

From: Temporary Permanent Secretary  
Andrew Hamilton

Lighthouse Building  
1 Cromac Place  
Gasworks Business Park  
Ormeau Road  
BELFAST  
BT7 2JB

Telephone: 028 90 829002  
Facsimile: 028 90 829560  
E-mail: [perm.sec@dndni.gov.uk](mailto:perm.sec@dndni.gov.uk)

Michaela Boyle  
Chairperson  
Public Accounts Committee  
Room 371, Parliament Buildings  
Stormont  
BELFAST  
BT4 3XX

8 February 2016

*Dear Michaela*

### **PUBLIC ACCOUNTS COMMITTEE HEARING**

Thank you for your letter of 21 January 2016 requesting additional information following the hearing on the Northern Ireland Audit Office report on 'The Governance of Land and Property in the NIHE'.

I have set out the response to questions raised by the Committee at **ANNEX A** and **ANNEX B**.

I trust you will find this helpful.

If you require any further information please do not hesitate to contact me.

*Yours sincerely*



**ANDREW HAMILTON**

## Additional Information Requested on Points Raised During the Hearing

1. In regards to the single occasion that you are aware of a member of staff cellotaping a signature to an official document, can you provide a copy of the document in question.

The paper requested by the Committee is a Board Paper dated 23<sup>rd</sup> March 2005 in relation to lands at Skegoneill Avenue, Belfast. The original paper is in off-site storage and its urgent retrieval has been requested. A photocopy is embedded.



Housing &  
Regeneration Board Pa

2. The Audit Office's report refers to the 'practice of cellotaping signatures'. Can you advise if this happened more than once, if so how many times and on which documents did this occur?

The NIHE has advised that the cello-taping of signatures did happen on occasions other than the one occasion that features within one of the disposals (Skegoniell Avenue) reviewed by the NIHE investigation and referred to the PSNI. The PSNI team that undertook the Nelson Street investigation in 2010 spent a considerable length of time reviewing CXBC papers with the NIHE Senior Auditor. Records show that there were CXBC papers apparently located during that review that contained stuck-on signatures. The signatures were described to the NIHE team by the PSNI as those of more junior members of staff who had then forwarded the paper to the Director of Housing and Regeneration for his approval and signature. At no time were any papers located that contained a stuck-on signature indicating approval of a paper at Director level.

The explanation offered by Secretariat staff to the NIHE Senior Auditor at that time was again that original papers submitted contained the original signature of junior staff members **prior** to approval by a Director. It was only if there was any amendment prior to the Director's signature that stuck-on signatures of the more junior members of staff were used. The Senior Auditor made the following commentary on this issue in his final report on Phase 1 of the Land Disposals Review Project:

*"The use of 'stick-on', photocopy signatures on approval papers. Secretariat advises that this was to avoid holding up schedules or asking managers at remote locations to travel to HQ. While the practice is, on the face of it, alarming, it has now stopped: and unless / until I see evidence to the contrary, I lean toward the view that the practice was well-intentioned"*

The NIHE cannot at this point advise of the number of times that signatures were cello-taped, nor to which documents. If the PAC request may be taken to refer to the 2004 – 2010 period covered by the NIAO report, then papers from this period from the NIHE Board, its Chief Executive's Business Committee and its Audit Committee are all now held at the Public Records Office (NI). To advise PAC of the number will require the recovery and detailed review of these papers (c. 500 separate papers in total). The current NIHE Meetings Secretary has confirmed that the practice has not at all operated during her tenure, which began in 2007. This confirmation applies to papers of the NIHE Board, its Chief Executive's Business Committee and its Audit Committee. Where it has happened in the past it was a practice carried out by junior staff prior to gaining approval at Director level. In light of this I would ask the PAC to confirm whether or not it wishes the NIHE to review the papers held by the PRONI.

- 3. In regards to Annadale (Case-study 5), a Housing Association eventually paid £9.2 million for 50 apartments on the Annadale site (£184,000 each). Can you advise how much of that £9.2m came from DSD grants?**

The Annadale scheme was approved in 2008 for Fold Housing Association. The scheme was for 50 off-the-shelf units and the total Housing Association Grant paid by DSD was £7,668,116.

- 4. Can you please provide details of the NIHE Board in 2007.**

The members of the Board in 2007, as stated in the 37th Annual Report, were as follows:

- a. Brian Rowntree
- b. Anne Henderson
- c. Ciaran Brolly
- d. Robert McKee (until 4 November, 2007)
- e. Alastair Joynes
- f. Monica Wilson
- g. Brendan Mackin
- h. Eamon O'Neill
- i. Jim Speers
- j. Brendan Curran (until 4 November 2007, and from 29 January 2008)
- k. Jenny Palmer (from 5 November, 2007)

- 5. Mr McCaughley referred to a document called "Building up Success", a DOE document published in 1996. He advised the Committee that this document is a reference to the "enabling" policy that he claims was widely adopted throughout the NIHE. Are you aware of this document?**

DSD are aware of this document the full title of which is "**Building on Success – Proposals for Future Housing Policy**". This document was published in 1996 by the Department of the Environment whose Housing Management Branch would have been responsible for Housing Policy at that time. The report presents a review of policies and programmes aimed at meeting housing need.

At Chapter 4, paragraph 41 on Page 40 of the document, only one brief reference is made to the enabling role of the NIHE (quoted at the hearing by Mr McCaughley). Far from being the policy, this paragraph is actually a call for such an “enabling policy” - a “proposal for future housing policy”. It is a proposal that has never been acted upon. It has not ever been developed further by NIHE into any formal policy or set of guidelines that could govern “enabling activity” or deliver effectively on a clear “enabling” policy objective.

**6. Has this document been recognised or referred to in the past or presently by NIHE staff?**

In February 2007, in response to issues raised by the Board with regard to Hardcastle Street, the Director of Housing and Regeneration submitted a paper on Enabling which referred to the DoE document. The NIHE is not aware of any other reference to this document in Board papers.

**7. Has the Department ever recognised or referred to this document as an “enabling” policy?**

As stated above, the single paragraph on “enabling” within the “Building On Success – Proposals for Future Housing Policy” document has never been developed further into a defined enabling policy.

**8. Can you please provide a copy of this document.**

Copy embedded.



Building on Success -  
Proposals for Future H

A hard copy can be provided if required.

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## Further Questions

1. Paragraph 3.4 –notes that DSD’s own internal audit had concerns about the Department’s oversight of land disposals in 2007-08. Please can you outline what these concerns were? Please can you provide an explanation of why no audit opinion was given?

For an outline of Internal Audit’s concerns, please see following excerpts from its *Consultancy Review of Monitoring Arrangements for the Disposal of Land by the Northern Ireland Housing Executive Final Report 2007-2008*

### **“DETAILED FINDINGS**

#### **MONITORING ARRANGEMENTS**

*Examination by Internal Audit found that there was inadequate information held by Housing Division on the Housing Executive’s holdings of land, intended disposals and developments. This is key information needed to ensure the land disposal strategy of the Housing Executive is supportive of corporate level strategies i.e. in the Housing Executive “Promoting affordable housing” and in the Department “to promote measurable improvements to housing in Northern Ireland”.*

*Also the lack of information received does not allow the Department to determine if the Housing Executive is complying with applicable legislation and guidance. The current monitoring arrangements that are in place are not inclusive of all aspects of land disposal relating only to the Housing Executive’s holding of undeveloped land. Under these arrangements the Housing Executive should supply six monthly returns of its holding of undeveloped land to the Department, however Senior Management has confirmed that this requirement has not been complied with and no follow up action by Housing Division instigated.*

*Therefore from the work we have carried out we can conclude that the current monitoring arrangements in place are not fit for purpose. The failure of the Department to monitor this area of work means that it has no assurance that public owned assets are being fully utilised or, where appropriate, its maximum capital value is obtained through disposal. This could lead to public criticism of both the Minister and the Department particularly at a time when the Minister has made housing, and the maximisation of housing resources, one of her main priorities.*

#### **INFORMATION SYSTEMS**

*Through our discussions with Management it was established that there are no information systems in place to facilitate the monitoring of the land disposals by the Housing Executive. The extent of this problem was demonstrated by management’s ability to respond to our queries. Management were unaware as to whether or not they had already received the information needed to respond to our queries. In the end it took six*

*weeks to respond primarily because Housing Division had to go to the Executive to get the information.*

### **DOSSIER of CONTROLS**

*Examination of the Dossier of Control found that the requirement for the Housing Executive to seek approval from the department if disposing of land at less than best consideration has been removed from the revised Control Document 3 which is in direct contravention of the Housing (NI) Order 1981 which states:*

*‘The Executive shall not dispose of any land at a consideration other than the best consideration that can reasonably be obtained, having regard to any covenants and conditions imposed by the Executive in relation to that land, except with the consent of the Department.’*

*Through discussions with Senior Management, Internal Audit were unable to establish why this requirement had been removed from the Control Document and no audit trail existed to show who had made the decision and what the rationale behind the decision was. Whilst there may be instances where disposal of the land is appropriate at a consideration less than market value, if the Department is not involved in this process it cannot be assured that any disposal of land at a price other than best consideration is justifiable. Therefore a risk exists that best value for the land has not been obtained with a resulting loss of public funds.*

On the issue of why no audit opinion was given, this report was an Audit Consultancy report and not an Audit Assurance report. The purpose of Internal Audit's consulting role is to help management improve their risk management, control and governance arrangements. This is done by reviewing processes, highlighting issues and making recommendations for improvement where appropriate. This is distinct from the assurance part of Internal Audit's work which involves providing an independent professional audit opinion on the adequacy and effectiveness of risk management, control and governance i.e. giving an opinion on how adequate and effective the systems and processes established by management are working.

- 2. Paragraph 3.6 and 3.7 states that Internal Audit's examination found that the statutory requirement for NIHE to seek approval from the Department, when disposing of land at less than best consideration, had been removed from written guidance and that there was no audit trail on who made this decision. Please can you provide an explanation as to why this was not noticed until it was highlighted by the internal audit examination? Whose responsibility would it have been to oversee this guidance and in particular this omission?**

We cannot provide an explanation as to why this was not noticed. The removal did not change the practice of the NIHE seeking approval for such disposals.

The period during which this important requirement was absent from the DSD's version of the guidance was October 2005 to May 2008. Below are the details

of the 9 occasions during this period where the NIHE sought DSD approval in line with this extant statutory requirement.

- Land at Martin's Lane, Newry Approval letter 5 October 2005
- Land at Lurganboy Road, Castlederg Approval letter 10 November 2005
- Land at Monlough Road, Saintfield Approval letter 24 January 2006
- Land at Whiterise, Lagmore Approval letter 29 June 2006
- Land at Ballygawley Road Estate Approval letter 6 July 2006
- Land at Brownstown Estate, Portadown Approval letter 16 August 2006
- Land at Drumarg Park, Armagh Approval letter 16 August 2006
- 25 Ballycarry Street, Belfast Approval letter 8 January 2007
- Land at Rathenraw, Antrim Approval letter May 2007 (no exact date)

Despite its deletion, the requirement still operated.

**3. Paragraph 3.11 – What action did the Department take following the NIHE's own internal audit report into land disposal matters in 2007 to address the governance weaknesses?**

The DSD were unaware of the existence of NIHE 2007 Internal Audit Report at that time. This report was not finalised and therefore not provided to the department.

However, revised procedures have been put in place and all draft NIHE reports are now submitted to the department.

**4. Paragraph 4.4 – At what stage is the NIHE's review of undeveloped lands? What are the preliminary findings of this review?**

The project will complete by the end of March 2017. The review is managed through a programme board. To date NIHE have reviewed 663 hectares of land. Of the 663 hectares, 11.23 hectares have been reclassified as lands with a development potential. This reclassification has increased the NIHE land asset by an estimated £1.42m.

**5. Paragraph 4.13 - What steps have been taken to improve NIHE's management systems?**

The NIHE has completed a "fit for purpose" review of the existing Land Sales System and drafted the Specification of Requirements for the development of an improved Land Sales System by NIHE IT Services. The new Land Sales System is expected to be developed on the SharePoint application which provides the opportunity to integrate with the existing Land Terrier management System thereby providing an end to end Land Sales System capable of tracking a land transaction from application to completion.

Housing and Regeneration  
For Board Meeting  
On 23<sup>rd</sup> March 2005

**FOR APPROVAL**

**URBAN RENEWAL: FORTWILLIAM PARADE/QUEEN  
VICTORIA GARDENS**

**1.0 Introduction**

- 1.1 The Fortwilliam Parade/Queen Victoria Gardens Urban Renewal Assessment (URA) is located in the Skegoneill/Glandore area of North Belfast approximately 2.3 miles from the city centre. The main access to the city centre is by way of the Antrim or York Roads. Both roads are major arterial routes within the city, located to the east and west of the study area, providing commercial, manufacturing and social facilities including shops, cafes, public houses, recreational amenities and churches.
- 1.2 As part of Belfast Area's ongoing monitoring of housing conditions, the wider Glandore area was the subject of a Housing Market Profile. The findings of the Housing Market Profile have resulted in an Urban Renewal Assessment (URA) and economic appraisal being carried out.
- 1.3 The URA is bounded to the West and South by Somerton Road/Skegoneill Avenue. To the adjacent North and East of the study boundary is the Somerton area, and Premier/Seaview area, both largely private sector residential area.
- 1.4 The study area is located in a predominantly residential area. With the exception of Ashfield, which is social housing, the surrounding housing stock is private sector. Anecdotal evidence suggests that there is a buoyant private market in these surrounding areas.
- 1.5 The study area comprises a total of 178 properties, consisting of 172 residential properties and 6 commercial properties including the Somerton Inn Public House. In addition there are also three vacant sites within the area arising from the demolition of existing properties.



1.6 The majority of dwellings (136) were constructed in 1910-1919. Over 90% are two storey 2/3 bed dwellings of red brick construction. A number of properties have received two storey extensions to increase accommodation. Of these 136 properties, 5 are in Housing executive ownership. There are also 36no. 1960's built 3 storey Housing Executive flats in the study area.

1.7 This paper summarises the Fortwilliam Parade/Queen Victoria Gardens Economic Appraisal and does not involve the introduction of a new policy or service, or the review of an existing policy or service.

## **2.0 Strategic Context**

2.1 In October 2000 the Housing Executive published the North Belfast Housing Strategy, which incorporates the Skegoneill Community Housing Area within its boundary. The report identifies North Belfast as an area with acute shortage of social housing in areas such as New Lodge, Cliftonville and Ardoyne and very poor housing conditions in places like Mountcollyer, Grove and Glenbryn. This strategy is the blueprint for tackling housing need and unfitness that exists in one of the most disadvantaged and highly segregated areas of Northern Ireland.

2.2 North Belfast makes up around one-quarter of the city's population. The overall population size declined significantly between 1971 and 2001. However more recently the population has remained relatively stable.

|                     | 1971    | 1981   | 1991   | 2001   | % Change 91-01 |
|---------------------|---------|--------|--------|--------|----------------|
| Total Population    | 104,279 | 75,612 | 70,178 | 68,477 | -2%            |
| No. of H'holds      | 30,765  | 25,644 | 25,570 | 25,366 | -1 %           |
| Mean Household Size | 3.38    | 2.94   | 2.67   | 2.69   | +1%            |

Figures include all of Crumlin Ward

- 2.3 The Fortwilliam Parade/Queen Victoria Gardens study area is located within the Fortwilliam ward. This ward is predominantly Protestant (70%) and is denoted by the high proportion of elderly living in the ward. The adjacent Chichester ward is predominantly Catholic (68%) and is typified by a higher household size and a higher proportion of the population under 40 years of age compared to the City average.

**Population**

|             | 1991 | 2001 |
|-------------|------|------|
| Fortwilliam | 5112 | 4802 |
| Chichester  | 5827 | 5117 |

**Age Structure by Ward 2001**

|             | 0-15      | 16-45     | 45-60    | 65+       |
|-------------|-----------|-----------|----------|-----------|
| Fortwilliam | 998(20%)  | 1966(38%) | 862(17%) | 1288(25%) |
| Chichester  | 1529(26%) | 2436(42%) | 800(14%) | 1063(18%) |

- 2.4 The housing market in the Fortwilliam Parade/Queen Victoria Gardens URA area is fairly depressed. In particular, houses located in Queen Victoria Gardens and Skegoneill Avenue are difficult to sell. However houses located in Fortwilliam Parade remain relatively popular although the purchasers tend to originate from within the existing area. Anecdotal evidence suggests that properties located in Fortwilliam Parade are being acquired by private landlords.
- 2.5 The Housing Executive owns 41 (24%) of the properties in the area including 36 purpose-built flats. These flats,

constructed in the 1960's, have a high turnover rate and are subject to an increasing amount of anti social behaviour which contributes to the blighting and stigmatising of the area.

- 2.6 The Skegoneill Avenue/Glandore Avenue junction denotes a 'soft' peace line between the two communities. The impact of the sectarian tension is clear with an increasing number of blocked up and vacant properties at this junction.
- 2.7 An initial inspection of the area gives the impression of an area in decline with a high number of blocked up properties and vacant sites. This is at variance with the areas immediately surrounding the study area.

### 3.0 Housing Context

- 3.1 The study area lies within the Skegoniell Local Housing Area. The LHA caters almost exclusively for the single/elderly and small adult households through 2-bed flat accommodation. The waiting list is made up of singles and elderly. Turnover for the LHA is high which reflects the general decline in the locality.

#### Skegoniell Waiting List as at September 2004

|                           | Total |
|---------------------------|-------|
| <b>A Group applicants</b> | 92    |
| <b>A Group Stress</b>     | 33    |

#### Housing Stress Waiting List by Household Group

| Household Groups | 2002      | 2003      | 2004      |
|------------------|-----------|-----------|-----------|
| Singles          | 8         | 11        | 12        |
| Small Adult      | 1         | 1         | 2         |
| Family           | 3         | 1         | 1         |
| Elderly          | 19        | 16        | 18        |
| <b>Total</b>     | <b>30</b> | <b>29</b> | <b>33</b> |

#### 4.0 Survey Information

- 4.1 A total of 172 dwellings are located within the area, 76% of which are privately owned. The Housing Executive owns the remaining 24% (the majority being flats). No properties are owned by Housing Associations. Housing dominates the area; however there are 6 commercial properties, 5 of which are no longer in business. The one remaining trading commercial property is Somerton Inn, a public house. Located on the interface there are also three separate vacant sites where 6 houses and a former hall have been demolished.
- 4.2 The URA survey identified 26 blocked up dwellings. Most of these dwellings appear to have been blocked up for a considerable time.

The spread of blocked up dwellings is as follows:-

|                          |       |
|--------------------------|-------|
| Glandore Avenue          | 1 No. |
| Skegoneill Avenue        | 7 No. |
| Queen Victoria Gardens   | 8 No. |
| Fortwilliam Parade 1-107 | 4 No. |
| Fortwilliam Parade 24-78 | 6 No. |

- 4.3 Externally, many of the occupied dwellings have a reasonable appearance. However, due to the extent and spread of blocked-up dwellings, which are unsightly, the resulting blight may spread further and possibly even beyond this study area. This issue is causing concern to the local community.
- 4.4 Internally the original damp proof courses generally seem to be intact, and externally brickwork is mostly in fair to good condition. Most slate roof coverings appear to have been replaced within the last twenty years and are fairly sound. A wide range of conditions were found to all remaining elements to all dwellings from very poor to good. However, most elements were generally found to be fairly satisfactory in occupied dwellings.

- 4.5 The three storey flats which were built in the 1960's are in good condition overall. However, the common hallways and stairwells are very drab in appearance although in sound condition. The rear common area comprising drying areas, stores and garages is very poor in appearance and does not appear to be used by tenants.
- 4.6 There has been only limited work undertaken to the flats. This included normal external cyclical maintenance and heating upgrading. The older mostly private dwellings have received improvements over a number of years including the construction of single or two storey extensions. However 18 2-storey houses still have the original return, although 50% of these are blocked up.
- 4.7 Grant uptake in the area has been very low with only 6 renovation grants issued since 1994. However, most occupied dwellings have modern amenities such as heating, hot water and adequate kitchen and bathroom facilities.
- 4.8 A total of 32(19%) internal surveys were carried out. Including the blocked up dwellings, 34% of all dwellings are considered unfit (all 26 blocked up properties are deemed unfit). The unfitness level would rise to 47% if the flats were excluded.
- 4.9 During the social survey a further 19 houses were identified as being vacant in addition to the 26 blocked-up dwellings. This information was generally gleaned from neighbours. The owners of these properties could not be traced and no internal surveys were carried out. This would indicate that a total of 45 residential dwellings (33%) are vacant or blocked. There are also 5 vacant commercial properties.
- 4.10 In summary the condition report has high lighted three main issues, which are;
- Excluding the purpose built flats, unfitness levels are high at 47%
  - There are high levels of vacant and blocked up older dwellings at 33%
  - There are three undeveloped sites located at the interface which have been derelict a long time.

## **5.0 Economic Appraisal**

### **5.1 Objectives**

The appraisal team agreed the following objectives for the economic appraisal

- 1) To halt decline in condition of dwellings.
- 2) To meet current and future housing need.
- 3) To ensure that accommodation requirements of existing and future residents are commensurate with modern standards.
- 4) To create a secure, attractive residential and physical environment which consolidates substantial public sector investment in the area.

## **6.0 Economic Appraisal - Options**

### **6.1 The following broad range of options were established for the URA Economic Appraisal**

- Option 1: Minimum Action:- Landlord responsibilities, wind and weatherproofing.
- Option 2: Improvements :- Improvements to private/public sector stock including the acquisition and improvement of private derelict stock.
- Option 3: Improvements and Group Repair:- As with option 2 in addition to Group Repair work where applicable.
- Option 4: Redevelopment:- excluding Housing Executive flats, Somerton Inn and pair of semi detached houses 99 and 101 Skegoniell Avenue.

Option 5: Part Redevelopment and Improvement :-  
Retention and improvement of 99/100 Skegoniell Ave, 124/136 Skegoniell Ave, Fortwilliam Parade 1-107 excluding Housing Executive flats and Somerton Inn.

6.2 Option 1: Minimum Action

This option entails that the 50 vacant and blocked up properties throughout the URA are to be made wind and weather tight and left in a safe condition in respect of public liability. This may include essential repairs to roof coverings, chimney stacks, window and door openings and all abutment flashings

6.3 Option 2 - Improvements

Housing Executive would acquire and improve to Block 3 standards all 50 vacant and blocked up properties, which comprise 45 dwellings, and 5 commercial properties (it is proposed to convert these commercial properties back to residential use). All the remaining privately owned properties would be improved to similar standard through grant aid. Necessary work would be carried out to existing Housing Executive flats involving upgrading communal areas. The Somerton Inn, the last remaining commercial property will be excluded.

This option would result in the Housing Executive rehabilitating 54 dwellings, 5 of which are in Housing Executive ownership together with private sector grant aid to the remaining dwellings.

6.4 Option 3 - Improvements with Group Repair

This is essentially similar to option 2 except that a Group Repair scheme is proposed to all dwellings included for improvements.

#### 6.5 Option 4 - Redevelopment

This option proposes the redevelopment of most of the study area with the exception of 99 and 101 Skegoniell Avenue which would be improved, and the Somerton Inn. This involves the acquisition of 129 dwellings and 5 vacant commercial properties and their subsequent demolition together with 5 Housing Executive dwellings, in total 139 properties

New build put -back has been designed to allow 10 no. 2-bed bungalows, 14 no. 2-bed houses and 24 no. 3-bed houses (48 in total).

As with the other options the flats would receive necessary works to communal areas.

#### 6.6 Option 5 - Partial Redevelopment and Improvement

This option involves the redevelopment of the worst affected streets within the study area which includes 65 and 97 Skegoniell Avenue, 70-98 Skegoniell Avenue, 54 Glandore Avenue, 24 -78 Fortwilliam Parade, and 19-47 and 10-48 Queen Victoria Gardens. This involves the acquisition of 78 properties (74 dwellings and 4 commercial), and their demolition together with 1 Housing Executive property. The development site will also incorporate 3 vacant sites and will provide 24 new dwellings consisting of 14 no. 3-bed houses, 5 no. 2-bed houses and 5 no. 2-bed bungalows.

In addition this option involves the acquisition of 13 vacant or blocked up houses. These will be fully improved along with 3 Housing Executive dwellings.

As with options 2 and 3 the flats would receive necessary works to communal areas, 99-101 Skegoniell Avenue would be improved and the Somerton Inn excluded.



**7.0 Consideration of Costed Options**

7.1 A summary of the NPV calculations for the costed options is set out below;

|   | OPTION   | DISCOUNT-<br>ED COST | DISCOUNT-<br>ED BENEFIT | NPV         | RANK |
|---|--|----------------------|-------------------------|-------------|------|
| 1 | Minimum Action   | £5,364,385           | £5,286,409              | -£77,976    | 1    |
| 2 | Improvements   | £8,524,012           | £6,700,206              | -£1,823,806 | 3    |
| 3 | Group Repair followed by Improvements                                | £8,510,295           | £6,715,957              | -£1,794,338 | 2    |
| 4 | Redevelopment (excluding flats and Nos 99 and 101 Skegoneill Avenue) | £10,015,618          | £4,385,145              | -£5,630,473 | 5    |
| 5 | Partial Redevelopment and Improvement                                | £7,124,864           | £3,853,910              | -£3,270,954 | 4    |

**8.0 Weighting and Scoring**

8.1 A weighting and scoring analysis is adopted to illustrate how each option performed against the objectives. Each objective is weighted according to its importance and scores out of 10 awarded to each option on the basis of how well it meets the objective. The results are summarised below.

| Benefits   | Wtg | Option 1   | Option 2   | Option 3   | Option 4   | Option 5   |
|--|-----|------------|------------|------------|------------|------------|
|  |     |            |            |            |            |            |
| Halt decline   | 25% | 1(25)      | 5(125)     | 6(150)     | 10(250)    | 8(200)     |
| Meet current and future housing need                 | 25% | 19(25)     | 3(75)      | 3(75)      | 6(150)     | 10(250)    |
| Provides accommodation to modern day standards       | 25% | 0(0)       | 4(100)     | 4(100)     | 10(250)    | 10(250)    |
| Improves environment/ consolidates public investment | 25% | 2(50)      | 5(125)     | 6(150)     | 9(225)     | 10(250)    |
| <b>Total Score</b>                                   |     | <b>100</b> | <b>425</b> | <b>475</b> | <b>875</b> | <b>950</b> |
| <b>Rank</b>  |     | <b>5</b>   | <b>4</b>   | <b>3</b>   | <b>2</b>   | <b>1</b>   |

It can be seen from the above that Option 5 scores more highly against the objectives than the other options.

## 9.0 Consideration of Options

### 9.1 Option 1 - Minimum Action

This option involves only essential landlord repairs to all vacant and blocked up dwellings. While Option 1 incurs the least expenditure, it will not halt the decline of the area and without any improvements to dwellings it will be unable to meet future housing need or provide accommodation to modern day standards. This option will barely maintain the status quo and it is likely that the decline of the area will continue. Existing problems will remain and void properties are likely to increase and continue to blight the area. It is likely that without some form of intervention the area will continue to deteriorate with a resulting outward migration of residents.

Option 1 has therefore been rejected.

## 9.2 Option 2 - Improvements

This option will go some way to halting decline and improving the environment. However the properties near the interface are unlikely to sustain improvements in the long term.

Further housing need is most likely to be for family accommodation and the present stock, which is predominantly small 2-bedroom, would not meet this demand sufficiently. The poor space standards of the existing stock can only be partly improved by this option.

This option does not achieve the objectives of the appraisal and does not address the problems sufficiently or provide a value for money solution. Although this option will address the immediate vacant and unfit stock it does not address the problem of poor space standards, the mismatch of housing supply to demand, and the difficulties associated with the 'peace line'.

Option 2 has therefore been rejected.

## 9.3 Option 3 - Improvements with Group Repair

This option is identical to Option 2 except that there is a greater degree of confidence that external repairs would be carried out hence the higher score for halting decline and improving the environment. However, overall, this option falls down in a similar manner to Option 2 and does not meet the objectives of the appraisal.

Option 3 has therefore been rejected.

## 9.4 Option 4 - Redevelopment

This option allows for the demolition of all existing properties except for Housing Executive flats, 99 and 101 Skegoneill Avenue and the Somerton Inn. By removing all derelict properties and poor quality housing the decline in the area will be reversed.

The put back would reflect the housing demand in the area and would be on a mixed tenure basis and constructed to modern day standards. This option also includes for environmental and upgrading works to common areas of the flats and for improvements to 99 and 101 Skegoneill Avenue.

However, this option does not create a balanced mix of traditional and new build housing, and does not have the support of the residents of Fortwilliam Parade. It also fails to fully meet the objectives as it would demolish properties considered to be in good condition.

Option 4 has therefore been rejected.

#### 9.5 Option 5 - Partial Redevelopment and Improvement

This option allows for demolition to the worst affected part of the study area. It meets with the objective of future and current needs by retaining the Housing Executive flats, residential houses at Skegoniell Avenue, 54 Glandore Ave and 1-107 Fortwilliam Parade.

