

Budget Formulation

Date: May 09

Summary of Paper

NIFHA urges a greater public spend on social housing.

Introduction

The Northern Ireland Federation of Housing Associations (NIFHA) represents registered and non-registered housing associations in Northern Ireland. Collectively, these associations provide 30,000 good quality, affordable homes for renting or equity sharing. Further information is available at www.nifha.org

Background

The budget for social housing development in 2008-09 proved insufficient because proceeds from selling homes to sitting tenants and disposing of surplus public land were much less than expected.

The continuing shortfall in sales proceeds has two important consequences:

- work on 400 new homes had to be delayed from 2008-09 to the beginning of 2009-10; and
- unless additional public funding is made available, only 2,880 homes will be started in the two financial years 2008-2010, compared to the target of 3,250 for the same period.

It is vital adequate funding is provided for social housing. Otherwise there will be an increasing gap between the assessed housing need and what housing associations are able to produce with the resources at their disposal.

The Case for Investing in *more* Social Housing Development

There is a great social need for additional affordable homes

- Statutory homelessness is stubbornly high;
- Owner-occupation remains unaffordable for thousands because higher deposits and interest rates have offset lower property prices; and
- The quality of life of vulnerable people could be enriched by an adequate programme of supported accommodation. This group includes many who need not remain in long-stay hospitals.

It will boost the local economy very cost-effectively

- house building is relatively labour-intensive so it produces many jobs;
- the necessary skills are available in the local labour market;
- a high proportion of the materials used are produced in Northern Ireland, Britain or the Republic of Ireland, thus generating additional local income and boosting government revenue;
- the investment is likely to be focused on areas of high social need; and
- maintenance of the homes will produce some long-term employment.

The homes produced will represent exceptional value for public money

- the price of suitable development sites has fallen; and
- builders and professional consultants are short of work so their prices are keen.

Investment now will pay off handsomely for the taxpayer in future years

- in striking contrast to the situation over the last decade, housing associations can compete effectively in the market for development land; and
- public grant supplemented by the private finance raised by housing associations could secure enough land for many years of social housing production.

Conclusion

The current economic climate is an excellent opportunity for housing associations because they can clinch good deals with landowners and developers.

The positive effects of good quality, affordable housing on society are clear. Decent housing contributes to good health and well-being, improved educational attainment and more community pride and self confidence.

All of these benefits will underpin the NI Executive's desire for increased economic prosperity and sustainability for Northern Ireland but without sufficient funding this vision will not be realised.

Action Required

The budget must be reformulated – we *need* a greater spend on social housing development.

By combining public investment with private finance housing associations can cost-effectively:

- relieve acute housing needs; and
- stimulate the building industry and the wider economy of Northern Ireland.

We urge all parties to support a review of the budget with an increase in funding for social housing.

Further Information

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