



# Updated Response to Consultation

**Date:** 12 February 2010  
**Consultation:** Independent Housing Commission for Northern Ireland:  
Response to Key Issues

## Introduction

The Northern Ireland Federation of Housing Associations (NIFHA) represents all 33 DSD-registered and 6 non-registered housing associations in Northern Ireland. Almost all of these housing associations are charities.

Collectively, our members provide 30,000 good quality, affordable homes for renting or equity sharing. Further information is available at [www.nifha.org](http://www.nifha.org)

## Background

The Independent Commission on the Future for Housing in Northern Ireland was launched in April 2009, met many key stakeholders and invited written evidence. NIFHA submitted preliminary comments on 9 October 2009.

On 5 November 2009 the Commission invited comment on a set of key issues it had identified. This paper presents the Federation's views on each of the key issues (which are reproduced in italics). It updates the paper we submitted on the previous deadline of 31 December 2009 by taking account of new information and further comments from our members.

## General Comments

The Federation supports the Commission's work and hopes this paper will assist the formulation of sound proposals for housing in Northern Ireland over the next decade.

## Specific Comments

### 6.1 A Single Housing and Communities Strategy

*The Commission therefore seeks views on the merit of development of a Housing and Communities Strategy for Northern Ireland, its timescale, scope and content. It would welcome comment on the key stakeholders to be involved in strategy development, and on the organisations responsible for strategy development and delivery.*

The Federation believes that, over the long term, housing demand and housing need in Northern Ireland will be strongly influenced by economic, social, environmental and technological factors originating outside, as well as inside, the region.

We therefore believe that a Homes and Communities Strategy should be developed in close collaboration with the review of the Regional Development Strategy, which is now under way. This approach should help ensure that

*working together for better housing*

important, long-lasting assets such as housing are developed in places where they are likely to be useful for several generations.

NIFHA believes the Minister for Social Development should be responsible for the Homes and Communities Strategy. To produce this strategy, NIFHA recommends the DSD to establish a project group including representatives of the DSD, DRD, NIHE, NIFHA and the other key stakeholders. The project should be clearly defined and time-bound.

Those developing the Homes and Communities Strategy should aim to strongly influence the review of the Regional Development Strategy, which should be led by the Minister for Regional Development but be backed by all Ministers in the Northern Ireland Executive before approval by the Assembly.

## **6.2 The Establishment of a ‘Communities Unit’**

*The Commission would therefore welcome comment on practical ways to enhance alignment of policy objectives across departments and collaboration to achieve results. It would welcome specific comment on whether a single unit would be useful or on whether there are other options.*

The Federation agrees that the best results are obtained when the various departments and agencies relevant to an issue have a shared vision and co-ordinate their efforts to achieve it.

In the context of Northern Ireland, NIFHA considers that the best way of improving co-ordination of inter-agency activity is to build on existing and planned mechanisms, rather than losing time and dissipating resources in the establishment of new arrangements. The existing or planned structures with most potential are:

- Promoting Social Inclusion groups (established and backed by the whole Northern Ireland Executive)
- ad hoc Task Forces jointly led by Ministers from different Departments
- new local authorities with more powers – notably local landuse planning and community planning.

Of these, stronger and more dynamic local authorities offer the best prospect, over the long term, for co-ordinating policy and service delivery at community level.

## **6.3 Planning and Housing and the Role of Local Authorities**

*The Commission is interested in the views of stakeholders on how to ensure successful partnerships between policy makers and professionals with housing and planning functions, both in and outside government. It would welcome comment on steps to be taken to ensure housing plays a formal role in contributing to the success of forthcoming community planning frameworks, and to ongoing reforms of the planning framework in Northern Ireland.*

As stated in relation to 6.2, the Federation believes that publicly accountable local authorities with a meaningful range of powers are likely to be the best way of harnessing local initiative and co-ordinating public services. We therefore recommend implementation of the planned reforms of local government, including the devolution of local landuse planning responsibilities, as soon as possible.

