

**Response to the Recommendations of the
Review into Affordable Housing Interim Report**



Northern Ireland Housing Executive

and

Northern Ireland Federation of Housing Associations

**Housing
Executive**



Introduction

- 1.0 The Northern Ireland Housing Executive (NIHE) and Northern Ireland Federation of Housing Associations (NIFHA) welcome the wide-ranging Interim Report of the Review into Affordable Housing, and the fact that many of the points made in our joint submission have been reflected in the Review Team's Interim Report and associated proposals and recommendations.
- 1.1 NIHE and NIFHA have once again adopted a joint approach to considering and commenting upon the draft recommendations set out in the Interim Report. The Group's views on the recommendations and their implementation are set out in this document and appendix.

Summary

The joint NIHE/NIFHA Group agrees with or accepts the majority of the recommendations and proposals made by the Review Team in the Interim Report. The areas listed in this summary represent our view of the key priorities for action, or issues which require further research or consideration before implementation.

Key Priorities

1. A clear **definition** of affordable housing should be adopted in Northern Ireland. The Group recommends that this should include:
 - The social rented sector;
 - Intermediate affordable housing;
 - Low cost housing for owner occupancy procured through A40 agreements which might remain low cost in perpetuity; and
 - Private rented dwellings at affordable rents.
2. The Government should consider a firm **funding commitment** for affordable housing, if possible, including delivery of 2,500 social new build (incorporating “Off the Shelf”) starts per year (covering the broad spectrum of need including supported housing and lifetime homes) to address the increasing waiting list and levels of homelessness as well as health and poverty issues. Delivery of this level of provision can be facilitated through land and planning measures outlined in the report and below. It is worth noting the high priority attached to housing investment in GB, and this should be no less so in Northern Ireland, although the Group acknowledges that progress on this new target will be incremental.
3. The Housing Executive recommends that consideration should be given to identifying other means of leveraging in additional funding for affordable housing, such as prudential borrowing by the Housing Executive and institutional investment, including partnership arrangements. (NIFHA has not, at this time, agreed to this recommendation.)
4. Production of a full suite of Area Plans and/or changeover to a Local Development Framework type system is likely to take between three and five years. In the meantime, it is essential that a number of **planning tools** are implemented as a matter of urgency:
 - PPS12 must be revised to include affordable housing.
 - Development Control Policy HS2 must become operational as soon as feasibly possible.
 - Article 40 agreements should be piloted with a view to roll-out on appropriate designated sites throughout Northern Ireland.
 - Housing Need Assessments should be updated annually.

The Housing Executive will support the operation of these tools through joint working with Planning Service. In particular, it will offer the technical assessment for affordability targets in individual sites and a negotiation service with landowners.

5. The process of implementing the planning policies and amendments detailed above would be enhanced by creation of a **Stakeholders' Forum** led by the DSD to carry forward joint work on Article 40 implementation, PPS12 revision, HS2 operation and other affordable housing-related activities.
6. **Land** for affordable housing development must be made available in appropriate quantities and locations. We take the view that intervention in the residential land market requires a partnership solution rather than a new agency. The nature of that market consists of the following particularly relevant sources:
 - Surplus public sites which are widespread and varied in size
 - A significant number of privately owned residential only sites
 - Some large scale sites (public/private) with mixed use (including housing) potential
 - Some sites requiring public sector enabling (e.g. vesting, site lines, additional lands to maximise the development)
 - Opportunities for off-plan acquisition on private development sites.

We consider that public sector intervention in the land market should seek to minimise public sector costs and maximise the development gain.

We therefore propose a partnership approach:

- NIHE operating as Land Agent for residential development by housing associations and others, based around the threat of, or actual, vesting, enabling development, acquisition (including transfer of public sector lands to support the programme) and negotiation. We estimate that this will cover 80% of the targeted requirements and will be financed by Housing Association Grant (HAG) combined with private finance borrowed by housing associations. Exceptionally, the Housing Executive may acquire directly on the understanding that this will offset HAG requirements (i.e. private finance will still be secured).
- Large scale sites with potential mixed use (including housing) should be the responsibility of DSD (Regeneration) or the Strategic Investment Board, depending upon the agreements and responsibilities for specific sites.

We consider such a partnership compatible with the proposed structural arrangements for England (Communities England) following the

announcement of the merger of the Housing Corporation and English Partnerships, and the existing structures in the Republic of Ireland.

Other measures that would assist in the delivery of land for affordable housing include:

- De-zoning suitable unused industrial land and making it available for housing;
- Increased, pro-active use of existing Housing Executive vesting powers;
- Giving housing first call on surplus public sector land;
- Identification and release of surplus lands across the public sector, for all forms of affordable housing;
- Making provision of an element of affordable housing a condition in disposal of Housing Executive land to the private sector;
- Amending Government Accounting Northern Ireland (GANI) rules to extend the disposal period for surplus public sector lands from three to five years and longer for the Housing Executive; and
- Amending existing rules to allow, where necessary, disposal of surplus public sector lands at less than market value to deliver social and/or other affordable housing.
- Strengthening the Planning Service's annual 'Housing Land Availability' report to contain information on whether identified land is suitable, viable and actually available for building.

The Housing Executive should immediately proceed to test out affordability models on specific sites currently in its ownership. Such models should seek to incorporate a broad range of tenure and building forms.

7. Delivery of new social housing would be enhanced by **measures to facilitate housing associations** in site acquisition and construction procurement through:
 - Streamlining Advance Land Purchase procedures;
 - Reviewing the current Total Cost Indicator (TCI) system to make it more flexible and responsive;
 - Taking account of the findings and recommendations of the procurement review that is currently underway; and
 - Reviewing and clarifying the basis on which the Valuation and Lands Agency values public sector land for transfer to housing associations.
8. Greater **access to sustainable home ownership** could be facilitated through:
 - A variety of measures to help the Co-Ownership scheme maximise its effectiveness in assisting low income households, and particularly first time buyers, to access homeownership; and

- A review of the potential for use of 'HomeBuy' type products in Northern Ireland.

Other Issues for Consideration

9. A number of steps could be taken to help make **better use of existing assets**:

- Greater powers are needed urgently to help bring empty private sector dwellings back into use; the Housing Executive should be given powers equivalent to English Empty Dwelling Management Orders, and should produce a corresponding strategy for action on this issue;
- The Group understands the thinking of the Review Team regarding a moratorium on social sector demolitions, but would emphasise that approval for demolition is based on a stringent economic appraisal process and often paves the way for provision of new social or private housing.

Of 520 void units demolished or pending approval for demolition in late 2006:

- 250 units were for transfer to housing associations;
 - 51 were for release for private new build;
 - 71 were for estate restructuring; and
 - 121 were to be retained in anticipation of future housing need.
- While there is merit in considering use of incentives to reduce under-occupation and free up housing for families, it must be recognised that there is a short supply of, and considerable existing waiting list demand for, smaller units of social sector accommodation.
 - The Group notes the Review Team's recommendations on possible changes to the House Sales Scheme, and would suggest that a full review of the Scheme should be initiated by DSD, taking account of these recommendations, potential equality implications associated with any changes, and the potential use of receipts to service the new build programme.

10. The Group welcomes recommendations to work closely with **the private rented sector** to ensure a continued supply of quality, well-managed, affordable housing.

