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Housing Supply Strategy

Call for Evidence

Your chance to shape the
future of housing supply

May 2021

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Ministerial Foreword

Access to a safe and secure home is a basic human right – a cornerstone of life, essential to our health and well-being. Limiting access can harm community cohesion, hinder educational development, prevent people connecting to job opportunities; and have a negative impact on physical and mental health.

Many have the means to purchase a home, and many more stand to benefit from home ownership if they can manage it. But for others, home ownership is not the solution. This means greater demands for social and intermediate housing and good quality private rented accommodation. Waiting lists and housing stress continue to rise, and there are issues facing renters, with close ties between housing and economic security – something amplified throughout the pandemic.

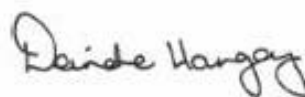
We know that limitations on the right sort of housing options are a major contributor to inequality in our society. For this reason, I have initiated a wide ranging housing reform programme, which includes developing a Housing Supply Strategy. The very nature of housing requires us to think of it as a 'Whole System' in order to find innovative and practical ways forward. We will co-design this strategy to include local and community expertise – and with citizens in mind.

This Call for Evidence is the first formal stage in the strategy development. Your participation is welcomed and encouraged. Responsibility for housing rests with many and, therefore, the solutions are something we must design and tackle together.

Good quality, affordable and sustainable housing is central to reducing housing stress, homelessness and improving housing solutions for the most vulnerable. It increases supply and offers choice across all tenures, and helps to create thriving, inclusive communities. But housing – through construction, renovation and repurposing – also plays a key role in emissions reduction as we seek to ensure a fair and just transition to carbon neutrality by reducing whole-life carbon emissions from both new homes and existing homes. We need to do this while addressing inequalities and by ensuring that households in fuel poverty are not left behind in the move to net zero.

Making all of this happen will require substantial institutional, regulatory and policy change. We recognise that the solutions to these deep-rooted challenges require us all across government to work together in new ways and this is why I intend to present the Housing Supply Strategy to the Executive for consideration in due course.

I therefore look forward to your response to this Call for Evidence and your ongoing engagement throughout the development of the Housing Supply Strategy.



Acknowledgments

We would like to thank the wide range of individuals who contributed to the development of this Call for Evidence. This includes colleagues from other departments, the Housing Executive and the Strategic Investment Board, representatives from the Housing Association, Local Government and Voluntary and Community sectors, professional bodies and the UK Collaborative Centre for Housing Evidence.

General Information

Issued: Wednesday 19 May 2021

Respond by: Friday 16 July 2021

Purpose of Document

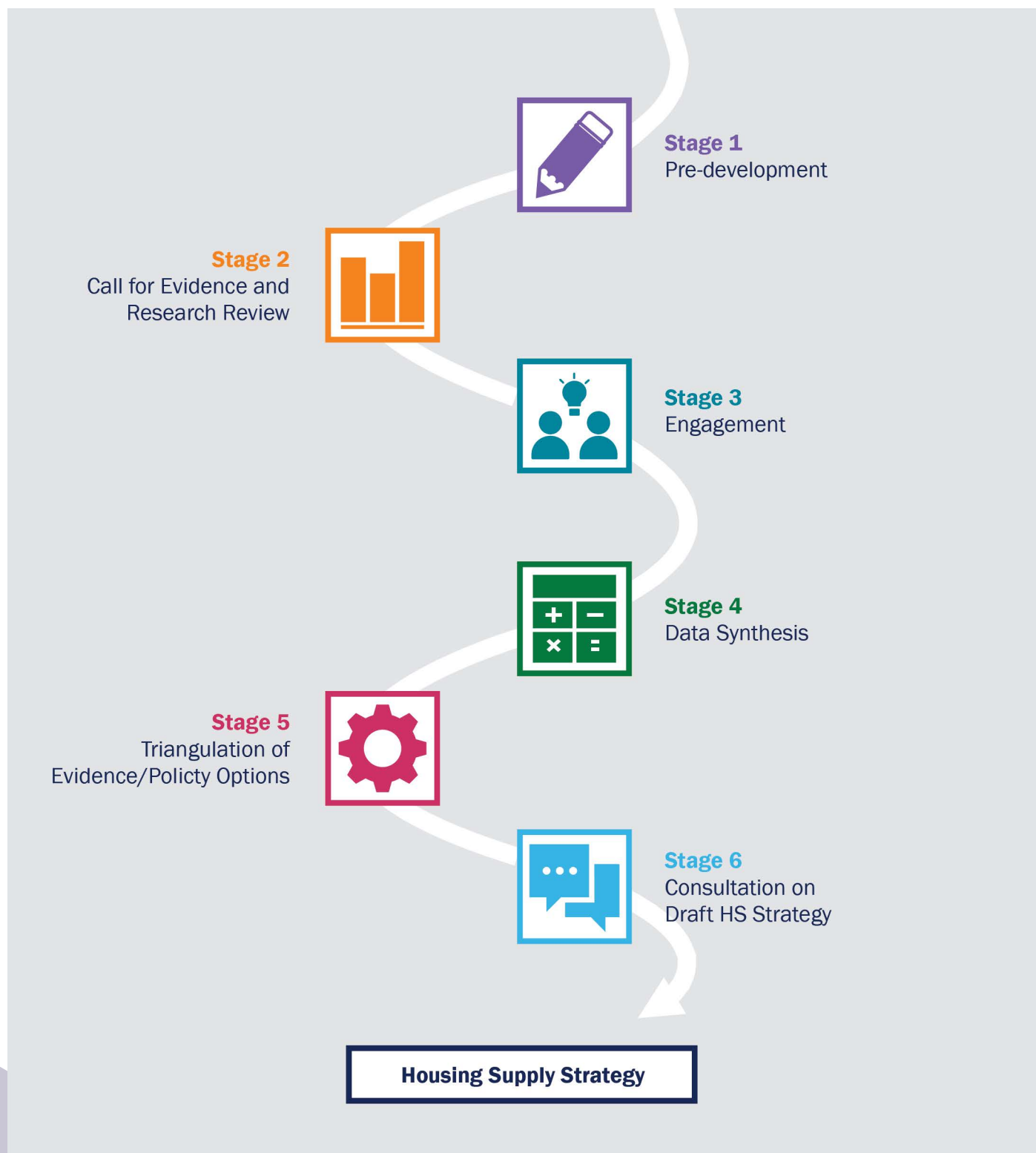
This Call for Evidence is the first formal stage in the process of developing a Housing Supply Strategy. It invites you to provide evidence (including local, national and international best practice), data and views on a selection of high-level issues that could help shape housing supply policy. We are keen to hear from a wide range of bodies, groups and individuals – from within the housing and related sectors and more generally across society.

This initial consultation is open for the next 8 weeks until Friday 16th July 2021. The results will then be analysed, along with other sources of evidence and information, to form the basis of policy options and a draft Strategy. There will then be further engagement and consultation.



The six-stage Strategy development process is summarised below:

Figure One. Strategy Development Process



How you can get involved

This Call for Evidence is Stage 2 in the strategy development process. Stage 3 is the engagement and consultation process.

Our intention is to have a draft Strategy for presentation to Ministers by the end of March 2022.

Responding to the Consultation

The best way to respond to this consultation is online, through our survey that can be accessed here: consultations.nidirect.gov.uk/dfc-analytical-services-unit/housing-supply-strategy-call-for-evidence

While we would encourage respondents to use the online survey, written responses are also welcome.

Completed hard copy survey questionnaires and general written responses can be sent to us by:
Email at: dfchousingsupplystrategy@communities-ni.gov.uk

Or alternatively by post to: **Department for Communities, Housing Division, Housing Strategy and Co-ordination Unit, Causeway Exchange, 1-7 Bedford Street, Belfast, BT2 7EG**

Quote the reference “Housing Supply Strategy Call for Evidence 2021”

There are multiple questions within each section of the document. Please respond to as many (or as few) areas as you wish.

Accessibility

The consultation document and questionnaire is available in a range of alternative formats upon request from this Department.

Please email the Department for Communities at: dfchousingsupplystrategy@communities-ni.gov.uk

Or alternatively by post to: **Department for Communities, Housing Division, Housing Strategy and Co-ordination Unit, Causeway Exchange, 1-7 Bedford Street, Belfast, BT2 7EG**

The publication of this Call for Evidence will also be supported by public engagement events. Event details are available on the Department’s website or on request using the contact details already provided.

Note – Due to Covid-19 restrictions, all engagement activities will be conducted using a virtual platform.

Privacy, Confidentiality and Access to Call for Evidence Responses

The Department for Communities (referred to as DfC or ‘the Department’) will publish responses on its website following completion of the Call for Evidence process. If a respondent is an individual acting in a private capacity, they should indicate whether or not they wish their name to be withheld or disclosed when responding.

Where responses from companies and individuals responding in a professional capacity are to be published, the Department will remove contact details only.

Responses to this Call for Evidence may be subject to requests under the Freedom of Information Act 2000 (FOIA) or the Environmental Information Regulations 2004 (EIR). All disclosures will be in line with this legislation. If you feel information you provide should be treated as private or confidential, please explain why so we can take this into consideration.

All personal data will be processed in line with the requirements of the Data Protection Act 2018/UK General Data Protection Regulations (UKGDPR). For more information, please see our privacy notice at Annex A.

01

Introduction



Introduction

Government Intervention

Housing is a policy area devolved to the NI Executive. Government can intervene in the housing market in some instances, for example, to correct insufficient supply, to improve availability and quality; and from a human rights and equality perspective.

Housing – An Executive priority

Good housing plays a critical role in improving the well-being of all our people and supporting economic prosperity. Housing is explicitly recognised as a priority area under three of the outcomes in the Programme for Government (PfG) draft Outcomes Framework. The importance of addressing housing need and more specifically housing, stress was also acknowledged in *New Decade, New Approach* (published in January 2020). This is why it is intended that the Housing Supply Strategy will be an Executive Strategy.

Critically, the supply challenges in NI cannot be viewed exclusively in terms of undersupply. Rather, as emphasised by the Minister to the Assembly in November 2020, the focus in meeting our housing challenges and delivering on housing need must be on increasing the provision of the right homes in the right locations and the creation of vibrant, attractive and sustainable communities where people want to live. This includes delivering more social housing. Indeed, our efforts to address supply barriers will support and inform programme level activity, including the Revitalisation of the Housing Executive and the Social Housing Development Programme. That said, waiting lists and levels of housing stress in recent years have increased, despite a consistent number of social housing allocations over the same timeframe. Similarly, private sector supply falls short of pre-recession 2008 levels. This clearly illustrates that any housing solution must involve increasing supply across all tenures.

The need to look at housing supply differently

Over the last twenty years there have been many approaches aimed at improving housing supply. Some of the themes raised in this Call for Evidence along with some of the questions asked may feel familiar. It could be argued that this is ‘going over old ground’ or ‘repeating itself’ or indeed that the Department is “moving into the workstreams of other Departments”. However, the context in which these questions are raised is very different from any point in time in the past. The information presented and the questions asked take place against the backdrop of our ageing population, Covid-19, the climate change and Brexit, factors that profoundly redefine our social and economic environment. The new Housing Supply Strategy will therefore need to reflect the changing context in which supply occurs in order to deliver transformative outcomes – which will require us to do things that together we have not done before.

Any new strategy intent on making a material and measurable difference to the quantity and quality of housing supply will need to be different from what has gone before.

Co-design

Co-design with stakeholders, partners and citizens is at the core of this new approach. Co-design is a term, which simply means involving people in the design of the services that people use. It means ensuring that the users and other stakeholders are all engaged in identifying the multiple and interlinked issues that stifle progress on housing supply and creating new solutions that can unlock solutions to these issues together. It is a core component in successfully transforming public services. This Call for Evidence is the first formal stage in the co-design process and its purpose is to gather evidence on key issues to inform the draft Housing Supply Strategy which we expect to bring to formal consultation in July 2021.

1 <https://www.northernireland.gov.uk/consultations/consultation-programme-government-draft-outcomes-framework>

2 https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/856998/2020-01-08_a_new_decade__a_new_approach.pdf

In this document, we have identified, based on initial research and informal engagement, what we consider are the key ‘drivers’ influencing demand/need along with the key ‘levers’ which can influence or transform supply.

We welcome your comments and views on this and encourage you to forward any evidence you have which might be of value in developing the strategy. This may take the form of research, or indeed knowledge, skills and/or experiences acquired through your personal or professional life.

Proposed Vision and objectives

If we accept that the problem we are trying to solve is (at minimum) about increasing supply of the right homes in the right places, then we need to develop a vision that articulates the outcome we want to achieve. The proposed vision for the Housing Supply Strategy is therefore that:

“Every household has access to a good quality, affordable and sustainable home that is appropriate for its needs.”

This vision recognises that good housing is about more than bricks and mortar. It encompasses issues such as affordability, accessibility, sustainability, quality and security of tenure – all of which can mean different things to different people. They are homes not just houses.

Crucially, this vision seeks to put people at the centre of supply, with a focus on delivering on objective need, underpinned by principles of fairness and equality.

