

THE NEW HOUSING AGENDA FOR NORTHERN IRELAND

INTRODUCTION

- 1. This paper provides a brief overview of the various components of the New Housing Agenda for Northern Ireland which was launched by the Minister for Social Development in the Assembly on 26th February 2008. The New Housing Agenda is the Department for Social Development's response to the current challenges facing the housing market in Northern Ireland, that is, more than 38,000 people on the social housing waiting list; more than 20,000 people in housing stress; more than 9,000 people officially homeless; and, unaffordable prices in the current housing market in Northern Ireland.
- 2. The key aspects of the New Housing Agenda are as follows¹:
 - The building of at least 5,250 **social homes** over the next three years;
 - The introduction of a developer contribution requiring future housing developments to include a proportion of homes for social and affordable housing;
 - Bringing empty homes back into use through the development of the Empty Homes Strategy;
 - Making the existing Co-Ownership Scheme more attractive for first time buyers including the immediate abolition of house value limited;
 - Proposals for a non-profit Mortgage Rescue Scheme;
 - Further development of mixed community housing through a commitment to the 'Shared Future' principles;
 - Extension of the existing House Sales Scheme to allow existing social tenants the opportunity to buy a stake in their own homes;
 - The introduction of a **Procurement Strategy** for housing associations aimed at delivering up to 10% savings in the build costs associated with the Social Housing Development Programme;

¹ Department for Social Development Press Release. 'Ritchie unveils new housing agenda for Northern Ireland'. February 2008.

www.northernireland.gov.uk/news/news-dsd/news-dsd-february-2008/news-dsd-270208-ritchieunviels-new.htm

- A commitment to sustainable eco-friendly housing including the development of an eco-village and the introduction of a new **Code for Sustainable Housing**;
- Tackling fuel poverty and improve energy efficiency in homes; and
- The regeneration of the **Village** area of South Belfast.
- 3. This paper briefly examines each of the components and where possible provides an update on their current status.

NEW SOCIAL HOUSING

4. In her speech to the Assembly on the 26th February, the Minister for Social Development stated that a starting point for the new housing agenda was the construction of new social housing. The Department's budget provides for the building of 1,500 homes in year 1, 1,750 in year 2 and 2,000 in year 3. In a recent speech to delegates at the Northern Ireland Housing Forum, the Minister stated, "Whilst the targets set to deliver 5,250 new homes in the next three years are challenging, these are non-negotiable and will be met"².

DEVELOPER CONTRIBUTIONS

- 5. In a response to an <u>Assembly Question</u>³ tabled on the 1 October 2008, the Minister stated that she had met recently with the Minister for the Environment to press for the introduction of developer's contribution to social housing. It is envisaged that the contribution will require developers to provide social and affordable housing as a proportion of all new proposed housing developments.
- 6. The Minister has stated that the timing of the introduction of developer contributions is dependent upon progress being made on revisions to Planning Policy Statement 14 and that the Department of the Environment's work on a developers' contribution addendum to Planning Policy Statement 12 will begin after Planning Policy Statement 14 has been issued for consultation.

EMPTY HOMES STRATEGY

- 7. The Northern Ireland Housing Executive published its <u>Empty Homes Strategy</u>⁴ in November 2007. The Strategy highlights that preliminary findings from the 2006 House Conditions Survey (which is based on a sample of more than 7,000 dwellings) indicate a significant increase in the number of vacant dwellings in Northern Ireland from 31,900 (4.9%) in 2001 to 40,400 in (5.7%) in 2006.
- 8. Two possible reasons are offered for the increase in vacant properties:

² Department for Social Development. Press Release. 'Ritchie addresses the Northern Ireland Housing Forum. 17 October 2008. <u>www.dsdni.gov.uk/index/news_items/ritchie-addresses-the-171008.htm</u>

³ Assembly Question for Written Answer tabled by Mr Willie Clarke on 1 October 2008 asking the Minister for Social Development what progress is being made on the implementation of Article 40 on developers' contributions.