- While full registration of all private rented sector landlords should be a long-term aspiration and all landlords should meet minimum standards, this would be a significant task, which would need to be achieved over a period of some years. To be worthwhile, we suggest

that registration should initially be risk-based and/or linked to positive benefits for landlords (e.g. accreditation for landlords or access to a mediation service).

- There is much merit in a rental support scheme model to match Waiting List applicants with good quality, well-managed properties in the private rented sector, and the Group supports such a proposal in principle. However, the change from Local Reference Rent to the Local Housing Allowance from April 2008 would impact on the proposal suggested, and further work would be required to develop a scheme which would function successfully under the proposed new arrangements.

11. The Group recommends that the Lifetime Homes standard should be incorporated into the Building Regulations (as recommended by the Northern Ireland Affairs Committee) so that all new homes, private as well as social, are designed to be more suitable for the high proportion of the population that will experience mobility problems at some point in their lives. We acknowledge and look forward to the outcome of the Review of Services for Wheelchair Users.

Chapter 2 – What do we mean by Affordable Housing?

Interim Report Recommendations:

- A definition of affordable housing is essential. A definition is suggested.
 - It is suggested that housing costs should not exceed 30-35% of household income and a proportion of around this level should be used for eligibility purposes.
- 2.0 The Group agrees that a definition of affordable housing, complemented by a robust affordability tracking mechanism, is essential in planning and providing affordable housing in Northern Ireland.
- 2.1 In its joint submission to the Affordability Review, the NIHE/NIFHA group suggested that the PPS12 definition of affordable housing should be used in the Northern Ireland context, subject to further evidence which may become available as part of the University of Glasgow study on affordable rents in the social and private sectors. Under the PPS12 definition, affordable housing would comprise the social rented sector, housing benefit-funded private rented accommodation, and that part of the low cost owner occupation market which can be purchased utilising 30% or less of gross household income.
- 2.2 The Affordability Review Team set out as a broad definition that in order to be considered affordable, housing costs should not exceed 30-35% of household income and a proportion of around this level should be used for eligibility purposes. The Interim Report further outlines that affordable housing might fit into a broad tenure definition where the categories identified have received Government support or are a direct result of Government Intervention, including social housing and various types of intermediate housing.
- 2.3 The Group remains in favour of using the PPS12 definition of affordable housing in a modified and clarified form which also takes into account the updated definition of affordable housing that was recently published for use in England under Planning Policy Statement (PPS3).
- 2.4 PPS3 states that affordable housing includes social rented and intermediate housing, provided to specified eligible households whose needs are not met by the market. Affordable housing should, furthermore,
- meet the needs of eligible households including availability at a cost low enough for them to afford, determined with regard to local incomes and local house prices; and
 - include provision for the home to remain at an affordable price for future eligible households or, if these restrictions are lifted, for the subsidy to be recycled for alternative affordable housing provision.

PPS3 states that homes which do not meet this definition, for example, 'low cost market' housing, may not be considered, *for planning purposes*, as affordable housing.

2.5 The Housing Executive and housing associations would therefore propose that, subject to the findings of the Rent Review and NI Housing Market projects currently being completed by the University of Glasgow, the definition of affordable housing in Northern Ireland should comprise:

1. **The Social Rented Sector:** owned and managed by the Housing Executive and housing associations;
2. **Intermediate Affordable Housing:** Co-Ownership and any other products (such as HomeBuy) which may be introduced;
3. **Low Cost Housing (at a price determined using an affordability index) for owner occupancy procured through Article 40 agreements** and effectively subsidised through a developer contribution. Eligibility criteria would apply, with properties aimed at first time buyers (including those seeking a new home as a result of marriage/relationship breakdown) whose income is below a certain level determined through an affordability index. Further work should be undertaken on the legal means to maintain the affordability of properties within such schemes through controls on re-sale. Low cost market housing provided by developers outside Article 40 agreements would be excluded from the definition of affordable housing.
4. **Private rented dwellings at affordable rents** which are calculated either using Housing Benefit eligible rent guidelines or on a formulaic basis using an income multiple. The research currently being undertaken by the University of Glasgow will inform this definition. It is not considered meaningful to include all private rented dwellings where Housing Benefit is paid, as this would mean that a dwelling would move in or out of the 'affordable' category as a household's circumstances change and would also raise the issue of those receiving partial Housing Benefit or whose Benefit only covers a proportion of the rent. Such situations have the potential to create anomalies, where, for example, a household that struggles to pay the difference between eligible and market rent would nevertheless be considered to live in an affordable dwelling.

Chapter 3 – The Future Need for New House Building

Interim Report Recommendations:

- The DRD should now review again the Housing Growth Indicators (HGIs) for NI currently set at 208,000 for 1998-2025.
- HGIs at sub-regional and District Council level are too restrictive and should be used alongside local market information in determining local housing and land requirements.
- A social house building programme of 2,000 completions per annum is required.
- Additionally, more social housing opportunities could be provided through bringing back voids into the stock and by giving incentives to social tenants to move into private sector homes.
- The Foyer initiative should be expanded.

3.0 The Group accepts the points made by the Review with regard to future new housing need, but would add a number of further comments, which are described in detail in sections 3.1-3.4.

3.1 Housing Growth Indicators

Following the Panel Report on Housing Growth Indicators in March 2006, the Department for Regional Development accepted that HGIs should be reviewed in the light of the most up to date information. The DRD and NIHE have already held discussions on this and feel this should be undertaken based on 2006-based household projections and new housing stock-related information emerging from the 2006 House Condition Survey. The intention is to review the underlying figures every two years and, where appropriate, the HGIs on a five-yearly basis. The Group concurs with this review mechanism.

The Group agrees that HGIs at District Council level are too restrictive, but would be useful at sub-regional level, particularly if the geography chosen were to reflect a more functional approach taking into account labour markets and housing choice.

3.2 Social Housing New Build Programme

The Group strongly endorses the points made in the Interim Report about the need for a larger Social Housing Development Programme to slow the rate of growth in homelessness, housing stress and the Common Waiting List generally. In addition, there is much evidence to show the links between housing and health, educational attainment, local community empowerment and cohesion, financial and social inclusion and the overall economic success of “Northern Ireland PLC”. It is therefore essential that the government in NI follows the example of other UK regions, where indications suggest that Comprehensive Spending Review 2007 will give financial backing to affordable housing

provision, including a suitable level of social new build and encompassing a firm commitment to provision of supported housing.

The submission made by the Group in November 2006 agreed with the Review Team's recommendation that a minimum of 2,000 social housing starts per annum is required in future. The latest net stock model calculation has, however, subsequently indicated an annual requirement for 2,200 new social dwellings to prevent ongoing increases in the Waiting List. A figure of 2,500 starts each year is proposed to take account of the backlog which has built up since 2001.

The Group is very concerned at the statement in chapter five of the Interim Report, that 'there are doubts about the capacity of housing associations to deliver an enhanced social programme'. We would strongly refute this suggestion, and point to both recent and past evidence which shows that the housing associations have continued to deliver a substantial development programme despite facing a variety of planning and land acquisition difficulties which have largely been outside their control. The skills and capacity necessary to identify and deliver new social housing are already in place, but have been inhibited by other factors. It is our belief that with a firm funding commitment and action on the land and planning issues referred to elsewhere in this report, enhanced new build targets can be met.

3.3 Social Sector Voids

Information on social sector voids and their use is provided in section 7.2.