NIFHA agrees that the relationship between housing and planning should be strengthened because both are major contributors to successful, sustainable places in which people want to live. Specific initiatives to move in that direction should include:

- shared training and job experience of housing and planning officers
- secondments
- supporting the CIH's housing and planning network.

The question of how to ensure effective housing input to the community planning work of the proposed new local authorities is important. The Federation recommends that the strategic arm of the NIHE should have a permanent place and the social housing providers with stock in the relevant Council area should agree a method (e.g. nominees or a rota) to achieve consistent participation in community planning meetings.

## **6.4 The Hierarchy of Oversight**

### **6.4.1 Regulation and Inspection of Housing -**

*In the meantime, the commission is interested in the views of stakeholders regarding the current effectiveness of the oversight framework; examples of where and how it could work more efficiently and effectively. We are particularly keen to hear opinion on whether there is merit in a cross tenure approach to housing oversight; and on the feasibility of enhancing the role of tenants and consumers in regulating housing standards and provision.*

The Federation believes cross-tenure regulation and inspection makes sense if the sub-sectors have the same purpose, are subject to the same laws and are equally well resourced.

Because these conditions do not currently apply and are unlikely to apply in the foreseeable future, we think it would be neither appropriate nor practical to include the private rented sector in a single regulatory and inspection framework for rented housing. The Federation recommends, however, that the law should require all private landlords to be on a register (maintained by the DSD or the new local authorities), achieve basic standards of service and be subject to "spot" inspections by the new local authorities.

Since the purpose of NIHE and housing association accommodation (with the exception of equity sharing) is essentially the same and much of the legal framework is similar, the case for applying a single regulatory and inspection framework to the social rented sector is much stronger. Unless the NIHE transfers its housing stock to an independent body outside the public sector,

however, it would remain the case that there were fundamental differences in the legal and financial foundations of public-sector rented housing and voluntary sector rented housing. Any “Social Housing Regulation and Inspection Regime” would have to take those differences into account when comparing the two sub-sectors.

When transferring to the NIHE its responsibility for managing the Social Housing Development Programme, approving scheme submissions and paying Housing Association Grant, the Department for Social Development clearly stated that it would be regulating and inspecting the Housing Executive while continuing to undertake these roles in relation to registered housing associations. NIFHA believes the DSD is best placed to undertake these tasks in a way that recognises the different legal and financial structures of the sub-sectors.

The Northern Ireland Audit Office will continue to review the work of the DSD, the NIHE and grant-aided bodies such as registered housing associations.

Before leaving the subject of oversight, the Federation urges the various regulators of housing associations (notably the newly-created Charity Commission for Northern Ireland) to make arrangements between themselves to avoid duplication of audit work and/or undue disruption to the housing associations being audited.

As the Housing Commission noted in its Key Issues paper, the authorities in England, Wales and Scotland are substantially reforming their approach to the regulation and inspection of registered social landlords. The emphasis will be on good governance, service to present and potential tenants, viability and value for money.

The Federation believes the framework in Northern Ireland should be urgently reviewed in conjunction with the sector to adopt the same sort of philosophy as in Britain, accept that “one size does not necessarily fit all” and greatly reduce the present emphasis on process.

#### 6.4.2 Redress-

*The Commission is interested in the views of stakeholders regarding ways to widen access to redress for all tenants, and to ensure a simple system for resolving disputes. It would welcome comment on whether the establishment of an Ombudsman is a useful approach, whether extension of the functions of current organisations is preferable, or whether there are other ways to broaden access to redress for all tenants.*

The Federation respectfully points out that the tenants of registered housing associations have direct access to the Ombudsman if they remain dissatisfied after exhausting their landlord’s complaints procedure. We consider this system, supplemented by access to the Courts, offers sufficient redress to housing association tenants.

