



Northern Ireland  
Assembly

Committee for Social Development

# OFFICIAL REPORT (Hansard)

Building of Social Housing: Departmental  
Briefing

24 October 2013

# NORTHERN IRELAND ASSEMBLY

## Committee for Social Development

### Building of Social Housing: Departmental Briefing

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**Members present for all or part of the proceedings:**

Mr Alex Maskey (Chairperson)  
Mr Mickey Brady (Deputy Chairperson)  
Ms Paula Bradley  
Mr Gregory Campbell  
Mr Trevor Clarke  
Mr Michael Copeland  
Mrs Dolores Kelly  
Mr Fra McCann

**Witnesses:**

Mr Michael Sands	Department for Social Development
Mr Mark Graham	Northern Ireland Housing Executive

**The Chairperson:** This morning we have Michael Sands and Mark Graham from the Department for Social Development (DSD). You are both very welcome. We do not have Beverley Bigger. Michael, are you going to give another impersonation, like you did at the conference last week? I hope that Beverley takes kindly to your presentation. Michael, we are in your hands.

**Mr Michael Sands (Department for Social Development):** I was going to apologise for Beverley. Unfortunately, she is unwell, and I have to step into her shoes again. If you had been at the conference, you would have heard that line. I did not want to repeat it.

**The Chairperson:** All right, then; get off your high horse. *[Laughter.]*

**Mr Sands:** The Committee Clerk wrote to the Department and said that the Committee would like to hear about the barriers preventing the Department from building social housing and the steps that it is taking towards removing those barriers. It might help if I clarify the background position on who does what.

The Programme for Government for 2011-12 to 2014-15 includes a commitment to deliver 6,000 social and 2,000 affordable homes over that four-year period. The social housing element is delivered through the social housing development programme and categorised into general and supported housing starts. You have the budget information that the Department provided, so I do not propose to go through that. The Department has overall control and responsibility for directing social housing policy in Northern Ireland. It sets the grant rates for new social housing and oversees the Housing Executive's management of the development programme.

The Housing Executive has responsibility for assessing the level of social housing need and determines the need for schemes in specific geographical areas. A housing association requires Housing Executive support for each individual scheme before it can proceed with any proposal. The Housing Executive is also responsible for formulating the three-year social housing programme. Each year, the Housing Executive invites housing associations to submit proposals for inclusion. The Housing Executive then assesses those proposals against housing need and prepares a draft programme to balance delivery geographically across the country. The Housing Executive, therefore, manages day-to-day delivery of the programme by housing associations, including close monitoring of activity and a technical value-for-money assessment of each individual scheme and payment of grant. Housing associations are responsible for identifying sites for new schemes and, with prior Housing Executive support, are responsible for developing scheme proposals and project management of each scheme from construction through to completion.

There are certain constraints in that. One is the question of government accounting and how we deal with this programme. Spend has to be recorded by 31 March; therefore, housing associations are restricted, in that spending has to be done within one year. There are constraints to achieving a capital programme where a scheme can cross over two years.

On housing association capacity, of 29 associations, only 13 have a development remit. Only four deliver the majority of the programme, although the fifth association, Helm, will be joining the programme now. Land assembly and acquiring private sites continues to present difficulties. Vendors are unwilling to sell at current low market prices. Stakeholders will say, "Land is cheaper than it has ever been. Why can you not go out and buy?". Associations will be trying to do that, but there has to be a vendor who is prepared to sell. Generally, vendors can sit on the land and hope and expect that land prices will increase, although they are not expected to for quite a while.

Site identification can be particularly difficult for supported housing schemes that require locations and design solutions that address the specific needs of that client group. Community consultation is also presenting some difficulties, in that there can be considerable difficulty with Nimbyism. One association is trying to provide Bamford-supported schemes and to move those things forward.

