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Our Homes, Our Future:
Protecting Public Housing

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Executive Summary

Housing in Crisis – Stormont and Westminster

Since the formation of the Northern Ireland Housing Executive (NIHE) in 1971, housing has never been in as large a crisis as it is now. House building is at its lowest level for over forty years. Nearly 20,000 individuals and families apply for housing each year because they are homeless. The number of houses lacking at least one basic amenity has been rising and is at its highest level since 1987. There are over 37,000 waiting for social housing, of which a record number are in housing stress. Last year saw homeless people dying on the streets of Belfast.

The policy responses, in both Westminster and Stormont, to this housing crisis have been wholly inadequate. The Assembly appears to be willing to follow the broad thrust of English housing policy, with its emphasis on providing housing through the private market, to the exclusion of social housing. This has led to a "broken housing market" and a housing crisis every bit as acute as in NI.

In both jurisdictions, the root problem lies in a housing system and housing policy that prioritises making money over all else, including the basic human need for shelter. In this view houses are seen as stores of wealth, to be used as a pension or to make money from, by renting or "flipping", when the prices rise. In other words, housing is seen as a commodity to be bought, sold and profited from.

Stock transfer – an inappropriate and disreputable policy

The scale of the housing crisis facing the population in NI means that new, innovative and radical policies need to be developed. These policies need to work to the specifics of the NI context. Implementing polices from the Westminster government will not provide the necessary solutions and will inevitably deepen the crisis.

It is important to recognise that a policy of stock transfer will not address the homelessness crisis at all; it is not designed to increase the numbers of homes or to make access to housing easier.

As we showed in our 2013 report – ***Keeping Our Housing Public*** – the stock transfer policy has been highly criticised in Britain, with a Department for Communities and Local Government (DCLG) report stating the process had been brought into disrepute. In the four years since our initial report the political and funding environment has become even more hostile to stock transfers, making the policy the wrong one to address the housing crisis. Further, this is a conclusion that the Department for Communities has also come to; yet they remain committed to privatising the Housing Executive through the stock transfer process.

What are other jurisdictions doing?

There is nothing inevitable about the housing crisis we are currently experiencing. Housing policy flows from political will and is made by the actions of people (politicians, developers, finance-providers and others). The mainstream media regularly now report that the roots of the current housing crisis in these islands lie in the pro-market and privatisation housing policies pursued by successive Westminster governments.

However, there are examples where different funding policies have been pursued in Britain and Europe. In some cases the city region devolution deals in England have been accompanied with funding to build new social housing. In Scotland, the Executive government has ended the right-to-buy for council housing tenants (protecting the existing council housing stock) and started to build new local authority housing. In Europe, Vienna is seen as a world-leader in developing, adapting and maintaining a strong social housing sector, where to this day social housing remains the most popular tenure in the city.

A strong public housing sector is of benefit to all. It keeps rents in the private sector at affordable levels and reduces house price bubbles in the owner-occupier/buy-to-let sector.

How can we address the housing crisis?

There is a clear choice for the Assembly – provide corporate welfare (with the reduced corporation tax rate and hope that decision-makers in the boardrooms of multinational companies will be swayed to invest in NI) or spend the money on improving the housing stock and in the process create thousands of jobs and generate hundreds of millions of pounds in economic activity.

Funding the required maintenance and building programme for the NIHE will definitely deliver jobs and increased economic activity. A prudent estimate is of 4,200 new jobs in housing alone with increased economic activity of £900 million per year. These are **real** and **achievable** economic outcomes that are within the control of the Assembly. In addition, we know that improved housing conditions decrease health problems (reducing pressure on the NHS) and improve educational attainment.

Another housing policy is possible – one that is based on putting the basic human need for shelter before money and profit.

For a radical housing policy

We need to develop a more radical and comprehensive housing policy which has the enhanced resource of the NIHE at its heart, rather than seeking to abolish it.

The Assembly is in an enviable position having inherited a major social housing organisation with an excellent track record as we explain in the main report. The NIHE should be seen as a unique public asset (arguably unlike anything that exists elsewhere in the world). We need to return and develop the capacities of the Housing Executive and change the overall context of housing provision in NI. The following recommendations are a start to achieving the overall aim of ensuring a decent, affordable home for all in our society.

Recommendations for the NIHE

1. An immediate halt to the small scale stock transfer policy and abandoning the current Social Housing Reform Programme;

2. Lift the restriction on borrowing by the NIHE through extending the Prudential Borrowing rules for local authorities to the Housing Executive;

3. The new Assembly to redirect the funding from the corporation tax rate cut to address the repairs and maintenance of NIHE homes;

4. The new Assembly to seek a social housing grant from Westminster (similar to the English devolution deals) to fund an immediate programme of new builds;

5. Extending the existing social housing grants to allow the NIHE bid for funding;

6. Democratise the structures of the NIHE by instituting a participatory budgeting system; using performance measures geared towards social goals and greater tenant participation through elections to reserved seats on the NIHE Board.

Recommendations for NI housing policy

1. Ensure a socially progressive approach to housing, as outlined in this report, is a key priority of the new Assembly's Programme for Government. Such a priority will acknowledge the equality aspect of distributing resources independently, based on social need not sectarian expediency or market diktat;

2. An immediate moratorium on all evictions;

3. Institute a policy of "Housing First" to address homelessness;

4. Enhanced rights for tenants in the private rented sector including long-term and indefinite tenancies and rent certainty;

5. A mandatory registration system for all private landlords which is funded to allow inspections and enforcement actions;

6. The introduction of land value tax to encourage timely and appropriate development of new housing;

7. Democratise the making of housing policy through greater transparency in planning decisions, the introduction of social impact statements and the funding of independent tenant and civil society scrutiny.