3.4 Foyer Initiative

The Group agrees that the Foyer model can be an effective means of promoting the social inclusion of disadvantaged young people at risk of homelessness. The Group would suggest that an independent wide-ranging evaluation of existing Foyer schemes should be carried out before committing resources to new developments.

Chapter 4 – Planning

Interim Report Recommendations:

- The Current Area Plan system is not delivering. Consideration should be given to moving to a more flexible system such as the English Local Development Framework and to whether this could be introduced prior to transfer of planning functions to new councils under the Review of Public Administration (RPA).
- Development of 'routes through' the Local Development Planning System would speed up decisions on major developments/schemes.
- Increased densities and mixed tenure schemes should be supported.
- 'Key site requirements' should be extended to provide for affordable as well as social housing. New Department for Regional Development (DRD) guidance is required on this.
- There should be sensitive and flexible application of 'brownfield development' to meet the 60% target. A balance between character and communities needs to be struck. There may be a requirement to extend development limits in small settlements where sites available for development in small towns and villages are limited.
- Triggers should be identified within the development control system to signal when the application of an Article 40 should be considered. Again, new DRD guidance is required.
- Mechanisms for capturing the full range of developer contributions under Article 40 of the Planning Order should be introduced.
- NIHE should develop a methodology for reviewing usage of open space under the exceptions policy of Planning Policy Statement 8, to release land for development of housing at higher densities and to diversify the tenure mix on existing social sector estates. Pilot schemes should be identified immediately to test the new approach.
- Extension of Policy CTY6 should provide for mixed social and affordable developments up to 12 properties.
- The statutory response time for Planning Service to respond to applications should be extended.
- The scope for permitted development should be enlarged, and the possibility of restricting housing applications to one per site should be explored.
- Applications for significant housing developments might be fast tracked.
- A multi-skilled unit might be set up within the Planning Service to deal with significant housing applications.
- The decision to retain the Planning Appeals Commission after the RPA should be reconsidered.

4.0 The Group broadly accepts or endorses most of the proposals and recommendations set out in this chapter of the Interim Report. In addition, the Group would make the following points:

4.1 Local Development Frameworks

Local Development Frameworks (LDFs) are still at an early stage in England, and have not been fully tested. However, as they deal with different aspects of the Plan – such as the housing strategy – at different stages, they should, in theory, allow for a speedier plan process and prevent lengthy public inquiries.

The LDF approach is also more flexible and allows the process to respond to significant infrastructural/planning issues that may arise throughout the plan period.

The English PPS3 requires that LDFs are specific in relation to housing need and setting a target for delivering a supply of land for affordable housing. PPS12 should be modified to require a similar approach in Northern Ireland.

Bearing in mind that a time frame of between three and five years would be required to change from the current system to LDFs in Northern Ireland, a number of more immediate steps could be taken to ensure delivery of affordable housing through the planning system:

4.2 PPS12

Planning Policy Statement (PPS) 12 should be revised to:

- include other affordable private (as well as social rented) housing;
- ensure that land in both urban and rural settlements in all Area Plans is zoned immediately for affordable housing; and
- include the need for affordable owner occupied housing in Development Control Policy HS2.

Development Control Policy HS2 is the critical planning mechanism for the delivery of social and other affordable housing in NI. It is essential that it is operational as soon as possible.

A tripartite group consisting of members from DRD, DOE Planning Service and the Housing Executive is currently working to put forward revised policy for PPS12/Policy HS2. Examples of best practice in GB and ROI are being examined for suitable translation to the NI context. The Housing Executive has provided DRD/DOE Planning Service with housing need assessments for ten settlements throughout Northern Ireland to test existing policy for robustness. Representatives of other stakeholders, including private and voluntary sector developers should be invited to give the public authorities advice on the proposed new arrangements.

As part of PPS3 in England, Local Development Documents are required to include estimates of the overall likely proportions of households that require market or affordable housing, e.g. x% market housing, y% affordable housing. The Northern Ireland Housing Executive has the role of carrying out housing need assessments (HNAs) under PPS12. In their current format, HNAs include a number of categories, but not market housing in general. PPS12 would need to be amended to require NIHE to specify this information.

Separate pieces of research on Housing Need Assessment and the Northern Ireland Housing Market are currently being carried out for the Housing Executive. The findings of both pieces of research might be used to help indicate an overall proportion of new housing provision that should be set aside for affordable rent or purchase (e.g. 20% as in the Republic of Ireland). This type of proxy figure is required as soon as possible, and would be the basis from which a number of other planning policies would operate. The Regional Development Strategy Review could incorporate a regional affordable housing target, which could be updated by local Housing Need Assessments.

4.3 Article 40 Agreements

Delivery of social and other affordable housing through key site requirements can be ensured under legally binding agreements placed within the Article 40 framework. Article 40 has not yet been used to deliver affordable housing in Northern Ireland, but such legally binding planning agreements are clearly part of Government policy, and the Group strongly recommends that Article 40s should be used in all planning applications with a social/affordable housing component to ensure delivery. Planning Service is responsible for drawing up, implementing and enforcing Article 40s, and the Housing Executive will provide backing through its robust HNA methodology as well as 2nd and 3rd party support for Article 40 implementation.

A clear framework needs to be established for the use of Article 40 agreements. Policies should be sufficiently robust to discourage or withstand legal challenge. Care should be taken in establishing site size thresholds above which affordable housing must be provided as part of any development, bearing in mind differing rural/urban situations.

In England and the Republic of Ireland, where planning obligations have been used increasingly in recent years to facilitate affordable housing delivery, they can be fulfilled by a variety of means including on- or off-site provision or payment of a commuted sum. The Group strongly advocates the use of on-site provision in all but the most exceptional circumstances, and urges that Article 40 pilots should be carried out as soon as possible, with a view to roll-out on appropriate designated sites throughout Northern Ireland.

4.4 Planning Policy Statement (PPS) 8

The Housing Executive and Planning Service are due to complete the proposed document outlining working processes for applying Policy OS1 in January 2007. On completion, a training course will be rolled out for all concerned parties, i.e. development control planners, planning and feasibility, Area and Corporate Planners, housing associations and Development Programme Group.

The Rathcoole Estate pilot study has been submitted to Planning Service for their consideration. In addition, Area Planners are working up Open

Space appraisals on a number of sites in the current and 2007/2008 years of the Social Housing Development Programme.

4.5 “Routes through” Planning

The Planning Service already has a quality initiative team framework in each of its divisions which should process housing applications for 20 or more units. This may, however, be compromised due to resourcing issues.

The Group believes that further good working partnerships between NIHE, DOE Planning Service and DRD should be encouraged, particularly with reference to the development of expertise in delivery of Article 40 agreements and negotiating skills between developers, land owners, public housing providers (housing associations) and the Housing Executive.

We would agree with any proposal that speeds up the process of determining planning applications for major affordable housing schemes. Potentially, this may be achieved through modernised planning processes such as the introduction of e-Planning Information for Citizens (ePIC), revised service level agreements, early negotiations between Planning Service and relevant parties, and revised Planning Appeals Commission procedures.

With regard to planning issues, the Group would also point out that although the Housing Executive can avail of special rates for planning application submissions, housing associations are charged per property. We would urge that there should be a common, lower rate of planning application fees for all social housing providers.

