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Consultation: Draft Programme for Government 2011-15 –
Consultation response

Introduction

The Northern Ireland Federation of Housing Associations (NIFHA) represents registered and non-registered housing associations in Northern Ireland. Collectively, our members provide around 36,000 good quality, affordable homes for renting or equity sharing, as well as a wide range of community services. In 2010/11 registered housing associations developed a record number of social homes, with 2,418 starts, and enabled almost 500 households to part-buy a home. Further information is available at www.nifha.org

Background

The Northern Ireland Federation of Housing Associations (NIFHA) welcomes the opportunity to respond to the consultation for the Draft Programme for Government 2011-15. Housing associations are committed to working with the Northern Ireland Executive to improve homes, communities and life chances.

Providing and managing good quality social and affordable homes is a key element in building a sustainable, stable and inclusive society and ensuring a better, shared future for all the people of Northern Ireland.

NIFHA understands that a Housing Strategy for Northern Ireland is currently being developed and we envisage that the strategy will complement and expand upon the commitments outlined in the Programme for Government.

Key recommendations

- **Adequate and certain investment in new homes** – To help ensure delivery of the 8,000 social and affordable homes by 2015, developing housing associations need adequate and certain grant funding, clarity on the types and tenure of homes to be delivered through the target, and more certainty around grant funding up to 2015 to generate a sufficient pipeline of schemes.
- **Invest in supported and specialist accommodation** – As well as prioritising investment in general needs accommodation, the Executive should prioritise capital and revenue funding for specialist and supported accommodation to ensure the needs of older people, people with disabilities and other vulnerable groups are met. After years of freezes to key funding streams, increases are now needed to avoid real harm to vulnerable people. Also, some of the additional spending due to be allocated to public health should be invested in the care and support services helping people to live independently for longer in their own homes or in supported housing.
- **Limit the negative impact of welfare reforms** – These have the potential to cause particular hardship in Northern Ireland. Direct payments should be retained for all social tenants currently benefitting from them unless they choose to opt-out. Options should be considered to mitigate the impact of the

bedroom tax and extension of the shared accommodation rate (SAR) to under-35s. As major providers of social housing, we hope housing associations are represented on the new advisory group to assist ministers in alleviating hardship.

- **Independent regulation for housing** – An independent regulator for all social and private rented sector housing in Northern Ireland should be established, providing greater certainty and better outcomes for tenants, landlords and investors and self-funded through fees from landlords.
- **Specific and stretching fuel poverty targets** – With fuel poverty such an acute and growing problem, the final programme should go beyond general commitments to include specific and stretching targets on reducing fuel poverty. This should be followed by a detailed and costed action-plan setting out how and when these targets will be met.

Housing associations' contribution to meeting Government priorities

NIFHA endorses the five priorities set out in the Draft Programme for Government. Northern Ireland's housing associations are already making a major contribution in delivering on these, including:

- **Delivery of the Social Housing Development Programme** – Housing associations started a record of 2,418 newbuild dwellings in 2010 / 11, delivering much needed affordable homes to people in housing need.
- **Major private investment** – Housing associations have supplemented the Department for Social Development's (DSD) grant funding by securing over £300m of private loans for social house building in the last five years. This is the equivalent of housing associations fully funding 2,400 new homes, boosting the Northern Ireland economy and housing large numbers including vulnerable people and families.
- **Helping economic recovery** – It is increasingly recognised that investment in house building and maintenance produces significant wider benefits in the economy through its pronounced 'multiplier effect'. Leading analysts Oxford Economics estimate that every £1 invested in social housing generates a multiplier effect of £1.40 of additional activity the wider economy. This means that by investing £260m in newbuild, in 2010/11, housing associations have generated a further £364m of economic activity in the Northern Ireland economy, bringing much-needed jobs and private sector investment.

Recommendations to maximize housing associations' contribution to meeting Government priorities

Delivering 8,000 new social and affordable homes

The Programme's commitment to deliver 8,000 social and affordable homes by 2015 is welcomed. Since 1996 Housing associations have provided virtually all new social housing in Northern Ireland. NIFHA believes the Programme's commitment should be deliverable, given adequate and certain grant funding, an appropriate mix of social and affordable homes, and no further deterioration in market conditions.

In recent years grant (Total Indicative Cost (TIC)) rates for new social housing have greatly reduced, from around 60-70% to more typically just over 50% today. Housing associations have effectively matched this public investment from their own reserves and £300m of private borrowing over the last five years. The housing association movement recognises and supports the need to maximise the return on every pound of grant invested in our sector. However we believe that overall, most housing association developments are close to the margins of viability and any further reduction in grant rates would make many good schemes unviable for housing associations to deliver. Therefore we believe grant rates should reflect the significant economic constraints housing associations are operating within to ensure development continues through the downturn and the target is met by 2015.