The overall design would achieve a mix of traditional and new housing which would compliment the surrounding area and will reverse the decline in the area. The new development would be on a mixed tenure basis. The retention of Fortwilliam Parade is popular with the residents and these properties would be considered to be in good condition.

This option meets all the set objectives and is ranked first in the Weighting and Scoring.

### 10.0 Preferred Option

10.1 The Appraisal Team having considered all of the options has concluded that Option 5 Partial Redevelopment and Improvements best meets the objectives of the economic appraisal.

Under this option, renewal will be implemented through acquisition of identified private dwellings by the Housing Executive with the cleared site being developed to provide

24 new dwellings. The remaining properties will be targeted for improvements and private sector grants.

10.2 A summary of the Cash Costs and of the Total Cost indicators for Option 5 is detailed below.

A. NIHE Costs

|                          |                 |
|--------------------------|-----------------|
| Acquisition-residential  | £1,947,000      |
| Acquisition 13No. houses | £289,000        |
| Improvement costs        | £492,399        |
| Acquisition-sites        | £180,000        |
| Demolition               | £59,250         |
| Home Loss                | <u>£130,700</u> |
|                          | £3,089,349      |

B. Housing Newbuild Costs

|                    |                   |
|--------------------|-------------------|
| Construction 24no. | <u>£1,485,000</u> |
| <b>Total costs</b> | <b>£4,583,349</b> |

**11.0 Housing Management issues and consultation**

11.1 The Housing Executive has fully consulted with local residents and public representatives, who are in agreement with the preferred option.

**12.0 Recommendation**

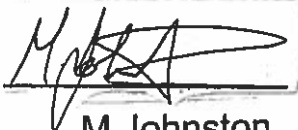
12.1 It is recommended that the Board approves Option 5 Partial Redevelopment and Improvements for the Fortwilliam Parade/Queen Victoria Gardens Economic Appraisal, at a cost to the public sector of **£4,583,349** on the basis of;

Acquisition of 79 properties for demolition  
Acquisition of 13 houses for improvement  
Acquisition of 3 sites.  
Demolition of 75 dwellings and 4 commercial properties.  
Construction of 24 new dwellings in a mixed tenure model.

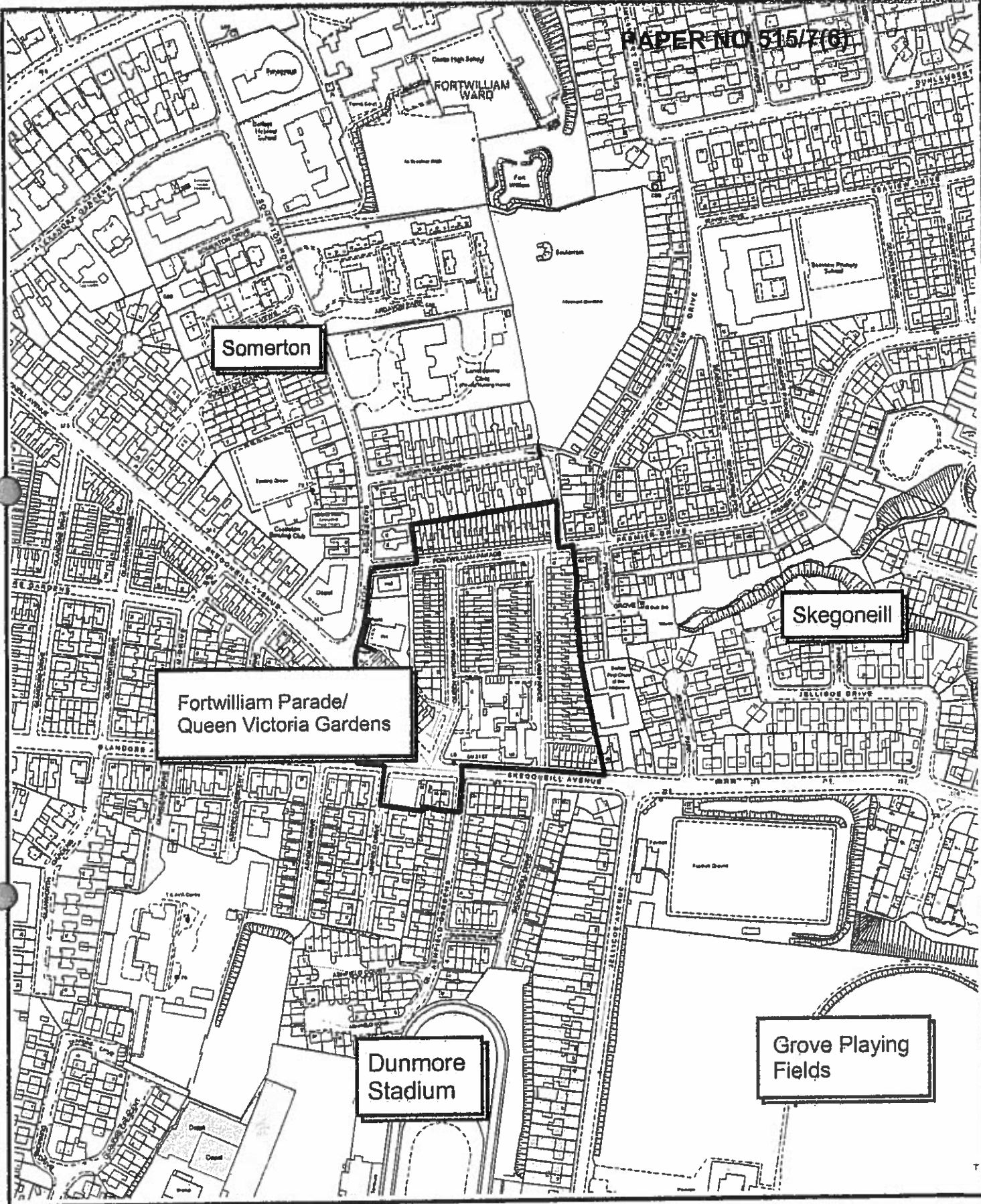
subject to Department for Social Development approval

*C McCaughley*

C McCaughley  
**Director of Housing & Regeneration**

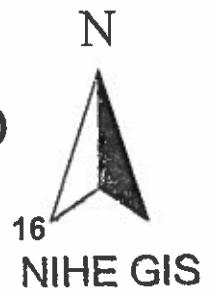


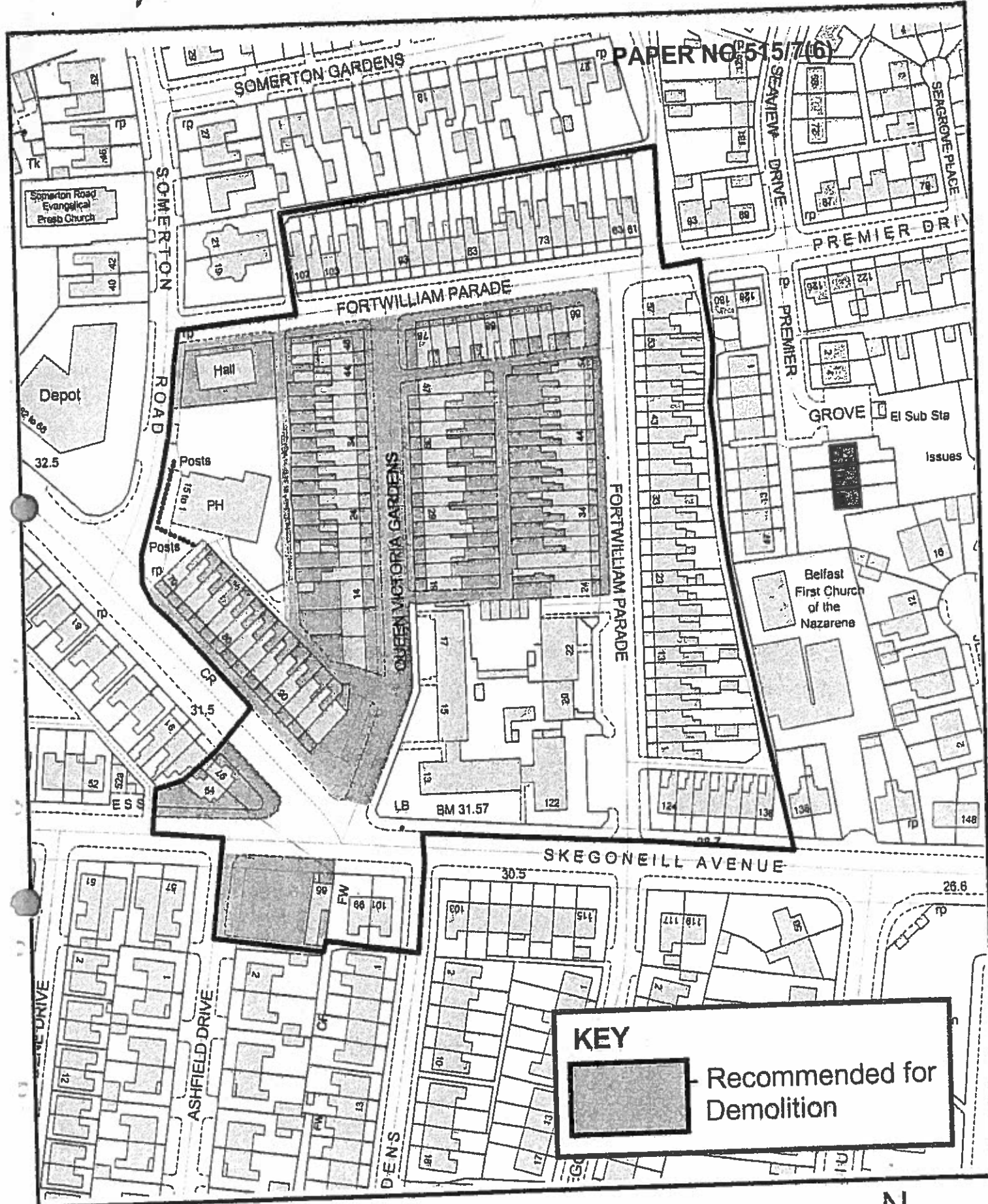
M Johnston  
**Area Manager, Belfast**



# Fortwilliam Parade / Queen Victoria Gardens - Location Map

Northern Ireland Housing Executive





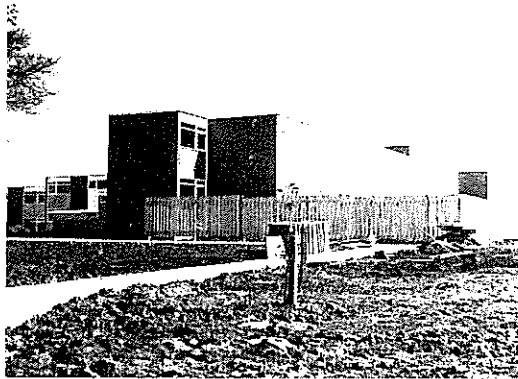
# Fortwilliam/Queen Victoria Gardens Economic Appraisal - Preferred Option

Northern Ireland Housing Executive



# BUILDING ON SUCCESS

*proposals for future housing policy*





R22497

# Ministerial Foreword

*Housing in Northern Ireland is an excellent success story. This is a view confirmed by a wide range of interest groups who were consulted following the announcement in April 1994 of the Department of the Environment's wide ranging review of housing policies and programmes.*



Since coming to Northern Ireland I have had an opportunity to see for myself the evidence of the success of Government's housing policies and their delivery. "Building on Success" aims to do just that while ensuring that housing policies remain relevant to meeting housing need in Northern Ireland into the next century.

The review sets out a comprehensive framework of policies, confirming many of the initiatives and programmes developed in recent years and outlining some new proposals. It is predicated on the continuing existence of the Housing Executive as the single comprehensive regional housing authority, together with an expanding voluntary housing sector and a growing private sector. I am convinced that our proposals will ensure that, in partnership with all sectors of the community, we will continue to work together to maximise the use of the available resources to achieve the overall aim of our housing policy - a decent home within reach of every family.

MALCOLM MOSS MP  
Minister for the Environment

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## Introduction and Executive Summary

*This Review sets out proposals for future Government housing policies in Northern Ireland. It summarises the initiatives taken in recent years and shows how these have sought to meet Government's primary objective - to ensure that a decent home is within reach of every family. It outlines how the Government proposes to respond to changing circumstances to ensure that this objective continues to be met in the most effective, efficient and equitable way. The Review is set in the context of the White Paper on Housing Policies for England and Wales<sup>1</sup>, published on 27 June 1995, and reflects the objectives and policies outlined in that Paper.*

1. Following announcement of the Review in April 1994, wide-ranging consultation was carried out with some 320 individuals, organisations and Government Departments involved in housing in Northern Ireland. The responses helped determine those issues to be addressed in the Review.
2. The Review was steered by a Project Board, consisting of:-

*Mr Ronnie Spence, Permanent Secretary, Department of the Environment (Chairman)*

*Mr John McEvoy, Former Chairman, NI Housing Executive*

*Councillor Jim Speers, Chairman, NI Housing Council*

*Mr Sam Preston, Chairman, NI Federation of Housing Associations*

*Mr David Thomson, Department of Finance and Personnel (DFP)*

---

1 *Our Future Homes: Opportunity, Choice, Responsibility. Command 2901*


3. Recognising the need to build on the experience and expertise of a wide range of housing interests in Northern Ireland and beyond, an Advisory Group was also set up to consider specific issues during the course of the Review. The membership was:-

|                              |   |
|------------------------------|---|
| <i>Mr Nigel Hamilton,</i>    | <i>Department of the Environment (Chairman)</i>                                     |
| <i>Mr Victor Blease,</i>     | <i>NI Housing Executive</i>   |
| <i>Mr Erskine Holmes,</i>    | <i>NI Federation of Housing Associations</i>  |
| <i>Mr Tony Doran,</i>        | <i>Construction Employers' Federation</i>   |
| <i>Mrs Joan McCrum,</i>      | <i>Former Director, Housing Rights Service</i>                                      |
| <i>Mr Derek Young,</i>       | <i>Building Societies Association</i>   |
| <i>Mrs Christine Laird,</i>  | <i>Chartered Institute of Housing</i>   |
| <i>Mr Richard Best,</i>      | <i>Joseph Rowntree Foundation</i>   |
| <i>Professor Alan Murie,</i> | <i>University of Birmingham</i>   |
| <i>Mr Paul Sweeney,</i>      | <i>NI Voluntary Trust (on secondment to the<br/>Department of the Environment )</i> |
| <i>Mr Bert Polley,</i>       | <i>Former Rent Officer for Northern Ireland</i>                                     |
| <i>Ms Pat Bowen,</i>         | <i>NIHE tenant and member of Community<br/>Action Group</i>                         |

The roles of the Advisory Group and the Project Board were to provide guidance and input based on practical experience, building on the professional backgrounds of the individuals. This final document does not necessarily incorporate or reflect the views of any individual or organisation represented on these groups.

# *Housing Policy Review*

4. The general responses to the consultation were encouraging and confirmed that, in the view of a wide range of interest groups, existing policies and their delivery have been a success story. This is mainly attributed to the work of the Northern Ireland Housing Executive (the Executive) which was established by the Housing Executive Act (NI) 1971 and operates as the single regional comprehensive housing authority for Northern Ireland. The Executive has been credited with achieving fairness in allocations, impartiality in its programmes, openness in its administrative procedures and high quality standards in the homes it provides. Responses to the consultation also gave considerable credit to the Housing Association movement, which has provided accommodation for special needs and has been developed on the basis of a strong voluntary ethos. Similarly, the private housing sector has made a very major contribution and strong constructive partnerships have evolved with the Executive, Associations and the Department of the Environment.
5. A key principle underlying this Review is that the success achieved to date in meeting the Government's objectives of promoting owner occupation, meeting housing needs, and improving standards together with fairness and equity in administration, should not be put at risk. Rather, future policies and programmes must build on this success to ensure that housing policies remain relevant to meeting housing need in Northern Ireland into the next century.
6. The White Paper for England and Wales proposes opportunities, choice and responsibility as key features of housing policy in seeking to ensure a decent home within the reach of every family and these are also reflected in this Review.
7. This document sets out a comprehensive framework of policies, confirms many of the initiatives and programmes developed in recent years and outlines some new proposals. In summary, the Government proposes to:-



## *Encourage People to make the Maximum Contribution towards meeting their Housing Needs*

By:-

- supporting the continued growth of sustainable home ownership; and
- continuing to promote a voluntary purchase scheme for Housing Association tenants based on the provisions of the Executive's House Sales Scheme.

## *Promote Choice*

By:-

- bringing more home ownership into urban areas by way of partnerships with the private sector;
- pursuing the scope for new types of landlord in the social rented sector;
- continuing to facilitate householders who wish to move between tenures and accommodation types as their family develops and needs change;
- sustaining the private rented sector;
- monitoring the operation of a pilot rent deposit/guarantee scheme to facilitate access to the private rented sector; and
- supporting those with special needs who wish to remain in their own homes rather than move into residential care.

## *Target Public Resources on Those In Greatest Need*

By:-


- sustaining commitment to social renting by directly subsidising social landlords to provide homes at rents below market levels affordable to people on low incomes;
- implementing revised Housing Benefit Regulations to better target help for tenants;
- continuing to support the provision of effective advice and assistance in preventing homelessness;
- developing a common register of housing applicants between the Executive and Associations, while retaining variations in Associations' selection schemes to deal with special needs; and
- reforming the homelessness legislation to ensure that social housing continues to be allocated to those with the best claim to it.

## *Improve House Conditions*

By:-

- legislating to replace mandatory home improvement grants with a more flexible strategic system;
- promoting safety and improved standards in houses in multiple occupation in the private rented sector;
- legislating for Associations to award a form of shorthold tenancy to assist in the improvement of rural house conditions;



- 
- 
- promoting the development and implementation of a comprehensive strategy for bringing empty properties in all sectors back into use;
  - promoting improvements in energy efficiency for new and existing homes; and
  - funding home improvement agencies.

## *Contribute To Promoting And Sustaining Stable Communities*

By:-

- facilitating the Executive in its strategic operations to enable the formation of mixed tenure communities in urban areas;
- continuing to give priority to regeneration of rural areas;
- retaining populations in those areas where depopulation has eroded the economic and service base of the community;
- reusing 'brownfield' land and minimising the need for new development on greenfield sites;
- actively involving local residents and tenants in the planning and management of housing provision;
- encouraging managers to tackle anti-social behaviour by tenants; and
- according greater priority to the contribution of the principles and practices of community development in housing issues throughout Northern Ireland.

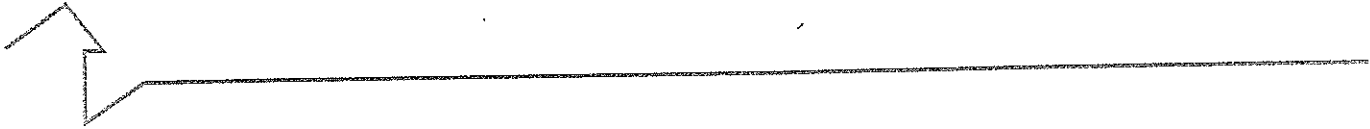
## *Maximise Partnership Between The Public And Private Sectors*

By:-

- implementing legislation allowing housing investment trusts to be created;
- in line with the Private Finance Initiative, continuing to examine capital finance projects for potential extension of the use of private finance;
- encouraging a more diverse range of landlords to increase choice, get the best value for money, and make maximum use of their ability to raise private finance; and
- allowing landlords other than Housing Associations to compete for grant aid to provide new homes for social renting and for shared ownership.

## *Reforming Delivery Mechanisms*

8. Pilot schemes are currently under way whereby elements of the new build of social housing normally built by the Executive have been undertaken by Associations. This is in line with Government's drive to maximise partnerships in providing social housing and to achieve the best possible value for money in the deployment of public finance, by supplementing it with private finance. Depending on the outcome of these pilot schemes, the Executive could enter into partnership with Associations to deliver a higher proportion of new build over a period of time. The Executive would retain a facility for provision where other providers are unable or unwilling to undertake that role in specific locations. The Association movement would, however, be required to demonstrate in terms of accountability, fairness, standards and value for money that it can deliver a service at least equal to that which has been associated with the Executive. This could result in Associations pursuing economies in operations through for example, compatible smaller Associations voluntarily agreeing to merge.

- 
9. Government proposes retaining only those functions necessary to carry out its core strategic objectives. Two main operational areas currently carried out by the Department - regulation/funding/monitoring of Housing Associations and day to day regulation of the private rented sector - could be transferred to the Executive. This would enhance the Executive's role as a comprehensive authority with a redefined role in relation to the voluntary and private rented sectors.
  10. This is a consultative paper. Government would welcome views and comments on any aspect of these proposals. These should be forwarded before 31st March 1996 to:-

The Secretary  
Housing Policy Review Group  
Department of the Environment  
Clarence Court  
10-18 Adelaide Street  
BELFAST BT2 8GB

Further copies of the paper may be obtained from the same address.

11. The Department may wish to publish responses to the proposals in this paper in due course. If so, all responses received will be so published, unless a respondent asks the Department to treat the response as confidential. Confidential responses will, nevertheless, be included in any statistical summary of comments received and views expressed.

## Background

*In setting the agenda for the policy Review, Government announced in Parliament on 28 April 1994 that it would "review policies and programmes aimed at meeting housing need in Northern Ireland". While a major element of the Review is an analysis of changes in housing need, it is important at the outset to evaluate the broader factors that impact, directly or indirectly, on housing in Northern Ireland. These include national, social, economic and fiscal policies as well as the particular features of Northern Ireland's economy and society that distinguish it from the rest of the United Kingdom.*

## Demography

1. A detailed analysis of the demographic trends which impact on housing policy is attached at Annex 1 to this Review. Research commissioned by the Executive has recently been published by the University of Ulster<sup>1</sup> which supports the Executive's methodology for estimating need and future housing requirements. In summary, the major demographic changes are:-
  - declining birth rate, later marriages, falling household size; and
  - growth of the elderly population.

Northern Ireland still demonstrates the highest rate of population increase in the United Kingdom and, overall, households have more dependent children and fewer persons at work than in Britain.

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1 *Demographic trends and future housing need in Northern Ireland: Heenan/Gray/Paris. 1994 University of Ulster.*



2. The research predicts that the percentage of home owners in Northern Ireland will continue to increase with a consequent reduction in the need for social housing provision. In the short term, the growth in households and the incidence of higher levels of deprivation would justify continuing high level of provision in the social sector. In the long term, however, demographic factors could ease pressure on housing supply and result in a lower rate of new build provision.
3. Care in the community initiatives also impact on future housing policies. These could lead to older people occupying dwellings for longer periods of time in all sectors and also lead to more applications from elderly persons for Housing Association and Executive accommodation.

## *The Economy*

4. A more detailed analysis of the economic factors affecting the housing market and housing policy is attached at Annex 1 to this Review.
5. Housing has a significant impact on the total economy. Some 10% of the UK's manufacturing contribution to the economy comes from industries relating to construction/maintenance and a quarter of consumer spending is made up of household goods or services linked to the home. Similarly the accumulated value of the housing stock accounts for over 50% of net wealth.
6. While Northern Ireland does not have a negative equity problem, it has its own particular economic characteristics, which, in summary, are:-
  - 34.5% employed in the public sector compared to 23% in GB;
  - average weekly household disposable income lower than most UK regions;
  - gross weekly earnings lower than GB average;
  - proportion of population claiming benefits is higher than GB;

- smallest percentage in UK of employees in employment;
- higher percentage of long term unemployed; and
- higher deprivation levels.

There is, therefore, a continued need for provision of social housing which takes account of wider community needs.

7. These issues have to be considered in the context of growing pressure on the housing budget. Affordability indices support the continuing growth of owner occupation in Northern Ireland and the Council of Mortgage Lenders reported that the 1994 affordability ratio is the best in Northern Ireland for over a decade. Future rent increases in the public sector are also anticipated to be lower than in recent years. The lack of investment in the private rented sector and recent changes in Income Support for mortgage interest payments may have implications for the direction of future policy. There has also been a marked reluctance of the private sector to build for sale in certain areas despite the existence of a potential market.

## *The Peace Process*

8. At this early stage any analysis of the impact of peace must be subjective. It is, however, important in the wider context and will undoubtedly impact on housing policy up to the end of the century.
9. At a macro level, peace could generate changes in employment and economic patterns. If in-migration is stimulated it could lead to increased demand for all tenures. This could, however, impact on those attempting to enter the owner occupied sector if prices were to rise due to increased demand. On the other hand, the loss of jobs associated with the security situation could impact on home ownership in specific areas.



10. The development of the peace process also raises the issue of the use of available land and planning for integrated public sector housing. Responses to the initial phase of consultation agreed that this should be an objective, but there was unanimity in the expression of caution that any movement in this direction should only occur with the full consent of both communities in the specific locations where integration is attempted. Continuation of the peace process could, however, eventually ease the specific sectarian identities in certain areas and could help progress towards a more open housing market in both public and private sectors.

## *The Regeneration Process*

11. The formulation of housing policy has traditionally been concerned with providing homes for those in need, providing incentives for people to move into home ownership and maintaining existing dwellings to a reasonable standard. Increasingly, however, housing policy has developed to reflect wider objectives.
12. In dealing with difficult to let and declining estates, for example, estate based strategies recognise that housing managers are having to address a range of problems not traditionally associated with core housing management. These problems, which are generally linked to social, economic and environmental conditions, are best dealt with by way of a formal partnership between the various local agencies with responsibility for specific functions.
13. The wishes of the local community must also be taken into account and the growth in size and stature of community groups provides a valuable forum for discussion and interface between the statutory sector and the community.
14. Strategies for regeneration must incorporate a holistic approach, of which housing is but one part. This will be apparent in new build or redevelopment schemes where the need for strategic co-ordination is evident in planning for tenure mix as well as supporting an education, employment, leisure and shopping infrastructure to ensure that the



community can be sustained. Although schemes such as Making Belfast Work<sup>1</sup> can co-ordinate this regeneration process it is recognised that the Executive, with its strategic role and with the wide range of statutory powers available for land acquisition and disposal and grant aid, is a key player and must extend that role in future. This would also apply to the work of Housing<sup>3</sup> Associations, particularly locally based Associations.

## Planning Strategies

15. Planning strategies provide guidance and direction in meeting the spatial requirements of urban growth. Within these there are proposals for housing, industry, open space/recreation, retailing and transportation together with policies providing guidance on other aspects of urban/community development.
16. Pressure for development in a particular area must be evaluated against wider Departmental and Government objectives and planning strategies are produced in this context.
17. The problems of uncontrolled development are recognised and it is essential to guard against urban sprawl creating problems in relation to the future prospects of the established urban fabric.


## National Housing Policy

18. Northern Ireland housing policy must reflect broad national policies, adapted to suit local needs and circumstances. While some local discretion can be exercised in implementing strategies and procedures, the Review has taken place within the context of national policy objectives and UK wide fiscal policies. For example, policies on mortgage tax relief, social security and housing benefit are determined and delivered on the same basis as the rest of the United Kingdom.

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1 *Making Belfast Work is a Government initiative launched in July 1988 to strengthen and target more effectively the efforts being made by the community, the private sector and the Government to address the economic, educational, social, health and environmental problems facing people living in the most disadvantaged areas of Belfast.*




- 
- 
19. The particular social and economic features of Northern Ireland were emphasised in many of the responses to the initial consultation exercise, specifically regarding development of policy responses to low incomes and family poverty. Responses generally raised the issues of affordability, housing costs, standards and subsidy mechanisms, and how these impact on policies and programmes aimed at meeting housing need, whether through social housing provision or otherwise. The problems of deprivation levels and the poor image associated with some public sector estates are also relevant in this respect, although the problems associated with this process are recognised as not being specific to Northern Ireland only.

## *Principles, Objectives and Success to Date*

*This chapter sets out the broad principles on which the Review proceeded. Individuals generally are able to meet their own housing aspirations and it is the role of Government to promote choice and opportunity for individuals and give them greater responsibility and to concentrate its efforts on those in most need. A high level of success has been achieved to date in Northern Ireland in targeting and meeting that need and it is intended to build on that success by consolidating and enhancing the role of the Executive as the single comprehensive housing authority for Northern Ireland.*

## *The Role of Government*

1. It has been widely accepted that housing policy does not solely equate with bricks and mortar provision but has a role in contributing to a healthy society and a healthy economy. Promoting high standards in new build and improvement adds to the health and quality of life for families and individuals. Lack of a decent home, on the other hand, can prevent people developing and learning, thereby adversely affecting their educational performance and their long term job prospects. This, along with availability of decent affordable housing, impacts on the ability of individuals to take up job prospects and reduce dependence on state benefits.
2. The majority of people find their own housing. The aim of Government policy is to give private individuals the opportunity to meet their own aspirations by providing the conditions where private investment can meet demand. Helping people to find their own solutions enables Government to concentrate its efforts on those in real need who cannot get a decent home without help.
3. Subsidies are provided by way of capital allocation for special needs and "social" housing. Public sector rents are subsidised and Housing



Benefit is available for public and private sector tenants who need help with their rent. In Northern Ireland, the public subsidy of social housing is higher per capita than in the rest of the UK, reflecting Government support for the continuing drive to improve housing conditions. The total resources available for housing in 1995/96 are some £596m, of which £544m is devoted to the Executive's work.