What has the Department done to try to tackle the difficulties that we face? Minister McCausland brought in the performance and efficiency delivery unit (PEDU) of the Office of the First Minister and deputy First Minister (OFMDFM) in July 2012 in response to his concerns about the worsening delivery of the social housing development programme and, in particular, the clustering of building starts in the last quarter. That was presenting an unacceptably high risk to the delivery of the Programme for Government targets. For example, last year, 80% of the units, which is 1,108, were started in March, and within that, some 57%, which is 786, were started in the last three days of the financial year.

The review commenced in July 2012 with terms of reference to examine the delivery process and to make recommendations for improvement. PEDU reported in January 2013 with 25 recommendations across six key areas. Those recommendations committed stakeholders to the production of a more realistic and deliverable social housing programme; more timely issue of the social housing development programme; addressing the difficulties of acquiring land; introduction of increased competition, both within and without housing associations; delivery of more cost-effective social housing; and more proactive management of the programme to ensure delivery.

Thirteen recommendations have already been implemented, and from those, we expect to see measurable improvements starting to occur in the current year. The others are in the process of implementation, although some, such as opening it up to other developers, will require legislation. I will not go into the detail of the various elements of that, but I am happy to answer any questions on PEDU.

While that remedial action is being taken forward, what will we see looking forward? The Programme for Government target is to deliver 1,200 social houses in 2013-14. My colleague Mark will confirm that that target will be achieved, if not exceeded. It is on track for delivery. Next year's target of 2,000 is a significant step up, with the concentration on advanced land purchase and incentives for housing associations to buy. The forecast is that the overall PFG target of 6,000 new social homes will be achieved.

We are happy to take questions.

**The Chairperson:** OK, Michael. Thank you for that.

**Mr Brady:** Thanks for the presentation. Paragraph 10 of the briefing paper states:

*"Land assembly — housing associations report continuing difficulties in acquiring private sites because vendors are unwilling to sell at current low market prices."*

We have been raising the issue of land ownership for a number of years. As far back as 2007-08, we were told that land banks were in the ownership of the Housing Executive, DSD and, indeed, other Departments. Why has that not been realised? Why have those sites, which the Department told us were strategically placed, not been realised? Why do housing associations necessarily have to go out and look for other sites? At the time, in 2007, we were told that those land banks were worth £1.2 billion, if I am right. Obviously, the cost of land has gone down dramatically, but presumably, those land banks are still somewhere. What is happening?

I have another question about the Bamford review, but I will let you answer that first.

**Mr Mark Graham (Northern Ireland Housing Executive):** About 30% of the programme is currently delivered from Housing Executive surplus land. We are continually reviewing and identifying new sites out of our surplus land. It has to be said, however, that increasingly, the sites that we are identifying are quite small, because the big sites that we have have largely been already transferred to housing associations for development.

As for other public sector land, there is a process that the Strategic Investment Board (SIB) manages through which public bodies identify surplus sites. We in the Housing Executive then identify whether that surplus site is in a location where there is housing need and we would then indicate an interest. At that point, an association would negotiate with the particular public body to acquire the site. That again delivers a significant amount of units. There is a process for doing that, but particularly with Housing Executive land, the land bank is decreasing, and many of the sites that are becoming available now are smaller and more difficult to develop than previously.

As part of the PEDU review, we are also working with SIB and other public sector bodies to speed up the process by which surplus public sector land can be identified ahead of time and associations are given sufficient time to carry out feasibility studies on those sites to determine whether they can make them feasible. It is worth saying that a lot of surplus sites are quite difficult, because they often have contamination and other restraints on them. However, we imagine that public sector land will make a major part of the development programme.

**Mr Brady:** The other question refers to paragraph 13 in your paper, which is on Bamford-supported schemes that are under delivery. Essentially, you are saying that:

*"This is due mainly to DHSSPS delays in planning and agreeing the nature of the resettlement accommodation and difficulties in aligning DHSSPS unsecured revenue budgets with DSD firm capital budgets."*

The big issue with the roll-out of Transforming Your Care is supported housing and keeping older people in the community. Has any effort been made to align with the Department of Health to ensure that there is engagement? We have been talking about the Bamford review since 2002, but nothing of great importance has happened. The Minister said in the Assembly earlier in the year that he had failed to reach the target for supported housing, and the blame for the delays seems to be being transferred to the Department of Health. Given that Transforming Your Care is due to roll out, and in some cases is rolling out, is there not an urgency to engage with the Health Department and ensure that Bamford's recommendations are carried out and the supported housing will be built as soon as possible?

