



House of Commons
Northern Ireland Affairs
Committee

**Social Housing
Provision in Northern
Ireland: Government
Response to the
Committee's Sixth
Report of Session
2003–04**

**First Special Report of
Session 2004–05**

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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).

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First Special Report

The Committee published its Sixth Report of Session 2003-04 on 25 October 2004. The response from the Rt Hon John Spellar MP, Minister of State, Northern Ireland Office, was received in the form of a letter and attachments dated 15 December 2004, and is published as the appendix to this report.

Appendix

I enclose the Government's response to the Northern Ireland Affairs Committee's Sixth report of Session 2003-04 into Social Housing in Northern Ireland. I am grateful for the time and interest that Sub-committee members have dedicated to examining the issues during the suspension of the NI Assembly. I feel it is crucial that the focus and momentum on housing issues is sustained and progressed.

I have found the Sub-committee's observations and recommendations extremely interesting. They effectively illustrate the challenges involved in delivering housing services in Northern Ireland and highlight the complex nature of the difficult decisions that have to be made in the management of the various programmes. I have considered each of the Sub-committee's recommendations and have outlined my response in the attached paper. I am, of course, available to discuss any matters arising from this response.

Please convey my personal thanks to the Sub-committee members and their support staff for compiling such a comprehensive and useful report.

Annex 1

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)

The Government welcomes the Sub-committee's acknowledgement of the valuable work of the PSI Working Group on Homelessness. The Group published its report: *Promoting the Social Inclusion of Homeless People – Addressing the Causes and Effects of Homelessness in Northern Ireland* on 4th November 2004 for a three month period of public consultation.

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)

Assessment of need: The annual requirement of social housing has been confirmed at 1,400 - 1,500 in the *Demographic Trends and Future Housing Need in Northern Ireland*, a Final Report to the NIHE by Prof Chris Paris of University of Ulster & Dr Alan Holmans of University of Cambridge. However the NIHE have indicated that 1,750 new social dwellings are required each year to address the current need as well as the back-log and geographical imbalances in demand and supply. A working group has been established to consider how best to integrate this locally sensitive waiting list information with the Net Stock Model. The indications are that taking this information into account may now further increase the new build requirement to around 2000pa.

Target setting: The target published in the DSD Business Plan 2004/05 reflected the planned volume of output within the financial resources available in that year. It did not represent an assessment of housing need. It would have been misleading for the Government to commit to delivering a volume of output which it knew could not be achieved within the available resources.

Return of revenue from receipts to the Treasury: The NIHE sets annual targets in respect of its House Sales Scheme. The NIHE projects the amount of receipts to be generated in any year and retains this for capital investment in its own stock. If, however, the receipts exceed the projection the additional money is declared as an easement for re-allocation within the Northern Ireland Block. The NIHE may make bids for capital investment against these additional receipts. Over recent years the House Sales Scheme has generated receipts in excess of the NIHE's capital requirements but the DSD has been successful in presenting the business case for improvements to housing and this is reflected in the retention of around 70% of receipts generated.

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)

The Government agrees with the Sub-committee on the importance of a thorough and robust assessment of social housing need, and work is continuing on this issue as described in the response to the Sub-committee's second recommendation. However, decisions on the funding to be made available for social housing will have to be taken against the background of all the other competing priorities for finite public resources and the output targets set for any given year must realistically reflect the availability of those resources.

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)

While the majority of PPS 12 has been agreed, there remain some issues that have yet to be resolved. It is unlikely to be published until early in 2005.

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)

Area Plans produced by the Department of the Environment (DOE) are now informed by a Housing Needs Assessment prepared by the NIHE within the context of the Housing Growth Indicators contained in the Regional Development Strategy (RDS). In addition plans also take account of Draft Planning Policy Statement 12 - Housing in Settlements. Draft Area Plans published within the new policy context provided by the Regional Development Strategy contain a policy which indicates that in considering applications for planning permission for housing, Planning Service will seek to ensure that, where a need is established by the NIHE, provision is made for a suitable mix of housing types and tenures to meet the full range of market and social housing needs. They further indicate that implementation will be achieved where appropriate through planning agreements to secure a proportion of social housing in major new developments. The Belfast Metropolitan Area Plan, which was published on 30 November 2004, is the first area plan for which a full housing needs assessment has been prepared by the NIHE. In addition to the above policy it also allocates a total of approximately 110.5 hectares of land to be specifically zoned and designated for social housing. It also indicates that in relation to individual applications where a need for social housing has been identified, the proportion of land or units to be set aside for social housing will be determined by the DSD in consultation with the NIHE. Future area plans will, where appropriate, allocate land specifically for social housing.