4. Indirect Government subsidy is available to home owners by way of Mortgage Interest Tax Relief (MITR), repair and renovation grants (targeted at those who do not have the means to maintain their property) and in some cases Rates Rebates, or Income Support contribution towards mortgage interest payments. Capital transfer tax is not payable on sale of a householder's main home.
5. The private sector builds for profit. It is not reasonable to expect that it would assume the role of financing the provision of social housing to rent at levels below market rates. By definition, such housing is provided according to need, through subsidised rents. Nor has the industry shown itself to be prepared to take the full risk of building for sale in certain areas of Northern Ireland where there has traditionally not been a market for owner occupation. Therefore, given current policies to support the further increase of owner occupation and to support social housing, continuing public sector intervention is necessary.
6. Under the Private Finance Initiative, Government seeks to maximise the availability of and contribution by private finance to supplement public resources. Consideration must be given to the role of the public sector and what can be done as well or better by the private sector. This may be achieved by way of formalising partnerships in new developments with the private sector, as well as by considering whether the existing delivery mechanisms, particularly for public sector housing in Northern Ireland, are appropriate into the next century.

## *Strategic Responsibilities - Need And Allocation*

7. A fundamental principle in the Review process is that the deployment of public sector resources must be on the basis of housing need and that need must be determined and monitored by a single regional comprehensive housing authority, ie, the Executive. All strategic projects and programmes must flow from that strategic responsibility. In addition, public sector housing must continue to be allocated to those in greatest need, irrespective of the provider. Allocations must be therefore made from a common housing register. Individual specific selection schemes may continue to be operated by Housing Associations, but within the same principles as the Executive's. This principle is fundamental to all discussions on future roles and delivery mechanisms.

## *Policy Appraisal And Fair Treatment*

8. Government is committed to securing equality for all people in Northern Ireland through the elimination of unlawful discrimination and the promotion of fair treatment. Policy appraisal and fair treatment (PAFT) is concerned with securing equality of opportunity and equity of treatment regardless of religious belief, political opinion, gender, marital status, having a dependant or not, ethnicity, disability, age or sexual orientation. PAFT is not confined to questions of legality but encompasses the wider issues of fairness.
9. The fundamental importance of ensuring fairness in the housing programme and its administration is well recognised in Northern Ireland and has been a cornerstone of the Executive since its foundation. The provision and allocation of social rented housing will continue to be on the basis of the fundamental principle of housing need.



10. PAFT principles have applied throughout the Housing Policy Review, and must continue to apply to all decisions about future housing policies, strategies and programmes, particularly where public finance is being provided in whole or in part for any housing developments. Where policy proposals are considered to have potential PAFT implications, these are discussed in the text. They are also summarised in annex 2.

## *Building on Success to Date*

11. Since 1971, over £9,000m of public resources has been invested in housing in Northern Ireland, producing tremendous improvements in house conditions and reducing urgent need significantly. Housing is therefore widely seen as one of the success stories arising out of Northern Ireland in the past 24 years since the formation of the Executive. This reputation is also based on the achievement of equity and fairness in administering housing policy on the basis of need. The Executive has never been found to exercise political or religious discrimination in making over 250,000 housing allocations since its inception.
12. The resources directed each year to housing are still substantial with some £180m being directed in 1995/96 towards supporting capital works, that is:-
  - bringing Executive stock up to modern standards (£70m);
  - providing new Executive dwellings (£50m); and
  - supporting the Housing Association programme (£60m).

Housing Associations meet housing need by the provision of special and general accommodation, contributing to urban and rural regeneration through rehabilitation schemes and by supporting the shared ownership scheme. Other key elements of the housing programme are the maintenance of Executive stock (£100m) and the provision of grants to reduce unfitness in the private sector (over £40m).

Chapter 3

13. Policy to date has been based on meeting 3 main housing objectives, ie:-
- (i) to increase home ownership;
  - (ii) to improve housing<sup>3</sup> conditions; and
  - (iii) to meet urgent housing need.

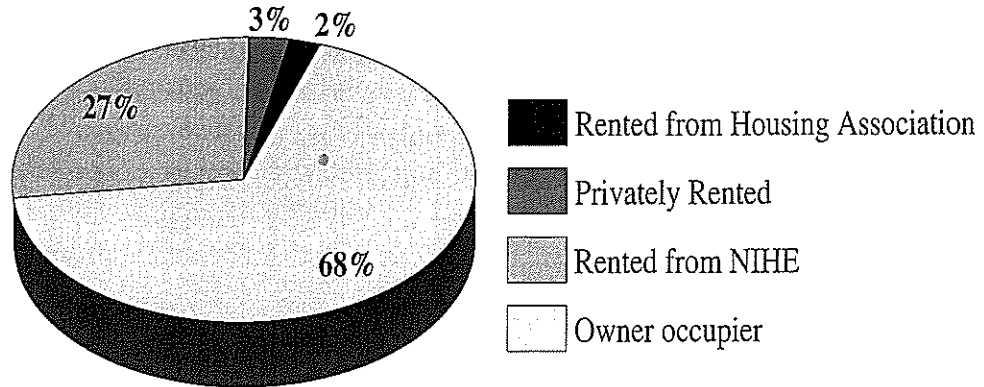
Qualitative success can be perceived in terms of the well recognised high standards of new build maintained in Northern Ireland, the meeting of performance standards and quality of housing administration. This has been recognised by the award of Charter Marks for high standards to 3 different Housing Executive offices in successive years and the award of BS5750 to BIH Housing Association. Most importantly, tenants' surveys show a high degree of satisfaction with current operations.

## *Promoting Home Ownership*

14. People prefer to own their own home. The benefits are recognised by the individual in terms of independence, control, security of an asset and long term cost effectiveness. Home ownership now accounts for 68% of all tenure groups, an increase from 54% in 1981. This continuing steady rise is being achieved in 3 ways:-
- (i) a robust private sector which in 1994/95 started 7,477 dwellings compared to 7,136 in 1993/94;
  - (ii) over 60,000 sales which have been completed through the Executive's house sales scheme. These are predicted to average between 4,000-5,000 each year for the rest of the decade; and
  - (iii) the Northern Ireland Co-Ownership Housing Association which since its formation in 1978 has enabled 13,000 households to move into home ownership. Of these, 7,800 have progressed to 100% equity share.



Tenure of Dwellings Northern Ireland 1993



15. Although the level of home ownership is continuing to rise, it is recognised that there will be a limit to this growth although that limit will depend, to a large extent, on wider economic developments. The level of Executive tenants receiving Housing Benefit (76%) indicates that the proportion who have the capacity to buy is decreasing; some 92% of new Executive and Housing Association tenants are in receipt of Housing Benefit.

## *Improving Housing Conditions*

16. Success in achieving this objective is measured by the results of successive House Condition Surveys, which show an overall reduction in unfitness levels in Northern Ireland to 8.8% in 1991 from a comparable standard of 11% in 1987 .
17. This success has been achieved through a variety of policy instruments, mainly:-
- sustained redevelopment programmes in urban areas and targeting of Housing Action Areas;
  - provision of renovation grants to private owners, landlords and tenants; and

- an ongoing substantial planned maintenance programme for its own properties by the Executive. The Association movement has low unfitness levels, with only 210 dwellings, (2.1% of stock), classed as unfit in 1991.
18. The 1991 House Condition Survey estimated that 29,380 owner occupied dwellings were unfit and these are being actioned mainly through the renovation grants system. In 1994/95 the Executive issued approvals for 11,077 Home Improvement Grants, a financial commitment of some £47.2 million.

## Meeting Urgent Housing Need

19. The waiting list for those in urgent housing need in Northern Ireland maintained by the Executive has declined from a peak of 19,000 in 1981 to its current level of around 11,000. The Executive's overall waiting list has remained fairly static over the last few years at around 23,000 but urgent need, which had been nearly halved between 1981 and 1990, is showing a perceptible increase. While this element of the total waiting list is currently the only measure of urgent housing need there is some evidence to suggest that it may not be a fully accurate indicator of such need. The research project described in paragraph 35 of Chapter 6 will examine this issue.

Table 1 Waiting List 1984/85 - 1994/95

| Year Ending   | Urgent Need | Total Waiting List |
|---------------|-------------|--------------------|
| 31st March 85 | 12,045      | 24,468             |
| 86            | 11,916      | 25,179             |
| 87            | 11,617      | 24,756             |
| 88            | 11,157      | 24,390             |
| 89            | 9,722       | 22,713             |
| 90            | 9,213       | 21,681             |
| 91            | 9,906       | 22,238             |
| 92            | 9,922       | 23,073             |
| 93            | 10,490      | 23,568             |
| 94            | 10,579      | 22,962             |
| 95            | 11,196      | 23,355             |





20. Urgent housing needs is met in 3 main ways:-
- (i) new build and relets by the Executive and Housing Associations;
  - (ii) provision of low cost or equity sharing ownership opportunities for households who would otherwise be occupying public sector tenancies or appearing on the waiting list; and
  - (iii) to a lesser extent, by the acquisition of properties to meet the needs of families on the waiting list.
21. Special housing needs are calculated as an integral part of the Executive's ongoing strategy review in partnership with Housing Associations, Health and Social Services Boards, their Units of Management and Health and Social Services Trusts as well as voluntary agencies and organisations.

## *Refining the Objectives*

22. Promotion of home ownership will continue to be a Government policy priority. It remains the tenure preference for the majority of households. This is evidenced by the continuing popularity of the Executive's House Sales Scheme and the vitality of the private house building sector where the number of starts for the year 1994 was the highest recorded.
23. Improvement of housing conditions also remains a valid priority. Although enormous advances have been made in improving fitness standards, Northern Ireland is still behind the rest of the United Kingdom in terms of overall unfitness levels and so every effort must be made to continue to address this. In particular, rural unfitness remains an area of concern and there is need for innovative approaches to address some of the unfitness problems, particularly single dwellings.
24. Similarly, targeting and meeting urgent housing need remains a priority, particularly in light of the recent waiting list trends.

25. The above objectives cannot each be perceived in isolation. Some of the responses to the original consultation saw conflicts between these objectives. For example, economic issues - high unemployment, increase in fixed-term contracts, more part-time workers, lack of job security and the need to promote mobility of labour - were identified as factors which might militate against an increase in owner occupation. Similarly, the sale of Executive dwellings at the rate of around 4,500 per year impacts on the ability of the Executive to meet urgent housing need. This is evidenced by the changing profile of the Executive's housing allocations, with an increasing percentage of allocations from the waiting list being to priority groups and the homeless.
  
26. In line with Government's theme of promoting choice for individuals it is proposed to refine policy objectives to incorporate the theme of promoting **choice** for householders, to allow them to move between tenures and accommodation types as their family develops and needs change.
  
27. The need to maximise the use of private finance, encouraging people to meet their own aspirations and concentrating on those who cannot obtain a decent home without help, can be incorporated into the policy objectives, as well as stating the role of housing in developing and sustaining communities.



## *Action Points: Future Objectives*

The following revised objectives are proposed for future housing policy:-


1. to encourage people to make the maximum contribution towards meeting their housing needs;
2. to promote choice for householders;
3. to target public resources on those in greatest need;
4. to improve housing conditions;
5. to contribute to promoting and sustaining stable communities;
6. to maximise partnerships between the public and private sectors; and
7. to maximise tenant involvement.

## Home Ownership

*Promotion of sustainable home ownership has been at the heart of Government's policy objectives and in Northern Ireland some 400,000 people now own or are in the process of buying their own home. This has been achieved through a buoyant private sector operating against a backdrop of comparatively stable economic conditions that ensure continued investment by private developers and through tens of thousands of Executive tenants taking the opportunity to buy their homes. Government has stated in the White Paper its commitment to ensuring a healthy national economy with low interest rates which helps make home ownership affordable. The continued strength of the private house building sector and the success of the Executive's House Sales Scheme underlines people's preference to own their own homes. Not only does ownership provide independence and control, it can be cheaper than renting. Home owners know that in later life when the mortgage is paid, they will have the security of an asset which will help maintain their living standards and which they may pass on to their children. It is intended to continue to support the growth of this sector in Northern Ireland giving people more opportunity and choice. There will be better targeted support to improve the quality of homes and partnerships between the public and private sectors will continue to be developed to bring more home ownership into urban areas. Support to those with special needs who wish to remain in their own homes rather than move into residential care will be continued.*

## Sustainable Home Ownership

1. In Northern Ireland, the rate of home ownership has been rising at a steady rate of about one percentage point per year.

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2. The preference for home ownership among households has been reinforced by the fiscal and economic advantages arising out of Government's policy of encouraging and enabling people to own their own homes. In addition, in Northern Ireland, a feature of the private housing market has been the lower and more stable house prices which have continued in an uninterrupted upward trend since 1980. This is demonstrated at figure 9 in Annex 1.
  3. The average house price for 1994 in Northern Ireland was £41,353, lower than most other regions in the UK. House prices in Northern Ireland have generally increased at a slower rate than earnings, while in England the reverse has been true. The result of this stable market has been relatively more affordable houses in Northern Ireland. (See also section 5 of Annex 1.) The stability of the market is also reflected in the fact that extensive negative equity has not arisen and property transactions have been fairly constant at around 40,000 per year.

## *The Private Sector*

4. The private sector proportion of new house completions for Northern Ireland has risen from 51% in 1983 to 74% in 1993.

**Table 2 New Housing Completions**

| Completions    | 89/90        | 90/91       | 91/92       | 92/93       | 93/94       | 94/95       | 95/96       | 96/97       | 97/98       | 98/99       |
|----------------|--------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| NIHE           | 1578         | 1324        | 961         | 949         | 888         | 878         | 1100        | 1000        | 1000        | 1000        |
| Housing Assoc  | 1214         | 1005        | 1369        | 1253        | 781         | 1047        | 1200        | 1000        | 1200        | 1000        |
| Private Sector | 7543         | 5711        | 5553        | 5759        | 5800        | 5350        | 7000        | 6500        | 6500        | 6500        |
| <b>Total</b>   | <b>10335</b> | <b>8040</b> | <b>7883</b> | <b>7961</b> | <b>7469</b> | <b>7275</b> | <b>9300</b> | <b>8500</b> | <b>8700</b> | <b>8500</b> |
| Average        |              |             | 7961        |             | 8015        |             |             | 8567        |             |             |

Source: DOE Housing Statistics


## Notes:

1. *Figures 1995/96-1998/99 are projected.*
2. *Government research<sup>1</sup> suggests some private sector house completions are not recorded.*
5. A recent University of Ulster report<sup>2</sup> on demographic trends and future housing need in Northern Ireland concluded that owner occupation will continue to increase if current trends continue viz:-
  - if the trend of marriage taking place at a later age continues, many of the couples who form new households will be more financially secure and therefore opt for owner occupation; and
  - the scarcity of younger workers due to declining birth rates may result in young people being more economically prosperous and able to form their own households. The fact that there will be fewer young people may lead to less upward pressure on house prices, thus rendering owner occupation more affordable for many households.
6. The same report, however, cautions against an interpretation that the increased private output will continue indefinitely at its present rate on the grounds that the price of new construction, compared to existing dwellings, suggests that an increased proportion is aimed at households "trading up". While this may result in some change, with cheaper dwellings becoming available for first time buyers, income and borrowing capacity will be crucial.

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1 *Policy Planning and Research Unit, Department of Finance and Personnel.*

2 *Demographic trends and future Housing Need in Northern Ireland: Heenan/Gray/Paris. 1994, University of Ulster*



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## *The Housing Market*

7. In summary, home ownership continues to show a steady growth and has not been adversely hindered by the negative equity problems of some parts of the UK. The following factors, however, must continue to be borne in mind to ensure that the private sector is facilitated in maximising its contribution.

## *Economic Factors*

8. Compared to the rest of the UK, Northern Ireland has lower head of household income, higher unemployment rates, larger household size, and higher dependency levels.
9. In recent years, the performance of the Northern Ireland economy has been good compared to the rest of the UK. GDP per head, however, is still the lowest of all UK regions at around 80% of the UK average, and labour market problems persist, demonstrated by the levels of unemployment.
10. These economic factors impact directly on the private housing market. The Executive in its Draft Housing Strategy 1995-98 estimates that at any one time around 30% of all households are not economically capable of accessing home ownership. Households on lower incomes are more vulnerable to changes in economic or even domestic circumstances and this in turn impacts on their ability first to access home ownership and second to sustain it.

## *Labour Market Factors*


11. Although trends indicate an increase since 1991 in the numbers in employment, the demographic trends previously outlined indicate a number of factors with the potential to impact directly on the housing market.
12. Unemployment, however, is a constraint on the further growth of the home ownership sector. The expansion of the local economy and the

continuation of the peace process should continue to reduce levels of unemployment and increase income levels, thereby helping potential home owners into this sector. This must be balanced against the potential for the developing peace process to encourage more people to join the labour market and more emigrants to return, thus increasing the levels of recorded unemployment.

## Market Constraints

13. As outlined in Chapter 2, affordability indices for Northern Ireland are the best for some time. Disaggregated statistics can, however, indicate problems of affordability in particular local housing markets. In addition, entry to the home ownership sector has undergone considerable restructuring as a result of the recent recession. Information from the Council of Mortgage Lenders shows that the proportion of first time buyers obtaining loans for 100% of the purchase price decreased from 36% in 1990 to 11% in 1993.
14. Northern Ireland is, however, well placed to achieve a steady continuation in the expansion of home ownership due to:-
  - steady economic performance coupled with low interest rates that provide confidence for people to buy;
  - comparatively stable house prices, avoiding house price inflation that could put home ownership out of the reach of many first time buyers. There has been a recent upsurge in prices but this is not predicted to adversely affect the relative affordability of property here. This is further discussed in Annex 1;
  - willingness of lenders to adapt to a changing market by offering flexible mortgage products suitable for the growing number of self-employed and people on fixed-term contracts; and
  - operation of an effective land use planning system that allows developers to build the homes people want, in a way which achieves Government's environmental objectives of sustainable development.





The Department will continue to work closely with private sector developers and financial institutions to ensure that the growth in owner occupation can be sustained.

## *Proposals*

15. This Review has considered issues raised during the course of consultation as well as proposals being put forward in the White Paper in order to determine whether policy developments are required to further promote home ownership.

## *Sales to Sitting Tenants*

16. The Executive operates a scheme for the sale of its stock to sitting tenants. This scheme operates on largely the same basis as the GB right to buy. Sales remain buoyant with 4,623 sold in 1994/95. This trend is expected to continue. One factor contributing to this is the ability of third parties to enter into joint sales with sitting tenants along with substantial discounts - up to 60% for houses and up to 70% for flats and maisonettes.
17. During the course of consultation, it was suggested that the sales scheme could be enhanced to promote more sales by increasing the discount rates and guaranteeing 'buy back' if the property deteriorates or the purchaser's financial circumstances change.
18. At this stage, with sales being considerably higher proportionately than in the rest of the UK and with applications to purchase being made at a steady rate, it is not considered necessary to add any further incentives to the Executive's House Sales Scheme.
19. The Executive's House Sales Scheme precludes the purchase of certain dwellings by elderly tenants. Under PAFT considerations<sup>1</sup>, this policy could be seen as having a differential impact on the elderly. In this instance, however, it is considered that the policy is justified in order to retain a stock of suitably designed homes in public ownership to meet the future needs of people with special housing requirements.

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1 *chapter 3 paras 8, 9 and 10.*

## *Rent to Mortgage*

20. A rent to mortgage scheme operates in England; it enables certain local authority and Housing Association tenants who cannot afford to purchase under Right to Buy to purchase part of their home without increasing their weekly outgoings. Payments which formerly covered rent then service a loan used to purchase an equity share in the property. The remaining share continues to be owned by the landlord. The English scheme elicited 917 applications between October 1993 and June 1995 but only 13 sales were completed during that time.
21. To be appropriate for Northern Ireland, the scheme would have to offer a better financial incentive than purchase through the sales scheme in order to attract a significant number of prospective purchasers. Tenants receiving Housing Benefit are not eligible for the rent to mortgage scheme, thus ruling out some 76% of existing Executive tenants.
22. Further, a financial analysis shows the scheme would not produce any real benefits; the average mortgage cost of purchase to a sitting tenant in Northern Ireland is less than the cost of paying full rent due to the lower market value of the properties than in most areas of England.
23. It is not, therefore, proposed to introduce a rent to mortgage scheme to Northern Ireland.

## *Cash Grants*

24. To enhance the accessibility of house purchase, a Cash Incentive Scheme (CIS) operates in England for Housing Association and local authority tenants whereby these tenants are given Cash Incentive Grants to enable them to purchase a home in the private sector. The White Paper identifies this as an increasingly important policy instrument for promoting home ownership and the consultation process identified some support for a similar scheme to be introduced to Northern Ireland.
25. The immediately obvious advantage of the scheme is that in place of the award of a cash discount to the tenant purchasing their home, the



local authority awards a cash incentive - generally 80% of the value of the discount - and achieves a relet as a bonus. The scheme may be targeted to achieve relets in specific areas of stress and for particular client groups such as the homeless. If the scheme were extended to Northern Ireland, it could be of benefit in areas where land availability or land cost make new build of social housing unfeasible but there is associated local housing pressure.

26. Grants have averaged £15,885 in England. The scheme has been most widely operated in London where 32 out of 33 local authorities offer a scheme and grants have averaged £17,746.
27. The scheme cannot, however, distinguish between those attracted to move by the scheme and those who would move anyway. Recent research<sup>1</sup> attempted to address this issue and reported that in all regions the incomes of households purchasing with Cash Incentive Grants were lower than those of other first time purchasers and that only a minority had started thinking about buying in the private sector before they applied for a grant - less than 1 in 3 had made any enquiries about a mortgage at this stage. In Northern Ireland where house prices are comparatively lower when measured against all regions in England, it is more likely that households would be able to access home ownership and therefore the 'entry costs' for the Executive to gain an additional relet in this way could be comparatively high.
28. It is also possible that the introduction of CIS to Northern Ireland could act as an incentive for households with earned income to seek housing in a high demand area rather than join the first time buyers' market. Adequate home buyer initiatives, most notably equity sharing operated by the Northern Ireland Co-Ownership Housing Association, already exist in Northern Ireland for these households.

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1 *DOE survey of local authority cash incentives to Council tenants: Turtle/Burgoyne. HMSO 1993F*

# Housing Policy Review

Chapter 4

29. There is no strong evidence that the establishment of a Cash Incentive Scheme would directly add to housing supply in Northern Ireland, indeed, the research from GB suggests that only in the local authority areas where there was substantial take up in a given year was there any significant impact on relets. The impact may be instead to simply inflate house prices in the area.<sup>3</sup> The extent to which a scheme would add to supply or affect prices would depend on rate of take up and the responsiveness of the local private market.
30. From a housing management perspective, the introduction of a scheme would operate against the objective of establishing mixed tenure estates and the resulting stability these produce. While there is an argument that mixed tenure is still feasible in that the new tenants of the Executive property could exercise the right to purchase their home, nevertheless, it is more likely that the scheme would merely be introducing a cycle of subsidy.
31. Finally and most importantly, in the Northern Ireland context, the scheme would invite disputes on the areas to be designated for cash incentives. By its nature, a Cash Incentive Scheme would operate in areas of high demand with few relets and little or no prospect of public sector new build to relieve housing pressure. Relatively arbitrary decisions on those estates where it would operate would be made on the basis of waiting list trends and while these would be defensible from a housing policy and housing management perspective, they would, nevertheless, be open to possible political misinterpretation and create a situation where operation of housing policy was again seen as a tool of political manipulation. They would have an inequitable community impact and thus conflict with PAFT principles. In addition, there would be pressure to continually adjust the scheme to deal with individual exceptional cases.
32. It is not, therefore, proposed to introduce an equivalent Cash Incentive Scheme to Northern Ireland.



## *Discounted Sales*

33. In areas where housing need has been met, the Executive has acted in the past to sell off individual properties. This may include selling properties needing repair at a discount to people who have the skills to do the work themselves under the "homesteading" scheme. Such schemes have the advantage of helping with the regeneration of the inner city and run-down estates, increasing levels of home ownership, encouraging individuals to invest in an area and building mixed communities. This programme will continue.

## *Sales to Housing Association Tenants*

34. Government proposes to introduce to England and Wales a new Voluntary Purchase Scheme for Housing Association tenants. Tenants of participating Associations will be able to buy their existing home at market value. They will receive a grant, probably of between £8,000 and £16,000, depending on location, to help them buy. Housing Associations will keep all the receipts from sales. It is also proposed to legislate to make it a condition of future Housing Association Grant that Associations commit themselves to making new houses and flats available for sale to tenants on request.
35. In Northern Ireland, Associations are already encouraged to operate voluntary sales schemes on the same basis as the Executive's House Sales Scheme. This results in tenants receiving discount of up to 60% for houses (70% for flats/maisonettes) depending on length of tenancy. Since the scheme was introduced in 1981, a total of 261 homes have been sold to sitting tenants of Associations. Associations must repay HAG paid towards the original cost of the dwelling but may, however, retain any net surplus on the sale after repayment of loans, legal fees and HAG.

# *Housing Policy Review*

Chapter 8

36. While the size of the voluntary housing sector in Northern Ireland (with some 15,000 units of accommodation at present) is relatively small, its market share will increase if it assumes greater responsibility for providing social housing. Government therefore proposes to extend to Northern Ireland a voluntary scheme for Housing Associations. This will be based on the provisions of the Executive's scheme on the grounds that the same objective of offering more social tenants the opportunity to buy their home can be met at less cost by discounting house prices rather than by a new grants scheme based on market value, which may disadvantage some potential purchasers.
37. Given that Housing Associations are not major holders of general housing stock and that demand for house sales has been met, for the most part, by the current scheme it may not be appropriate or necessary at this stage to make sales to tenants a condition of HAG. On the other hand, with the proposal that Associations take on more new build of general housing from the Executive<sup>1</sup>, tenants may wish to have the same opportunities for purchase as Executive tenants. It is proposed, therefore, to continue to encourage Associations to sell to tenants but to review the position within the next 2 years to determine whether to make house sales a condition of HAG.

## *Private Housing in Urban Areas*

38. A major challenge facing the Department, the Executive and the private sector is that of finding ways of introducing more home ownership into urban areas such as Belfast to form new mixed tenure communities in the heart of the city. This has already been recognised and is being led at strategic level by the Executive which has outlined its intentions in its proposed housing strategy for Belfast. Public/private sector partnerships are already being developed which aim to:-
- make the most effective contribution to revitalising an area through the introduction of new homes for ownership;

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1. Chapter 8.



- link well with other housing developments by Housing Associations and fit into the local housing strategy;
- reuse “brownfield” land and minimise the need for new development on greenfield sites;
- offer high quality of design;
- integrate with wider regeneration initiatives, such as Making Belfast Work; and
- offer best value for money in terms of maximising the contribution from the private sector and minimising the amount of necessary public sector funds.

39. A specific example is in the Shankill area in Belfast where Urban Development Grant (UDG) was made available for private developers to ‘put back’ properties on the basis of home ownership rather than social renting. The first 12 houses have been built and sold successfully. This initiative has therefore achieved the aim of providing for owner occupation in the middle of what has traditionally been an exclusively public sector community. In May 1995, a further 6 sites were offered to the private sector, in locations throughout Belfast, on the same basis and the response to date from the private sector has been most encouraging.

40. At present, MBW is considering pilot projects and, if these actually go ahead, will proceed to evaluate results before proceeding with any further projects.

41. The Executive is a key player in any regeneration strategies. As a lead-enabler with the objective of increasing the provision of private sector housing, the Executive should fully exercise its powers of land assembly and disposal (including grant aid) in order to:-

- assist in the regeneration of areas in the City where the existing private market is weak;

- assist in achieving tenure diversity in urban areas;
- facilitate private developers; and
- minimise public sector subsidy.


## *The Cost of Home Ownership*

42. The White Paper has considered how to target more effectively help to home owners buying with a mortgage. This help is currently provided by way of Mortgage Interest Tax Relief (MITR), Income Support for mortgage interest (for unemployed home owners) and renovation grants for low income owners to help with the cost of maintenance.
43. Government proposes to shift responsibility for some of this provision back to the private sector and to owners themselves in accordance with the principle of targeting public expenditure at those in greatest need. This is reflected in the lowering of the rate of relief payable under MITR to 15% from April 1995 and changes to Income Support rules which impose greater responsibility on borrowers, lenders and the insurance industry. The most vulnerable will still be helped by the Government.