⁴ Northern Ireland Housing Executive (2007). Empty Homes Strategy for Northern Ireland: Final Report. <u>www.nihe.gov.uk/empty_homes_strategy.pdf</u>

- The ongoing depopulation of remote peripheral rural areas associated with the decline in the number of viable farms and the growing number of new service related jobs in urban centres; and
- The growth in the private rented sector where there is traditionally a higher level of vacancy.
- 9. The Strategy outlines the negative impact that empty homes can have on neighbourhoods, communities and individuals such as contributing to neighbourhood degeneration; acting as a focus for anti-social behaviour; putting pressure on existing housing stock and affordable accommodation; devaluing neighbouring properties; and the loss of revenue as rates are not levied on empty properties in the private sector.
- 10. The Strategy identifies a number of properties which could be brought back into use with intervention. An action plan for implementing the Empty Homes Strategy has been developed which advocates the establishment of an Empty Homes Unit which will include the identification, through liaison with the Land and Property Service, of empty properties and the identification of sanctions and incentives to encourage owners to bring empty homes back into use.
- 11. On 21 May 2008, the Finance Minister announced the publication of a consultation paper <u>'Review of Domestic Rating: The Rating of Empty Homes</u>⁵ which sought views on the proposed introduction of 100% rate liability for empty homes. A property is generally only deemed empty where no one lives in it and it is unfurnished. Rates are not currently charged on empty homes in Northern Ireland. The proposals aim to encourage people to bring empty properties back into use and to halt physical decline in built up areas. The consultation ended on 15 August 2008 and consultation responses can accessed via the Department's website⁶.
- 12. On the 30th October 2008, the Minister for Finance and Personnel announced that he will proceed to rate empty homes at 100%⁷.

CO-OWNERSHIP SCHEME

13. The <u>Northern Ireland Co-Ownership Housing Association Limited</u> is Northern Ireland's regional body for shared ownership and is the organisation which operates the co-ownership housing scheme. Co-Ownership Housing is a registered housing association which is regulated and funded by the Department for Social Development. Co-Ownership has been operating in Northern Ireland since 1978 and has helped more than 19,000 households to purchase their homes⁸.

⁵ Department of Finance and Personnel (2008). Review of Domestic Rating: The Rating of Empty Homes Consultation Document.

www.ratingreviewni.gov.uk/rating of empty homes consultation document pdf 176kb.pdf ⁶/_{www.ratingreviewni.gov.uk/}

⁷ Department of Finance and Personnel. Press Release. 'Dodds announces changes to rating system'. 30 October 2008. <u>www.dfpni.gov.uk/index/news/news-oct-2008-chages-to-rating.htm</u>

⁸ Information extracted from the Co-Ownership website - www.co-ownership.org/about-us/

- 14. In answer to an <u>Assembly Question</u>⁹ tabled on 12 September 2008 the Minister announced her intention to make it possible for people to enter the scheme more easily by buying 25% of the property (as opposed to the previous minimum of 50%) and to make it easy for people to purchase additional shares in their home by reducing the minimum increment from 12.5% to 5%.
- 15. The Scheme has been unable to take in any further applications since March 2008 due to the rapid up-take of the Scheme's existing funding. However, on 6 October 2008 it was announced that the Co-Ownership Scheme had secured £35m from the Bank of Ireland, this is in addition to a £15m grant from the Department for Social Development¹⁰. It is anticipated that the funding will help process a further 200 applications for co-ownership housing by March 2009.

