

<b>DFC Consultation Paper: Definition of Affordable Housing</b>	<b>25<sup>th</sup> September 2019</b>
<b>Planning Committee</b>	

<b>Linkage to Council Strategy (2015-19)</b>	
<b>Strategic Theme</b>	<b>Outcome</b>
Leader & Champion	<ul style="list-style-type: none"> <li>We will establish key relationships with Government agencies and potential strategic partners in Northern Ireland and external to it which helps us deliver our vision for this Council area.</li> </ul>
Resilient and Healthy Communities	<ul style="list-style-type: none"> <li>The Council will work to develop and promote stable and cohesive communities across the Borough.</li> </ul>
<b>Lead Officer</b>	Local Development Plan Manager
<b>Cost:</b>	N/A

## **FOR INFORMATION**

### **1.0 Introduction**

1.1 The Department for Communities (DfC) published for comment a consultation paper on a proposed update to the current definition of “Affordable Housing” (see Appendix 1 attached). The closing date for comment is 13<sup>th</sup> September 2019.

### **2.0 Background**

2.1 DfC has produced this paper to inform engagement on proposals for an updated definition of “affordable housing” in Northern Ireland that can be applied consistently in legislation, policy, local plans and in practice.

2.2 DfC consider the need for a new definition has arisen due to the following:

- Changes in the Policy & Funding Environment;
- Co-Production of housing is required;
- Targeting Resources to greatest effect; and
- New Local Development Plans (LDPs)

2.3 DfC emphasis that the paper is intended to capture initial thoughts on the proposed updated definition.

### **3.0 Affordable Housing Definitions (current and proposed)**

- 3.1 The Department for Communities (DfC) is responsible for housing policy. The Department for Infrastructure (DfI) is responsible for strategic planning policy.
- 3.2 The current definition of affordable housing was provided by the department that previously had responsibility for housing policy, the Department for Social Development (DSD). This is the definition currently contained within the Strategic Planning Policy Statement (SPPS) (see Appendix 2 attached).
- 3.3 The paper proposes that social rented housing is retained within a new overarching definition of affordable housing. However, its description is slightly different from that provided in the SPPS. The amendments are made to clarify that the NI Housing Executive also provides social housing and that social rents are provided at sub-market levels.
- 3.4 It should be noted that the new definition of affordable housing **will not impact** on access to social housing.
- 3.5 The SPPS also states that the “definition of intermediate housing used for the purpose of this policy may change over time to incorporate other forms of housing tenure below open market rates.” The proposed new definition takes account of such changes to provide a framework for the development of a broader range of intermediate products:

***“Affordable housing is housing provided for sale or rent outside of the general market, for those whose needs are not met by the market. Affordable housing which is funded by Government must remain affordable or, alternatively, there must be provision for the public subsidy to be repaid or recycled in the provision of new affordable housing.”***

### **4.0 Affordable Housing Models**

- 4.1 The following three models are already available in Northern Ireland:

- Social Rented Housing;
- Shared Ownership; and
- Rent to Buy/Own.

Other models, not available, include:

- Shared Equity;
- Discounted market sales housing;
- Affordable rent products, e.g mid-market rent; and
- Low cost housing without subsidy.

## **5.0 Retaining Affordable Homes**

- 5.1 The paper also seeks views on how to best retain affordable homes, particularly in cases where government investment has permitted a household to buy a property at lower than market value.

## **6.0 Target Groups**

- 6.1 An updated definition of affordable housing will need to take into account the needs of a wide range of groups, including:

### Social Housing:

- Housing need (the new definition will not impact on access to social housing).

### Intermediate Housing:

- Housing demand;
- First Time Buyers/Returnees to market;
- Active Older People;
- People with disabilities; and
- Lower income households.

## **7.0 Financial Implications**

- 7.1 None.

## **8.0 Other Implications**

- 8.1 The paper considers that the planning system (particularly the LDP process) can play a positive and supporting role in the delivery of homes to meet the full range of housing needs of society, within the wider framework of sustainable development.
- 8.2 In determining applications for such proposals, it considers that this will need to be underpinned by appropriate planning conditions.

## **9.0 Recommendation**

- 9.1 **IT IS RECOMMENDED** that Members note the content of the attached consultation document and the response issued by the Head of Planning on behalf of the Council.

## **Appendices**

**Appendix 1:** DfC Consultation Paper – Definition of Affordable Housing.

**Appendix 2:** SPPS extract (current definition of affordable housing).

**Appendix 3:** Council response to DfC.



**DfC**

Department  
for Communities

[www.communities-ni.gov.uk](http://www.communities-ni.gov.uk)



# Definition of Affordable Housing

Consultation Paper

This paper has been produced to inform the Department for Communities engagement on proposals for a revised definition of ‘affordable housing’ for Northern Ireland. The overall aim of this work is to agree a clear definition of affordable housing that can be applied consistently in legislation, policy, local plans and in practice.

# Scope of Consultation

## **Topic of this consultation:**

This consultation seeks views about the definition of affordable housing for Northern Ireland.

## **Scope of this consultation:**

We are keen to hear the views of all parties with an interest in the proposed changes, so that relevant views and evidence can be taken into account in deciding the way forward.

## **Geographical scope:**

These proposals relate to all of Northern Ireland.

## **Impact Assessment:**

A summary of evidence to support the proposed changes is included in this consultation document, and we have also published accompanying Section 75 Equality Screening, Rural Needs Assessment and Data Protection documents. We are keen to receive feedback on the evidence in these documents and to receive any other relevant evidence that should be considered.

# Basic Information

## To:

This is a public consultation about plans to introduce a new definition of affordable housing for Northern Ireland and anyone with an interest in the proposals may respond.