## *Keeping Private Homes in Good Repair*

44. The 1991 NI House Condition Survey showed that 8.8% of the total stock in Northern Ireland was unfit. This represented a 20% improvement against the comparable remodelled 1987 figure.
45. Northern Ireland still lags behind England in this respect, where the comparable figures were 7.6% in 1991 and a remodelled figure of 8.9% for 1986.
46. Most people can and do maintain their homes to an acceptable standard but for those who cannot, aid is targeted by way of direct assistance to home owners on low incomes through means testing for renovation





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grants. Recent research by the Executive shows that grant aid is the most important policy instrument available to tackle both urban and rural unfitness, as shown by the fact that between 1974 and 1991 about 55% of the improvement in poor housing conditions was achieved by grant aid. Under the Housing (NI) Order 1992 home renovation grants, disabled facilities grants and minor works assistance grants have provided up to 100% support for essential repairs and improvements to the poorest home owners. A repairs grant has also been available, on foot of a public health notice or certificate of disrepair, to meet a proportion of the cost of first-aid repairs.

47. Concern was raised during the initial consultation period in the summer of 1994 that the administration of the grants system was unwieldy and unduly burdensome to applicants. Following an internal review the Executive, which administers the grants scheme in Northern Ireland, has with full Departmental support implemented new procedures to make the system simpler and reduce the time required to complete the various stages of the process.
48. Meanwhile, the Executive's strategic targeting of grant aid within its available budget continues to play an important part in reducing statutory unfitness. The case of help for private owners needs to be considered alongside other local housing priorities, and it is important that grant continues to be spent as effectively as possible. In England and Wales, where mandatory grant limits have already been reduced from £50,000 to £20,000 and £24,000 respectively, it has become increasingly evident that the mandatory duty to provide grant aid has placed serious strain on local authorities' housing budgets and mitigated against a strategic approach to unfitness. Following a review of the system and extensive consultation it is proposed to move to a discretionary grants regime with only Disabled Facilities Grant (DFG) remaining mandatory. DFG enhances the potential for a more independent lifestyle for the disabled and has a positive PAFT impact. The Executive is facing similar pressure on its grant budget and against continuing tight public expenditure rounds, a move to a discretionary grants regime, with grant limits, is seen as the option making the best use of available resources. In summary, changes proposed and to be given legislative effect at the next available opportunity are that:-

- renovation grants to make fit and repair owner occupied properties will continue to be available, but at the discretion of the Executive;

# Housing Policy Review

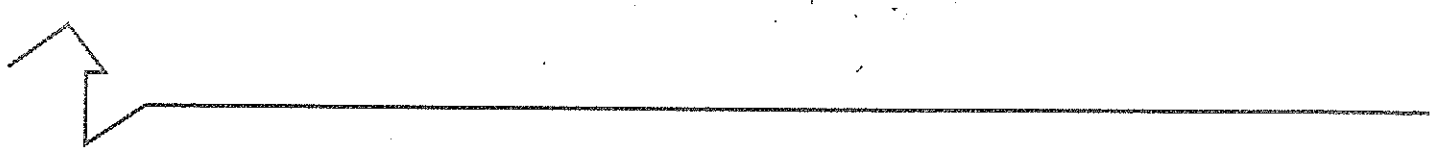
## Chapter 4

- replacement grants, where they are the preferred solution, will continue to be available but at the discretion of the Executive;
  - grant assistance will continue to be available to landlords at the Executive's discretion;
  - limits of £20,000, £30,000, £30,000 and £20,000 will be introduced on renovation, replacement, HMO<sup>1</sup> and DFG respectively;
  - mandatory and discretionary DFG will continue;
  - removal of the current requirement for a property to be fit on completion of DFG work;
  - a new, better targeted 'home repair grant' will largely replace repairs grants and, at a higher rate of support, minor works assistance; and
  - the 'means test' element of the present system will continue; with some relaxation of the test for DFG purposes.
49. It has been estimated that grant aided renovation in England and Wales is only about 1% of total expenditure on improvement and repair of owner occupied homes<sup>2</sup>. Used effectively, it can complement private investment and make a real contribution to ensuring decent housing that contributes to good health, independence and local confidence.
50. During the initial phase of consultation for the Housing Policy Review, concern was raised that the level of maintenance at the 'marginal' end of owner occupied stock (including co-ownership and voluntary house sales stock) is contributing to levels of disrepair. The opportunity was taken in the House Condition Survey to examine the condition of former Executive dwellings and it was concluded that, in terms of mean estimated repair costs, these dwellings were in better condition than those occupied by current tenants. There was, therefore, no evidence to

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1 *Houses in Multiple Occupation*

2 *Our Future Homes Cmnd 2901 P17.*



suggest that former tenants were unable to adequately maintain their homes. Similarly, co-ownership dwellings had lower repair costs (£703) than non co-ownership (but co-ownership like) dwellings (£973). Such groups do not, therefore, require specific policy intervention at present.

51. Similar concern was expressed about future levels of unfitnes following the surge in high volume low cost homes in the 1980's. This concern is borne out to some degree by the House Condition Survey; the first report notes that the mean repair costs for both co-ownership and co-ownership like dwellings built after 1965 exceeded those for the stock of this age in general. While this may be a factor of the quality of the dwellings' construction, it could alternatively suggest that these new and lower income owners were not maintaining their properties to the same degree as other owners. This aspect is to be explored in further detail in the second report of the House Condition Survey and may warrant further consideration in terms of targeting aid.

## *Home Improvement and Community Care*

52. Effective help with repairs and improvements supports community care policies by enabling people to remain living in their homes rather than move into residential care.
53. In Northern Ireland the Executive has funded Shelter (NI) and Fold Housing Trust, to provide help in proceeding through the grants system to elderly people and people with disabilities in recognition of their particular needs and which is in line with PAFT principles. Last year, some 3500 cases were referred to these agencies by the Executive. This year, funding has been extended to Regeneration of South Armagh (ROSA) specifically to help people in rural areas in carrying out repairs and improvements to their homes. The Executive recognises the importance of this agency service, and, will continue to provide this funding on a 3 year basis subject to evaluation of the schemes.

*Action Points:  
Promoting Sustainable Home  
Ownership*

Government will:-

1. support the continued growth of owner occupation;
2. continue to promote a voluntary purchase scheme for Housing Association tenants;
3. support the Executive as lead-enabler in regenerating urban areas;
4. facilitate partnerships with the private sector to bring more home ownership into urban areas;
5. re-use 'brownfield' land and minimise the need for new development on greenfield sites;
6. introduce legislation to better target resources for home improvement grants; and
7. through the Executive, fund home improvement agencies to provide help for those with special needs, in line with community care objectives.



## *The Private Rented Sector*

*The private rented sector in Northern Ireland has been in continued decline, decreasing its share of all housing tenures from its peak of 90% after World War 1 to its current level of 3.5%. This compares to 10.2% England, 7.8% Wales and 6.3% in Scotland. The sector, which effectively has been deregulated, provides primarily for a specific niche market. As part of wider UK policy it is intended to sustain the remainder of the sector and provide the opportunity for its revival through encouraging more investors into the market. Government proposes to legislate to allow housing investment trusts to be created, thus making institutional investment in private rental more attractive. A strategic approach to private rented houses in multiple occupation will promote safety and improve standards. Finally, Government is committed to maintaining an effective Housing Benefit system which provides help to low income households to rent in the private sector.*

## *The Role of the Private Rented Sector*

1. The value of a viable private rented sector is generally recognised as providing choice in the housing market for those households who are presently unable or would prefer not to access home ownership or the social rented sector. It can:-
  - provide a "stepping stone" for young people leaving home including students and those seeking the deposit to buy their own home;
  - provide a home for people facing a change in personal circumstances including divorce or separation;
  - contribute to a healthy economy by assisting labour mobility;
  - mitigate the polarisation that can occur between those in the social rented sector and owner occupiers.



## *Classification*

2. A series of Rent Restriction Acts were in force in Northern Ireland from the First World War until the Rent (NI) Order was introduced in October 1978. There are now 4 types of tenancy in the private rented sector:-

|                     |                        |
|---------------------|------------------------|
| restricted          |                        |
| regulated           | "controlled tenancies" |
| protected shorthold |                        |
| uncontrolled        |                        |

3. Rents for restricted tenancies are limited to the amount which could legally be charged in 1978, generally less than £1.00 per week (plus rates). Rent for a regulated tenancy (where the property usually is of a better standard than in a restricted tenancy) is limited to the amount registered with the Department of the Environment. Both these tenancies afford considerable security of tenure in that possession may only be awarded on specific listed grounds after proper notice and a court order. Some succession rights also apply.
4. A protected shorthold tenancy is either a restricted or regulated tenancy (both of which are also registered with the Department) without the same security of tenure in that the tenancy can be for a fixed term of between 1 and 5 years, after which the landlord is entitled to vacant possession of the property. At 31 March 1995, 20 such tenancies were registered with the Department.
5. All other tenancies in the private rented sector are uncontrolled regarding rent, deposits, security of tenure and repair obligations. These are generally furnished properties or properties converted since 1956 to separate and self-contained accommodation.

## A Declining Sector

6. The dramatic decline in the size of the private rented sector in Northern Ireland can be attributed to a number of factors:-
- many private rented properties were in poor condition and have been cleared by way of slum clearance and urban renewal programmes as part of Government's drive to improve house conditions and the quality of life for the families occupying the properties;
  - there is a preponderance of small elderly households in the controlled sector. When those tenancies end the trend is for the properties they occupied to be sold at profit into the owner occupied sector;
  - the availability of mortgage finance and relative affordability of homes to purchase has strongly influenced the tenure choice of new households;
  - during the 70's and 80's, vast new build programmes carried out by the Executive increased the public housing share of tenure types. (This trend has reversed - with sales of Executive dwellings now far exceeding additions to stock and the private rented sector continuing to decline, the total share of rental housing has decreased from 49% in 1976 to 34% in 1991); and
  - policy on rent controls. The contribution of rent control to the decline of the sector is, however, marginal considering new lettings have been largely outside of rent control since 1956 and Northern Ireland was not subjected to the rent regulation measures introduced in England and Wales in 1965 and 1974.



## Private Tenants - Key Facts

7. The household composition of the private rented sector is mainly small with the controlled sector characterised by predominantly elderly low income households with limited economic activity. The uncontrolled furnished part of the sector has 2 main client groups:-
- i. younger highly mobile and largely economically active households; and
  - ii. low income households unable to access the social rented or owner occupied sectors (including students).
8. Traditionally, unfit levels have been highest in the private rented sector with the 1991 House Condition Survey showing 28% of dwellings unfit and 54.8% built pre-1919. Some key indicators are shown below.


**Table 3 The Private Rented Sector - Comparative Standards**

|  | Owner Occupied | Private Rented & other | Housing Executive | Housing Assocs. | Vacant       | All Dwgs      |
|--|----------------|------------------------|-------------------|-----------------|--------------|---------------|
| Total Stock                                  | 347,220 60.5%  | 28,630 5%              | 158,210 27.6%     | 9,870 1.7%      | 30,320 5.3%  | 547,260       |
| Unfit  | 29,380 8.5%    | 7,980 27.9%            | 3,090 2%          | 210 2.1%        | 9,700 32%    | 50,360 8.8%   |
| Lacks at least 1 amenity                     | 10,530 3%      | 3,710 13%              | 1370 0.9%         | 120 1.2%        | 3,370 11.1%  | 19,100 3.3%   |
| Estimated urgent repairs per dwelling (mean) | £878           | £2,141                 | £248              | £131            | £3,609       | £899          |
| Dwelling age pre - 1919                      | 80,560 23.2%   | 15,700 54.8%           | 5,840 3.7%        | 2,190 22.2%     | 17,200 56.7% | 121,490 21.2% |
| 1919 - 44                                    | 47,110 13.6%   | 5,870 20.5%            | 7,310 4.6%        | 380 3.9%        | 4,400 14.5%  | 65,070 11.3%  |

9. Geographically, Belfast has a proportionately higher level of rented properties than most other areas in Northern Ireland and also a significantly higher proportion of furnished uncontrolled properties than elsewhere.
10. Within the overall decline in the sector there has been a shift in composition due to an increase in the furnished uncontrolled section, going against the trend of overall decline. These properties are often more upmarket (in terms of price and condition) and occupied by upwardly mobile tenants. It appears therefore that the market is responding to the need for this type of property.
11. The remainder of the uncontrolled sector, however, continues to play a declining role due to its unattractive nature, characterised by older properties in poor condition located in urban areas providing little tenure security and serving an increasingly residual demographic and economic demand.
12. Government policy is to encourage the revival of the private rented sector to become a more substantial provider of homes for rent but there are barriers to an increased supply of rented accommodation given the likely insufficient return on investment for prospective landlords. In addition, bricks and mortar investment has not traditionally been a popular area of investment for pension funds and large institutional investors, the obstacle being that property is not a liquid asset and therefore is difficult to buy and sell easily.

## *Reviving Private Renting*

13. The White Paper indicates that the recent growth in the private rented sector in England is due to deregulation introduced in the 1988 Housing Act. Other factors, such as the difficulties experienced in some local home ownership markets, also acted to encourage owners to let rather than to sell.

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14. In Northern Ireland, however, where deregulation has existed since 1956 and the stable housing market has been characterised by a steady rise in house prices, the private rented sector has continued to decline. The market is instead characterised by localised areas of high demand particularly near hospitals and further education colleges, where higher rents predominate.
  15. To sustain the sector continued investment is necessary. The White Paper identifies deregulation, low property prices and interest rates and the fall in the value of MITR as factors that encourage continued investment in property for rent. Many landlords are now getting returns that are broadly similar to the returns available from other investments. Measures contained in the White Paper are aimed at attracting more institutional investment in residential property through the creation of housing investment trusts which would be companies established to own residential property for rent. Such trusts would be UK-wide and attract tax benefits, so providing a radical vehicle to encourage pension funds and other institutional investment. They could potentially add to the stock of properties available for renting in Northern Ireland. Investors in housing investment trusts will be able to buy and sell shares in housing without directly owning property and managing tenants and can diversify their portfolios to reduce management risks. It is intended to make every effort to encourage the establishment of such trusts in Northern Ireland, and to monitor their impact closely.

## *Tenants' Rights*

16. Concern was raised during the course of the consultation exercise that any expansion of the private rented sector should be accompanied by an increase in security of tenure for all tenants and an examination of the range of legal remedies available to tenants. The Housing Rights Service, an independent Province-wide housing advice agency, reported 2,041 queries regarding the sector in 1994/95.
17. The call for tighter controls on landlords and increased tenants' rights must, however, be balanced against a recognition of the investment made by landlords and their ability to obtain a reasonable return on their investment.

18. The Rent Regulation legislation has not been subject to a comprehensive review; the current rent for restricted tenancies, for example, was last revised in 1956. The 1978 Rent Order, based on the recommendation of the Porter committee which reported in 1975, repealed the previous rent restriction legislation, but retained control for tenancies and properties that would previously have been subject to the old Rent Restriction Acts, rather than introducing any new form of rent control.
19. A comprehensive examination of the private rented sector completed by the Department in 1993 has concluded that there are few, if any, policy options available which could improve on the existing statutory framework.

## *Sub-Letting*

20. The White Paper proposes to promote widely the benefits of having lodgers, including the opportunity for households to increase their income. This is currently facilitated by "Rent a Room" tax relief of £3250 per year and, where a householder receiving Housing Benefit takes in a sub-tenant or boarder, special disregards apply in calculating that householder's entitlement to benefit. Any campaign to publicise or promote having lodgers would be extended to Northern Ireland.

## *Helping People Find Homes*

21. As well as its direct provider role the Executive has a strategic and enabling role in ensuring that demand for housing is met, and promoting a healthy private sector can make an important contribution to meeting that demand. The private sector is important in the context of providing accommodation for single persons and small households; such groups now make up the largest share of the Executive's waiting list but this is not matched by an availability of suitable smaller unit accommodation. This issue is addressed in the Executive's housing strategy.



## *Rent Deposit/Guarantee Scheme*

22. The Government's consultation paper "Access to Local Authority and Housing Association Tenancies" published in January 1994, referred to rent deposit/guarantee schemes, several of which are operating successfully in England and Wales. The schemes are targeted mainly at those homeless households who, while unable to access public sector tenancies, at the same time cannot finance the rent advance and deposit required to access the private rented sector. The Executive has agreed to part-fund a pilot project for 2 years in Belfast operated by the Simon Community. The success of this scheme will be measured in terms of the number of persons assisted and will determine whether the scheme should be extended to other localities in Northern Ireland or to client groups other than those accepted as homeless but not awarded priority housing status.


## *Advice*

23. It is intended to continue to support the provision of effective advice and assistance in preventing homelessness and ensuring that people on low incomes who need to live in the private rented sector are well housed.
24. Through its network of district offices, the Executive provides a comprehensive advisory service on housing issues and also acts under its statutory duty to provide homeless applicants with such advice and assistance as it considers appropriate to help applicants find accommodation. Housing Associations also have in place procedures to offer advice to help prevent homelessness and refer customers threatened with homelessness to the Executive.
25. Government also provides 90% funding for the costs of the Housing Rights Service, a voluntary organisation which is based in Belfast but operates across Northern Ireland. As well as providing an independent advice and advocacy service to people from all housing sectors, it provides training on a range of housing issues to other organisations and has recently published a Housing Rights Manual. Government

has agreed to provide funding of up to £203,000 in 1995/96 and a commitment has been given to continue funding the service for a further two years.

## *Strategies for Houses in Multiple Occupation*

26. Houses in Multiple Occupation (HMOs) often provide cheap accommodation and many young people, especially students, begin their independent lives in a shared house or flat. Because of the separate living arrangements of the occupants, there are increased demands on the management of the property. More importantly, the properties are often of a poor standard and many lack adequate fire precautions.
27. Belfast is the main location for HMOs. While the Executive's records list some 1,400 properties, it is estimated that there may be around 3,000 HMOs in the Belfast area and that this may represent 70-75% of all HMOs in Northern Ireland. The remainder is concentrated in pockets in Londonderry, Portrush/Portstewart and Bangor.
28. The White Paper proposes to strengthen the powers available to local housing authorities in England and Wales in a way that will secure substantial improvements in the enforcement of HMO safety regulations. The main elements of the new proposals are:-
  - i. a new general duty on HMO landlords to ensure the health and safety of their tenants;
  - ii. a wider mandatory duty for local authorities to ensure adequate fire safety in larger HMOs;
  - iii. a rationalisation of HMO registration schemes and measures to increase fee income from such schemes; and
  - iv. a new national code on fire safety and other standards to ensure consistency of enforcement.



In Northern Ireland where different arrangements apply, detailed consideration will be given as to how best to implement the thrust of the proposals for England and Wales. Any legislative changes required will be made at the earliest opportunity.

29. The Executive as part of its strategy for Belfast has identified HMOs as an area requiring strategic action and has undertaken a programme to inspect registered HMOs to determine compliance with fire safety standards and standards of amenities, and has allocated a portion of the grants budget for the purpose of bringing such properties up to standard. Outside Belfast an inspection programme is currently under way to identify the number of HMOs in each of the Executive's regions and to determine targets for action plans.

## *Helping Tenants with Housing Costs*

30. To ensure the private rented sector operates as a viable alternative to the social rented sector, Housing Benefit is paid to tenants who need help with their housing costs. At any given time some 30,000 tenants are receiving Housing Benefit<sup>1</sup>. The scheme is administered by the Executive on behalf of DHSS. Government is committed to ensuring an effective system that enables low income households to rent in the deregulated private sector. Expenditure on Housing Benefit has risen in Northern Ireland by 63% in the past 5 years and there has always been a risk that, because Housing Benefit generally meets reasonable rents in full, it could distort the market for rented housing. Tenants on benefit have little incentive to negotiate a lower rent with their landlords or choose the less expensive of properties which may be available.
31. This situation exists throughout the United Kingdom and Government therefore proposes to introduce changes to the Housing Benefit system, using the existing Rent Officer Service in Great Britain, to encourage tenants to seek the best value for money option for themselves. This will be achieved by the Rent Officer Service setting local reference rents

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1 *Includes Housing Association tenants, board and lodgings and all non-Executive lettings.*

and property specific rents and providing pre-tenancy determinations. The means of introducing a similar procedure for new tenancies in Northern Ireland is currently being developed by the Executive and DHSS. It is recognised, however, that the private rented sector in Northern Ireland differs considerably from that in Great Britain: no Rent Officer Service exists and<sup>9</sup> virtually all properties first let after 1956 or let furnished are uncontrolled, whereas a procedure has been operative in Great Britain since 1965 whereby the Rent Officer Service has been able to collect evidence which will assist in the implementation of the new Housing Benefit provisions. Because of the differences between the sectors in Great Britain and Northern Ireland highlighted by the proposed changes in Housing Benefit, Government proposes to initiate research into the private rented sector in Northern Ireland to obtain more precise information on its composition, customers, rent levels and the possible influence of Housing Benefit, in order to assist future policy considerations.

32. It is also proposed to amend the Housing Benefit regulations so there is no requirement to make payments of benefit for rent levels above market rents in certain cases. Protection will remain, however, for exceptional cases of hardship.





## *Action Points: Sustaining the Private Rented Sector*

Government will:-


1. seek to sustain the existing sector;
2. encourage the establishment of housing investment trusts in Northern Ireland;
3. publicise the benefits of having lodgers;
4. monitor the pilot rent deposit/guarantee scheme to help people to access the private rented sector;
5. maintain funding for independent advice and advocacy services;
6. legislate to improve the safety and quality of houses in multiple occupation;
7. implement revised Housing Benefit regulations to target help more efficiently for tenants; and
8. initiate research into the role and composition of the private rented sector.

## *The Social Rented Sector*

*Social rented housing is housing which is provided by the Executive or Housing Associations at rents affordable to people on low incomes, usually substantially below market rents. Although the size of the sector is decreasing, Government remains committed to maintaining social renting by directly subsidising social landlords to provide homes. In line with the Private Finance Initiative, capital projects will continue to be examined to assess the potential for extending the use of private finance. While the large scale transfer of Executive stock has particular difficulties in Northern Ireland there may be scope in the future for extending private finance into social housing by this means. The potential for attracting a wider range of private landlords into the sector will be pursued. The Executive's role will increasingly be that of a strategic enabler in the assessment of housing need, the provision of and access to rented homes, and securing the effective development and use of all housing tenures. Partnerships between the social sector and the private sector will be strengthened and expanded.*

## *The Value of Social Renting*

1. Social housing plays an important role by providing access to a decent home for people who are likely to have low incomes in the long-term because:-
  - providing 'bricks and mortar' subsidy to the Executive or an Association to enable them to charge rents below market levels can be cheaper for the public purse than paying housing benefit on a market rent over time;
  - providing homes at affordable rents improves work incentives for people on low incomes since people have a real prospect that, by working they will be better off and will earn enough to break out of benefit;

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- it provides the choice of affordable, quality housing for those unable or unwilling to access owner occupation or the private rented sector; and
  - it can assist the mobility of labour.

## *Rent Policy*

2. In recent years, the balance has shifted away from "bricks and mortar" subsidy to personal subsidy which provides help through housing benefit as rents increase. Social sector rents are still below market levels. The value in shifting to personal subsidy is a greater targeting of resources and achieving more with taxpayer's money.

## *Housing Executive Rents*


3. The Department sets the rents charged by the Executive and for 1995/96 the average rent is £31.56, some £6 per week lower than the average local authority rent in England. It has been Government policy to set the Executive's rent increases at the same level as the average guideline rent increase recommended for local authority housing in England where the aim is to establish a stable and sustainable level of guideline rents in real terms.
4. Fairness and efficiency depends not only on the overall level of rents charged but also on the way the Executive sets rents for individual properties. The Executive's rent scheme, approved by the Department, calculates rent according to the age, type, number and size of rooms, amenities and heating provision for each dwelling. The White Paper has encouraged local authorities to programme reviews of their rent policies with the view to setting rents that reflect the relative quality and desirability of the different types of accommodation they provide. In Northern Ireland the principle of comparable rents for comparable properties will remain and, therefore, it is not proposed to change the Executive's current rent scheme.

## *Housing Association Rents*

5. Housing Association tenancies granted before September 1992 will continue to have their rents determined by the Department at the same level as that which would be charged by the Executive for similar accommodation ('controlled' rents). An exception is made for:-
  - i. hostels or shared housing;
  - ii. accommodation managed on behalf of a registered Association by another voluntary body; or
  - iii. accommodation funded with a lesser amount of Housing Association Grant (HAG) or entirely from private finance.
6. Rents for tenancies granted on or after September 1992 together with those listed above are a matter for Associations to determine but should be affordable, ie, within the reach of people in low paid employment. In 1993/94 the average weekly rent determined by Associations was some 7% higher than the average controlled rent. The reason for this is that the grant rate on mixed funded schemes has been reduced. There is a resultant need for these schemes to draw in private finance which in turn means that loans have to be repaid.
7. Government recognises the important role played by Housing Associations and will continue to encourage greater efficiency and effectiveness in their operations.

## *Transferring Existing Housing to New Landlords*

8. The White Paper emphasises Government's commitment to moving away from large monopoly local authority landlords and encourages authorities to consider Large Scale Voluntary Transfers (LSVTs) of all or part of their stock to a new landlord, with the consent of tenants.

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9. Transfers to date have been to registered Housing Associations and the White Paper seeks to expand the programme of voluntary transfer of council stock to new landlords. The White Paper proposes that among the landlords able to take on this role will be local housing companies, that is, companies that include on their controlling board local authority representatives as well as tenants and other interests. Although these would be private sector entities, local authorities would play a key role in ensuring the company contributes effectively to the local housing strategy. They would borrow private funding to finance repairs, improvement and redevelopment within affordable rent levels.

## *LSVTs*


10. In the 7 years of operation of LSVTs in England just over 4% of the original stock has been transferred and current levels of transfer are reasonably steady at around 1% per year. In Scotland, some 2% of the stock has been transferred since 1988 although a policy decision by Scottish Homes to transfer (and sell to tenants) all its stock should have an accelerating impact on this figure. In Wales, no Local Authority has taken forward an LSVT. There have been no LSVTs in Northern Ireland.
11. There are a number of factors which make LSVTs in Northern Ireland more problematic and unattractive at this stage. First, the existing legislation, which effectively provides that each tenant has a veto on the transfer of the dwelling in which they reside, would require amendment to make LSVTs more viable and attractive to purchasers. In the rest of Britain, local authority estates can be transferred if the majority of tenants who vote are in favour. Successive tenant surveys and responses to the consultation for this Review have demonstrated a high level of tenant and public satisfaction and that the Executive is perceived as a responsible and responsive landlord.
12. Further, the rate of Executive house sales to tenants is high and has been increasing (by 26% and 17% in 1993/1994 and 1994/1995) whereas the GB rate is lower and has shown only a small increase in recent years. Northern Ireland is currently transferring public sector stock at a greater

rate (3% per annum) solely through house sales than GB is by a combination of house sales and LSVTs (just over 2% pa). Finally, the average receipt for Executive dwellings sold to tenants (around £10,000) is similar to the average receipt from an English LSVT. Bearing in mind the differential in both house values and potential rental streams, this would suggest that LSVT receipts in Northern Ireland would yield considerably less than house sales.

13. Since, however, the continued high level of sales of Executive dwellings to tenants must, by economic forces, diminish in the medium term, it would be prudent to set in train a comprehensive examination of the potential for the extension into Northern Ireland of all or some of the LSVT related options, recognising that the differing housing circumstances in Northern Ireland must be a major factor in such an examination.

## *Bringing in New Providers*

14. The White Paper indicates that as well as transferring existing publicly owned housing to a wider range of landlords, Government proposes to allow a wider range of landlords to build new homes for social renting. Government will legislate to allow the private sector to compete for funds to build social housing for rent or shared ownership. They may then sell the property on to Housing Associations or private landlords, or else retain long term ownership, managing it either directly or through a management company or Housing Association.
15. This proposal is to be accompanied by examination of management efficiency in Associations, efficiency savings in the grant regime, and tightening of criteria used by the Housing Corporation in selecting schemes for funding to give greater weight to projected rent levels in determining which schemes to support. New private landlords will be subjected to the same regulatory systems and will be expected to meet the same performance standards as social landlords.
16. The benefits of this approach are identified as increased competition, improved value for money in the building programme, wider choice and improved efficiency in housing management.

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17. This could be a valuable tool in assisting with the regeneration of Belfast. For example, where areas which are currently largely owner occupied are being redeveloped, the facility for private developers to bid for HAG to build social housing for rent or on shared ownership terms may help achieve a better tenure mix to help sustain the area.
  18. It could also be of use in areas of high demand in Belfast which are totally municipalised in order to promote value for money and choice. Where land becomes available, it could be sold to private developers to build for:-
    - applicants on the Executive waiting list (social housing); and
    - current tenants, giving them first option to purchase, thereby releasing a property for allocation (low cost home ownership).
  19. Any new landlords would, however, have to deliver good quality, low-cost housing and provide proper safeguards for the public subsidy that is inherent in the provision of social housing. A system of safeguards would therefore be required which would apply to all landlords in the privately owned social rented sector to ensure that Government and tenants got value for money. This would have to include provision for ensuring:-
    - proper building standards and adequate future maintenance and repair;
    - the allocation of housing according to need;
    - tenants rights; and
    - rents at affordable levels.
  20. Clearly, this proposal offers considerable scope for creating diversity in the social sector, with new types of landlord providing and managing housing alongside traditional Associations, the Executive and commercial developers and landlords. Government proposes therefore to legislate to allow private developers to bid for HAG to build social housing for rent or on shared ownership terms.