**Mr Sands:** If I may, Chair —

**The Chairperson:** Sorry, Michael, if you do not mind, just before you answer that, I have dealt recently with a father whose daughter has Down's syndrome. Clearly, they want supported housing for the daughter so that she can have independent living, but they cannot get a placement for love nor money. They do not expect to be able to get one for the foreseeable time. I just wanted to firm up Michael's points about the necessity to identify need. I have been told that those people are not even being formally recorded as having the need. So, if we are not identifying the need, how can we set targets, never mind meet them? Can you make your answer a little broader to include how need is to

be met or even identified in the first instance? Is it to help social services, or who is it meant to help? Can we get that joined up?

**Mr Sands:** If I may, Chair, we will answer that in two parts. I will take the first, and Mark will take the second bit about need.

As far as the budgets are concerned, you are absolutely right, Mr Brady. There are two elements: the capital provision for the newbuild; and the revenue funding for the Supporting People funding, which must be put in to allow that facility to function properly and to provide the proper service for individuals. There was a slight twist as far as budgets were concerned, and this year we have transferred £4 million from the programme to the Department of Health, Social Services and Public Safety (DHSSPS) to allow it to align its budgets more properly so that we can make that provision. So, we are very conscious that there was that difficulty. I will let Mark answer the question about need.

**Mr Graham:** We use a number of forums as part of the commissioning process for Supporting People. We work with the Department to identify which schemes are needed, and we recently completed a process with the Department of Health, Social Services and Public Safety and confirmed that the need identified is still there. Indeed, we have taken Transforming Your Care into account in identifying the schemes that are available. The difficulty with the need is partially because of the sorts of things that Michael talked about and also because the particular client groups need particular schemes in particular localities. Therefore, it is a much more complicated process to find a suitable site for a suitable scheme, and it is taking longer than anticipated. Need is identified through our normal process, and, if there is a complex needs case, we have complex needs officers who feed into the programme and identify particularly specially built properties to meet the needs of people with disabilities or other such clients.

**Mr Sands:** Unfortunately, there is a perception about such housing among the public, and whenever housing or a scheme is suggested for a particular area under consultation, Nimbyism comes in quite a lot. The local people, unfortunately, do not want accommodation of that type next door to them.

**Mr Brady:** Will that £4 million that has been transferred be specifically for the provision of supported housing?

**Mr Sands:** Yes.

**Mr Brady:** So, does it mean that more supported housing will be built?

**Mr Sands:** Yes. We worked with DHSSPS to see which budgets it was short on. It identified that, so we transferred provision from the Supporting People budget. The capital budgets had not gone ahead and there was a delay in them, so there was too much in the revenue budget and we were happy to give that to the Health Department.

**Mr F McCann:** Following up on the point about supported housing, I know that, increasingly, people who are mostly from middle-class areas are objecting to social housing being built beside them. I have not really come across anybody objecting to or complaining about supported housing being beside them. In most communities, you get people who appreciate the need for supported housing in communities. Is there any evidence to show that that is the case?

**Mr Graham:** It is difficult to quantify, but, this year, there have been three or four instances brought to us by associations who said that they were not going to go ahead with the scheme because of the level of local opposition. There was one in Glen Road and another in Braniel. I think that it was because of the particular client group being vested in that area. I have no basis for discussing the extent of it, but there have been very clear examples of it in the past year.