Section 1

Introduction

Since the formation of the Northern Ireland Housing Executive (NIHE) housing has never been in as large a crisis as it is now. House building is at its lowest level for over forty years.[1] Nearly 20,000 individuals and families apply for housing on the basis of being made homeless each year.[2] The number of houses lacking at least one basic amenity has been rising and is at its highest level since 1987.[3] There are over 37,000 applicants waiting for social housing, of which a record number of 22,645 are in housing stress.[4] Last year saw the deaths of at least six homeless people on the streets of Belfast.[5]

More broadly, the question of how to deal with the housing crisis has been clouded by unrelated scandals such as the sale of properties through NAMA[6] or the Red Sky[7] payments. The policy responses, in both Westminster and Stormont, to these events in particular and the crisis generally have been wholly inadequate.

The root problem lies in a housing system and housing policy that prioritises making money over all else, including the basic human need for shelter. In this view houses are seen as stores of wealth, to be used as a pension or to make money from, by renting or "flipping", when the prices rise. In other words, housing is seen as a commodity to be bought, sold and profited from.

This means we need to develop alternative policies that challenge the commodification of housing. We need policies that see housing as a social good, satisfying a human need, where significant amounts of housing are decommodified, i.e. taken out of private market relations. Where housing is instead publicly funded and democratically controlled. These are the underlying themes and objectives that run throughout this report. The focus is on the NIHE as an organisation that is both under threat from the Northern Ireland Assembly's[8] proposals but could also be a central actor in changing the direction of housing policy.

At the start of 2017 the new Minister of the Department for the Communities proposed to revive a discredited policy of transferring (privatising) NIHE homes to some form of private housing body. This was a policy idea initially advanced by former DSD Minister, Nelson McCausland in 2013. Through a lack of understanding about the complex nature of the NIHE and the stock transfer policy and a vigorous campaign by campaigners including NIPSA, the proposed stock transfer of 2,000 homes in 2013 was stalled but this Departmental target remains.

1 UK Housing Review (2016: Tables 19i and 19j).

2 UK Housing Review (2016: Table 104).

3 UK Housing Review (2016: Table 27a). 'Basic amenities' are a kitchen sink, bath or shower in the bathroom, wash hand basin (all with hot and cold running water), and inside WC.

4 NI Housing Statistics 2015/16 (Table 3.5).

5 BBC News website: ***http://www.bbc.com/news/uk-northern-ireland-35851021; Belfast Telegraph: http://www.belfasttelegraph.co.uk/news/northern-ireland/sixth-homeless-death-in-belfast-sparks-new-call-for-action-35052715.html***

6 BBC News website (2016) "NAMA NI loans sale: Stormont inquiry recommends tougher rules for public appointments", available at: ***http://www.bbc.com/news/uk-northern-ireland-35768462***.

7 BBC News website (2015) "Nelson McCausland 'acted inappropriately', Stormont committee finds", available at: ***http://www.bbc.com/news/uk-northern-ireland-32540854***.

8 Reference to "the Assembly" throughout the report (what "it" has proposed/done or what we recommend it should do) refers to what its governing coalition has done/should do. Over the time-line covered by the report the participants in this mandatory coalition have changed. When the initial proposals affecting the Housing Executive were drawn up they emerged from an Assembly Executive (2011-16) that comprised five political parties (DUP, SF, UUP, SDLP and Alliance). The Executive of 2016 until its collapse in January 2017 comprised the DUP, SF and one independent MLA.

This report follows on from our 2013 report – Keeping Our Housing Public[9] – by charting the changes in the housing policy and funding environment over the past four years. These changes mean it is even more difficult to successfully pursue the stock transfer policy, leading to the obvious conclusion that stock transfer is not an appropriate policy for the future of the NIHE and should be abandoned.

The future of the NIHE is a political choice. The Housing Executive needs £300 million per annum for the next five years to bring existing homes up to current agreed condition.[10] This is a large amount of money but it could be found, for example, by reversing the decision to reduce the corporation tax rate. Furthermore, the reduced corporation tax policy is high risk, depending on factors outside of the Assembly's control with no guarantee that jobs or investment will appear. In addition, building new Housing Executive homes can be funded by reducing the housing benefit bill through moving households out of the expensive private rented sector into new NIHE homes.

Funding the required maintenance and building programme for the NIHE will definitely deliver jobs and economic activity; a prudent estimate of 4,200 direct new jobs[11] in housing alone with increased economic activity of £900 million per year.[12] These are **real** and **achievable** economic outcomes that are within the control of the Assembly. In addition, we know that improved housing conditions decrease health problems (reducing pressure on the NHS) and improve educational attainment.

These are all policy choices that raise a key question for local politicians – are they going to choose to pursue a policy of "corporate welfare" via tax cuts on corporate profit or support a policy of providing decent, affordable housing for all in Northern Ireland?

Our vision for the NIHE is a radical but logical and realistic one, based on enhancing social inclusion through democratising housing policy and local housing management. Further, by funding the NIHE, through redirecting the cost of introducing Corporation Tax reductions and/or allowing borrowing, these additional funds can be used to stimulate economic activity as well as addressing the social problems generated by the lack of decent, affordable housing for all.

This report is structured as follows: the next section explores the size of the current housing crisis and the policy responses that both the Assembly Executive and the Westminster governments have pursued. Section Three re-examines the policy of stock transfers including how the environment has changed since the policy's proposed application to the NIHE in 2013. Section Four briefly reviews some imaginative alternative policies that have been pursued by other jurisdictions in these islands and in Europe. Section Five sets out how the NIHE could be funded both to address the expected maintenance levels and also to build tens of thousands of new homes; before the report concludes in Section Six with a series of immediate policy recommendations.

