



**Northern Ireland  
Assembly**

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**COMMITTEE FOR SOCIAL  
DEVELOPMENT**

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**OFFICIAL REPORT  
(Hansard)**

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**Commission on the Future for Housing in  
Northern Ireland**

7 January 2010

**NORTHERN IRELAND ASSEMBLY**

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**COMMITTEE FOR  
SOCIAL DEVELOPMENT**

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Commission on the Future for Housing in Northern Ireland

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

Mr Simon Hamilton (Chairperson)

Mr Billy Armstrong

Mr Mickey Brady

Mr Jonathan Craig

Mr Alex Easton

Mr David Hilditch

Ms Anna Lo

Mr Fra McCann

Ms Carál Ní Chuilín

**Witnesses:**

Mr Peter Howard )

Ms Clare McCarty )

Mr Chris Williamson )

Northern Ireland Federation of Housing Associations

**The Chairperson (Mr Hamilton):**

I welcome Chris Williamson, who is chief executive of the Northern Ireland Federation of

Housing Associations (NIFHA), and Clare McCarty and Peter Howard, who are members of the

NIFHA council. You are all very welcome. Thank you very much for coming.

Members will have received a cover note from the Committee Clerk, NIFHA's briefing paper on the Commission on the Future for Housing in Northern Ireland's key issues, and NIFHA's response to the consultation on the commission. I will ask Chris to kick off with a brief introduction, and then Committee members will pose any questions that they may have.

**Mr Chris Williamson (Northern Ireland Federation of Housing Associations):**

If you do not mind, Chairperson, I will ask my colleague Clare McCarty, who is a member of our governing body, to deliver the introductory piece. Peter Howard is also a member of our governing body, by the way.

**Ms Clare McCarty (Northern Ireland Federation of Housing Associations):**

If it is not too late, I will wish Committee members a happy new year. This year will be an exciting and challenging one, and I assure you of our support during it.

We are delighted that there is a Commission on the Future for Housing in Northern Ireland. Our members have been engaging with it at various levels through other organisations, individually and through the federation. Members will have a copy of our response to the key issues that have been identified to date, but a couple of issues remain that, we hope, will be drawn out and emphasised in the commission's final report. I will highlight those issues very quickly, and then Chris will take you through the paper.

One of the issues that concerns housing associations is that of supporting people. We feel that more emphasis should be placed on that issue and its effect on bringing new schemes for supported housing to Northern Ireland. Another issue for housing associations is their existing stock and the increasing age of their stock, as well as issues around remodelling and how that will be funded. We have a newbuild programme, to which we are totally and absolutely committed, but an issue also arises around maintaining what we have to an acceptable standard and ensuring that it is fit for the future. That is a growing issue for us.

A third issue that comes out in the paper is how people are matched to the homes available.

That is touched on in the paper, and it is something that we want to tease out a bit more.

We thought it worth highlighting those three key points at the beginning of the discussion.

Chris will touch on the more strategic, high-level issues that came out of the key issues paper.

**Mr Williamson:**

As Clare said, the federation strongly welcomes the commission initiative. It has asked a number of probing questions in its key issues paper, which I, as chief executive of the federation, did my best to answer. For good measure, I gave the Committee Clerk a two-page, cut-down version of the points that I thought might be of most interest to elected representatives. However, I understand that the Committee has been provided with the federation's whole response as well as the short version. We are happy to answer questions on both documents.

It is necessary to bear in mind that the commission's remit is to consider the long-term situation towards 2020; dear knows what will be happening in 2020. That is the spirit in which

the federation has approached the challenge of making representations on how to shape that future. We do not mean next week or even next year but much longer into the future.

In the past five years, let alone a longer period, the operating environment in all parts of the housing sector has witnessed considerable changes. That has occurred in the public sector and in the voluntary sector, of which our federation is a major part. Furthermore, in the private sector, the private rented sector has grown faster than any other sector in Northern Ireland, and, in the owner-occupied sector, the market has changed from seeing an explosion in prices to the opposite. Therefore, we must bear in mind that the commission is trying to consider a full 10 years beyond the economic cycle. We have decided not to be too constrained by the present situation.

The issues could be resolved in many ways, each of which is equally valid. However, the federation believes that, although a homes and communities strategy is desirable, it would be foolish to establish one that is out of kilter with the regional development strategy, the review process for which has started. I understand that the intention is for a new regional development

strategy to place more importance on economic issues, on how the region will earn its living and on other issues that flow from that, not least where people who will be productive in the economy will live, as well as welfare needs, about which we heard this morning. Where is the best place to house those people?