MORTGAGE RESCUE SCHEME

- 16. The Department published its consultation on a <u>'Proposed Mortgage Rescue</u> <u>Scheme for Northern Ireland'</u>¹¹ in September 2008. The Department issued the proposed Mortgage Rescue Scheme against a backdrop of an increase in home repossesses in Northern Ireland which is in turn putting increased pressure on the social housing sector.
- 17. The consultation document highlights that since 2004/05 there has been at least 500 mortgage repossessions each year in Northern Ireland. This figure peaked during 2006/07 were 933 orders for repossession were granted. The document further states that as a result of the economic downturn the statistics for repossessions during 2008 could be higher.
- 18. It is intended that the Mortgage Rescue Scheme will be a discretionary rather than a statutory scheme and will be administered by participating Housing Associations. The scheme aims to save as many homeowners as possible from repossession by assisting those who are unable to keep-up payments on their homes. The Department proposes to do this through preventative and direct intervention measures:
 - **Preventative intervention** frontline advice and guidance service targeting those at the early stages of debt problems.
 - Direct intervention the Department, through Housing Associations will support people under threat of repossession and are at risk of becoming homeless by providing two options to resolve their housing difficulties. These options are Flexible Tenure and Mortgage to Rent. Under the *Flexible Tenure* element of the proposed scheme the applicant will be offered an equity share option based on the amount they can afford to retain. *Mortgage to Rent* is designed for people who can no longer afford even a small mortgage, under these circumstances

⁹ Assembly Question for Written Answer tabled by Mr George Savage on 12 September 2008 asking the Minister for Social Development to outline her plans for the future development of the co-ownership housing scheme.

¹⁰ Department for Social Development. Press Release. Ritchie welcomes private finance boost for Co-Ownership Scheme – a further boost for hard pressed home owners. 6 October 2008. www.dsdni.gov.uk/index/news_items/scheme-secures-private-finance.htm

¹¹ Department for Social Development (2008). Proposed Mortgage Rescue Scheme for Northern Ireland – Consultation. <u>www.dsdni.gov.uk/index/consultations/mortgage-rescue-consultation.htm</u>

a participating Housing Association would buy the property from the applicant and then rent it back to them.

- 19. It is proposed that Flexible Tenure and Mortgage to Rent would not be available to those with unsecured debts or for those not yet in arrears. These elements of the scheme are also not designed for properties in negative equity or for people who have other options available to resolve their situation.
- 20. The consultation on the proposed Mortgage Rescue Scheme opened on 26 September 2008 and is due to close on 21 November 2008.

MIXED COMMUNITY HOUSING & A SHARED FUTURE

- 21. In her announcement of the New Housing Agenda, the Minister stated that she believed that the future of housing lay in mixed tenure housing and housing schemes which would integrate the community in line with a commitment to a <u>Shared Future</u>¹².
- 22. The first mixed community housing scheme in Northern Ireland resulting from the Government's 'Shared Future' principles was a shared social housing development at Carran Crescent in Enniskillen. The scheme consisted of 20 houses developed by Ulidia Housing Association in partnership with the Northern Ireland Housing Executive. Houses were allocated to applicants from diverse religious and ethnic backgrounds who signed up to a voluntary neighbourhood charter based on the principles of equality and respect for diversity¹³.
- 23. A second Shared Future housing scheme in Sion Mills is currently under way in conjunction with Habinteg Housing Association, a third host site at Loughbrickland is being developed in partnership with Ulidia Housing Association¹⁴. On 19 August 2008, the Minister for Social Development and the Chairman of the International Fund for Ireland launched the *Shared Neighbourhood Programme*. The Programme will be managed by the Northern Ireland Housing Executive and will work with existing communities to develop 30 shared neighbourhoods over the next three years¹⁵.
- 24. In an answer to an Assembly Question¹⁶ tabled on 23 September 2008 the Minister also stated that every new build scheme that comes forward onto the Social Housing Development Programme will be screened to explore its potential for inclusion as a shared future development.