9 Available at: ***https://www.nipsa.org.uk/Campaigns/Keep-our-Housing-Public/Campaign-launch***

10 The agreed condition is known as the "Commonly Adopted Standard".

11 Based on an estimate by the Scottish government that 1,400 jobs are supported by every £100 million spent on infrastructure ('Securing our economy: the case for infrastructure', Civil Engineering Contractors Association, May 2013, p.7).

12 Based on 2.84 multiplier effect from 'Construction in the UK economy – the benefits of investment', UK Contractors' Group (October 2010).

Section Two

Housing in Crisis

Nature and size of the housing crisis in Northern Ireland

The housing system in Northern Ireland has now been dysfunctional for over a decade and a half.[13] The level of new house sales remains about one sixth of what it was during "the boom".[14] House prices have risen since 2013 but they are still only just over 50 per cent of the prices at their peak.[15] We do not advocate a return to the "boom and bust" dynamic of the previous housing market, and we note that rising house prices in themselves may make home owners feel wealthier but create more barriers to accessing decent, affordable housing for those who do not own a home. For these reasons the private house building sector cannot provide the level of new builds or access to housing that is needed.

When we look to the public housing sector the picture is much the same. In 1975 there were over ten thousand new homes starts; sixty per cent of which were by the NIHE.[16] In 2014 there were just 5,700 new housing starts (in total), with the housing associations providing just over 10 per cent.[17] During 2013 and 2014 there was enormous effort made by the NIHE, who fund the housing association sector, to increase the supply of social rented housing. This led to 1,967 new housing association homes being completed in 2013/14. However, the number of completions has fallen back since with just 1,209 in 2015/16.[18]

We can see the impact of this lack of house building in both social and private sectors, in the homelessness numbers. As the NI Housing Statistics Report states:

> In 2015-16, of the 18,628 households presenting as homeless 11,202 households (60%) were accepted as full duty applicants and 5,442 (29%) were rejected. Of those households accepted as full duty applicants during the year 3,303 were discharged.[19]

These numbers show the urgent need for more social housing where less than 30 per cent of those accepted as full duty applicants actually get homes. The crisis is even more starkly illustrated when comparing the number of houses completed and those accepted as being newly homeless. Again, the position is getting worse. Between July and September 2016 the private sector completed 1,513 new homes, while the housing associations completed 1,209 new homes. That is a total of 2,722 new places to live across Northern Ireland. Yet during the same three months the NIHE accepted 3,096 fully duty households onto their waiting list.

This means that even if we combined all the outputs from both the private and social housing sectors we still do not have enough homes to house all those being made homeless, never mind addressing those in housing stress.

13 This is in no way to claim that there was a golden age where housing was functional; as Marcuse and Madden (2016) point out for the poor and those on low incomes accessing and retaining decent housing is always a crisis.

14 NI Housing Statistics 2015/15 (Figure 5.3).

15 NI Housing Statistics 2015/15 (Figure 5.1).

16 UK Housing Review (2016: Table 19i).

17 UK Housing Review (2016: Table 19i).

18 NI Housing Statistics 2015/15 (Table 1.9). Available at: ***https://www.communities-ni.gov.uk/sites/default/files/publications/communities/ni-housing-stats-15-16-full-copy.pdf***

19 NI Housing Statistics 2015/15 (p. 8); "Where the Housing Executive concludes that a household is eligible, homeless (threatened with homelessness), in priority need and unintentionally homeless then the household is entitled to full housing duty and is referred to as a "Full Duty Applicant"" (Ibid: p. 48).

Critique of Westminster policy responses

Although housing policy is devolved to the Assembly, Westminster clearly sets the terms of housing policy and expects the devolved government either to follow the policies implemented in England, or to find funding from elsewhere if Stormont wants to pursue an alternative. On certain housing issues the Assembly has shown its collective willingness to challenge and ameliorate the worst of the welfare reforms from Westminster (for example the derogation on the Bedroom Tax). However, it must be remembered these are only temporary mitigations until 2020 (with the bedroom tax and other welfare changes likely to be implemented at a future date) and are not comprehensive, as new claimants are subject to the welfare reforms. More telling, is the impression that at Stormont there appears to be a lack of understanding of English social housing policy, leading to an unwillingness to challenge the rationale of its priorities.

The election of a Conservative majority government in May 2015 led to a series of dramatic changes to social housing policy. Future funding was put into increasing home ownership, so that out of spending plans and commitments totalling £45 billion from 2015/16 onwards, just £2 billion was aimed at Affordable and Social renting.[20]

The single biggest change in the English social housing sector is the reduction of social rents by 1 per cent per annum for the course of the current parliament. This was a major change in policy as up to the emergency budget in July 2015, there was an agreement that social rents would rise by the Retail Price Index plus 0.5%.[21] The driver of this change was the increasing Housing Benefit budget.

This point shows the difficulties that the Assembly's Executive now face as **to make the financing of the stock transfer policy work the rents for both the NIHE and housing associations need to increase.**

The second major change in the English social housing environment concerns the classification by the Office for National Statistics (ONS) of housing associations as public corporations in October 2015. Therefore, for government debt purposes the HA sector is now included, leading to an immediate increase in the national debt of £60 billion. The English decision was a precursor to the same reclassification being applied to housing associations in NI, as happened in September 2016. This now means that the same accounting rules on borrowing apply to housing associations in NI and to the NIHE – they are both considered (quasi-) public bodies.

As we showed in our 2013 report, this creates a problem not with whether the NIHE and housing associations are classified as public bodies but with the rules the Treasury uses to calculate the government's overall level of debt. International bodies (such as the IMF and the OECD) and most other advanced industrial countries only include central government borrowing in their calculation of government indebtedness. Any borrowing by trading organisations (i.e. those that can generate an income stream), such as the NIHE, is excluded.[22]

So we are now left in the position where one set of public corporations is allowed to borrow and another one not; yet both are included in government borrowing. There is the further issue that to get the HAs back "off–balance sheet", the Assembly Executive will now seek to reduce regulations in the sector. This can have disastrous consequences as the example of Vestia HA highlights (see Case Study 1 below).

