



<b>Subject:</b>	Classification of Registered Housing Associations in Northern Ireland: Consultation 2 – The Future of the House Sales Schemes
<b>Date:</b>	9 <sup>th</sup> October 2018
<b>Reporting Officer:</b>	Nigel Grimshaw, Strategic Director, City & Neighbourhood Services Department
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<b>Restricted Reports</b>	
<b>Is this report restricted?</b>	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
<b>If Yes, when will the report become unrestricted?</b>	
<b>After Committee Decision</b>	<input type="checkbox"/>
<b>After Council Decision</b>	<input type="checkbox"/>
<b>Some time in the future</b>	<input type="checkbox"/>
<b>Never</b>	<input type="checkbox"/>

<b>Call-in</b>	
<b>Is the decision eligible for Call-in?</b>	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>

<b>1.0</b>	<b>Purpose of Report or Summary of main Issues</b>
1.1	In this consultation the Department for Communities (DFC) is seeking views on the future of the House Sales Scheme (HSS). The House Sales Scheme is Northern Ireland's equivalent to the 'Right to Buy' Scheme in other jurisdictions. Registered Housing Associations are currently the only organisations that develop new social homes in Northern Ireland, although the HSS also applies to existing NIHE social housing tenants.
1.2	This consultation seeks views on the next stage of the Department's work in response to a decision by the Office for National Statistics in September 2016 to reclassify Registered

	<p>Housing Associations in Northern Ireland from the private to the public sector. In September 2016 the Northern Ireland Executive agreed that officials should work to reverse the Office for National Statistics' decision including bringing forward options for amendments to legislation where appropriate. Any decision on whether and how to amend legislation arising from this consultation will be solely for Ministers to consider and take decisions. The purpose of the consultation exercise is to seek views on the options available so that these can be incorporated into the advice that will be provided to Ministers on the issues.</p> <p>1.3 This is because without changes to these schemes it is likely that the Office for National Statistics' classification of Registered Housing Associations, as being in the public sector will remain in place. This will have significant financial consequences. The House Sales Schemes are Northern Ireland's equivalent to the Right to Buy Schemes in other jurisdictions. Since introduction, around 119,000 Northern Ireland Housing Executive and 3,000 Registered Housing Association properties have been sold to the tenants over the past 40 years.</p> <p>1.4 The consultation outlines different proposals for the future of the Scheme and seeks views on each option. A copy of the consultation can be found at <a href="https://www.communities-ni.gov.uk/consultations/classification-registered-housing-associations-northern-ireland-consultation-two-future-house-sales">https://www.communities-ni.gov.uk/consultations/classification-registered-housing-associations-northern-ireland-consultation-two-future-house-sales</a>. Members should note that although the consultation closed on the 24<sup>th</sup> September 2018. Belfast City Council have been granted an extension to allow members to consider and agree the Council's response.</p>
<b>2.0</b>	<b>Recommendations</b>
2.1	<p>The Committee is asked to;</p> <ul style="list-style-type: none"> <li>• consider and endorse the attached draft response.</li> </ul>
<b>3.0</b>	<b>Main report</b>
3.1	<p><b><u>Key Issues</u></b></p> <p>A recent change in accounting rules for Registered Housing Associations is likely to significantly increase the amount of money that has to be found from the Northern Ireland Executive's budget to maintain current and planned levels of new social home provision. The consultation explains that this would mean the amount of public money available for other capital projects would be reduced by a similar amount or, if this did not happen, the new social home building programme would be significantly cut back. The Department for</p>

	Communities (DFC) is therefore thinking about changing the rule that requires social housing to be sold to tenants.
3.2	The Office for National Statistics (ONS) determined that this compulsory application of the House Sales Scheme (HSS) to Housing Associations amounts to government control that is significant enough to warrant classification to the public sector. The decision of the ONS means that all expenditure incurred by the RHA's (including private borrowing) will count as public expenditure and thus be charged against the Northern Ireland Executive budget. It will become more expensive for the Executive to fund social housing in the future, meaning the social housing development programme either needs twice the budget to maintain the same level of delivery or will have to curtail the level of delivery.
3.3	The consultation therefore recommends ending the HSS in NI, with the expectation that this would allow the reclassification of Housing Associations back to private sector, meaning their private borrowing would no longer appear as public expenditure. This in turn would allow social housing delivery to continue at the same level. The consultation seeks views on changing this rule and outlines a number of possible options for achieving this.
3.4	The officers draft response following engagement internally with the Planning Service recommending Option 3, to end the House Sales Scheme for all Housing Association and NIHE tenants. However, it requests that this is accompanied by work to consider other options to support social tenants into home ownership. The full draft response is attached as Appendix 1.
3.5	<b><u>Financial &amp; Resource Implications</u></b> None
3.6	<b><u>Equality or Good Relations Implications/Rural Needs Assessment</u></b> None
<b>4.0</b>	<b>Appendices – Documents Attached</b>
	Appendix One - Draft Consultation Response