



NORTHERN IRELAND FEDERATION OF HOUSING ASSOCIATIONS

Response to:

- the Draft Programme for Government;
- the Draft Budget for 2008-2011; and
- the Draft Investment Strategy 2008-2018.

Background

The Northern Ireland Federation of Housing Associations (NIFHA) represents 43 housing associations. This includes the 36 associations registered and regulated by the Department for Social Development (DSD). Collectively, these associations provide 30,000 good quality, affordable homes for renting or equity sharing. Further information is available at www.nifha.org

Introduction

In view of the strong links between the draft Programme for Government 2008-11, the draft Budget 2008-11 and the draft Investment Strategy 2008-18, the following comments relate to all three documents.

General Comments

- A.** We agree priority should be given to creating wealth, provided this is done in a manner that is economically, socially and environmentally sustainable. We support the principles, strategic priorities and cross-cutting themes of the draft Programme for Government (PfG) and note they are reflected in the draft Budget and draft Investment Strategy. However, more weight should be given to the cross-cutting theme of sustainability.
- B.** We strongly agree the members of the Executive must work in partnership; not least in the process of agreeing this PfG and Budget. Equally, we support the principle that the public, private and voluntary sectors need to co-operate to achieve the best results for society. The housing association movement has considerable experience of doing so. We can testify to the positive results obtained.
- C.** Housing associations make a considerable contribution to the four PfG strategic priorities supporting wealth creation. They are innovative social economy enterprises which:
- ♦ underpin the Investing for Health strategy by providing good general-purpose and specialised housing;
 - ♦ lead the way in sustainable construction, improvement and maintenance. This helps to reduce Northern Ireland's carbon footprint;
 - ♦ enhance economic development by building vital infrastructure in the form of good quality, affordable homes for letting or equity sharing. The private finance with which they supplement public funds is essential; and
 - ♦ continuously improve their services and deliver better value for money by reviewing their procedures for developing and managing homes.

- D. Social housing has an excellent record in the PfG's cross-cutting themes. Sustainability with fairness, inclusion and equality of opportunity are at the core of housing associations' work.
- E. Housing associations have created links both north/south and east/west. Consequently, they are well placed to contribute to further "linkage" development.
- F. The Semple report on housing affordability underlined the need for the supply of social rented accommodation to be substantially increased. We are at a loss to understand why the draft Investment Strategy proposes a ceiling ("up to 10,000 new social housing completions over the next five years") rather than a minimum output target.
- G. The draft Budget's assumption that less cash is needed for social house-building is alarmingly out of touch with current realities. It is relying on the availability of other resources - the anticipated proceeds from the sale of surplus public land and contributions from private developers seeking residential planning consent.

These measures certainly have the potential to significantly increase the resources available for social housing. But for reasons explained in our specific comment 2, we believe they cannot do so within the timeframe of the PfG and Budget 2008-11. It is imperative the proposed cash budget for the social housing development programme is increased, rather than cut, in 2008-09.

- H. In light of point G, we challenge statement 4.28 in the draft budget 2008-11 ... "The capital investment plans in this Draft Budget provide a sustained level of investment across the budget period to ensure we have the right infrastructure in place to support the growth of our economy, promote social inclusion, sustainable communities and personal health and well-being." There is insufficient investment for social housing.
- I. While this submission focuses on building by housing associations, the Federation considers it important that the other arm of social housing, the Housing Executive, has enough resources to discharge its statutory obligations (e.g. to homeless people or owner-occupiers eligible for Disabled Facilities Grants) as well as achieving the government's strategic targets in relation to the Decent Homes standard, energy conservation and the eradication of fuel poverty.

Specific Comments

1. The long period of unprecedented increase in property prices in Northern Ireland is over. The market is relatively stagnant and some prices have fallen. It may therefore be difficult to find buyers for surplus public sector land, even at considerably reduced prices.

Over the next two years the market may be "flooded" with surplus public land. In that scenario the proceeds swelling the public purse will fall well short of the sums assumed by the draft budget. No indication has been

given of how such sales could be managed to achieve maximum benefit for society.

2. We are optimistic about the potential provision of social housing through developer contributions linked to planning consents. However, we believe the proposed arrangements will not produce significant results for several years because:
 - (a) Planning consent for thousands of proposed homes has already been granted and planning applications for thousands more have been submitted. The relevant sites are likely to be developed before those involving contributions and we assume legislation will not apply developer contributions on a retroactive basis;
 - (b) The departments for Regional Development and the Environment believe that amended regulations are necessary. Draft regulations have not yet been issued for consultation so many months will pass before they are finalised and put into operation;
 - (c) Even when planning consent has been granted subject to a contribution, the developer is under no obligation to start building immediately. Under present legislation, planning consent is valid provided development is commenced within five years; and
 - (d) Experience from Britain and Republic of Ireland shows this type of reform takes years to become accepted practice. Developers may delay plans in the hope that reform will be reversed. The planners will also need time to learn the new skills required.
3. Nearly all expenditure on housing development, housing improvement and housing maintenance involves contracts lasting at least twelve months. Those financial commitments must be met before any new contracts can be signed. It is vital the budget takes account of these facts. We fear it does not.

The NIHE – responsible for managing the Social Housing Development Programme – has advised that the sum shown in the draft budget means *no* new housing schemes could be started in 2008-09. This would have disastrous implications for 2008-09 and for several years following because:

- (a) Projects take two or three years to achieve the necessary approvals and start on site;
- (b) The confidence of housing associations would be severely damaged. They would be reluctant to take the risk of buying sites in the hope that approval for grant-aided projects will be forthcoming within a reasonable period;

- (c) The credibility of housing associations among the property and construction sectors will be damaged and take time to recover;
 - (d) Housing associations may consider it necessary to lay off staff working in development. It will prove difficult to recruit the necessary skilled labour if or when the development programme re-starts.
4. A stop on new housing association schemes would be a huge blow to private business. The 'multiplier effect' of construction is more beneficial to the regional economy than most types of investment because high proportions of labour and materials are sourced locally.

Since 1981 the housing associations have started about 1,000 homes per year. This consistent investment has mitigated past down-turns in the economy and stimulated recovery and growth. With the present scenario facing us, a decline in the housing association sector would reinforce, rather than offset, a decline in private construction.

5. Currently, the private sector is keen to sell land or development projects to housing associations at prices reasonably close to the 'Indicative Costs' set by the DSD. In view of the growing waiting list, the budget must enable housing associations to increase production of social housing. The draft budget figures do not support this.
6. The government's draft procurement strategy for housing association development is based on the principle that better value will be obtained by offering construction firms the prospect of continuity of work over longer periods. This could not be offered unless the bulk of the capital budget is secure for several years ahead.
7. The Bamford report and draft Budget call for urgent action to relocate institutionalised people from mental health and learning disability hospitals to more suitable environments in the community. Housing associations are acknowledged experts in this field and contribute to the goal by developing appropriate supported housing for vulnerable persons. Sufficient capital and revenue funds are needed to continue this important aspect of the Social Housing Development Programme.

Conclusion

The housing association movement is keen to help the Executive improve the quality of life of everyone in Northern Ireland.

The Federation supports the general thrust of the draft Programme for Government, Budget and Investment Strategy. But we are deeply concerned that assumptions made about alternative resources for social housing are unrealistic. They fail to take account of the recent 'sea change' in the property market and the steps which still have to be taken before developer contributions can be achieved through the planning system.

The final budget must include enough cash to increase the rate of social house-building. Without it the Development Programme will halt.