¹⁴ Information extracted from Northern Ireland Housing Executive website <u>www.nihe.gov.uk/index/about-us-</u>

¹² Office of the First and Deputy First Minister (2005). 'A Shared Future: Policy and Strategic Framework for Good Relations in Northern Ireland. <u>www.asharedfutureni.gov.uk/</u>

¹³ Northern Ireland Office. Press Release. 'Hain launches shared housing scheme in Fermanagh'. 20 October 2006. <u>www.nio.gov.uk/media-detail.htm?newsID=13701</u>

home/our performance/2008 annual report/chief executives management commentary/building a st ronger_community.htm

¹⁵ Department for Social Development. Press Release. 'Major new initiative to support shared housing: 30 new shared neighbourhoods to be developed over the next three years.' 19 August 2008. www.dsdni.gov.uk/index/news_items/major-new-190808.htm

¹⁶ Assembly Question for Oral Answer tabled by Mr Tommy Gallagher on 23 September 2008 asking the Minister for Social Development to outline any initiatives she is taking in her Department to promote a Shared Future.

25. This Minister has also stated her preference for shared future housing on the <u>Crumlin Road/Girdwood</u>¹⁷ site but has stated if that is not possible she will permit building to proceed¹⁸. A consultation on the draft <u>Equality Impact Assessment</u> on the regeneration of Crumlin Road Gaol and Girdwood Barracks was published on the 29 October 2008 and will run until the 21 January 2009.

HOUSE SALES SCHEME

- 26. The Department for Social Development launched its <u>consultation</u>¹⁹ on the proposed amendments to the House Sales Scheme in September 2008. The new proposals introduce an Equity Sharing option for tenants wishing to purchase their homes.
- 27. There are currently two House Sales Schemes in Northern Ireland, one operated by the <u>Housing Executive</u>²⁰ and the other by <u>Registered Housing Associations</u>²¹. Under the Scheme, tenants with at least five years tenancy either with the Housing Executive, a Registered Housing Association or other qualifying landlord are permitted to purchase their home. However, there are exceptions in the type of property a tenant may purchase. For example, sheltered dwellings and 1 or 2 bed single storey accommodation will not normally be sold.
- 28. A tenant may purchase their home at market value less discount. Discount is calculated on the number of completed years tenancy in public sector, Registered Housing Association or other qualifying tenancy. A tenant with five years qualifying tenancy is given a 20% discount, the discount increases by 2% for each additional year's tenancy up to a maximum of 60%. However, a discount ceiling of £24,000 applies to all properties sold under the House Sales Scheme. Additionally, a house cannot be sold for less than it cost to provide the house (known as the Historic Cost). In 2006/07 the Northern Ireland Housing Executive sold 2,201 homes to tenants, generating an income of £100.9 million.
- 29. Under the new proposals to extend the House Sales Scheme eligible tenants will be entitled to purchase a 25% equity share of the property and can increase the equity in steps of with the minimum step being 5% of the total equity of the dwelling at the time it is proposed to purchase each step. Where the leaseholder wishes to sell the dwelling, the body which initially sold the dwelling, i.e. the Housing Executive or Housing Association, must be given the first option to repurchase the property thus keeping it within the social housing stock.
- 30. The consultation on the proposed extension of the House Sales Scheme closed on the 26 October 2008.

Executive Property. <u>www.nihe.gov.uk/index/yh-home/buying_a_home/housing_executive.htm</u>²¹ Housing Association Guide. Part 7, Appendix 1. The House Sales Scheme.

¹⁷ Publications relating to the Crumlin Road/Girdwood Barracks site can be accessed at <u>www.dsdni.gov.uk/nbcau_crg_publications</u>

¹⁸ Official Report of the Northern Ireland Assembly. 26 February 2008. www.niassembly.gov.uk/record/reports2007/080226.htm#4

www.niassembly.gov.uk/record/reports2007/080226.htm#4 ¹⁹ Department for Social Development (2008). Consultation on Amendment of the House Sales Scheme to incorporate equity sharing. www.dsdni.gov.uk/consultation-amdt-house-sales-scheme.doc ²⁰ Northern Ireland Housing Executive. Frequently Asked Questions about Buying a Housing

www.dsdni.gov.uk/index/hsdiv-housing/registered housing associations/ha guide/hag-3.pt7/hag-5.pt7_app1

