

Appendix One

Department for Communities

Classification of Registered Housing Associations in Northern Ireland:

Consultation 2 – The Future of the House Sales Schemes

September 2018

The Belfast Agenda, the city's first community plan sets out a joint vision and long-term ambitions for Belfast's future. To help us realise the vision and address the outcomes, the plan includes a bold ambition, that by 2035, the city will be home to an additional 66,000 people.

In recent times, Belfast's population has decreased from 416,679 in 1971 to 339,579 in 2017 with neighbouring towns and cities increasing in population. This has subsequently meant an increase in commuting levels into Belfast on a daily basis. The Belfast Agenda aspires to encourage more people to live in the city – inevitably, increased social and affordable housing are of utmost importance to deliver this ambition. This is also reflected in the Belfast Agenda's Living Here priorities for 2017-21 to increase housing supply across all tenures, including affordable and social housing.

The preparation of the Belfast Local Development Plan (LDP) 2020-2035 has reached its second stage with the launch of the draft Plan Strategy on 23 August 2018. As the spatial reflection of the Belfast Agenda, the LDP and the Plan Strategy recognises the acute affordable housing need in Belfast as evidenced by the NIHE's latest Housing Market Analysis, which outlines the requirement for 940 social homes and 630 intermediate homes annually over the plan period.

Given that recent delivery of social housing is below 500 units per annum, there is a need to maximise or increase investment in delivering affordable housing, which could be constrained should the re-classification of the Housing Associations (HAs) not be reversed. It is noted that the classification of HAs as being in the public sector means that private borrowing by the HAs would count as public expenditure. Therefore, to maintain even the current rate of new social house building (which falls significantly short of that required) the cost to the Northern Ireland Executive budget would effectively double. Conversely, in the scenario that no additional money is allocated to the build programme, the rate of new social housing construction could halve. It is unlikely that sufficient money will be available to double the budget, so the risk without this change is that the delivery of social housing will be reduced.

The draft Belfast LDP Plan Strategy also proposes a significant change in the way social housing is enabled from a planning perspective. It sets out a policy requirement for all residential developments of 5 units or more and/or on sites greater than 0.1ha to provide a minimum of 20% of units as affordable housing (social and intermediate). The delivery of such an aspiration will require new working relationships between the private sector and HAs, which should not be constrained through a public sector classification for HAs. In addition, we would expect more opportunities to arise for HAs to diversify into the delivery of intermediate and private homes for sale, alongside their existing delivery of social housing. In summary, the Council's draft Plan Strategy takes a proactive approach to help increase the provision of affordable housing.

In respect of the subject consultation, an outcome that maximises the supply of new affordable housing and minimises the loss of existing social housing is therefore the preferable outcome. It is noted that, from a purely planning perspective, the removal of the Housing Sales Scheme would deliver the secondary benefit of maintaining existing social housing stock to meet needs at a time when the waiting lists are

growing and affordability pressures are worsening. Any reduction in the output of the Housing Associations would work against the draft Plan Strategy objective to boost the supply of affordable housing.

It should also be noted that it is possible on the basis of these secondary benefits to make a compelling case for the removal of the House Sales Scheme irrespective of the Office of National Statistics (ONS) reclassification. The consultation document itself notes that the equivalent 'Right to Buy' scheme has already ended in both Scotland and Wales (in 2014 and 2018 respectively), with the plans to do so predating the decision by the ONS to reclassify Housing Associations to the public sector.

That said, the Council acknowledges the value of the House Sales Scheme in enabling social rented tenants, who may otherwise be unable to buy a house, to become homeowners. It is widely acknowledged that homeownership can have important societal benefits in terms of furthering community cohesion, social inclusion and improved general health and wellbeing. Option 3, which proposes ending NIHE and HA House Sales Schemes, would remove this option for all social housing tenants, so the Council would encourage further work alongside this to explore alternative opportunities to support social tenants into home ownership.

Such an option could include, for example, expanding the range of intermediate housing products beyond the current co-ownership model, making some intermediate housing products exclusively available to social rented tenants or introducing a voluntary sales scheme similar to that currently being piloted in England. In addition, mechanisms should be developed to ensure that any capital earned from the sale of social rented stock would be ring-fenced for the provision of new social homes.