Also important is more certainty and continuity in the grant funding available over the spending period. This will help enable a sufficient pipeline of schemes for each of the three remaining years to 2015. Rather than the inefficient approach of year-by-year funding which concentrates activity at business year ends, a multi-year and rolling programme of grant funding, similar to the system now used in England, should be introduced if at all possible.

Obviously the volume of grant funding will depend on the intended profile of homes to be built within the target. Developing housing associations would greatly benefit from early clarity on the types and tenure of the 8,000 homes to be delivered, not least to enable them to secure the necessary private finance from the capital markets and other sources to allow them to match government grant in good time and on the most favourable terms.

Looking slightly further ahead, we believe the introduction of a system of developer contributions could potentially assist in maximising the provision of social and affordable homes in future. Even through the economic downturn, planning gain or so-called 'Section 106' sites are still delivering well over half of new social homes in England. Although there is currently very limited scope for the Northern Ireland market to support developer contributions, preparatory work should be undertaken by the housing department – the Department for Social Development (DSD) – and the planning department – the Department of the Environment (DOE) – to explore the potential of planning gain to help deliver more social homes in mixed tenure communities once the economic recovery gets underway. As such a system would take several years to introduce, and require primary legislation, now is the time to start work on it.

One of the biggest obstacles to the delivery of new homes is acquiring land at reasonable prices. To help deliver the target of 8,000 social and affordable homes, the Executive should audit government department and executive agency land holdings and be prepared to make it available for new housing development. To help kick-start economic growth, land should be made available at less than 'best consideration' for affordable housing. To get Northern Ireland building, the Executive should also consider replicating approaches used elsewhere in the UK where public bodies have invested their land as equity in new housing developments, being prepared to forgo an immediate capital receipt for a greater return after five or ten years. 'Buy now, pay later' schemes, in which developers only pay for public land once homes built on it are sold, could also be trialled.

Invest in supported and specialist homes and services

As well as prioritising investment in general needs accommodation, the Executive should prioritise capital and revenue funding for specialist and supported accommodation to ensure the needs of older people, people with disabilities and other vulnerable groups are met. Throughout the UK, revenue support for services for people living in specialist and supported accommodation has been greatly squeezed. In Northern Ireland, Supporting People and Special Needs Management Allowance (SNMA) funding has been frozen for several years and government has expressed its intention to phase out SNMA. As the continued freezing or phasing out of the revenue funding housing associations rely on to provide vital services to vulnerable people would lead to major and damaging cuts, we urge the Executive to prioritise this investment – even during the such tough economic times, the public finances must be balanced in a way that protects and provides for the most needy.

Housing associations currently have around 5,000 supported housing units which provide a range of tailored services to tenants. Many of these rely on referrals from the Health and Social Care Trusts. However reductions in referrals from trusts have led to increasing voids within our members' supported housing schemes. We believe that as there is considerable evidenced need, these cuts represent a false economy and are likely to result in vulnerable people receiving either inadequate support or unnecessarily intensive interventions, such as hospital admissions or care homes. This represents a major waste of public money, as does having supported units built with significant public investment lying empty. NIFHA therefore believes that some of the additional percentage of the overall health budget allocated to public health should be invested in the care and support services helping people to live independently for longer in their own homes or in supported housing.

Housing associations also welcome the commitment to modernise the delivery of health and social care in Northern Ireland. As well as health and social care, it is vital that housing and support services are also integrated to deliver better health and well-being outcomes. Housing associations provide a wide range of supported housing, housing-related support and other services to vulnerable people, and often the success of these is dependent on appropriate care services being provided to the same clients. These care services are normally provided through the DHSSPSNI budget. In enabling people to live independently in their own homes or in supported housing, health commissioners must take proper account of the need for these essential community-based care services and fund them appropriately.

Mitigating impact of welfare reforms

NIFHA supports the principles of reforming the welfare and benefits system to make it much simpler, easier-to-understand and provide greater incentives to work. However the cumulative impact of the draconian package of measures contained in the Welfare Reform Bill currently passing through the UK Parliament will be severe for many social tenants and vulnerable people. NIFHA is grateful that politicians across the political spectrum in Northern Ireland recognise the potential harm that these policies could inflict and are committed to mitigating their impact.