PROCUREMENT STRATEGY & SUSTAINABLE HOUSING

- 31. The new <u>Procurement Strategy</u> for Social Housing Development Programme (SHDP) was launched in early October 2008²². Currently, construction contracts for social housing which are part funded by the Department for Social Development are procured on a one-off basis by around 26 individual Housing Associations. The new Strategy aims to streamline procurement activity by moving to a model of collaborative procurement.
- 32. Under the new Strategy, four procurement consortia/groups will be established to develop effective partnership working which will lead to improved client expertise, efficiencies through rationalising, the improvement of buying power and the adoption and sharing of best practice techniques. All Housing Associations wishing to participate in the Social Housing Development Programme must be members of one of the four recognised groups.
- 33. The Strategy will, in the first instance, apply only to procurement in the Social Housing Development Programme, however, it is anticipated that the procurement groups could in the future cover not only construction related activities but also a range of other procurement activities (e.g. repairs and maintenance, the purchasing of fuel and energy, cleaning services and office supplies).
- 34. A further aim of the Strategy is to encourage improvements in the quality and design of social housing, i.e. to make social housing more energy efficient and environmentally friendly. From 1 April 2008 a new <u>Code for Sustainable Homes</u>²³ has been applied to all new social houses in Northern Ireland requiring them to meet the EcoHomes rating level of 'very good' or better. The 'very good' rating is broadly comparable to the Code Level 3 standard set by the Code for Sustainable Homes.
- 35. Other recent developments in sustainable and environmentally friendly housing include plans to build an Eco-village on the site of the former Grosvenor Army Base in Enniskillen and co-operation between Connswater Housing Association and a specialist development company (working in the field of low carbon housing) to provide 40 social houses in Newtownards. These houses will incorporate elements of sustainability and energy efficiency in their design²⁴.

FUEL POVERTY & ENERGY EFFICIENCY

36. A Fuel Poverty Task Force was established in May 2008 in response to significant price increases fuel and in anticipation of a rise in electricity tariffs.

²² Department for Social Development. Press Release. 'Value for money now topping the housing agenda'. 6 October 2008. <u>www.dsdni.gov.uk/index/news_items/vfm-topping-housing-agenda.htm</u>

²³ Department for Communities and Local Government (2006). Code for Sustainable Homes: A Step by Step Change in sustainable homes building practice.

www.planningportal.gov.uk/uploads/code_for_sust_homes.pdf

 ²⁴ Department for Social Development. Press Release. 'Minister Ritchie opens Northern Ireland's first carbon neutral home'. 23 October 2008. <u>www.dsdni.gov.uk/index/news_items/minister-ritchie-opens-231008.htm</u>

The Task Force was comprised of representatives from Government and the energy sector to and its purpose was to²⁵:

- Identify households that are at most risk of the fuel price increases in order that they can be targeted for direct help;
- Co-ordinate funding across a range of Government Departments so that it has a maximum impact on fuel poverty; and
- Work with the Department of Enterprise, Trade and Investment, the Industry Regulator and the Consumer Council to ensure that privatelyowned energy companies are doing everything they can to counter fuel poverty.
- 37. The Task Force have reported and the Minister has stated that she has sought clearance relating to her proposals (which are based on the Task Force report) via the urgent procedure route²⁶.

WARM HOMES SCHEME

- 38. A key element of tackling fuel poverty is the Warm Homes Scheme. The Scheme was established in 2001 and is funded by the Department for Social Development and managed by <u>Eaga</u>. Its purpose is to improve domestic energy efficiency and reduce energy consumption in private households.
- 39. At present families with children and householders aged under 60 and in receipt of a means-tested benefit or disability related benefit are eligible for the **Warm Homes** element of the scheme. This includes the provision of insulation and other basic energy efficiency measures (e.g. cavity wall insulation, loft insulation, draft proofing of windows and doors, energy advice). The maximum grant available for this element of the scheme is £850.
- 40. Householders aged 60 years of age and older and in recent of qualifying meanstested or disability benefits are eligible for the **Warm Homes Plus** element of the scheme. In addition to the insulations measures outlined above, households may also be eligible for energy efficient oil or gas central heating for households with no heating system and conversion of an existing bottled gas, solid fuel or Economy 7 heating system to oil or natural gas. The maximum grant available for this element of the scheme is £4,300.
- 41. In 2008 the Northern Ireland Audit Office (NIAO) published a <u>value for money</u> report²⁷ on the Warm Homes Scheme. The Department has subsequently published a consultation document (<u>'Policy Review of the Warm Homes</u> <u>Scheme'</u>)²⁸ outlining revisions to the Warm Homes Scheme taking into consideration many of NIAO's recommendations. Some of the proposed changes include:

²⁶ Official Report of the Northern Ireland Assembly. 6th October 2008. www.niassembly.gov.uk/record/reports2008/081006.htm#AQO513/09

²⁵ Department for Social Development. Press Release. 'Ritchie establishes task force to target fuel poverty'. 14 May 2008. <u>www.northernireland.gov.uk/news/news-dsd/news-dsd-may-2008/news-dsd-140508-ritchie-establishes-task.htm</u>

²⁷ Northern Ireland Audit Office (2008). Warm Homes: Tackling Fuel Poverty. www.niauditoffice.gov.uk/pubs/onereport.asp?arc=False&id=215&dm=0&dy=0

²⁸ Department for Social Development (2008). Policy Review of the Warm Homes Scheme. www.dsdni.gov.uk/index/consultations/warm-homes-consultation.htm

- Removing restrictions of the Warm Homes Plus element of the scheme (which currently applies to those aged 60 and over).
- Opening the scheme, including the Warm Homes Plus element, to the working fuel poor who are in receipt of Working Tax Credit;
- Applicants in receipt of a disability benefit will only quality for the heating element of the scheme if they are in receipt of a means tested benefit;
- An increased focus, in regards heating element of the scheme, on those fuel poor households with no central heating (i.e. those with solid fuel, Economy 7 or bottled gas systems);
- Removing measures which the NIAO deemed as not particularly effective such as draft proofing, energy saving light bulbs, repairs and upgrades to existing heating systems;
- Changes to the grant limit for 'harder to treat' properties, particularly for those in isolated rural areas where fuel poverty is said to be more acute. The Department also proposes to explore the use of renewable technologies for such properties (e.g. wood pellet boilers, solar panels etc).
- 42. The consultation on the proposed revisions to the scheme closes on 19 December 2008.

REGENERATION OF THE VILLAGE AREA, SOUTH BELFAST

- 43. The Village area of south Belfast was declared an 'Urban Renewal Area' in May 2008. Over the next 10 years unfit housing in the area will either be demolished and replaced or will be retained and improved. The work is being taken forward by the Northern Ireland Housing Executive.
- 44. There are two areas within the overall Urban Renewal Area²⁹:
 - A redevelopment area: in which properties will vested, then demolished and replaced by new homes; and
 - An improvement area: in which properties will be retained and improved. The majority of homes in the Urban Renewal Area are located within the improvement area. Blocked up properties will be acquired by the Housing Executive to be used as housing.
- 45. In answer to a recent <u>Assembly Question</u>³⁰, the Minister stated that the Housing Executive have been carrying out preliminary work to make an application to vest around 550 properties. This is due to be lodged with the Department later this

²⁹ Information extracted from the Northern Ireland Housing Executive website - <u>www.nihe.gov.uk/news-2.htm?newsid=11119</u>

³⁰ Assembly Question for Written Answer tabled by Mr Jimmy Spratt on 23 September 2008 asking the Minister for Social Development for an update on the regeneration of the Village Area of South Belfast. <u>www.niassembly.gov.uk/qanda/2007mandate/writtenans/2008/081003.htm#11</u>

year and all interested parties will be served a Notice of Intention to Vest. All residents in the proposed redevelopment area are being visited to determine their future housing requirements and the Minister has indicated that this process is almost complete.

7 November 2008