20 UK Housing Review, 2016 Briefing Paper (p. 11).

21 Housing in England: Overview, National Audit Office Report (2017: p. 20).

22 This rule would also apply to the council housing and housing delivered by Arms Length Management Organisations (ALMOs) in Britain. See Keeping Our Housing Public (2013: p. 20).

Case Study 1: Vestia Housing – a Dutch disaster

Vestia is a housing association in the Netherlands with nearly 80,000 homes under its ownership and management. Public housing is delivered through housing associations in the Netherlands resulting in a different relationship between the Dutch government and these organisations compared to that between governments and council housing in Britain or even the Housing Executive in NI. Some Dutch HAs were historically, de facto, organisations of the state but in the early 1990s a policy of "regulated deregulation" was instituted, allowing housing associations greater financial freedoms.

Vestia HA took to the new freedoms by engaging with a series of transactions involving financial derivatives and other complex financial instruments. Through a lack of internal control within the organisation and poor external oversight by the regulator, Vestia got into financial trouble.

As Aalbers et al. (2017) state: "In the summer of 2011, it received a margin call [demand for payment] of, first, €400 million, and then, €1 billion. Not much later, it had to be bailed out for over €2 billion. In the end, the financial damage would amount to approximately €3 billion outnumbering those of other well-publicized cases of speculation with derivatives such as that of Nicholas Leeson who caused the bankruptcy of Barings Bank in 1995".

The Vestia example illustrates two important points. First, that housing associations are not as safe as public bodies. In Britain and elsewhere, housing associations are increasingly being encouraged to take on business strategies and operate on a for-profit basis. In England this has led the CEO of one of the large London-based housing associations to state that they will no longer seek to provide homes at social rent levels.

Second, in early 2017 the NI Executive was consulting on ways to reverse the ONS decision to classify housing associations as public corporations. They want to reduce regulations so that the ONS consider housing associations to be private corporations. Yet they need to keep a strong regulatory environment so that the credit rating agencies and finance providers consider housing associations to be low risk, because they have the backing of the government. This contradictory process has significant parallels to the regulated deregulation approach followed in the Netherlands in the 1990s.

Sources: Aalbers, M.B., Van Loon, J. and Fernandez, R. (2017), "The financialization of a social housing provider", International Journal of Urban and Regional Research, Vol. 41: in press. And, ***http://www.insidehousing.co.uk/large-association-stops-building-cheap-rented-homes/7011045.article***

The threats to a deregulated housing association sector do not just relate to financial difficulties. Any reclassification of housing associations as private sector organisations is likely to be viewed by rating agencies and finance providers as increasing risk which will make the cost of raising private finance more expensive.

Further, the Department for Communities appears to being using the reclassification as cover for removing the restriction on payments to board members of housing associations. Where this has happened in England there has been the emergence of a class of "professional" board members, where the average pay for a chairperson was £18,790 in 2016.[23] As a Grant Thornton report states: "Associations need to pay their board members

23 Housing Governance Review 2016, Grant Thornton Report.

and executive the salaries to attract suitable levels of individuals, both in skills and stature".[24] This is the same justification used by top executives in the banks and other big corporations when they defend their excessive pay deals. Finally a deregulated social housing sector makes it more likely that housing associations will move towards becoming solely private, for-profit companies.

There is evidence of such moves already occurring among the biggest housing associations in London. There is also the historical precedent of the building society movement, which was once a thriving alternative source of personal finance to the high street banks. Similar in origins to the housing association movement, building societies developed in the 18th century based around co-operative principles and spread across Britain so that by the middle of the last century virtually every town had their own building society, alongside some of which had grown to have a national presence. However, a change in legislation in the mid-1980s introduced a process called de-mutualisation where the building society could change from being a members owned, not-for-profit organisation into a private company. By the turn of the century building societies with two thirds of the capital value in the sector had de-mutualised, turning organisations that once had a "business head and a social heart" into outright profit-maximisers who had to rely upon the public purse when they failed.[25]

This section has highlighted the size and nature of the housing crisis in NI and shown that the housing policies being pursued in Britain have not improved the housing situation there but has led to a broken housing system. We also highlighted the difficulties involved with solely relying upon social businesses (such as housing associations) to deliver a public good. The contradiction at the heart of these organisations can lead to the profit motive over-riding the social purpose, as happened with the building society movement a quarter of a century ago. It is logical and reasonable to conclude then that there is no substitute for a public body (the NIHE) delivering such a public service, i.e. decent, affordable housing.

24 Housing Governance Review 2016, Grant Thornton Report (p. 11).

25 These included Bradford and Bingley and, Northern Rock. Both organisations then pursued aggressive growth strategies prioritising profit-making which ultimately led to them being bailed out by the taxpayer following the 2007/8 financial crisis.

Section Three

Stock transfer – an inappropriate and disreputable policy

The scale of the housing crisis facing the population in NI means that new, innovative and radical policies need to be developed. These policies need to work to the specifics of the NI context. Implementing polices from the Westminster government that have led to a "broken housing market"[26] in England, will not provide the necessary solutions and will inevitably deepen the crisis. This is a conclusion that the Department for Communities has come to themselves (see below) yet they remain committed to privatising the Housing Executive.

What is being proposed?

At the start of 2013 the then DSD Minister, Nelson McCausland, proposed to privatise the NIHE, by taking it "outwith" the public sector. The existing Housing Executive was to be split between a strategic function that would cover allocations and regulation of the sector among other activities, and a landlord function covering the management and maintenance of the housing stock.