It is anticipated that the issue of affordable housing will be addressed in the forthcoming PPS 12 - Housing in Settlements, to be published by the Department for Regional Development (DRD). There is currently no mechanism in place for Area Plans to specifically address this issue in respect of its housing designations. As a result the use of planning agreements to secure affordable housing is not considered appropriate at this point in time. In line with the RDS, recent plans focus development at higher densities in urban areas and promote mixed housing developments to accommodate balanced communities. These planning measures may indirectly make a positive contribution to affordability issues.

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)

In recent months Planning Service has been reviewing the rapidly increasing and unprecedented workload pressures being faced by the Agency. The increased volume of planning applications has led to greater demands on the Agency's resources. The workload pressures placed on staff are outweighing the Agency's capacity to provide a quality service. The 33,000 planning applications submitted last year represented a 20% increase over the previous 12 months, and this year's projected 43,000 applications will

mean a further 30% increase. Processing times have inevitably suffered as workloads have risen well in excess of forecast. While additional staff have been recruited, further action has been required in order to deal with the current situation. After very careful consideration of the available options, it has been decided to concentrate as much of the Agency's resources as possible for a period of time on the operational side of the business, where the pressure is greatest and where there are clear legal obligations to be met. The aim is to reduce current pressures and get processing times and service back to acceptable levels. It is envisaged that the temporary re-allocation of staff will last initially for approximately six months, during which time the Agency will, of course, monitor progress and reassess its overall priorities in light of the available resources.

The reallocation of staff will, however, have a knock on effect on emerging area plans. Resources are available to permit continued work on plans which have already been published in draft form - Ards and Down, and Magherafelt. In addition the Draft Belfast Metropolitan Area Plan was published on 30 November and work will continue on alterations to the Craigavon Area Plan. However, progress with the remaining Area Plans will be slower than intended. It is accepted that temporarily pulling back on the Area Plan programme raises considerable concerns –including the implementation of housing policies in support of the Regional Development Strategy. It is also accepted that the target date of the end of 2006 for the provision of a full and up-to-date suite of Area Plans is now not achievable. While it is not possible at this stage to give a revised target date for completion of the suite of plans, every effort will be made to ensure that any delay is kept to a minimum. It is imperative, however, that action is taken now to deal with the increasing and unprecedented pressures in applications work and to use the resources available to the Agency to provide a proper service to the public and to meet legal obligations to them.

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)

The Government fully accepts that there have been serious difficulties in achieving new build social housing targets and it was precisely for this reason that the review was undertaken. Its aim was to identify and provide solutions to the impediments to delivery of the programme and a number of remedial measures have been put in place. Many problems remain but it is encouraging that last year (2003/04) saw a considerable improvement in performance compared with the previous two years, which suggests that the measures put in place are starting to have a beneficial impact. The Committee has commented at length on the level of new build in 2003/04's social housing programme, some 1140 dwellings. The actual Development Programme target was to provide 1,575 dwellings, including schemes for the homeless. The number of dwellings that RHAs delivered in 2003/04 was 1,526, of which 1,140 were new build; the remaining properties were either brought into social housing stock via the Existing Satisfactory Purchase (ESP) facility, as re-improvement schemes, as rehabilitation schemes or are classified as communal or hostel accommodation.

The management of social housing has been subject of numerous reviews and inquiries in recent years. In 2000 the DSD commissioned Hacas Chapman Hendy to conduct a review of stock management options. In 2001 the Northern Ireland Assembly's Social Development Committee conducted an inquiry into housing, in 2002 the Government commissioned an independent review of the effectiveness of the Northern Ireland Housing Programme, and in 2003 the Committee of Public Accounts held an Inquiry into Homelessness in Northern

Ireland. Each of these reviews has been complemented by established and on-going research, carried out or commissioned by both the DSD and the NIHE. The Northern Ireland Affairs Committee's examination into social housing adds to this body of work. There is a continuous programme of policy development work in various aspects of the housing programme and the Government will keep the need for further reviews under consideration.