Therefore, a homes and communities strategy would be good, and it should nestle within the regional development strategy. With all due respect to officials from the Department for Social Development (DSD), they do not necessarily possess all the required skills to produce a housing strategy at this time. I am sure that they are capable of learning those skills. However, in the short term — that is; the first half of that 10-year period — it would be sensible to use the skills that exist in the Housing Executive. For reasons that are mentioned later in our paper, we think that, within the time frame of now until 2020, it would be sensible public policy to separate the Housing Executive's landlord role from its planning and strategic role.

I suggested that DSD should do one of three things. It should delegate responsibility for producing the first homes and communities strategy to the Housing Executive, internalise the

relevant skills in the Housing Executive to bring that element of it within DSD or make that part of the Housing Executive into an agency.

The reform of local government has taken an immensely long time, which is demoralising for many people in local government. Our view is that, collectively, we need to get on with that reform and do it sooner rather than later, because, in the long term, locally elected people are likely to be best placed to seek the greater good for their communities and to co-ordinate public services.

Many of the most important public services will continue to be arranged and provided by central organisations in Northern Ireland, but on how those services are co-ordinated — getting the local angle on those services — we think that the people with the greatest self-interest in seeing that services are provided well locally are locally elected representatives. That is the premise on which we should collectively motor on with local government reform and make it as effective as possible. Therefore, matters such as neighbourhood renewal, community planning and, not least, local land-use planning would be undertaken at that level.



I have already hinted that the federation's opinion is that the present demarcation lines between what Department for Social Development and Housing Executive officials do are not very clear. The opportunity should be taken to clarify those responsibilities in the way in which I outlined earlier; namely, for the Housing Executive to separate its landlord role from its strategic role. There are various phased ways in which to do that in the short and longer term. The voluntary sector's perspective is that that would make our lives easier, because, in a sense, we always seek to serve two masters, which can make it quite confusing and difficult to do what we must do.

I have made previous submissions to the Committee in which I suggested an exercise that would help to get the best possible results for existing Housing Executive tenants who may, because of budgetary restraints, be faced with a long wait before their kitchens are modernised, bathrooms refurbished or other such work is carried out. Those tenants should be given the option of voting in a ballot for what I call small-scale voluntary transfer to one of the existing registered housing associations, which would then bring in private finance to fund partly the modernisation. Therefore, the overall cost of modernisation to the taxpayer would be less in that

scenario than under the present arrangements, and, hopefully, the tenants' homes would be modernised quicker.

Jumping back to my first point, the federation thinks that, ultimately, housing policy must be the responsibility of the Minister for Social Development. It would not make sense for any other arrangement to apply. Therefore, the Department for Social Development must be in overall control of setting housing policy. Equally, we think that the Department is best placed to regulate and inspect social housing, by which I mean both the Housing Executive's and the registered housing associations' landlord responsibilities. As it is currently applied to housing associations, that regulatory framework is too finely detailed; it should concentrate more on big issues, such as whether the associations are being governed appropriately.

We recognise that the number of housing associations and in what they specialise has already changed considerably. We also recognise that housing associations are not immune to the changing environment to which I referred at the beginning. Therefore, we emphasise that associations are open to change. Their mission is to produce community benefit. If there are

better ways in which to produce more community benefit than exist under the present arrangements, they will consider them. However, they will not jump into change for change's sake; it is a matter of weighing up the advantages against the disadvantages and making a sensible judgement.

Thank you for the opportunity to appear before the Committee, Chairperson. There is far more in the issues paper and our response to it than I have attempted to cover in these few minutes, but we hope that our evidence has given the Committee a flavour of our thinking.

**The Chairperson:**

Thank you, Chris. I am sure that members will bring up some of the issues. I will start off by asking about one of the issues on which you have not touched. When we had a very brief initial discussion about some of the issues just before Christmas, one of the ideas from the key issues paper that we touched on concerned having some sort of independent body set rent for the social sector in general. What is the federation's view of that proposal? Where might housing associations lie within such a proposal?

**Mr Williamson:**

In a way, that would be a reversion to the pre-1992 arrangements. I will not say that an independent body was in place then, because it was not independent. The then Department of the Environment simply set rents for registered housing associations. That was fine with us, but the converse was that the grant levels had to be variable. It must be remembered that associations are independent social businesses that need to wash their own face financially. They do not get open-ended subvention from the public purse, so they have to run viable businesses. If rents are fixed by a non-independent body and costs of provision go up, there is a serious issue at stake.