The landlord function was then to be transferred to the third sector (i.e. to housing associations). However, there was a lack of clarity about how this was to be achieved – would there be one new housing association taking all the 90,000 homes or more than one, and if so how many? Discussions at the time covered a range from three (the internal regional structure within the NIHE) to eleven (the number of local councils since 2015). Further, were these to be new housing associations, specifically set-up for the purpose of receiving the NIHE stock, or would existing housing associations be able to bid to take some homes? Given the size differentials between the locally-based housing associations and the NIHE there was discussion about whether larger HAs based in Britain (or further afield) would be encouraged to take on some, if not all, of the transferred housing stock.

In our report at the time – Keeping Our Housing Public – we explained how the Minister's proposals for the landlord function were based on a discredited housing policy pursued mainly in England (but to a lesser extent in Wales and Scotland). Stock transfer policy (known as Largescale Voluntary Stock Transfer, LSVT) is a form of privatisation, where tenants lose out to the providers of private finance, through less accountability and higher rents. Research into stock transfers in Britain has documented cases of biased consultations and episodes of "bullying pure and simple".[27] The Westminster department in charge of the policy has even admitted that "... the whole process has brought the system [of stock transfers] into disrepute".[28]

Through a combination of a poorly developed policy and strong campaigning on behalf of NIPSA and others, the stock transfer policy has not been pursued in a meaningful way. Yet after the Assembly elections in May 2016, it became clear that the new Minister of the Department for Communities (DfC) and his officials were seeking to revive the LSVT policy as part of the Social Housing Reform programme.

In doing so, the Minister and his officials appear to be ignoring not just the experience of stock transfers in Britain but also the evidence and advice from the NI Audit Office (NIAO).

26 Fixing our broken housing market, White Paper, DCLG, February 2017.

27 Keeping Our Housing Public, NIPSA Report (2013: p.11).

28 DCLG (Department of Communities and Local Government), Tenant Empowerment: A Consultation paper, London, Department of Communities and Local Government (2007, p. 134).

For example, a report from the NIAO in 2014 evaluated the two stock transfers that have occurred in the Bloomfield (Bangor) and Rinmore (Derry/Londonderry) estates, concluded:

> In our opinion the Rinmore and Bloomfield pilot transfers did not fully provide viable templates for future significant planned housing stock transfers in Northern Ireland.[29]

Yet despite the Audit Office report, the new DfC Minister sought to revitalise the stock transfer policy in an external environment (that a report prepared within his own department including the opinion of a senior Treasury official accepts) is more hostile to the stock transfer policy. For example, the Treasury expect social rents to reduce over the next 4 years in line with the Westminster decision to cut social rents in England by 1 per cent per year. Therefore, the Assembly can either go with the rent reduction and make the transfer less financially viable or find the money from another budget to maintain Housing Benefit (HB) and rent levels.

In addition, there is the outstanding NIHE debt of £300 million that would need to be written off before any comprehensive stock transfer becomes financially viable. This raises questions about where such money is to come from and, if it can be found, why can it not be spent on repairs and maintenance now? Further, as a senior Treasury official notes the political climate in Whitehall has changed with regards to this sort of write-off. Overall the DfC report concludes: "When the most affordable option for reform is still not affordable, we need to rethink". Despite this warning and the evidence of these reports, there is no indication that such a rethink has taken place. Instead, we get the status quo for the majority of tenants and in the short term what the Department describes as "a small-scale stock transfer programme" for 2,000 homes, despite all the problems outlined above.

The evidence is clear - stock transfer is an inappropriate and disreputable policy that is not viable in the Northern Ireland context.

The NIHE – "you don't know what you've got until it is gone"

There is another side to the stock transfer policy, the disbanding of the Northern Ireland Housing Executive. In 2013, we showed how the NIHE is recognised as having brought the quality of the housing stock in NI from one of the worst in Western Europe to best quality[30]; is recognised internationally for best practice in housing management and community building[31], and that its existence significantly enhances the Assembly Executive's ability to address housing-related issues.[32]

The NIHE has built up over forty years experience of dealing with housing and community building that are specific to the NI context. This is not just about the economics of rents and repairs. The Housing Executive has an untarnished reputation and history for allocating housing according to social need. This stands in stark contrast to the sectarian-based allocations of council housing that existed prior to and led to the NIHE's establishment.[33]

The Housing Executive is central to a range of programmes and initiatives addressing the legacy of Northern Ireland's past and segregated communities. For example, the NIHE

29 Improving Social Housing Standards through Stock Transfer, NI Audit Office Report (2014: p. 3).

30 PwC Report, 'Review of Northern Ireland Housing Executive: Options for Future ServiceDelivery', 2011, p. 2.

31 PwC Report, 'Review of Northern Ireland Housing Executive: Options for Future ServiceDelivery', 2011, p. 2.

32 Report of the Independent Commission on the Future of Housing in Northern Ireland (TheBest Report), Chartered Institute of Housing, (2009: p. 99).

33 The sectarian basis of allocations was recognised by the British government in the Cameron Report (1969).See: Disturbances in Northern Ireland, Report of the Commission appointed by the Governor of Northern Ireland (The Cameron Report), Chapter 16, para. 229. 1969, HMSO: Belfast. Available at: ***http://cain.ulst.ac.uk/hmso/cameron2.htm#chap16***

employs Good Relations Officers through its network of local housing offices, who have worked to deliver the Building Relationships in Communities (BRIC) programmes. Through these initiatives 2015 saw the "removal of the first Housing Executive owned peace wall in North Belfast, which has significantly improved the lives of residents living beside it".[34] This is vitally important work which requires sensitivity and community buy-in, through developing trust and confidence locally. The NIHE is the only organisation which commands that respect and is capable of delivering these changes. Any political decision to dismantle the Housing Executive would be correctly viewed as a clear sign that the Assembly has turned its back on these important peace building initiatives and the unique, accountable agency that has delivered them. **The NIHE was established to address sectarian divisions within housing and its (enhanced) retention is necessary for the same reasons.**