## Body/bodies responsible for the consultation:

This consultation is being undertaken by Housing Division in the Department for Communities.

## Duration:

This consultation will last for 12 weeks from 24 June 2019 to 13 September 2019

## Enquiries:

For any enquiries about the consultation please email the Department at:

[HSconsultation@communities-ni.gov.uk](mailto:HSconsultation@communities-ni.gov.uk)

or write to:

Definition of Affordable Housing Consultation  
Department for Communities  
Housing Division  
Level 3, Causeway Exchange  
1–7 Bedford Street  
Belfast  
BT2 7EG

Or Telephone: 028 9051 5133

## How to respond:

### Online

You can respond online by accessing the consultation documents on the ‘Citizen’s Space’ web service. The online version can be accessed at the following link:

<https://consultations.nidirect.gov.uk/dfc-housing-supply-unit/https-www-communities-ni-gov-uk-consultations-de>

### Email

You can also add your comments directly onto this document and email your responses to:

[HSconsultation@communities-ni.gov.uk](mailto:HSconsultation@communities-ni.gov.uk)

### By Post

Definition of Affordable Housing Consultation  
Department for Communities  
Housing Division  
Level 3, Causeway Exchange  
1–7 Bedford Street  
Belfast  
BT2 7EG

When you reply it would be very useful if you could confirm whether you are replying as an individual or submitting an official response on behalf of an organisation and include:

- Your name
- Your position (if applicable)
- The name of your organisation (if applicable)



- An address (including postcode)
- An email address
- A contact telephone number

Whether you are responding on behalf of an organisation or as an individual, please indicate if you consent for your identity to be made public.

You may wish to use the consultation proforma attached at **Annex A**.

### **Consultation Response:**

We will consider the responses received and publish the consultation report on the Departmental website.

In line with good practice and sustainable development this document has been published electronically.

### **Accessibility:**

A range of alternative formats are available upon request from this Department.

Please email the Department at:

[HSconsultation@communities-ni.gov.uk](mailto:HSconsultation@communities-ni.gov.uk)

or write to:

Definition of Affordable Housing Consultation  
Department for Communities  
Housing Division,  
Level 3, Causeway Exchange  
1-7 Bedford Street  
Belfast  
BT2 7EG.

Or Telephone: 028 9051 5133

# How we consult

## Consultation Principles:

This consultation is being conducted in line with the Fresh Start Agreement – (**Appendix F6 – Eight Steps to Good Practice in Public Consultation-Engagement**). These eight steps give clear guidance to Northern Ireland departments on conducting consultations.

## Feedback on the consultation process:

We value your feedback on how well we consult. If you have any comments about the consultation process (as opposed to comments about the issues which are the subject of the consultation), including if you feel that the consultation does not adhere to the values expressed in the **Eight Steps to Good Practice in Public Consultation-Engagement** or that the process could be improved, please address them to:

Definition of Affordable Housing Consultation  
Department for Communities  
Housing Division,  
Level 3, Causeway Exchange,  
1–7 Bedford Street,  
Belfast  
BT2 7EG

Email: [HSconsultation@communities-ni.gov.uk](mailto:HSconsultation@communities-ni.gov.uk)

## Freedom of Information:

The Department intends to publish a summary of responses on its website on completion of the consultation process. Any contact details that will identify a respondent as a private individual will be removed prior to publication.

All information will be handled in accordance with the General Data Protection Regulations (GDPR). Respondents should be aware that the Department's obligations under the Freedom of Information Act 2000 may require that any responses, not subject to specific exemptions under the Act, be disclosed to other parties on request.

For further information about Freedom of Information and GDPR please contact the Information Commissioner's Office at <https://ico.org.uk/>

After the consultation a summary of the responses to this consultation will be published and placed on the Government websites at <https://www.communities-ni.gov.uk/consultations>

The summary will include a list of names and organisations that responded but not personal names, addresses or other contact details.

However, information provided in response to this consultation document, including personal information, may be subject to publication or release to other parties or to disclosure in accordance with the access to information regimes e.g. Freedom of Information Act 2000 (FOIA) and the Data Protection Act 2018.

When you are responding if you want information, including personal data that you provide, to be treated as confidential please say so clearly in writing and explain why you need these details to be kept confidential.

If we receive a request for disclosure under the FOIA, we will take full account of your explanation, but due to the law we cannot provide an assurance that confidentiality can be maintained in all circumstances. An automatic confidentiality disclaimer generated by your IT system will not, of itself, be regarded as a confidentiality request.

DfC is the data controller in respect of any personal data that you provide, and DfC's privacy notice, which gives details of your rights in respect of the handling of your personal data, can be found at:

<https://www.communities-ni.gov.uk/dfc-privacy-notice>

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# 1. Introduction

1.1 This paper has been produced to inform engagement on proposals for an updated definition of ‘affordable housing’ for Northern Ireland.

1.2 The paper seeks to set out why Government intervenes to provide affordable housing, the target market for affordable homes and what constitutes an affordable home. The overall aim of this work is to agree a clear definition of affordable housing that can be applied consistently in legislation, policy, local plans and in practice.

1.3 A number of questions have been posed throughout the paper to aid the identification and consideration of key issues. These questions are also detailed at **Annex A**.

## 2. Executive Summary

2.1 A number of evidence sources, including desktop research and discussions with affordable housing providers has informed the development of this consultation paper.

2.2 Having considered the relevant issues relating to affordable housing, the Department has reached the following preliminary conclusions:

- An overarching non-product based definition of affordable housing will provide a framework for increasing housing supply while being flexible enough to accommodate changing needs and demands;
- Affordable housing, particularly where there is public funding to support either the development of or access to this option, needs to be viewed as outside the mainstream market;
- Affordable housing funded by Government should remain affordable or there should be provision for public funding to be repaid or recycled to provide further affordable homes; and
- There is clear potential to broaden the focus for intermediate housing to include groups such as, active older people, those with disabilities and those on low incomes but who do not have sufficient points for social rented housing.