In other words, it is important that we recognise and reinforce the principle that houses are people’s homes and homes should be located in sustainable places.

Proposed Objectives

The proposed objectives for the strategy are as follows:

- Increase housing supply and affordable options across all tenures to meet current and future demand.
- Reduce housing stress and homelessness and improve housing solutions for the most vulnerable.
- Improve housing quality.
- Ensure the provision of housing options that contribute to the building and maintaining of thriving, inclusive communities and places.
- Support the transition to carbon neutrality by reducing whole-life carbon emissions from both new homes and existing homes.

It is also proposed that the strategy will cover approximately a 15-year timeframe, given the significant, deep-rooted structural challenges we are seeking to address. This is comparable to other relevant strategic plans such as the Regional Development Strategy (RDS 2035) and Local Development Plans (LDPs).

It is anticipated the Strategy will be underpinned by a high-level Delivery Framework supported by multi-year action plans.

What problems are we trying to solve?

There is not one single overarching challenge (or problem) affecting housing supply here. Instead, housing supply faces a number of related and interdependent challenges, which, in combination, mean we are not always able to provide the right type of homes, in the right place, at the right time. In addition, we need to ensure that our homes are suitable not just for the current generation but also meet the needs of future generations. They must be affordable and accessible to all our citizens and support an inclusive society - transforming support for people, communities and places to improve lives - while delivering generational change.

For this reason, we propose a ‘whole system’ based approach to developing the strategy, recognising the complex and interconnected nature of the housing supply system.

Our approach to the Housing Supply Strategy

Our approach therefore is to consider housing as a ‘whole system’. Typically, demand for housing is driven by factors such as demographics, policy, economics, social preferences etc. Levers adopted in trying to meet demand tend to include the likes of finance, provision of land, planning regulations, innovation, skills etc. When we look at the drivers of demand and the levers adopted to address demand it is apparent that housing supply is a complex and multifaceted issue. Many of these facets are interrelated. For this reason, it is felt that a ‘whole system’ approach, which has not been attempted in the past, might help unlock new solutions.

The ‘whole system’ approach also illustrates the central role of people, places and communities. Creating sustainable, high quality and affordable places where people wish to live, work and play can help tackle inequalities and enable communities to thrive. Whilst the new strategy will naturally focus on supply, we must not lose sight of the importance of understanding the needs of people, places and communities when developing the supply strategy and thus its role in *Supporting People, Shaping Places and Building Communities*.

Figure two. Housing as a Whole System



Development of the Strategy must therefore involve cross-cutting collaboration and policy co-ordination. It will need to consider matters such as planning, water and digital infrastructure, energy and skills policy, building regulations, public financing, community infrastructure and, of course, climate change. Importantly providing the right types of homes plays a crucial role in improving health outcomes – helping individuals establish and retain independent living in a community.

Transforming supply will not just involve collaboration across government departments. It will also require genuine partnership among all actors and agents with a link to the housing system: local government, third sector, citizens and the private sector.

Housing need and demand drivers

When considering future housing supply it is important to understand the drivers that influence housing need and demand as this determines the number, type, quality and location of homes needed across all tenures. Drivers such as demographics, an aging population and changing household types; the economic and life circumstances of people and affordability of housing; the current employment challenges faced by many post the pandemic; the necessity and implications of reducing emissions; technology changes and digital inclusion challenges; and policy and planning are all important in this respect.

Some of the trends impacting on the housing market are outlined in *Fig 3* and the paragraphs overleaf.

Figure three. Key Trends Impacting the Housing Market

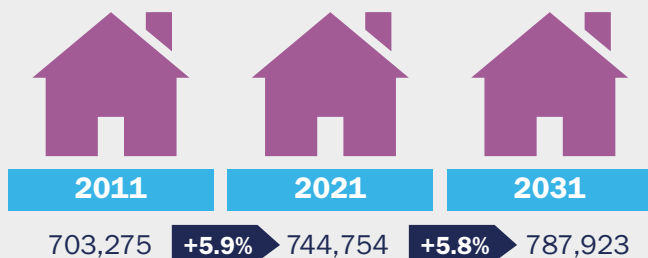
NI Population Projections 2011 - 2031 Source: NINIS

2011	2021	2031
1.8 Million	1.9 Million	2.0 Million
+ Fertility - Death Rate +/- Migration		

NI Average Household Size: 2011 - 2031

2011	2021	2031
2.54	2.52	2.46

NI Household Projections 2011 - 2031



Number of NI population 85+



Tenure 2008/09 - 2018/19

2008/2009	Owned Outright	Buying with Mortgage	Social Renting	Private Rented
	34%	34%	16%	16%
2018/2019	39%	27%	15%	19%

Source: Family Resource Survey

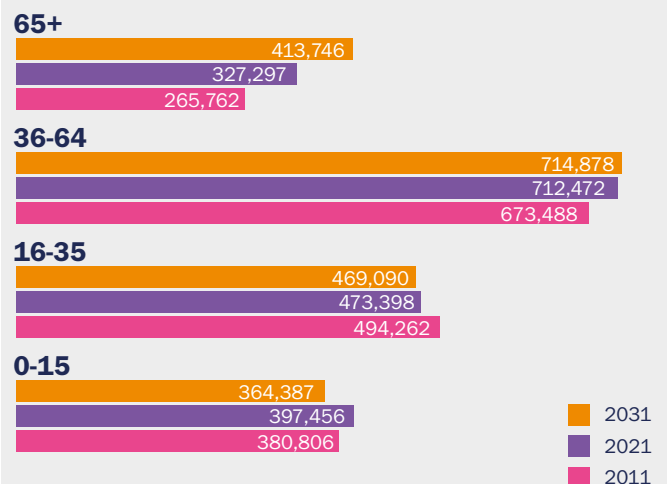
Owned Outright

Buying with Mortgage

Social Renting

Private Rented

Population Age Profile



Source: NISRA 2018 Population Projections

Figure three. Key Trends Impacting the Housing Market

Economic Activity*

NI
July - September 2020:

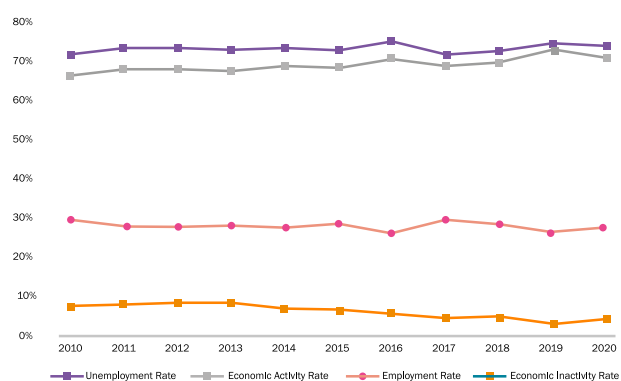
26.8%
of working age
people

United Kingdom
July - September 2020:

20.9%
of working age
people

*The proportion of people aged from 16 to 64 who were not working and not seeking or available to work

NI Labour Market Trends 2010-2020



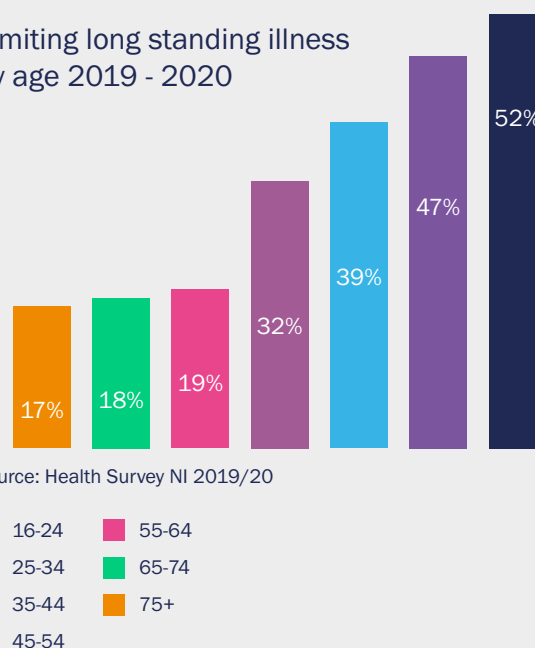
Source: NISRA Labour Market Report

Limiting long standing illness

30%

of respondents have a limiting long standing illness that reduces their ability to carry out day to day activities

Limiting long standing illness by age 2019 - 2020



Source: Health Survey NI 2019/20



2 in 5

Workers in NI are in Low Paid, Insecure Employment*

*This includes those earning less than the living wage; and in temporary employment, self-employment or those who report volatile pay and/or hours.

Source: Living Wage Foundation and New Economics Foundation June 2020

- **Demographics** – meeting the needs of an ageing population that require care and support networks raises issues such as “under-occupation, suitability and accessibility, isolation, fuel poverty, affordability and tenure specific issues”. These issues have to be addressed in the context of a rising dependency ratio (the number of people of working age compared to those who have retired) – which has important economic ramifications.
- **Economy and Affordability** – stagnant real wages and a labour market that over the last decade has seen a fall in the proportion of full-time permanent jobs and a growth in self-employment, part-time work and job insecurity - all of which have been exacerbated by the pandemic. These mean people may struggle with paying rent or a mortgage.
- **Social** – Social attitudes and aspirations have a strong impact on housing need and demand, including where and how people want to live. These attitudes and aspirations are influenced by a wide range of factors, including all the other drivers mentioned.
- **The Environment** – the construction of new homes and the retrofitting of existing ones play a part in helping us achieve the ambitious government targets around reducing greenhouse gas emissions – and ultimately ensuring a fair and just transition to lower carbon emissions by 2050. Combined with sustainable schemes, integrated public transport networks and walking and cycling routes encourage less reliance on the car and a healthier way of life.
- **Technology** – this will impact many aspects of people’s lives including how and where they work, how they shop, how children learn at home and how homes are built and heated. Technical advances in construction can make substantial contributions to improving energy efficiency, reducing greenhouse gas emissions, protecting the environment and tackling fuel poverty. It can also make homes more user friendly for those with mobility challenges.

- **Policy** - policy shapes many aspects of our world both directly and indirectly. For example, if the current policy on Common Landlord Areas (CLAs) was amended it might change the pattern, nature and distribution of housing need and demand.

Housing Supply Levers

There are differing views on the causes of the undersupply of housing in NI but the Department’s initial engagement with the sector suggests that key levers for influencing supply include:

- **Land and Property** – availability of land is frequently cited as an issue that inhibits the construction of new homes. We need to unlock land supply, including through better use of existing land, particularly in areas of high demand for social and private housing. We also need to look at adaptation and adaptive reuse of existing properties, particularly in considering how we optimise opportunities in our towns and cities.
- **Planning** – the planning system frequently attracts criticism. More often than not this criticism focuses on ‘process’. Process is important but not necessarily something that will transform the quantity, quality, sustainability, viability and/or suitability of housing supply in NI. We need to ensure that our planning system enables us deliver the right homes, in the right locations to meet our current and future housing needs.
- **Infrastructure** – significant investment is required to safeguard and upgrade our existing infrastructure and to have resources to deliver new and different infrastructure (hard, soft and critical) to improve the quality, quantity, sustainability and appropriateness of our housing.
- **Finance** – availability of affordable private finance is critical to driving the supply of housing. Government subsidy can be utilised to lever this finance and ensure all of us...

...have access to a quality home. We need to utilise scarce public resources effectively and innovatively to implement the necessary investment in infrastructure, skills and housing. We also need to look at how we attract other sources of funding, including private financing to increase supply.

- **Innovation** – Innovation can help solve problems, improve efficiency and transform delivery. It can offer us transformative solutions – whether we are developing homes, creating a strategy or caring for the most vulnerable in society. We need to embrace innovation as a means to increase productivity, reduce costs, improve our living environment and meet our carbon reduction targets.
- **Skills** – we need to ensure we have a workforce with the right skills to deliver the homes we need and to meet the challenges and opportunities posed by trends such as digitalisation and modern methods of construction. We want to create new high value employment opportunities and in doing so boost the economy and the life opportunities of those who live here.

to housing provision.

At this stage of development of the Housing Supply Strategy the nuances and different methodologies between these data sources is not a critical issue, however it is one area which will require further consideration as part of developing the strategy.

There is a general agreement that a significant increase in new housing completions is needed. However, if as expected the Strategy will address supply issues in a variety of housing contexts (tenure, location, condition) by means of a range of mechanisms, then a consistently defined view of not only the total housing stock, but also its component parts, is highly desirable.

For information, a more detailed analysis of current data in housing stock is detailed at Annex B.

Current Housing Stock

A statistically robust evidence base which evidences current housing provision and future housing demand is important.

