



Northern Ireland
Assembly

**COMMITTEE FOR SOCIAL
DEVELOPMENT**

**OFFICIAL REPORT
(Hansard)**

**Commission on the Future for Housing in
Northern Ireland – Chartered Institute of
Housing briefing**

28 January 2010

NORTHERN IRELAND ASSEMBLY

**COMMITTEE FOR
SOCIAL DEVELOPMENT**

**Commission on the Future for Housing in Northern Ireland –
Chartered Institute of Housing briefing**

28 January 2010

Members present for all or part of the proceedings:

Mr Simon Hamilton (Chairperson)
Mr David Hilditch (Deputy Chairperson)
Mr Billy Armstrong
Mrs Mary Bradley
Mr Mickey Brady
Mr Jonathan Craig
Mr Alex Easton
Ms Anna Lo
Mr Fra McCann
Ms Carál Ní Chuilín

Witnesses:

Ms Grainia Long) Chartered Institute of Housing
Mr David McCallum)

The Chairperson (Mr Hamilton):

I welcome David McCallum and Grainia Long from the Chartered Institute of Housing (CIH). They are here to give a briefing on the Commission on the Future for Housing in Northern Ireland's key issues paper.

I will give the standard health warning about mobile phones. Hansard is recording

proceedings because we are taking evidence to inform our response. I invite the witnesses to make a few introductory remarks, after which members will ask questions.

Mr David McCallum (Chartered Institute of Housing):

As chairman of the Chartered Institute of Housing in Northern Ireland, I welcome the opportunity to give evidence to the Committee on the key issues that have been identified by the independent Commission on the Future for Housing in Northern Ireland.

I will start by commending the Committee for setting aside the time to consider the commission's work and to take evidence. The success of the commission depends on the level and quality of the debate and the importance that we all attach to it. I am certain that the Committee's consideration will make a significant contribution to the commission's thinking.

The Chartered Institute of Housing is a professional body for people who are involved in housing and communities. It has a diverse and growing membership of 22,000 people from across the world. We have 500 to 600 members in Northern Ireland, ranging from practitioners and people who work in front line housing services, such as sheltered housing schemes, to the chairmen, board members and executives of the various housing stakeholders.

The future of social or non-market housing is high on the public policy agenda in every western country. Governments have to grapple not only with the impact of the local credit crunch and falling house prices, but with the consequences for future investment in social housing and regeneration. The economic downturn is likely to add to public housing waiting lists, increasing housing welfare costs and narrowing housing choice. Northern Ireland is no different in that regard. It is the institute's belief that, as has happened in other jurisdictions, we need to move to a new era in which, even against the backdrop that I outlined, we ensure that homes are easier to access, affordable to a wide range of people and enable more social, economic and geographic ability.

To that end, the CIH has played a lead role in establishing the commission, and our director, Grainia, acts as a commission adviser. In practical terms, CIH provides a secretariat function to the commission, inputs policy advice and provides a grounding in practice. To a large degree, there is convergence between the issues that the CIH considers priorities and those that are considered priorities in the commission report. Nonetheless, at this point, I stress that the CIH

remains distinct from the commission. CIH feels that it should raise some priority issues today; we will cover a few of those quickly, after which Grainia and I will answer questions.

We hope and expect that the commission will be seen as a defining moment in housing for Northern Ireland. It has been established by a sector that firmly believes that such a body plays a stimulating and mature role in debate and in setting and realising a strategic and long-term vision. The housing sector knows that it needs to find new solutions to meet housing need, that it must work across government more effectively and that it must build on the successes and learn from other jurisdictions. That will be no small feat. We hope that the commission will use the sector's foresight to show an ability to come together with a common purpose to move forward.

Much work is taking place across the jurisdictions on how housing systems need transformation. Northern Ireland has come through a very difficult time with much volatility in the housing market and is currently in a situation where house prices are falling dramatically. That creates an acute lack of affordability for those who want to access the market. It severely impacts on Housing Executive receipts and results in an impact on levels of funding for investment in housing stock. Therefore, we need to consider ways and means to reduce that volatility. Although there are interventions at a UK level, we can make interventions too.

Land values are affected by the amount of land available for housing. There are spikes in prices where there are shortages of land. We need to be more strategic about making land available in the future. Area plans must be more flexible and subject to change to enable us to meet that demand. They must also find new ways to meet housing need by offering solutions through shared ownership and the private-rented sector. That requires long-term vision, which is the key priority for CIH.

We remain the only part of the islands that does not have a housing strategy. Setting out a series of long-term priorities for housing would enable all partners to understand the role that they must play and, crucially, to plan ahead. We need to know the number and type of homes needed for each area, based on an analysis of local demography, markets and need. We must understand the land and infrastructure required and the key agencies and organisations involved and plan accordingly.