2.3 These conclusions have informed the Department's decision to propose an updated overarching definition for affordable housing, as follows:

2.4 Affordable housing is housing provided for sale or rent outside of the general market, for those whose needs are not met by the market. Affordable housing which is funded by Government must remain affordable or, alternatively, there must be provision for the public subsidy to be repaid or recycled in the provision of new affordable housing

2.5 It should be emphasised that this paper has been drafted to capture our initial thoughts as to what a new definition of affordable housing might look like. The Department is keen to test its thinking more widely on this issue and would encourage anyone with an interest in this topic to offer their thoughts on the issues raised within this paper and/or to highlight any matters which they feel are pertinent to the definition of affordable housing but which have not been subject to consideration as part of this work.

## 3. Why does Government intervene to provide affordable housing?

3.1 The **draft Programme for Government 2016–21 (PfG)** seeks to improve well-being for all, by tackling disadvantage and driving economic growth. It adopts an outcomes-focused approach and requires collaborative working within Departments, across

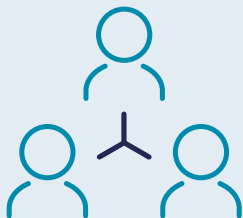
Government and with the wider public, private and voluntary sectors. While it cannot be finalised until approved by a new Northern Ireland Executive, the draft PfG sets the context for all policy development and delivery to 2021.

### Strategic Context – PfG Delivery Plan



**Outcome 8:** We care for others and we help those in need.

**Indicator 8:** Number of households in housing stress.



**Outcome 11:** We connect people and opportunities through our infrastructure.

**Indicator 11:** Gap between the number of houses we need and the number of houses we have.



3.2 The contribution of housing to achieving the draft PfG outcomes is explicitly referenced in relation to indicators 8 and 48. Moreover, one of the actions in the draft PfG Delivery Plan for these two housing indicators involves the development of new affordable housing products. More widely, housing acts as an enabler for the successful achievement of many of the other draft PfG outcomes.

3.3 Social Housing in Northern Ireland works on the principle of universal access. The new definition of affordable housing **will not impact** on access to social housing. That said, the provision of a broader range of intermediate housing types should ultimately reduce pressure on social housing by providing lower income households with more housing options.

3.4 The provision of affordable housing (both social and intermediate) ensures that certain groups have access to housing that they would not have in the private sector. It is widely accepted that good housing is linked to improving health and well-being, and that it plays an integral part in building cohesive communities and sustainable neighbourhoods.

3.5 Affordable housing can also contribute to the creation and maintenance of diverse communities because it can enable lower income households to live in communities where they have strong familial or employment ties but would otherwise be priced out of the market. Other positives attached to developing more mixed communities includes that this avoids area or tenure based stigma and the potential decline in local services in very low income areas.

3.6 The benefits of mixed-tenure development are expanded upon in a **draft thinkpiece**<sup>1</sup> co-produced by the Department and the Northern Ireland Federation of Housing Associations (NIFHA).

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<sup>1</sup> Department for Communities & Northern Ireland Federation of Housing Associations (2018) **Mainstreaming Mixed Tenure in Northern Ireland: The way forward for developing homes?**

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## 4. Current Definition of Affordable Housing

4.1 The Department for Communities (DfC) is responsible for housing policy and the Department for Infrastructure is responsible for strategic planning policy. Planning policy (specifically the **Strategic Planning Policy Statement – SPPS**) which includes the current definition of affordable housing. This definition was provided by the Department that previously had responsibility for housing policy, the Department for Social Development. The SPPS details that:

“Affordable housing relates to **social rented housing** and **intermediate housing**, which are defined as follows:

**Social rented housing** is housing provided at an affordable rent by a Registered Housing Association; that is one which is registered and regulated by the Department for Social Development as a social housing provider.

Social rented accommodation should be available to households in housing need and is offered in accordance with the Common Selection Scheme, administered by the Northern Ireland Housing Executive, which prioritises households who are living in unsuitable or insecure accommodation; and

**Intermediate housing** consists of shared ownership housing provided through a Registered Housing Association (e.g. the Northern Ireland Co-Ownership Housing Association) and helps households who can afford a small mortgage, but that are not able to afford to buy a property outright. The property is split between part ownership by the householder and part social renting from a Registered Housing Association. The proportion of property ownership and renting can vary depending on householder circumstances and preference.<sup>3</sup>”

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<sup>2</sup> Department for Social Development responsibilities have now been subsumed within the Department for Communities (DfC).

<sup>3</sup> Department of the Environment (2015), **Strategic Planning Policy Statement for Northern Ireland**. Regional Planning and Policy is now the responsibility of the Department for Infrastructure (DfI).

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4.2 The SPPS also states that “this definition of intermediate housing used for the purpose of this policy may change over time to incorporate other forms of housing tenure below open market rates.”

4.3 Within the current definition social rented housing is clearly defined and there is a strong understanding amongst the wider housing delivery sector of what is meant when the term ‘social rented housing’ is used i.e. housing that is provided by social landlords (the Housing Executive or Housing Associations) to those in housing need.<sup>4</sup>

4.4 This paper proposes that social rented housing is retained within a new overarching definition of affordable housing in recognition that it acts as a dynamic part of the housing system and plays a key role in the achievement of a wide range of social and economic objectives.<sup>5</sup> That said, proposals outlined in this paper **will not** materially impact on the established and agreed meaning of social housing.

