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CLERK TO COMMITTEE FOR SOCIAL DEVELOPMENT

Dr Kevin Pelan
Room 412
Parliament Buildings
BELFAST
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27 June 2013

Dear *Kevin*

FOLLOW-UP TO JUNE 2013 MONITORING ROUND BRIEFING

1. Your letter of 5 June to the Departmental Assembly Liaison Officer regarding the above refers.
2. The following paragraphs provide answers to the general queries raised in the order that they appeared in your letter.

Re-direct finances to tackle homelessness

- a. The Northern Ireland Housing Executive, who manage the Social Housing Development Programme, and Housing Associations, who build all new social housing, were challenged by the Department to bring forward additional social housing in the 2012/13 financial year to tackle homelessness and housing stress. This generated an additional 54 units in 2012/13 which was not sufficient to meet the growing housing need. There is continuing demand for

affordable housing which, in the current economic climate, is often the only option available to facilitate first time buyers. The Department is currently in discussions with the Housing Executive and Housing Associations to seek their commitment to bringing forward additional social housing units in 2013/14 financial year.

Engagement with Housing Associations to ascertain capacity to build more houses

- b. The Department has concerns about housing associations' capacity to build more homes in 2013/14. Lack of capacity was highlighted in the January 2013 Performance and Efficiency Delivery Unit (PEDU) review of the Social Housing Development Programme. Out of 29 registered housing associations, four are delivering around 80% of the output, with eight others delivering the remaining 20%. For that reason, PEDU recommended that DSD should consider the necessary legislative amendments to open up grant to GB housing associations and, following GB practice, also private developers. This recommendation is being taken forward as part of the PEDU Implementation Plan with a target implementation date of 2016/17.

In the short-term, the Department asked housing associations in May 2013 to state whether or not they could deliver more houses in 2013/14 - seven associations said they might be able to. In the intermediate term, the Department, in conjunction with the Housing Executive is stepping up the housing associations land purchase programme in the current year. Plans in the current year are to spend up to £10m in securing land for 500 homes to start in 2014/15, which represents 25% on next year's 2,000 home target. This separate land acquisition workstream will be incrementally increased to a position where, by 2016/17, all land will have to be acquired in the year before construction is due to start.

In a further effort to secure more land purchases to facilitate development in 2014/15, the Department has agreed to a temporary variance in grant so that

Housing Associations are provided with 100% of first tranche payments for all schemes submitted before the end of December 2013. The Department is also considering incentives for Housing Associations who bring forward additional schemes to those currently programmed in 2013/14. This along with the implementation of 26 recommendations in the PEDU report will start to improve housing association's capacity from 2014/15 on.

Capacity to re-direct SSA £3m surrender to advice sector

- c. I can confirm that the Department's Voluntary & Community Unit has been engaged with the advice sector. We are aware that there is a concern regarding the need for additional funding to support advice services for Welfare Reform changes and also appeal representation. We are working with the sector to address this issue on the basis of evidenced need through a business case approach. Once this has been received any funding requirements will be assessed, however it is too early at this stage to reassign budgets.

Risk of sale of affordable homes to investors

- d. The loan agreements between the Department and the relevant Housing Association contain a number of clauses, essentially qualifying criteria, which should prevent the sale of these homes to investors/speculators. Furthermore, the relevant Housing Association will be required to include a number of specific clauses within the sales contract to the purchaser that will legally bind the purchaser to such conditions.

Ability to re-direct savings to maintenance cases

- e. The Department is disappointed with the ongoing problems with Housing Executive maintenance contracts and delays to the procurement processes pose significant risks to the full utilisation of the planned maintenance budget allocation for 2013/14. The Department has asked the Housing Executive to

be notified immediately of any slippages in the planned maintenance procurement exercise and delivery of the programmes.

A further issue has now arisen in relation to overpayments to contractors on planned maintenance contracts. NIHE has commissioned an independent external review into the overspending and until this issue is satisfactorily resolved, the four planned maintenance contractors will not receive any new contracts from the Housing Executive.

The Housing Executive would like to have been in a position to reinvest all the efficiency savings in additional maintenance works. Unfortunately the increased work on dealing with current contract issues, resolving pricing issues, carrying out significant procurement exercises and issuing new contracts has prevented this. NIHE still expect to meet the majority of their targets in relation to maintenance works.

Correspondence between DSD and NI Federation of Housing Associations (NIFHA)

- f. The requested correspondence between the Department and NIFHA will be sent under separate cover (hard copy). It should however be noted that it is the Housing Executive that manages the Social Housing Development Programme and it may also have met and corresponded with Housing Associations on this matter.

Geographical breakdown of Co-Ownership Housing

- g. The geographical breakdown of co-ownership housing is set out by council area in the table below.