The way in which the situation was handled in the past, by which I mean before the mixed financial regime was introduced in 1992, was that one began financial calculations with the income that rents would produce. That was then set against the estimated capital and revenue costs of the provision, and one worked out what private loan, if any, could be afforded in that calculation with the balance remaining grand.

If the Committee recommends that we return to that way of doing things, I am sure that our members could live with that. However, the Committee needs to bear in mind that the implication is that the amount of grant that goes in would have to be variable and would likely be higher than under the present arrangements.

**Ms McCarty:**

At present, we can go to tenants with a menu of choices that may have rent implications. The tenants can choose from that menu. A blanket rent setting could have the effect of giving tenants less input into how things might happen.

**Ms Ní Chuilín:**

The Chairperson asked the question about having an independent body to set rent. My question concerns regulation. Point 7 of the federations views on structural change almost hints at the mandatory registration of landlords. The paper states:

“All private landlords should be required to register with the DSD”.

Are you talking about mandatory registration?

**Mr Williamson:**

Yes, that point is expanded on in the longer paper. On behalf of the federation, we separately submitted comments on Building Sound Foundations, which is the departmental strategy for the private rented sector. It is all set out in public.

The line that the federation has taken is that it would not be sensible or good public policy to construct a massive bureaucracy to attempt to supervise every single tenancy in the private sector, because there are many thousands of them, and they change all the time. It would be much more manageable and sensible to make it a legal requirement that each private landlord be required by law to register with a body. To my mind, the sensible and logical body for that would be the Department for Social Development, but it could be some other body. I do not mind. To make that rule more manageable or to phase it in, one might apply it to any landlord with more than, say, five properties as a first step.

In that way, whoever is in charge of running or supervising public policy on the private rented

sector would at least have a database with which to communicate with private landlords; for instance, to encourage them to take up voluntary accreditation schemes or to inform them of change to regulations or laws. Moreover, it could provide for enforcement by serving as a population base from which inspectors and local government officials could inspect policies. Local government has already certain responsibilities in that regard, and it is proposed that it be given more. Those inspectors, if I might call them that, would know which landlords to visit and get them to demonstrate that they have provided a rent book to the relevant tenants and, on a sampling basis, consider the quality of accommodation to see that it meets the fairly basic standards that are in place. Those are the sorts of reasons why a register of landlords would be sensible, and why compilation of it would be a manageable administrative task.

**Ms Ní Chuilín:**

The second part of my question relates to housing associations better aligning tenants' rights and responsibilities. At present, those rights and responsibilities are not standardised across housing associations. That is a problem in my constituency. In one area of North Belfast, one might find two or three different housing association properties and two or three different sets of conditions. That causes inequality. Unlike the view that Clare presented, housing association tenants do not

comprise one big democracy wherein all tenants have a say. By and large, they are not included or encouraged to have a say. Most of the time, they do not know what their rights are. They are given sheets of paper at the start of their tenancy, and that is where their involvement starts and ends. Issues such as repairs and reminding tenants of their rights in respect of antisocial behaviour are left vague, fuzzy and unfairly dealt with. There should be greater alignment of housing association rules, and the federation has a huge responsibility to require housing associations to standardise the rights and responsibilities of tenants.

**Mr Williamson:**

There are a number of levels on which that question may be answered. The law lays down a lot of standard rights and responsibilities. By and large, associations such as the Housing Executive issue secure tenancies. It depends on whether the accommodation is shared: in such circumstances, it is not legally possible to issue a secure tenancy.

The starting point is what the law says, and that is completely standardised between the Housing Executive and the associations. At the next level, there is a standard tenancy agreement.



That is not absolutely mandatory, but it is my understanding that it is standard practice across the housing association sector. That goes into much more detail and covers a great deal more than statute.

Then there is practice, which depends on the individual association. There is a set of policies in place for issues. For instance, you mentioned antisocial behaviour. The Department for Social Development requires associations to have policies for such issues. It is my understanding that, although the policies can and must be tailored to the requirements of each association, because not all associations have the same structures, they are broadly the same.

I agree with what Clare said. It is sensible for associations increasingly to be able to offer tenants a menu of additional services. That is not to undermine tenants' rights in any sense but to offer additional services. Those services will vary from association to association.