## *Strategies for Building and Renewal*

21. The Executive plays the lead role in shaping and carrying forward the strategy for meeting housing need in Northern Ireland. Its strategy document, published after extensive consultation, includes the Housing Association Development Strategy and takes into account future housing requirements, including needs arising out of Care in the Community initiatives and improvement and maintenance requirements for the public and private sectors. These include strategies for regenerating existing estates which are planned in the context of partnerships with other statutory, voluntary and community agencies. Housing Associations work in partnership with the Executive in terms of bringing forward programmes to meet housing need.

## *Providing Additional Homes*

22. Over the last 3 years an average of over 2000 social housing units have been provided by the Executive and Housing Associations through building and acquisition. Independent academic research has indicated from an analysis of the main social, economic and demographic trends that the provision of social housing units should be in the range 1900 to 3300 per annum. The estimate is highly sensitive to movements in key assumptions such as future mean household size, new household formation and private sector activity. The currently planned level of provision for the 1995/98 period is over 2200 units per annum. Regardless of whether these properties are provided by the Executive, Housing Associations or other developers, the Executive will have the strategic role of assessing need and prioritising programmes for all social housing to meet that need in local areas.





## *Rural Housing*

23. Traditionally, in many areas, proportionally more social housing has been provided in towns than in villages. It is necessary to ensure that need is met in rural as well as urban communities because new housing can help to sustain the rural economy, reduce the need to travel, and help to ensure that the elderly and people on low incomes are not isolated.
24. The Executive has undertaken a strategy for rural regeneration and noted in its most recent review that progress has been made with respect to latent demand testing and specific crossroads initiatives. Rural new build schemes make up an increasing proportion of the Executive's new build programme. The Housing Association movement too is looking afresh at opportunities in the rural areas. The Rural Housing Association, specifically dedicated to working in rural areas, was established in 1992 as one means of implementing the Executive's rural strategy. It and several other Associations have a sizeable rural programme planned over the next 3 years.

## *Leasing in Rural Areas*


25. In Great Britain, legislative changes introduced by the Housing Act 1988 enable registered Housing Associations to be involved in a number of initiatives where they negotiate relatively short-term leases in respect of residential properties and then repair these properties for housing for rent. Such schemes include "Living Over The Shops", "Flats Over Shops" and Housing Associations As Managing Agents (HAMA) schemes. These schemes, which are funded in part by local housing authority grants or HAG from the Housing Corporation, have been seen to have several advantages such as providing housing at a lower cost, playing a role in the regeneration of town centres and providing owners with a financial return without the management problems sometimes associated with landlord/tenant relationships.

26. In Northern Ireland, Housing Associations are required to offer secure tenancies under the terms of the Housing (NI) Order 1983, which effectively debars them from acquiring short-term leases on properties to use for housing for rent. In addition to contributing towards the rejuvenation of town centres, short-term leases might also be used as a tool for rural regeneration; recent research carried out on behalf of the Rural Housing Association surveyed 230 owners of isolated rural vacant dwellings and reported that about 84% of respondents were interested in the option of leasing the property to a Housing Association to enable physical improvements to be carried out. There is therefore some potential for drawing up local schemes with the aim of reducing the level of rural unfitnes, bringing dwellings back into use and utilising vacant space in town centres. It is proposed to incorporate in legislation a form of short-hold tenancy which Associations will be able to grant in certain circumstances.

## *Maintenance of Public Sector Stock*

27. While investment in improving the quality of homes in the private sector is mainly through the Home Improvement Grants Scheme, investment in the social sector is through:-
- i. the Executive's capital re-investment programme (over £70m pa) to its existing dwellings and estates;
  - ii. the Executive's maintenance programme (nearly £100m pa) which maintains dwellings to defined technical standards and meets the obligations of the tenancy agreement. This is carried out by means of planned schemes as well as a response maintenance service; and
  - iii. Housing Associations' maintenance and repair programmes, designed to preserve the integrity of their stock.

The Executive spent a total of £30,335,000 on response maintenance in 1994/95, an average of £197 per dwelling.

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28. The cost of maintaining Executive and Association stock represents a substantial commitment but, clearly, it is a sound investment in value for money terms as it helps maintain standards and prolong the life of the stock.

## *Regeneration of Urban Areas*

29. Government proposes a concentrated effort to tackle the worst local authority estates in run-down inner urban areas in England, recognising that the concentration of deprivation in these areas requires a concerted effort across a number of Government programmes to achieve sustained improvement.
30. In Belfast, the Making Belfast Work initiative was launched in 1988 to reinforce the efforts being made by Government, the community and the private sector to tackle the economic, social and environmental problems existing in the most disadvantaged areas. As previously mentioned in Chapter 4, it proposes as part of its strategy to promote a number of sites throughout the city to stimulate private investment in housing projects in order to achieve a mixed tenure of housing in the city and develop low cost non-public sector housing in disadvantaged areas. These pilot schemes will be carried out in partnership with the Executive so that regeneration continues to be based on the fundamental principle of need.
31. The Executive operates a programme of Estate Based Strategies to tackle problems on its worst estates, the aims of which are to:-
- improve the physical quality of the estates; increasingly the focus is turning to improving the environment;
  - diversify the tenure and encourage mixed communities; and
  - improve social and economic conditions.


These are furthered by way of liaison at the appropriate levels with local statutory, voluntary and community groups as well as the RUC.

At present, the Executive is operating strategies in 77 estates, covering about 24% of its stock. While tenant involvement plays a key part in each of these individual strategies, some 60 of them involve partnerships with formally constituted tenant/community groups.

32. The aim is to encourage<sup>3</sup> the development of mixed communities, breaking down the barriers between the old estates and the rest of the community and helping to construct sustainable communities where a balanced mix of households, of young and old, low income and better-off, home owners and renters, live beside each other.

## *Homes for Those That Need Them Most*

33. The Executive was unanimously commended during the course of consultation for this Review for achieving fairness in building and allocating homes and in housing administration the continuation of which is a fundamental principle underlying this Review. The aim is to ensure that social rented homes continue to go to those households in greatest need. There must be a safety net for people with urgent housing needs and provision whether by new build or adaptation for those with special needs.
34. Housing need is assessed by the Executive by way of a selection scheme approved by the Department. Applicants are awarded points according to their level of housing need as demonstrated by, for example, sharing, overcrowding, lack of amenities and time spent on the waiting list. Suitable accommodation is allocated to those with the highest points. Applicants who have more urgent housing needs due to an emergency, (fire, flood) pressing health or social reasons, redevelopment or moving to a new job, take priority over applicants with points. Registered Housing Associations use the same scheme with alterations approved by the Department to deal with the special needs cases they wish to house.
35. An important piece of research commissioned by the Executive and the Department will examine the provision of social housing in Northern




Ireland, its impact on the waiting list and urgent housing need, the dynamics of waiting lists of both the Executive and Housing Associations and their effectiveness as indicators of housing need. The results will be beneficial in informing assessments of future housing need.

## *Single Waiting List for Social Housing*

36. A single waiting list for social housing is a concept which has been receiving consideration by the providers of social housing throughout the UK. There are obvious advantages in such a system, eg:-
- i. applicants can gain access to each provider within their area of choice without having to make separate applications. The one stop application system would be a significant improvement in service to those in housing need and duplication of effort will be avoided;
  - ii. allocations are made to those in greatest need in a particular area and not just to those on a particular waiting list, thereby enhancing the fairness and objectivity of the allocation system;
  - iii. the possibility of reducing the level of voids by providing an improved rate of matching those in need to existing vacancies;
  - iv. the provision of accurate information on overall housing need thereby improving the targeting of provision to meet that need; and
  - v. the improvement of the efficiency and effectiveness of the allocation system.


It is proposed to establish a common register of applicants for housing provided by Associations or the Executive. As the organisation responsible for determining housing need and in the event that it assumes the rôle of regulating and funding Housing Associations, ( see Chapter 8 Paragraph 21) the Executive would be best placed to oversee the creation and managing of a single waiting list together with the maximum harmonisation of the various Tenant Selection Schemes, application and home visiting forms currently used by the providers of



social housing. Development of a common register is an important and necessary supplement to the Executive's strategic enabling role and its role as sole determinant of housing need.

## Homelessness

37. The Executive's statutory duty towards the homeless is broadly similar to that which applies to housing authorities in England and Wales and provides a safety net for families and vulnerable people. Since the statutory duty to provide for the homeless came into effect in April 1989, about 10,000 households per year have presented as homeless to the Executive, of whom around 4,000 per year are accepted as being unintentionally homeless and in priority need. These households are awarded priority status under the Executive's Housing Selection Scheme. The numbers being placed in temporary accommodation are declining and in 1994/95 temporary provision was made for almost 1750 households in a range of Executive, voluntary and private accommodation. The Executive estimates that about 36% of its 10,500 lettings in 1994/95 went to the homeless.
  
38. Government has been concerned that the provisions of the homeless legislation can operate to the detriment of other applicants who also have strong claims to housing. Given the possibility of this detrimental effect, it is considered essential that the system of allocation is seen to be fair in every respect, as has been its hallmark for so many years. In that light, it is proposed to make, at the earliest opportunity, legislative changes which will provide that those accepted as homeless will be owed a duty and afforded temporary accommodation as at present, but their allocation of a secure tenancy in social housing, will be dependent upon their level of priority within the Housing Selection Scheme. The duty will be to provide temporary accommodation for not less than 12 months, although at the end of that period the Executive will have the power to secure accommodation for an indefinite period of time subject to a review every 2 years. While in temporary accommodation the household will be provided with advice and assistance to obtain more secure accommodation. The aim is to ensure that social rented houses continue to go to those households with the greatest claim to them while providing an immediate safety net for people in short term crisis.

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39. The impact of these proposals is being considered in terms of both the Executive's Housing Selection Scheme (already the subject of a review in which PAFT considerations will be taken fully into account) and the availability/use of temporary accommodation.
40. Part of the Executive's strategy for dealing with homelessness includes timely advice, and assistance, whether by helping people to keep their homes or by steering them towards alternatives. This service will continue to be delivered through its district offices and its central Homeless Advice Unit.

*Action Points:  
The Social Rented Sector*

Government will:-

1. in line with the Private Finance Initiative, continue to examine capital finance projects for potential extension of the use of private finance;
2. encourage greater efficiency and effectiveness in the operation of the Housing Association movement;
3. monitor transfer arrangements in England, Scotland and Wales and examine the potential for the extension into Northern Ireland of all or some of the LSVT related options, bearing in mind particular local circumstances;
4. introduce legislation to allow private developers and companies to compete alongside Associations for HAG to provide homes for social renting or shared ownership;
5. legislate to enable Associations to award short-hold tenancies to assist with renewing rural areas;
6. encourage, by way of partnerships, sustainable communities with a balanced mix of households - young and old, low income and better-off home owners and renters;
7. develop a common housing register for Northern Ireland; and
8. reform the homeless legislation to ensure that social rented housing continues to go to those households with the greatest claim to them while providing an immediate safety net for those in short term crisis.





## *Housing and Regeneration*


*Housing policy success has traditionally been measured in terms of increasing owner occupation, improving housing conditions and providing homes for those in urgent need. However, housing also plays a pivotal role in the overall regeneration process in rural and urban areas of Northern Ireland. In this context the role of housing in regeneration can be perceived as being one element within the myriad of policy interventions including transport, planning, employment, training and education.*

*The primary goals are:-*

- the creation of mixed tenure, socially diverse urban neighbourhoods in the context of economically sustainable cities;
- retaining populations in those areas where depopulation has eroded the economic and service base of the community;
- actively involving local residents and tenants in the planning and management of housing provision as a prerequisite to successful programme delivery; and
- experimentation with different models of housing provision appropriate to local needs and the achievement of 'balanced' and sustainable regeneration.

## *Urban Regeneration*


1. Housing policies and programmes play a major role in the regeneration of urban areas. Success is best achieved when the Housing Executive, Housing Associations, the private sector, local communities and other key players in the regeneration process collaborate and respond to the changing demands of urban development in a flexible and innovative manner. Within urban regeneration, therefore, a number of specific housing issues have arisen.

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2. Whereas in the past populations gravitated towards the larger urban centres current trends have reversed this in favour of development in outer urban areas. This is particularly pronounced in Belfast where the sizeable downward population trend over the past 25 years has resulted in traditional inner city areas suffering the greatest loss as people moved to new housing in the outer ring. Consequently the inner city is increasingly populated by dependent households and the economic and service base of the city is distorted.
  3. Housing choice may be expanded by exploring imaginative ways of encouraging housing development within the inner city. This includes the development of housing in revitalised areas such as river frontages, docklands and former industrial sites, maximising the potential of housing above shopping in the commercial heart of towns and cities and redeveloping depopulated traditional inner city communities with a range of housing options.
  4. Low demand areas have a reduced capacity to attract families back. The urgent need waiting list, on which new build programmes are based, will generally not support new build in areas of low demand. While one solution would be to consider new build in areas of low demand in order to achieve wider regeneration goals, this concept is at odds with the policy of targeting public resources - in this case new build - to those areas displaying the highest level of urgent need. In seeking to retain existing communities, whose economic and service base is under threat by a decline in population, effective partnerships must be encouraged between the public, private and voluntary sectors.
  5. One of the features of housing renewal is that the density of put-back is lower than the density of existing homes. This reduction is a consequence of increased standards, housing management practices and residents' preferences. New redevelopment areas tend to have high levels of existing owner occupiers who wish to remain there as owner occupiers. While their current option would be to purchase an Executive dwelling within the area, the opportunity could be created for the private sector, in partnership with the public sector, to build affordable homes for purchase in these areas. Urban Development Grant (UDG) has already been offered to private developers to provide for low cost home ownership in certain inner city areas.

6. The main policy instrument for assisting householders to improve the exterior of their homes is the "group repair" scheme which is based on the condition of the dwellings combined with an assessment of the householder's financial ability to meet the costs of the required work. This scheme, which replaced the 'enveloping' scheme, has shown only limited potential to date. In light of this Government will make legislative changes amending and extending the provisions governing schemes. This will facilitate the Executive in pursuing group repair.
7. Any strategy must, however, explicitly recognise that a holistic approach to planning is particularly important in the context of regeneration, recognising that meeting housing need is only one among a number of key objectives to be met in these areas. The community needs the right infrastructure - economy, education, leisure - to sustain it.
8. Regeneration of any community calls for an innovative approach and a range of initiatives. Recently the Department has supported the introduction of pilot "Foyer" schemes whereby accommodation which is linked to training provision is provided for young people. Evaluation of the results of these pilots and their long term potential will determine whether the schemes will be extended.

## *Rural Regeneration*

9. A major problem facing rural areas is that of unfitness; the 1991 House Condition Survey revealed that more than 58% of unfit dwellings in Northern Ireland were located in rural areas, where the unfitness rate was estimated at 17.2%, almost double that for Northern Ireland as a whole. The follow-up Social Survey, however, indicated that three quarters of households living in these unfit dwellings had no plans to tackle the problem and only a third were unhappy with their living conditions.

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10. The main policy instrument for tackling the rural unfitnes problem has been grants. Since the designation of Rural Priority Areas in September 1989 the Executive has been targeting uptake of grants to those rural areas with a significant level of unfitnes. This targeting has been generally successful. In common with the theme of urban renewal, however, rural regeneration strategies require a holistic approach, with partnerships between the public and private sector, as well as between Government Departments, being a key priority.
  11. The Housing Association movement too is looking afresh at opportunities in the rural area. The Rural Housing Association, specifically dedicated to rural housing, was established in 1992 as one means of implementing the Executive's Rural Strategy. It and several other Associations have a sizeable rural programme planned over the next 3 years.

## *People and Policies*

12. Government has introduced the Tenants' Charter for local authority tenants and the Tenants' Guarantee for Housing Association tenants. Combined with greater competition to provide, own and manage social housing, these have served to make social landlords more responsive to what tenants want.
13. Involving residents in decisions affecting their homes and the environment has been put into practice in Northern Ireland and is demonstrated in a number of ways:-
  - while the Executive has a statutory duty to consult with secure tenants on matters affecting their tenancies, it has, since the mid-1980s, expanded its activities in that area to encourage a more active and participating involvement of tenants and tenants groups in the delivery of housing services<sup>1</sup> This is shown by its encouragement of tenants' groups and forums, tenants' co-operatives such as in Strathfoyle and Estate Management Boards;

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1 *The role of tenants is discussed at Chapter 9 paras 5-10.*

- in dealing with problem estates the Executive adopts a strategic approach. As well as carrying out the physical improvements, the Executive co-ordinates the agreement between residents and other statutory agencies on a package of measures to secure the implementation of plans to improve their area;
  - the Northern Ireland Tenants Action Project (NITAP) which is jointly funded by the Executive and the Department retains community development and liaison and co-ordinating roles. The purpose of NITAP is to promote the participation of tenants in the management of their homes and neighbourhoods through the provision of information, advice and expertise in community development; and
  - the Making Belfast Work initiative has the aim of helping alleviate social and economic needs in given areas by stimulating initiatives within the community and helping local people articulate their needs.
14. Community development has an important role to play in achieving a more efficient and effective delivery of Government programmes. Future strategy will be to support the provision of information, planning, networking and involvement in policy formulation by local communities:-
- supporting community based initiatives;
  - focusing resources more clearly on areas and groups in greatest need; and
  - supporting improvements to the physical environment.



## *Action Points: Housing and Regeneration*

Government will:-

1. accord greater priority to the role of housing in the regeneration of urban and rural communities;
2. encourage housing choice within the inner city;
3. legislate to broaden group repair as a mechanism for maintaining the external appearance of private dwellings in urban areas which are declining;
4. evaluate the impact of the pilot foyer schemes; and
5. accord greater priority to the contribution of the principles and practices of community development in housing issues throughout Northern Ireland.


## *Delivery Mechanisms*

*The primary aim of this Review is to ensure that housing policies and programmes continue to be responsive to the primary objective of making sure that a decent home is within reach of every family. Policies and programmes must be delivered in the most cost effective way by the most appropriate agencies, within a clear framework of accountability and quality controls. The constructive relationship between these agencies - the Department, the Executive, the voluntary housing movement and the private sector - must continue and indeed be strengthened.*

## *Existing Arrangements*

1. The Department has overall responsibility for the formulation and direction of housing policy in Northern Ireland and works closely with the Executive. This involves responsibility for standards, finance, legislation and regulation. The Department is also responsible for promoting, financing and controlling the activities of 44 registered Housing Associations, including the Northern Ireland Co-ownership Housing Association (NICHHA).
2. The Executive is a statutory, non-departmental public body and was established under the Housing Executive Act (NI) 1971. It currently operates under the Housing (NI) Orders 1981-1992. As a comprehensive regional housing authority, the Executive's mission statement has 3 elements:-
  - i. to assess housing need in Northern Ireland and to meet that need progressively both by direct provision and by facilitating or enabling other individuals or agencies to do so;
  - ii. to promote high standards of new building, repair, maintenance, housing management and general housing advice; and
  - iii. to be the best housing authority in the UK measured in terms of quality and value for money.



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3. The roles of the Executive are threefold:-
    - i. strategic planning and development;
    - ii. key provider/landlord to build new homes and improve the existing stock and to maintain, manage and allocate its stock in accordance with sound principles of housing management; and
    - iii. an increasing facilitating/enabling function to assist and help other bodies and agencies, including Housing Associations, to meet special and general housing need.
  4. The day to day management of the Executive is overseen by a 10 member Board appointed with Ministerial approval by the Department. The Board determines the Executive's policy within its overall aims and objectives and makes decisions on operational and organisational strategy. Three of the Board members are nominated by the Northern Ireland Housing Council from among its members. Legislation will be introduced to ensure that the Housing Council nominees are representative of its membership.
  5. The Housing Council was set up under the Housing (NI) Order 1981 and consists of a councillor from each of the 26 District Councils in Northern Ireland. The purpose of the Housing Council is to provide a channel of communication between the Executive and local councils on broad housing issues. Under the Order, the Executive is required to consult the Housing Council about draft programmes for meeting housing need, to consider any other housing matters raised by the Housing Council and to consult individual Councils about their particular needs. Given the Housing Council's strategic remit, factors such as population size or number of Housing Executive tenants in a local area, are not considered by the Department to be relevant in determining the level of representation. There are no plans, therefore, to change the current level of one representative from each Council area. The Department would wish to see the Housing Council develop its role and areas of interest so that it would, in future, offer advice and comment on issues of strategic and policy importance across the complete range of housing policies.

6. The Housing Association movement has traditionally been associated with the provision of accommodation for special needs and has been developed on the basis of a strong voluntary ethos. Northern Ireland's 43 "building" Associations are the principal providers of purpose built rented accommodation for people with special needs such as elderly people, those with a physical or learning disability and vulnerable or disadvantaged groups. Associations also provide general needs accommodation for families and singles. Their current housing stock is about 15,000 homes.
7. Each year the Housing Association Development Strategy is published in tandem with the Executive Strategy and identifies potential needs and developments based on an identification and prioritisation of housing need by the Northern Ireland Federation of Housing Associations, representing the movement.
8. The Department maintains the Rent Register of private rented sector properties controlled by the Rent (NI) Order 1978 and also generally administers the 1978 Order. Registration is voluntary and while the register currently covers about 8,000 properties it is estimated that there are a further 2,000 properties for which the rents are subject to control but unregistered.
9. The Department funds the NICHA which administers an equity sharing scheme. This aims to encourage into owner occupation people who cannot initially afford full home ownership. Participants must purchase an initial equity share of at least 50% and they rent the remainder. There is provision for them to purchase further shares until they achieve full home ownership. The Association has assisted some 13,000 households move into home ownership.
10. The Northern Ireland Federation of Housing Associations (NIFHA) is the Housing Association representative body and point of contact for statutory agencies to consult on matters concerning the voluntary housing movement. In particular, the Department consults NIFHA on legislative and broad policy issues affecting associations. NIFHA also provides a training, education, research and service role for its members.



## *Forces for Change*

11. Consideration of the future delivery mechanisms for housing in Northern Ireland must take into account a number of key forces for change in housing. While a number of these are unique to Northern Ireland, most of these factors are national factors and so due consideration will have to be given to determine which would be relevant in Northern Ireland, given its unique housing circumstances and arrangements.


These include:-

- i. the desire to create a more diverse framework for social renting including movement away from large-scale public ownership;
- ii. the strengthening of the strategic and enabling role of local authorities in GB;
- iii. the importance of obtaining best value for money in the use of public finance;
- iv. the need to maximise the contribution of Private Finance for public sector housing;
- v. the movement towards competition, particularly with an extension of the range of providers and the need for regulation of those providers;
- vi. changes in the role of Government with a determination to concentrate on core activities;
- vii. the need to facilitate the best practical housing tenure mix, including an increase of private housing into inner city, and other urban areas and locations; and
- viii. the specific proposals in the Housing White Paper. These include

- a. the introduction of voluntary purchase grant to assist Housing Association tenants to purchase their homes;
- b. legislation to allow commercial providers to compete alongside Housing Associations for grant to provide social housing; and
- c. the potential emergence of new types of social landlord including possibly local housing companies.

## Underlying Principles

12. Although national trends must be taken into consideration, Northern Ireland is different from Great Britain in terms of political and local government structures and its financial regime. The following principles are important in considering proposals on the future delivery of housing services:-
  - adherence to the fundamental principles in the Review that the Executive must remain as the single comprehensive regional housing authority for Northern Ireland along with a growing private sector and an expanding voluntary sector;
  - Northern Ireland's distinct economic and demographic features and important differences in service delivery. Local strategies will reflect national trends, but will also be tailored to Northern Ireland's specific needs and circumstances;
  - the need to build on the achievements to date in improving house conditions and quality of construction, meeting urgent need and expanding home ownership. The successes achieved in terms of equity and fairness and quality of administration by the Housing Executive and Associations must not be put at risk. Social rented homes will continue to be provided for and allocated to those in greatest need;
  - the opportunity for tenants to continue to have a say in how their homes are run and in raising standards of service;

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- recognition of the wider role of housing in regeneration strategies;
  - the need for partnerships involving the public, private and voluntary sectors to make best use of all the available resources;
  - the imperative that housing construction and improvement standards must be maintained; and
  - the continued separation of regulatory and delivery functions.

## *Possible Future Structures*


13. Consideration of the forces driving change, while adhering to the principles which must be observed, suggests that some rationalisation of the current delivery mechanisms should be considered for the future. **Government would welcome views and comments as to whether it is both sensible and practical to move towards a structure based on the following considerations.**

## *Housing Associations*

14. The Association movement has developed and expanded its activities over the past number of years. It is no longer mainly a provider of special needs accommodation. It is now a significant provider of general needs housing both regionally throughout Northern Ireland and through local community based Associations, operating in both Catholic and Protestant areas. In 1995/96 Associations will build 1200 homes for social renting of which almost 700 will be for use by families and single people. This change in their role has been accelerated by their ability to attract private finance. With the injection of substantial amounts of private finance amounting to some £10m in 1995/96, Associations are able to build more houses for the same amount of public money. The main private finance facility, that of borrowing from the private sector, is not currently an option for the Executive, because of wider policy constraints on borrowing by Non-Departmental Public Bodies such as the Executive.
15. There are obvious benefits to be gained by encouraging Associations to take on building more general needs housing. This could be achieved by Associations working in partnership with the Executive. The

Executive, as assessor of housing need, would decide what new build programmes are required through the existing strategy process, after consultation with all interested parties. Associations could then take on responsibility for delivery of those programmes. As part of the process, Associations could be required to compete to carry out schemes and the Executive's role<sup>3</sup> would be to decide on the best method of ensuring housing need is met.

16. Associations are already working in partnership with the Executive on a number of pilot schemes. Clearly it will be important to review the performance in respect of these schemes before decisions are taken about any expansion of that role and, even assuming a successful outcome, it would be necessary to proceed incrementally over a period of at least 5 years in order to ensure successful development of such partnerships.
17. Reduced grant levels result in higher rent levels with consequent housing benefit subsidy implications. These costs could, however, be reduced by the introduction of competitive bidding for projects identified by the Executive as priority schemes which would encourage economies in the operation of the Association movement through lower overhead, management and support costs. Indeed, it could also be an incentive for Associations to merge in order to achieve such economies.
18. Competitive bidding has been operating in England for a number of years. It aims to provide investment to meet the priority needs identified in housing strategy statements in the most cost-effective way available. It is proposed to introduce similar arrangements in Northern Ireland. The Housing Executive would identify the priority needs in their Housing Strategy document against which Housing Associations would be invited to bid competitively. These bids would then be considered against a number of criteria. Questions to be satisfied would be:-
  - does the scheme meet the identified priority need?;
  - has the Association involved discussed the scheme in detail with the Housing Executive?;

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- does investment in the Association involved represent a prudent use of taxpayers subsidy in terms of the quality of its developments, its housing service and its financial and managerial strength?; and
  - how would the planned rent levels for the scheme affect the associated Housing Benefit subsidy requirements?

19. This process would be taken forward following full consultation with the Association movement and the Executive.


## *The Executive*

20. The Review was carried forward based on the principle of retaining the Executive as the single comprehensive housing authority for Northern Ireland. The Executive will therefore continue to be the only body in Northern Ireland which will have a duty to assess housing need and prioritise all social housing programmes to meet that need at a local level. Its functions would be to:-

- examine housing conditions and needs;
- identify local need and draw up strategies for meeting housing need;
- monitor and finance the building and purchase of homes for rent;
- develop a common waiting list for all Executive and Association areas and allocate homes on the basis of approved schemes;
- effect the closure or demolition and clearance of unfit dwellings;
- reduce dwelling unfitness by an appropriately targeted grants regime for the private sector;
- jointly with the Northern Ireland Federation of Housing Associations plan, facilitate and enable the provision of housing for special needs groups in conjunction with other statutory and voluntary agencies;

- implement community care policies through specially designed or adapted housing;
  - ensure its own stock is adequately repaired and maintained;
  - minimise the number of voids and difficult to let properties;
  - develop, extend and facilitate the process of tenant involvement and participation;
  - establish housing information and advisory services; and
  - conduct and promote housing research.
21. The proposed partnership arrangements for the new build function between the Executive and Housing Associations outlined in paragraph 15 above provides the opportunity for the Executive to enhance its strategic role by taking over from the Department its "Housing Corporation" functions in respect of Housing Associations. The functions which might transfer relate to the operation, registration, financing and monitoring of Associations and are authorised by parts 2 and 3 of the Housing (NI) Order 1992. They include:-
- registering, funding and monitoring Associations;
  - programme and project approval;
  - regular policy/performance measurement of Associations; and
  - approval of Associations' selection schemes.
22. The principal advantage of transferring these functions is that the Executive's strategic role would be enhanced and strengthened, enabling a more cohesive development programme to be produced and, in conjunction with the implementation of combined waiting lists, would ensure greater effectiveness in establishing and meeting housing need. It would also enhance fairness and equity in decisions taken about location for new house building and also allocations, and would be consonant with the principles of PAFT. The Department's role would be to continue to bring forward legislation, establish policy guidelines,





set standards and provide finance for housing. The Executive's role would continue to be to assess housing need and to bring forward programmes and allocate financial resources to meet that need, both at regional and local level, within the available funding.