If we are really committed to mixed communities with regard to tenure income and

community background, then all the partners, public and private, should be around the table to agree a strategy and commit to a role in its delivery. Like many other sectors, housing has, in the past, worked in a silo. That need no longer be the case. It is to the credit of the sector that it has brought the commission together to examine the role it must play in contributing to Northern Ireland's future.

Our first and foremost thought is that we would like a key outcome to be a housing strategy. The second issue is to attract investment in housing. In many ways, we have a positive starting point. We have a good quality of housing stock in the private and public sectors, a skilled and educated workforce, and a decent and improving knowledge of the aspirations of households for their housing.

We know that public investment in housing has been high up until this point, and we accept that all aspects of public provision will face cuts. We need to move quickly to fill an emerging gap in funding, and we must therefore be able to compete with other jurisdictions to attract private investment in our housing stock. I am sure that members will be as interested as I am to note in the commission's interim paper the discussions on the role of the Housing Executive in enabling and facilitating investment in the sector.

Having a well-established single strategic housing authority for a small area such as Northern Ireland is a major asset. We can use that economy of scale and knowledge to attract new forms of finance to the sector. The Housing Executive should play an increasing role in facilitating investment in housing and in promoting social housing and housing associations. That could be done in much the same way as the Homes and Communities Agency does in England in helping with special-purpose vehicles, local housing companies' partnerships and so on.

That leads me to the Housing Executive's landlord role. I am pleased to see that the commission's report inspired debate on that issue. Regardless of how it is done, CIH believes that there needs to be a separation of the landlord function. That does not necessarily mean that ownership passes from the landlord, but it could be set up as an internal business unit to separate the landlord function and, critically, the landlord account. Alternatively, there is the option of finding a way to separate the landlord function so that the Housing Executive can attract borrowing off balance sheet. However, we would need to understand much more about future income streams before we make any decisions. I believe that the Housing Executive would

support a separation of landlord and strategic functions as a first step, but we would want further debate and an appraisal of how that might happen.

The CIH is confident that the solutions advocated by the commission would provide a suggested way forward for housing policy and finance and would enable housing providers to make a more powerful contribution towards meeting wider socio-economic goals. The commission is already considering the role that it would play, and I urge the Committee collectively to help the sector to move an agenda forward in the future.

My hope is that what emerges from the commission is a programme of policy reform that takes us to at least 2020. That would include major progress on reducing housing need and eradicating homelessness; a more effective land and planning system; greater co-operation among housing providers, including housing associations and private sector landlords; and, most importantly, a more strategic approach to housing.

The Chairperson:

Thank you very much.

Mr Craig:

Based on what you have said so far, it seems that you think our approach to housing in Northern Ireland is a bit of a patchwork quilt. I can see where you are coming from, considering that there is a mixture of housing associations and that everyone is looking at their own particular field with no real strategic direction.

I am fascinated by what you said about the Housing Executive and how it has the potential to be the driver in the housing market. However, it needs to get rid of the historical baggage associated with the housing sector. If that scenario were played out, would you be confident that the expertise is there, and, more importantly, that there is enough determination and vision in that body to drive the sector forward? The report has come up with some really good, innovative ideas about new forms of investment and resources. Do you think that there is enough drive in the Housing Executive to drive the housing market forward? My fear is that, because of the history of the organisation, it will not want to take too many risks.

Mr McCallum:

When the sector first came together to establish the commission, everybody was of the same mind that there is a wealth of talent in Northern Ireland among housing professionals. I think that, if expertise from other jurisdictions is levered in, there will be sufficient will there to be able to move forward.

We all need to identify where we want to get to. We need to have a vision for the future that we all work to, and we must ensure that that vision is not disrupted. Funding will be an issue in anything that we want to do, but there is sufficient will in the sector to get something that we can all focus on, join in with and move forward together on. We need to ensure that there is a challenge function, so that, as issues crop up, people can challenge why certain things are happening and ensure that there is a reason for them happening. In that way, we can ensure that the system will not be as disjointed as it is currently.

Mr Craig:

If that scenario arose, are you convinced that there would be enough initiative and drive, or do you feel that there would have to be a bit of new blood from elsewhere in the UK?

Mr McCallum:

The commission will draw on experience from other jurisdictions, and we can feed into that. That is what we have been doing with, for example, the branches of the CIH in the rest of the UK, which have a wealth of talent and research to draw on. There is no reason why that cannot happen. It is definitely doable.