**Mr F McCann:** Thanks for that, and thanks for the presentation. It was interesting. Your paper refers to housing association capacity, which the Chair has raised on a number of occasions. You say:

*"More of our current housing associations need to step up to the mark to assist delivery."*

Housing associations would seriously question that assertion, because they would say that there are quite a number of problems and difficulties that they have to overcome, not least planning. I think that

they have been discussing that with the Department. Is there any indication that the difficulties and problems are being removed so that housing associations can build more houses?

**Mr Sands:** Capacity is a problem in one respect. As our briefing states, there are four housing associations delivering the programme, and we have just let Helm back into the programme again, so that will be five. I do not see that as an enormous difficulty, because the five associations are well rehearsed in what has to be done and are very capable of doing what has to be achieved. As Mark will probably tell you, the targets will be achieved this year and, hopefully, will be exceeded. So, they are able to cope with the demand that is placed on them. Yes, it would be good to see more associations enter the development programme. I said at the Northern Ireland Federation of Housing Associations (NIFHA) conference that I was disappointed that more associations were not participating in the development programme. We will continue to work with them to see how that can be progressed and how additional numbers can be taken into the programmes so that the load is spread that little bit more. The four housing associations — hopefully, now five — that are participating are very capable organisations.

**Mr F McCann:** I know the four or five that you are talking about well. One of them provides nearly a third of the units; I think that Oaklee provides about 8,000 or 9,000. However, those associations are the ones who are saying that they are being unfairly criticised, because they are being accused of not stepping up to the mark in the provision of houses. They have given a long list of difficulties and problems that they say the Department is well aware of but has done nothing to clear away to allow them to provide that housing.

**Mr Sands:** The first thing is that, with broad-brush accounting, if we talk about one of them, we talk about the 13 that are developing property and that should be stepping up to the mark. However, we have congratulated those four as well.

**Mr F McCann:** Most of the housing associations that you are talking about are very localised.

**Mr Sands:** They are small, yes. They will participate in the development programme, but it might be once every two or three years.

**Mr F McCann:** Are you confident that that could be overcome?

**Mr Sands:** We will work with them. I think that the word "confident" might be a step too far, but we will certainly work with them and encourage them as much as possible to participate in the programme. We have increased grant rates, and we have tried to incentivise the purchase of advanced land and so on to encourage them to come in further.

**Mr F McCann:** There was one other point I wanted to make. I am just looking for the paragraph that talks about standards. There seemed to be an indication, certainly in a presentation that we got back in May, that the Department was looking at the standards that housing providers have to meet to bring them into line with the private rental sector. Would that not surely mean a lowering of standards, which will lead to problems in the future if the sector is not meeting the high standards that have been there for a while to ensure that we have good, decent, well-built houses?

**The Chairperson:** That point is in paragraph 15.

**Mr Sands:** I do not think so, Mr McCann. The standards that will be applied are those that apply to the private sector, so they are in each of our homes. We had some requirements on social housing that were over and above what is required for private housing, such as security by design and so on. However, we are quite confident that the standards that we have introduced comply with building regulations that apply across the private sector and that a diminution in standards will not occur.

**Mr F McCann:** I have gone into some private developments that may have met the regulations but that would fall far below acceptable standards. Just to give you an example, I know of apartments that have been built that one housing association had to spend at least £10,000 on each one to bring it up to standard. We can argue that people say that there is one standard, but there is a higher end that the housing providers build to, and there is a lower end that private developers build to to cut costs, save money and get more profit. I think that we should be very proud of the social housing elements, which, rather than lower standards, will take things to a standard that people will no longer respect.

**Mr Graham:** It may be worth commenting that the building control standards have recently risen to the same levels that associations would have built to under code 3. They also have to meet lifetime home standards and other space standards. So, there has not been a diminution of quality; there has simply been an alignment of what is expected both of the private sector and housing associations.

