



# Social Rented Housing

## Simon Community Northern Ireland Position Paper

'If urgent action is not taken a crisis in the supply of social housing seems inevitable.....A balance of supply and demand needs to be achieved as a matter of urgency.'

*House of Commons Northern Ireland Committee October 2004*

### Central position

Simon Community Northern Ireland considers that social housing is a fundamental component of housing provision in Northern Ireland. Evidence exists of a severe shortfall in the availability of social housing as a viable housing option, particularly for those who are socially excluded. There is a clear link between the provision of social housing, the prevention

of homelessness and the successful resettlement of homeless people within sustainable communities. Simon Community, through its Addressing Homelessness campaign, calls for a concerted effort to increase the supply in this type of tenure throughout Northern Ireland.

### Context

There are two key issues to be considered:

- The rising demand for both affordable and social rented housing.
- The continuing decline in the supply of social rented housing.

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## Rising Demand

There has been a considerable increase in the amount of housing built in the last number of years. In the year to March 2005 15,768<sup>(1)</sup> new dwellings were built, an increase of almost 8% (1257) on the previous year. The majority of this has been privately constructed owner occupied stock, with less than 5% (651) of all houses built in the year to March 2005 being social rented housing. However the demand for social housing has not declined. Indeed social housing continues to be the tenure of choice for many, with almost 30,000<sup>(2)</sup> households on the NIHE waiting lists. There are underlying issues which contribute to this increased demand.

### Economic Factors, Exclusion from Labour Markets and Affordability

Barker (2003)<sup>(3)</sup> outlines in the Review of Housing Supply in England, that housing and access to housing is inextricably linked to economic welfare. Whilst economic conditions in Northern Ireland are buoyant and beneficial for some, a sizeable proportion of the population has particular difficulties with social exclusion issues. As many as 30% of the population exist solely on benefits.<sup>(4)</sup>

Hillyard et al. in Bare Necessities (2004),<sup>(5)</sup> a report on poverty in Northern Ireland, reports that:

- 13.6% of all households had no adult in the household in paid work.
- 21% of all households are composed of retired people.
- 14% of households had no workers due to sickness or disability.

Even for those within employment, the route into the housing market is being curtailed by spiralling house prices. An increasing amount of working families are also caught in the poverty trap with households earning an average of 20% less than those in G.B.<sup>(6)</sup> Average house prices in Northern Ireland were £145,987<sup>(7)</sup> in the last quarter of 2005 - an increase of

22.54% on the same quarter in 2004. House sales to first time buyers have also fallen by 50% between 2001 and 2004.<sup>(8)</sup> In 2006, first time buyers were spending 39%<sup>(9)</sup> of their earnings on mortgage repayments compared to 35.9% in 2005. Initiatives such as the Co-Ownership scheme can assist a maximum of 500<sup>(10)</sup> households per year. Young people on low wages find it particularly difficult to access the owner occupied market.

Concerns also arise in respect of the current dependency on the public sector for employment, which will be inevitably curtailed due to the constriction and realignment of the public services following the Review of Public Administration. Add to this the continued decline of Northern Ireland's manufacturing base and the dependency on central exchequer subsidy, the foundations of the Northern Ireland economy are unstable.

Homeless people are particularly disadvantaged due to financial exclusion. Most homeless people are unemployed and thus excluded from the owner occupied market. Many lack formal qualifications that would allow them to obtain a wage which in turn would allow them to access the housing market. Schemes such as Co-Ownership are unobtainable for those who are the most excluded in our society.

Simon Community's experience of working with up to 1000 households every year illustrates how dependent homeless people are on the safety net of social housing provision. Approximately 53% of the individuals accommodated by the Simon Community are under 25 and therefore have not yet established the financial stability to avail of owner occupation. Many have complex needs and do not possess the skills or qualifications to enter the employment market. Not only must these individuals be given access to housing, which is within the reach of their financial status, but also be supported once they move into independent accommodation.

### Current Levels of Need

The increased demand for social housing may be demonstrated by the following figures:

- The NIHE waiting lists increased by 7.8% from March 2004 to 29,819 households in March 2005.
- Of these households more than 52% (15,660) were deemed to be in “housing stress”.
- In 2005/2006 20,121 households presented as homeless (NIHE 2006).
- 25,600 dwellings were deemed unfit, which is 3.8% of the housing stock (NIHE 2006).<sup>(11)</sup>

The changing demographic patterns of the Northern Ireland population has had an influence on need. Single person households grew from 23% (120,000) in 1991 to 27% (171,500) of total households in 2001.<sup>(12)</sup>

Increased fragmentation of existing households through relationship and family break up, as reflected in the homelessness figures, also present particular challenges for the provision of appropriate accommodation. NIHE recently made a call for a review of the size and type of tenure being built to reflect these demographic changes.<sup>(13)</sup>

The number of migrant workers in Northern Ireland is anticipated to continue to grow and therefore will have an impact on housing need. It is estimated that the non-UK and Irish population in Northern Ireland will grow to between 40,000 and 60,000, up to 3.5% of the regions total population.<sup>(14)</sup>

‘A Shared Future’ (OFMDFM 2005)<sup>(15)</sup> highlights the difficulties that families from a mixed background have in accessing social housing, with less than 10% of stock being regarded as integrated.