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)

The Government will consider carefully the Sub-committee's recommendation as part of its continuous close scrutiny of the effectiveness of the new build programme. The NIHE will continue to play an important role in both land identification and site assembly to support the delivery of the Social Housing Development Programme. As regards the NIHE's ability to borrow finance privately, the NIHE's finances, like those of all Government Departments and Non-Departmental Public Bodies (NDBPs), are subject to normal public borrowing rules set out by Her Majesty's Treasury.

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)

The Government agrees with the Sub-committee's recommendation and the report in its entirety has been published on the DSD website at:
<http://www.dsdni.gov.uk/publications>

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)

The review of the House Sales Scheme was considered at length by Government. While the review replicated recent reviews conducted in England and Scotland which examined the major components of the existing house sales schemes, it went further. Through a series of framed questions, it provided an opportunity for those responding to the consultation to comment on all aspects of the house sales policy including the operation of the NIHE and RHA schemes. In particular, opinions were sought on the continuation of the scheme. All of those who responded agreed that the scheme should continue.

As regards the waiting lists recent research carried out by the NIHE concludes that there is no adverse impact in the short term and suggests that Government intervention in a number key areas can mitigate any negative impacts in the longer-term. The new scheme includes arrangements to assist RHAs to repurchase properties should these become available for sale.

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)

The Government was fully aware of the Universities research during the process of reviewing the scheme and drafts of the report were requested during the review period to inform its deliberations. The Government took note of the fact that the research highlighted the success of the NIHE's sales scheme and of its suggestion that the link between house sales and waiting lists was complex. The Government considered and but did not proceed with proposals for further measures to assist those who may be unable to purchase their homes, to become homeowners. The Government also rejected the suggestion that it would be unwise to introduce any changes to the discount arrangements. Similar reviews carried out in other parts of the United Kingdom recommended changes to discount caps and independent research into the NIHE's House Sales Scheme concluded that those who had already purchased their properties might still have done so had the discount offered been lower. While the report suggested that alternatives to the current scheme be considered, it did so in the context of making it easier for tenants to purchase rather than retaining the stock of social housing.

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)

The Government notes the Sub-committee's comments on this issue. The Government agrees that it is important to assess the impact of the Co-ownership Scheme on other aspects of housing policy so that adjustments can be made to the scheme where appropriate to ensure its continued effectiveness and appropriateness.

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)

Potential Northern Ireland Co-ownership Housing Association (NICHA) participants are not assessed under the Common Selection Scheme because NICHA is seeking to obtain different information about the applicant than that required under the Common Selection Scheme. The Common Selection Scheme is used to determine an applicant's eligibility for social housing and to prioritise the applicant on the waiting list. NICHA's application process, however, is aimed at determining whether the applicant has the financial means to become a homeowner through the conventional route, rather than by way of shared ownership. The NIHE's research, commissioned by the DSD, will examine the relationship between NICHA participants and the Waiting List by investigating what alternatives the participant might have chosen in the absence of the co-ownership scheme.

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)

The Government acknowledges the contribution of the Co-ownership Scheme to promoting affordable housing in Northern Ireland and has consistently given it a high priority in this regard. However, in order to address a situation in which the Association was amassing considerable reserves it was decided, some years ago, to reduce the baseline grant available to encourage the Association to recycle its surpluses. This has proved to be an effective means of resourcing NICHA's activities and its income now continues to be supplemented in this way. The Government realises, of course, that the scheme still requires a considerable amount of Government grant. Independent research was commissioned in 2002/03 to evaluate the cost-effectiveness of the scheme and the findings were used to justify bids for additional resources. Additional funding has been made available to NICHA during 2004/05 and consideration is now being given to NICHA's funding levels over the three-year period of Budget 2004, on which final decisions will be announced in the near future.

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)

The Government welcomes the Sub-committee's comments about the Co-ownership Scheme and will work closely with the Housing Corporation in England to assist it to learn any lessons from Northern Ireland about promoting shared ownership.

