

## to the **Commission on the Future for Housing in Northern Ireland**

9 October 2009

### **Introduction**

The Northern Ireland Federation of Housing Associations (NIFHA) represents government-registered and other housing associations in Northern Ireland. Collectively, our members provide 35,000 good-quality, affordable homes for renting or equity sharing. Further information is available at [www.nifha.org](http://www.nifha.org)

The Federation fully supports the purpose of the Commission on the Future for Housing: to set out how the housing system can contribute most positively to Northern Ireland's future over the next decade.

We hope this first submission will assist the Commission construct a coherent set of emerging findings. The Federation wishes to learn from the perspectives of other stakeholders and looks forward to the opportunity of contributing further evidence before the Commission finalises its report.

### **The Federation's Views**

Our evidence is structured as follows:

1. Our vision for the housing system
2. Analysis of the present housing situation
3. Guiding principles for housing strategy
4. Recommendations
5. Conclusion

#### **1. Vision for Housing in N Ireland**

- 1.1 The housing system in Northern Ireland should help us all live life to the full by offering a choice of decent, affordable homes in communities that are socially, economically and environmentally sustainable.

#### **2. Analysis of the Present Housing Situation in N Ireland**

##### **2.1 Strengths**

- 2.1.1 Devolved government seems stable.
- 2.1.2 The housing stock is in generally good condition.
- 2.1.3 Northern Ireland has a good supply of competent and committed housing professionals.

##### **2.2 Weaknesses**

- 2.2.1 Northern Ireland's elected representatives have little influence over policy levers (such as taxation and social security) which have considerable impact on the housing system.

- 2.2.2 Sound strategies exist for numerous parts of the housing system but they have not yet been brought together within an overall housing strategy for N Ireland.
- 2.2.3 The division of responsibility between the Department for Social Development (DSD) and the Northern Ireland Housing Executive (NIHE) in relation to housing strategy and policy is not sufficiently clear.
- 2.2.4 Officials in the DSD are dedicated public servants but not experienced housing professionals. This constrains their ability to develop and set housing policy.
- 2.2.5 Having played the pre-eminent role in the housing sector for decades, it is not easy for the NIHE to adjust to the DSD's recently enhanced role in housing policy.
- 2.2.6 Despite the strong inter-relationships between health and housing, the relevant government departments and funding streams for care in the community are badly disjointed and this is severely hindering the efforts of housing associations and others to achieve objectives agreed by the Northern Ireland Executive e.g. the discharge of long-stay patients from learning disability hospitals to supported housing.
- 2.2.7 The blurred DSD-NIHE relationship complicates the operating environment for registered housing associations and the private rented sector.

### **2.3 Opportunities**

- 2.3.1 N Ireland is enjoying relative political stability and peace on the streets.
- 2.3.2 Devolution gives substantial scope for housing legislation and policies to be tailored to conditions in Northern Ireland.
- 2.3.3 New, larger local authorities are to be given significant powers, including some that are highly relevant to housing.
- 2.3.4 The mooted merger of the DSD with the Department for Regional Development (DRD) and the Department of the Environment (DoE) should facilitate the integration of housing and planning policy.
- 2.3.5 The review of the Regional Development Strategy provides opportunities to check and adjust its aims, assumptions and policies.
- 2.3.6 Feedback from the early years of the Shared Future housing programme has been very encouraging and augurs well for more widespread application.
- 2.3.7 In the medium term, developer contributions through the planning system should usefully supplement the supply of affordable homes in mixed tenure settings.
- 2.3.8 In the medium term, housing associations should routinely develop mixed tenure developments.

### **2.4 Threats**

- 2.4.1 Climate change is alarmingly rapid.
- 2.4.2 Most housing development is perpetuating over-dependence on travel by car.
- 2.4.3 A significant minority of the population is socially excluded.
- 2.4.4 Social housing is often stigmatised.
- 2.4.5 Residential segregation by community background and tenure is stubbornly persisting.

- 2.4.6 Public expenditure may be frozen or cut.
- 2.4.7 Private borrowing is expensive and limited.

### **3. Guiding Principles for Housing Strategy**

#### **3.1 Promote Social Inclusion and Enhance Individual Life Chances**

- 3.1.1 The housing system must combat the alienation of many people such as those who have low aspirations or educational attainment, who have been unemployed or under-employed for years, who are homeless or suffer from addiction or mental health problems, who are members of the Irish travelling community or an ethnic minority.
- 3.1.2 Social housing should be a “springboard” as well as a “safety net”. It should prioritise those who cannot otherwise obtain decent affordable homes but must also actively assist them to fulfil their potential and capitalise on opportunities.