Chapter 5 – Land and Building

Interim Report Recommendations:

- In view of the extent of land banking and speculation, the Department of the Environment's Housing Land Availability Monitor should, if possible, be prepared annually on the basis of whether housing land is suitable, viable and actually available for building.
- To counter land banking, selective dezoning of land zoned for housing use but not being released should be considered.
- The DSD should examine the scope for strengthening powers to vest land for housing purposes. NIHE should be proactive in the use of existing vesting powers.
- The duration of planning permissions for significant housing developments might be reduced to three years.
- The Register of Surplus public sector land should be comprehensive. The Department of Finance and Personnel should address this issue.
- Consideration should be given to establishing a Northern Ireland Land Assembly Agency along the lines of English Partnerships. With appropriate restructuring this role could be undertaken by the Northern Ireland Housing Executive, the proposed Land & Property Services Agency or the Strategic Investment Board. Further work is required on this proposal. However, should a devolution settlement be secured, a public expenditure dowry for such an Agency would allow it to initiate its commercial activities.
- Provision in GB for local authorities to release land at less than market value, swap lands and hold land for periods of five years should be applied to the Housing Executive.
- A pathfinder project should be initiated to test the use of Community Land Trusts in Northern Ireland.
- New procurement arrangements should be introduced for housing associations and bundling of a number of sites into a larger contract should be tested.
- Legislation should be brought forward to allow for payment of Housing Association Grant to private sector developers.
- The Construction Employers' Federation should encourage local builders to consider timber frame construction and to absorb any lessons from the £60,000 house initiative.

5.0 The Group generally accepts the proposals and recommendations outlined in Chapter 5 of the Interim Report, but would comment in further detail on some of the issues raised:

5.1 Land Banking

The Group agrees that appropriate measures should be put in place to discourage developers from 'sitting on' land that is appropriate or zoned for housing provision while its value inflates. With this in mind, the Group would support the proposal for a reduction in the duration of planning permissions for housing developments in line with existing policies in England. As stated in the original NIHE/NIFHA submission, we would recommend introduction of policies similar to those contained in the Planning and Compulsory Purchase Act (2004) in England and the equivalent in Scotland, as well as in Republic of Ireland legislation:

- Time allowed from gaining outline planning permission to applying for reserved matters reduced from five to three years;
- Once reserved matters have been approved, developers have two years within which to implement planning permission;
- Planning permissions are no longer automatically renewed and fresh applications are required once they expire; and
- Planning permissions should include development completion, as well as start, dates.

In addition, PPS3 states that when considering planning applications relating to sites for which planning permission has been previously granted for a similar proposal, but where the development has not been implemented, local planning authorities in England should take account of the evidence as to whether the site is likely to be developed. There is no presumption that planning permission should be granted because of a previous approval.

Equivalent tools would be useful in Northern Ireland, providing similar mechanisms to tackle land banking for purely speculative reasons.

The Group is, however, concerned about the proposal for selective de-zoning of land zoned for housing use but not being released. While we understand that such a policy would aim to act as a disincentive to land banking, there is a risk that it could be counter-productive, resulting in a reduction in the overall supply of suitable, available land. On the other hand, the group would welcome the selective de-zoning of land which has been zoned for industrial use for some time and not developed for this purpose, with a view to making it available for provision of housing, including an affordable component.

5.2 Vesting

The Housing Executive already has a range of powers at its disposal to vest land for housing purposes. To date, these powers have been used infrequently, mainly to help deliver major redevelopment programmes. The Group supports more pro-active, selective use of existing powers as part of a broader land assembly role for the Housing Executive (see section 5.5 below).

5.3 Public Sector Land

The Group agrees that a comprehensive register of surplus public sector land should be compiled and arrangements put in place for regular monitoring and updating of the register.

We would also re-emphasise a number of other suggestions put forward in the original NIHE/NIFHA submission:

- Housing should have first call on surplus public sector land

- Identification and release of surplus lands across the public sector should be aimed at all forms of affordable housing
- The provision of an element of affordable housing should generally be a condition in the disposal of Housing Executive land to the private sector
- Government Accounting Northern Ireland rules which currently require disposal of surplus public lands within three years should be amended to extend the disposal period to five years, inclusive of the potential to use for affordable housing
- Existing rules which require achievement of 'best consideration' for surplus public lands should be clarified so that disposal can take place at less than market value to deliver social and/or other affordable housing

In some cases, with DSD approval, the Housing Executive can release land at less than market value. Within the existing legal framework, and with strengthened policy guidelines, the Housing Executive and DSD might come to an arrangement that permits sale of surplus NIHE land at less than market value to facilitate affordable housing provision. In this instance, the Group would advocate putting in place policies and procedures to ensure that benefits attained through the use of public sector land are 'recycled', and affordable housing retained in perpetuity. The Housing Executive should immediately proceed to test out affordability models on specific sites currently in its ownership. Such models should seek to incorporate a broad range of tenure and building forms.

There are also issues around the classification of public sector land holdings that require further investigation and potential amendments. Clearly, other public sector bodies also own land which is not surplus to requirements; some flexibility of categorisation should be built into the system to allow land swaps/use of non-surplus public sector land for affordable housing provision where a need is identified.

The Group agrees that the Planning Service's annual 'Housing Land Availability' report should be strengthened to contain information on whether identified land is suitable, viable and actually available for building.

Finally, there are concerns about the clarity and consistency of the current valuation process for transfer of public sector land to housing associations. We would urge that the basis on which the Valuation and Lands Agency values public sector land for transfer should be reviewed and clarified.

5.4 Leasing Land from Public Bodies for New Social House Building

Housing associations have been able to provide social housing through leasing arrangements for land and buildings with bodies such as Health & Social Services Trusts, where land has been transferred at nil cost in

return for the long term benefit of meeting need at a reduced capital cost. It would be appropriate to consider this as an option for future development on public land given the economic pressures resulting from rising land costs.

In this scenario, a public body such as the Housing Executive would lease land/buildings to a housing association for 99 years at an anticipated nil/peppercorn cost. This length of lease would represent the anticipated life span of any dwelling provided on the site. As leaseholder of the site, the association would develop the site within existing DSD regulations on a “Works Only” basis, and at the end of the period the land would revert to the Housing Executive for future house building.

The benefits of using this methodology would be realised in cost terms for the initial development, as a considerable proportion of the grant available to housing associations is currently consumed by the purchase price of the land. It would also enable the affordability of the provided dwellings to be sustained throughout their life. This would apply if houses were sold under the house sales scheme, as the lease period would be reducing, so affecting the likely sale cost. It would make the projects more financially viable as land costs would be excluded.

5.5 A Northern Ireland Land Assembly Agency

Land for affordable housing development must be made available in appropriate quantities and locations. We take the view that intervention in the residential land market requires a partnership solution rather than a new agency. The nature of that market consists of the following particularly relevant sources:

- Surplus public sites which are widespread and varied in size
- A significant number of privately owned residential only sites
- Some large scale sites (public/private) with mixed use (including housing) potential
- Some sites requiring public enabling (e.g. vesting, site lines, additional lands to maximise the development)
- Opportunities for off-plan acquisition on private development sites.

We consider that public sector intervention in the land market should seek to minimise public sector costs and maximise the development gain.

We therefore propose a partnership approach:

- NIHE operating as Land Agent for residential development by housing associations and others, based around the threat of, or actual, vesting, enabling development, acquisition (including transfer of public sector lands to support the programme) and negotiation. We estimate that this will cover 80% of the targeted requirements and will be financed by Housing Association Grant combined with private

finance borrowed by housing associations. Exceptionally, the Housing Executive may acquire directly on the understanding that this will offset HAG requirements (i.e. private finance will still be secured).