Over the last 50 years, and in particular since the 1990s, there has been a significant improvement in the quality of evidence regarding the current Housing Stock, through work undertaken by the Department of Finance, the Department for Communities, the Department for Infrastructure, the Housing Executive, 11 District Councils and NI Statistics and Research Agency (NISRA). That said, the 2018 Housing Market Symposium Report highlighted material opportunities for improving further the data and metrics relating

Introduction

Questions

In responding to the questions below, please try to support your response with facts, data, specific examples and/or other forms of evidence to substantiate your point of view:

1. Please confirm whether you are replying as an individual or submitting an official response on behalf of an organisation.
2. Do you agree that a 'Whole System' approach given the challenges, is the right one?
3. Do you agree with the 15 year timeframe proposed for the Housing Supply Strategy?
4. Do you agree with the proposed vision for the Strategy?
5. Do you agree with the following proposed objectives for the Strategy:
 - (a) Increase housing supply and affordable options across all tenures to meet current and future demand.
 - (b) Reduce housing stress and homelessness and improve housing solutions for the most vulnerable.
 - (c) Improve housing quality
 - (d) Ensure the provision of housing options that contribute to the building and maintaining of thriving, inclusive communities and places.
 - (e) Support the transition to carbon neutrality by reducing whole-life carbon emissions from both new homes and existing homes.
6. The terms good quality, sustainable and affordable mean different things to different people - how would you define these terms?
7. What do you believe are the three main barriers to delivering the objectives for the strategy?
8. To what extent do you agree that there is a need to establish a more robust understanding of NI Housing Stock, e.g. by tenure, location, condition, etc.?
9. Are you aware of any specific data sources or methodological approaches to estimating existing housing stock, e.g. by tenure, location, condition, etc.?

02

Supporting people, shaping places & building communities



Supporting people, shaping places and building communities

In addressing our housing supply challenges, an overarching objective will be to contribute to the delivery of a fair and inclusive society by helping to transform support for people, communities and places to improve lives and deliver generational change. This requires consideration of important matters such as:

2.1 Sustainable Communities and Homes

2.2 Equality and Human Rights

2.3 Housing Supply in Rural Areas

2.4 Housing and Poverty

2.1 Sustainable communities and homes

Section 1: Introduction

Sustainable communities are vibrant and resilient, they are connected, shared and meet the needs, and more, of those who live there, enabling them to prosper and live healthy lives. The Covid-19 pandemic has demonstrated the importance not just of our homes but our local neighbourhoods. Sustainable communities are places where people want to live, work and play – now and in the future. They meet the diverse needs of current and future residents, are sensitive to their environment and contribute to a high quality of life. They are safe and inclusive, well planned, built and run and offer equality of opportunity for all. Sustainable homes which are well designed, comfortable, flexible and technologically enabled and can adapt to the changing needs of society and families, will be essential in terms of creating ‘Sustainable Communities.’

Diversity of housing is essential to the creation and maintenance of sustainable communities. A key mechanism to achieve this is through mixed-tenure development. Frequently, mixed-tenure developments will include an element of mixed use, with facilities for health, education, community, retail or commercial space incorporated within the overall design plan. Mixed-use development recognises that, while housing is a cornerstone for building thriving and sustainable communities, it is unlikely to deliver such communities in isolation. Mixed-tenure development has the potential to amplify wider societal benefits of good housing, including tackling disadvantage and segregation. The PfG will be delivered in an increasingly constrained public spending environment and will require us to look beyond public funding for the provision of homes for those most in need. Mixed-tenure development offers opportunities for cross-subsidy, new partnerships and new funding streams that could potentially support sustained affordable (both social and intermediate) housing, as well as boosting private house building.

“Mixed-tenure is residential development that combines a range of tenure options, and can include owner-occupier housing, shared ownership housing and rental properties (social, intermediate and private). The focus of mixed-tenure development is fostering greater social, economic and community mix to support thriving and sustainable communities.”

Tenure mix by itself will not however be enough to deliver on the diversity of housing needs. This will require an adequate mix of housing types. Key to this will be providing housing that reflects demographic change, most notably, our ageing population. Housing that helps people remain in the community or ‘age in place’ close to their support networks.

Section 2: Issues for Consideration

Several initiatives are being delivered that:

- a) aim to create more sustainable and cohesive communities across NI.
- b) could potentially address some of the stubborn issues associated with the social housing waiting list and housing stress.

Examples of such initiatives are outlined below.

The Shared Housing Programme (SHP)

Today 90% of Housing Executive estates are segregated; this figure rises to 94% in Belfast. The Department for Communities is committed to providing approximately 200 shared social housing units per year as part of the Social Housing Development Programme (SHDP). In 20/21 this target increased to 400 units. Sometimes there is a need for newly designated Common Landlord Areas (CLAs) for shared housing schemes to support Housing Associations in maintaining the desired (70/30) community mix of a shared scheme, if a tenant should leave. Examining where new integrated schools or shared school campuses are being built or being planned could open up the possibility of identifying available sites in or around these planned school sites as possible new shared housing schemes – thus potentially opening up new CLAs.

Moreover, following the Fundamental Review of Social Housing Allocations ⁽⁷⁾, applicants will be permitted to opt for as many choices of area as they like (at present only two choices are permitted).

Looking at CLA's more broadly, historically it is the case that many social housing applicants select a CLA that is close to family or friends, that is familiar or where they feel safe. However, many of these CLAs are settled, single-identity communities with low levels of turnover in housing stock. This preference can result in someone remaining on the waiting list for a

considerable period, therefore the costs of division are a factor to be considered in future budgeting and planning for social housing.

The Sustainable Communities Programme (SCP)

The Sustainable Communities Programme is a long-term, holistic and community-led initiative of the Housing Executive aimed at helping residents to work alongside other stakeholders to improve the quality of life of their families and neighbourhoods. It helps residents to consider issues such as health, education, unemployment, training as well as cultural diversity issues and the impact these individually and collectively have on the creation of sustainable communities. This type of capacity building initiative could result in relieving pressure on existing CLAs delivering generational change.

Area Based Regeneration

In areas of deprivation, increasing and improving the supply of quality and affordable homes can help reverse physical, economic, social and community decline. Social (or soft) infrastructure like community centres, health centres, leisure facilities, play parks, schools, shops and the availability of green accessible spaces, transport, and housing are all part of a supporting infrastructure that helps create cohesive neighbourhoods.

There have been a range of Government area-based interventions which sought to address these complex and multi-faceted issues. For example a housing-led approach through the Building Successful Communities (BSC) Programme. This collaborative initiative was launched by the Department for Communities in 2013. Another programme which aimed to tackle area-based deprivation was Neighbourhood Renewal which covered the most deprived 10% of wards across NI. Land for housing in Neighbourhood Renewal Areas is scarce and there is very little movement of people out of these areas. Many are also single identity in nature. To assist the most vulnerable in society there is a need to enhance linkages between the Housing Supply Strategy and neighbourhood renewal work.

⁷ <https://www.communities-ni.gov.uk/consultations/fundamental-review-social-housing-allocations>

Addressing vacancy

Before the pandemic, our towns and city centres were suffering decline and associated high vacancy rates. Belfast remains both above the UK benchmark, which is 9.8%, and the NI average, which stands at 14.3%. Given the high vacancy rates, there is a clear need for town and city centres to rethink how land and buildings are used. An opportunity exists to encourage more people to live in our town and city centres. This aspiration faces challenges – including developing all the infrastructure necessary for the creation of sustainable communities.

Purposeful Mixed-Tenure

Designing housing developments from the outset to include different tenure options, is not the norm here but there is an increasing voice which promotes the aspirations around mixed-tenure communities. The think piece produced by the Department and NIFHA⁽⁸⁾ identified a number of potential actions to support purposeful mixed-tenure development.

Moreover, the policy and operational environment to support purposeful mixed-tenure development has also changed over recent years. Most notably many local councils have already indicated support for a mixed-tenure approach in their Local Development Plans. Such policies normally apply to developments over a specific number of residential units, with a requirement to provide a percentage of the development as affordable housing. The Department has also recently implemented a change to the definition of affordable housing, with a recognition that a broader range of products would assist in the delivery of mixed-tenure and support the creation of more balanced and sustainable communities. Work is underway to explore potential new, affordable, rented housing products.

There are a number of ongoing issues about this type of development:

- Developers suggest that mixed-tenure schemes, could negatively impact sales price of new private homes and add complexity to the development process.
- Housing Associations have flagged potential issues about viability, but initial discussions suggest that this is primarily focused on the inclusion of tenures other than social on sites in areas of historically low house prices – not because mixed-tenure negatively impacts price points.
- Housing Associations have also highlighted that diversifying their business model to include other forms of tenure, could potentially impact on their core social purpose although improving their ability to do more with less. Current legislation also prevents Housing Associations from constructing homes for outright sale, albeit this activity is permitted through wholly owned subsidiaries or private wings.

Housing Types, Wheelchair Units and Lifetime Homes (and neighbourhoods)

As population and household growth in NI can be mainly attributed to an increase in the older population, housing supply needs to consider the types of housing to meet current and future need. An increase in available accessible housing in all tenures can encourage older people to downsize and will help provide suitable housing for all. Well-designed housing in attractive environments, designed to meet the needs of the whole community now and in the future, will also support sustainable communities through attracting residents for the longer term.

⁸ <https://www.communities-ni.gov.uk/publications/mainstreaming-mixed-tenure-northern-ireland>

Current initiatives to help people to live as independently as possible in the community include:

- The Supporting People Programme, administered by the Housing Executive through yearly grant aid to providers to provide housing support services. Services available include both Floating Support Services and Accommodation Services, the majority of which are linked to the Bamford Review.
- From 2020/21 the Department has set a target of 10% of all new build social housing starts, to be delivered to wheelchair accessible standards. The Housing Executive is working closely with housing association partners to deliver new wheelchair accessible housing stock.
- The Social Housing Development Programme aims to provide for the specific needs of older people and those with disabilities both through general needs and supported housing. In addition, all new build social homes are built to 'Lifetime Homes Standards'⁽⁹⁾, ensuring that homes can be easily adapted to meet the changing needs of tenants. At present, this standard is not required in other house building.
- Disabled Facilities Grants are managed by the Housing Executive. This funds adaptations for homes in the private sector for a person with a disability. It is available to owner occupiers, landlords or private tenants.

The Housing Executive in conjunction with the Northern Ireland Federation of Housing Associations (NIFHA) has developed an Accessible Housing Register for social housing which facilitates the classification of that stock based upon its accessibility features. This will enable people with accessibility requirements/disabilities to make more informed housing choices. The Register went 'live' in February 2021.

Building homes that are future-proofed, not just built for the first owners will help make housing more sustainable and reduce any negative environmental impact. As well as making good economic sense for public services, accessible homes can help support people's access to employment. Research has demonstrated that living in an inaccessible home makes a disabled person four times more likely to be unemployed⁽¹⁰⁾.

The Department's consultation on a new definition of affordable housing signalled that key target groups for new affordable housing products are active older people and those with disabilities. Work is already ongoing with Co-Ownership to progress the development of a shared ownership model targeted at older people.

The need to do more in this area is however highlighted by our homelessness statistics with 'accommodation not reasonable' representing one of the top three reasons for being accepted as homeless, with the largest proportion falling into the sub category of physical health/disability⁽¹¹⁾.

⁹ Lifetime Homes are built with accessibility, flexibility and adaptability incorporated at the design stage. Lifetime Homes have features including level access and doors wide enough for wheelchairs, and also meet the needs of parents (for example, pushchair access) and people with disabilities. Should the occupant's needs change, the homes are less resource intensive to adapt and there is minimal disruption to the occupant.

¹⁰ <https://www.habinteg.org.uk/download.cfm?doc=docm93jjm4n1527>

¹¹ <https://www.communities-ni.gov.uk/system/files/publications/communities/ni-homelessness-bulletin-jul-dec-2020.pdf>

Sustainable Communities and Homes

Questions

In responding to the questions below, please try to support your response with facts, data, specific examples and/or other forms of evidence to substantiate your point of view:

10. How can housing supply help create and maintain sustainable communities?
11. How do we engage communities more effectively in place making?
12. To what extent do you agree that housing led regeneration policy contributes to reversing the physical, social and economic decline of:
 - (a) areas of deprivation
 - (b) town and city centres
 - (c) rural areas
 - (d) suburban areas
13. How can we change the approach to housing led regeneration and ensure that it is more integrated in delivering wider policy outcomes?
14. To what extent do you agree that it should be a priority to deliver more shared housing developments throughout NI?
15. How can more shared housing developments be delivered here?
16. To what extent do you agree that housing should be an integral part of the care and support system?
17. What challenges do you see in delivering a wider range of housing types, e.g. housing more suited to the needs of older people or those with disabilities and how can these be overcome?
18. How important is mixed tenure to addressing housing supply issues in NI?
19. What challenges do you see in progressing mixed tenure developments, and how could these be overcome?

2.2 Equality and human rights

Section 1: Introduction

We know that housing problems are a major contributor to inequality and insecurity in our society. We therefore recognise that equality and human rights considerations are fundamental to achieving the ambitions set out for the Strategy. We have engaged with the Equality Commission NI (ECNI) to examine the key inequalities to housing. A copy of the letter to ECNI is attached at Annex C.