#### **3.2 Promote Sustainable Communities**

- 3.2.1 The environmental sustainability of brownfield and greenfield development must be urgently improved to radically reduce emissions of “greenhouse” gases.
- 3.2.2 To be sustainable in the long term, every community needs income from economic activity. The planning of housing investment should take account of this factor.
- 3.2.3 Even dwellings of the highest quality will be little use if the areas in which they are located are unpopular.

#### **3.3 Promote Sustainable Homes**

- 3.3.1 The environmental sustainability and disability access of new homes must be radically and urgently improved.

#### **3.4 Raise the Status of Private and Social Renting**

- 3.4.1 It is economically inefficient as well as socially divisive for renting to be perceived as inferior to owner-occupation. Public policy should aim to redress the balance.
- 3.4.2 Measures should be taken to raise the quality of substandard privately rented housing and improve the standard of its management.
- 3.4.3 The largely unjustified stigma so often associated with social renting must be challenged, disproved and eliminated.

#### **3.5 Reform Housing Taxation and Welfare Benefits**

- 3.5.1 The Northern Ireland Executive should press the Chancellor to:

- put owner-occupation and renting on an equal tax footing
- reform the benefits system to improve work incentives
- eliminate a VAT anomaly and grant certain exemptions.

3.5.2 The Northern Ireland Executive and local authorities should make more effective use of local taxation policy to support public policy on housing and the environment.

### **3.6 Reform Organisational Roles and Structures**

3.6.1 It is important that appropriate organisations do the appropriate things to achieve the housing vision. Guided by the long-term objective and the Review of Public Administration, central government departments, local government, the NIHE and housing associations should take a series of steps over the next ten years to change or clarify some roles and alter certain structures.

## **4. Specific Recommendations**

### **4.1 Promote Social Inclusion and Enhance Individual life Chances**

4.1.1 The DSD should creatively co-operate with the other NI Departments to break the vicious cycle of low expectations, under-achievement and long-term unemployment that has blighted many families for generations.

4.1.2 The DSD should also press the UK government to minimise disincentives to employment in the social security system (including Housing Benefit) and adopt measures allowing everyone legitimately living in the country to avoid destitution.

4.1.3 NIFHA should work with the CIH, DSD and NIHE to devise a scheme in which social tenants can gradually build up an “equity credit” in their home, withdraw it if their circumstances worsen or take it with them if they move home.

4.1.4 A flexible tenure scheme should be introduced to allow people to decrease, as well as increase, their equity stake according to their personal circumstances.

4.1.5 Equity release schemes should be available on reasonable terms.

4.1.6 Good care and repair / staying put / adaptations services should be available on reasonable terms.

4.1.7 NIFHA should seek the endorsement of the DSD and the Charity Commission (NI) for advice that it is lawful and desirable for registered housing associations to promote the financial inclusion of their residents and potential residents. Associations could, for example, facilitate educational opportunities, encourage membership of credit unions or offer the service of collecting premiums for home contents insurance with rent payments.

4.1.8 NIFHA and the NIHE should ask the DSD to approve changes to the law and tenancy agreements to allow tenants to use their home as a base for self-employment, provide it has no adverse impact on neighbours or the social landlord.

## **4.2 Promote Sustainable Communities**

4.2.1 NIFHA should seek the endorsement of the DSD and the Charity Commission (NI) for advice that it is lawful and desirable for registered housing associations to promote the long-term sustainability of the neighbourhoods in which they have (or are planning to develop) housing assets. New investment and / or re-investment should be planned and implemented alongside non-physical measures for “Shared Future” living, community development, community safety, housing management and marketing to nurture the popularity of most areas and “turn round” unattractive neighbourhoods.

4.2.2 The DSD should encourage housing associations to include social or environmental clauses in their major procurements.

4.2.3 The DSD should permit the NIHE and housing associations to devise, implement and evaluate a “Choice-Based” lettings system in a few areas of low or moderate housing stress.

4.2.4 Through the landuse planning system, the Housing Association Development Guide and the briefs given to their design teams, housing associations should promote physical exercise and public transport to minimise reliance on private cars.

4.2.5 The landuse planning system should promote mixed-use neighbourhoods (i.e. allow compatible landuses to co-exist) and enable more people to work from home.

4.2.6 Land for social and “intermediate” housing should be zoned in Area Plans.

4.2.7 The landuse planning system should prevent over-concentration of any particular type of housing development.

4.2.8 Mixed tenure should be promoted through:

- (a) developer contributions in planning applications from the private sector
- (b) mixed tenure developments by housing associations (aided by the DSD widening the “permitted objects” to allow them to build for outright sale to cross-subsidise the development of social rented or equity- sharing homes)
- (c) tailoring the House Sales Scheme to local housing circumstances and offering “transferable discounts” to tenants who may not be permitted to buy their present home.