### Affordability and the Private Rented Sector

The private rented sector comprises of 9.2% of the overall housing stock.<sup>(16)</sup> It is acknowledged that housing benefit can fail to meet the full cost of rents. Simon Community is increasingly finding that men separated from their children are particularly disadvantaged in this respect as they are unable to afford accommodation that facilitates shared custody or access to their children. Furthermore, young people can be excluded from the private rented sector due to housing benefit regulations and levels.

The NIHE have also recently expanded the use of the private rented sector to provide temporary accommodation for those who are assessed as Full Duty Applicants under the housing legislation. 8.7 % of the private rented stock is regarded as unfit.<sup>(17)</sup> This is significantly higher than the rest of the housing stock. The introduction of the Private Tenancies (N.I.) Order 2005 will play a key role in achieving adequate standards for those who are in greatest housing need. Care must also be taken to ensure that there is not an over reliance on the private rented market as a permanent housing solution for those in greatest housing need. 41%<sup>(18)</sup> of households residing in the sector are in receipt of housing benefit. Any change in the economic climate, such as a major rise in interest rates, may have a knock-on effect on rents making it even more difficult for those on low incomes to afford this type of tenure.

## Decline in Supply

### House Sales Scheme

The drain of the public housing stock through the House Sales Scheme has meant that 25,852 dwellings have been sold by NIHE since 2000.<sup>(19)</sup> This compares to 3,884 new dwellings that have been completed by Housing Associations during that time. NIHE estimate that 3,000 - 5,000 dwellings will be sold each year for the foreseeable future. The House Sales Scheme for Housing Association tenants contained in the Housing (Northern Ireland) Order 2003 will mean that there will be a continual transfer of property from the social housing sector into owner occupation.

A planning structure now exists through PPS 12 part of the Regional Planning Strategy, to plan social and affordable housing. The strategy's intentions are clear: to provide more opportunities for social housing and mixed tenure communities. Powers such as the ability to zone land for social housing exist within the framework. Area Housing Assessments, which are another initiative under PPS 12, have the ability to identify housing need, potentially taking into account demographic characteristics including the needs of single homeless people, smaller households, older people and the migrant population.

**Table 1 Start and Completions of new Dwellings by Housing Associations since 2000**

These figures include sheltered elderly, non-sheltered elderly and general dwellings.

	2000-01	2001-02	2002-03	2003-04	2004-05
<b>Starts</b>	723	725	620	1023	989
<b>Completions</b>	998	1257	937	542	771

<sup>(20)</sup>

### New Build Programme and Planning

Northern Ireland Housing Executive estimate that between 2001 and 2005 only 59% of the required social housing dwellings were started by Housing Associations.

The above shortfall has happened for a myriad of reasons that are outside the control of Housing Associations, including the ability to secure land, competition with private developers and delays in the planning process. In 2005/06 Housing Associations started the building of 1519 units of social rented accommodation. However, market forces will determine that Housing Associations will continue to encounter difficulties competing for development land with private developers.

In addition, legislation exists to enhance this process. In GB, legislation is being used with varying amounts of success to facilitate the building of affordable housing. Existing legislation allows grant funds available from Local Authorities to be used with private investment to develop mixed tenure communities. The equivalent Northern Ireland legislation is Article 40 of the Planning (Northern Ireland) Order 1991. To date there has been no use of this legislation to provide social or affordable housing.

Generally, the Regional Development Plan has the potential to deliver a planned approach to housing, which meets the needs of the entire population. However a mechanism and process does not appear to exist to coordinate the

separate functions of the Department of the Environment, the Department of Regional Development and the Department of Social Development and the Northern Ireland Housing Executive in the provision and planning of social and affordable housing. The creation of the Department of Communities and Local Government in England and Wales has brought together the functions of housing, planning, social exclusion and sustainable communities under one ministry. This appears to recognise that a more cohesive approach is required to Regional Development. The Review of Public Administration may afford Northern Ireland similar opportunities at providing cohesive government in facilitating an affordable housing market.

#### Net Stock Model and Funding

The Net Stock Model is the system that decides on the amount of new social housing dwellings

to be built. It has decided that it is appropriate to build 1,500 social housing dwellings per year. Considering the anticipated continued drain of NIHE stock, the decreasing amounts of NIHE housing stock being re-let and the number of households on the social housing list, the model seems inadequate to address real social housing need.

Despite the call by the NIHE for 2,000 homes to be built each year the government have set in the Budget Priorities for 2007/08 a baseline target of 800 new starts of social housing units. <sup>(21)</sup> This baseline represents a reduction of 47% in the target that the Net Stock Model has set. At this stage it is understood there will be a facility to obtain funding to reach the targets set by the Net Stock Model.

It is critical that the proposed 2007 Comprehensive Spending Review maintains and increases its funding for social housing.

## Recommendations

- The House of Commons Select Committee on Social Housing, which originally met in 2004, should reconvene to review the progress of their recommendations.
- The Northern Ireland Housing Executive's call for 2,000 social housing units to be built annually be approved and funded.
- The 2007 Comprehensive Spending Review must maintain and increase funding for the social rented sector.
- A strategic approach is required on the utilisation of funds generated through the sale of social housing by Housing Associations and the Northern Ireland Housing Executive. These funds could be further used to assist with the development of mixed tenure communities.
- Homeless people and the experiences of homeless people require to be taken into account in the formulation of locally sensitive Housing Assessment Plans.
- A task force be set up between the relevant government agencies to examine and oversee the effective implementation of PPS12 and Article 40 of the Planning (Northern Ireland) Order 1991.

## References

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