Mr Craig:

It has the potential to work, but only if everyone works together.

Ms Grainia Long (Chartered Institute of Housing):

You are absolutely right. Housing policy in Northern Ireland has built up incrementally. We have the additional challenge of having three Departments — you could say four, if you include the Department of Finance and Personnel — with various responsibilities that directly or indirectly impact on housing, land use, planning and so on. In that respect, we are not that different from other jurisdictions, but there are different dynamics there.

To start with the positives, I do a lot of work in England, Scotland and Wales, and when I travel elsewhere, people comment that we have one single strategic housing authority. From a governance perspective, that is seen as a positive. Our population compares with that of north and south Yorkshire, where there are two local authorities and several boroughs and districts. There are difficulties for housing providers when they have to deal with disparate groups of authorities. In contrast, ours is a positive situation.

However, over the next few years, we must address the split between the Department for Social Development (DSD) at the policy level, the Housing Executive at the strategic level, and the range of housing organisations at the delivery level. That will be the challenge. The Housing Executive has a strategic role as well as a role as a landlord, and I am sure that members will want to hear our views on that. That is why we are starting to think about separating those roles, but it can also be done internally.

Mr F McCann:

Jonathan has touched on some of the issues that I was going to mention. I know that the report covers a wide range of issues, and there needs to be a great deal of debate about many of those. It covers issues such as newbuild, private rental and finance and block letting, but it also brings to the table new ideas about how we deal with things.

I agree that a strong regional housing authority is the only way forward, especially from a strategic and a governance point of view. However, some people would say that many of the promises that were made in the wake of the Semple report are gathering dust in departmental cubbyholes. I was interested in your comments about establishing a communities unit that would be set up as a strategic board. That is essential because it brings new thinking that allows the development of new strategies to move things forward in the medium to long term.

Mr McCallum:

The interim report attempted to gather everyone's views about the nature of the issues. We expect that the final report will give more clarity about potential ways forward. The Semple report was a very good report, but it was a departmental report. We tried, in the sector, to bring people in who thought independently about the way forward. We hope that everyone will buy into our final report, not just people involved in housing, but politicians at every level, and that we develop a strategy that has an in-built mechanism to review ideas and plot a way forward.

Innovation is vital in moving forward. A number of aspects of the interim report, and probably even more aspects of the final report, will give us direction.

Ms G Long:

The Homes and Communities Agency in England is a good example. It is relatively new and is doing new and exciting things. Its job is not to deliver housing; it leaves that to the housing associations, which are the experts. Its job is to be the enabler for investment, to promote housing across all tenures, to find new and innovative models that attract inward investment for housing, to promote housing associations, and to develop pilots and new approaches for investment models. It is the enabler, and that is the kind of enabling that we are talking about here.

There are some really exciting opportunities. We know that Northern Ireland's small scale might well be an issue. However, if we can imagine a strategic enabler such as the Housing Executive having an important relationship with the Homes and Communities Agency in England and any other strategic agencies in other jurisdictions, we can bring economies of scale together in fascinating ways. Investors think like that: they do not think in small jurisdictional boxes; they think of scale and the numbers of units that we have been talking about. Such a high-level strategic enabler, which would have the job of promoting associations and improving the sector, would be on a par with others elsewhere. Northern Ireland will have to compete for investors with other nearby jurisdictions. Therefore, we need to up our gear to ensure that we are ready for that.

Mr F McCann:

I noticed that you mentioned the four Departments. Over the years, several departmental jealousies have built up over patches and crossover. There must be a strategic change to the way that they operate. Would a wider strategy group have to consider that? For example, people with expertise were brought in from outside sectors to deal with social inclusion and homelessness. Could that be part of any strategic group that is put in place? Would it be essential to bring such people in? Many of them think outside the box and offer different types of expertise on housing.

Ms G Long:

I hope so. The commission came up with the idea of a communities unit, which is aimed at bringing the Departments together. If somebody could come up with a better example, that would be even better. It suggested ways to bring Departments together, and some people have

more expertise than the Department on those matters. We want outside organisations and professional bodies such as ourselves, the voluntary and community sector, housing associations and the private sector to deliver the housing strategy. It makes sense to have those people around the table during the development of the strategy. I suggest that it would not work without those organisations.

Mr F McCann:

What status do you want the final product to have? Do you expect government to adopt a guiding strategy that will take us forward on housing?

Ms G Long:

It would be a government vision for housing. In the Republic, the Department of the Environment, Heritage and Local Government's strategy is described as a vision for housing. That is nice language. We considered that and recognised that another Department has a vision and is looking 10 years ahead. Therefore, we envisage the final product would be a government-owned document; it would be owned by the Northern Ireland Executive, and DSD would play the lead role in discharging it.