Section 2: Issues for Consideration

Early work on the Strategy is informed by a 2015 report prepared by Dr Alison Wallace⁽¹²⁾, together with the subsequent ECNI statement, “*Key Inequalities in Housing and Communities*” (April 2017)⁽¹³⁾. Seven key inequalities were identified at this stage and are outlined in brief below:

- Catholic household reference person applicants continue to experience longest waiting times for social housing (for the period 2004 to 2009 NS DOE 2013/14)
- Access to appropriate accommodation for Irish Travellers is limited
- The homes of minority ethnic people and migrant groups may be vulnerable to racial attacks
- Migrant workers are vulnerable to becoming subject to tied accommodation with poor conditions and overcrowding
- Those with a learning disability are not always afforded an opportunity to live independently
- Many people with disabilities live in homes that are not adequate to meet their disability related needs
- Lesbian, Gay and Bisexual (LGB) people can feel harassed and unsafe in their own homes and neighbourhoods

Both documents make clear the inequalities, barriers and differences in housing experience across communities in NI – while also identifying where gaps in data continue to exist.

The Wallace report stated the following: ‘There was an overall paucity of data relating to some equality groups, namely people of different sexual orientation, political opinion and transgender people; and weaknesses in understanding of the housing conditions and preferences of people from minority ethnic and migrant groups, of disabled people, and of the impact of the housing market downturn and housing debt more widely. Further understanding the precise influence of equality attributes on housing outcomes where people hold multiple identities is required.’

More generally, the Commission identified data gaps relating to the following Section 75 grounds: Gender / Gender Identity; Religion; Race; Political opinion; and Sexual Orientation.

While the Department acknowledges the key findings contained within the Wallace Report, the Commission’s statement and the Audit of Inequalities, it is also aware that some of the conclusions in those documents have been overtaken by recent events.

It is therefore important that we consider how housing inequalities may have changed in the intervening years – in particular how the pandemic may have impacted on the accessibility, adequacy and sustainability of local housing, and in turn inequalities in housing demand and supply and indeed new research and needs analysis that have been undertaken.

In relation to available data, it was recognised in both the Commission’s Statement and the Wallace Report that although considerable amounts of information can continue to be accessed through a variety of sources, significant data gaps remain. The Report stated that there is a need to move beyond breakdowns by single factors (e.g. religion) and univariate analyses in order to control for all other extraneous variables when considering the extent of inequalities.

¹² Housing and Communities’ Inequalities in Northern Ireland, Alison Wallace, June 2015

¹³ <https://www.equalityni.org/ECNI/media/ECNI/Publications/Delivering%20Equality/HousingCommunities-KeyInequalitiesStatement.pdf>

Through the Housing Supply Strategy, the Department is keen to identify and remedy these inequalities in housing experience, with this Call for Evidence helping to gather additional input. We welcome any information on inequalities in housing that includes, but is not restricted to, a consideration of the nine Section 75 grounds (Sex/gender, religious belief, political opinion, race/ethnic origin, disability, marital status, sexual orientation, age and dependency), along with socio-economic status and including deprivation.

Equality and human rights

Questions

In responding to the questions below, please try to support your response with facts, data, specific examples and/or other forms of evidence to substantiate your point of view:

20. The Equality Commission has framed local housing demand and supply in relation to three constructs – accessibility; adequacy; and sustainability. Are you content with this framework or are there other issues that may warrant inclusion?
21. In addition to the inequalities or data gaps already identified in the Equality Commission's Statement and the Wallace Report, are there any other issues that should be considered?
22. In relation to the issue of using multivariate analyses (Multivariate analysis is analysis that considers the impact of more than one Section 75 characteristic), are you aware of any work already undertaken that would be useful?

2.3 Housing supply in rural areas

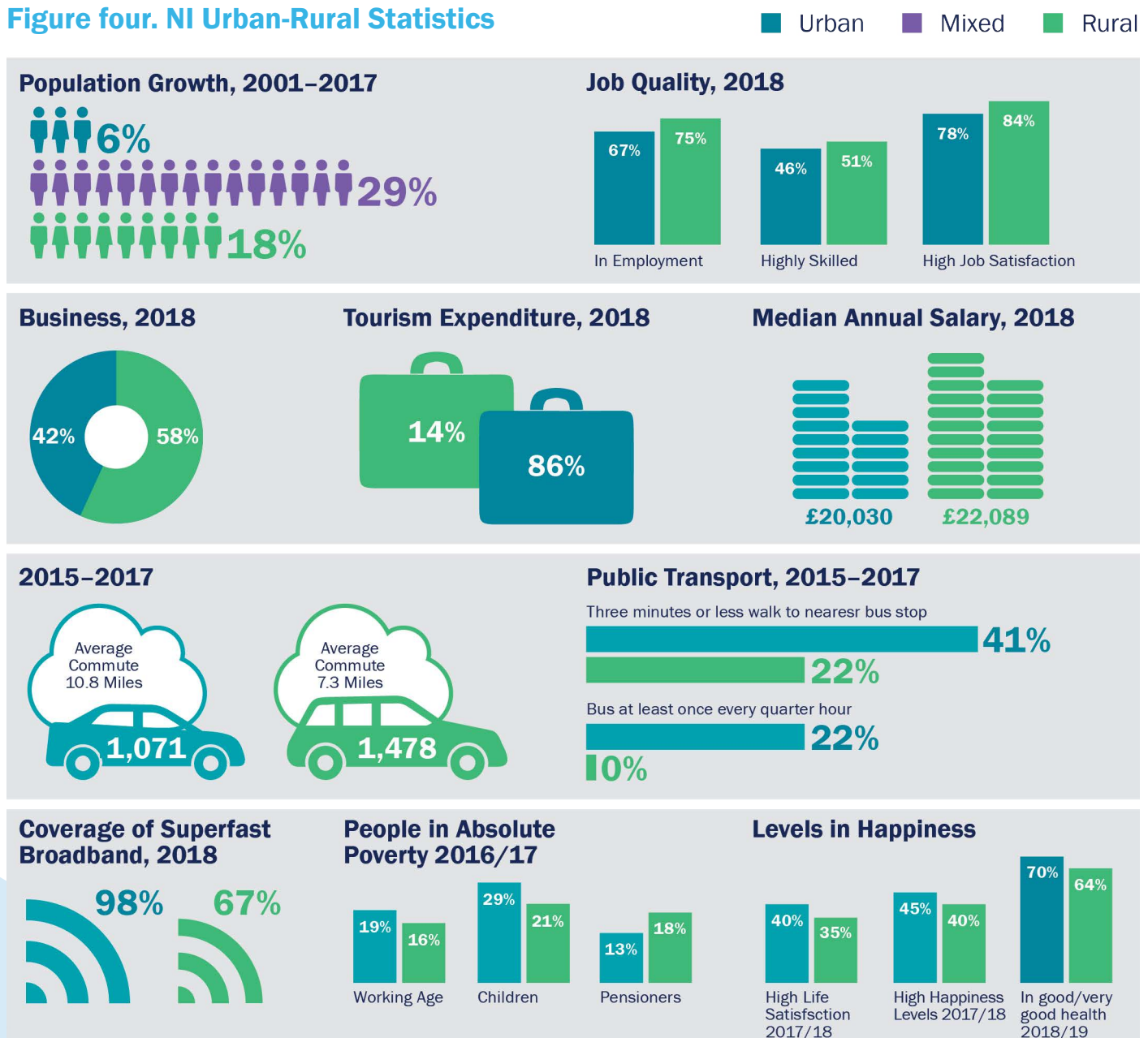
Section 1: Introduction

The countryside is one of our greatest assets and should be enjoyed, promoted, protected and enhanced. However, for the rural population (about 36% of the NI total) who live in, work and maintain this asset, there are three core issues:

- Services are often less accessible
- Housing is more unaffordable
- Basic needs are hidden

As illustrated below in Fig 4 the population of rural areas in NI is growing much faster than that of urban areas. With this growth comes demand for more homes that are local, affordable, energy-efficient and adaptable for future household needs.

Figure four. NI Urban-Rural Statistics



Section 2: Issues for Consideration

The greatest challenge in increasing the supply of housing in rural areas is accessing land. There is still much unmet housing need in rural areas. There are expectations that the new Local Development Plans (LDPs) will provide development opportunities and will facilitate delivery of new homes for a range of housing tenures that are energy-efficient, low-carbon and accessible.

Partnership planning

Community planning in each local council area is starting to identify projects that can be delivered through partnership working. There will be opportunities to access land and property assets to unlock potential for both community and housing development in rural areas.

Identifying Need

Another challenge is the identification of the need for new homes in rural areas. The Housing Executive recognises that in rural areas, where there can often be fewer if any social properties or a low turnover of existing stock, people may not come forward to be considered or added to the waiting list.

The need for new social homes can only be evidenced from the waiting list. So, it is vital that measures are taken to ensure that those who require a social home are aware of the process and of who to contact. Measuring latent demand is a key consideration in rural areas.

Rural Housing Need Tests

The Housing Executive undertakes an annual programme of Rural Housing Need Tests. These are consultations with communities to encourage anyone in need of a home to come forward and have a discussion with a housing advisor. Housing Need Tests enable the Housing Executive to highlight the services it provides but also to clarify what we mean by 'social and affordable' housing.

Community self-build schemes and other matters
NI has not yet identified how it can support and facilitate rural community-led housing, which has successful outcomes for other jurisdictions of the UK – particularly for rural areas.

In both urban and rural areas here, households are increasingly faced with challenges related to age, disability, physical and mental health and vulnerability. In rural areas these issues can be exacerbated by social isolation and loneliness, and it can be more difficult to access the relevant support.

In its Rural Strategy, the Housing Executive focuses foremost on the customer and their individual needs. A home is the stable foundation, needed to access employment, to plan for the future and to thrive. However, it is the community within which it is based that will make this home sustainable in terms of facilities, access to services, employment and activities to promote health and well-being. Investing in the infrastructure of our rural communities is essential, if we want to ensure that our rural communities remain sustainable.

Housing supply in rural areas

Questions

In responding to the questions below, please try to support your response with facts, data, specific examples and/or other forms of evidence to substantiate your point of view:

23. To what extent do you agree that the Housing Supply Strategy should address the need for affordable homes in rural areas?
24. To what extent do you agree that community led housing should be supported and enabled in rural and urban areas across NI?
25. How can additional innovative multi-agency projects (or approaches such as 'Tackling Rural Poverty & Social Isolation') be created to deliver more affordable housing supply in rural areas?

2.4 Housing and poverty

Section 1: Introduction

How does poverty relate to housing?

A good home is the foundation of social, physical, and mental well-being, and is central to addressing society's most pressing societal challenges – including poverty and inequality.

Since housing is a major part of household expenditure, it has a direct effect on material deprivation. Often poverty and low wealth or low incomes prevent access to many housing options or make them hard to sustain. The housing system in NI, with access to social housing, Housing Benefit and support for homeless people, acts as a partial buffer to poverty. Despite this, poverty persists.

There are many social, educational, financial and economic drivers that push increasing numbers of households into housing stress – which in turn puts increased pressure on supply. To make housing work for those most vulnerable in society, a whole-system approach is required.

Section 2: Issues for Consideration

To address the issue of housing supply, we need to examine the challenges associated with poverty that drive increased need and consider what could be undertaken to address these issues alongside – as opposed to separately from – increasing the supply of housing.

Some of the challenges include issues associated with housing costs and income, poverty, housing costs by tenure, poverty by tenure, fuel poverty, financial well-being, unemployment, economic inactivity, intergenerational poverty and joblessness, multiple deprivation, disability and educational attainment. The following government statistics highlight some of the interdependent challenges linked to poverty that need to be considered by the Housing Supply Strategy.

Housing Costs and Income

Social sector tenants have the lowest estimated weekly incomes (with social security benefits making up the largest proportion of their income). They are also at the highest risk of relative housing poverty (both before and after housing costs).

Poverty

The long-term trends shows that children are at a higher risk of living in poverty than the overall NI population in both relative and absolute measures.

Fuel Poverty

The Housing Conditions Survey indicates the rate of fuel poverty in NI is 22%. Three factors impact on fuel poverty: income; the cost of energy; and the energy efficiency of the home.

Financial Well-being

The annual percentage change in claimant numbers for Universal Credit increased by +156.7% in 2020, with the highest numbers in March to May 2020 – linked to the pandemic.

Unemployment

Forecasters from the Ulster University Economic Policy Centre (UUEPC) indicate that it could be four to five years before the NI economy returns to pre-pandemic levels of output. The unemployment rate could rise to approximately 13%, with particular concerns for young people.

Economic Inactivity

In 2016 the UUEPC stated that a significant change in economic inactivity cannot be achieved without a reduction in the number of people classed as being long-term sick and an improvement in the disabled employment rate. One of the biggest issues for working age economically inactive people is access to childcare.

Disability

Ensuring that housing is fit for purpose is important for those with a disability who wish to work but who want and need the flexibility of working from home. House adaptations for this

type of scenario will be a focus of the new DfC Disability and Work Strategy. This is even more important as the population gets older.

Further and more detailed statistical information is provided at Annex D.

- On average 1500 people present as homeless here every month.
- The top three reasons for presenting are: sharing breakdown/family dispute; accommodation not reasonable; and loss of rented accommodation
- Many of these include families with children, but the largest group are single people (particularly younger single people) and there are a growing number of pensioner households.