- Large scale sites with potential mixed use (including housing) should be the responsibility of DSD (Regeneration) or the Strategic Investment Board, depending upon the agreements and responsibilities for specific sites.

We consider such a partnership compatible with the proposed structural arrangements for England (Communities England) following the announcement of the merger of the Housing Corporation and English Partnerships, and the existing structures in the Republic of Ireland.

In addition, we would point out:

- The Housing Executive's existing acquisition, development and disposal powers (as set out in Appendix 1);
- Methods currently deployed by the Housing Executive in land identification and negotiation;
- The connection between management of the social housing development programme (transferring to the Housing Executive) and land assembly;
- The ability of the Housing Executive to join up its technical assessor role with PPS12/HS2 and land assembly role to negotiate with landowners;

A brief outline of the Housing Executive's existing role and powers is appended; see Appendix 1.

Other measures that would assist in the delivery of land for affordable housing include:

- De-zoning suitable unused industrial land and making it available for housing;
- Increased, pro-active use of existing Housing Executive vesting powers;
- Giving housing first call on surplus public sector land;
- Identification and release of surplus lands across the public sector, for all forms of affordable housing;
- Making provision of an element of affordable housing a condition in disposal of Housing Executive land to the private sector;
- Amending Government Accounting Northern Ireland (GANI) rules to extend the disposal period for surplus public sector lands from three to five years and longer for the Housing Executive; and
- Amending existing rules to allow, where necessary, disposal of surplus public sector lands at less than market value to deliver social and/or other affordable housing.

5.6 Community Land Trusts

The Group supports the proposal for a pathfinder project of this nature, which could be undertaken using Housing Executive land. The Housing Executive has been contacted by some community organisations which have expressed an interest in carrying out pilot projects.

5.7 Social New Build Procurement and HAG Payment

The Group is aware of the procurement review that has been undertaken for DSD. The Housing Executive and Federation would be prepared to test whether better value could be obtained by restructuring the procurement of development, subject to a number of criteria that were set out in Section 6 of our November 2006 submission to the Affordability Review team.

The DSD has asked the Housing Executive to validate the findings and recommendations of the Partnership UK report on social new build procurement with the view to assisting the Department develop a new Procurement Strategy for the sector. This work is well advanced. The Housing Executive's initial conclusion is that there is a role for longer term partnering-type contracts, but, in order to manage risk and maximise opportunities for delivery, other procurement routes must also remain available. Early indications are that the market would respond positively to such an initiative.

However, the Housing Executive and NIFHA believe there are advantages in retaining and building on the expertise that already exists within the construction industry, particularly amongst small and medium sized companies.

We would also point out that the move towards these new arrangements is consistent with the Interim Report's own comments in chapter 9, viz 'The challenge for public sector organisations is to become more entrepreneurial in their approach to policy and programme development to identify potential partners in the private and voluntary sectors whose objectives, be they related to corporate social responsibility, profit generation or purely philanthropic, correspond to their own.'

The Group notes the proposal that Housing Association Grant might be paid to private sector developers. New legislation would be required to facilitate this proposal. The Group considers that if private developers are to have access to public funds (HAG) to provide social housing, they should be required to meet the same controls and standards of design, construction and housing management as required of housing associations.

In its original submission the Group also made recommendations on housing association funding arrangements with the aim of alleviating

some of the difficulties faced by associations in acquiring sites for development. We would re-emphasise the importance of these matters:

- The potential for streamlining the Advance Land Purchase procedures should be examined so that the system can be used more widely.
- The NIHE and the Federation consider that the current TCI based method for the assessment and control of scheme costs is no longer appropriate to the current market conditions. The system needs to be overhauled with a view to making it more flexible and responsive. In the short term, consideration should be given to separating land from the other construction elements in the calculation, retaining the basic TCI methodology for construction but developing more innovative approaches in respect of land, where market value should be the primary factor.

Chapter 6 – Extending Access to Sustainable Home Ownership

Interim Report Recommendations:

- Uptake of the Northern Ireland Co-Ownership Housing Association product has reduced recently. Consideration should be given to extending or abolishing co-ownership housing value limits, to the scope for reducing the current rent level (2.75%) and to entry to the scheme at a lower level. The Northern Ireland Co-Ownership Housing Association might be permitted to purchase on a rolling basis a stock of homes for selling through co-ownership.
- I doubt if there is sufficient demand for shared ownership/shared equity in Northern Ireland to merit the introduction of more than one provider.
- Further consideration will be given to shared ownership/shared equity schemes in Great Britain following publication of the report of the shared equity task force by the Department for Communities and Local Government.
- The potential for private developers to deliver equity loan products, the use of public sector lands as Government's equity stake and the scope for equity release and mortgage rescue will be considered further prior to my final report.
- The threshold for stamp duty should be increased to £150,000 and possibly indexed for the future. Categories of first time buyers purchasing low cost affordable homes should be exempted from stamp duty.
- A document similar to the Welsh 'Affordable Housing Toolkit' should be prepared for Northern Ireland by the Department for Social Development.

6.0 In general, the Group supports the recommendations made in the Interim Report on extending access to sustainable home ownership. In some cases, however, more detailed analysis and investigation may be required.

6.1 Co-Ownership

The Co-Ownership scheme plays an important bridging role in the Northern Ireland housing market, assisting mainly first time buyers on limited incomes to access owner occupation. The Group accepts the recommendations of the Review Team, which would help NICHA to operate effectively in the current housing market.

The Group also agrees that the potential for transferability of other models, such as the various HomeBuy products, to Northern Ireland should be considered. If a Social HomeBuy equivalent is introduced in NI, it would be sensible for the social landlord of the relevant property, including the Housing Executive, to operate the Social HomeBuy Scheme. For private market versions of HomeBuy, various options for delivery through the housing association movement should be explored.

Research currently being completed by the University of Glasgow will help to provide guidance on whether there is a place and/or a need for equity sharing models such as HomeBuy/Homestake in the Northern Ireland market.

6.2 Public Sector Lands as Equity

It is the Group's understanding that new legislation would be required to facilitate the use of public sector lands as equity. Similar proposals have been made in England, but the detail of the scheme remains unclear and would require further investigation.

6.3 Stamp Duty

Increasing the threshold for Stamp Duty and exempting certain categories of first time buyers purchasing low cost affordable homes would provide some immediate financial relief. However, there is research evidence to suggest that financial incentives such as this tend to be rapidly absorbed into actual market prices in the competitive struggle for a house on the open market. On the other hand, Stamp Duty exemptions and a higher threshold might put certain categories of flats in a better competitive position.

The Group suggests that if the Stamp Duty threshold is to be raised, a figure greater than the £150,000 suggested (possibly index-linked) would be appropriate. The UJJ Quarterly House Price Index for the third quarter of 2006 showed that 32% of sales involved properties priced between £100,000 and £150,000, and only 9% were less than £100,000. With house prices continuing to rise, the indications suggest that the £150,000 to £200,000 category is likely to become the modal sales group, further reducing the opportunities available to first time buyers.