#### 6.4.3 Advice and Information-

*The Commission seeks the views of contributors on the future of housing advice as we consider a long term vision for housing. It is particularly interested in comment on the current scale and nature of advice, how we could improve availability going forward, and whether a tenure neutral model is feasible.*

The Federation suspects it would be prohibitively expensive for the taxpayer to fund an impartial, tenure-neutral advice service that not only helps people meet their housing needs but also assists others to satisfy their housing aspirations.

NIFHA believes the private sector is likely to continue providing tenure-specific advice services on housing aspirations and the public and voluntary advice services focused on meeting housing need are satisfactory.

#### 6.4.4 Reform of the Allocations Framework

*The Commission is keen to hear further views on principles for reform of the Common Selection Scheme; whether reforms are required to the operation of the current scheme, or whether a more fundamental change is necessary. We would welcome comment on the efficacy of a choice based approach, and whether there is merit in a pilot of this kind in Northern Ireland.*

The allocation of social housing is a particularly sensitive issue in Northern Ireland and any experiment or change would need to be carefully managed.

Having said that, NIFHA believes the present system has shortcomings (e.g. criticism that applicants with social problems get priority over “ordinary” applicants) and advocates serious consideration of measures designed to achieve more socially sustainable communities. These measures could include:

- reconsidering the justification for awarding points for social problems which will not necessarily be relieved by rehousing
- tailoring the Scheme to specific circumstances e.g. high-density apartment living – especially when this may involve the allocation of apartments to families with children
- ensuring that the allocation system encourages the ethos of shared future living
- testing the practicality of “Choice Based Lettings” (CBL).

The Federation gathers that:

- many variations on the general theme of CBL exist in Holland and Britain but they all share the attributes of empowering applicants rather than treating them as “suplicants” to an authority that knows what is best for them
- CBL systems present applicants with information on the full range of housing available and allows them to weigh up the advantages and disadvantages of the different properties

- CBL systems can incorporate mechanisms to give “reasonable priority” to particular groups - such as those meeting the statutory definition of homelessness
- In general, CBL systems help social landlords find tenants for less popular properties, thus increasing rental income and reducing the blighting effect of vacant property.

NIFHA considers that the above-mentioned advantages outweigh the risks of trying CBL in a number of areas of moderate or low housing need. The results should then be evaluated.

To improve the user-friendliness of the Common Waiting List and Common Selection Scheme, the Federation also recommends that the housing need of applicants should normally be assessed (using the standard criteria and pointing schedule) by the social landlord first approached by the particular applicant. If there is any indication of homelessness, however, we recommend that the case should immediately be referred to the Housing Executive (which has statutory responsibilities in this regard).

We understand that this modest reform could be implemented by administrative action but, if new legal advice takes a different view, the law should be amended at the earliest opportunity.

## **7.0 Making Housing a Priority**

### **7.1 Housing at the Heart of Economic Recovery**

*The Commission will do further work to examine the financial and operational implications of such a [house insulation] programme and is interested in the views of contributors in ways of making this effective and workable.*

The Federation strongly supports this proposal, which should produce major benefits in terms of employment, environmental sustainability and the campaign against fuel poverty.

### **7.2 Promoting Well-Being and Integration**

*The Commission is interested in further views from housing associations and others in considering how an enhanced neighbourhood regeneration role for these providers could work in the future.*

NIFHA agrees that all housing associations have considerable further potential as agents of neighbourhood renewal and community development. The Commission correctly highlights the fact that a number of these are community-based associations which should be particularly well placed to be “anchors” for local people and “springboards” to help them avail of opportunities to improve their life chances.