For example, the NIHE takes action to protect homes that in the past have been put at risk during the "marching season", by boarding up windows beforehand and making good any damage afterwards. In addition, the Housing Executive is involved every year in engaging with the local community, liaising with the PSNI and other statutory agencies to ensure that there is ongoing community dialogue to deal with any tensions if they arise. No other body replicates or is capable of replicating this work in the heart of communities. This level of service, additional actions and experience has been built up over many decades by an organisation which is driven by a public service ethos. **All of which would be put at risk if the NIHE was transferred into the private sector.**

The scandal over the Renewable Heat Incentive (RHI) scheme provides a clear example of the need for full scrutiny of any policy before wholesale changes such as that envisaged in this housing policy is implemented. Politicians need to learn the lessons from the implementation and failure of policy scrutiny around RHI and not repeat such an approach by failing to understand fully the damaging implications of what would be involved in transferring the NIHE into the private sector. This is not just a matter of changing the nameplate and continuing as before. Accompanying such a transfer would be an inevitable change in management-style with public service values and ethos marginalised as the organisation becomes commercially driven. This is the universal experience of housing associations, both traditional and stock transfer ones, in England.

It is time for politicians to break away from the failed housing policies pursued in England and develop new, radical housing policies that fit the particular circumstances of Northern Ireland. We propose a series of such policies in sections 5 and 6. However, the next section looks at some examples of alternative housing policies being pursued in other jurisdictions in these islands and in Europe.

34 NIHE Annual report 2015/16 (p. 40).

Section Four

What are other jurisdictions doing?

There is nothing inevitable about the housing crisis we are currently experiencing. Housing policy flows from political will and is made by the actions of people (politicians, developers, finance-providers and others). The mainstream media regularly now report that the roots of the current housing crisis in these islands lie in the pro-market and privatisation housing policies pursued by successive governments. For example, 2 million homes in the UK were sold to tenants through the right-to-buy scheme, many at huge discounts funded out of the public purse.[35] Yet these homes were not replaced and further, as many as forty per cent of them are now in the private rented sector[36], many generating returns for their landlords from more public money through the Housing Benefit system.

The examples in this section show that alternatives are available both within the confines of the Westminster rules and even more radically in other European cities.

In England (see Case Study 2 below), despite the withdrawal of grant funding for new build social housing, as part of the devolution deals some city regions have negotiated significant funding for housing including at social rent levels. These examples illustrate that if the political will existed at Stormont funding could be negotiated from Westminster to support housing development, even for publicly owned, social-rented homes.

Case Study 2: English Devolution Deals

Although the motivations for devolution to city regions in England may be questionable (having, it is argued, more to do with setting up another layer of political bureaucracy, allowing the Westminster government to avoid responsibility) there have been some interesting and relevant housing deals. For example, Cambridge City Council has negotiated a £70 million Housing Fund to build new council housing. This fund is to deliver 500 new council houses at social rent levels and is separate to an additional £100 million also granted under the devolution deal for affordable rented and shared-ownership homes.

As part of the Greater Manchester devolution deal a revolving housing loan from central government of £300 million was agreed. Unfortunately, instead of allowing public bodies to access the fund it is only open to private developers to 'kick-start' their development programme, which must have local authority support.

Both these examples illustrate that if the political will is there funding can be negotiated from Westminster to support housing development, even for publicly owned, social-rented homes.

Source: Devo-Housing – an emerging agenda, The Smith Institute, London, 2016.

35 Murie, A. (2016), The Right to Buy? Selling off Public and Social Housing, Policy Press, Bristol.

36 Ibid, p. 5.

Within the confines of devolution the Scottish government (see Case Study 3 below) has enabled a revival of council house building, by utilising the prudential borrowing rules.[37] Again, if the political will existed at Stormont the same rules and approach could allow the NIHE to start borrowing to fund repairs and upgrades, as well as new builds.

Case Study 3: Scottish Councils Restarting House Building

Housing is also a devolved responsibility in Scotland. The previous and current SNP administrations have sought to develop their own distinctive housing policies separate from those being pursued by the Westminster government in England. The most high profile divergence has come in the ending of Right-to-Buy for Scottish tenants.

However, less well known is that Scottish local authorities have started to build a significant number of houses in recent years. By the mid-2000s council house-building had disappeared, with housing associations providing the only sub-market housing.

However, due to changes in grant funding and councils starting to utilise borrowing capacities under the Prudential Borrowing rules an average of 1,000 council homes have been completed in each of the past five years. For context, the equivalent council housing completion rates in England are just 1,500 per annum.

During the 2016 Scottish parliament elections the SNP set a target of building 50,000 new affordable homes, of which 35,000 would be for social rent, over the five year term of the new government. To achieve these targets requires a step change in activity from current levels of 4,000 homes per year.

Source: Based on Wilcox, S.; Perry, J.; Stephens, M. & Williams, P. (2016) UK Housing Review: Briefing Paper 2016, Chartered Institute of Housing/Building Societies Association, Coventry/London.

Looking further afield, the city council in Vienna (with a population of 1.7 million) has nearly 100 years of experience in developing and maintaining a social-rented sector that remains the most popular tenure among the residents of the city (see Case Study 4 below). Significantly, the major building programmes after each of the world wars were funded through progressive, redistributive taxation. In recent decades the city council has adapted their housing policies through both demand side and supply side initiatives resulting in social housing remaining at just over 40 per cent of the total housing stock.

37 "Local government in England, Scotland and Wales have been allowed to borrow within the Prudential Borrowing Framework since 2004; 'these powers permit councils to access private finance without the consent of central government, providing that they remain within their affordable borrowing limits'. The same borrowing rights were introduced to Northern Ireland in 2011." Keeping Our Housing Public, NIPSA Report (2013: 17-18).