The most up to date statistics on homelessness can be found at: <https://www.communities-ni.gov.uk/topics/housing-statistics>

The relationship between housing supply and poverty is not in question.

Unemployment and Economic Inactivity
Economic inactivity requires an integrated approach. Many believe that a Housing Supply Strategy needs to consider how and where housing, transport and employment are being planned in order to maximise the opportunities for those within different economically inactive cohorts and in different council areas to get back into the workforce.

Advice and support for communities
The Department for Communities is responsible for general advice services, which include welfare benefits, housing, finance, consumer and employment issues as well as referral to organisations that can provide more in-depth support. Many of the advice queries relate to benefits but also housing. Additionally, DfC provides funding to Housing Rights to deliver free independent advice to those experiencing

difficulties with housing issues including specialist mortgage debt advice. This support is crucial at helping to maximise income for clients and addressing many of the poverty-related issues they encounter.

Homelessness

Homelessness: Definition

People may be found to be homeless if it is not reasonable for them to continue to occupy their current accommodation. Those accepted as homeless in NI each year include households who are without any form of accommodation, those living in hostels or staying with friends and family and those who are in accommodation, including a social or private home that is not suitable to their needs.

Homelessness can be seen as the most extreme form of “housing deprivation”. It is often understood to refer to people living on the streets. Whilst ‘rough sleepers’ represent one element of homelessness, they are not the only people who need help. The Housing Executive is responsible for responding to homelessness and providing interim and/or permanent accommodation for certain homeless households, depending on their circumstances.

The Interdepartmental Homelessness Action Plan (IDHAP) focuses on addressing gaps in non-accommodation services that have the potential to more positively impact on the lives and life chances of people who are homeless and those who are most at risk of homelessness. Likewise, the lessons learned from the Covid-19 pandemic have been documented in the Housing Executive’s “Reset Plan” which aims to prevent rather than manage homelessness.

Involving people in decisions and planning for their future

Engaging tenants from across the sector is an important consideration for policy-makers. The lived experience of local people can help inform better decisions and enable change. To address some of the wider social, economic and poverty-related issues faced by many communities, the Housing Executive and Housing Associations provide a wide range of support services to their tenants. However, there does not seem to be the same support for those in private tenancies. Given the number of households in this sector and the cost and sometimes quality of their housing, this could be seen as a gap. Finding ways to access these voices is important.

Housing and poverty

Questions

In responding to the questions below, please try to support your response with facts, data, specific examples and/or other forms of evidence to substantiate your point of view:

26. Is there a need for this Housing Supply Strategy to play a role in reducing poverty?
27. Currently housing stress is identified as ‘those experiencing intimidation, insecurity of tenure, housing conditions, health and social wellbeing issues’. Do you have any comments on this definition of housing stress or are there other causes of housing stress that need to be considered?
28. To what extent do you agree that more needs to be done from an interdepartmental perspective to improve the lives and life chances of those who are homeless or at risk of homelessness?
29. How do we help homeless people transition from temporary accommodation to long term homes?
30. To what extent do you agree that housing plays a significant role in reducing economic inactivity/enabling individuals to take up employment?

03

Land and property



Land and property

Section 1: Introduction

Land is a finite resource, under strain from ever-increasing societal demands and conflicting land use priorities. It provides:

- Goods and services upon which human existence depends (food and water for example)
- A source of societal well-being and prosperity
- Multiple functions i.e. agricultural production, recreation, housing, energy etc.

Equally, derelict, vacant or underused land can represent a missed economic, social and environmental opportunity. Underused land assets can equally pose a fiscal drag, consuming scarce financial resources, without actively making a social, environmental or economic contribution to society. Such inefficiencies diminish the resources available to support housing supply.

There are 1,358,000 hectares (Ha) of land in NI, excluding inland waterways (which make up a further 55,890Ha). Public land comprises at least 83,716 Ha – or just over 6% of the total land area.⁽¹⁴⁾

Based on these figures, it would be easy to assume that sourcing land for housing would not be a challenge. That said, availability of land is frequently cited as an issue that inhibits the construction of new homes. This is because:

- Land without readily accessible infrastructure will not be viable
- Development in areas without demand will not be viable
- Land in areas without amenities and employment will not be sustainable
- Too much land in the wrong place at the wrong time can negatively affect the market.

Section 2: Key Issues

We have often heard statements like, ‘there is no shortage of land, why don’t we just build more houses’. This perspective does unfortunately represent an oversimplification. Key issues include:

Public Land (availability)

In 2016/17 the Department for Communities initiated the Public Land for Housing (PLfH) Project to address the supply of public land for housing. The scope of the project also extended to the three largest land-holding Departments: Health (DoH), Education (DE) and Infrastructure (DfI). The overarching conclusion of the project is that the quantity of public land (central government land not local government land) within areas of housing stress is limited, with much of the land identified as suitable for housing being located outside the areas of housing stress. The situation regarding local government land has yet to be examined.

Public Land (existing processes and incentives)

In disposing of surplus land, all government departments must follow DoF guidelines⁽¹⁵⁾. These were last updated in 2018. If there are competing interests in the land, there is no preference given to housing.

Key issues are:

- When a public sector body sells a land or property asset, it does not always receive the financial benefit directly. The inability of public sector bodies to carry forward financial reserves means the majority of the proceeds from a sale must be spent in the financial year they are received. For this reason, the majority of the proceeds are channelled back to DoF to be redeployed in delivering public services throughout NI. While this approach is very effective in ensuring public sector monies are fully used, it does not incentivise public sector organisations to divest surplus land and property assets, as the direct benefit from such activities is limited.

¹⁴ www.sportni.net/sportni/wp-content/uploads/2013/03/Access-to-public-land-factsheet.pdf

¹⁵ Link to disposal guidelines are here: Disposal of surplus public sector property in Northern Ireland - guidance (finance-ni.gov.uk) Link to CAT process - DfC guidance, is here: Community Asset Transfer: Guidance for Asset Owners | Department for Communities (communities-ni.gov.uk)

- The Stormont Regulation and Government Property Act (Northern Ireland) 1933 (1933 c.6) states that the sale, exchange, lease, or surrender of central government land ‘shall be at the best price or for the best rent or otherwise on the best terms which, in the opinion of the Department of Finance and Personnel, can reasonably be obtained’. While this approach is very effective at ensuring the best price is achieved, it does not always mean divested land and property assets can be sold with a view to supporting specific policy outcomes.

More efficient use of existing domestic and non-domestic assets

Solving the housing supply challenge may require us to look beyond simply providing more land. NI Housing Statistics indicate that in 2019–20 housing supply stands at 807,812 homes⁽¹⁶⁾. Of these, potentially 3.7% are likely to be vacant⁽¹⁷⁾ (though there is no information on the condition of these homes or if they are actually viable). Information from Land and Property Services suggests there are approximately 20,000 vacant properties and that over 90% of these are in areas of low housing need⁽¹⁸⁾. In addition about 2,000 homes a year are lost from the housing system.

In terms of non-domestic properties, as at 1 April 2020 there were just over 74,000 properties in the Valuation List. These buildings represent historic public and private sector capital investment. However, changing patterns of economic activity mean that they can also represent missed economic, social and environmental opportunities within our non-domestic built environment. Rates information regarding non-domestic stock indicates that some buildings are no longer performing as originally intended⁽¹⁹⁾. To what extent these could be repurposed, so that they generate returns for their owners and contribute towards improving housing supply, may merit consideration.

The use of previously developed land for new-build and the adaptation and re-use of older buildings could potentially help alleviate the pressure on open space and bolster supply. The retention, reconfiguration and retrofitting of existing dwellings, where viable, plus the adaptation of non-domestic buildings could potentially contribute towards improving supply.

Changing patterns of demand

In the period 1951–2011 the average household size in NI dropped from 3.91 to 2.54 – a 35% decrease. The composition of our households is clearly changing, as is the nature of housing demand, with a clear trend towards smaller households. (Source: <https://www.nisra.gov.uk/statistics/ni-summary-statistics>). This suggests that there is potentially now a mismatch between the size of homes available and the size of homes required. This represents a further inefficiency, and suggests that regeneration may have a role in matching existing land and buildings to current housing demand and housing stress.

Vesting Powers

Any assessment of the capacity of the public sector to acquire land must include an outline of the vesting powers available through legislation. Maximising the use of existing legislative powers may represent an opportunity in terms of acquiring sufficient land in the right places – ultimately increasing supply.

The power to acquire land for housing under Article 87 of the Housing (NI) Order 1981 (S.I. 1981 No. 156 (N.I. 3)) is a power assigned to the Housing Executive. Under separate legislation the Department for Communities also has the power to acquire land to sell or lease (only) to registered housing associations.

16 <https://www.communities-ni.gov.uk/system/files/publications/communities/ni-housing-stats-19-20-full-copy.pdf>

17 <https://www.nihe.gov.uk/Documents/Research/HCS-2016-Main-Reports/HCS-Main-Report-2016.aspx>

18 <https://www.infrastructure-ni.gov.uk/sites/default/files/publications/infrastructure/regional-development-strategy-2035.pdf>

19 <https://www.finance-ni.gov.uk/sites/default/files/publications/dfp/Business%20Rates%20Review%20v2%20-%20Terms%20of%20Reference.pdf>

Equitable distribution of resources

Some will argue that the major issue is not the amount of housing relative to the number of households but the distribution of housing. Some people are “house-rich”, with more space than they need, while others struggle to find a home that they can afford. This perspective dilutes the idea that supply is simply about the provision of more homes, but considers the concept that supply is in part about the equitable distribution of resources.

Land reform & land assembly

The challenges of market failure are visible day to day in our towns and cities in the form of tired and derelict structures. Some jurisdictions have sought to counteract these issues through dedicated organisations focused on land reform and land assembly activities:

- the Scottish Land Commission works to ensure the role of land in delivering social, economic and environmental outcomes (including housing development) is fully realised
- in England the Homes and Communities Agency actively supports and encourages land assembly activities
- in the Republic of Ireland the Land Development Agency coordinates land within State control for more optimal uses where appropriate, with a focus on the provision of housing.

Land and property

Questions

In responding to the questions below, please try to support your response with facts, data, specific examples and/or other forms of evidence to substantiate your point of view:

31. Are there changes to land & property legislation, policies, processes or procedures that could transform housing supply for the better?
32. Should the options for making public sector land (local and central government) available to support a wider variety of housing options be explored?
33. Are there land & property practices adopted in other UK or European jurisdictions that you believe would transform supply if adopted here?

04

Planning

Planning

Section 1: Introduction

The planning system works to ensure that the right things are built in the right places – whether that's houses, shops, parks, community centres or energy plants. Planning provides *the ability to shape and change the character, look and feel of the places where we live, work or visit*. Planning has an important role to play in the delivery of all forms of housing.

Responsibility for planning is shared between the 11 local councils and the Department for Infrastructure. In 2015 the planning system was reformed and restructured from a unitary system in which all planning powers rested with the former Department of the Environment (DoE), to a new two-tier model in which various powers transitioned to the local councils.

Councils, in their role as planning authorities, are responsible for bringing forward Local Development Plans (LDPs) for their areas. This provides a great opportunity to reflect the community plan for an area and meet the aspirations of the local community. Each council's LDP will include policies, tailored to local circumstances, for a range of land use matters, including housing in settlements and development in the countryside.

The planning system frequently attracts criticism. More often than not, this criticism focuses on 'process'. Process is important but not necessarily something that will transform the quantity, quality, sustainability, viability and/or suitability of housing supply in NI

Section 2: Key Issues

Research and life experience associated with housing supply in NI over the last 10 years points to a number of recurring planning and development issues, many of which have yet to be resolved.

These include:

Land Banking⁽²⁰⁾

The role and materiality of land banking in hampering supply is frequently debated. There is however no clear and commonly accepted view on the issue. Data exists to suggest that land banking is not occurring at a material level. However, this perspective is challenged by a number of factors, including research carried out by DoE in 2013/14, and by Belfast City Council in preparation for its draft Plan Strategy. Together these two sources suggest that there may in fact be an untapped land bank in NI, or at least within Greater Belfast. It can therefore be argued that the role of, and materiality of land banking in relation to supply is unclear.

Bonds, agreements and bond reductions

Prior to construction, a developer is required to enter into an agreement with DfI Roads to provide the roads and footways to the Department's standards. Developers may also enter into adoption agreements with NI Water in relation to new sewers. These agreements are secured by bonds that may be used by DfI Roads and NI Water to complete the works should the developer default. It's an important means of safeguarding purchasers, ensuring that they are not left with the costs of expensive remedial/completion works if developers default or cease trading.

The value of these bonds – along with the time taken to process and return funds – is frequently criticised by developers, who argue that it creates a need for extra funding and temporarily locks up capital that could otherwise be used to create economic value.

Appropriate resourcing

Government statistics indicate that on average in 2019/20 major applications took 52 weeks to be approved⁽²¹⁾. Developers have in the past raised concerns about the lack of dedicated planning resources and bespoke processes to ensure large schemes are processed expediently. Some developers have also said that they would pay an increased planning fee for a service that prioritises delivery.