After encouraging progress in the first decade of their existence, many community-based housing associations now concentrate on the housing

management role which, while essential, falls short of the community benefit that could be achieved. The Federation believes this potential could be released by a combination of measures including:

- more pro-activity from the community-based associations and NIFHA
- clear signals that the DSD will encourage “wider action” designed to sustain the community and thus maintain the long-term value of the associations’ investment in their respective areas. (Small grants similar to those awarded in Scotland and for a period in England would be a powerful catalyst.)
- clearly assigning lead responsibility for neighbourhood regeneration to the proposed new local authorities, rather than perpetuating the disparate work being undertaken by the DSD, NIHE and the present local authorities

*The Commission would wish to hear further from contributors on the practical steps that could be taken to increase the number of projects for community spaces that could be shared by communities, as a precursor to integrated housing in the future.*

The Federation has always strongly supported the principle that applicants for social rented housing should be able to choose, in practice as well as in theory, to live in areas of mixed community background. Our members have been delighted to work with the Housing Executive to develop individual Shared Future housing projects and co-operate in the Shared Neighbourhood programme for existing housing areas.

On balance, the Federation believes the most sustainable Shared Future results will be obtained by continuing the present voluntary approach so we are not pressing for the introduction of a statutory quota system for housing allocations.

In NIFHA’s opinion, the Supporting People programme is a very cost-effective way of promoting the well-being and social integration of thousands of citizens. We strongly urge the Housing Commission to underline this point in its final report and join the Federation in recommending an increased budget, even in an era of public expenditure restraint.

### **7.3 Community Empowerment**

*The Commission would be interested in the views of housing providers and tenants on how all housing providers could improve their relations with tenants in the future and how the role played by tenants could be formalised in decision making that directly affects their housing outcomes.*

The Federation agrees that social housing providers should focus on the needs and aspirations of their tenants – subject only to the need to provide for potential tenants as well.

Article 128 of the Housing (NI) Order 2003 had the effect of authorising the DSD to approve the transfer of tenanted NIHE homes to a registered housing association if a majority of the relevant tenants voted in favour of the transfer. The Federation endorses this principle of empowerment for the NIHE tenants involved in any small-scale or large-scale transfer of stock.

Social housing tenants also have the statutory right to be consulted on any major change in the management of their homes.

Registered housing associations go well beyond the statutory requirements to involve tenants but there is always room for improvement in the way they do this. The most effective methods are likely to depend on the size, geographic spread and client group of each association.

Associations are required to consult the community as part of the scheme development process and their tenants on any major change in housing management. They are also expected to involve tenants in management and check satisfaction with services.

As well as resident satisfaction surveys, residents' panels / committees / fora and resident membership of association committees or Boards, associations are adopting newer techniques such as "mystery shoppers" and some are exploring the involvement of residents in internal service inspections / reviews.

If social landlords listen to their tenants and do what they ask, it follows that some social tenants may receive more services or better services than others. Provided the required minimum standards are met, regulators, auditors and other observers should not imply criticism by using terms like "inconsistency" when describing such circumstances. Similarly, the diverse nature of the housing association movement helps to stimulate innovation in service delivery.

NIFHA would also point out that housing associations (particularly those based in specific neighbourhoods or with co-operative constitutions) can use their shareholding policy to increase community "buy-in" and empowerment.

Similarly, over the years NIFHA has assisted many groups to build their own homes after constituting themselves as self-build housing associations.

Finally, the Federation supports the concept of Community Land Trusts and is willing to co-operate with others with a view to undertaking a pilot project in Northern Ireland.

## **8.0 A Mixed Housing Economy**

### **Our Understanding of Demand and Supply**

*During our meetings, the benefits of better gathering and sharing of information and on housing demand and supply emerged as an issue among a range of stakeholders. The Commission would value input on the nature of*

*information required in the future, how this could be gathered, whether a tool such as the Housing Market Analysis Tool would be of benefit, and optimum approaches to sharing information in the future.*

NIFHA agrees that good information on all housing sectors is essential for sound policy-making. We therefore hope the forthcoming introduction of the “housing market analysis” technique will prove useful.

