

Date: 16 February 2011
Consultation: Draft DSD Budget for 2011-15

Introduction

The Northern Ireland Federation of Housing Associations (NIFHA) represents registered and non-registered housing associations in Northern Ireland. Collectively, our members provide 34,000 good quality, affordable homes for renting or equity sharing. In 2009/10 registered housing associations developed 1,800 homes for social renting and enabled about 500 households to part-buy a home.

Further information is available at www.nifha.org

Comments

1. The Northern Ireland Federation of Housing Associations welcomes the opportunity to comment on the draft budget issued by the Department for Social Development on 12 January 2011.
2. The Federation has responded separately on the draft budget of the Northern Ireland Executive. A copy is attached and should be read in conjunction with this paper.
3. NIFHA endorses the Department's proposed strategic objectives for the next four years. Social housing plays an important role in all three priorities – tackling social needs, creating urban centres that are good places to live and building the foundations for a shared future through access to decent, affordable homes and housing support services.
4. The Federation agrees that the budget for housing support services (delivered through the Supporting People programme) should be protected because separate research exercises undertaken in England, Scotland and Northern Ireland confirms that the programme is highly cost-effective at helping vulnerable people remain independent and delaying or preventing the need for more costly public services.
5. NIFHA warmly welcomes the proposed capital and revenue budgets for “Bamford accommodation” – accommodation and support services to help people experiencing mental ill-health or learning disability. Some of the proposed budget, however, will need to be re-profiled from years 1 and 2 to years 3 and 4.
6. Economists such as Mike Smith of the University of Ulster confirm that social house-building has a greater “economic multiplier effect” than other government expenditure. Its budget should therefore be protected because this type of public expenditure:

- greatly benefits the wider local economy as well as directly relieving housing need
 - is greatly “stretched” by the very large private loans that housing associations raise to supplement public expenditure.
7. NIFHA and its members have demonstrated that the draft budget was incorrect to assume that £80 million of reserves were available from housing associations to replace core capital funding. Whilst associations are willing to explore opportunities to take on additional borrowing and have engaged with the Minister to this effect, the potential contribution will not be sufficient to fill a funding gap of £80 million.
 8. Since the assumption about reserves was inappropriate, we have called on the NI Executive to provide the Minister for Social Development with a realistic budget of core funding capable of meeting the needs of the thousands of households who, for a wide variety of reasons, are turning to the social rented sector.
 9. The Federation and its members are keen to work with the Minister and all other interested parties to explore potential sources of additional income. This search should give consideration to politically sensitive subjects such as raising social rents each year by a little more than the Retail Price Index. This would allow housing associations to lever considerably more private finance into social housing development.

Conclusion

It is helpful that a multi-year draft budget is proposed but the Federation believes the Northern Ireland Executive must ensure that those responsible for finalising the budget fully understand the purpose and nature of housing association reserves and place more emphasis on infrastructure investment (including housing) as the best way of securing long-term social well-being and economic and environmental sustainability.

Submitted on behalf of NIFHA by:

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