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)

The Government welcomes the Sub-committee's comments. It is important that the way in which scarce public resources are used is continuously examined to establish whether any changes in policy direction are necessary to improve efficiency and cost-effectiveness.

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)

The Government welcomes the Sub-committee's endorsement of the new strategic framework for the private rented sector.

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)

Draft legislation will be published early in the New Year that includes measures intended to improve tenants' rights across the Private Rented Sector by using a range of mechanisms, for example, rent controls will be implemented to affect greater improvements in house condition in the sector. There are currently three Rent Deposit Guarantee Schemes available in Northern Ireland. Each is funded by the NIHE but managed by The Simon Community, Smartmove and Triangle respectively. The NIHE is currently evaluating the services and their findings will be considered in the context of legislative proposals.

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)

The Government welcomes the Sub-committee's endorsement of the development of a Fuel Poverty Strategy in Northern Ireland. The new strategy, *Ending Fuel Poverty: A Fuel Poverty Strategy for Northern Ireland*, was published on the 23rd November 2004.

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)

The Government introduced the Decent Homes Standard in Northern Ireland in May 2004 with a target to ensure that all social housing meets the standard by 2010.

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)

The Government is committed to facilitating all people within the built environment and has, since 1984, made specific provision (Part R) for disabled people in the Northern Ireland Building Regulations. All new dwellings that are designed to the current Building Regulations standards provide a level of accessibility referred to as "visitability" standard. Research into and consideration of the practicality of incorporating the Lifetime Homes Standard into the Building Regulations is currently being undertaken by the Office of the Deputy Prime Minister (ODPM). In association with the ODPM review, the Joseph Rowntree Foundation is actively reviewing the present Lifetime Homes Standard. The Department of Finance and Personnel will re-examine its building regulations in relation to the Lifetime Homes standard in light of this research and review. Any proposal to amend the regulations will be subject to a full public consultation and a Regulatory Impact Assessment will be prepared setting out the costs and benefits of any proposed amendment.

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)

The processes of constructing, maintaining and occupying buildings including housing is believed to contribute nearly 50% of UK CO₂ gas emissions. CO₂ emissions are a significant factor in climate change and air pollution from which occupants of social housing are often at greatest risk. The Code for Sustainable Buildings, produced by the Sustainable Buildings Task Group established to promote sustainable development in the building industry through improved environmental performance (e.g. energy, waste, water and materials), is a welcome and positive initiative to combat related issues. The Code clearly has potential value to Northern Ireland where social housing is an important element of the sustainable development strategy now being progressed. However the implications will take time to emerge and the Code is in the early stages of development. Demonstration schemes in the Thames Gateway and various other assessments anticipated for completion towards the end of 2005 will provide evidence to support the advancement of the Code. Government will monitor developments closely and liaise with statutory, voluntary and private sector organisations with an overlapping interest in the Code.

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)

The Government welcomes the acknowledgement by the Sub-committee of the commitment of all those involved in housing to deliver effective housing services to the people of Northern Ireland. It accepts that more work is needed across a wide range of areas and remains committed to working with its many partners in the statutory, voluntary and private sectors to continue to improve housing services.

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)

Although the Common Waiting List has increased over recent years, NIHE and RHAs are still managing to house the majority of those applicants, some 77%, within one year of joining the Waiting List. There are significant in and out-flows on the Waiting List, however the Government accepts that there is a small number of individuals and families that remain on the list for some time. 2.63% of applicants for social housing have been waiting for longer than four years. This is attributable in part to the increasing number of applicants who would prefer to live in areas of high demand (particularly evident in North and West Belfast and the West Bank of the Foyle in Londonderry) and the increased number of applicants with complex needs; in the past three years 2,486 cases have special circumstances that require intensive care and support. This need may be met in a specialist housing scheme, where additional support or care services are provided, or in general housing where a tailored support and care package has been arranged.