20 Land Banking Definition - Land banking generally refers to the practice of buying and holding on to land in order to fulfil future development plans or make a greater profit, which may include at some stage developing housing but equally may not.

21 <https://www.infrastructure-ni.gov.uk/system/files/publications/infrastructure/planning-statistics-2019-20-bulletin.pdf>

Meanwhile planning authorities will raise concerns over the poor quality of some of the planning applications being submitted which takes additional time for councils and statutory consultees to process.

Rural single dwelling applications

Approximately, 90% of applications received for new single dwellings are in the rural areas⁽²²⁾. This indicates an ongoing requirement for rural supply, prompting debate around the need for a sustainable rural development model.

Locations and use of sustainable travel modes

The location of housing development to a large degree dictates its accessibility by sustainable modes of transport. In general only developments within the urban settlement limits or immediate extensions are likely to be able to access key services by walking and cycling. In addition, frequent bus services do not operate outside the urban areas of Belfast and Derry. Transport assessments that seek to minimise traffic growth and to provide for active travel modes are only required for housing development over 100 units. This contributes to many new housing developments being located and built with locked-in car dependency.

Planning Pre-Application Process

This has been criticised by developers, who argue that it is inefficient and fails to establish the principles of the housing scheme. This may represent an area for process improvement. On the other hand planning authorities and statutory consultees will raise concerns that advice provided through the Pre-Application Discussion (PAD) is not taken on board in preparing the subsequent planning application.

Developer contributions

The concept of developer contributions is increasingly accepted as an important part of a sustainable housing system. However, implementation requires a proportionate, transparent and evidence-based approach that strikes a balance between contribution, viability and realising an increase in supply.

Conditional planning approval

A further issue may relate to conditions attached to planning approvals, including pre-commencement conditions. These can involve the provision of infrastructure or de-contamination of land before development can begin – and may present a barrier to implementing permissions.



05

Finance

Planning

Questions

In responding to the questions below, please try to support your response with facts, data, specific examples and/or other forms of evidence to substantiate your point of view:

34. Are there changes to planning legislation, policies, processes or procedures that could transform housing supply for the better?
35. Are there planning practices adopted in other UK or European jurisdictions that you believe would transform supply if adopted here?
36. Is land banking hindering housing supply here?

Finance

Section 1: Introduction

Traditionally people rented their homes from private landlords, and it has only been in the last hundred years that homeownership has become more widespread. This change came about primarily due to two key developments in the late 19th and early 20th centuries namely the:

- Availability of credit to purchase homes (mortgages); and
- Government financial support for the development of new housing.

History has shown that the availability of affordable private finance for both developers and homebuyers is critical to driving the supply of housing. Government subsidy can be utilised to leverage this finance and ensure even the most disadvantaged have access to a home.

Ultimately, the availability of private credit is dependent on a lender's assessment of the risk of the borrower defaulting, and determining that the financial return available from the investment is worth this risk.

Mortgage lending is considered to be one of the lowest-risk forms of investment in the credit markets. As such, it is by far the biggest form of private lending and is a key driver for housing supply. However, lenders do not always get the risk assessment right. The global financial crisis of 2007–08 and subsequent economic downturn was triggered by a failure to understand risk. One of the consequences was a significant fall in the appetite of private lenders to provide the loans to developers and homebuyers. A large portion of the population (particularly the less affluent and first-time buyers) was unable to acquire their homes, and the housing supply rate plummeted.

DfC has established a range of interventions to assist individuals who cannot access private finance to secure homes. Two of these interventions are designed to drive the supply of new housing.

- *Housing Association Grants to support social housing development.* Since 2002, Registered Housing Associations have been DfC's primary vehicle for the delivery of its Social Housing Development Programme.
- *Intermediate Housing Development Schemes Funded by Financial Transactions Capital (FTC).* FTC was introduced in 2012/13 to encourage private investment into public projects and stimulate the economy. The NI Executive is granted an annual allowance of FTC by HM Treasury in addition to the NI Block Grant. It can only be deployed to support delivery of socio-economic projects. It was first used here to stimulate the local housing market and housing supply through its provision to housing associations for the development of "intermediate" homes via shared ownership. This helps households who can afford a small mortgage, but are not able to afford to buy a property outright. The main vehicle through which intermediate homes in NI have been delivered to date is the Co-Ownership Scheme, administered by the NI Co-Ownership Housing Association.

Section 2: Key Issues

The developers of houses in NI can be split into two main categories:

- (1) Private Bodies (individuals or enterprises) for sale or rental to achieve a financial return.
- (2) Public or charitable bodies⁽²³⁾ to meet a social need. In NI this is predominantly Registered Housing Associations (RHAs), but in the past the Housing Executive was an extremely significant provider of houses.

Over the last 50 years the proportion of new dwellings developed by private enterprise has grown steadily compared to publicly funded development. In the early 1970s only 34% were developed by private enterprise up to a peak of 97% in 2004/5.

²³ Primarily Housing Associations since 2001

The financial crisis of 2007/8 and the resultant downturn led to a significant drop in the number of new houses developed (falling by 62% between 2007 and 2014). The public/social sector has increased delivery slightly since then but not enough to maintain development at its pre-crisis levels.

Sources of Private Finance

Competition amongst lenders in recent years has led to a wide range of different (and often complex) financial products to support the development and secondary acquisition of homes. The most affordable form of finance for both the development of houses as well as the individual acquisition is senior debt. The most accessible form of senior debt is a bank loan. Therefore, bank loans are by far the most prevalent form of finance for both housing development and secondary acquisition. However, senior debt lenders typically require a range of assurances from borrowers prior to this finance being provided as discussed below.

Constraints in Accessing Finance

There are three main reasons why lenders decline finance for the development/acquisition of homes.

- Insufficient income: Lenders will typically require borrowers to achieve a minimum Interest Coverage Ratio.
- Insufficient upfront equity/deposit: Lenders will only provide finance up to a certain percentage of the total development/acquisition cost.
- Insufficient Security: Lenders will typically only lend up to a maximum Loan to Value (“LTV”) ratio.

In the aftermath of the financial crisis, credit concerns led to a significant decline among the lenders to take on loan risk. The increasing level of housing development since 2014 indicates that the appetite for lender risk was starting to rise again. However, the arrival of the Covid-19 pandemic may have put a halt to this.

Emerging Solutions

Prior to the pandemic two notable new approaches were starting to emerge in the financing of affordable housing.

A: Increased demand for Capital Markets Financing for Affordable Housing

This form of financing for social housing has been widely used in England for some years. Finance from the capital markets is well suited to investment in homes and housing because bonds are typically repayable over a longer period of time (c. 25-30 years) – as opposed to bank loans, which may require payment in 10-15 years in the current economic climate.

Capital market financing (bonds) therefore represent an opportunity to reduce the overall cost of finance associated with housing development, the saving from which could be utilised to fund a greater supply of social homes. However, borrowers need to have a sufficient credit rating to access these markets, and many of NI’s housing associations are simply not large enough to access this form of finance.

B: Rise in demand for Ethical Social Governance (“ESG”) investments

In the last five years there has been a significant increase in the demand from global investors for investment opportunities that generate social and environmental benefits as well as a financial return. These types of investments are known as Ethical Social Governance (ESG) investments. Recent examples of the interest include Clarion and Catalyst Housing Associations who received the Certified Sustainable Housing Label, allowing them to issue £300m bonds into the market to fund housing development.

Other considerations

- The governance structures through which funding support is delivered to stimulate the local housing supply in NI have remained largely unchanged since 2002.
- The financial crisis in 2007/8 led to many changes in the way that property development is funded. The Covid-19 pandemic is expected to change this situation even further.
- The FTC-funded intermediate pilot schemes introduced in 2014-2016 have met with mixed success. The first of these, the Affordable Home Loan Fund, expires next year and is not expected to have delivered the additional intermediate housing anticipated. This was due, in part, to difficulties in leveraging the required private finance required to deliver the scheme from local banks.

DfC is keen to receive evidence as to how new approaches to financing the housing market could drive supply of homes for those most in need. This might for example be through routes such as:

- Providing incentives to RHA's - taking advantage of ESG investment, introduction of government guarantees, new delivery vehicles, time bound rates relief etc.
- Restructuring existing approaches - for example changing the HAG model to introduce more competition, reviewing design standards to reduce funding requirements, government-backed mortgage guarantees, government-backed homebuilding fund, convertible bond or savings schemes, mezzanine or gap funding.
- Utilisation of FTC funding as a guarantee rather than direct funding to reduce covenants on loans and leverage private finance for housing development.

Finance

Questions

In responding to the questions below, please try to support your response with facts, data, specific examples and/or other forms of evidence to substantiate your point of view:

37. To what extent do you agree that the NICS could better utilise existing funding (e.g. Block Grant, Financial Transactions Capital, Housing Association Grant, Reinvestment and Reform Initiative) to leverage greater levels of private finance for housing development?
38. Are there other ways the private and voluntary community and social enterprise sectors can leverage other forms of funding to increase housing supply?
39. Are there any other areas of market failure that need public and/or private intervention?

06

Infrastructure



Infrastructure

Section 1: Introduction

When we think of infrastructure, we typically think of roads, rivers, public transport, planning legislation and regional planning policy. However, developed economies increasingly consider infrastructure in terms of the essential systems and facilities that facilitate an economy's day-to-day activities and enhance the standard of living for citizens.

For this reason, terms such as hard, soft, and critical infrastructure are increasingly used by governments, policy-makers and institutional investors. This language reflects a more integrated and whole-system perspective. This language also acknowledges the crucial role that infrastructure plays in terms of our social, environmental and economic well-being.

Some Definitions

Hard Infrastructure comprises all the physical systems that are crucial to a modern, industrialised economy. It includes transport systems such as roads and railways, and telecommunication services

Soft Infrastructure refers to all the institutions that require human capital such as educational, health, financial, law and order, governmental systems (such as social security) and public transport.

Critical Infrastructure makes up all the assets defined by the government as crucial, including assets used for shelter and heating, telecommunication, public health, agricultural facilities, etc.

(Source: <https://corporatefinanceinstitute.com/resources/knowledge/economics/public-infrastructure/>):

In adopting a more multifaceted perspective like this, 'shelter' or 'housing' is viewed as a critical and crucial component of a functioning economy. Importantly this interpretation is in addition to, rather than instead of, the traditional view of housing as fundamental to the health and well-being of individuals, communities and society as a whole.

Regardless of which interpretation or definition we apply, there is clearly a relationship between housing supply and the provision of infrastructure.

Section 2: Key Issues

Drainage and wastewater

A consequence of historic underfunding means that significant investment is required to upgrade our drainage and wastewater treatment infrastructure. Belfast in particular, suffers from an ageing system that is already operating well above the capacity for which it was designed.

New development is reportedly constrained in over 100 towns and villages where wastewater treatment works are nearing, or at, capacity. Without change, development will be further constrained, particularly in Belfast.

The DfI draft Strategic Drainage Infrastructure Plan⁽²⁴⁾ for Belfast identifies a £1.4bn investment requirement for the city over the next 12 years. If funded, this integrated plan would reduce the risk of flooding, improve water quality in Belfast Lough, and help to grow the economy by increasing sewerage capacity.

NI Water's Business Plan for period 2021/22–2026/27 includes a total investment of £2.5 billion for water and sewerage services over the next 6 years, which will address the most immediate areas of need.

Given that NI does not charge for public services such as water and sewerage for its domestic customers, unlike other parts of the UK, this additional investment will need to come from within existing public sector funding options or through structural reform.

Energy and Digital Networks

Our energy and digital infrastructure will require ongoing investment to ensure we remain competitive and are able to capitalise on new opportunities for growth.

Similarly, our energy networks require upgrading to support growth and housing supply, and also to help unlock the opportunities associated with the introduction of renewable energy. Investment in our energy network and renewables can potentially over time reduce the cost of heating homes and contribute towards addressing the persistent issues of fuel poverty.

Transport Systems

The transport networks in Belfast are under pressure. The road network is frequently congested and the success of the railways in providing additional commuting capacity has plateaued, with trains now at capacity. Whilst the Glider Bus Rapid Transit has been a success in switching people from private cars, the service operates on only two of potentially 14 corridors in Belfast. Plans for Phase 2 of the Glider would add to this by linking north and south Belfast. Transport therefore requires additional investment⁽²⁵⁾.

Pressure on the existing roads network is a constraint to housing supply. In the past new roads have opened up areas, which over the longer term has enabled significant new housing supply in new locations.

As things stand, the hoped-for stimulus budget that would kick-start economic recovery or transformative investment in drainage infrastructure, energy infrastructure or digital infrastructure is currently not available.

The Threat to the Existing Supply

When we talk about housing supply, we typically think in terms of new homes increasing the total within the housing system. However, we need to think about protecting the existing supply as well as providing new supply.

For example, some 11,000 properties in the greater Belfast area are considered to be at risk of long-term flooding. If we lose 11,000 units from the housing system in the years ahead due to flood risk, the challenge to meet our housing need and demand grows even greater.

Similarly, whilst existing stock will tend to be reasonably connected to existing walk, cycle and public transport networks, new developments in previously undeveloped locations will tend not to be. They therefore come with the added cost of sustainable transport infrastructure or the hidden cost of car dependency.