I find it difficult to recognise the scenario that you describe. If you can give me more specific examples at the end of the meeting, we can consider them more carefully.

**Ms Ní Chuilín:**

I will, because it is an issue, particularly in my constituency of North Belfast. The menu of choice that is given to tenants comes with a price. I understand that a housing association has to wash its own face. However, in instances of antisocial behaviour in which doors of homes have been kicked in by criminal elements, tenants have been told that they will have to pay for improvements to their homes, even though the improvements are necessary to ensure their safety and quality of life. That is usually done through an increase in rent.

Other housing associations take their responsibilities more seriously. However, there are even issues when it comes to repairs being made to properties. I must leave before the end of the meeting, so I will probably have to have a separate meeting with you, as we have had with each association, to provide specific examples,. My point is that standardised practice is needed across the board.

**Ms McCarty:**

I want to make a specific point on an issue that is probably not in the Committee's remit.

Antisocial behaviour is an increasingly complex and difficult area for all of us to deal with.

**Ms Ní Chuilín:**

Yes, it is.

**Ms McCarty:**

We have adopted the Housing Executive's policy, as have many other associations. Even then, the policy does not always work on the ground, and antisocial behaviour is a constant challenge.

When an association gets to the end of the line with a very disruptive tenant, the legal process here to secure a conviction is incredibly convoluted. In England, the timescale for a conviction is weeks, yet here it can take months.

**Ms Ní Chuilín:**

It can take years.

**Ms McCarty:**

I do not know whether there is anything that this Committee can do as it is probably the responsibility of a justice Department. Housing associations do all that they can to sustain their tenancies, but there are cases in which one or two tenants can ruin a whole area for hundreds of people. Not having the power or the ability to deal with that robustly is a problem. We have met with you already, but antisocial behaviour is a very difficult area, and one that is becoming increasingly difficult.

**The Chairperson:**

We raised that issue during our discussions on the Housing (Amendment) Bill. At that time, the Department made a commitment to re-examine the contents of the 'Housing Association Guide' on issues such as antisocial behaviour. That will come up as an issue in our deliberations on the second housing Bill, on which we are due a briefing in February. Therefore, we can keep the

issue on our radar until then.

**Mr F McCann:**

As Chris said, there are so many issues to deal with that we could probably spend a couple of days going through them all.

To pick up on Carál Ní Chuilín's last question, one of the difficulties that came out in our discussions on the Housing (Amendment) Bill is identifying where the duty of care lies in the allocation of houses to people who have been identified as being involved in severe antisocial activity. The information on such people is not passed on to the Housing Executive by the housing associations, or vice versa. That, in turn, allows one, two or three families to move into an area and completely destroy it. That anomaly needs to be tightened up. We were told by both the Department and the Minister that there is enough existing legislation to give housing associations and the Housing Executive the powers to deal with any situation that arises owing to tenants' antisocial activity.

In general, I have heard it said that there are great similarities between the Commission on the Future for Housing's initial report on its consultation and the Semple report. A number of the issues raised are cross-cutting. We know what happened to the Semple report — many of its recommendations were not implemented. So that is a concern.

My question is about the housing association movement. NIFHA represents 33 registered housing associations and six that are unregistered. Where do you see yourselves in relation to the housing strategy in the next ten years? Some people believe that, as a result of the introduction of the procurement strategy, the number of housing associations will be seriously reduced in the next five to 10 years.

**Mr Williamson:**

It is a fact that there were considerably more registered housing associations 20 years ago than there are now. The maximum number was 47, so one does not have to be a rocket scientist to see that there has been a substantial reduction. It is possible that the number of associations may continue to reduce. The federation has no fixed notion about the optimal number of registered

housing associations or, for that matter, the number of unregistered ones. We are fixed on the best way of achieving community benefit, and, if the best estimates indicate that greater community benefit can be achieved by rearranging things within or between associations, the federation will advocate doing so. We do not have a fixed notion that big is beautiful or that small is beautiful; it is a matter of looking at the best possible estimates —

**Mr F McCann:**

In-between fits.

**Mr Williamson:**

I am not quite sure what you mean by that comment.

**The Chairperson:**

You are not the only one.

**Mr Williamson:**

All I am saying is that the movement is open to change, but there is no point in changing for the worse. We want change for the better, and we are not going to make changes on the basis of an assumption that bigger associations are necessarily better, more efficient or otherwise. They may or may not be.