Of particular concern is the introduction of the 'under-occupation penalty' or 'bedroom tax'. It is estimated that around 40% of social homes are under-occupied, so this is likely to bring immense hardship to low-income families in Northern Ireland. These families will be facing cuts of £12 per week if they are deemed to have one spare bedroom according to the DWP's new size criteria, or £22 per week for two spare

bedrooms. For many families already struggling, these large percentage cuts to their income will push them from making ends meet to real hardship. Although NIFHA appreciates the limitations imposed by the parity principle and constrained public finances, we would ask for action to limit and mitigate the impact of these changes to be made a top Executive priority. Measures could include increasing the funds available for discretionary housing payments.

Measures including the bedroom tax and extension of shared accommodation rate (SAR) to under-35s could be greatly compounded by the end of most social tenants being able to choose to have their housing benefit paid directly to their landlord. Direct payments are equivalent to the direct debits and standing orders private renters and owner-occupiers use to pay their rents and mortgages, and provide valuable certainty to tenants and landlords. When major English landlord London and Quadrant (L&Q) participated in a pilot in which benefits were paid direct to tenants, it found that its level of rent arrears doubled.

By combining the abolition of direct payments with other reforms that will drastically reduce the incomes of many benefit recipients, arrears can be expected to increase exponentially from 2013. Administrative costs for social landlords will greatly increase, and the capacity of housing associations (and any NIHE successor organisation(s)) to raise private finance at competitive rates could be greatly compromised, as the banks and capital markets re-price to reflect much greater risks to revenue streams. In light of the major risks to tenants' welfare and housing associations' economic viability, NIFHA asks that all social tenants in receipt of housing benefit retain the right to have their rent paid directly to their landlord. We believe this should be possible without breaching the parity principle.

NIFHA strongly supports the establishing of an advisory group to assist ministers in alleviating hardship and would ask that as major providers of social housing, there be housing association representation on that body.

Specific targets to reduce fuel poverty

NIFHA supports the commitment to introduce a range of initiatives aimed at reducing fuel poverty across Northern Ireland. In 2009 44% of households in Northern Ireland were living in fuel poverty, and since then we have suffered two of the coldest winters on record. As the UK becomes increasingly dependent on importing oil and gas, and world energy prices continue to rise, fuel poverty is certain to remain one of Northern Ireland's most acute social problems for the foreseeable future.

The housing association movement is committed and active in tackling fuel poverty. For example, since Cosy Homes was launched in October 2003, over £1.7million has been allocated to 23 registered housing associations to undertake heating replacements and upgrade energy efficiency measures in 1,700 properties. Our members are keen to work with DSD, the Northern Ireland Housing Executive (NIHE) and others in the delivery of preventative and other interventions to tackle fuel poverty. For example, the housing association movement is in discussions with Carillion Energy Services to participate in the pilot it is leading with NIHE to install 'pay-as-you-go' metering to Executive tenants' oil tanks.

As fuel poverty is such an acute problem in Northern Ireland, NIFHA asks that the final programme should go beyond general commitments to include specific and stretching targets on reducing fuel poverty. This should be followed shortly after by a detailed and costed action-plan setting out how and when these targets will be met.

Targets might include the roll-out of pay-as-you-go meters for all oil users in severe fuel poverty by 2015. It should also remain a top priority of the Executive to provide continued support to help households in severe poverty stay warm until fuel poverty is eradicated.

Independent housing regulation

In Scotland, England and Wales, the merits of separating social housing funding and regulation have been recognised and implemented through a separation of functions and creation of independent social housing regulators. This followed acknowledgement that to have the same public body funding and regulating could lead to an unhelpful confusion and conflict in functions.

NIFHA therefore strongly supports the introduction of an independent regulator for all social and private rented sector housing in Northern Ireland. We believe that this will provide greater confidence and certainty for both tenants, landlords and investors, and help ensure the provision of high standards of accommodation and housing services across all rented homes.

A new regulator's role in reassuring investors in social housing could be particularly beneficial, as the Executive looks to housing associations to increase their private borrowing to fund social homes and reform the NIHE, partly to allow its successor organisation(s) to raise private finance. The regulator could be established as a social enterprise and funded by fees on landlords, therefore not adding any further burden on already stretched public finances.

Extending social inclusion

NIFHA welcomes the various initiatives within the Draft Programme for Government to increase social inclusion within Northern Ireland society. Housing associations have a key role to play in assisting government to meet its social inclusion objectives, for example through continued development of shared future schemes, tackling the anti-social behaviour which still blights many communities, and growing the social enterprise sector.

NIFHA

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