Chapter 7 – Making Better use of and Protecting our Assets

Interim Report Recommendations:

- To deal with the high level of voids in Northern Ireland, a new system of rating to provide for a 100% liability on properties vacant for six months or more rising to a 200% liability if vacant for a year or more.
- I would suggest that representations are made to the Chancellor of the Exchequer to reduce VAT levied on refurbishments from 17.5% to 5% to support sustainability.
- Use should be made of existing powers to occupy and vest empty properties and legislation should be introduced to extend powers along the lines of the English Empty Homes Management Order.
- Initiatives should be brought forward to incentivise owners to bring properties back into use.
- A scheme should be introduced to release social sector voids for purchasing by low income first time buyers. Housing associations could do this by retaining ownership of the land with a statutory charge or alternatively renting at sub-market levels.
- Other existing buildings, e.g. obsolete offices, might be converted to meet housing need.
- There should be energetic implementation of the Living over the Shop Initiative.
- The work of the Rents Review Team will be considered as part of my final report.
- There should be a renewed focus on social sector mobility schemes supported by an enhanced incentive for households downsizing and on the marketing of such programmes. The Department for Social Development should monitor and report on the Northern Ireland Housing Executive/housing association performance.
- The House Sale claw back period might be extended on a sliding scale.
- The Social House Sales Scheme discount might be capped at a lower level than £24,000. The London figure is £16,000.
- A Cash Incentive Scheme to assist social tenants to move into private sector home ownership should be considered.
- The possibility of introducing geographical or property type restrictions should be examined in the context of the final report. However, there are serious equality issues to be considered.

7.0 The Group welcomes the Review Team's recommendations and proposals on making good use of existing stock. We would comment in more detail on some of the issues raised as follows:

7.1 Empty Private Sector Properties

There is anecdotal evidence that some new properties, particularly in the apartment market, are being bought by investors who are content to leave the property empty and watch it appreciate in value. Other properties which had been occupied may deteriorate into disrepair if left vacant for a time.

There may be a case for a dual approach to tackling these problems, and the Housing Executive and NIFHA would agree with the proposal that imposition of rates liabilities should be used as an incentive to bring vacant stock into use in cases where owners would otherwise have no inclination to see the property occupied. More analysis would be

required before settling on specific levels of rates liability for empty properties.

In cases where older vacant properties are in poor states of repair, and particularly where they are concentrated in certain areas, the Housing Executive can use vesting and grant-related incentives to bring the properties back into use.

At present, however, the powers available to the Housing Executive are fairly limited. While the organisation has the power to vest, it does not have the power to occupy, empty properties. In terms of grant provision, while the Grants Urban Priority Areas policy can be used as a means to encourage landlords to bring empty properties back into use, there are very limited powers to enable the Executive to bring the property back into use if the owner does not wish to do so. The scheme has nevertheless been designed to provide incentives for the owners of empty properties, and the Housing Executive is keen to extend the policy to more areas.

For powers along the lines of the English Empty Dwelling Management Order to be introduced in Northern Ireland, new legislation would be required. We would urge that this legislation be progressed as soon as possible to enhance the Housing Executive's capacity to intervene where necessary and bring forward an Empty Homes Strategy.

7.2 Empty Social Sector Properties

The Interim Report suggests that a scheme should be introduced to release social sector voids for purchasing by low income first time buyers.

As a result of the changing housing market in Northern Ireland and previous estate restructuring activities, public sector voids are now much reduced by comparison with previous periods, and tend to comprise mainly unsuitable dwelling forms. Where such properties exist, detailed analysis is carried out to ascertain the best approach to addressing specific local housing needs and issues.

In some cases, void properties may be sold on the open market; provision is already made for this type of activity where it is considered appropriate, and effective targeting at certain buyer groups could be achieved under the existing scheme without additional incentives. Of 520 void Housing Executive-owned units which were approved or pending approval for demolition by DSD by the end of November 2006, 250 units were due to be transferred to housing associations for social new build, 51 to be released for private new build, 71 units were part of estate restructuring schemes and 121 were retained in anticipation of future housing need. In many cases, voids demolition can contribute to new, improved social and affordable housing supply.

7.3 Other Empty Buildings/Living Over the Shops (LOTS)

Grant aid to convert existing vacant buildings from commercial to housing use is a key part of the Housing Executive's Town Centre Living Initiative Area (TCLIA) approach. One of the proposals in the NIHE Rural Policy Review is that there should be a mechanism for extending that form of grant aid to rural towns and villages without the requirement to go through the full TCLIA approach.

The Interim Report advocates energetic implementation of the LOTS scheme. This is currently underway, and the Housing Executive is due to meet soon with representatives from the towns involved to ensure that the approach is working. NIHE will seek nominations for a further tranche of LOTS programmes later this year, and thereafter look for ways in which the initiative can be 'mainstreamed'. This is an important local regeneration initiative, although overall numbers will, by the nature of the scheme, remain relatively modest.

7.4 Social Sector Under-Occupation

The Group would support in principle the introduction of measures to help make better use of existing social housing stock by ensuring an appropriate match of household to property size through downsizing incentives. However, it should be borne in mind that appropriate properties must be available to accommodate households which wish to downsize. The growing numbers of small and single person households on the common waiting list suggest that the limited supply of smaller social units may curtail the potential effectiveness of any downsizing incentive scheme.

7.5 VAT on Refurbishment

The Housing Executive and NIFHA support the recommendation that representations should be made to the Chancellor of the Exchequer for a reduction in the rate of VAT levied on refurbishments. The Housing Executive's Rural Policy Review advocated that VAT should be removed entirely from renovation works, but a reduction would be nearly as useful. Other organisations such as the Sustainable Development Commission have also made similar suggestions. It is likely that any such action would have to be taken on a UK-wide basis.

7.6 Rents Review

The work of the Rents Review Team from the University of Glasgow has been ongoing, with an interim report submitted in December 2006. Work continues on this project, which is due to complete in March 2007. A final draft report on the dynamics of Northern Ireland's housing market was also submitted to the Housing Executive by the Universities of Glasgow and Ulster in December 2006, and will be circulated to key stakeholders by the end of January 2007.

7.7 Housing Benefit Reform

The Group recommends review of the current rules on Housing Benefit for persons aged 18-25, which can have the effect that young people cannot afford housing to meet their reasonable requirements. However, the Group acknowledges that this is a matter of national policy.

7.8 The House Sales Scheme

The Group notes the proposals and recommendations made by the Review Team on potential amendments to the House Sales Scheme. A variety of arrangements, discounts and restrictions exist both within and between regions of the UK in terms of public sector house sales/Right to Buy policy. The Group therefore suggests that a full review of the scheme in Northern Ireland, taking into account the recommendations made in the Interim report and their potential equality impact as well as experience elsewhere, should be used as the basis for decision-making on future policy in this regard.

Chapter 8 – The Private Rented Sector

Interim Report Recommendations:

- There is a strong case for registration of all landlords by the Northern Ireland Housing Executive, with sanctions for failure to register.
- Registration could incorporate a mediation and arbitration service for landlords and tenants.
- The Northern Ireland Housing Executive should publish a handbook of good practice for private landlords.
- Evidence to date has not convinced me of the need for further controls on the private rented sector but I will wish to consider that further in light of the responses to consultation.
- A Voluntary Rental Support Scheme might be introduced to assist landlords and potential social tenants.
- Statutory registration of Houses in Multiple Occupation by the Northern Ireland Housing Executive should be progressed as a matter of urgency.
- A Deposit Guarantee Scheme should be considered to assist those on low incomes who are seeking homes in the private rented sector.