### **8.1 New Forms of Investment – Key Partnerships**

*We would welcome views from stakeholders on investment vehicles and opportunities to increase investment and resources for housing in Northern Ireland. We understand that a number of new models are emerging and will require testing over time, however, we would welcome a debate on the usefulness of new models.*

Although the following three contributions are far from new, the Federation believes it is important to consider whether Northern Ireland could raise more finance for social housing from these existing sources:

#### **(a) Rents**

For NIFHA, it is axiomatic that the rent of social housing must be affordable for people in low-paid employment.

A second fundamental factor is that, as independent social enterprises, housing associations will go out of business unless they cover their costs. Rent is much the most important of their sources of income.

Subject to these two principles, however, NIFHA believes there may be scope for slightly increasing some rents without causing undue hardship or significantly worsening the “work disincentive” effect of higher rents. For example, a modest increase in Housing Executive rents would enable the NIHE to self-fund a greater proportion of its dwelling maintenance and improvement programmes.

The Federation therefore suggests that a working group of representatives of NIFHA, DSD and NIHE should examine these complex issues and recommend the best way forward.

#### **(b) Grant from the Budget of the Northern Ireland Executive**

The bulk of the money available to the Northern Ireland Executive comes directly from Westminster and, given the need to control and reduce the UK’s national debt, NIFHA sees very little prospect of additional resources coming from that source. The Northern Ireland Executive has certain revenue-raising powers but Departmental budget reductions are already proposed for 2010/11 and it seems unlikely that budgets will increase significantly for some years.

(c) Private loans raised by housing associations

The rate of capital subsidy continues to fall and associations are borrowing more and more to finance their housing developments. They have some further borrowing capacity but must always ensure that rent levels remain affordable and the association generates enough income to repay its loans and meet all maintenance and improvement costs over the entire life of its property.

As regards new sources of finance, the Federation welcomes a number of initiatives in which our members have already participated:

- consortium working to obtain better terms for bank loans
- innovative arrangements with private housing developers (even though their success to date has been impaired by adverse market conditions)
- access, via the Housing Finance Corporation, to loans from the European Investment Bank

In addition, housing associations are exploring:

- various types of leasing arrangements
- the potential of development land and/or completed homes pledged as security for loans which private developers cannot repay.

NIFHA welcomes the recent success of its members in securing additional and competitively priced private finance from the European Investment Bank. We would encourage the DSD and NIHE to work in partnership with NIFHA further into the future to grow and maximise Northern Ireland's share of this annual facility.

During the year our members investigated and secured additional new Bond facility at arguably some of the most competitive borrowing rates achieved from private lenders. We firmly believe that if our new development programme were aggregated into a three-year funding commitment - as is the case with our GB counterparts – then Bond Finance could be secured at the most competitive borrowing rates.

*Partnerships between central and local government, private developers, housing associations, communities and private financial institutions can create attractive, successful mixed tenure housing developments that not only serve the interests of residents but are an asset to the broader community. The Commission seeks views on the models which could be developed to enable contribution from developers in a sustained way, to increase the supply of social and affordable housing, and to achieve mix. The Commission would welcome further views on ways which policy makers can support partnerships between the private and public sectors, either through partnerships or consideration of models of tax increment finance.*

NIFHA continues to press strongly for the urgent introduction of “developer contributions” (also known as “planning gain”) when society grants planning permission to private developers. We regard this as:

- a fair principle
- an excellent way of achieving a degree of tenure mix in new development
- reasonable for private developers (and thus sustainable) provided:
  - in the case of land already purchased, the size of the contribution is reduced as necessary to render the development economic
  - in the case of land not yet purchased, developers understand what will be required of them and can factor the implications into the price they are prepared to pay for the land.

The Federation believes that, in the case of planning applications for housing, developer contributions should be collected “in kind” through Article 40 agreements rather than relying on financial contributions collected through the proposed Community Infrastructure Levy (CIL). Policy makers should treat the two mechanisms as complementary rather than alternatives and, in the case of housing developments, employ CIL when the use of Article 40 would be impractical.