Mr McCallum:

Although it is a vision for 10 years or until 2020, it must be a living, breathing document that everybody has bought into. Everybody must contribute to it as it moves along.

Mrs M Bradley:

There are many issues that we need time to think about. However, I am intrigued by the target that states that fuel poverty linked to poor housing will be eliminated. How can you say that? Can we believe that that will happen?

Ms G Long:

That is an aspirational target. I am, to an extent, speaking on behalf of the commission, so I will relay its thinking on that one. There are other aspirational targets around, for example, the eradication of homelessness. I suppose that it felt that if an independent commission that is looking towards 2020 did not have those high-level aspirations, it would fall short from the beginning. That is not to say that there are not real difficulties with dealing with fuel poverty. Moreover, we have a disproportionately higher level of fuel poverty in Northern Ireland than

elsewhere.

As the Committee knows, there are several contributing factors, not only around the cost of fuel but around income levels, types of heating and our housing stock. Therefore, the commission is considering the housing sector's role in reducing and eradicating fuel poverty. However, the housing sector should think long term about the quality of stock that it needs and consider alternatives to promote a greener housing industry. It would be wrong for the commission not to be that aspirational.

A programme of retrofit has been recommended; that is, a major programme of refurbishing properties. The commission's paper raised the issue of whether there is merit in a major Northern Ireland-wide programme to refurbish our housing stock. There are questions about how that would be paid for, but the commission suggested that there would be huge economic advantages in kick-starting elements of the construction industry. That would tick a number of boxes, and we hope that they fit together.

The Chairperson:

Mary is right; the paper contains quite a lot of interesting concepts, some of which propose to tackle problems that everyone can identify. May I ask you to give a brief outline of your thoughts on the advantages or otherwise of ideas such as choice-based letting, tax-increment financing or even real-estate investment trusts? Those are all tailored towards tackling certain issues and problems, but they are not new elsewhere. They are maybe new here, and with that comes a suspicion, even though we know that there are problems, as to whether such new-fangled ideas could work. Can you give the Committee a feel for the advantages of those ideas?

Ms G Long:

I will start with choice-based lettings or allocations generally. Allocations come up as an issue from time to time. The smaller the amount of stock available, the greater the focus on allocations; it always emerges as an issue in those circumstances, because the allocations must be got right. The starting point for the CIH is that the allocations system cannot just be about rationing a scarce resource. It is about our vision and that of the Northern Ireland Executive for allocating social housing. How is social housing to be allocated, and what outcomes do we want?

Our allocations system is in need of reform. We are not fast enough at meeting the

requirements of households that are genuinely in need. That is not just down to the number of allocations; it is about the rate at which we can bring new social housing forward. We are also missing opportunities to build in more choice. There are ways to look at low-demand areas, for example, and to consider piloting choice-based lettings.

There are also ways to achieve other public policy goals by way of the allocations system. We have all been involved in debates about how to increase the amount of integrated or shared housing through changes to the allocation system. Some of that can be changed by not actually looking at allocations. If we decided that one public policy goal was to focus in particular on young, single households for the next three to four years, we would not necessarily have to change the allocations system. We would have to ask whether we were building the right properties in the right way.

We must be absolutely sure that our allocations system is not working against existing public policy goals. At the moment, there is a huge focus on the number of housing points that are awarded. Research elsewhere — I have been involved in research on allocations in Scotland in the past — suggested that points-based systems result in people being forced into a situation in which they are chasing points. That sounds simplistic, and there are no easy solutions. However, if we create a system that forces people to make subjective decisions on a particular circumstance at a particular point in their lives but does not allow those circumstances to be reviewed, the system will not work in the way that is needed at the moment. That becomes all the more critical given the fact that we have far less social housing than we need.

I am aware that I have not given you an answer, but the aim of the commission is to come up with a way to find that answer. Do we need a strategic review of the allocations system? Might there be something that the Committee would want to examine? Those are some of the questions that the commission would pose. We do know for sure that something is not quite right at the moment.

The CIH has a view on all the other issues. Some of the commission's ideas are set at a very high level and do pose questions. Tax-increment finance, for example, is something that I feel strongly about, partly because I know that debates are taking place elsewhere on the issue. Any time I hear of someone else doing something, I ask myself why we cannot do it, or at least be at the table when it is being discussed.

Tax-increment finance has been used in the United States for quite some time, and it enables local public authorities to borrow against future tax receipts. It is a very different way of funding investment. It is not used in Northern Ireland, and we have not seen it used in other parts of the UK. However, the Homes and Communities Agency in England has begun a study on it, and a House of Commons Joint Committee undertook to produce a report into whether, and how, future receipts can be borrowed against, based on the notion of partnership. I like that it is based on the private and public sectors making best use of their time, assets and expertise.