4.5 Social rented housing is however, a key factor in relation to a number of wider issues examined in this paper, including how we might utilize current and new intermediate products to relieve pressure on our housing system.

4.6 The SPPS recognised that the definition of intermediate housing may change over time to align with changes in wider housing policy. The proposed new definition for affordable housing takes account of such changes to provide a framework for the development of a broader range of intermediate products.

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<sup>4</sup> The description of social housing provided under the revised definition of affordable housing is slightly different from that provided in the SPPS. The amendments were made to clarify that the Housing Executive also provides social housing and that social rents are provided at sub-market levels.

<sup>5</sup> The Department is the principal sponsor for the ‘Rethinking social housing Northern Ireland’ project. This project has three core aims as follows: (1) stimulate a wide-ranging debate about the future of social housing (2) understand and challenge perceptions of social housing and (3) influence and shape the direction of future housing policy.

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## 5. Why do we need a new definition of Affordable Housing now?

### Changes in the Policy and Funding Environment

5.1 The overall policy and funding environment has moved on somewhat since the SPPS was developed. New Government funding streams, the housing association sector's desire to diversify and grow, and innovative new construction methods and products from private developers are all opening up opportunities for new affordable housing products.

5.2 As recognised in the draft Programme for Government (PfG) 2016–2021, housing challenges are broader than the need for social rented housing and shared ownership housing and Government must reflect wider housing needs and demands. An updated definition of affordable housing will take into account the needs of a wider range of groups, some of whom are not currently finding their needs adequately met by the market.

### Co-Production

5.3 Our housing challenges cannot be addressed by Government alone and partners, such as, the Northern Ireland Housing Executive, housing associations, councils, private developers and private landlords,

lenders and the advice sector need to contribute to the provision of affordable housing options. In order to play their part effectively, however, they need to have clarity on what is required and how it can be delivered.

5.4 This paper aims to facilitate consultation with those who have an interest in affordable housing on what our initial thoughts are, and to ensure that from the outset all key interests are part of the dialogue as we begin to work towards eliciting that clarity.

### Targeting Resources

5.5 As previously outlined the SPPS acknowledges that the intermediate housing model might change over time, in other words as housing policy is developed/ changes, 'to incorporate other forms of housing tenure below open market rates'. The current definition was drafted to reflect the affordable housing products available at the time of its development, namely social rented housing and shared ownership housing.

5.6 In the current funding environment with pressures on both revenue and capital funding, it is imperative that Government carefully considers how resources can be targeted to greatest effect. Changes to the

definition which capture a range of wider products being offered/under consideration may assist in improving the delivery of appropriate housing and increase suitable housing supply to meet need and demand.

### Councils' Local Development Plans

5.7 Considering a change to the current definition is also timely given the work of Councils on their Community Plans and also their new Local Development Plans (LDPs) in bringing forward appropriate policies, land allocations and key site requirements which provide for a range of housing needs for

everyone. Furthermore, it should help to provide clarity in terms of the provision of housing development with homes in a range of sizes and tenures – supporting the creation of more balanced sustainable communities.

### Conclusion

5.8 The Department therefore considers that it is an appropriate time to take a broader view of intermediate housing options and to **provide a new definition of affordable housing which is closely integrated with the draft Programme for Government 2016–2021.**

**Q1. Do you think the current definition of affordable housing needs amended?**

If yes, why? If no, why not?

## 6. Overarching principles and objectives

6.1 In the context of current policies, funding and the wider operational environment, the Department proposes that the guiding principles underpinning an updated definition of affordable housing should be **flexibility and the ability to accommodate different needs and situations**. Rather than adhering to rigid criteria, any updated definition should operate within clearly defined parameters which seek to deliver the following objectives:

- **To support and encourage an effective housing system;**
- **To target our resources on those households who need help to access suitable and affordable housing;**
- **To deliver best value for the public purse in the context of our constrained spending environment;**
- **To provide a framework for how Government and housing providers think about and deliver affordable housing;**
- **To improve the range of affordable housing options and in turn, the supply of new affordable housing properties; and**
- **To provide clarity for the planning system particularly in the light of councils bringing forward their Local Development Plans which take account of their community plans.**

**Q2. Do you agree with the overarching principles and objectives which have been identified?**

**Yes            No**

Any further comments?



## 7. Proposed Updated Definition

### Overarching Definition

7.1 With these guiding principles and objectives in mind, the Department is proposing the following updated overarching definition for affordable housing:

Affordable housing is housing provided for sale or rent outside of the general market, for those whose needs are not met by the market. Affordable housing which is funded by Government must remain affordable or, alternatively, there must be provision for the public subsidy to be repaid or recycled in the provision of new affordable housing.

### Affordable Housing Models

7.2 The following models offer examples of recognised affordable housing products:

- **Social rented housing** – Social rented housing in Northern Ireland is provided by a Registered Housing Association or the Northern Ireland Housing Executive. Housing Associations are registered and regulated by the Department for Communities as a social housing provider. Social rents are provided at submarket rent levels. Social rented accommodation should be available to households in housing need and is offered in accordance with the Common Selection Scheme, administered by the Northern Ireland Housing Executive, which prioritises households who are living in unsuitable or insecure accommodation.
- **Shared ownership** – shared ownership schemes are a cross between buying and renting; aimed mainly at first time buyers. Under these schemes, purchasers buy a share of their home with a mortgage. They then pay rent on the remaining share of the property, which is owned by the local housing association. The expectation is that over time shared owners will buy more shares in their home until they own the whole of the property. This process is often referred to as ‘staircasing’ to full ownership.
- **Rent to Buy or Rent to Own** – these schemes provide applicants with the opportunity to rent a property for a specified period of time and then to purchase it, either through shared ownership or by straight sale with the aid of a more traditional mortgage product. The main attraction or benefit of these schemes is that properties are rented at reduced rates or provide a rent rebate to help households to save for a home deposit.