8.0 The Group welcomes consideration of measures to work with the private rented sector, which plays an increasingly important role in a market where there is a limited supply of social housing and owner occupation is beyond the reach of, or not necessarily suited to, a significant number of households. Our comments on the Interim Report's proposals and recommendations are set out in sections 8.1-8.5.

8.1 Registration of Private Landlords

We welcome the Interim Report's acknowledgement that there are a significant number of landlords with small property portfolios, that they have entered the sector fairly recently and mainly for economic reasons, and that they have a key role in providing an important source of affordable housing.

While full registration of all private rented sector landlords should be a long-term aspiration and all landlords should meet minimum standards, this would be a significant task, which would need to be achieved over a period of some years. To be worthwhile, we suggest that registration should initially be risk-based and/or linked to positive benefits for tenants (e.g. accreditation for landlords or access to a mediation service).

Care would need to be taken to ensure that any such proposal is used to target specific problems such as high levels of vacant private rental properties or areas of low demand where the impact of poor management of properties is precipitating a decline in a neighbourhood.

The sector is sensitive to economic conditions (including interest rate rises) and excessive intervention could drive landlords out at a time when they are most needed to provide affordable accommodation to a

widening range of groups. Many landlords are more concerned with the increase in the capital value of the property than the rental income they receive and might choose not to rent their properties if controls were to become too excessive, leaving valuable assets vacant and unused.

Experience in GB has shown that any registration scheme needs to be significantly incentive-based (as opposed to penalty-based) for landlords to buy into it. The tone and tenor of any intervention in the sector therefore needs to be carefully gauged. The Housing Executive is only one of a number of players who would need to be involved in any successful intervention and the aims would need to be clearly outlined.

Given that most have small property portfolios, the number of landlords who would be involved in a full registration scheme would be significant, and the lack of information on the actual number of landlords would be an added difficulty in the implementation of such a scheme.

The investment in time and resources which would be required to take forward such a proposal would be considerable, and should not be underestimated.

8.2 Mediation and Arbitration Service for Landlords and Tenants

The Group agrees that this type of service would have benefits, particularly if linked to access schemes such as Deposit Guarantee and Rent Guarantee schemes, which are aimed at providing an affordable and longer term housing option where access to social housing is difficult and failure to sustain a tenancy could lead to homelessness.

It may, however, be more appropriate to link mediation and arbitration to a landlord/property accreditation scheme which would be seen by landlords as providing benefits for them such as fast tracking Housing Benefit payments, preferential letting advertising and provision of information and training for landlords.

8.3 A Handbook of Good Practice for Private Landlords

The Group accepts that there is a need for guidance for the growing number of landlords with small portfolios who do not engage the services of a professional property management service. The joint DSD/NIHE Strategy for the Private Rented Sector recognised that best practice documentation was required, and work is ongoing to produce information for use in the sector, including a Guide for Landlords and Tenants.

A Good Management Guide for HMOs has been published in conjunction with the registration scheme for this part of the sector, and much of its content is transferable across private renting as a whole.

8.4 A Voluntary Rental Support Scheme

The Housing Executive and NIFHA would agree in principle to the introduction of the type of Rental Support Scheme advocated by the Review Team. However, a number of potential implementation difficulties would require further consideration, including how to ensure appropriate mechanisms to match prospective tenants with private rented stock, and how to reconcile the scheme with direct payment of Local Housing Allowance to tenants.

8.5 Statutory Registration of Houses in Multiple Occupation (HMOs)

The Interim Report states that statutory registration of HMOs by NIHE should be progressed as a matter of urgency. The Housing Executive has a risk-based strategy for dealing with HMO registration, with the high risk properties targeted first. There are five declared HMO Action Areas in operation; in the year ahead the Housing Executive will review these with a view to declaring more, and rolling out the registration scheme more widely. HMO activity is swinging away from grant aid towards enforcement as the dominant mode of operation. Satellite HMO operations will be established within selected grants offices, further enhancing the Housing Executive's ability to roll out the scheme more generally. HMO policy and strategy has taken full account of the affects of economic migration and the increasing private rented HMO sector.

Chapter 9 – Growing the Skills for Successful Development

Interim Report Recommendations:

- A variety of measures are suggested to identify construction skills requirements and address potential shortages. They focus on training in new technologies and modern methods of construction.
- A forum of public sector organisations should be convened to consider how Article 40 of the Planning Order can be effectively administered.
- The Planning Service needs to extend its expertise in understanding housing markets and in negotiating commercially with developers.
- The Planning Service should not be subject to manpower reductions, but should receive further resources. In England, Planning Delivery Grant helps Local Authority Planning Departments in areas of high demand.
- Information on mortgage finance, equity sharing and about homeownership generally needs to be made available in a variety of ways including through schools and community based programmes.

9.0 The Group accepts the recommendations and proposals set out in Chapter 9 of the Interim Report and would add the following comments:

9.1 Construction Skills

The Housing Executive has specific ideas on how it can facilitate increased use of timber frame and modern methods of construction.

9.2 Forum of Public Sector Organisations

There is very definitely a place for a Stakeholders' Forum led by the DSD to consider and plan how a whole range of affordable housing initiatives can be taken forward. We would therefore suggest that such a group is created with terms of reference to focus on a remit including Article 40 implementation, PPS12 and HS2, and that the Group might comprise relevant private and voluntary representatives as well as the public sector representatives.

9.3 Planning Service

We agree that enhanced training and skills building with regard to housing markets and commercial negotiation would be beneficial for both Planning Service staff and housing professionals. There are numerous examples of good practice from GB on how planners and other stakeholders can maximise their performance in increasingly complex land assembly and affordable housing negotiations. The Housing Executive would be in a position to assist through internal and external resources, especially with regard to issues such as Article 40 implementation.

The Group recognises the increasing workload faced by the Planning Service, and would agree with the Review Team in advocating the

provision of a form of Planning Delivery Grant to assist with staff training and development, and implementation of new procedures and systems. We would also note, however, that future levels of Planning Service resourcing should be related to productivity and delivery of a high quality service.

Chapter 10 – Review of Public Administration

Interim Report Recommendations:

- There is a strong case for brigading housing, planning and regeneration in one Department.
- Local Housing Strategies might be prepared by the post-Review of Public Administration Councils and the Northern Ireland Housing Executive, probably initially for areas equating to the existing 26 District Council areas.
- The transfer of the management of Supporting People and the creation of a central health agency under the Review of Public Administration would facilitate commissioning of supported housing projects through the Local Housing Strategy.
- A more comprehensive Community Plan, prepared within the parameters of the Regional Development Strategy, might be prepared by the new Councils going beyond their own functions to set out a vision for the development of their areas.

10.0 The joint NIFHA/NIHE Group did not make any specific recommendations relating to the Review of Public Administration in its submission to the Affordability Review Team. With regard to the proposals outlined in Chapter 10 of the Interim Report, the Group notes and accepts the proposals, and would comment as follows:

10.1 'Brigading' Housing, Planning and Regeneration

Such an approach would present both advantages and disadvantages. While it would promote more joined up approaches, it might curtail the potential for debate on certain issues.

10.2 Supporting People

Supporting People funding is a key factor in allowing people who have a range of complex needs and are vulnerable within society to access and sustain a tenancy which addresses their specific needs (e.g. mental health, learning disability). Further exploration of the suggestion that the transfer of the Supporting People function and creation of a central health agency would facilitate commissioning would be necessary before making a decision. Any changes in the level or availability of funding for support services could mean that the accommodation provided for vulnerable groups would no longer be affordable for the individual. With the continued closure of specific institutional accommodation, there are few alternatives for these client groups.