The Federation believes Tax Increment Finance could be a useful mechanism for existing or proposed local authorities because the Councils have the power to levy rates. But since housing is not likely to become a local authority responsibility in the foreseeable future, TIF may be of limited use as a means of enabling social housing production in Northern Ireland.

## **8.2 Housing Associations**

*The Commission will continue to consider the central role of housing associations as we develop conclusions to our work. Ongoing discussions with associations, with the Department for Social Development and the Northern Ireland Housing Executive have been valuable to enabling us to develop our thinking. As we move forward, we would welcome comment on a number of issues:*

- *Whether steps could be taken to allow associations to deliver mixed tenure developments by building for sale, to cross-subsidise the development of social rented or equity-sharing housing*
- *How partnerships between associations could make greater use of the asset*
- *(and) the efficacy of greater competition between associations in making development bids*
- *Whether there is scope for greater proactivity by associations in including tenants in the decision making process within their organisations, and embedding tenant participation with service development and delivery. The Commission would welcome further comment from associations and from tenants on this issue*

- *The potential implications for housing associations specifically in any changes to the regulatory framework, as per section 6.4.1 above*

(a) For many years the Federation has advocated greater mixing of tenures.

In pursuit of this principle, we:

- devised a simple model that stimulated a number of associations to develop homes for equity sharing (through NI Co-ownership Housing Association) alongside rented homes
- commissioned legal advice that clarified the scope for DSD-registered housing associations with charitable status to undertake mixed tenure developments
- are continuing to press the DSD to use secondary legislation to slightly widen the “permitted objects” of registered housing associations (under Article 15(5) of the Housing (NI) Order 1992) so that they can build for outright sale – with a view to using the surplus to cross-subsidise homes for renting or equity sharing. Housing associations in England and Wales were given this power by Statutory Instruments 1206 and 2256 of 1999.

The Federation is convinced the proposed widening of the “permitted objects” of registered housing associations would be welcomed across the political spectrum, could be achieved quickly and would involve no cost to the taxpayer.

We also believe the change should be made without delay so that associations can start planning schemes that, when market conditions improve, will include some homes for outright sale.

Similarly, NIFHA continues to press the Department of the Environment and the DSD, while the property market is still stagnant, to complete the work necessary to implement a system of “developer contributions” outlined in our remarks on section 8.1.

(b) The Federation wants housing associations to use their resources to produce maximum benefit for the community. If there is good reason to believe that new working arrangements between associations will maximise community benefit then NIFHA will support their introduction.

New working arrangements could vary from:

- co-operation on specific projects
- consortia
- legal group structures
- transfers of engagements
- amalgamation into new corporate bodies

Recognising that reorganisation usually involves significant costs as well as potential advantages, the Federation considers that the Board of an

association considering any of these options should satisfy itself that the rationale for the change is sound and the benefits are expected to outweigh the costs. The community benefit of having a variety of housing associations with special expertise should be taken into account.

(c) Housing associations in Northern Ireland have always competed vigorously to obtain the best development sites, design the best schemes, secure finance on the best terms and provide the best housing management and support services. The Federation, however, is generally opposed to inter-association competition on grant rates for three main reasons:

- it would engender a culture of secrecy between associations, rather than the sharing of good ideas and best practice
- it would effectively compel associations to design their developments to the minimum permitted standard and focus on “up front” rather than “whole life” costs
- many associations would incur significant costs in the preparation of realistic bids but only one would be awarded the development opportunity. Sooner or later, these abortive costs would have to be recovered.

(d) As explained in our comments on section 7.3, the Federation supports its members' efforts to involve residents in the strategic direction and service delivery of their associations, provided the needs of potential residents are also taken into account.

(e) As explained in our comments on section 6.4.1, the Federation believes the regulatory system should be reformed to place more emphasis on outcomes rather than process.