We know that the long-term viability of Housing Executive housing stock is under threat due to a historic lack of investment, because it has not been granted borrowing powers. If government now invested the money required to protect the Housing Executive's stock for future generations using the block grant, it would take the money from other public services such as health or education. In recognition of this, the DfC Minister has asked department officials to bring forward proposals to refinance the Housing Executive. A system-based perspective suggests we need to ensure we are caring for the existing stock as well as providing new and additional stock when thinking about supply in the round.

Rural Infrastructure Need

Extending infrastructure networks to rural communities, particularly in areas where population densities are low, is costly. Economists point out that such investment represents poor value for money. This is relative to other competing public sector investment requirements, which can reach more of society, providing more benefit to more people. However the social and community requirement associated with rural investment is not in question.

24 <https://www.infrastructure-ni.gov.uk/topics/living-water-programme>
25 <https://www.finance-ni.gov.uk/consultations/budget-consultation>

Infrastructure

Questions

In responding to the questions below, please try to support your response with facts, data, specific examples and/or other forms of evidence to substantiate your point of view:

40. Are there changes to infrastructure legislation, policies, processes or procedures, such as the establishment of an Infrastructure Commission, that could transform housing supply for the better?
41. To what extent do you agree that coordination of housing provision and infrastructure services need to be better aligned?
42. To what extent do you agree that a Housing Supply Strategy should consider both the provision of new homes and protecting existing supply?
43. How do we ensure that our housing supply integrates and brings together all the essential infrastructure (hard/soft & critical) required to create thriving homes and communities?

07

Climate change/net zero



Climate Change/Net Zero

Section 1: Introduction

How and why does climate change relate to housing supply in NI? Unfortunately, based on current practices, technologies and building standards, constructing new homes using traditional practices and materials generates pollutants that accelerate global warming. Similarly, continuing to heat existing, less thermally/energy-efficient homes suggests that we could end up burning more fossil fuels – which is also detrimental for the environment.

Providing new low-carbon homes costs more in the short-term. On the plus side, they require less energy to heat once built, so they cost less to run in the long-term. This is particularly significant in relation to fuel poverty. These homes also require less fossil fuels to heat, which is good for the environment and future generations. But because they can cost more to build, unless we find creative solutions to transform housing supply, we may be forced to build fewer homes in the future than we have in the past.

This tension between short-term and long-term priorities could manifest as a trade-off between (1) the quantity of homes provided, (2) the environmental performance of the homes provided, and the (3) cost of the homes provided.

Figure five. Tension between short-term and long-term priorities



So if we want to continue building at the rate which we have in the past – let alone increase the quantity and quality of new homes provided – we will need to:

- Find new ways to bring more finance into the market
- reduce the cost of delivery
- recover increased upfront costs over the longer-term
- share risks and rewards through new models of delivery.

This will require us to re-imagine housing with greater consideration to future generations, including:

- making best use of brown-field sites, mixed-use developments
- adaptive re-use of alternative asset classes (i.e., retail, industrial etc.)
- enhanced community planning
- greater consideration to open spaces and other sustainability measures such as Sustainable Drainage Systems (SuDS) and rainwater harvesting.

Section 2: Key Issues

Design & Sustainable Development

Architects, engineers, planners, surveyors and designers all help create spaces for people and communities. For these spaces to be socially, economically and environmentally successful – and technically sound – sustainability must be at the heart of the design and development process.

Through design and sustainable development we can create homes and communities that help us transition to a low-carbon future.

This may for example see outdoor spaces greened with more trees and recreational space; housing that encourages sustainable⁽²⁶⁾ living (e.g. growing food and recycling); or that is designed to be flexible and adaptable to suit changing needs.

It is also likely to encompass housing that is well served by electric charging points and by public transport, walking routes, cycle paths; or is designed to support homeworking (thereby reducing the need to commute long distances).

Incorporation of more efficient and renewable energy sources, such as solar panels, micro-generation and low-carbon heat networks must become increasingly commonplace in all housing schemes and domestic retrofit programmes.

Construction phase

The built environment has a vital role to play in addressing climate change. Carbon emissions are released not only during the operational life of a building but also in the manufacturing, transportation, construction and end of life phases of all built assets.

These emissions, commonly referred to as embodied carbon, have largely been overlooked historically, but contribute around 11% of all global carbon emissions.

Globally, attitudes towards building techniques are changing. For example the French government has ruled that all new public buildings must be made from at least 50% sustainably sourced timber⁽²⁷⁾. Similarly, Homes England will use its new £11.5bn Affordable Housing Programme to promote Modern Methods of Construction (MMC), committing to use MMC for at least 25% of the programme⁽²⁸⁾.

²⁶ The three pillars of sustainability are often referred to, and one reference is found in the Office of Government Commerce Sustainability - Achieving Excellence in Construction Procurement Guide). The three pillars are economic sustainability, social sustainability and environmental sustainability.

²⁷ <https://www.bbc.co.uk/news/science-environment-55429607>

²⁸ <https://www.housingtoday.co.uk/news/a-quarter-of-affordable-homes-must-be-mmc/5107883.article>

Building Standards

For new buildings, revisions to building regulations across the UK and ROI have brought in more demanding standards for the efficiency of regulated energy use in buildings in recent years. The Department of Finance is progressing proposals to provide an uplift to the local energy efficiency aspects of building regulations as quickly as possible and is considering an ambitious programme of phased uplifts thereafter.

However, there are significant challenges. As Building Regulations can only set minimum standards that are readily attainable in practice, we need to encourage industry capacity and skills in all these areas, in advance of building regulations uplifts, if the improvements are to follow an ambitious trajectory. Similarly, carbon savings (the principal metric for building regulations assessments) may not always provide optimal running costs if lower-carbon fuels and electricity remain significantly more costly than higher-carbon fuels like gas and oil.

Transition to Net Zero – Impact on Fuel Poverty

The 2016 House Condition Survey states that the fuel poverty rate in NI is 22%. Additionally there are an estimated 43,800 households in extreme fuel poverty which need to spend over 15% of their total income to heat their homes. Households living in older dwellings, rural areas, those headed by an older person, or those who are unemployed or retired are at higher risk of fuel poverty. Certain groups are also more susceptible to the risks associated with fuel poverty such as those with a disability, older persons, and young children.

The transition to net zero offers households the potential for many benefits including

- Lower bills
- Better health, both physical and mental
- Reduced air pollution
- Wider economic and social gains including employment opportunities and educational attainment

New Decade New Approach commits government to addressing the immediate and longer term impacts of climate change and setting ambitious targets and actions for a fair and just transition to a zero carbon society. In implementing the transition to net zero carbon housing this will mean ensuring the removal of inequalities rather than creating more.

Consumer Behaviour

In 2019 a report for the Committee on Climate Change by Imperial College London states that ‘the UK is not on course to meet the legally binding fourth and fifth carbon budgets, and rising to the challenge of Net Zero scenarios will require major progress in all sectors and for behavioural shifts to play a much greater role’.

Therefore in building new low carbon homes and retrofitting existing properties it will be necessary to ensure that new policy initiatives also consider how to build consumer commitment to addressing the scale of the challenge, and how to help bring about change in citizens’ choices and patterns of energy consumption.

Climate change/net zero

Questions

In responding to the questions below, please try to support your response with facts, data, specific examples and/or other forms of evidence to substantiate your point of view:

44. Are there changes to climate, sustainability and environmental legislation, policies, processes or procedures that could transform housing supply for the better?
45. Transitioning to low carbon homes will require significant behavioural changes by householders. Is support required to aid the necessary behavioural changes?
46. Taking into account social impact, what incentives or disincentives could be introduced to positively impact the current and future delivery of low carbon homes?

08

Innovation



Innovation

Section 1: Introduction

Innovation can help solve problems, improve efficiency and transform delivery. It can offer us a fresh perspective – whether we are developing homes, creating a strategy or caring for the most vulnerable in society.

There is no singular approach to innovation. It can be an enhancement to an existing product or service, scaling up an existing approach, or indeed a complete change in the way things are done.

There are inherent risks attached to innovating. There is also risk in not innovating – not exploring new, untested or unproven approaches. But the biggest risk of all can be to do the same thing over and over.

Section 2: Key Issues

Modern Methods of Construction (MMC)

Modern Methods of Construction represents an opportunity to address productivity issues in the residential construction sector and increase both capacity and investment in the industry. While not the only answer, it can unlock innovation and drive a greener, more sustainable housebuilding sector.

A 2018 report by the Royal Institute of Chartered Surveyors ‘Modern Methods of Construction: A forward-thinking solution to the housing crisis?’ stated that a combination of acute housing demand and market challenges in terms of cost, quantity and quality have forced the wider industry and government to consider MMC as a solution. This has culminated in the UK Government’s inclusion of MMC in major housing strategy announcements, recognising its potential to speed up delivery, improve productivity and modernise the sector. MMC reflects three key elements being driven forward in the UK construction sector: Digitisation, Manufacturing and Performance.

Data and Digital Technology

The availability of digital land and property data promises to deliver benefits to multiple stakeholders across the whole property lifecycle. However, this data is still widely held as unstructured documents by various private and public sector stakeholders.

Digital technology is playing a key role within the wider construction sector, enhancing housing delivery through MMC and achieving precision assembly in the production process.

Building Information Modelling (BIM), Prop Tech, Big Data, AI and the Internet of Things all allow performance to be tracked and fed back in a continuous improvement cycle.

Adaptive Reuse of Existing Buildings

Adaptive reuse is the process of retrofitting older existing buildings for new uses. The practice offers several benefits:

- It represents an opportunity to regenerate older areas without negatively impacting on local character.
- It enhances social value of an existing building to local communities.
- It’s an integral component of sustainable development.
- It provides an opportunity to achieve both operational carbon and significant embodied carbon savings through re-use rather than re-build.

While the construction sector, through building regulations, has primarily focused on reducing operational emissions, the embodied aspect of carbon emissions has not been as fully considered.

Unlike operational carbon, reduction in embodied carbon is not subject to ongoing building user behaviour, and as such can be more accurate and identifiable than predicted operational carbon reductions.

On the path to net zero and the decarbonisation of buildings, addressing both embodied and operational carbon is a significant milestone that must be achieved – and can be driven by reuse over rebuild.

Risk Management

In delivering homes, risks take many forms – such as ground conditions, contractual risk, financial risk and consumer risk. Measures to mitigate and manage risk also take many forms. Offsite manufacturing reduces delivery risk. Building Information Modelling (BIM) reduces design and construction risk. Insurances provide protection against unforeseen risk. Data reduces commercial risk and contracts help manage and allocate risk, and so on.

The traditional speculative developer has to carry four separate risks:

- Risk 1. planning permission and regulatory approvals
- Risk 2. financing the land purchase over a period of years while securing planning permission
- Risk 3. constructing the houses and infrastructure at a viable cost
- Risk 4. finding a purchaser or tenant able to afford the property.

Each of these processes can present barriers to transforming housing supply. An alternative form of development is the ‘turnkey’ approach. This model seeks to manage and share development risk and provide high volumes of houses at affordable prices. It is used extensively by housing associations and by large investors in GB and across Europe. The core difference is that the four risks of development outlined above are managed and mitigated by spreading risk among the stakeholders and distributing incentives more widely.

Innovation

Questions

In responding to the questions below, please try to support your response with facts, data, specific examples and/or other forms of evidence to substantiate your point of view:

47. Should existing buildings, including our heritage assets, play an enhanced role in transforming housing supply?
48. Are you aware of any innovations relating to housing including design, construction, procurement, contracting and commissioning that could help transform supply?

09

Skills



Skills

Section 1: Introduction

Skills Matter

Skills matter. That is the high-level message from the Organisation for Economic Co-operation Development (OECD) Skills Strategy for NI Assessment and Recommendations⁽³⁰⁾. It states that countries in which people develop strong skills, learn throughout their lives, and use their skills fully and effectively at work and in society are more productive and innovative, and enjoy higher levels of trust, better health outcomes and a higher quality of life.

The NI Executive's Programme for Government sets the key purpose of improving well-being for all – by tackling disadvantage and driving economic growth. Skills are the key driver of economic growth and provide a powerful tool to promote individual opportunity and social inclusion.

A new Skills Strategy for NI is being developed for consultation and publication in 2021. The overarching focus of the Strategy is on developing a skills system which drives economic prosperity and tackles social inequality. It is founded upon three major policy objectives: addressing skills imbalances; creating a culture of lifelong learning; and enhancing digital education and inclusion across society.

The DfE recently published Economic Recovery Action Plan places significant emphasis on the importance of supporting a highly skilled and agile workforce and building a low-carbon economy⁽³¹⁾.

Section 2: Issues for consideration

Low skills are a concern

Low skills in the NI population are a concern. The OECD report stated that NI continues to experience high rates of economic inactivity, its labour productivity rate is 17% below the UK

average and the economy is still characterised by several large, low value-added sectors.

Furthermore, current and projected skills imbalances present challenges for the labour market: for the economic recovery from the pandemic; to mitigate economic and social shocks in the future; and to prepare for challenges posed by megatrends, such as digitalisation, technological change, an ageing population and climate change.