Case Study 4: From "Red Vienna" to New Municipal Dwellings

In much the same way that the NIHE is lauded for its successes in community cohesion and improving the condition of the housing stock over the past four decades, Vienna is recognised as the world leader in social and municipal housing. In 2011, 42.3% of the housing stock in Vienna was social housing, making it the most popular tenure in the city ahead of the private rented sector (33.3%) and owner-occupiers (19.0%).

At the end of the 19th century Vienna had a population of 2 million with 300,000 having no home of their own. This group included the "so-called bed lodgers who couldn't even afford the rent for a room but merely had the use of a bed for a few hours a day".

After the First World War, the Social Democratic and Workers Party won a majority on the city council and set about alleviating the housing crisis. In the ten years to 1930 they built 100,000 homes, during terrible economic circumstances. This building programme was abandoned under the Austro-fascist regime and the Nazi occupation during the 1930s and early 1940s.

However, there was again a huge expansion of municipal house-building after the Second World War, similar to what occurred in Britain at that time. However, in contrast to the pro-market and privatisation policies pursued in Britain, the Viennese authorities have remained committed to social housing through the past forty years.

They have been able to move with the changing demographics of the city and continue to improve the living conditions of all through strong regulation and appropriate direct funding. For example, the amount of living space for Viennese tenants has increased from a per capita 22m^2 (in 1961) to 38m^2 (in 2001).

Social housing has not seen the cuts in funding which has turned public housing in these islands to tenure of last resort; nor have council housing tenants been demonised in the same way as the media continues to do in Britain and Ireland.

All this has led to very real benefits for the people of Vienna with regard to their living conditions. In 2004, Viennese households spent on average just 16% of their income on housing. By way of contrast the equivalent figure for those in the lowest 30 per cent of incomes in the UK is 25.8%. The city council now has an impressive refurbishment programme of 10,000 homes per annum. This compares to just 1,000 per annum in a similar-sized city such as Munich.

However, the past few years have seen some fraying at the edges of these achievements in part through some policy and regulatory changes and in part through the pressures exerted by global financial systems, with the result that living conditions were worsening for some residents. For example, homelessness had grown by 45 per cent between 2006 and 2010; council housing waiting lists had increased by 140 per cent between 2001 and 2012, and the average amount of income spent on accommodation had increased to 25 per cent by 2012.

However, the city authorities have reacted quickly to these worsening indicators by re-establishing a programme of public house building called, New Municipal Dwellings.

These homes offer a range of benefits including: no self-funding, no deposit, no estate agent commission, no time limit and the gross rent is capped at a maximum of €7.50 per square metre.

Sources: Marcuse, P. (1986) "A Useful Instalment of Socialist Work: Housing in Red Vienna in the 1920s" in Critical Perspectives on Housing, Temple University Press, Philadelphia; Justin Kadi (2015), "Recommodifying Housing in Formerly "Red" Vienna?", Housing, Theory and Society, Vol. 32:3, pp. 247-265; Housing in Vienna, Annual Report 2015, available at: www.wohnbauforschung.at/index.php?inc=download&id=5806

The case of Vienna shows the need to be constantly vigilant against policies that seek to privatise and financialise social housing. A strong social and public housing sector is of benefit to all. It keeps rents in the private sector at affordable levels and reduces house price bubbles in the owner-occupier/buy-to-let sector.

The examples in this section illustrate that there are alternatives available to the Assembly with regards to housing policy. It is not inevitable that we have to suffer from housing crises. It is a challenge for the politicians and departmental officers to generate new radical and innovative policies tailored to the NI context.

Section Five

How can we address the housing crisis?

This section sets out in detail how a change in policy that prioritises providing decent affordable homes for all can be funded, if the political will is present. Any serious housing policy needs to address the £6.7 billion maintenance programme in NIHE homes and provide homes for the 40,000 on housing waiting lists. To do this we need to first understand how people currently rent their homes and how each tenure is funded. Table 1 (below) shows a comparison between the three different renting tenures available in NI – the Housing Executive, Housing Associations and the private rented sector (PRS).

Table 1: Comparison of key characteristics of rental tenures

	Northern Ireland Housing Executive (NIHE)	Housing Associations	Private-rented sector (PRS)
Numbers[38] - total - receiving housing benefit	91,000 71,890	33,000 Unavailable	130,000 71,500
Rent levels[39]	£66.60 p.w.	£76.73 p.w.	£94.00 p.w.
Repairs responses[40]: - emergency (within 24 hours) - urgent (within 4 days)	99.4% 97.5%	92.9% 82.4%	Data not available
Security of tenure	The NIHE has two types of tenure – secured and introductory. If you are on a secured tenancy you can only be evicted (after the first 12 months) due to limited reasons (e.g. rent arrears). Introductory tenancies (the first 12 months) provide less security.	In addition to the secured and introductory tenancies, some housing associations have unsecured tenancies, where a tenant needs only to be given reasonable verbal notice before being evicted.	Most tenants are on fixed-time, periodic or six month default tenancy. Under all of these a landlord can give a tenant notice to quit at any stage, and often without stated reasons.
Capital Funding	None – prohibited from borrowing.	Government grants and private borrowing (e.g. banks /corporate bonds).	Private borrowing (e.g. Buy-to-Let mortgages) and Private equity firms.
Public Accountability	Publicly through the Minister for Communities.	Unelected boards and finance providers.	None.
Management style	Public service ethos.	Hybrid of not-for-profit / commercial.	Commercial – profit driven.

38 Total numbers as at 2014; UK Housing Review 2016 (Table 17c). Housing benefit numbers – NIHE 79 per cent; PRS 55 per cent (Sources: NI Housing Statistics 2015/16 and DfC PRS regulation consultation, 2017).