- **Shared equity** – the terms shared equity and shared ownership are often used interchangeably but they are in fact different products. Shared equity schemes typically allow homebuyers to combine a small deposit with a lower than average mortgage size by providing buyers with an ‘equity loan’, covering a percentage of the property’s value. It can be a quick way to boost the size of the buyer’s deposit and increase their chances of getting a good mortgage deal.
- **Discounted market sales housing** – is housing that is sold at below local market value. Eligibility is determined with regard to local incomes and local house prices. Homes sold under these schemes typically have a discount of around 20% and include provisions to remain at a discount for future eligible households.
- **Affordable Rent products e.g. mid-market rent** – housing that is made available for rent at a cost lower than private market rent but higher than social rented housing rent. For example rent could be set around Local Housing Allowance or 20 per cent below local market value. This type of housing is deemed as being particularly well suited to Build to Rent Schemes.<sup>6</sup>

7.3 The first three of the products listed are already available in Northern Ireland: Social Rented Housing, Shared Ownership and Rent to Own. The available research, some of which is outlined in this paper, into barriers facing first time buyers and lower income families in meeting their housing needs suggests that there is merit in diversifying affordable homes offerings. For instance, shared equity products provide a solution to those households who have sufficient income to meet their ongoing housing costs but who are finding it difficult to save for a deposit; as referred to later in the paper, this barrier is often referred to as the ‘access gap’. Other products, most notably, affordable rent products are generally more targeted at those households who are experiencing difficulty meeting their ongoing housing costs.

7.4 The above examples of affordable housing categories are not intended to restrict housing providers to these particular products. That said, products will only be termed “affordable” if they conform to the requirements as detailed in the proposed new definition.

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<sup>6</sup> Build to Rent, as the name suggests, are schemes which are purpose built for private and affordable rented accommodation.

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**Q3. Do you agree with the proposed revised definition? If not please provide comment.**

**Yes            No**

**Q4. Are there are other products that we should consider for inclusion as examples of affordable housing?**

If so, please provide details.

### **Low Cost Housing without Subsidy**

7.5 A further housing product that would appear to be permitted under the new English **National Planning Policy Framework** (NPPF) is low cost housing without subsidy. This represents a change in policy from the previous NPPF. **The Scottish Planning Policy** also, albeit more explicitly, includes this product within the umbrella of affordable housing.

7.6 For the purposes of this work, Low Cost Housing without subsidy is defined as housing that priced at or below the average house price for the council area, as reported by LPS Northern House Price Index Report and which is provided without any Government funding and offered for outright sale.

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<sup>7</sup> Ministry of Housing, Communities & Local Government (2018) **National Planning Policy Framework**

<sup>8</sup> The Scottish Government (2014) **Scottish Planning Policy**

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**Q5. Do you agree with our proposed definition for Low Cost Housing without subsidy?**

Please explain the reasoning behind your answer.

**Q6. Do you consider that low cost housing without subsidy should be included in a new definition of affordable housing?**

Please explain the reasoning behind your answer.

## Retaining Affordable Homes

7.7 Another key question is how to ensure that properties remain affordable and indeed perhaps **whether** properties should remain affordable. For products, such as shared ownership or shared equity this is not appropriate because these products are primarily aimed at helping households to realise their aspirations to full homeownership. In these cases, Government subsidy will be expected to be repaid or recycled.

7.8 Where this issue is more relevant is in cases where Government investment has permitted a household to buy a property at lower than market value i.e. discount market housing. There are a number of mechanisms for keeping housing affordable, including Golden Shares, Community Land Trusts and Exit Fees. Further information on each of these mechanisms is attached at **Annex B**.

7.9 The issue of retaining affordable homes and the implications in terms of increased values and potential options for dealing with these will require further consideration in the context of different products.

7.10 It should be noted that the new proposed definition of affordable housing is intended to provide a high level context for options for the future development of new affordable housing products. It is likely that the delivery of the types of affordable housing required on the ground and the building of sustainable communities will need to be underpinned by appropriate planning conditions. These and other operational level issues will be considered at a later stage, but any initial thoughts on such issues contained within responses to this engagement exercise are welcomed.

**Q7. What are your views on retaining affordable homes?**

## 8. Focus for Affordable Housing and Target Groups

8.1 As previously highlighted, an updated definition of affordable housing will need to take into account the needs of a wide range of groups, some of whom are not finding their needs adequately met by the market. This section details some of our thinking about who the target groups are for affordable housing.

### Social Housing

8.2 Social Housing in Northern Ireland works on the principle of universal access. The new definition of affordable housing **will not impact** on access to social housing.

8.3 **'Housing need'** in NI specifically relates to social rented housing and to those on the waiting list for social rented housing who are assessed as being in **housing stress**. **Housing stress** is defined as those with 30 or more social housing selection list points. Draft PfG Indicator 8 relates to housing stress.

8.4 As at 31 March 2018, the NIHE has approximately 36,198 households on the Social Housing Waiting List: 24,148 of which have 30 points or more and are assessed as being in housing stress.<sup>9</sup> The rest have less

than 30 points. They are not assessed as being in house stress but have aspirations to live in social rented housing.

8.5 The Housing Selection Scheme, the system for assessing housing need and allocating social homes, has been in place, largely unchanged, since 2000. The Department has conducted a fundamental review of Social Housing allocations. A **consultation** on proposals concluded in December 2017 and officials are currently considering the way forward in light of responses received.