We are passionate about ensuring that there is considerable diversity in the housing association movement; a great value that should not be dispensed with lightly. We have tremendous specialised housing associations, and it is hard to see how those specialised roles could be better achieved in the framework of a bigger association. Ultimately, service provision to the end user is what we should all be about, and the interests of those end users would not be best served by simply amalgamating associations without proper consideration of whether that will produce the best results.

**Ms McCarty:**

Housing associations are committed to efficiency, and they are required to show how and where



they have made efficiencies. Maintenance procurement groups, producing tangible efficiency savings, existed before the procurement strategy was developed and are different to the development procurement groups that have been set up by the Department. Those groups are all aimed at achieving efficiencies.

In England, there was a flurry of mergers and root-level restructuring, but that did not always bring about efficiencies and a better long-term impact on tenants. As Chris said, when looking at where we are going and what we will do, the tenant must come first in any outcome. We should not just be building to get bigger. Furthermore, the experience in England was that a lot of the small associations were very efficient and functioned well at a community level, which is a fact that should not be overlooked or lost.

**Mr Williamson:**

The final point is that it is important for us all to distinguish between the number of associations that are developing, by which I mean buying land and building properties, and the number of associations in general. There is a distinction that can and should be drawn between the two.

Developing housing is not the ultimate purpose of a housing association; its purpose is to deliver housing services to people in need. In plain language, we must bear in mind that there can be a perfectly good and valid role for housing management as well as a role for developing additional homes. The number of associations in the developing category does not have to be the same as the number of those in the management category.

**Mr F McCann:**

I will follow on from your last comment. We have reached a stage in housing development at which it is not just about building houses; it is about building communities. Those associations that build houses must take into consideration that a community will grow and will need services, as opposed to the way in which development is done at present.

You said that the Housing Executive probably needs to be divided into two parts with a landlord element and a strategy element. However, a third element has been under discussion, which is to return building rights to the Housing Executive. That was touched on in the key

issues paper. Where do you stand on that?

**Mr Williamson:**

The position is quite clear. Unless I am much mistaken, the development potential of the Housing Executive has never been taken away by law. Under existing law, the Housing Executive could build. However, from a public finance point of view, it does not make sense for the Housing Executive to build now. Looking ahead over the next 10 years, it makes even less sense for the Housing Executive to build. For as long as it is a public body with recourse to public funds, its spending will be classed as public expenditure, unless the UK Government turns its definition of public expenditure upside down, and I do not believe that that will happen in that time frame.

The Housing Executive has the legal power to build today, should it or the Minister want to, but that would mean that more public expenditure would be required to build a given number of homes than if those homes were built through the housing association movement. It is as simple as that. That critical point would apply whatever way the Housing Executive was structured;

whether it stays as it is now or whether it is divided into a number of bits. The public expenditure implications are the key matter.

**Mr F McCann:**

I think that the commission went further than that in talking about it as a possibility. I do not know what stage those discussions are at. I am not privy to that information. However, part of the Housing Executive would be set up as a stand-alone company, and it would be allowed to tap into the collateral that it has in houses. That would have an impact on the provision of social or affordable housing across the North.

**Mr Williamson:**

I am assuming that the stand-alone company would be outside the public sector in that scenario, in which case it would. The question that would then arise is whether that is the best way of achieving that provision. The chief executive of the Housing Executive has listed three factors that would have to be dealt with before we reach the scenario that you are painting.

First, there would need to be the write-off of £1 billion of the Housing Executive's existing loan debt. Who is going to do that in the foreseeable future? I think that unlikely. I do not think that even the British Government would look on that favourably in the present circumstances. Secondly, a majority of the tenants would have to agree, and I am not sure whether that would be likely to happen in the near future. The third criterion is political buy-in and whether there is enough of a cross-community political consensus for that to happen.

The question is valid, but we must also consider whether those three factors are likely to be overcome any time soon before we get to that stage. It is for those reasons that, in my paper, I have suggested that perhaps the most realistic way forward is for the housing stock to stay in Housing Executive public ownership and for the strategic arm of the Housing Executive — its policymakers and so on — to either be turned into an agency of DSD or become, in effect, DSD officials.

**Ms McCarty:**

May I return to the issue of information sharing? There is an issue with the information-sharing

protocol for housing associations; because we are not public bodies, we do not get the same information that is shared between such bodies. We are working with the Housing Executive on that issue, but it is taking a while to get that in place. When we are making allocations we do not always have all the information. I am not saying that that creates antisocial behaviour, but it does not help us.