This is particularly important, as only 10% of new job openings in the next decade will be accessible to people with qualifications at National Qualifications Framework (NQF) Level 2 or below, and 33% will require at least an undergraduate degree⁽³²⁾. If skills imbalances are not addressed, many more people could become unemployed and economically inactive – adding to the potential need for additional social housing.

Understanding the challenges and the barriers to skills development here will be fundamental to reducing economic inactivity and unemployment and helping people out of poverty and in turn, reducing the need for social housing. Some interesting statistics can be found in the OECD report.

Vocational education and training programmes play a key role within the skills system. Countries with exemplary vocational education provision, including apprenticeships, benefit from higher productivity and lower levels of youth unemployment.

How the housing and construction sector can benefit
Following the NI Apprenticeship Strategy “Securing our Success”, a wide range of Sectoral Partnerships have been established. These bring together employers, stakeholders and providers to identify pathways and agree content. The housing and construction sector apprenticeships and related vocational education provision are informed through three Partnerships: Health and Social Care; Built Environment, and Civil Engineering.

30 <https://www.economy-ni.gov.uk/sites/default/files/publications/economy/OECD-skills-strategy-northern-ireland.pdf>

31 <https://www.economy-ni.gov.uk/sites/default/files/publications/economy/dfe-economic-recovery-action-plan.pdf>

32 Ulster University Economic Policy Centre, 2019: Skills Barometer - <https://www.economy-ni.gov.uk/sites/default/files/publications/economy/Skills-Barometer-2019-Summary-Report.pdf>

The Construction Sector and Workforce

The Construction Sector is a major part of the NI economy, accounting for 7.7% of all jobs and with a workforce in 2020 of around 65,450. Of these, approximately 8,120 are female (generally concentrated in the professional occupations such as surveying and construction management) and 57,590 are male. The construction sector has the highest percentage of all those self-employed across all industry types. Moreover, approximately 41% (or 26,880 people 16+) of those employed within the construction sector are self-employed.

Within NI there are a small number of “large” employers who employ more than 15 individuals (typically 30–50 employers). CITB NI currently has approximately 3,500 registered employers (not including Plumbing and Electrical employers). The vast majority of these are small and micro businesses, who move from site to site, working for the larger construction companies, providing the basic craft and some specialist skills that combine to deliver projects. It is this “long tail” that is the most difficult to reach in terms of re-skilling or upskilling. This is often achieved by CITB NI working through the larger employer who includes the smaller ones in the interventions provided. Self-employed people are less likely to engage in lifelong learning even when incentives including free training are available. However, in construction and other sectors where training is mandatory for certification, then regular training does increase. However, it is largely these small employers who are often relied upon to provide employment and training for the core apprentice skills needed in the industry.

The Need for Apprenticeships

There is an immediate need for more apprenticeships to match higher skilled job requirements in the future as well as more vocational routes into the sector in areas such as engineering or civil engineering. Retaining apprenticeships can be a challenge within the construction sector.

In its Economic Recovery Action Plan DfE states that it will be supporting apprenticeships beyond the age of 24. This will be welcomed by the sector. Having the voice of employers in the design of new apprenticeships will be key to success.

Young People

Currently not enough young people are choosing a career in construction. More work needs to be done with schools to attract more young people, increasing their awareness of the various pathways within the sector, many of which are tech-related and which may appeal to young people. The DfE Economic Recovery Action Plan commits to a Youth Training system to provide young people with the skills to progress to higher levels of education or to successfully enter the labour force, through vocational education, training and work experience and developing these pathways further to support higher Level 3 skills attainment.

Accelerating Construction/Refurbishment Activity in the Housing Sector

Within the industry there is a normal “ebb and flow” of activity between housing and larger construction projects. When one is quiet, the skills flow to the other. Should activity within the housing sector increase without a reduction in other activity, the workforce will need to grow. This will put increased pressure on careers recruitment and also the provider network. It is debatable whether this is possible within the current provision and it may take years to develop the provider capacity to deliver the numbers required. Therefore, any accelerated activity would need to be matched with a programme of recruitment and increased capacity within the provider network.

Building New Skills

The skills required for new-build and refurbished housing are essentially the same. The craft and management/programming skills do not change. However, the context in which they are used does and may require a degree of upskilling to apply to new standards and different materials (e.g. building in new insulation techniques).

This can be done providing adequate resources are committed to it. The system of delivering new skills needs coordination with the provider network.

As new entrants start their journey into the construction sector, they must be developed with future needs in mind. The issue here is attracting individuals with the correct aptitude, having the tutors to develop them, and coordinating provider resources to avoid duplication.

Public Sector Apprenticeships

In its Economic Recovery Action Plan, DfE states that it will be establishing public sector apprenticeships as a way of growing skills and supporting opportunities for new employment and retraining. Given that the Housing Executive carries out retrofitting, could there be an opportunity to introduce new apprenticeships here?

Future of Work in Construction

According to the Royal Institute of Chartered Surveyors, the future of work in construction is set for radical change. There is a greater desire to redress the sustainable impacts of the built environment through the carbon impacts of the construction process itself, coupled with carbon emissions from buildings.

With the increasing focus on industrialised construction and zero carbon, further work will need to be undertaken to upskill or reskill the construction sector. Likewise, other skills will be required in related areas such as housing management, integrated health and social care initiatives, etc. More work between employers, CITB NI and the FE and HE sector could create opportunities here.

Much of the construction sector here is still currently more focused on traditional skills and it is difficult to get the sector interested in developing more innovative skills, such as Modern Methods of Construction (MMC), digital environments, etc. However, these skills will be needed in the future, and current skills may not be matched to future jobs. In Reinventing

Construction, the McKinsey Global Institute estimated that productivity gains of 50% to 60% could be achieved through the adoption of digital and manufacturing technologies, the transition to new business models based on collaboration and more efficient and better integrated supply chain management practices.

Construction delivery is set to change through Industrialised Construction. This is a system that uses innovative and integrated techniques and processes such as Building Information Modelling (BIM) and Common Data Environment (CDE) to connect the design-to-make process by embracing five megatrends:

- Big Data, Artificial Intelligence and predictive analytics;
- Robotics and automation;
- Prefabrication and offsite construction; The Internet of Things; and Additive manufacturing techniques.

Embracing Industrialised Construction also means that skill sets, roles and team structures will evolve. Equipping the construction sector in NI to develop these skills within an evolving housing supply system should be a priority.

Skills

Questions

In responding to the questions below, please try to support your response with facts, data, specific examples and/or other forms of evidence to substantiate your point of view:

49. To what extent do you agree that the Housing Supply Strategy could act as a stimulus to improve and modernise construction skills and increase the importance of the sector?
50. Does the Construction Sector in NI need support to skill up in digital technologies, Modern Methods of Construction, low carbon construction and the whole life performance of house building etc.?
51. Does the age profile and make up of the construction sector (older workers/ self employed) require a specific intervention to support our housing supply in the future?
52. Does NI need some large Green Building Projects such as those being developed elsewhere to help create momentum for a changed skills agenda here?
53. Are there any other areas that could impact on the development of the Housing Supply Strategy that you feel have not been covered in this call for evidence?

10 Questions



Introduction

Questions

In responding to the questions below, please try to support your response with facts, data, specific examples and/or other forms of evidence to substantiate your point of view:

1. Please confirm whether you are replying as an individual or submitting an official response on behalf of an organisation.
2. Do you agree that a 'Whole System' approach given the challenges is the right one?
3. Do you agree with the 15 year timeframe proposed for the Housing Supply Strategy?
4. Do you agree with the proposed vision for the Strategy?
5. Do you agree with the following proposed objectives for the Strategy:
 - (a) Increase housing supply and affordable options across all tenures to meet current and future demand.
 - (b) Reduce housing stress and homelessness and improve housing solutions for the most vulnerable.
 - (c) Improve housing quality
 - (d) Ensure the provision of housing options that contribute to the building and maintaining of thriving, inclusive communities and places.
 - (e) Support the transition to carbon neutrality by reducing whole-life carbon emissions from both new homes and existing homes.
6. The terms good quality, sustainable and affordable mean different things to different people - how would you define these terms?
7. What do you believe are the three main barriers to delivering the objectives for the strategy?
8. To what extent do you agree that there is a need to establish a more robust understanding of NI Housing Stock, e.g. by tenure, location, condition, etc.?
9. Are you aware of any specific data sources or methodological approaches to estimating existing housing stock, e.g. by tenure, location, condition, etc.?

Sustainable Communities and Homes

10. How can housing supply help create and maintain sustainable communities?
11. How do we engage communities more effectively in place making?
12. To what extent do you agree that housing led regeneration policy contributes to reversing the physical, social and economic decline of:
 - (a) areas of deprivation
 - (b) town and city centres
 - (c) rural areas
 - (d) suburban areas
13. How can we change the approach to housing led regeneration and ensure that it is more integrated in delivering wider policy outcomes?
14. To what extent do you agree that it should be a priority to deliver more shared housing developments throughout NI?
15. How can more shared housing developments be delivered here?
16. To what extent do you agree that housing should be an integral part of the care and support system?
17. What challenges do you see in delivering a wider range of housing types, e.g. housing that is better suited to the needs of older people or those with disabilities and how can these be overcome?
18. How important is mixed tenure to addressing housing supply issues in NI?
19. What challenges do you see in progressing mixed tenure developments, and how could these be overcome?

Equality and Human Rights

20. The Equality Commission has framed local housing demand and supply in relation to three constructs – accessibility; adequacy; and sustainability. Are you content with this framework or are there other issues that may warrant inclusion?
21. In addition to the inequalities or data gaps already identified in the Equality Commission's Statement and the Wallace Report, are there any other issues that should be considered?
22. In relation to the issue of using multivariate analyses (Multivariate analysis is analysis that considers the impact of more than one Section 75 characteristic), are you aware of any work already undertaken that would be useful?

Housing Supply in Rural Areas

23. To what extent do you agree that the Housing Supply Strategy should address the need for affordable homes in rural areas?
24. To what extent do you agree that community led housing should be supported and enabled in rural and urban areas across NI?
25. How can additional innovative multi-agency projects (or approaches such as 'Tackling Rural Poverty & Social Isolation') be created to deliver more affordable housing supply in rural areas?

Housing and Poverty

26. Is there a need for this Housing Supply Strategy to play a role in reducing poverty?
27. Currently housing stress is identified as 'those experiencing intimidation, insecurity of tenure, housing conditions, health and social wellbeing issues'. Do you have any comments on this definition of housing stress or are there other causes of housing stress that need to be considered?
28. To what extent do you agree that more needs to be done from an interdepartmental perspective to improve the lives and life chances of those who are homeless or at risk of homelessness?
29. How do we help homeless people transition from temporary accommodation to long term homes?
30. To what extent do you agree that housing plays a significant role in reducing economic inactivity/enabling individuals to take up employment?

Land and Property

- 31. Are there changes to land & property legislation, policies, processes or procedures that could transform housing supply for the better?
- 32. Should the options for making public sector land (local and central government) available to support a wider variety of housing options be explored?
- 33. Are there land & property practices adopted in other UK or European jurisdictions that you believe would transform supply if adopted here?

Planning

- 34. Are there changes to planning legislation, policies, processes or procedures that could transform housing supply for the better?
- 35. Are there planning practices adopted in other UK or European jurisdictions that you believe would transform supply if adopted here?
- 36. Is land banking hindering housing supply here?

Finance

- 37. To what extent do you agree that the NICS could better utilise existing funding (e.g. Block Grant, Financial Transactions Capital, Housing Association Grant, Reinvestment and Reform Initiative) to leverage greater levels of private finance for housing development?
- 38. Are there other ways the private and voluntary community and social enterprise sectors can leverage other forms of funding to increase housing supply?
- 39. Are there any other areas of market failure that need public and/or private intervention?

Infrastructure

- 40. Are there changes to infrastructure legislation, policies, processes or procedures, such as the establishment of an Infrastructure Commission, that could transform housing supply for the better?
- 41. To what extent do you agree that coordination of housing provision and infrastructure services need to be better aligned?

- 42. To what extent do you agree that a Housing Supply Strategy should consider both the provision of new homes and protecting existing supply?
- 43. How do we ensure that our housing supply integrates and brings together all the essential infrastructure (hard/soft & critical) required to create thriving homes and communities?

Climate Change/Net Zero

- 44. Are there changes to climate, sustainability and environmental legislation, policies, processes or procedures that could transform housing supply for the better?
- 45. Transitioning to low carbon homes will require significant behavioural changes by householders. Is support required to aid the necessary behavioural changes?
- 46. Taking into account social impact, what incentives or disincentives could be introduced to positively impact the current and future delivery of low carbon homes?

Innovation

- 47. Should existing buildings, including our heritage assets, play an enhanced role in transforming housing supply?
- 48. Are you aware of any innovations relating to housing including design, construction, procurement, contracting and commissioning that could help transform supply?

Skills

- 49. To what extent do you agree that the Housing Supply Strategy could act as a stimulus to improve and modernise construction skills and increase the importance of the sector?
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