23. The Executive would, however, have to examine possible conflict between its roles as a direct new build provider and as regulator of new homes provision. The transfer of the regulatory role from the Department could proceed on the basis that the Executive entered into partnerships with the Housing Association movement in respect of new building. The Executive would, however, retain its new build powers to be exercised directly in circumstances where other providers found themselves unable or unwilling to undertake a particular scheme.
24. These proposals are also made on the basis that private finance would not be an effective option for the Executive. Should that position change in the near future, this proposal would be reconsidered.
25. In terms of the Executive's landlord role, different methods of management may be considered in future in line with Government's aim of creating a more diverse framework for social renting, thereby increasing choice and encouraging new providers. Although the Executive possesses powers to transfer stock and has exercised these in the past to transfer management of small special needs schemes to Housing Associations, it is not proposed at present to set up LSVT mechanisms to transfer large sections of stock from Executive ownership, but as indicated in Paragraph 13 of Chapter 6, a comprehensive examination of the potential for the extension into Northern Ireland of all or some of the LSVT related options, will be set in train. This is due to the unique organisational circumstances prevailing in Northern Ireland where the Housing Executive has insured fairness and equity in housing administration. The Department and the Executive will monitor developments on stock transfers in England to new landlords including registered Housing Associations and local housing companies. Any future proposals to initiate stock transfers would have to take account of:-
  - the need for prior agreement by tenants;
  - the need for adequate control and accountability; and

- possible fragmentation in housing plans, policies and programme delivery.

The PAFT principles would be an important consideration and both the Executive and the Department would want to be satisfied that the success to date of housing policies and procedures would not be put at risk before considering any possible movement in this direction.

## The Department

26. The Department's strategic core functions relate to delivery of the policy, legislative and financial framework within which the Executive and Associations operate. It also carries out some direct operational functions which are not necessary for it to pursue its central strategic aims. The funding and monitoring of Associations is discussed above. The Department also administers the Rent Register under the Rent (NI) Order 1978.
27. While no statutory responsibility rests with the Department for the day to day operation of the private rented sector, there is a need for a strategic approach following Government's stated aim to revive the sector. This would encompass those areas identified in the Chartered Institute of Housing Good Practice Briefing published in March 1995 and would lead to a coherent, pro-active policy. The Executive, as the regional strategic authority is best placed to assume this role along with maintenance of the Rent Register and it is proposed to transfer these responsibilities to the Executive.
28. The Department's role would therefore centre around policy, legislation, finance and standards for housing in all sectors. Its relationship with the Executive and the Housing Council would continue as before. The Minister responsible for the Department would continue to be accountable to Parliament for housing policies in Northern Ireland including the activities of the Executive. In that context the Minister would determine the policy and financial framework within which the Executive would work. This would involve the setting of key targets and a formal review of the Executive's performance. The Executive's strategic case for funding would continue to be considered within the Public Expenditure mechanism.



## *Action Points: Delivery Mechanisms*

The Government would welcome comments on whether the conditions are now appropriate to:-


1. transfer the Department's regulatory functions on Housing Associations and the private rented sector to the Housing Executive;
2. proceed with new partnership arrangements between the Executive and Housing Associations in respect of new build; and
3. introduce arrangements for competitive bidding by Associations to undertake schemes to meet priority housing needs, as identified by the Executive.

## Housing Management

*Northern Ireland has a strong tradition of community involvement in the major issues that affect everyday living. The Government has given a commitment in the Citizen's Charter to encouraging tenants to become more involved and to assume more responsibility for their housing service. Tenants have been given new rights and residents' and community groups who wish to have a greater say in housing matters have been encouraged. Providers of social housing are increasingly aware of the need to set and monitor performance and efficiency targets and in recent years have introduced and gradually extended the range of housing management aspects subject to performance measures. This changing culture and the desire to provide a better service to tenants has been recognised, not only by the satisfaction levels in successive tenant surveys, but by national awards. It is intended to build on this culture and to maintain high housing management standards in dealing with empty properties and matching homes to need.*

## Changing the Culture

1. Tenants of social landlords are entitled to an effective say over how their homes are managed. The Tenants' Charter and the Tenants' Guarantee provide clear standards of service to be delivered by the Executive and the Associations, thereby fulfilling the principles of the Citizen's Charter.
2. Legislation is currently being prepared to introduce two important new rights for Executive tenants - the right to repair, and the right to compensation for improvements. In addition, the Executive will continue to be open to approaches from tenant's groups for more direct involvement in aspects of the day to day management of their homes. These will complement the range of rights enjoyed by tenants under the Tenants' Charter including:-

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- lifetime security of tenure;
  - succession rights for other family members living in the home when the original tenant dies;
  - the right to buy their home at a discount;
  - the right to have certain repairs done within a specified time;
  - the right to make certain improvements to their home;
  - the right to take in lodgers; and
  - the right to be consulted on local management matters.


## *The Citizen's Charter*

3. The Citizen's Charter has encouraged managers throughout the public sector to provide a better service to their tenants. The Executive's Castlereagh District 1 Office won a Charter Mark last year. This is the third such successful application for a Charter Mark by the Executive. Castlereagh 1 is a district on the outskirts of Belfast with a housing stock of about 3700 homes, mainly located in 3 large estates. The application for the Charter Mark was based on the District's contact with local community groups, which is carried out through estate strategies and the District Consumer Panel, made up of representatives from each estate who meet with the management team on a regular basis. Tenant satisfaction levels with telephone response, Housing Benefit performance, maintenance and overall housing service are all in and around 90%.
4. The Executive issues an annual news sheet to every tenant. This provides information on planned schemes and ongoing work in the district and tells tenants how their district office performed in certain key areas such as allocating houses, carrying out repairs and collecting rent, measured against the performance of other districts. It tells tenants how and who to contact in their local management team, how to go about making a

complaint and how to become more involved. Many districts also directly facilitate local community groups by providing the administrative back-up they need for meetings, and for compiling and distributing their own news sheets.

## Community Advisory Group

5. The Community Advisory Group (CAG) was convened by the Northern Ireland Tenants' Action Project (NITAP) in 1992. The 15 members were elected from tenant and community associations around Northern Ireland and were to act as a sounding board for NITAP on broad community development issues. In September 1993, the working arrangements for CAG were revised when the group agreed to take on an additional role as Customer Panel for the Executive.
6. During 1994/95, the Group has examined and advised on a wide range of issues, such as the Community Association Handbook, which has been distributed to the 300 tenant and community groups who work with the Executive at local level. The handbook includes basic information on how to form a tenants' /community group and how these groups work. It also explains the workings of the Executive including how it gets and spends money to resolve local housing issues.
7. At the start of the year, the Executive set up a working party (including representatives from NITAP and from CAG) to examine the levels of tenant involvement in scheme-related activity. Following the working party's first report, to which responses were very positive, the Executive has undertaken to set down clear minimum standards of service of scheme-related work.
8. The Executive is also undertaking a major training needs analysis of over 300 tenant and community groups, in line with its commitment to actively support tenants' groups and encourage new groups to form.
9. At the same time, a number of local Executive offices have begun to encourage the development of more locally-based District Consumer Panels.

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10. When things go wrong, an internal complaints procedure allows tenants a clear line through the Executive's structure to challenge decisions made by the local or regional office. Tenants are advised at each stage how to proceed to the next stage, and advised of the ultimate availability of the Commissioner for Complaints for redress. The Executive operates a separate but similar appeals system for homeless applicants. The White Paper proposes putting the Housing Association Tenants' Ombudsman, which was established in 1992 as an independent official within the Housing Corporation, on a statutory footing, independent of the Corporation. In Northern Ireland, a complaints system is already in place for Association tenants, which includes recourse to the Department after the Association's committee of management, and ultimately to the Parliamentary Commissioner for Administration.

## *Compulsory Competitive Tendering*

11. The introduction of competition in all areas of public service is seen as the key to further efficiency. Compulsory competitive tendering (CCT) of housing management builds on the Charter approach. It ensures tenants are consulted on service standards and involved in the selection of contractors and the monitoring of contract performance. In Northern Ireland preparations are in hand to introduce CCT into the housing management function of the Executive in line with Government's commitment to the development of quality and value for money in housing management. Full account will be taken of local circumstances in deciding the most appropriate way to apply CCT and the Executive will clearly specify the services required and the standards to be achieved.

## *Improved Performance*

12. Performance on housing management across a wide range of performance measures such as reducing the number of empty properties, rent arrears management, efficiency in processing housing, housing allocations and repairs, benefit and homeless applications, compare

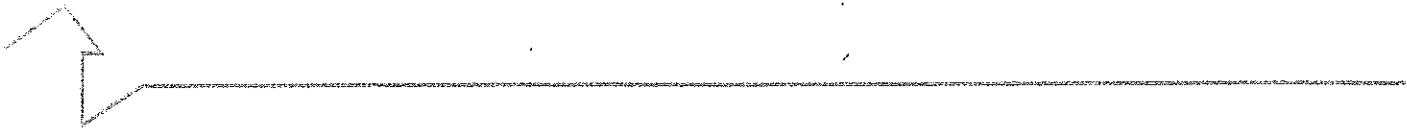
well when matched against comparable English authorities. The Local Government Auditor uses Audit Commission guidelines to assess the performance of the Executive, and the Department uses a range of performance measures to assess comparable Housing Associations. The range of measures used to assess the Executive's performance is expanding year by year and targets are becoming more demanding. Government will continue to work closely with the Executive and Housing Associations to further develop the range and scope of housing management performance measures so that landlords' efficiency and effectiveness can be measured alongside comparable landlords.

13. Standards can be improved through the promotion of good practice. The Department is in consultation with the Chartered Institute of Housing to set up a local office in Northern Ireland. The Institute has recently set up a good practice unit to identify and disseminate good practice among housing authorities and this could be of benefit to housing organisations here. Much of the good practice involved in achieving high standards in Northern Ireland would also be of benefit to other authorities in Britain.

## *Matching Homes to Need*

14. It is important to achieve a better match of household size to property size while recognising the rights of secure tenants to stay in the same home as long as they wish to do so. Social rented housing should be used as efficiently as possible so that tenants are in accommodation of the right size to suit their current needs.
15. Local Authorities report through their Housing Investment Programme Strategy Statements that there is a widespread problem of under-occupation of the stock. In Northern Ireland the problem is less severe, but is being addressed by the Executive through a number of initiatives which reflect the special housing needs of a number of groups highlighted by the PAFT initiative. These are:-
  - the Housing Strategy recognises the need for smaller accommodation arising out of demographic trends of more older households, persons living longer, more single people wishing to set up home





(sometimes after separation or divorce), and smaller families. The proposals for new development match this demand, with an increase in the proportion of smaller units being built. This has been reflected in the Executive's new build programme for some years;

- the Executive's transfer list provides a separate category for those wishing to transfer for any reason out of property too big or too small for their needs. This enables managers to identify these households readily when a smaller/larger property comes available that is more suitable for their needs;
- where housing specially built for the needs of elderly people or handicapped people is no longer needed by the family in occupation the Executive's selection scheme provides that it may request the family to transfer to mainstream accommodation if another applicant is identified who needs the special housing. The tenant transferred is then eligible for a disturbance payment under Article 39 of the Land Acquisition and Compensation (NI) Order 1973;
- waiting list applicants who are living in overcrowded conditions are awarded extra points, as are elderly applicants under occupying their current home; and
- the Rent Scheme maintains a differential between dwellings of different sizes. This provides an incentive for tenants paying full rent to seek smaller accommodation where it will meet their needs.

## *Dealing with Empty Homes*

16. The 1991 House Condition Survey reported that 30,320 dwellings in Northern Ireland (5.3% of the total stock) were vacant compared to 17,620 (just under 4%) in 1974. Of those vacant, 20% were vacant awaiting sale, 25% had been vacant less than 3 months, and almost a third were classified as long term, ie, vacant more than 6 months. While the housing market needs a certain number of vacancies to allow for improvement, redevelopment and mobility, the increase in the number of vacancies and their percentage of the stock points up the need to address the issue as a matter of policy.

**Table 4 Total Vacant Stock**

|      | Owner Occupied | %     | Rented from NIHE | %     | Rented From Reg Housing Assoc. | %    | Private Rented & Other | %    | Total Stock |
|------|----------------|-------|------------------|-------|--------------------------------|------|------------------------|------|-------------|
| 1987 | 23000          | 69.70 | 7000             | 21.21 |                                |      | 3000                   | 9.09 | 33000       |
| 1988 | 25000          | 73.53 | 6500             | 19.12 |                                |      | 2500                   | 7.35 | 34000       |
| 1989 | 24500          | 73.13 | 6000             | 17.91 |                                |      | 3000                   | 8.96 | 33500       |
| 1990 | 25000          | 72.46 | 6500             | 18.84 |                                |      | 3000                   | 8.70 | 34500       |
| 1991 | 24500          | 74.24 | 5500             | 16.67 | 500                            | 1.52 | 2500                   | 7.58 | 33000       |
| 1992 | 24000          | 77.42 | 4500             | 14.52 | 500                            | 1.61 | 2000                   | 6.45 | 31000       |
| 1993 | 25000          | 80.65 | 4500             | 14.52 | 500                            | 1.61 | 1000                   | 3.23 | 31000       |

Source: Housing Statistics 1993 DoE (NI)

17. As a preliminary step the Executive is undertaking research into a sample of properties identified as vacant during the course of the House Condition Survey. This research will ascertain whether they are now occupied, how long the dwellings have been vacant and the owners' plans for the properties.
18. Arising out of this research a comprehensive strategy for bringing empty properties back into use will be produced. The Executive will play a key role in developing and implementing this strategy across all tenures. The strategy will take into account existing statutory powers, provide publicity about the grants scheme and target particular geographical areas to tackle disrepair, and use the new shorthold tenancies to overcome owners' reluctance to rent.



## *Anti-Social Tenants*


19. An important part of tenants' quality of life is quiet enjoyment of their homes. During the Review process, however, representations were made about the need for effective measures to deal with the small but growing number of anti-social tenants who cause their neighbours misery. It is proposed to help managers tackle the causes and consequences of this effectively while recognising that anti-social behaviour is a complicated issue that needs to be dealt with through a variety of approaches. Existing measures are:-

- working with tenants to develop a culture where anti-social behaviour is not acceptable. The Executive proposes to introduce a letter to be issued to all new tenants which, as well as advising them of their basic rights, will highlight their responsibilities and obligations to others;
- promoting a mediation service to act as a go-between and resolve differences between neighbours. The Executive can employ an impartial mediation service, but also proposes a course for selected staff on mediation skills. General training will also be carried out to enable managers and staff to recognise issues of conflict resolution;
- building on the development of a multi-agency approach including tenants' groups, social services and education authorities, the police and other local landlords;
- improvements to property design and estate layout and specific security programmes by way of estate strategies generally. Specific issues are also raised and dealt with by meetings with established tenants' groups or aggrieved tenants;
- use of injunctions in particular and selective cases to prevent a breach of tenancy agreement or to prevent nuisance or trespass; and
- in the worst cases seeking repossession through the courts.

20. Government has confirmed its intention to allow local authorities the discretion to offer new tenancies on an introductory basis. The introductory period would be for one year with the tenancy being made secure in the absence of unsatisfactory behaviour. If not, the introductory tenancy can be terminated at any stage in the year by the authority serving notice to quit. The Executive is already adopting a variety of measures to tackle effectively the causes and consequences of the anti-social behaviour of a small minority of public sector tenants; accordingly it is not proposed to bring in introductory tenancies in Northern Ireland.
21. Government's proposal to give additional grounds for repossession and the obtaining of injunctions in cases of anti-social behaviour by local authority tenants is regarded as a useful addition to the powers available to the Executive in ensuring peaceful co-existence for its tenants. Further consideration will need to be given to the detail of requirements to take account of features peculiar to Northern Ireland such as properties situated on peacelines.

## *Special Needs Groups*

22. Housing provision for special needs groups is largely dealt with by Housing Associations by means of the Housing Association development programme. This is a 3 year strategic programme which has been drawn up by the Department based on the Housing Association development strategy. The programme is reviewed and updated each year to ensure schemes are targeted to locations and priority groups with the highest priority need and in line with PAFT considerations. The Department provides the bulk of funding for new projects through Housing Association Grant, ensuring housing is provided cost effectively and is of good quality.
23. Suitable housing is crucial to the success of Government's community care policy as set out in the 1990 document "People First". A primary aim of that policy is to promote independent living in the community; this initiative has impacted on housing policies and will continue to be a factor. Of particular concern are the housing needs of those made vulnerable through age, mental illness or disability and these needs will continue to be addressed as an integral part of the Executive's housing strategy document.

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24. Special needs groups may require assistance with temporary as well as permanent accommodation particularly in the case of victims of domestic violence fleeing the home with or without children. The Executive and Associations have a good record of dealing sensitively with this problem and the Department, through the Executive, funds voluntary agencies to provide the necessary accommodation and specialist support to assist people in crisis.
  25. There is some pressure for travellers to be dealt with as a special needs group and the provision of housing for travellers has been considered as part of the Review. The responsibility for the provision of sites for itinerant travellers lies with District Councils. Where travellers voluntarily wish to become members of the settled community and, in doing so, wish to have access to Executive or Housing Association schemes on a permanent basis, they will continue to be entitled to apply for such housing through the normal housing selection scheme. This assesses eligibility for housing purely on the basis of need as defined by the scheme, without discrimination on ethnic, religious or political grounds. Where travellers wish to continue with their present lifestyle, accommodation needs will continue to be met through the provision of sites by local Councils.
  26. The Inter-Departmental Co-ordinating Committee on Travellers is engaged in an ongoing review of Government policies (including accommodation provision) following a report by the University of Ulster and commissioned by the Department of the Environment. Final reaction to that report is awaited.

## *Helping Tenants Move*

27. Many people need to move out of Northern Ireland or back to Northern Ireland at various times in their lives. This can be difficult for social tenants. In 1990 Government established Housing Organisations Mobility and Exchange Services (HOMES) to help people move between local authority areas and between Housing Associations. Virtually all local authorities including the Executive and over 400 Housing Associations participate in HOMES. Last year, 103 tenants moved out of Northern Ireland to social rented housing elsewhere in GB, and 178

moved back to Northern Ireland using the scheme. Interestingly, in the first 6 months after the "cease-fire", HOMES statistics show that only 40 applications were received from those seeking to leave Northern Ireland while 113 applications were received from those wishing to return.



## *Action Points: Housing Management*

Government will:-

1. continue to promote tenant involvement at local level;
2. provide access to good quality information on housing management;
3. continue to develop the range and scope of housing management performance measures for the Executive and Associations;
4. promote a comprehensive strategy for bringing empty homes in all sectors back into use;
5. encourage managers to tackle anti-social behaviour by utilising existing mediation and community networks and seeking repossession through the courts; and
6. monitor the impact of national initiatives and promulgate good practice promoted by the Chartered Institute of Housing in order to make best use of existing stock.

## *Housing and the Environment*

*Where and how we live have an important impact on the environment. Regard for the environment is playing an increasingly important role in the delivery of housing and housing services. Housing policies must support sustainable development. The planning system and public investment are used to encourage people to live in existing towns, cities and villages and standards are applied to encourage good quality and energy efficiency in new developments. A major aim is to conserve existing buildings to achieve a high quality environment and to reduce the number left empty. Finally, the issue of energy consumption has an increasing importance and new build and rehabilitation schemes offer the opportunity to improve energy efficiency in the domestic sector.*

## *Sustainable Housing Development*

1. Government must ensure that its housing policies support sustainable development - getting the right kind of housing, in the right amount, in the right place and in the right way - so that the environment is protected and enhanced. This approach needs to be promoted among everyone in the development business: planners, builders, architects, owners, financiers and landlords.

The comparatively small size of Northern Ireland and close inter-relationships between local housing markets facilitates close working partnerships between the Department, the Executive and the private sector. Formal liaison arrangements exist by way of committee. Informal meetings take place as and when specific issues arise. It is proposed to build on these networks in future planning and developments.





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## *Planning for New Homes*

2. Any new development affects the environment by:-

- using land;
- altering landscapes, natural habitats and drainage patterns;
- utilising natural materials obtained by quarrying, mining and forestry; and
- influencing the dependency on costs for travel to work, school, shopping etc.

Building new homes can create new urban environments and contribute to the regeneration/improvement of the existing built environment to the benefit of society as a whole. In order to keep communities alive they must be able to develop and grow.

3. Up to the year 2012 it is projected that Northern Ireland's population will rise by 5.9%<sup>1</sup> and the pressure this creates for new homes is matched by concern that the environment has to be protected. Some of the housing need can be met by making better use of the existing stock but new build, both public and private, will also be needed to meet the policy objectives. Government planning guidance lays the ground rules for housing development and highlights the contribution which can be made by the regeneration of existing urban areas. Utilising existing towns and cities as the basis for growth makes best use of the existing infrastructure and can contribute to a reduction in travel thus supporting a sustainable transportation strategy.
4. In the rural context it will be important to ensure that new development reflects the existing settlement characteristics and the need to protect the countryside.

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1 *Section 1 of the Annex provides detail on demographic change.*

## *Housing and Energy Consumption*

5. Energy is a major element in considering the whole life cost of housing. At present, if each household in Northern Ireland's energy bill were the same as each GB household's bill, there would be an additional £75m of disposable income in Northern Ireland. The scope for improving prosperity and welfare locally through reducing the energy consumption of houses is therefore considerable. This has implications for existing homes as well as new developments.

## *Improving Energy Efficiency in Existing Homes*

6. Energy consumption in the home is responsible for a quarter of emissions of CO<sup>2</sup>, the main greenhouse gas contributing to global warming. The energy used in our homes can be reduced by a fifth or even up to a half by taking simple energy efficiency measures - better insulation, better heating controls and better boilers. Many improvements pay for themselves in a year or two but, where households cannot afford the initial investment, help is provided through the Home Energy Efficiency Scheme with grants for loft insulation, tank and pipe lagging, draught proofing and energy advice. The Department of Economic Development paid £800k in grants in 1994/95.
7. Within a relatively short time natural gas will be available in the Greater Belfast area, providing access to natural gas for space and water heating as well as cooking. Government will explore the potential for the use of gas in the public sector as well as other forms of heating schemes with the aims of saving energy and reducing costs.
8. It has been Executive policy to replace inefficient heating appliances and systems and upgrade the thermal standards in its existing stock as close as practicable to meeting existing building regulations. This has included improving roof, pipe and cylinder insulation. In addition, a programme of cavity wall insulation was completed in the 1980's. The Executive estimates that the cumulative effect of its energy efficiency



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programme over the past 15 years has been a 45% energy saving for a typical 3 bedroom dwelling.

9. Although Housing Association stock is overall fairly new, some older stock has required major repairs including replacement of inefficient heating appliances and upgrading of thermal insulation standards. Rehabilitation schemes generally follow new build standards where possible, including roofspace and floor insulation.

## *Improving Energy Efficiency in New Homes*


10. New buildings offer the greatest opportunity of reducing energy consumption in the domestic sector. At design stage, annual expenditure may be minimised by having regard to insulation, orientation and the scope for passive solar gain. All new social sector housing will be energy rated to demonstrate a lower requirement for energy inputs than earlier comparable housing.
11. Finally, Government will facilitate and encourage the development of radical solutions to housing's energy demands, for example, the building on an experimental basis of dwellings which import no - or very little - energy.
12. Overall, Government has set itself the target of reducing aggregate energy consumption by the housing sector in Northern Ireland by 30% by the year 2010.
13. The new Home Energy Conservation Act 1995 will come into force on 1 April 1996 in Northern Ireland. The Act provides for the Executive to be an Energy Conservation Authority and will lay certain duties on it and the Department. The Executive will be required to prepare and submit to the Department a report identifying energy conservation measures which it considers practicable, cost effective and likely to result in a significant improvement in the energy efficiency of residential accommodation in Northern Ireland. The Department, if satisfied, will be required to take steps to assist and encourage the implementation of the measures set out in the report.

## *Community Regeneration*

14. As discussed in previous chapters, regeneration of urban and rural areas is important in the development of planning strategies. Successes have been achieved in providing homes alongside shops and offices. Such development can increase vitality through activity and diversity, help to make areas safer, and help reduce travel. As well as mixing uses, however, different types of housing need to be mixed. A balanced mix of households helps ensure sustainable communities.
15. Obstacles to mixed use development need to be overcome. Guidance on how to comply with building regulations can be different for domestic and non-domestic buildings. This may create uncertainty for developers combining shops or offices with homes in one building. Government is therefore commissioning guidance to help clients and designers of this type of development. Any resultant proposals that will facilitate policies of creating a better, more sustainable, urban environment will be adopted in Northern Ireland.

## *Building for Quality*

16. If new homes are to be built when and where they are needed, the quality of proposed development, in particular the quality of its design, will often need to be improved. Otherwise new developments will be opposed by local communities. For this reason, tenant involvement in the design process has become increasingly the norm as a matter of policy. Developers, therefore, have a responsibility to the communities in which they build as well as their immediate customers. The basic standard for new development is the Parker Morris standard, which provides minimum space standards.
17. The onset of compulsory competitive tendering for design services for social housing has raised concerns about whether cost of provision will be of paramount consideration over standards of provision. Government will promote measures to retain standards and quality in an open competition.



## *Action Points: Housing and the Environment*

Government will encourage:-

1. attractive and convenient urban areas in which people will want to live and work;
2. new development in locations which minimise energy consumption over the lifetime of that development;
3. the development of solutions to housing's energy demands;
4. initiatives that lead to the regeneration of urban land and buildings, and to the restoration of derelict and contaminated land for development or open space;
5. development to sustain the rural economy, which is compatible with the protection of the countryside for its landscape, wildlife, agriculture, recreational and natural resource value; and
6. through promoting research, and by other means, a better understanding of sustainable development by all those who have an interest in the development process.

## Socio-Economic Analysis

*This Annex provides an analysis of changing demographic and socio-economic conditions which are relevant to housing need and provision in Northern Ireland. In particular it focuses on how these differ from other UK countries. It assesses the impact of home ownership on the composition of different housing tenures in Northern Ireland and it examines trends which will have particular relevance to future housing policy in Northern Ireland.*

### Section 1

#### Demography

##### 1.1 Population

Northern Ireland has a population of 1,631,827 (1993) and covers a total area of 14,160 km<sup>2</sup> (including waterways). The population density is 121 persons per km<sup>2</sup> (excluding waterways) which although double that of Scotland, is lower than England and Wales (Table 1).

Table 1 1993 Mid-year Population Estimates

|  | NI      | England  | Wales   | Scotland |
|--|---------|----------|---------|----------|
| Total Population (000's)                             | 1631.80 | 48532.70 | 2906.50 | 5120.20  |
| Population Density<br>(persons per km <sup>2</sup> ) | 121.0   | 369.90   | 140.0   | 66.4     |

Source: GRO (N.I.), OPCS (England & Wales), GRO (Scotland)

Northern Ireland has the youngest population of the four countries of the UK, with 24% of its inhabitants aged under 15 years (Table 2). It also has the lowest percentage of the population aged 75 years and over.

**Table 2 Percentage Age Breakdown of Population 1993**

|                          | NI    | England | Wales | Scotland |
|--------------------------|-------|---------|-------|----------|
| Percentage of Population |       |         |       |          |
| 0-4 years                | 8.0   | 6.70    | 6.50  | 6.30     |
| 5-14 years               | 16.20 | 12.60   | 13.10 | 12.70    |
| ≥ 65 years <sup>1</sup>  | 13.20 | 18.30   | 20.0  | 17.80    |
| ≥ 75 years               | 5.20  | 7.0     | 7.40  | 6.30     |

Source: GRO (NI), OPCS (England & Wales), GRO (Scotland)

<sup>1</sup> Figures based on males aged ≥ 65 years and females aged ≥ 60 years

## 1.2 Intercensal Changes in Population

In 1991 (the most recent Census date) the population of Northern Ireland stood at 1,577,836 which represents an increase of 2.7% since the 1971 Census (Table 3). This is the highest percentage increase of the UK countries.

**Table 3 Intercensal Population Changes in UK**

|                 | 1971<br>(000's) | 1991<br>(000's) | % change<br>'71-'91 |
|-----------------|-----------------|-----------------|---------------------|
| NI              | 1,536.10        | 1,577.80        | +2.7%               |
| England & Wales | 48,750.0        | 49,890.0        | +2.3%               |
| Scotland        | 5,229.0         | 4,998.60        | -4.4%               |

Source: Census 1971, 1991

Although the number of households in Northern Ireland had increased by 24% between 1971 and 1991, the average household size had decreased from 3.5 in 1971 to 2.9 in 1991 (Table 4). The trend of increasing number of households but decreasing average household size is consistent with other UK countries although Northern Ireland had the largest percentage increase in the number of households and still has the largest average household size.