Social housing is not the only source of housing accessible to those on the Waiting List. The private rented sector has shown consistent growth in recent years and many potential social housing tenants are choosing to live in that sector demonstrated by the increased level of Housing Benefit paid to private sector landlords. Considerable work undertaken by the DSD and the NIHE has produced a comprehensive strategy aimed at supporting and regulating the sector to ensure that it can play an appropriate role in meeting housing need. In addition, private sector construction has remained strong across Northern Ireland with considerable growth in the Belfast Metropolitan Area and the North West. Some 12,706 dwellings were commissioned by the private sector during 2003/04. Whilst there are signs of affordability problems emerging for first time buyers and those on low-incomes in some localities, the overall affordability situation in Northern Ireland is much healthier than in many other parts of the United Kingdom. Government's support for the Northern Ireland Co-ownership Housing Association (NICHHA) has gone some way to alleviating affordability issues, with some 18,000 participants having benefited from the scheme and 13,000 stair-casing to full home-ownership.

Achieving the levels of new build social housing required has been difficult in recent years. The Government fully acknowledges these difficulties and recognises the challenges that the development process presents for the voluntary housing movement. A range of measures have been introduced in the shorter-term to effect improvements in delivery, however in the longer-term actions across a number of sectors will support the supply of social and affordable houses. The implementation of the suite of planning policy statements and progress towards full Area Plan coverage for Northern Ireland will influence all aspects of development from the property type, the scheme size, the tenure mix, the location, the design and layout, access to open spaces and to amenities supporting the development of sustainable communities.

As for achieving a balance between supply and demand, the Government will continue to explore new policy proposals that could potentially improve the delivery of new social housing in Northern Ireland. The introduction of new agents to the delivery of the social housing Development Programme will be considered. Measures to encourage greater private sector involvement in the delivery of social housing contained in the Housing Act, for example, could support improvements in both the supply and quality of social housing. Strategic partnerships between Government, communities, the voluntary sector and the private sector may be a route to achieve this and are worthy of further consideration.

25. The general perception that the overall quality of housing in Northern Ireland is good masks problems such as high levels of unfit 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)

The quality of housing in Northern Ireland has improved considerably since monitoring through periodic House Condition Surveys began in 1972. Successive House Condition Surveys demonstrate continuous improvement. The Committee has focused attention on two areas where, despite substantial efforts from the Government during the intervening years, difficulties persist. There is a clear association between levels of unfit and tenure. Nearly half (44%) of unfit properties are vacant, in fact only 2.9% of occupied properties are unfit. The Committee correctly points out that within properties classified as unfit 8.7% are in the private rented sector. The Government has recognised that targeted action is required to tackle widespread inconsistencies across the sector in terms of tenants' rights, rent control and unfit. Regional strategies to support the private rented sector have been advanced by both the NIHE, as regional housing authority, and

the DSD. The DSD acknowledges the role of the sector in meeting the housing needs, particularly in areas where there is a high demand for social housing. The sector now accounts for 7.6% of the total housing stock. The only legislation relating to the sector is the 1978 Rent Order, however this applies to a limited number of properties and in many cases acts as a barrier rather than a catalyst for improving conditions. This is supported by evidence that demonstrates that the highest levels of unfitness can be found in properties to which the Rent Order applies. The DSD is progressing legislation to improve tenants' rights across the private rented sector and to use rent control as a means to raise levels of fitness. The legislation, which is scheduled to be published in draft form for consultation early in 2005, will support practical measures to improve conditions and enable the sector to act as a viable and affordable alternative to social housing for those in need.

The Government published *Ending Fuel Poverty: A Fuel Poverty Strategy for Northern Ireland* on 23 November 2004. The strategy sets a challenging target to eradicate fuel poverty for all vulnerable groups and those who live in social housing by 2010 and in non-vulnerable households by 2016. The Strategy recognises the cross-cutting nature of the issue and commits the Government to working in cross-sectoral partnerships to address the issue. Further to the Decent Homes Standard which will assist efforts to address fuel poverty, consideration has been given to the introduction of a standard similar to the Housing Health and Safety Rating System in England where the proposals for enforcement are currently under consultation. Departmental officials and NIHE staff have also been monitoring developments in the other devolved administrations. The NIHE is conducting a small-scale pilot programme to determine any resource issues attached to the proposed policy. The Government will consider the findings of this study in the context of proposals on energy emerging from Europe.