**Mr F McCann:** Where are we with developers' contributions?

**Mr Sands:** The Minister referred to that in his speech: I do not know whether it was to the NIFHA conference or to a Housing Executive meeting, because the two were quite close together. Developer contributions are difficult at a time when the construction industry is the position that it is in. We have just got information from the Royal Institute of Chartered Surveyors (RICS) that the construction industry has exited the depression that it has been experiencing for the past number of years. So, one would hope that, as we move forward, we will be in a position whereby developer contributions can be taken forward. The Minister does not think that it is appropriate at this time, but he fully accepts that we have to start and that there has to be a starting point for this, because it will take several years for it to come in. It is really just waiting for the right time, as far as developers are concerned, to impose what we are suggesting for developer contributions. At this particular time, it might just be a step too far.

**Mr F McCann:** I think that we have been waiting for around 10 years or so. A number of reports have said that we were losing out, maybe by hundreds of dwellings in the social housing sector. When is the best time? I know that the Minister said two years ago that that would be a key element of housing provision that he would look at. So, will it be two years, five years or 10 years? Will it ever come in?

**Mr Sands:** He said in February that he would consider the position in six months' time, and we are just at that position now.

**The Chairperson:** Mickey, did you want to make a point relevant to what was just discussed?

**Mr Brady:** Yes, I want to follow up on the less-prescriptive design standards for the social housing that housing associations are building. You talked previously about a decent homes standard and all that, so if the standard is not as good, in a sense, how do the associations charge more rent than the Housing Executive? Will that be factored in? The point that I am making is that you are paying more for a less-prescriptively designed house. It has been a long-standing issue that housing associations' rent is considerably more than that for a Housing Executive house, yet they are now being allowed to build houses of a lesser standard but will be charging more rent. How does that equate?

**Mr Sands:** The Housing Executive has not built houses since 1996.

**Mr Brady:** I know that.

**Mr Sands:** One of the reasons why we moved from the Housing Executive was that housing associations have the ability to lever in private finance. Currently, we are getting grant rates of 45%, so, obviously, 55% has to be levered in as private finance, and the repayment on that borrowing has to be made. That is why there is a gap. It is nothing to do with the standards. It is the levering-in of private financing that has to be repaid. Whenever a housing association is assessing the rent, when it puts the scheme through to the Housing Executive, cognisance must be taken of the repayments of the loans that have to be made. That is why the rents are higher. It is nothing to do with standards; it is really the borrowing.

**Mr Brady:** There is a dichotomy there, surely. Tell that to the tenant who is now going to live in a less-prescriptively designed house than somebody who is living in a house that was designed three years ago. I know what you are saying, and there is a whole issue about why the Housing Executive cannot lever in finance. That is a completely different issue, but the point that I am making is that housing associations charge tenants more, and what they are now saying is that the houses may not be up to the same standard that they were a year or two years ago.

**Mr Sands:** As far as the standards are concerned, I do not think that the tenant will see that much difference. It is really to do with the build quality and the things that go into that. They are still provided with probably the best social housing that could be provided in the United Kingdom, and that has been widely recognised.

**Mr Brady:** That depends, of course, on the maintenance that is planned for those houses to keep them at that standard, but that is not happening. However, that is another issue.

**Mr Copeland:** Thanks, Michael. I have a couple of points to make. Of the properties that are currently planned, how many of the 6,000 are one- and two-bedroom properties? Has the ratio changed since the awfulness of welfare reform appeared on the horizon?

Secondly, at one stage you mentioned houses being started on the last day of the financial year. Will you perhaps confirm what constitutes "started" in that sense? The 2011-12 to 2014-15 period included a commitment to deliver 6,000 social and 2,000 affordable homes. Again, what constitutes "delivered" in that context? You could probably open a planning application for 500 or 600 houses and call that "started". Other than that, they actually appear with a couple of variables. It is the reality rather than the spin that I am really trying to get at.

**Mr F McCann:** Chair, can I add a question? I happen to have read the housing bulletin that was released this morning. It referred to 1,999 completions and 1,143 starts in the past year. I think that that goes to the crux of what Michael is saying. There needs to be something there that can tell somebody how many houses have been built in a year, with keys in the door and people moving in. We all know that many of them are paper starts.