Table: Co-ownership housing by Council Area

AT 28 FEBRUARY 2013		HOMES CURRENTLY OWNED THROUGH CO-OWNERSHIP
COUNCIL AREA		
	Derry City Council	280
	Limavady Borough Council	76
	Coleraine Borough Council	200
	Ballymoney Borough Council	84
	Moyle District Council	18
	Larne Borough Council	90
	Ballymena Borough Council	163
	Magherafelt District Council	57
	Cookstown District Council	80
	Strabane District Council	53
	Omagh District Council	48
	Fermanagh District Council	44
	Dungannon & South Tyrone Borough Council	71
	Craigavon Borough Council	460
	Armagh City and District Council	47
	Newry and Mourne District Council	148
	Banbridge District Council	130
	Down District Council	170
	Lisburn City Council	681
	Antrim Borough Council	217
	Newtownabbey Borough Council	501
	Carrickfergus Borough Council	185
	North Down Borough Council	587
	Ards Borough Council	355
	Castlereagh Borough Council	267
	Belfast City Council	867
		5879

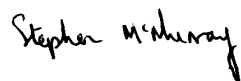
Details of guidelines/regulations for those eligible to buy affordable homes, and any restrictions in place to prevent investors buying for rent purposes

- h. There are no regulations governing the eligibility criteria for the purchase of affordable homes. However, the Co-Ownership Scheme has a range of eligibility and affordability criteria and checks in place which restrict the

scheme to those who need the assistance the scheme provides and to date these have proven effective. For the new affordable housing initiatives being taken forward under the “Get Britain Building” initiative, the loan agreements between the Department and the relevant Housing Association contain a number of clauses, essentially qualifying criteria, which should prevent the sale of these homes to investors/speculators. The relevant Housing Associations will be required to include a number of specific clauses within the sales contract to the purchaser that will legally bind the purchaser to such conditions.

Conclusion

3. I hope this information is helpful.

A handwritten signature in black ink that reads "Stephen McMurray". The signature is written in a cursive style with a large 'S' and 'M'.

STEPHEN McMURRAY

cc: Stephen Brimstone
Alastair Newell
Billy Crawford
Lorraine Hillis
Debbie McKibben



**Northern Ireland
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5 June 2013

Our Ref: CSD/017/2011/SK

Mr Billy Crawford
Department for Social Development
Lighthouse Building
1 Cromac Place
Gasworks Business Park
Ormeau Road
Belfast BT7 2JB

Dear Billy,

June 2013 Monitoring Round

At its meeting on 30 May 2013 the Committee for Social Development received a briefing from Department officials on the June 2013 Monitoring Round.

The Committee noted the bid of £15m for the Co-Ownership Scheme and acknowledged the importance of helping first time buyers. However, Members of the Committee queried why finances could not be redirected to tackle the issue of high levels of homelessness in NI by allowing housing associations to build more homes.

The Committee queried whether the Department had engaged with all housing associations to ascertain their capacity to build more homes on the basis of a successful bid for resources being made. The Committee expressed serious concerns that even though there was considerable demand for social housing and potential to obtain additional funding to address this demand, housing associations were unable to take advantage of this opportunity.

The Committee emphasised that housing needs are not being met and that it was important to get information on why housing associations are struggling to spend their budget for building new homes.

Although the Committee welcomed the efficiency of £3m in respect of the Social Security Agency, the Committee asked whether the £3m earmarked for surrender could not have been redirected towards funding independent advice services.

The Committee welcomed the £7.2m from the 'Get Britain Building' initiative which has been transferred to the Department and will be distributed to three Housing Associations.

Members of the Committee discussed the money being used by housing associations to renovate vacant houses into affordable homes. Members of the Committee expressed concern that these properties could potentially be sold to property investors and the homes no longer being affordable.

The Committee expressed concern at so much money being handed back from the budget and over the Department's apparent inability to redirect efficiency savings to address outstanding maintenance requirements for NIHE tenants, particularly considering the current backlog of maintenance cases. The Committee emphasised its concern that estimated savings from efficiencies were not factored into forward planning to ensure that additional maintenance could be carried out.

The Committee agreed that I should write to you to request the following:

- all correspondence between itself and NIFHA relating to the housing associations' inability to spend their allotted budget on new builds;
- a geographical breakdown of co-ownership housing in Northern Ireland;
- clarification on whether the Social Security Agency £3m earmarked for surrender could be used for independent advice services; and
- details of guidelines or regulations for those eligible to buy affordable homes and any restrictions in place to prevent investors buying for rent purposes.

I would be grateful if you could provide this information within 10 working days of receipt of this letter.

On behalf of the Committee I would like to convey my thanks to the officials for their briefing. The Committee found it useful and informative.

Yours sincerely

Kevin Pelan

Dr Kevin Pelan, Clerk, Committee for Social Development