### **8.3 The Private Rented Sector**

*The Commission would welcome comment on how the private rented sector could be developed to continue its contribution to meet housing need. It seeks views on how the sector could be managed to ensure robust management and physical standards. It would welcome input on the feasibility of so called 'block leasing' or other partnerships to enable long term lease agreements to be arranged. Finally, it would welcome observations on the feasibility of REITS (Real Estate Investment Trusts) in Northern Ireland in the future.*

The Federation believes that a “mixed economy” of housing provision is in the public interest and the private rented sector has a useful role to play in it.

Public policy should not only value its positive attributes (such as ease of access, flexibility and responsiveness to customer preferences) but also recognise that the private sector:

- will only address housing need if it is profitable to do so
- is not bound by the same service standards as the social sector
- is extremely varied.

NIFHA considers that too much regulation of the sector is likely to prove expensive (and could even be counter-productive if it caused private landlords to withdraw from the market) but believes that all private landlords should be registered, comply with basic standards, take part in a Rent Deposit Scheme and be encouraged to join a voluntary accreditation scheme.

Long-term leasing of privately-owned property to housing associations should be compared with other policy options and adopted if it appears to offer best value for taxpayers' money.

#### **8.4 Flexible Tenure**

*The Commission is interested in promoting a model of flexible tenure for Northern Ireland. We would welcome views on how we can move towards a more flexible system that allows the housing offer for individuals to change with their circumstances.*

The Federation supports the concept of flexible tenure and believes it should be seriously investigated – drawing on the experience of the Joseph Rowntree Housing Association (which has operated flexible tenure for over ten years) and NI Co-Ownership Housing Association (which has unparalleled local experience of “upward staircasing”).

We assume that a prerequisite for a flexible tenure scheme would be that participating organisations would have access to a ringfenced fund in circumstances when the demand for “downward staircasing” (i.e. reduction in equity holdings) exceeded the demand for “upward staircasing”. If this assumption is correct, any flexible tenure scheme would probably have to await more stable conditions in the property market and be sharply focused on specific categories of households (such as owner-occupiers at risk of repossession and who would meet the statutory definition of homelessness).

This example illustrates the strong relationship between the flexible tenure concept and the mortgage rescue scheme which the Minister for Social Development proposed but could only partially implement for lack of resources.

Secondly, it is conceivable that the government or an individual organisation may be able to test the concept on a small scale by offering flexible tenure terms to those taking up residence in a specific housing project.

#### **House Sales Scheme**

*We would welcome views on the merits of changes to the House Sales Scheme, and the potential implications this would have for providers.*

The main elements of the Federation's policy on the statutory House Sales Scheme are as follows:

- as long as charitable housing associations are required to sell their homes at a discount, they must continue to be compensated for the discount. Otherwise, charity law would be broken.
- the Scheme should be tailored to strategic housing objectives and be suspended in areas where housing need is so high that it probably cannot be satisfied by planned social housing development
- in areas where the Sales Scheme is suspended or in cases where it would be exceptionally difficult to replace specific properties (such as bungalows designed to the wheelchair standard), the relevant tenants should be offered a “Transferable Discount” to help them purchase a property on the open market
- a minor amendment should be made to correct a defect in the Equity Sharing Version of the House Sales Scheme. Properties where a private lender is not prepared to relinquish his first legal charge on reasonable terms should be excluded from the scheme and the relevant tenants should be offered an equivalent “Transferable Discount”.

### **Part Ownership Schemes**

*On this basis, the Commission is merely testing other options, and would therefore welcome comment on the feasibility of housing associations in Northern Ireland administering the Home Buy scheme with grant support from DSD.*

The Federation believes that the advantages and disadvantages of introducing Homebuy as an option in Northern Ireland should be carefully evaluated by an inter-agency working party within a timeframe of six months.

We recognise that Homebuy could usefully supplement the range of housing options available but NIFHA would not wish to add complexity to the local “market” for low-cost home ownership products unless we were satisfied it would offer worthwhile public policy advantages.