**Mr F McCann:**

The point that Carál was making is that the fact that those discussions are going on but no decision has been made has a direct effect on communities.

**Ms McCarty:**

Absolutely. We are pushing for that.

**The Chairperson:**

That issue is due to be touched on in the second Housing Bill.

**Mr Craig:**

Thank you for the outline that you gave us, Chris. You have produced an interesting and thought-provoking document. I noted with interest that you touched on the subject of legislative changes that are required to allow housing associations to better support mixed tenure development. I assume that that would allow you to go ahead with sites that would not normally be affordable to a housing association. Can you outline what the current difficulties are for housing associations and what needs to be looked at?

**Mr Williamson:**

I am delighted that you asked that question, Mr Craig. Earlier this morning we listened while a list of subsidiary legislation was put through. The first part of the answer to your question is exactly along those lines. I hope that it will not be long before we hear about something coming before the Committee in that way, to extend slightly what are called the permitted objects of registered housing associations under the Housing (Northern Ireland) Order 1992. At the moment, that list of permitted objects does not include building for outright sale. That is one of the points that I want to make in answer to your question.

It is not that housing associations want to become private developers in their own right. The whole point of the exercise is that it is a means to an end. That end would be to permit, when the housing market returns to better times — it would not work in the current circumstances — a situation such as that which is commonplace in England, and Scotland and Wales to a lesser extent, in which housing associations can develop a particular site. For the sake of argument, let us say that such a site contains 20 homes. The legislation would allow a number of those homes to be built specifically for outright sale in order to use the surplus from that to cross-subsidise the remaining rented or intermediate equity-shared parts of the development. That is the end purpose: by definition, it would produce a degree of mixed tenure, which is what your question is about.

First, we are asking for what we believe to be an uncontroversial and simple piece of secondary legislation, which this Committee has the power to introduce. Secondly, we wish to use the Committee's influence in backing the Minister, as it has been doing already, to have inter-departmental discussions and make tangible changes to certain low-level planning rules and regulations that will enable developer contributions to be introduced effectively to Northern



Ireland. That has the potential to be a very effective tool not only to produce more social housing but to achieve mixed tenure to a far greater extent than is currently the case. That is because, under that scenario, the average private developer would be expected to produce some fraction of the development for affordable homes; whether that would be in the form of low-cost home ownership or social renting could be up for discussion on a site-by-site basis.

Therefore, we would like the Committee to continue the push to get the relatively minor bits and pieces of planning legislation and rules changed, in conjunction with the Housing Executive and DSD officials, in order to bring that scenario into effect. Those are the two main issues that I had in mind.

**Mr Craig:**

I find that interesting, and I think that it would be a step forward. We have to recognise that, although there are huge opportunities at the minute because the market has bottomed out, there are already signs of recovery of some description. It is quite clear that, in the next two to three years, those opportunities will not last, so what we do must be innovative. On the back of that, I

ask the Chairman's permission for the opportunity to make a suggestion about that before the Committee moves on to the next item, but I will leave that until later.

**The Chairperson:**

OK. Thank you.

**Ms Lo:**

The federation's paper to the Committee is very interesting. I will follow up on the point it includes about developers' contribution to finance. A major issue that we must discuss is the need for the Housing Executive budget to move away from its dependency on the sale of homes and land, which has been a major problem for the Housing Executive for the past couple of years with the downturn of the market. There is no specific mention of that in your paper.

I think that in the past we have missed many opportunities to make developers pay their contribution, and that is something that we need to try to address through legislation, as Jonathan said, fairly quickly, so that developers can contribute their fair share. What is your view on the

need to move away from the system of the Housing Executive's financial dependence on the sale of homes and land?

**Mr Williamson:**

We support the need for the social housing budget in its entirety to be put on a firm financial footing, as the Minister often says.

**Ms Lo:**

She keeps on saying that.

**Mr Williamson:**

We agree wholeheartedly with what she says. There are two major parts to it. One is the portion of the budget that currently goes to the Housing Executive for modernisation and other services; the other, which is the part that we are primarily interested in, is the budget for new development.

In an ideal world, we would like both those components to have an adequate and reliable budget that does not depend on the vagaries of the market.