### Intermediate Housing

8.6 **'Housing demand'** is based on economic factors and incorporates economic ability to access housing, including choices about where someone wants to live/where they can afford to live. **Intermediate housing** is targeted at those households who cannot access a home to rent or buy in the marketplace that meets their requirements.

8.7 Traditionally in Northern Ireland intermediate homes provision has primarily been directed at supporting First Time Buyers.

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<sup>9</sup> These are the most recently published annual figures.



However, reflecting on policy, economic and demographic changes, the new funding and operating environments and housing supply issues, it is proposed that the target customer groups for intermediate products are widened. Our research indicates that intermediate homes products should be targeted towards four broad customer groupings, as follows:

- 1) **First Time Buyers (FTBs)/Returnees to the Market** – house prices have fallen dramatically since the height of the market in 2007, but FTBs still face significant problems in accessing the property ladder, with one key barrier being that they have insufficient means to fund a home deposit. There are a number of products targeted at this group at present, namely, the shared ownership schemes and the Rent to Own pilot. These products are also available to returnees to the market, a major sub-category of which is individuals who require new accommodation because of family breakdown.
- 2) **Active Older People** – demographic change is expected to result in a growing demand for housing that is designed to meet the needs, expectations and aspirations of older people. For this group, housing that is easy to maintain and is fit for purpose as they age, and is within or close to their current neighbourhoods is likely to provide an attractive product. Housing which conforms to the HAPPI principles<sup>10</sup> could fill this key gap in the market, but additional assistance may be required to help some individuals within this category to transition to these more suitable homes.
- 3) **People with disabilities** – statistics show that people with disabilities are more likely to live in poverty, to be economically inactive, to face problems with housing and as a consequence are under-represented in the housing market.<sup>11</sup> It is also the case that our stock of suitable adapted properties is not adequate to meet current demands. Here it is worth highlighting that Northern Ireland Housing Executive waiting list statistics indicate that the demand for accessible social rented housing is being fueled to some extent by those who currently live in unsuitable homes in the owner occupier and private rented sectors.<sup>12</sup>

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<sup>10</sup> Housing our Ageing Population: Panel for Innovation. The HAPPI principles are based on 10 key design criteria. Many are recognisable from good design generally – good light, ventilation, room to move around and good storage – but they have particular relevance to the spectrum of older persons' housing which needs to both offer an attractive alternative to the family home, and be able to adapt over time to meet changing needs.

<sup>11</sup> Evidence includes that sourced from Labour Force Survey and Households below average income survey and **Statement on Key Inequalities in Housing and Communities in NI, ECNI, April 2017** Recent publications which highlight the links between poverty and disability include **Poverty in NI 2018** JRF.

<sup>12</sup> Information sourced from the NIHE waiting list for social rented housing.

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4) **Lower income households** – these are households whose housing needs are not serviced by the market without undue hardship. A sub-category of people within this group includes those households who have low or no points on the social rented housing waiting list. This is a group highlighted in a recent research paper published by the **Nevin Economic Research Institute**. The main available housing option for these households is the private

rented sector which, on average, is £20 per week more costly than social housing and has less secure tenancy arrangements<sup>13</sup>, albeit that recent Government initiatives have rendered the private rented sector a more attractive housing option for more people by improving standards and regulation. **DfC recently consulted** on proposals to further improve the sector. Officials are currently considering the way forward in light of responses received.

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<sup>13</sup> Department for Communities (2018) **Northern Ireland Housing Statistics 17–18**

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**Q8. Are these the right target groups or are there other groups we should consider?**

Please provide supporting evidence for the inclusion of additional target groups.

**Q9. Do you have any other comments?**

## 9. Councils' Local Development Planning

9.1 The Strategic Planning Policy Statement (SPPS)<sup>14</sup> sets the strategic direction for the 11 councils to bring forward detailed operational policies within future local development plans. With planning powers transferred to local government, each council will deliver its own Local Development Plan (LDP), taking account of its Community Plan, setting a clear vision of how the respective council area should develop over the longer term.

9.2 The planning system can play a positive and supporting role in the delivery of homes to meet the full range of housing needs of society, within the wider framework of sustainable development. The aim of local development plans is to guide the future use of land in the relevant council area. This involves ensuring that there is enough land available for different land uses, including the area's housing, employment and community needs, whilst also protecting important landscape, heritage and environmental features.

9.3 Through the development plan, councils can identify the best locations for new homes, businesses and infrastructure while also protecting places of value to people or wildlife. Under the plan-led planning system primacy is given to the plan in the determination of planning applications unless other material considerations indicate otherwise. Therefore new plans will help to provide certainty and clarity going forward.

9.4 DfC has ongoing engagement with local councils in respect of the Local Development Planning and Community Planning processes and will continue to ensure that relevant considerations are taken into account and that there is complementarity between the work of Department and the councils in relation to the definition of affordable housing.

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<sup>14</sup> **Strategic Planning Policy Statement for Northern Ireland (SPPS)** Planning for Sustainable Development (September 2015)

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## 10. Monitoring and Evaluation

10.1 The Department will align the monitoring and measurement of its changes to the definition of affordable housing with the outcomes-based accountability approach of the draft PfG 2016–21.

10.2 As far as possible, affordable housing products provided for under the new definition of affordable housing will be evaluated for success using an outcomes-focused approach. This entails moving from simply measuring output, for example, the number of homes delivered or people who access a product, to assessing the impact that the policy has had, for example, how has the number of homes achieved the objectives and impacted positively on the circumstances and well-being of individuals, families and communities. This will be achieved by monitoring all performance against three key questions:

**1) How much have we done?**

**2) How well did we do it?**

**3) Is anyone better off?**

10.3 We are aware that there are currently key gaps in evidence and data collected in relation to the housing market generally, and the existing affordable housing products. This is one of the areas which was explored by the Housing Market Symposium<sup>15</sup> and we will use its recommendations to inform new indicators and measures. The Department will work closely with providers to ensure coherence and consistency in how new indicators and measures are developed and applied.