### **Developing “Intermediate” Housing Tenure for Rent**

*The Commission would welcome comment on whether there is merit in developing 'intermediate' housing for rent in Northern Ireland, whether there is demand for this form of housing, and the practice steps required to make it happen.*

The Federation believes there is significant potential in Northern Ireland for housing associations to offer “intermediate” housing for rent (i.e. homes let at rents below the market level but above the typical housing association rent).

To facilitate discussion of the possibilities, it would be helpful if the DSD outlined how far it would be prepared to change the present constraints on registered housing associations – such as law on secure tenancies and the rules of the Common Selection Scheme.

## 9.0 The Role of the Northern Ireland Housing Executive

*There are a range of critical points for discussion and debate in the coming months, and the Commission seeks input on how these issues may be resolved. These include:*

- *The efficacy of a more strategic role for the NIHE as a driver for development, and how this could work in practice*
- *The implications of a more strategic role for the NIHE's other functions, in particular its landlord and other statutory functions*
- *Whether change to the landlord function, either or both in terms of ownership and management of assets is required, and the optimum ways to achieve this*
- *How this would impact on other NIHE statutory functions*
- *Whether other approaches, such as an asset management strategy have merit, and what these other approaches may be.*

The Federation believes that the following factors need to be taken into account when considering the future of the Northern Ireland Housing Executive:

- The UK's definition of "public expenditure" is unlikely to change
- UK public expenditure will be heavily constrained until 2020
- The UK government will insist that the Northern Ireland Executive responds to the recommendations about public assets made by Sir David Varney's report in April 2008
- The Savill report on the condition of the NIHE stock and the related financial modelling
- The private borrowing potential of existing housing associations
- The need to establish a clearer and more logical division of labour between the Department for Social Development and the NIHE
- The need to avoid conflict of interest in roles allocated to the NIHE
- The legal requirement that the NIHE cannot transfer the ownership of tenanted homes unless the change is supported by a majority of the tenants involved.

NIFHA recommends that the strategic role of the Housing Executive should be reviewed in the light of the well-advanced plans to create larger local authorities with greater powers including landuse planning and community planning. As part of such a review, we feel all agencies delivering housing services in Northern Ireland would benefit from a clearer distinction between the "housing policy role" (the responsibility of the Minister for Social Development) and the "housing strategy role" (the responsibility of the NIHE).

In April 2008 Sir David Varney's report on the competitiveness of Northern Ireland's economy recommended the Stormont government to consider how better use could be made of substantial public assets such as the homes and land owned by the NIHE. Although we are not privy to the relevant physical and financial research, the Federation believes Housing Executive tenants and the taxpayer may derive net benefit if the NIHE stock were transferred out

of the public sector. Such a change may offer a financially sustainable method of maintaining and improving the NIHE stock without further recourse to public grants or loans.

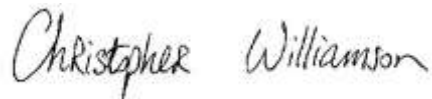
In responding to Varney's recommendation, NIFHA recommends the Northern Ireland Executive to appraise several variants of "the housing association model" as well as other options. This major exercise should be taken forward by the DSD with the support of the NIHE and other government departments and in consultation with the tenants and other key stakeholders including NIFHA.

Pending completion of this substantial appraisal, NIHE tenants whose homes cannot be modernised for some considerable time (because of constrained public finance) should be offered the option of "small scale voluntary transfer" to some of the existing registered housing associations which would use private finance to partly or fully fund the necessary improvement work.

## **Conclusion**

The Federation hopes these comments will assist the Commission complete its important task.

**Submitted on behalf of NIFHA by:**

A handwritten signature in black ink that reads "Christopher Williamson". The signature is written in a cursive style with a clear, legible font.

**Christopher Williamson**  
**Chief Executive**