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)

The Government notes the Sub-committee's concerns and agrees that the spread of responsibility across different departments for issues affecting housing policy makes it essential that arrangements are in place for close cooperation between those departments to support the development and implementation of effective policies for housing. To date such arrangements have worked well but their success requires a continuing effort and commitment on the part of all concerned.

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)

The Government shares the Sub-committee's view on the fundamental objective of housing strategy development and delivery. The context in which the Government's spending plans are taken forward, ranging from the Government's overall commitments set out in *Priorities and Budget 2004-2006*, the associated Public Service Agreements, down to departmental corporate and business plans identify and reflect the priority and commitment accorded to this.

The Government agrees with the Sub-committee that housing is an issue that transcends Departmental responsibilities; for example, there are established linkages between housing and health, educational attainment, economic regeneration, the environment, and community development. This reinforces the need for co-ordination across Government.

The DSD continues to work closely with the NIHE, as regional housing authority, to develop a suite of complementary strategies, policies and programmes that target social need and progress the strategic objectives. In the coming months these will interlink with the Regional Development Strategy, the suite of planning policy statements and the development of Area Plans as work on these issues emerges.

In partnership, with the NIHE and other key stakeholders, regional strategies have already been produced to address cross-cutting issues, for example:

Renting Privately - A Strategic Framework - May 2004

A Fuel Poverty Strategy for Northern Ireland

The Homelessness Strategy

People and Place - Neighbourhood Renewal Strategy

In addition, a series of sectoral studies and pilot schemes have been undertaken and local strategies developed where appropriate, for example: The North Belfast Housing Strategy, Greater West Belfast Housing Strategy and The Derry/Londonderry Housing Strategy. The DSD and the NIHE have commissioned or conducted research on a range of issues to support policy development including: a comprehensive needs and effectiveness review, housing and health, housing and community relations, affordability, an evaluation of the House Sales policy and co-ownership scheme. In all of this work the emphasis has been on making and strengthening the links with related policy areas that may be the primary responsibility of other departments or agencies, and on ensuring that all of these policies are mutually supportive.

The crosscutting nature of much of the Department's work is recognised in its policy and strategy documents and they provide the umbrella under which housing, together with other issues, can be progressed. This corresponds with the vision that the Welsh Assembly Government (WAG) have advanced for the delivery of housing services which also recognises the established connections between poor housing and poverty, deprivation, crime and anti-social behaviour, educational underachievement and ill health. The Government acknowledges that there will housing related issues common to all jurisdictions and recognises the importance of monitoring any new initiatives for possible read-across to Northern Ireland. However Government is mindful that there are housing issues unique to Northern Ireland that require specific, targeted Government intervention.

Annex 2

CORRECTIONS & CLARIFICATION

Page No.	Para. No.	Comment
3	Summary	The Sub-committee rightly points out that the number of applicants for social housing who are in housing stress has increased in recent years, however this has to be set within the context of how long it takes for people to be housed in appropriate accommodation. The Northern Ireland Housing Executive (NIHE) have indicated that the majority of people (79.91%) are housed within 12 months of joining the Common Waiting List. Those that wait longer do so because they would prefer to live in an area where there is intense demand for social housing or because they have complex accommodation needs. Over the past 3 years the NIHE have identified some 2,486 applicants with special circumstances that require specialist care and intensive support.
8	13	Whilst the Sub-committee correctly point out that responsibility for the Social Housing Development Programme transferred to Registered Housing Associations (RHAs) in 1996, it should be noted that a facility exists for the NIHE to build new social housing should a RHA be unable or unwilling to do so.
14	35	The Social Housing Development Programme is provided by RHAs in partnership with the Department for Social Development (DSD) and the NIHE. The Programme is delivered using a variety of mechanisms, RHAs can progress schemes as new build, package deals, off-the-shelf, rehabilitation, re-improvement or as existing satisfactory purchases. This facilitates crucial regeneration in urban and rural communities. The report highlights levels of new build achieved in 2003/04 at 1,140 new social housing units against a target of 1,500 new units. The increase in social housing stock available to rent due to RHAs making use of the existing satisfactory purchase facility and other mechanisms was omitted. RHAs used the scheme to acquire 193 properties. RHAs also provided an additional 259 communal and hostel units, and these combined to provide 1,526 units against a target of 1,575 (including 75 units for the homeless).
15	40	The Net Stock Model is a useful planning tool. It provides an estimate of what provision will be required based on: Demographic trends including an estimation of concealed households, The level of private sector construction,