**Table 4 Intercensal Changes in Households in NI**

|                  |                      | 1971       | 1991       | % change '71-'91 |
|------------------|----------------------|------------|------------|------------------|
| Northern Ireland | Nos. Households      | 427,434    | 530,369    | 24.1%            |
|                  | Aver. Household Size | 3.50       | 2.9        | -                |
| England & Wales  | Nos. Households      | 16,434,075 | 19,877,272 | 21.0%            |
|                  | Aver. Household Size | 2.90       | 2.50       | -                |
| Scotland         | Nos. Households      | 1,680,455  | 2,020,050  | 20.2%            |
|                  | Aver. Household Size | 3.0        | 2.40       | -                |

Source: Census 1971, 1991

### 1.3 Population Growth & Projections

Northern Ireland has the highest birth rate of the UK countries (Table 5) and the lowest death rate which will inevitably result in a more rapid population expansion in Northern Ireland than in other regions.



Table 5 Birth & Death Rates 1993

|  | NI    | England | Wales | Scotland |
|--|-------|---------|-------|----------|
| Birth rate per 1000 pop.                   | 15.30 | 13.10   | 12.60 | 12.40    |
| Birth rate per 1000 women aged 15-44 years | 71.0  | 59.20   | 63.40 | 57.40    |
| Death rate per 1000 pop.                   | 9.60  | 11.10   | 12.30 | 12.50    |
| Natural increase per 1000 pop.             | 5.70  | 2.0     | 0.30  | -0.10    |

Source: GRO (NI), OPCS (England & Wales), GRO (Scotland)

The expected life span of men and women has risen considerably since the start of the century (Table 6). In 1900-02 males had a life expectancy of 47.1 years and females 46.7 years. In 1990-92 the life expectancy for males had increased to 72.2 years and for females it had risen to 78.1 years.

Table 6 Expectation of Life at Birth (years) in NI

|         | At Birth |        |
|---------|----------|--------|
|         | Male     | Female |
| 1900-02 | 47.10    | 46.70  |
| 1950-52 | 65.50    | 68.80  |
| 1960-62 | 67.60    | 72.40  |
| 1970-72 | 67.60    | 73.70  |
| 1980-82 | 69.30    | 75.70  |
| 1990-92 | 72.20    | 78.10  |

Source: GRO (NI)

# Housing Policy Review

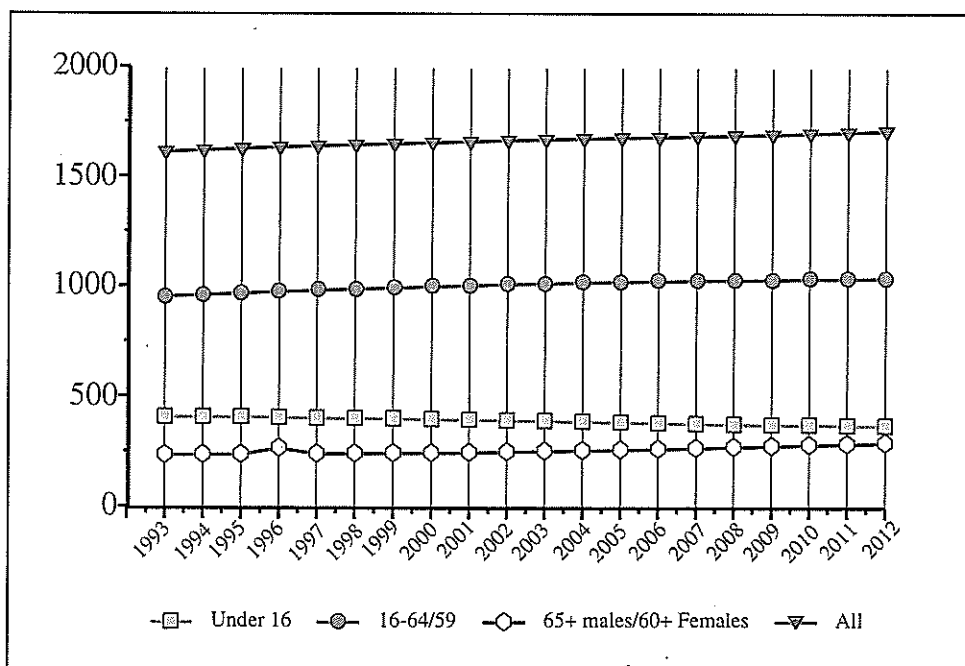
Annex 1

The 1992 based Government Actuary's Department (GAD) population projections for Northern Ireland reflect the changes in birth & death rates and increased life expectancy. Official projections suggest that for the period 1993-2003 there will be :

- a 4% decrease in the number of births
- a 5% decrease in the number of children (0-14 years)
- a 3% increase in the young elderly (60-74 years)
- a 19% increase in the elderly aged  $\geq 75$  years

Up to the year 2012 it is projected that there will be a decrease in the percentage of under 16 year olds and an increase in the percentage of retired persons (Figure 1) which is consistent with the increased life expectancy.

Fig 1 GAD Population Projections to 2012



Note: The 1992 GAD population projections are based on 1992 preliminary population estimates. It has since been shown that these are an under-estimate and a revised population projection series will be produced in the latter part of 1995

The predicted trend in Northern Ireland is similar to that in other areas, with all UK countries expected to show a decreased percentage of young people (under 16) and an increased percentage of retired persons. However it is still estimated that by the year 2012, Northern Ireland will have the highest percentage of young persons and the lowest percentage of elderly in the UK.

**Table 7 Population Projections - percentage of population by age group**

|  | NI      |         | England  |          | Wales   |         | Scotland |         |
|--|---------|---------|----------|----------|---------|---------|----------|---------|
|  | 1993    | 2012    | 1993     | 2012     | 1993    | 2012    | 1993     | 2012    |
| Under 16                                       | 25.6%   | 21.8%   | 20.4%    | 19.1%    | 20.7%   | 18.4%   | 20.2%    | 18.8%   |
| 16-64/59                                       | 59.4%   | 60.9%   | 61.2%    | 60.8%    | 59.3%   | 58.8%   | 62.0%    | 60.5%   |
| 65/60*   | 15.0%   | 17.3%   | 18.3%    | 20.1%    | 20.0%   | 22.8%   | 17.8%    | 20.6%   |
| Projected Pop (000's)                          | 1620.00 | 1715.00 | 48530.00 | 51566.00 | 2906.00 | 3014.00 | 5123.00  | 5072.00 |
| Percentage change in projected pop (1993-2012) | +5.9%   |         | +6.3%    |          | +3.7%   |         | -1.0%    |         |

Source : GAD (1992 based)

\* Pension age as currently defined

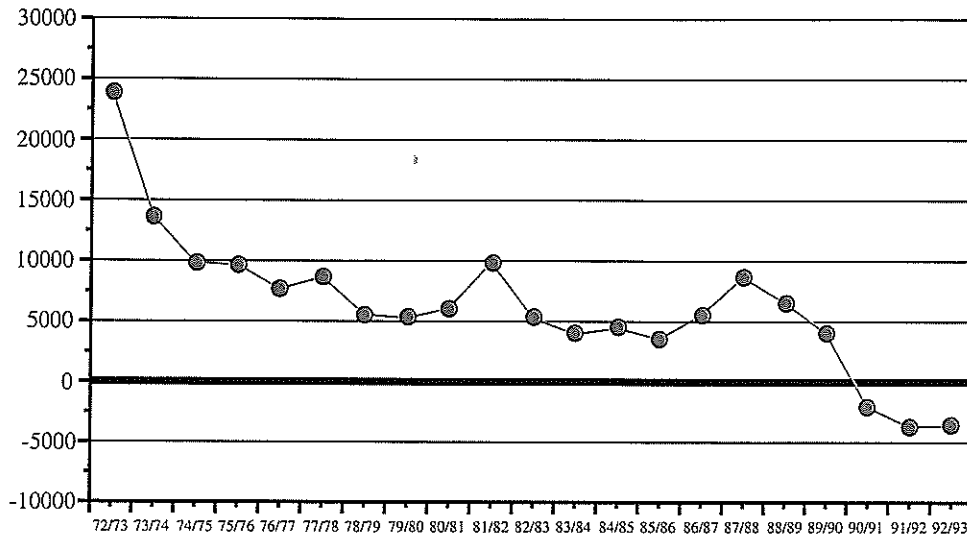
Overall the projected population in NI is expected to increase by 5.9% which is close to the figure for England and higher than that for Wales and Scotland.

#### 1.4 Migration

Between the early 70's and late 80's Northern Ireland has experienced net-out migration as a result of movements of people in and out of the country. This was particularly noticeable during the early 70's, and the late 80's reflecting the joint influence "of the troubles" and the pull of the more buoyant economy in GB. In the last 3 years however more people have been coming to Northern Ireland than leaving and for the year ended June 1993, some 13,700 persons emigrated while 17,300 immigrated, resulting in a net inward migration of 3,600.

APPENDIX 1

Figure 2 Mid-year net outward migration from Northern Ireland



Source : DHSS

There has been no systematic research on returning migrants but recent research by D. Owen of the University of Warwick has noted an interesting change in the profile of 'Irish' immigrants who are increasingly young, professional and well qualified. For example, 25% of Irish born people between 18-29 and 33% of those born in Northern Ireland had 3rd level qualifications compared with 12% of English born people of the same age group (Guardian May 24). It would clearly be wrong therefore to assume that any period of sustained in-migration would increase demand only on the social rented sector, particularly if those returning are among the better qualified in the workforce as the Warwick research suggests.

Projecting migration is of course subject to numerous assumptions. The contribution of a more stable socio-political climate will tend to increase inflow while projected labour shortages in the South East of England will counter balance this.

## Section 2

### *Socio-Economic Conditions and Tenure Change*

Attitudes play an important part in determining peoples housing aspirations, which research shows are increasingly towards home ownership, while economic conditions determine individuals ability to achieve housing goals.

Government economic policy influencing interest rates has made home ownership more affordable while housing policy specifically has increased home ownership in Northern Ireland through schemes such as Co- ownership and NIHE sales schemes. Sections 2.1 & 2.2 describe changing patterns of tenure in Northern Ireland and the socio-economic background to these changes. In particular the impact of changing patterns of tenure in the composition of the social rented sector is described.

Table 8 Tenure of Dwellings

|  | NI   |      | England |      | Wales |      | Scotland |      |
|--|------|------|---------|------|-------|------|----------|------|
|  | 1981 | 1993 | 1981    | 1993 | 1981  | 1993 | 1981     | 1993 |
| Owner-occupied                           | 54%  | 68%  | 59%     | 67%  | 63%   | 72%  | 36%      | 55%  |
| Rented from NIHE (NI) or local authority | 38%  | 27%  | 28%     | 19%  | 27%   | 18%  | 52%      | 35%  |
| Privately Rented                         | 8%   | 3%*  | 11%     | 10%  | 9%    | 8%   | 10%      | 6%   |
| Rented from Housing Association          | 1%   | 2%   | 2%      | 4%   | 1%    | 3%   | 2%       | 3%   |

Source: DOE; Welsh Office; Scottish Office; DOE (NI)

\* Due to the method of calculation, the private rented sector may be under-estimated slightly.

## 2.1. Tenure Change

Since the early 80's there has been an increase in owner occupation in Northern Ireland and a decrease in the rented sector (Table 8)

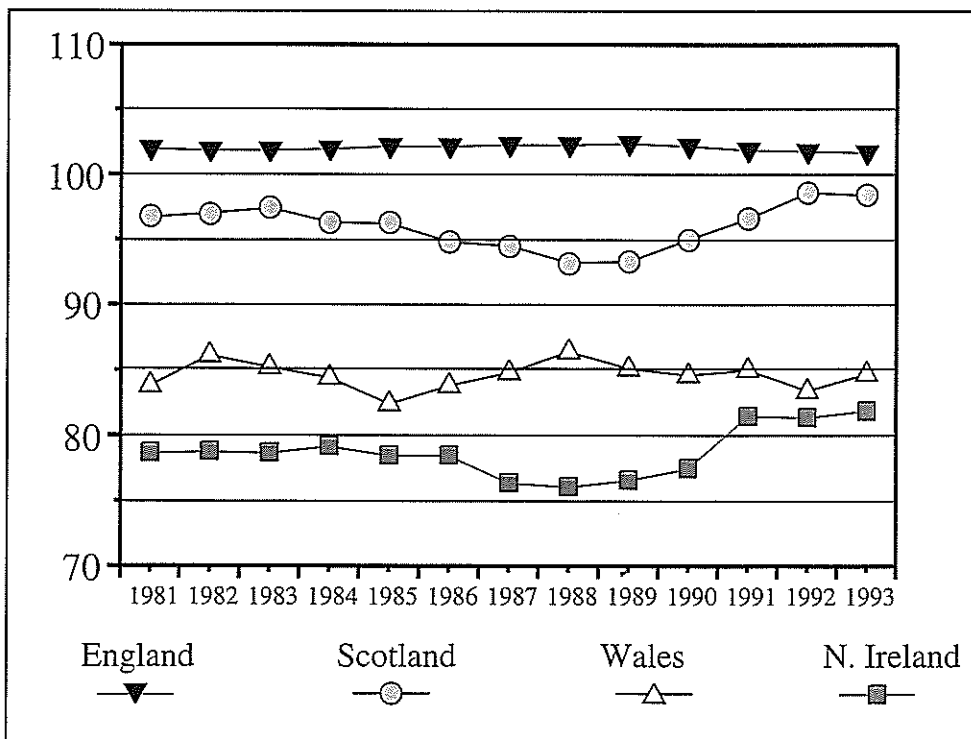
This trend toward increasing home ownership and the move away from rented accommodation<sup>9</sup> has occurred across all UK countries. Traditionally Scotland was the most dependent on the rented sector, although this is still the case, it too has witnessed the shift to owner occupation.

## 2.2 Economic Growth

### A. GDP

The economy in Northern Ireland has performed relatively well in recent years while economic activity measured in GDP remains significantly below the UK level (Figure 3 & Table 9).

Figure 3 GDP per head 1981 - 1993 ( UK = 100 )



The rate of growth, although from a lower base has however been the highest of the 4 UK countries.

Table 9 GDP per head (UK=100)

|                  | 1981 | 1993 |
|------------------|------|------|
| Northern Ireland | 79   | 82   |
| England          | 102  | 102  |
| Wales            | 84   | 85   |
| Scotland         | 97   | 98   |

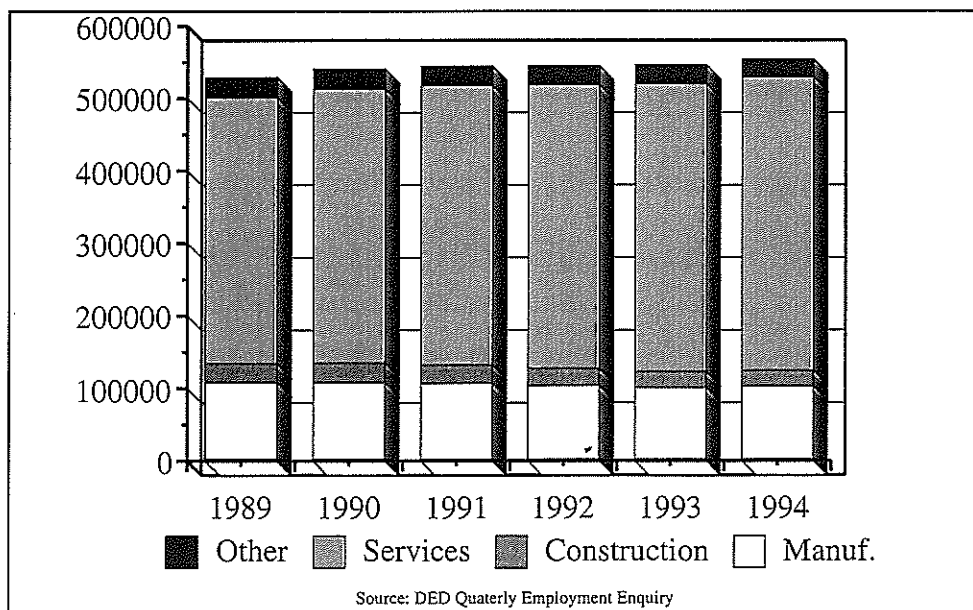
Source : CSO

#### B. EMPLOYMENT

At March 1995 there were 565,330 employees in employment in Northern Ireland. Of these, 74% were employed in the service sector and 18% were employed in Manufacturing.

Over the last 5 years there has been an increase of almost 6% in the number of employees in employment. The growth has been concentrated in the service sector (Figure 4).

Figure 4 Northern Ireland Employees in Employment by Sector  
( at June of each year)



When compared with other UK countries, Northern Ireland has experienced the greatest percentage increase in employees in employment (Table 10) between 1981-1993. In fact over this period both England & Scotland witnessed a percentage decrease.

Table 10 Employees in Employment

|                     | 1981<br>(000's) | 1993<br>(000's) | % change |
|---------------------|-----------------|-----------------|----------|
| Northern<br>Ireland | 507             | 546             | 7.78     |
| England             | 18444           | 18125           | -1.73    |
| Wales               | 939             | 966             | 2.82     |
| Scotland            | 2002            | 1991            | 0.54     |

Source : Employment Department (Regional Trends), DED



### C. ECONOMIC ACTIVITY (PARTICIPATION RATE)

The level of economic activity in Northern Ireland is now quite close to that in England & Scotland and is above that in Wales. Some 58.4% of the population in Northern Ireland (aged 16 and over) was economically active at the 1991 Census. This is an increase of 1% on the 1971 Census, although in the earlier Census the age cut-off of 15 and over was used (Table 11).

**Table 11 Economic Activity**

|  | NI                 |                    | England               |                        | Wales                |                      | Scotland             |                      |
|--|--------------------|--------------------|-----------------------|------------------------|----------------------|----------------------|----------------------|----------------------|
|  | 1971               | 1991               | 1971                  | 1991                   | 1971                 | 1991                 | 1971                 | 1991                 |
| Adult population <sup>1</sup>                        | 1,072,180          | 1,167,938          | 35,089,660            | 37,618,897             | 2,084,150            | 2,260,977            | 3,874,165            | 3,988,247            |
| Economically Active                                  | 612,241<br>(57.1%) | 682,020<br>(58.4%) | 21,582,895<br>(61.5%) | 23,113,842<br>(61.4%)  | 1,170,680<br>(56.2%) | 1,255,772<br>(55.6%) | 2,349,330<br>(60.6%) | 2,407,188<br>(60.4%) |
| out of employment<br>(as % of Econ. Active)          | 51,050<br>(8.3%)   | 107,070<br>(15.7%) | 1,052,550<br>(4.9%)   | 2,108,141<br>(9.1%)    | 78,895<br>(6.7%)     | 127,200<br>(10.1%)   | 174,920<br>(7.4%)    | 249,168<br>(10.4%)   |
| in employment <sup>2</sup><br>(as % of Econ. Active) | 561,191<br>(91.7%) | 574,950<br>(84.3%) | 20,530,350<br>(95.1%) | 21,005,701<br>(90.9%)  | 1,091,785<br>(93.3%) | 1,128,572<br>(89.9%) | 2,174,410<br>(92.6%) | 2,158,020<br>(89.6%) |
| Economically Inactive                                | 459,939<br>(42.9%) | 485,918<br>(41.6%) | 13,506,735<br>(41.7%) | 14,505,055<br>(38.51%) | 913,465<br>(43.8%)   | 1,002,205<br>(44.4%) | 1,524,825<br>(39.4%) | 1,581,059<br>(39.6%) |

Source: 1971 and 1991 Census

- 1 In the 1971 Census the adult population was defined as 'population aged 15 and over' while in the 1991 Census it was defined as 'population aged 16 and over'
- 2 1991 figures include those on Government Training Schemes

## D. UNEMPLOYMENT

Northern Ireland has consistently the highest rate of unemployment of all countries of the UK. At January 1995 there were some 91,100 persons unemployed in Northern Ireland (seasonally adjusted), representing 12.1% of the workforce (Table 12).

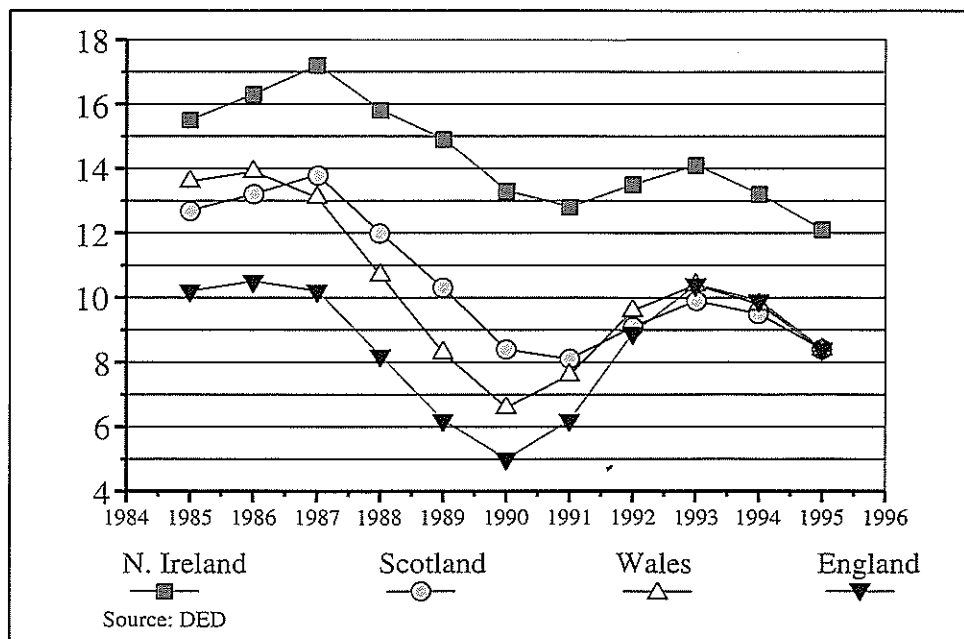
Table 12 Unemployment Rates (seasonally adjusted)

|                  | Jan 1985 | Jan 1995 |
|------------------|----------|----------|
| Northern Ireland | 15.5%    | 12.1%    |
| England          | 10.2%    | 8.4%     |
| Wales            | 13.6%    | 8.4%     |
| Scotland         | 12.7%    | 8.4%     |

Source: DED

Unemployment rates have decreased over the last 10 years but although the rate in Northern Ireland has decreased from 15.5% to 12.1% it still remains the highest rate of all UK countries (Figure 5).

Figure 5 Unemployment Rates  
(at January of each year)



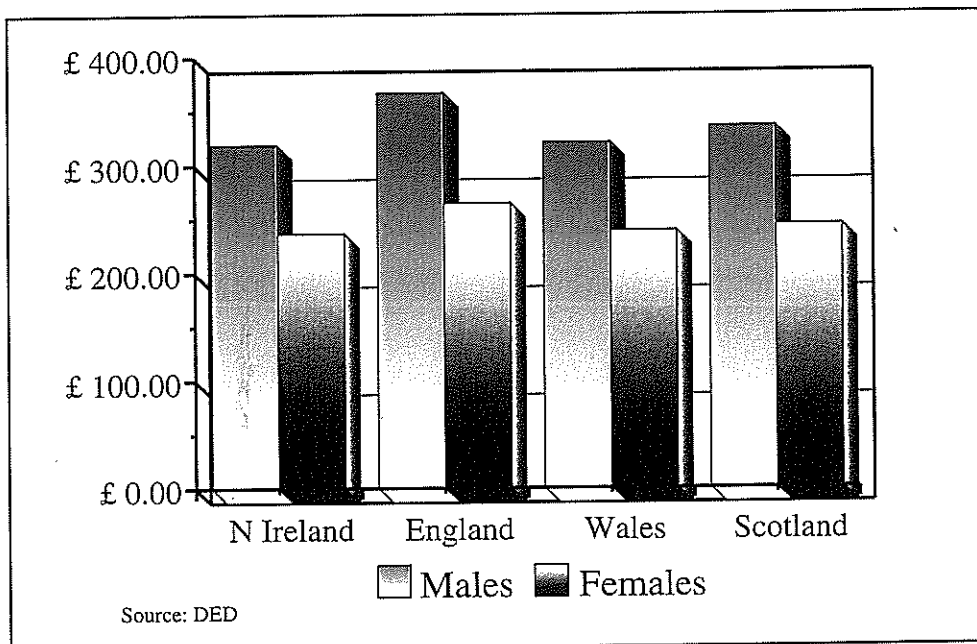
## Section 3

### Income (and prices)

#### 3.1 Earnings

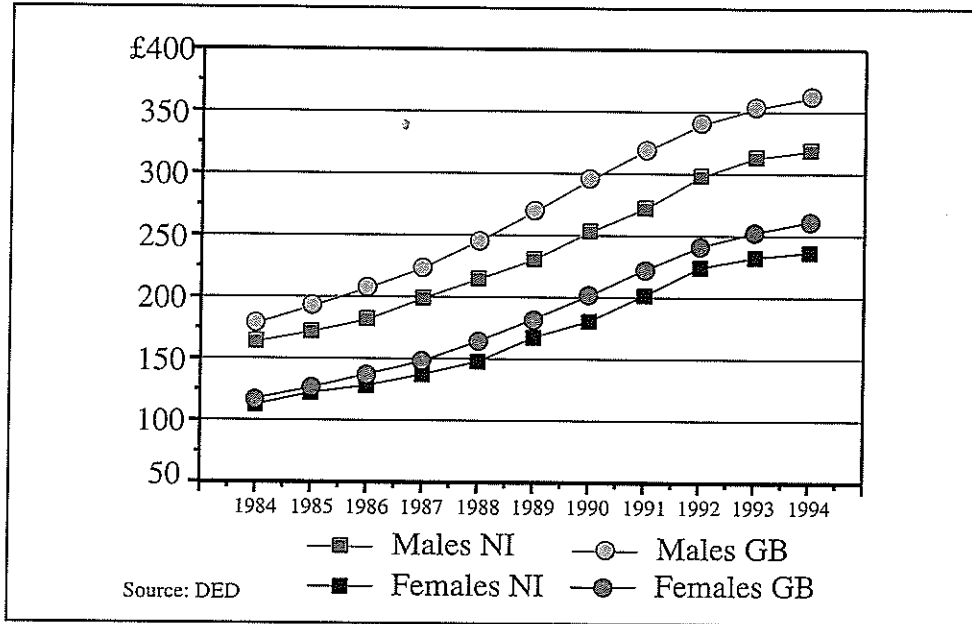
Results from the 1994 New Earnings Survey show that at April 1994 the average gross weekly earnings of males in Northern Ireland was £319.2 and for females was £236.7. These earnings are the lowest of all UK countries (Figure 6).

Figure 6 1994 Average Gross Weekly Earnings  
(including overtime)



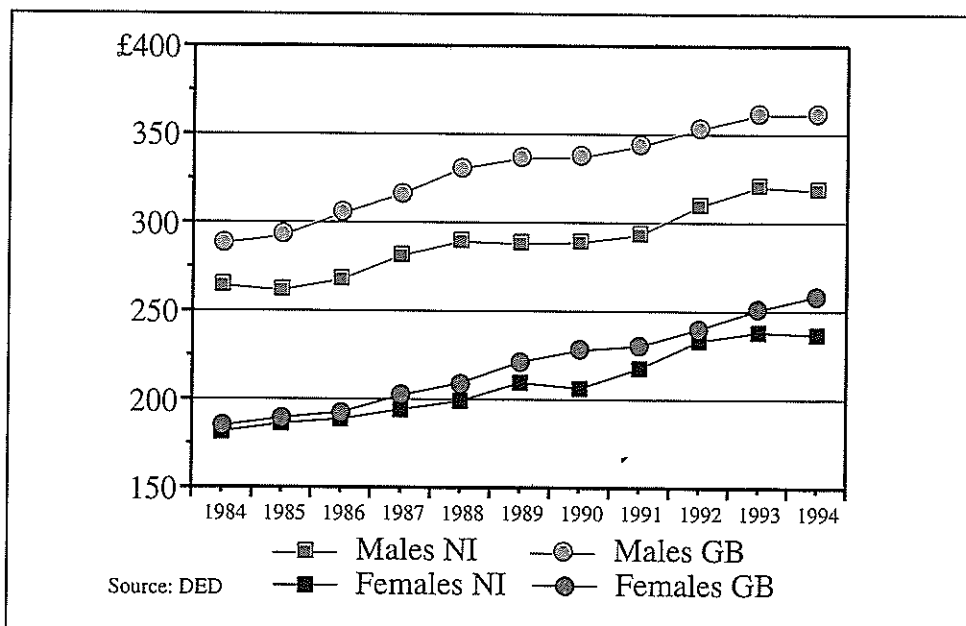
Comparison of the relative earnings levels in Northern Ireland and GB for the period 1984 to 1994 shows that in cash terms the gap between Northern Ireland and GB earnings has grown in the last 10 years (Figure 7).

**Figure 7 1994 Average Gross Weekly Earnings  
(full-time employees) at cash value**



It would be expected of course that with uniform inflation, the gap between earnings would automatically increase. However when Northern Ireland and GB earnings are expressed at constant prices it becomes evident that the earnings gap persists. (Figure 8).

