning, and Mr Graham Murton, Northern Ireland Federation of Housing Associations	Ev 24
Mr Alan Crowe, Mr Brian Harris, Mr Maurice Butler, and Ms Lynn Patterson, Co-Ownership Housing Association	Ev 44
Tuesday 30 March 2004	
Mr David Crothers, Mr Billy Graham, and Mr Jerome Burns, Department for Social Development	Ev 71
Tuesday 27 April 2004	
Mr Paddy McIntyre, Mr Stewart Cuddy, and Mr Colm McCaughley, Northern Ireland Housing Executive	Ev 88
Mr Murray Watt, and Ms Hilary Kyle, Northern Ireland Tenants Action Project	Ev 102
Wednesday 19 May 2004	
Mr Pat Quinn and Mr Jim Thompson, Department of the Environment , and Mr Mike Thompson and Mr Des Stephen, Department for Regional Development	Ev 116
Tuesday 15 June 2004	
Professor Chris Paris and Mr Paddy Gray, School of the Built Environment, University of Ulster	Ev 134
Ms Janet Hunter, Housing Rights Service , Mr Laurence Moffat, Shelter Northern Ireland , Ms Fiona Boyle, The Foyer Federation Northern Ireland Network , and Ms Carol O'Bryan, The Simon Community	Ev 161
Wednesday 30 June 2004	
Rt Hon. John Spellar MP, Minister of State, Northern Ireland Office , Mr Jerome Burns and Mr David Crothers, Department for Social Development	Ev 173

List of written evidence

1	Chartered Institute of Housing in Northern Ireland	Ev 1
2	Chartered Institute of Housing in Northern Ireland, Supplementary memorandum	Ev 17
3	Northern Ireland Federation of Housing Associations	Ev 21
4	Northern Ireland Federation of Housing Associations, Supplementary memorandum	Ev 34
5	Northern Ireland Federation of Housing Associations, Further supplementary memorandum	Ev 36
6	Northern Ireland Co-Ownership Housing Association Ltd	Ev 39
7	Department for Social Development	Ev 54
8	Department for Social Development, Supplementary memorandum	Ev 79
9	Northern Ireland Housing Executive	Ev 80
10	Northern Ireland Housing Executive, Supplementary memorandum	Ev 98
11	Northern Ireland Tenants Action Project and the Community Housing Network	Ev 100
12	Department of the Environment	Ev 112
13	Department for Regional Development	Ev 114
14	School of the Built Environment, Faculty of Engineering, University of Ulster	Ev 125
15	Mr Paddy Gray, University of Ulster	Ev 129
16	Housing Rights Service	Ev 147
17	Shelter Northern Ireland	Ev 149
18	Foyer Federation Northern Ireland Network	Ev 157
19	Simon Community Northern Ireland	Ev 159
20	Equality Commission for Northern Ireland	Ev 182
21	Professor Tom Woolley, Queens University, Belfast	Ev 184
22	Northern Ireland Housing Council	Ev 187
23	Alliance Party of Northern Ireland	Ev 189
24	Housing Policy Review Group	Ev 192
25	World Wildlife Fund	Ev 193
26	General Consumer Council Northern Ireland	Ev 195
27	Ulster Unionist Party	Ev 196
28	Belfast City Council	Ev 199
29	Construction Employers Federation	Ev 201
30	Sinn Fein	Ev 202
31	Professor Alan Murie, School of Public Policy, University of Birmingham	Ev 204

List of unprinted written evidence

Additional papers have been received and have been reported to the House but to save printing costs they have not been printed and copies have been placed in the House of Commons library where they may be inspected by members. Copies are also in the Record Office, House of Lords and are available to the public for inspection. Requests for inspection should be addressed to the Record Office, House of Lords, London SW1. (Tel 020 7219 3074) Hours of inspection are from 9:30am to 5:00pm on Mondays to Fridays.

MBS Modular Building System

Co-Ownership Housing Association

Ulster Unionist Party

Construction Employers Federation

Greater Village Regeneration Trust