To answer the question of how it would work, I will return to the original point. We already have a strategic housing body, but if that body could be tasked with gathering innovative solutions, we would be much further on. It is important that the strategic authority begins to debate tax-increment finance and other issues.

The Chairperson:

The delivery of multiple occupancy housing units is a real problem in social housing. Many of the commission's suggestions are for the medium to long term. Even if the response to the report is unanimously positive, the Department may respond by saying, "That's nice; we'll take a look at it at some stage". However, there is an urgent need for quick action.

How quickly do you think that funding for new housing could be realised, whether it involves bigger government investment, private investment, or, as Jonathan Craig suggested, Housing Executive assets? How quickly could that be seen on the ground? In the short or long term, are we going to be dependent on the current, or an improved, private-rented sector to fill gaps or manage homelessness or even social housing lists? I know that the report focuses on 2020, but how quickly does the commission hope that an impact will be made?

Mr McCallum:

Given the impact of the credit crunch, everybody in housing has been looking at how to move forward, because they all know what is coming down the line. A lot of innovative ideas are floating around the system, and they are being explored. Various housing organisations have innovative ideas about how best to move forward. The commission recommends that the vehicles for those innovations be brought together, perhaps under one umbrella, so that someone can oversee and better co-ordinate them all. Those things are happening anyway, and they must

continue to happen. We are saying that a strategy should be put in place and that an overarching organisation that looks at those approaches in tandem with individual bodies is best placed to take that strategy forward.

Ms G Long:

I want to see several developments in the next two to three years. The unit, or whatever it will be, that will bring the Departments together must be set up in the next year to 18 months. There is no question about that. We also need the strategy very quickly, but we must get the balance right and ensure that it also works. That will take some time.

There are other ways of introducing some fairly swift changes over the next two to three years. We may have to bring investors here by hosting a major conference in Northern Ireland at which institutional investors involved in housing can see the quality of our housing stock and the level of consensus across the sector. Our sector works unusually well together, and it would be very helpful if those investors could see the economies of scale and how we work in partnership with the private sector.

Some changes can be made to regulation in general. CIH is broadly considering how the sector is regulated, whether a single housing regulator is needed, and, if so, where that regulator would sit in the system. Would it regulate social housing and the private-rented sector together? Looking at other jurisdictions, we can see that there is some merit in bringing everything together.

There is no question that that is a huge programme of change. We are of the view that there has been a lot of incremental change but that now is the time to start thinking about change for the long term. However, if we are going to get everything done that we want to get done by 2020, we need to start thinking about long-term change in the next two to three years.

Mr F McCann:

I have put this question to the Department, the Housing Executive and a number of other witnesses, and, therefore, I will put it to you. What is your opinion on the impact of the house sales scheme? If we keep going with that scheme, will we be overseeing the total demise of the social housing sector?

Ms G Long:

The CIH's position is that there is merit in looking at the suspension of house sales for a period of time. The rate at which sales have continued has had a number of impacts. I say that conscious of the fact that the situation in Northern Ireland is different, in a good way, in that we can keep receipts from house sales. Therefore, on the one hand, it sounds ridiculous to even think about suspending house sales because that will have an impact on receipts. On the other hand, there is an issue around whether we want to continue to see the depletion of the current housing stock through sales. I am of the view that it would be beneficial to have a debate on the suspension of sales, and, as part of that, to look at what has happened in other jurisdictions. Such a debate could determine how that impact would play out over time.

To be frank, sales are at such a low level now that suspending them may not have such an impact in the short term. If we gear ourselves up to find new ways to meet the cost of those receipts, there may be other ways to do that. However, there are some difficult decisions to be made about how that would be done, and some issues need to be discussed; for example, rent levels.

The Chairperson:

In some ways, do you see the commission's report as sketching out what could be done but that it is up to perhaps the Committee or those at a higher pay grade within government to decide which issues they want to delve deeper into and which they see as unpalatable?

Mr McCallum:

As Fra said, the danger is that people will cherry-pick from the Semple review; they will focus on the bits that they like and leave the bits that they do not. A co-ordinated approach is needed, and everybody must buy into that as we all have a stake in it. We want the Social Development Committee, the political parties, the Department, the private sector, the housing organisations and the Housing Executive to be involved. Everybody must buy into the same vision so that we can all move forward together. That is the crux of the matter.

The Chairperson:

Thank you very much for your time and for responding to our questions.