**The Chairperson:** Your points are made, so we will get the response.

**Mr Sands:** Mr Copeland, first of all, as far as starts are concerned, I have made these comments to the Committee before and have heard about a contractor kicking a sod. However, a start is not quite that; it is the contractor going on site. There are obviously difficulties or concerns with counting starts. What is a start? Is it whenever the slit trench is dug, or is it when the first layer of brick comes up to a certain level? There are all sorts of difficulties around that.

**Mr Copeland:** For subsidy purposes, the start is when you dug the footings.

**Mr Sands:** You are into all sorts of difficulties. Even where completions are concerned, if building control says that there is no fire alarm, the house is not completed. So, there are problems. That is why we talk about delivery of houses. If we say "starts", people will ask how they are controlled. At 31 March, what do you do? Do you send everybody around every building site to count how many are up to the first level of brick, or whether trenches are dug? It can really only be the contractor on-site, because even a scheme with 40 houses may not be built in that first year. However, you have to make a start and count them.

As far as budgets are concerned, if we report only on completions, you are not showing the true picture as far as spending the budget is concerned. That is because the spend in the budget is committed largely to what will happen with moving forward and starts on-site.

**Mr Graham:** We count the start on-site when the contractor takes possession of the site and there is planning approval for the site. Typically, it would take 18 months to 24 months to complete a scheme, which is why we also count completions. As Michael said, there is no easy way to do that. The most important part of counting starts is the commitment of the funding of that scheme through to its completion.

**The Chairperson:** The Programme for Government commitment was for 8,000 houses, 2,000 affordable and 6,000 social. Michael, you said that you might not only meet the target but exceed it. Are we saying that, by the end of this mandate, which is the term to which the Programme for Government commitment pertains, there will be 6,000 houses that people will be able to walk into and live in?

**Mr Graham:** There will be 6,000 starts on-site, and there will be a period after that before they are fully delivered. Having said that, houses will have been started before that period, which will also be completed in that time. However, the target is 6,000 starts on-site. It is difficult to calculate exactly how many houses will be allocated within that period, but that is the way it is currently counted.

**The Chairperson:** Does somebody somewhere along the line have 6,000 rent books? I am not trying to be facetious. I understand that houses that are started before this mandate may be completed



within it. Overall, at the end of the day, can we say that, within four years, we physically built, completed and allowed people to move into 6,000 houses?

**Mr Sands:** The target is to start, and we will start 6,000 homes.

**The Chairperson:** Realistically, there must be a figure at some point. Somebody somewhere along the line must be able to say, "We have completed 5,000 of them."

**Mr Sands:** We can do that without a doubt. We will be able to say that.

**The Chairperson:** I think that that is what members are grappling with.

**Mr Sands:** Unfortunately, the development programme needs to be almost a three-year rolling programme so that you can say how many builds have started. You would then have a chance to count ones that you started in the first year, because, as Mark said, it could take 24 months. Unfortunately, with the vagaries of government accounting, you cannot do that. One of the recommendations that PEDU came up with was that it should be a three-year rolling programme. The Department of Finance and Personnel (DFP) will not cut the corn on that one.

**Mr Copeland:** I wanted to ask about alterations to the make-up of one- and two-bedroom properties.

**Mr Graham:** There has been a significant shift, even over the past few years, to smaller units. The Minister set a target of 200 single-bed units in each year of the programme for the next three years. When the programme is published, there will be a significant number of additional single-bed units to cope with welfare reform.

**Mr Copeland:** I think that I got an answer from the Department of the Environment's (DOE) planning department indicating that it had not received any new planning applications for one-bedroom properties since welfare reform reared its head. I cannot remember exactly, but I will dig it out.

**Mr Graham:** As part of the approval of each scheme, the Housing Executive's area planners will sit down with an association and agree the mix of one-, two- and three-bedroom houses. We have indicated that those schemes must have a certain proportion of one-bed units for us to approve them. That mix of one-bed with other types of units needs to be taken into account in the context of what a community will support and any housing management issues. There is a target to deliver 200 single-bed units in the next three years.