However, I started my comments by talking about the need for a long-term vision. Looking back can be useful and instructive in some ways. If one goes back to the very beginning of the Housing Executive in 1971 and looks over that time frame, it is only in the past few years of a much longer period that the issue of a shortfall in income from house sales has been a real problem. In the other years, the system has worked reasonably well, and the Department of Finance and Personnel, along with other Departments here, have benefited from the good times in respect of house sales. Therefore, we should not be absolutely hamstrung by the present difficulties.

We are here to talk about the housing commission, which has a 20/20 vision. I fully take your point, and we are absolutely committed to supporting the need for both parts of the housing budget to be reliable. In the short term, we cannot wave a magic wand and suddenly produce the house sales income that was there before. Our federation has consistently asked the Northern Ireland Executive to look again at the Programme for Government and the Budget that goes with it, but that has not found favour so far. We will be arguing that, when the next Programme for Government and Budget comes around, the present difficulties should be factored out in some

way, or that some kind of cushioning should be brought in, to avoid getting back into the syndrome that we have been in for the last few years.

**The Chairperson:**

It is an interesting point that you make. It is sometimes overlooked in this discussion, when people talk about the lack of a firm foundation for financing social housing at the present time. I think that most people agree that what has happened in the last number of years has exposed a weakness. If one goes back in time — not to the boom time of recent years but to the mid- to late-1990s, when the housing market was growing at a much more realistic rate than it was for most for the last decade — the difference between house sales and the spend on newbuild was quite considerable, and that was to the good. If one moves away from the system of financing being dependent on sales to the extent that it is now, it must be a system that works for good times and bad. In that scenario, the housing budget cannot benefit from good times and then be baled out during the bad times. If you move away from that, move away from it for good.

**Mr Williamson:**

Another point that I ought to have made is that it begs the question of whether the house sales scheme is as sensible as it can be. The issues paper raises that question, and we have expressed some views on it. Those views are not new; our federation has been on the record expressing them for the last 10 years. As I said at the beginning, the whole housing market has changed so substantially that the time is right to look again at the overall house sales scheme. Is it still a good idea? If it is, is it structured in the best, most sensible way? That ties in with the question that Anna asked. It is not the whole issue, of course, because land sales of the Housing Executive are another part of the equation.

**Mr F McCann:**

In your last comments lies some of the real debate that needs to take place. Can we continue to sell off houses at the rate at which they were going two or three years ago? It may have been all right when there was a good newbuild programme in place, and houses were being replaced, but to go from a position of having over 200,000 houses in the ownership of the Housing Executive to fewer than 90,000 and 30,000 being provided by housing associations. If there is a serious pickup in the price of houses, we could end up overseeing the total demise of the social housing

market. That poses serious problems somewhere down the line. Do you believe that there is a need for a debate on the future of selling off the social housing stock?

**Mr Williamson:**

Yes.

**The Chairperson:**

That is the sort of answer we like.

**Mr Hilditch:**

The main issues have been touched on already, but will you develop the point that you make at item 6 in your short paper on the federation's views of structural change about the opportunity to modernise some of the Housing Executive stock, which is on the long finger? Will you give us a bit more detail on how you see that going?

**Mr Williamson:**

Let us say for the sake of argument that the modernisation programme for a group of 50 homes owned by the Housing Executive may be 10 years away because of budget constraints. In that case, I envisage that the Housing Executive would link up with our federation in the first instance and line up a housing association that has existing stock and a strong management base in the area. They would then go jointly to a public meeting of the tenants, which would be preceded and followed by letters to the tenants to explain the proposition.

As far as I am concerned, it would be key that the Housing Executive would be going along with a housing association to put a proposition to the tenants and to explain that, if the present arrangements continue, the likely scenario is that the Housing Executive would love to do their modernisation next year but is unlikely to have the funds. Therefore, it is offering tenants an alternative and the opportunity to vote in favour of or against it. I envisage that the alternative would involve the sale to one of the registered housing associations at a valuation that reflects the fact that the properties are fully tenanted through social tenancies with an indefinite lifespan and takes into account the condition of the properties. A valuation would be done on that basis. I have no idea what the valuation would be, but the sale would go ahead on that basis, and the



tenants would become housing association tenants.