**Figure 8 1994 Average Gross Weekly Earnings  
(full-time employees) at constant value (1994)**



### 3.2 Household Income

In 1993, some 64% of household income in Northern Ireland was generated from wages & salaries while 20% was generated from Social Security Benefits (Table 13 ). Scotland and England have the highest percentage of income from wages & salaries (69% and 65% respectively) and the lowest from social security benefits (14% and 13% respectively). The average gross weekly household income in Northern Ireland was £302.71 which is the lowest of all the UK countries.

Table 13 Household Income by Source 1993

|   | NI      | England | Wales   | Scotland |
|---|---------|---------|---------|----------|
| Wages & Salaries                          | 64%     | 65%     | 57%     | 69%      |
| Self-employment                           | 7%      | 9%      | 8%      | 5%       |
| Investments                               | 3%      | 5%      | 5%      | 4%       |
| Annuities & pensions                      | 3%      | 6%      | 8%      | 5%       |
| Social Security Benefits                  | 20%     | 13%     | 20%     | 14%      |
| Other income                              | 1%      | 2%      | 2%      | 2%       |
| AVERAGE GROSS WEEKLY HOUSEHOLD INCOME (£) | £302.71 | £358.53 | £306.07 | £334.08  |

Source : FBS 1993

In contrast to earnings, the household income gap between Northern Ireland and GB has been closing in recent years reflecting the increasing influence of additional wage earners in Northern Ireland.

An analysis of the recipients of social security benefits shows a number of differences between Northern Ireland and GB (Table 14). Child benefit is the most commonly received benefit in Northern Ireland (137 per 1,000 population) while in GB retirement benefit is the most frequently received benefit (179 per 1,000 population). These differences reflect the varying age composition of the populations, with Northern Ireland having a younger population. The proportion of the population in Northern Ireland in receipt of income support is however higher than in GB (132

per 1,000 compared to 100 per 1,000 in GB) which is consistent with the higher level of unemployment in Northern Ireland.

**Table 14 Number of Recipients of certain Social Security Benefits (1993)**

|                               | NI<br>Rate per 1,000<br>population | GB<br>Rate per 1,000<br>population |
|-------------------------------|------------------------------------|------------------------------------|
| Child Benefit                 | 137.00                             | 122.00                             |
| One Parent Benefit            | 19.00                              | 16.00                              |
| Family Credit                 | 11.00                              | 9.00                               |
| Income Support                | 132.00                             | 100.00                             |
| Sickness & Invalidity Benefit | 47.00                              | 37.00                              |
| Retirement Pension            | 132.00                             | 179.00                             |

Source : NI Social Security Statistics 1994, DSS Social Security Statistics 1994

When the percentage of individuals (liable for assessment for tax) is compared across UK countries (Table 15) it can be seen that a higher percentage in Northern Ireland are in the lower income range (under £7,500) while a lower percentage are in the high income range (over £20,000).

**Table 15 Distribution of Income Liable to Assessment For Tax 1992-93**

|               | Percentage of Individuals in each income range |         |       |          |
|---------------|--|---------|-------|----------|
|               | NI   | England | Wales | Scotland |
| £3445-£4999   | 15.90  | 12.50   | 14.20 | 13.50    |
| £5000-£7499   | 19.30  | 17.60   | 18.90 | 18.50    |
| £7500-£9999   | 16.50  | 14.90   | 17.70 | 15.70    |
| £10000-£14999 | 21.30  | 23.0    | 20.80 | 22.70    |
| £15999-£19999 | 14.50  | 14.0    | 14.20 | 13.50    |
| £20000-£29999 | 8.90   | 11.70   | 10.30 | 11.0     |
| £30000-£49999 | 2.80   | 4.70    | 3.0   | 3.90     |
| £50000+       | 0.90   | 1.70    | 0.70  | 1.10     |

Source: Survey of Personal Incomes, Board of Inland Revenue

### 3.3. Household Expenditure

When household expenditure is expressed as a percentage of total expenditure, it is found that Northern Ireland spends the largest single proportion on food (22.9%) followed by motoring expenditure (15%). When compared to other UK territories (Table 16) it can be seen that Northern Ireland spends a lower percentage on housing (which reflects the lower cost of houses in NI) but more on fuel/light/power, and clothing/footwear.

Table 16 1993 Household Expenditure as percentage of Total Expenditure

|                        | Percentage of total expenditure |         |       |          |
|------------------------|---------------------------------|---------|-------|----------|
|                        | NI                              | England | Wales | Scotland |
| Net Housing            | 9.40                            | 16.70   | 15.70 | 13.40    |
| Fuel, light & power    | 6.60                            | 4.70    | 5.60  | 5.10     |
| Food                   | 22.90                           | 17.80   | 19.50 | 18.80    |
| Alcoholic Drink        | 4.0                             | 4.30    | 4.70  | 4.60     |
| Tobacco                | 2.40                            | 1.90    | 2.50  | 2.90     |
| Clothing & Footwear    | 7.60                            | 6.10    | 7.10  | 7.20     |
| Household Goods        | 9.10                            | 8.30    | 9.10  | 8.0      |
| Household Services     | 4.90                            | 5.70    | 4.50  | 4.80     |
| Motoring Expenditure   | 15.0                            | 13.10   | 13.20 | 13.10    |
| Other                  | 17.90                           | 21.50   | 18.10 | 22.20    |
| All expenditure groups | 100%                            | 100%    | 100%  | 100%     |

Source: 1993 FES

## Section 4

### House Prices

House prices in Northern Ireland are the lowest in the UK (Table 17) while those in the South East of England are the highest. This is likely the result of lower income levels and the generally lower level of economic activity in Northern Ireland normally associated with labour and household mobility. Furthermore housing markets have been generally more predictable in Northern Ireland with steady inflation following closely increases in the RPI (Figure 9) and remaining below the rate of increases in earnings (Figure 10).

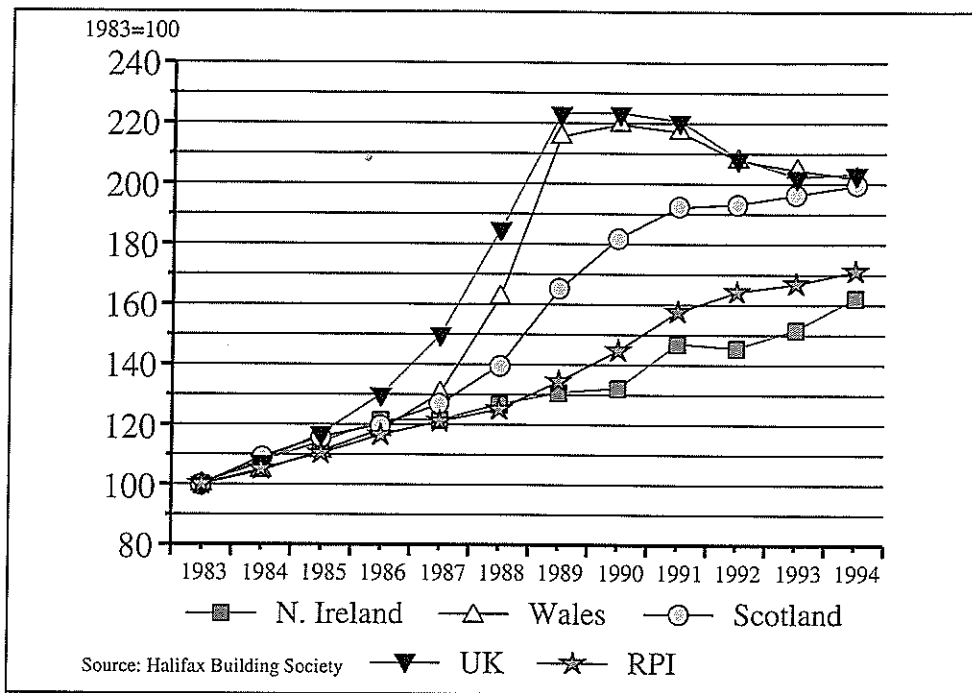
Table 17 Regional Average House Prices (Quarter 4 1994).

|                        | New houses | All     |
|------------------------|------------|---------|
| NI                     | £53,603    | £42,595 |
| Wales                  | £59,867    | £47,421 |
| Scotland               | £69,802    | £56,998 |
| North West             | £71,373    | £54,388 |
| West Midlands          | £67,845    | £56,297 |
| South West             | £70,718    | £61,001 |
| North                  | £67,059    | £46,172 |
| Yorkshire & Humberside | £72,890    | £51,134 |
| East Midlands          | £64,292    | £51,090 |
| East Anglia            | £67,398    | £56,475 |
| South East             | £91,174    | £74,039 |

Source: Halifax House Price Index

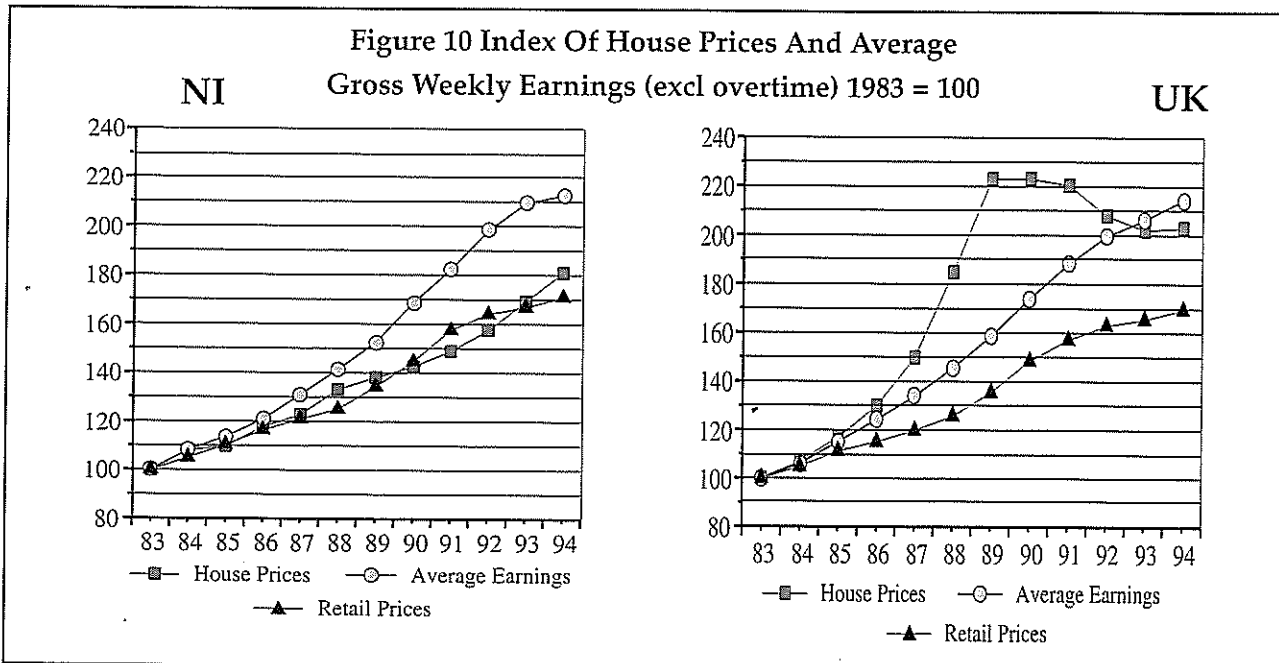


Figure 9 Standardisation Index of House Prices



This is in contrast with the abrupt inflation in house prices in the remainder of the UK (Figure 10), where price increases have only recently fallen below the rate of change in the RPI and have been running consistently ahead of increases in earnings. Northern Ireland housing market therefore remains relatively insulated from these pressures so apparent in GB in the middle/ late 80's

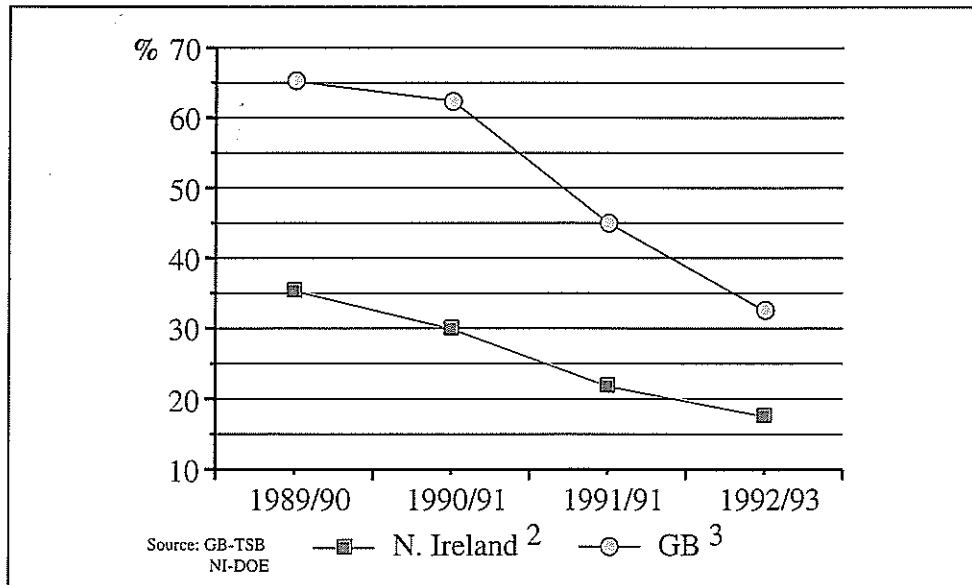
Figure 10 Index Of House Prices And Average Gross Weekly Earnings (excl overtime) 1983 = 100



## Section 5 Affordability

The previous section shows how in Northern Ireland in recent years earnings have increased faster than house prices while in the rest of the UK until recently, the opposite has been the case. This has resulted in houses in Northern Ireland being relatively more affordable, which is illustrated quite clearly for first time buyers in Figure 11. The affordability gap has however decreased recently reflecting a reduced gap in average house prices, but with average house prices 43.1% less than those in UK and average income 14.3 % less, housing remains relatively more affordable in Northern Ireland. This trend should maintain the steady demand which has characterised the housing market in Northern Ireland in recent years.

Figure 11 Mortgage Repayments as a proportion of Net Earnings<sup>1</sup>  
(First time buyers)



- 1 The index is based on : net weekly income for single adults aged 18-39 and mortgage interest repayments. It assumes a 90% mortgage and takes account of mortgage interest relief at source
- 2 NI uses figures from Inland Revenue as a source of average earnings
- 3 GB uses New Earnings Survey as a source of average earnings

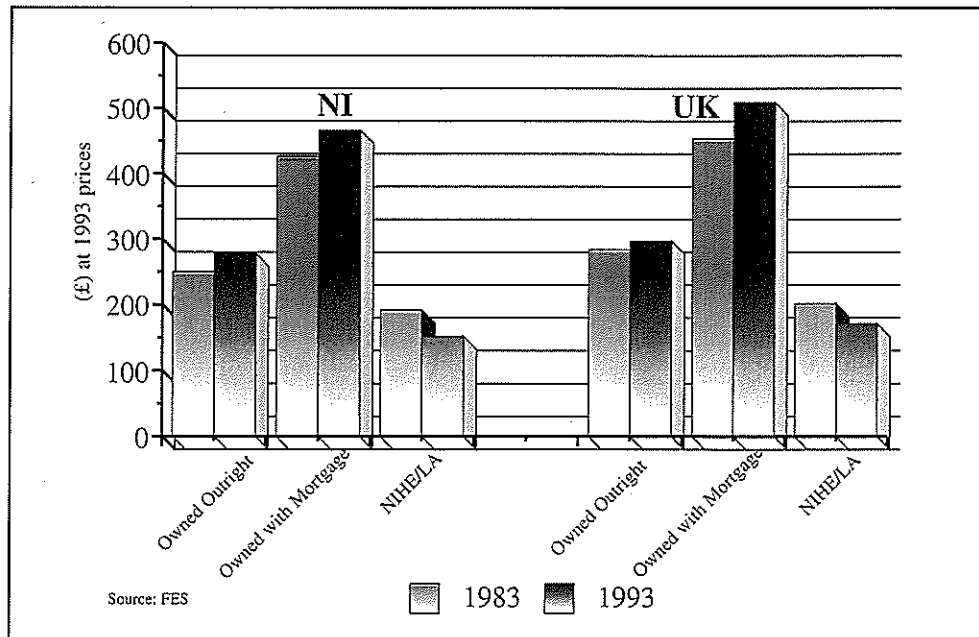
## Section 6

# Changes in Socio-Economic Characteristics of NIHE Tenants

Increased home ownership among NIHE tenants or potential tenants inevitably changes the composition of NIHE tenants towards lower income groups. Section 6 examines some changes in socio-economic characteristics of NIHE tenants in more detail.

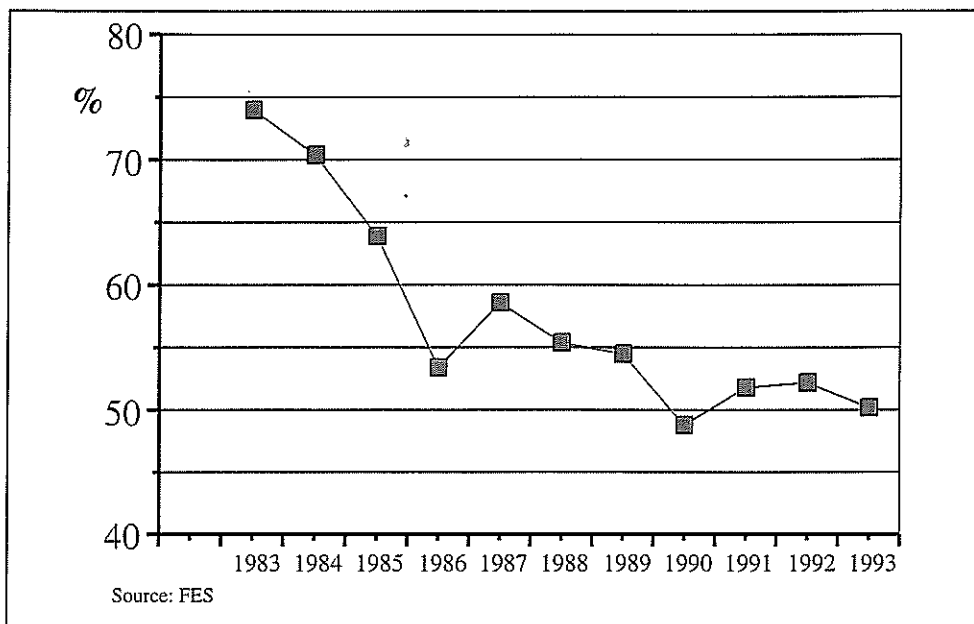
An analysis of income by tenure shows that whilst the income of owner-occupiers has increased over the last 10 years (Figure 12), when converted to 1993 costs, the income of those in NIHE property has decreased between 1983 and 1993. A similar trend is observable in the UK as a whole.

Figure 12 Comparison of Income by Tenure  
(at 1993 prices)



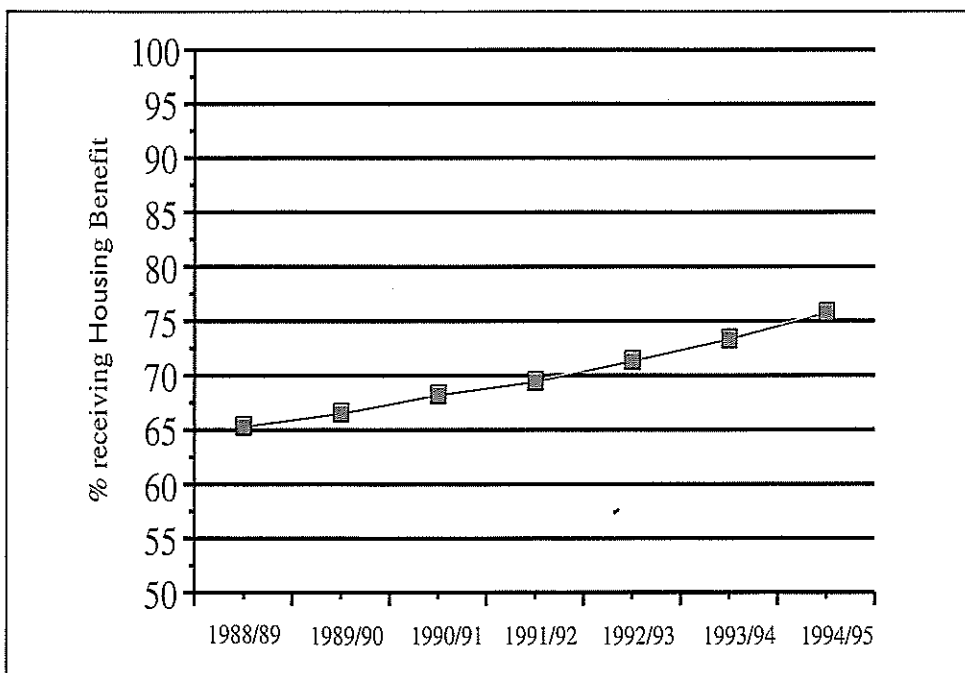
When the income of NIHE households is calculated as a percentage of income for all households (Figure 13) it is found that there has been a percentage decrease in the last 10 years. In 1983 the income of NIHE households was 74% of all households, while in 1993 it was only 50%.

**Figure 13 Household Income of NIHE Tenants as a percentage of the Income of all Households**



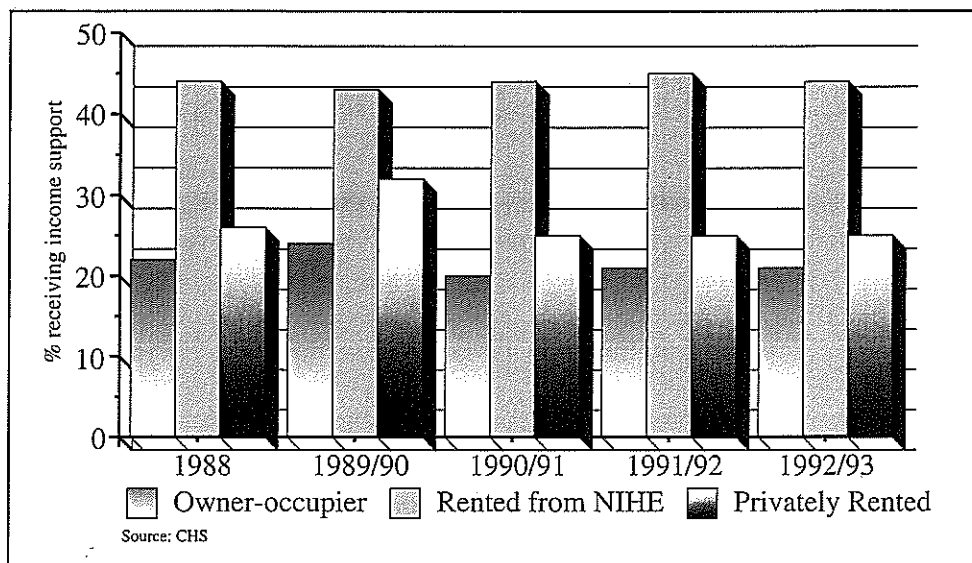
This trend is also reflected in the increased dependency on housing benefit among NIHE tenants (Figure 14). In 1988/89 some 65% of those who rented from NIHE were on housing benefit. By 1994/95 this percentage had increased to 76%.

**Figure 14 Percentage In Receipt of Housing benefit**



The percentage of NIHE tenants in receipt of income support (Figure 15) has remained fairly steady (at 44%) but more NIHE tenants are in receipt of this benefit than any other tenure group.

Figure 15 Percentage in Receipt of Income Support  
( by tenure )



## *Policy Appraisal and Fair Treatment (PAFT)*

As part of the Government's commitment to securing equality of opportunity and equity of treatment for all people in Northern Ireland, new and existing policies which formed part of the Review have been appraised as to whether they may lead to different effects or impact on:-

- people of different religious beliefs or political opinions
- men and women
- married and unmarried people
- people with or without dependents
- people of different ethnic groups
- people with or without a disability
- people of different ages
- people of different sexual orientations

In terms of the main proposals in the Review, the following PAFT considerations were addressed.

### *Provision And Allocation Of Social Rented Housing*

The Government is committed to a social rented sector and to its provision and allocation to those in greatest housing need. The minority community is disproportionately represented in Executive accommodation. The Executive's Continuous Omnibus Survey indicates that as at the end of March 1995, some 48% of persons living in Executive accommodation

were from Catholic households, 46% were Protestant and just over 2% were from mixed religion households. This reflects socio-economic factors and the housing needs of that community. The proposed new partnership arrangements between the Executive and Housing Associations in respect of new build, and the proposals to introduce arrangements for competitive building by Associations to undertake schemes to meet priority housing needs, are predicated on the Executive continuing to be the only body in Northern Ireland which will have a duty to assess housing need and prioritise programmes to meet that need (Chapter 8, Paras 14-28). The proposal to establish a common register for housing provided by the Associations and the Executive is essential in ensuring that allocations are made to those in greatest need in the particular area and not just to those on a particular waiting list, thereby enhancing the fairness and objectivity of the allocation system. Development of a common register is also an important and necessary supplement to the Executive's strategic enabling role and its role as sole determinant of housing need. (Chapter 6, Para 36). The proposed transfer of the Department's regulatory functions on Housing Associations (and the private rented sector) to the Housing Executive will also enhance fairness and equity in decisions taken about location for new house building and also allocations, and would be consonant with the principles of PAFT. (Chapter 8, Para 22).

### *Bringing In New Providers*

Government proposes to introduce legislation to allow private developers and companies to compete alongside Associations for Housing Association Grant to provide homes for social renting or shared ownership. New private landlords will be subjected to the same regulatory system and will be expected to meet the same performance standards as social landlords. Among the safeguards which would be required would be provision for the allocation of housing according to fundamental principles of need. (Chapter 6, Paras 14-20).

## *Transferring Existing Housing To New Landlords*

The Government does not propose at present to set up large scale voluntary transfer (LSVT) mechanisms to transfer large sections of stock from Executive ownership. However the Government will monitor arrangements in England, Scotland and Wales for LSVTs of all or part of local authority housing stock to new landlords, with the consent of tenants, and examine the potential for extension of all or some of the LSVT related options into Northern Ireland. In so doing the particular local circumstances and the views of tenants will be taken fully into account. The PAFT principles would be an important consideration and both the Executive and the Department would want to be satisfied that the success to date of housing policies and procedures would not be put at risk before considering any positive movement in this direction. (Chapter 6, Paras 10-13, Chapter 8, Para 25).


## *Homes For Those That Need Them Most*

Government proposes to reform the Homeless Legislation. The aim is to ensure that social rented housing continues to go to those households with the greatest housing need while providing an immediate safety net for people in short-term crisis. The impact of these proposals on the Executive's selection scheme is being considered to ensure fairness to all groups in allocating social housing, and taking PAFT principles fully into account. (Chapter 6, Paras 33-35, 37-40).

## *Supporting The Continued Growth Of Sustainable Home Ownership*

Government is committed to supporting the continued growth of owner/occupation and the existing house sales scheme operated by the Executive for the sale of its stock to sitting tenants will continue. The current scheme precludes the purchase of certain dwellings by elderly tenants. Under PAFT considerations this policy could be seen as having a differential impact on the elderly. In this instance however





it is considered that the policy is justified in order to retain a stock of suitably designed homes in public ownership to meet the future needs of people with special housing requirements. (Chapter 4, Para 19). The decision not to introduce a Cash Incentive Scheme to Northern Ireland to enable social housing sector tenants to purchase a home in the private sector recognises the potential inequitable community impact and thus conflict with PAFT principles in designating areas (essentially those of high demand) where the scheme would operate. (Chapter 4 Para 31).

### *Improving House Conditions*

Government proposes to introduce legislation to better target resources for home improvement grant. The proposed move to discretionary grants regime includes provision for disabled facilities grant (DFG) to remain mandatory in recognition of the particular needs of disabled people and has a positive PAFT impact. (Chapter 4, Para 48). Through the Executive, home improvement agencies will be funded to provide help in proceeding through the grants system to elderly people and people with disabilities in recognition of their particular needs and which is in line with PAFT principles. (Chapter 4, Para 53).

### *Promoting And Sustaining Stable Communities*

Government will encourage by way of partnerships, sustainable communities with a balanced mix of households - young and old, single people and families with children, low income and better off home owners and renters. (Chapter 6, Paras 29-32).

### *Special Needs Groups*

In providing support to Housing Associations Government seeks to address the housing needs of specific sectors of the community including elderly people, people with a disability or a degenerative debilitating illness, people with mental health problems, people with learning disabilities, vulnerable women or women and children at risk of

domestic violence. These needs will continue to be addressed in the Housing Association development programme through which schemes are targeted to locations and priority groups with the highest priority need and in line with PAFT considerations. Travellers who wish to become members of the settled community and to have access to Executive or Housing Association Schemes on a permanent basis will continue to be entitled to apply for such housing through the normal housing selection scheme where eligibility will be assessed purely on the basis of need as defined by the scheme without discrimination on ethnic, religious or political grounds. (Chapter 9, Paras 22- 26).