### **4.3 Promote Sustainable Homes**

4.3.1 The DSD should urge the Department of Finance and Personnel to steadily “ratchet up” the building regulations so that the private sector as well as the social sector builds to the Code for Sustainable Homes (increasing to levels 6 by 2016), the Lifetime Homes standard and Secure by Design. If necessary, the NI Executive should press the British administrations to make similar changes, so that the whole construction supply chain moves in unison.

### **4.4 Promote the Status of Private and Social Renting**

4.4.1 The DSD should establish a legal and administrative framework for the private rented sector that offers financial or other incentives to improve substandard stock and provide good housing management while imposing sanctions for unacceptable physical conditions or service.

4.4.2 A rent deposit guarantee scheme should be available, on reasonable terms, for private tenants.

4.4.3 Landlords of Houses in Multiple Occupation should be required to install and regularly service hard-wired smoke alarms.

4.4.4 The DSD should urge the NI Executive and, through it the UK government, to give the Financial Services Authority responsibility to ensure that the financial institutions do not discriminate unfairly against customers or potential customers simply because of they are tenants rather than owner-occupiers.

4.4.5 Housing management standards in the social sector should continue to be driven up by DSD inspection, which should in future be supplemented by trained tenant inspectors.

4.4.6 An multi-agency group including NIFHA, NIHE, bodies representing private landlords, DSD, Chartered Institute of Housing and Supporting Communities NI should produce a long-term plan to improve housing management standards in the social sector and project a positive image of areas where renting is the majority tenure.

### **4.5 Reform Housing Taxation**

4.5.1 It has been argued that the UK tax system artificially diverts investment from the production of goods and services because it subsidises investment in owner-occupation. No capital gains tax is charged on the sale of a principal home and income tax is not levied on the notional rent an owner-occupier charges himself or herself. This market distortion should be rectified.

4.5.2 It is illogical and environmentally undesirable that the rate of Value Added Tax for repairing or improving property is 17.5% (temporarily reduced to 15%) while no VAT is charged on new construction. The VAT rate for building work on existing buildings should be reduced to the EU minimum of 5%.

- 4.5.3 Local taxation (rates) should discourage owners from leaving homes empty for long periods and give them an incentive to improve the energy efficiency of their property.
- 4.5.4 In housing policy terms it often makes excellent sense for one housing association to undertake certain management services on behalf of another - or for a private landlord. The benefit of doing so is much reduced or outweighed, however, by the VAT charged on the service. The Chancellor should exempt registered housing associations from VAT in such circumstances.

#### **4.6 Reform Organisational Roles and Structures**

- 4.6.1 The DSD should merge with the Department of the Environment and the Department of Regional Development to form a “reunited DoE”.
- 4.6.2 The reunited Department should:
- (a) sponsor legislation
  - (b) negotiate and monitor the housing budget
  - (c) be the link between central government and the new local authorities
  - (d) regulate the “Strategic Housing Executive” (see below) and the registered housing associations
- 4.6.3 The NIHE should divest itself of housing stock and the remaining organisation should be known as the Strategic Housing Executive.
- 4.6.4 The Strategic Housing Executive should be, in effect, an agency of the reunited DoE. It should have considerable autonomy within its remit, which would be similar to the NIHE’s present roles with the exception of the landlord role. It would:
- (a) assess housing need and devise strategies for relieving it
  - (b) undertake specific housing functions (e.g. administration of Supporting People) best handled centrally for the whole of Northern Ireland.
- 4.6.5 The stock of the NIHE should be transferred from the public sector to the “housing association model” in two phases:
- (a) As a “pathfinder” exercise to illuminate the way for the much bigger second phase, groups of NIHE dwellings in need of modernisation should be transferred to existing housing associations on the same terms as would apply to Council stock transfers in England. The homes should be tenanted or vacant but capable of being let after modernisation.
  - (b) The balance of the NIHE stock should be transferred to the housing association model a few years after completion of the pathfinders.

- 4.6.6 To facilitate informed debate about which transfer option within the housing association model would be best suited to Northern Ireland, the DSD and NIHE should share the results of relevant research including stock condition surveys, valuations and financial modelling.

**5. Conclusion**

The Federation hopes this preliminary evidence will help the Commission draw out emerging themes.

We look forward to exchanging ideas with the Commission and the other contributors so that NIFHA can refine its thinking and submit a further paper before the Commission completes its important task.