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<sup>15</sup> <https://www.communities-ni.gov.uk/publications/housing-market-symposium-report>

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# 11. Impact Assessments

11.1 These policy proposals have been screened for equality impact and rural needs impact. No adverse impacts have been identified. Copies of these screening assessments are available on our website alongside the consultation document. We welcome any

comments you might have on these screening documents. These screening assessments will be revisited if necessary if there are significant changes to the policy proposals as a result of consultation comments.

# Annex A

## Questions

**Q1. Do you think the current definition of affordable housing needs amended?**

If yes, why? If no, why not?

**Q2. Do you agree with the overarching principles and objectives which have been identified?**

**Yes/No?**

Any further comments?

**Q3. Do you agree with the proposed revised definition?**

If not please provide comment.

**Q4. Are there other products that we should consider for inclusion as examples of affordable housing?**

If so please provide details

**Q5. Do you agree with our proposed definition of low cost housing without subsidy?**

Please explain the reasoning behind your answer.

**Q6. Do you consider that low cost housing without subsidy should be included in a new definition of affordable housing?**

Please explain the reasoning behind your answer.

**Q7. What are your views on retaining affordable homes?**

**Q8. Are these the right target groups or are there other groups we should consider?**

Please provide supporting evidence for the inclusion of additional target groups.

**Q9. Do you have any other comments?**



## Further Information

When you reply it would be very useful if you could confirm whether you are replying as an individual or submitting an official response on behalf of an organisation and include:

<b>Your name</b>	
<b>Your position (if applicable)</b>	
<b>The name of your organisation (if applicable)</b>	
<b>Your address (including postcode)</b>	
<b>Your email address</b>	
<b>Your contact telephone number</b>	
<b>Do you consent for your identity to be made public?</b>	

# Annex B

## Mechanisms to keep housing affordable

### Golden Share

In other jurisdictions this has been achieved via what is known as a golden share arrangement. There are basically two ways of operating the golden share model as follows:

- 1) The housing provider retains a share of the property (typically 20%) in perpetuity and the purchaser buys 80% of the home; or
- 2) The purchaser buys a 100% of the equity but at 80% of its market value (this cap is inserted into the title deeds and therefore applies to all future resales).

Additionally, there is usually a pre-emption right for the scheme funder/provider – often a housing association – to buy back the property but, even where this is not the case, prospective purchasers must demonstrate to the scheme funder/provider that they meet the eligibility requirements for an affordable home.

### Community Land Trusts

Another model which can keep housing affordable is the Community Land Trust (CLT) model. The CLT's main task is to make sure homes are genuinely affordable, based on what people actually earn in their area, for both present occupiers and for every future occupier. CLTs typically acquire land and hold it in trust, using their ownership of the land to control the prices of the homes they build. When offering homes for sale, CLTs typically retain the freehold of land and sell leaseholds or equity stakes at affordable levels with resale restrictions to maintain affordability and avoid homes being taken into private ownership. CLTs also can offer homes for rent.<sup>16</sup> The model is particularly useful in areas which are characterised by high residential land values. CLTs are community led organisations but, as noted by Tom Moore in his 2014 study, partnership working with housing associations and other sectors, such as, local authorities are an increasingly important element in this affordable housing model.

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<sup>16</sup> Tom Moore (2014) [Affordable homes for local communities: The effects and prospects of community land trusts in England](#)

## Exit Fees

Alternatively, as set out in the definition of affordable housing, housing providers may opt to dispose of their affordable homes and recycle money into the provision of new affordable homes. Under the current shared ownership schemes in operation in Northern Ireland, the householder buys additional equity in their home based on whatever the market value of the property is at that time. This type of model, with slight tweaks, could work with other affordable housing products i.e. in discount market sale homes, the discount amount, in the event of a subsequent sale, could be charged at the current market value of the home. This should allow, as in shared ownership schemes, for both the housing provider and the exiting occupier to benefit from any uplift in property prices (see example below). This provision could be written into the property deeds along similar lines as the provision utilised to recoup discount under the House Sales Scheme.<sup>17</sup>

**Example:** Home is valued at £150,000, but is offered for sale to eligible households with a 20% discount i.e. £120,000. The initial purchaser puts the house up for sale 10 years later but the market value is now £170,000. The discount to be repaid is now £34,000 (20% of £170,000). This means the housing provider receives an additional £4,000 on their equity share. Thus the housing provider and seller benefit proportionately from the uplift in property value.

Whilst there has been some criticism of the use of 'exit' or 'event' fees, including in a 2013 report by the Office of Fair Trading on its investigation into retirement home transfer fee terms<sup>18</sup>, a subsequent project and report by the Law Commission<sup>19</sup> concluded that event fees should not be abolished because of the benefits they can offer consumers. The Law Commission has made a number of recommendations to the UK Government in respect of the future operation of event fees, including the introduction of a Code of Practice to ensure the appropriate regulation of event fees and to protect consumers from demands for event fees based on unfair or hidden contract terms.

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<sup>17</sup> The House Sales Scheme was introduced in Northern Ireland in 1979, ahead of the Right to Buy Scheme (RTB) for Great Britain, but with essentially the same structure and conditions.<sup>17</sup> These schemes were introduced to permit social housing tenants to buy their homes at a discount.

<sup>18</sup> Office of Fair Trading, **Investigation into retirement home transfer fee terms, a report on the OFT's findings** (2013), OFT1476.