**Mr Copeland:** Two hundred in the next three years?

**Mr Graham:** Two hundred a year.

**Mr F McCann:** I meant to pick this up when Mickey was asking —

**Mrs D Kelly:** Any chance over on this side of the table, Chair?

**The Chairperson:** You did not indicate to me that you wanted to speak.

**Mrs D Kelly:** I did.

**The Chairperson:** Sorry, I did not see.

**Mrs D Kelly:** I am sorry, I thought that you saw me. Go on ahead, Fra, finish your point.

**Mr F McCann:** You talked about land acquirement and said that a lot of the land under ownership is in small sites. In my constituency, housing that is built on small sites makes up the bulk of social housing. It would be interesting to find out where the small sites are, especially in areas of high demand.

I will give you an example. Two pieces of land have become available, and one of them is on an old clinic site that is lying empty, and there have been serious problems with trying to get the housing association to take it over. I do not know what the difficulty is with that site, which is on Cupar Street.

The other one is just down the street in a place called the Lawther Buildings. The Belfast Trust informed me yesterday that it was surplus to requirements, and the housing association that was to build on the small site has withdrawn its interest in it.

There are major difficulties and problems in areas of high demand. There seems to be a clash between the information that the Housing Executive provides locally and the information from the housing associations that are proposing to build.

**Mr Graham:** I do not know the two particular sites, but I can look into them and find out for you.

**Mr F McCann:** Even if you could tell us where the small pieces of land are that are available, particularly in areas of high demand.

**Mr Graham:** Clearly, if the site is small and difficult, it will be more expensive for a housing association to develop.

**Mr F McCann:** What do they construe as a small site? Is it a site that can fit one house, two houses, three houses or 15 houses?

**Mr Graham:** It is a site that can accommodate one, two, three, four or five houses. I do not think that a housing association would regard a site that can accommodate a number of houses in double figures as small; they would see it as a medium sized site.

**The Chairperson:** You raised two particular locations, so we will maybe get a bit of information on that later, Fra.

**Mrs D Kelly:** I am relatively new to this Committee, but I know that a significant amount, some £18 million, has been returned from the social housing budget over the past few monitoring rounds. However, the housing waiting lists continue to grow. Therefore, what mechanism do you have in your planning system to react flexibly to an increase in your budget that you had not anticipated and to allow you to match that with some demand?

I met with one of your colleagues about a year and a half ago to discuss social housing in rural areas. I understand that the Housing Executive owns 31 various bits of land in villages across the North. One of those is in my own area; yet, two years on, we still have not seen any sign of a house being allocated or the site even being drawn out. I am at a loss to explain why the Department, in conjunction with the Housing Executive and the housing associations, is not much more proactive on land acquisition and on identification of land that it and other Departments own. Craigavon is a case in point: there are huge tracts of land there in public ownership, yet money is returned to the Executive, and waiting lists continue to grow.

The other point that I wanted to make is about older people. I have some concerns about one-bedroom units being the solution to welfare reform, which, incidentally, is a policy that I think will fail. That is because there are already substantial objections to it at Westminster, and I think that the Tories are having to rethink it. Demographics are changing, and people are expected to live to a much older age, so the need will be for two-bedroom houses to accommodate, for example, a carer. We all have examples of that across our constituencies. I wonder whether the Department is being imaginative enough in responding to the needs and challenges that a change in demographics will bring.

I have one final point to make on the ministerial sign-off on housing plans. I understand that one of the problems was that the Minister did not sign off the plans in good time. That consequently had a detrimental impact on housing associations driving forward with their own delivery plans.

**Mr Graham:** It is worth saying that all that we can do is indicate our estimated budget spend based on what housing associations are telling us will go on site. At the moment, we are still working with the associations so that they can try to use that budget. To be fair, they are identifying additional sites and land to do that.

**Mrs D Kelly:** Which comes first? We all know about the housing waiting lists, and we know that there are hotspots. What proactive measures is the Department taking to address that need?