10.3 Community Planning

There is potential for the Northern Ireland Housing Executive's local housing strategies to support community planning functions. Guidance issued recently for Local Housing Strategies in Wales would provide a

useful model on which to base housing strategy development as part of the community planning function from 2009 onwards.

APPENDIX 1

APPENDIX 1: LAND – NORTHERN IRELAND HOUSING EXECUTIVE ROLE AND POWERS

1.0 Role of the Northern Ireland Housing Executive

The existing substantive and comprehensive role of the Housing Executive in land assembly issues can be summarised under the following headings:

(a) Technical Advice to Planning Service

- The Housing Executive provides technical support to the Planning Service in establishing Area Plans which reflect land development needs. The Housing Executive has a clear interest and role to play in influencing and ensuring adequate residential zonings at regional and local level.

(b) Market Intelligence

- Informing and advising the private sector on market trends and characteristics, and projections of the future shape/patterns of the market; and
- Directing housing associations towards mainstream and supported areas of social need in housing markets based on the local housing analysis.

(c) Site Identification

The purpose of site identification by the Housing Executive is to:

- Ensure the comprehensive investigation of overall land availability, including property conversions; and
- Create and facilitate opportunities for public, private and mixed tenure developments.

The Housing Executive's role complements the work of housing associations which will continue to identify and purchase land to address housing need (confirmed by the Housing Executive) and bring forward projects including 'package deals' with developers.

The site identification process involves:

- Land scanning exercises undertaken by the Housing Executive's Planning and Feasibility unit;

- Local knowledge networks involving District Managers, housing associations working in the market, programme planners and estate agents; and
- Monitoring land transfer in order to establish opportunities for mixed tenure development.

(d) Feasibility Studies

The feasibility studies undertaken by the Housing Executive aim to:

- Ensure large scale developments are subject to comprehensive development briefs and plans; and
- Encourage the private sector into areas which are strategically important but considered as high in terms of investment. This is particularly important for the provision of 'affordable' private housing.

(e) Land Acquisition

The purpose of Housing Executive land acquisition is to:

- Ensure the designation and clearance of redevelopment areas using the Housing Executive's power in Statutory Redevelopment Areas;
- Enable housing associations/private schemes to proceed by overcoming access and ownership problems which cannot be resolved by voluntary agreement;
- Acquire land where vesting is required to overcome land owners' objections which cannot be resolved by agreement;
- Control the assembly and management of sites of critical strategic importance or with complex, multiple ownership profiles designed to achieve social and economic regeneration of neighbourhoods;
- Ensure mixed tenure schemes are subject to completion among developers (although this could also be undertaken by housing associations);
- Retain flexibility, particularly to deal with high cost areas, which may require localised subsidy arrangements; and
- Acquire strategic development sites which are likely to be beyond the financial capacity of any single housing association.

It is acknowledged that land owners may approach the Housing Executive with joint venture or joint development proposals in partnership with a selected housing association. Such schemes will be assessed on their individual merits, the performance profile of the particular housing association, and Housing Executive support for the scheme.

The Housing Executive will retain an acquisition role where housing associations are unwilling or unable to acquire land for the social housing programme.

(f) Surplus Public Sector Lands

The role of the Housing Executive in surplus public sector lands is to consider the housing need and register the interest, and thereafter to nominate a housing association to procure the site.

(g) Land Disposal

Housing Executive land is considered for housing development in terms of housing need and feasibility and is transferred to housing associations on the basis of an agreed set of criteria.

2.0 Legal Perspective

Advice has been sought on whether the Housing Executive has the powers to carry out the activities as listed by the Review.

The Housing Executive's powers have to be considered separately in relation to each of the listed activities. In relation to each activity, it appears that the Housing Executive either has clear power to carry out the relevant activity, or there is a respectable argument that the Housing Executive does have such power.

2.1 Article 31 of the Housing Order 1981 (as amended by the Housing Order 1981).

- Article 31 (1) empowers the Housing Executive to construct houses for sale.
- Article 31 (1A) empowers the Housing Executive to acquire land for the purpose of disposing of the land to certain other persons (those other persons being those who are specified in Article 31(1A) of the 1981 Order).

For the purposes of Article 31(1A), the specified persons are as follows:

1. A person who intends to construct houses on the land.
2. A person who intends to provide accommodation on the land by the conversion, improvement, rehabilitation or repair of buildings on it.
3. A person who intends to use the land for purposes which, in the opinion of the Housing Executive, are necessary or desirable for, or incidental to, the development of the land for housing purposes.

According to Article 31(2), where the Housing Executive disposes of any land for the purposes mentioned above, it may impose such covenance and conditions in relation to the land as it thinks fit.

Where the Housing Executive disposes of any land for the purposes mentioned above, it may contribute, or agree to contribute, towards the cost of developing the land.

2.2 Assembling Strategic Sites for Development

This is covered by Article 30(1A)(b) of the Housing Order 1981.

2.3 Advising on the Reuse of Sites and Regeneration

The Housing Executive has power, under Article 6 of the Housing Order 1981, to "...establish such housing information and advisory services as it considers desirable". Such powers appear adequate for the contemplated purpose.

2.4 Ensuring that relevant land is used to support Government objectives

Article 30(1A) should be an adequate statutory basis for that function.

2.5 Managing a Central Registry

Article 30(1A) should be an adequate statutory basis for that function.

2.6 Championing the Delivery of Infrastructure to support the Sites that have been assembled

The function of championing the delivery of infrastructure, in relation to sites which the Housing Executive has assembled, would arguably be an ancillary function of the Housing Executive, within the context of Article 88 of the Housing Order 1981. (Article 88 contains the Housing Executive's power to dispose of land.)

2.7 Championing the Management of Contamination to support Sites which have been assembled

Article 28(1)(d) of the Housing Order (1981) is probably an adequate power for that purpose. (Article 28(1)(d) empowers the Housing Executive to develop land.)

2.8 Raising Private Finance

Article 16A (1) is in the following terms:

"(1) The Executive may, with the approval of [DFP], borrow money."

Because of the broad terms in which Article 16(1) is phrased, it seems that the Housing Executive has the statutory power, with the approval of DFP, to borrow money for the purpose of buying land, if that land is intended to be passed on to the specified persons (as already listed above).

Furthermore, Article 16(3) provides that DFP may guarantee, in such manner and on such conditions as it may think fit, the repayment of the principal of, and the payment of interest on, any sums which the Executive borrows, pursuant to Article 16(1) of the 1981 Order, from any person.

Article 16(5) adds that any sums required by the DFP for fulfilling a guarantee under paragraph (3) of Article 16 is a sum which is to be charge on and issued out of the Consolidated Fund; for the purpose of providing for such issues, the DFP is empowered to borrow money.

2.9 Support the development of Planning and Housing Delivery Models, in particular measures to make A40s operate effectively

If the Housing Executive has such powers, it is most likely that they exist in its capacity as a landowner which has an interest in achieving the objective set in Article 88(2) of the Housing Order 1981. There is a respectable argument that the Executive does have such powers.

Article 88(2) is in the following terms:

“(2) The Executive shall not dispose of any land at a consideration other than best consideration that can reasonably be obtained, having regard to any terms and conditions imposed by the Executive in relation to that land...”