<sup>19</sup> **Law Commission (2017) Event Fees in Retirement Properties (Law Com No 373)**

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Available in alternative formats.



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## Glossary

### Affordable Housing

For the purposes of the SPPS, 'affordable housing' relates to social rented housing and intermediate housing. These are defined as follows:

**Social Rented Housing** is housing provided at an affordable rent by a Registered Housing Association; that is, one which is registered and regulated by the Department for Social Development as a social housing provider. Social rented accommodation should be available to households in housing need and is offered in accordance with the Common Selection Scheme, administered by the Northern Ireland Housing Executive, which prioritises households who are living in unsuitable or insecure accommodation.

**Intermediate Housing** consists of shared ownership housing provided through a Registered Housing Association (e.g. the Co Ownership Housing Association) and helps households who can afford a small mortgage, but that are not able to afford to buy a property outright. The property is split between part ownership by the householder and part social renting from the Registered Housing Association. The proportion of property ownership and renting can vary depending on householder circumstances and preferences.

This definition of intermediate housing used for the purpose of this policy may change over time to incorporate other forms of housing tenure below open market rates

[HSconsultation@communities-ni.gov.uk](mailto:HSconsultation@communities-ni.gov.uk)

Date: 3<sup>rd</sup> September 2019

Tel: 028 7034 7244

Dear Sir/Madam,

**Re: Consultation on Definition of Affordable Housing.**

I write on behalf of the Council and in response to the publication of the above consultation on 24<sup>th</sup> June 2019. The response follows the order of the published document. However, please note that this response relates to the Council's planning remit only.

Current Definition

The Council is familiar with the current definition of "affordable housing" contained within the Strategic Planning Policy Statement (SPPS), which includes both social rented and intermediate housing, and that it acknowledges that the definition of "intermediate housing" may change over time to incorporate other forms of housing tenure below open market rates.

The Department for Communities (DfC) considers there is now a need for a new definition due to the following:

- Changes in the Policy & Funding Environment;
- Co-Production of housing is required;
- Targeting Resources to greatest effect; and
- New Local Development Plans (LDPs)

Given the above, I would agree that the current definition requires an update.

Overarching Principles and Objectives

The proposed principles and objectives are noted and agreed. In particular, that there should be flexibility and the need to accommodate different needs/situations as and when required (an issue highlighted through our Local Development Plan (LDP) public engagement process).

Proposed Revised Definition

The Council would agree with the proposed new definition of affordable housing which takes account of such changes to provide a framework for the development of a broader range of intermediate products. The three affordable housing products

currently available in Northern Ireland and the additional products listed for consideration are noted.

The Council does not wish to add any further products for inclusion.

The paper proposes that social rented housing is retained within a new overarching definition of affordable housing. However, its proposed description is slightly different to that currently provided within the SPPS. The amendments made, to clarify that the Northern Ireland Housing Executive (NIHE) also provides social housing and that social rents are provided at sub-market levels, are noted.

I also note that the proposed new definition of affordable housing will not impact on access to social housing.

#### Low Cost Housing without Subsidy

Whilst this may be an additional product for consideration, no differentiation could be made between this and other housing in planning terms. The Council would question how this product will remain as "low cost" in the longer term, after initial occupier?

#### Retaining Affordable Homes

The Council would agree that affordable homes should be retained. However, there are concerns in relation to the second sentence in paragraph 7.10 of the document, which relates to delivery of this being underpinned by appropriate planning conditions. This may not be an appropriate mechanism, especially if the Council must set aside normal planning policy to allow the housing (e.g outside a Settlement Development Limit).

It should also be noted that the mechanisms to be used to keep housing affordable, as outlined at Annex B of the document, lie outside the Council's planning remit.

#### Target Groups

I note the target groups listed against both social and intermediate housing. The Council's LDP public engagement process highlighted a specific need amongst a number of these groups, in particular, the "active older people" category, given the demographics of this Borough.

#### Planning System

I note that the paper considers that the planning system can play a positive and supporting role in the delivery of homes to meet the full range of housing needs of society, within the wider framework of sustainable development.

In the preparation of its LDP the Council will consider extant planning permissions and the Housing Growth Indicators (HGIs) and determine how much land is really available for housing over the Plan period.

This Council has a Social Housing Policy (HOU2: Social and Supported Housing) contained within its current Local Development Plan, the Northern Area Plan 2016. Our evidence highlights that the policy has not delivered as much affordable housing

as anticipated. This is partly due to the configuration of the planning applications submitted, e.g they are under the threshold required to trigger the policy. Also, housing developments consisting of 10 units or less are common place within this Borough, at times resulting in only one social housing unit per development. This has a knock-on effect on the management of such units.

In addition to this, DfC's Total Cost Indicators (TCIs) have had an impact on the provision of affordable housing in this Borough. Through its LDP discussions, the Council has been advised that in areas of high demand (particularly Portrush and Portstewart) the land is too expensive for the housing associations to buy.

The paper also advises that in determining applications for such proposals, these need to be underpinned by appropriate planning conditions. Whilst the provision of a broader range of intermediate housing types should ultimately reduce the pressure on social housing, I have concerns regarding how much local Councils can do to assist in the delivery of this, as many of the options are influenced by the private housing market and therefore lie outside the Council's planning remit. Planning conditions therefore, may not always be the appropriate mechanism.

#### Impact Assessments

I note that the accompanying impact assessments identified no adverse impacts arising from the proposals contained within the consultation document.

#### Collaborative Working

The Council has, and will continue to work collaboratively with DfC, NIHE, the Northern Ireland Federation of Housing Associations (NIFHA) and the various Housing Associations, to facilitate, within its planning remit, the provision of affordable housing in the Borough.

Yours faithfully,



Denise Dickson  
Head of Planning