I envisage that the association would have given some kind of commitment to the effect that, for instance, the modernisation would be carried out within a certain number of years, and the association would then have to do its financial calculations. It would have done preliminary calculations already, but it would have to do more detailed calculations to figure out exactly how much the modernisation would cost, whether it would stack up, and what grant, if any, would be required from the ordinary development budget. A further consideration would be whether it would be financed entirely or partially from private finance. That private finance component would be a net gain to the public sector, because, in the absence of that transfer, the Housing Executive would have to use public finance to do the same job or, more likely, the tenants would have to wait more years to get the job done. That is broadly how I would see it panning out.

**Mr Hilditch:**

That is a very interesting point. We are all faced with the problem of stock in our constituencies.

**The Chairperson:**

It has a lot of attractions. Moving it forward depends on what decision might be taken on the point that Fra mentioned earlier. If the Housing Executive was split in some way, with one arm of it set up as a private company, and there was small-scale voluntary transfer across Northern Ireland on a lot of properties, it diminishes their asset base and the likely success of such a scenario.

**Mr Williamson:**

I agree with that. It is part of the issue that needs to be figured out. However, one of the attractions of the small-scale voluntary transfer is that it could be started tomorrow under the existing legislation. The key thing is to get the Housing Executive and the housing association working in partnership on the issue.

At the end of the day, it will be a tenant choice, and a majority of the tenants has to be persuaded that it would be a sensible and good thing for them to do. It could be tried out on a small scale immediately, long before the big decision on the future shape and nature of Housing Executive

responsibilities is settled.

**Ms McCarty:**

May I answer that? That has happened in the past. The Housing Executive transferred its sheltered housing projects when it decided that it wanted to give those to specialist providers. We have a sheltered scheme, and other associations have sheltered schemes. If the tenants voted to transfer, the scheme was demolished and rebuilt. That has happened in several places.

**Mr Williamson:**

I started working in the housing association movement in 1977, and I can state, from personal experience, that the association that I then worked for bought, at nominal value in those days, numerous vacant and tenanted properties from the Housing Executive. The legislation was different then, in that a tenant vote was not required. I do not advocate that we return to that scenario. However, small-scale voluntary transfer is not new.

**Mr F McCann:**

What must also be taken account of is the differential in rents between the Housing Executive and the housing associations. That difference is huge.

**Mr Williamson:**

May I address that point?

**The Chairperson:**

Fra has opened Pandora's box here.

**Mr Williamson:**

My only point is one I made to the Housing Forum that took place in early December at the La Mon Hotel. It is that, until the last few months, when I had them corrected, the DSD housing statistics did not compare apples with apples when they compared average Housing Executive rents with average housing association rents. The official statistician told me quite specifically, and it is now recorded in a small note that one would need a magnifying glass to read, that,

historically, housing association average rent figures include both service charge and rates. Housing Executive average rents include neither. Let us by all means have a debate, but let us be clear on what we are comparing.

**Mr F McCann:**

I was tempted to come back on that, but I will not.

**Mr Brady:**

Thank you for your presentation. It follows on from the debate on social rents. The perception is that there is more and more of a differential between housing association and Housing Executive rents. That raises the question as to whether housing associations provide affordable social housing.

Do you think that there is merit in having an independent body monitor or set social rents? That could be factored into the whole issue around registration. As to David Hilditch's point, if people are moved, or voluntarily moved, to housing association houses from Housing Executive

houses, will rent be maintained at the Housing Executive level in the interim? If there is a differential, people may be more reluctant to move.

**Mr Williamson:**

I hesitate to answer, because I had thought that I had dealt with the first question at the beginning of the evidence session. If I may, I will move on. In response to your final question, you refer to the small-scale voluntary transfer scenario. Some discussion about future rents has to be part of the debate, as does the offer that is made to existing tenants. There are various ways in which that can be done. Many examples are available of where that has been done in Great Britain, and it would be sensible to examine the experience there. It will have been done in good ways, and we should try to avoid the less good ways in which it has been done.

Your question is an entirely fair one, and I thank you for reminding me that the discussion of future rent policy will have to be a part of the overall mix.

**Mr Brady:**

There is a differential between housing benefits that people are allowed and what they pay. In many cases, people pay £25 or £30 out of income support, for example. That sometimes puts them well below subsistence levels. That situation needs to be addressed. Irrespective of perception, that is the reality.

**The Chairperson:**

Thank you very much Chris, Clare and Peter for your evidence and for the useful papers that you provided.

On the back of some issues that you raised, it may be useful for the Committee to agree to write to the Department about developer contributions, the mixed tenure and permitted objects to determine what progress is being made on that front.

**Mr Williamson:**

Thank you very much.