		<p>Expected demolitions, expected second homes and vacant stock.</p> <p>The methodologies employed were extensively validated by both the academics from the University of Ulster involved in applying the model and the NIHE's technical staff. The NIHE have indicated that 1,750 new social dwellings are required each year to address back-log and geographical imbalances in supply and demand. A working group has been established to consider how best to integrate this locally sensitive waiting list information with the Net Stock Model, and the indications are that this is likely to result in a further uplift of the annual requirement to around 2000 pa. Government is also confident that work under way to integrate housing needs assessments with the production of Area Plans will provide further guidance and indicators of need across 9 categories of housing: affordable housing, housing across tenures, housing for travellers, supported housing, student housing, vacant dwellings, second homes and areas scheduled for regeneration.</p> <p>The NIHE has developed and presented a manual setting out the methodologies and data sources used in housing needs assessments, and the work has been validated by housing experts from 4 universities. The assessments will be published with Area Plans and will contribute to greater transparency and accountability in how housing need is determined.</p>
16	44	<p>The DSD Public Service Agreement (PSA) does incorporate a target for new social housing units. The Government's draft Priorities and Plans 2004-2006 document provides the overarching planning framework for all Departments, setting out their high-level PSAs. Detailed targets for the delivery of these PSAs are defined further in each Department's Corporate Plan. DSD's high level target (PSA Target 2.1) is, "In each year, in partnership with the registered Housing Associations and the Voluntary Sector make provision for affordable low-cost accommodation for 12,000 households". This is broken down in the Department's Business Plan 2004/05, published as part of the Corporate Plan 2004-2007, into detailed targets across 16 actions. One of these deals specifically with the new build programme. The DSD routinely reports on progress and publishes end-year position reports. The most recent report is accessible via: http://www.dsdni.gov.uk/publications/documents/2003-04_SDA_Detailed_Report_(IntranetInternet).pdf</p>
17	48	<p>The report states that, "around £37 million annually from record levels of sales is returned to the Treasury". This was the position in two years only, 2002/03 and 2003/04, which arose from a backlog of house sales applications due to the introduction of a</p>

		<p>new house sales scheme and the highest recorded purchases under the SPED scheme, which translated into additional sales. It is unlikely that excess receipts of this magnitude will be repeated. It is useful to set the figures in context of additional resources secured for housing. The DSD can prepare bids for additional resources and in recent years has been successful in securing funds to deliver both an expansion of the overall stock and improvements to existing stock. Analysis of receipts returned and successful bids over the past 4 years demonstrate that on average around 70% of all capital receipts are retained for housing purposes.</p>
18	53	<p>While it is true that only a proportion of the private finance can be attributed to the change in policy, that proportion is substantial representing 86.3% of private finance raised by RHAs from 1991/92- 2003/04. The report also notes that RHAs, <i>“borrowed significant levels of private finance mainly to provide specialist housing and this role has continued.”</i> Special needs housing in Northern Ireland has enjoyed 100% Government funding of approved costs and consequently RHAs have not been required to borrow privately to deliver schemes of this nature.</p>
19	56	<p>The report states that the NIHE’s land bank is not available to RHAs, however this is not the case. In 2001/02 almost half of the Development Programme (45%) comprised transfer schemes (Transfer schemes are developed by RHAs on land transferred from NIHE ownership); in 2002/03 around 24% of the Development Programme comprised NIHE transfer schemes; and in 2003/04 this rose to 25% of the Programme or 374 units. This year transfer schemes are programmed to deliver 37% of the social housing development programme, or 574 units. Transfer schemes represented an average of 33% of physical starts achieved in the past four financial years.</p>
34	120	<p>A considerable amount of research has in fact been carried out, and successive annual Home Energy reports show the improvements in levels of insulation. The 2001 House Condition Survey (HCS) shows substantial progress and it is expected that the HCS interim survey in 2005 will show further progress as a result of the impact of the Warm Homes Scheme, NIHE grant schemes, cash-back schemes and owner occupiers’ own expenditure. Most NIHE properties are already insulated.</p>