**Mr Graham:** In the Housing Executive, we are currently looking at what additional sites we can identify that we own and that can be used. We recently identified another seven sites that can be used for social housing. We can build only where there is housing need. I do not know about the specific issues that you are raising, but I am aware that there are areas where we have land and ownership where there is no housing need. Clearly, we cannot build houses in those areas.

As I said, we are working with SIB to look at other surplus public sector land that is available. However, it takes a while for that to work through the system. The housing associations are faced with a situation in which planning approval takes on average about eight months to work its way through the system, and they have to work through valuation issues to get the right valuation of the land to purchase it. So, it takes about 12 months for them to get a scheme on site.

We have taken a couple of actions that, I think, will improve that. We have incentives now through which associations will be funded to buy land without having to borrow. We have set them a target for 2016-17 that they should have all the land in ownership before it gets into this year's programme. That then gives them 12 months after the land is in their ownership to put it on site. That, essentially, is designed to reduce the budgetary risk so that we know at the beginning of the year that we can spend a certain amount of money.

A lot of the other issues are about what we discussed earlier, which is that the associations are unable to get private land at the right price because vendors are unwilling to sell at the current market rates.

**Mrs D Kelly:** What discussions have you had with the National Asset Management Agency (NAMA)?

**Mr Graham:** There have been meetings with NAMA and with banks about the availability of their sites. We are continuing to work with them. The banks and NAMA are now major suppliers of land to housing associations. So, it is the case that there remain valuation issues or disputes about valuations of those sites.

**Mrs D Kelly:** Where is the hold-up in the valuations? We have district valuers, so where is the hold-up? Is it down to Land and Property Services (LPS)? I know that 400 jobs were put at risk in my area because we cannot get the land sold off because it has already been declared as surplus to requirements by DSD and the Department for Regional Development (DRD). Where is the hold-up? Is it in Land and Property Services?

**Mr Graham:** Clearly, a public sector body has to achieve best value for the site.

**Mrs D Kelly:** I know all that, with all due respect. I have been around for quite a while in the public sector.

**Mr Graham:** Housing associations need to get the site at a value at which they can make it viable. So, I think that there is a natural period of discussion and negotiation to come to an agreed valuation.

**Mrs D Kelly:** Yes, but I am trying to find out whether the hold-up is, by and large, with valuations. Is it because there are not enough personnel, or is it because negotiations take longer? What is the hold-up?

**Mr Graham:** It is the valuation process, and I think it is because negotiations take a long time. The Housing Executive has a joint working group with Land and Property Services and housing associations to speed that process up and to ensure that both parties entering into that negotiation have a clear understanding of how the valuation process works. We are hoping that, this year, that will shorten the negotiation period. However, I think that a negotiation period is inevitable, because both parties clearly want to achieve best value.

**Mrs D Kelly:** I appreciate that, but it would be interesting to find out just how long the negotiation periods are. I would like to know an awful lot more about the scenario in which a district valuer is first requested to go on site and make a valuation.

**Mr Graham:** I do not have that information to hand, but I can find out.

**Mr Sands:** I will answer Mrs Kelly' s third point, which was about the delay in approving the programme. That happened at the start of this year. It was done, because, when the programme was put through to us for approval by the Housing Executive, we were concerned that, in fact, there were not sufficient one-bedroom and two-bedroom apartments or dwellings in that programme to accommodate welfare reform. The delay was in going back to achieve those numbers; it will not happen this year.

**Mrs D Kelly:** The Department has the power to vest in areas of high demand. Has that power ever been used?

**Mr Sands:** The Housing Executive does not have that power.

**Mrs D Kelly:** Has it ever been used?

**Mr Graham:** I am not sure. I do not believe so, but I will check that.

**Mrs D Kelly:** Thank you.

**The Chairperson:** It would be useful to have that information.

No other members are indicating that they want to speak. This is obviously a very live and important issue. We will keep returning to it, and, as you know, Michael and Mark, we have other discussions lined up with the Department. Thank you.