39 Average per week, NI Housing Statistics 2015/16.

40 NIHE numbers from Annual Report for 2016 (p. 37); Housing associations average numbers for 2015/16 from Department for Communities statistics. Available at: ***https://www.communities-ni.gov.uk/publications/registered-housing-associations-performance-indicators-2015-2016***

As of 2014 the private rented sector provided 16.9 per cent of the total housing in NI. The equivalent numbers for the NIHE and housing associations were 11.9 per cent and 4.3 per cent.[41] As the table highlights **the NIHE provides lower rents, greater security of tenure, quicker repairs and greater public accountability** than the other two tenures.

What is also striking is the amount of tenants in the PRS that are on housing benefit. This is wasted public money that goes straight into the pockets of private landlords. Below we will come back to this lost funding and show how it can be redirected to build new NIHE homes that will cost the public purse less in housing benefit and put money in the pockets of tenants.

Improving NIHE homes

The first task of any serious housing policy is the need to deal with the programme of maintenance and repairs for the existing NIHE tenants. Savills[42] published a stock condition survey in December 2015 in which they calculated that £6.7 billion in funding is needed over the next thirty years. More immediately £300 million p.a. is needed for the next five years. However, this number then reduces over the course of the remaining period, so that by years 2026-30 only £167.5 million p.a. is needed.[43]

By contrast to the amount of money that would be handed back to the Treasury in Westminster through the Corporation Tax rate cut with no guaranteed outcome, the NIHE housing stock could be modernised and brought up to today's standards. In the process the Assembly would generate 4,200 jobs[44] directly with additional economic activity of nearly £900 million in the economy.[45] Further, it is estimated that for every pound spent in this way, 56 pence will be returned to HM Treasury through greater tax intake and lower benefits being claimed.[46]

There is a clear choice for the Assembly Executive – provide corporate welfare (with the reduced corporation tax rate and hope that decision-makers in the boardrooms of multinational companies will be swayed to invest in NI) or spend the money on improving the housing stock and in the process create thousands of jobs and hundreds of millions of pounds in economic activity.

Building new homes

There are nearly 40,000 people on the housing waiting list, over twenty thousand of whom are in housing stress and over 13,000 people recognised to be homeless. This can only be described as a housing emergency. There is an urgent need to build social-rented homes to house these people. One clear answer to this issue lies in the private rented sector with the money spent on Housing Benefit for over 70,000 tenants that could be deployed more productively. This stream of public money, instead of disappearing into the pockets of private landlords could be used by the Assembly Executive to borrow against and start to build new NIHE homes.

This innovative approach has been modelled by Capital Economics based on the English

41 UK Housing Review 2016, Table 17d.

42 Savills Stock Condition Survey, December 2015. Available at: ***http://www.nihe.gov.uk/index/advice/advice_for_housing_executive_tenants/asset_commission.htm***

43 Savills Stock Condition Survey, December 2015 (p. 17).

44 Based on an estimate by the Scottish government that 1,400 jobs are supported by every £100 million spent on infrastructure ('Securing our economy: the case for infrastructure', Civil Engineering Contractors Association, May 2013, p.7)

45 Based on 2.84 multiplier effect from 'Construction in the UK economy – the benefits of investment', UK Contractors' Group (October 2010).

46 KPMG and Shelter, (2014), Building the Homes We Need: A programme for the 2015 government.

housing system.[47] The research shows how better value for money can be achieved and living standards improved for many low-income households by funding the delivery of new social rented homes. Further,

> Investment in new social rent housing offers a solution that is fiscally sustainable and economically efficient.[48]

The calculations that allow such a clear conclusion are based on three income streams/ assets:

1. How much the government would save by moving housing benefit recipients from the more expensive private rented sector to the cheaper social rented sector (Government contribution);

2. The present value of net income (rent minus management and maintenance costs) from the social landlord (Revenue contribution from social landlords);

3. The value of the homes after 25 years on the basis that the they can continue to be rented for another 25 years (Recognition of social landlords' asset value).

Table 2 below shows that across the English housing system (Example 1) as a whole it is cheaper for the government to fund the building of new social housing than it is to support housing benefit claimants in the private rented sector.

However, this average hides wide variations across the different regions in England (there is less variation across the NI housing system). Therefore, Table 2 (below) also illustrates one possible case study where the circumstances are closest to those faced in NI.

Table 2: Illustrative examples – building new social housing rather than funding the private rented sector through Housing Benefit

	Example 1 English average (£000)	Example 2 One-bed flat in a northern English city (£000)
Building cost (including land)	-118	-85
Government contribution (from savings on benefits)	62	36
Revenue contribution from social landlord (first 25 years)	59	48
Sub-total	3	-1
Recognition of social landlords asset value in year 25	65	53
Total	**68**	**52**

Source: Building New Social Rent Homes, SHOUT and National Federation of ALMOs report (2015: p. 27 and p. 34). Assumptions include present value calculations over 25 years; a discount rate of 3.5 per cent per annum is used for government contribution and 4.7 per cent per annum on other numbers.

Whilst this is merely illustrative, it does highlight the point that an alternative housing policy is financially viable. It also needs to be stated that in the short to medium-term there is a need to borrow money to fund the initial capital outlay in building the new social-rented homes. In the case of England, it is estimated that in the early years the public sector net debt would increase by just 0.13 per cent of Gross Domestic Product. However, this is short-lived and over a fifty-year planning horizon there are major reductions in borrowing,

47 'Building New Social Rent Homes' report for SHOUT and National Federation of ALMOs by Capital Economics, June 2015.

48 Ibid, p. 5.

so that public debt would be 5.2 per cent lower than if the policy circumstances remained the same as in early 2015.

In the NI context the required borrowing could be secured by the NIHE using the prudential borrowing rules that apply to local councils in Britain. This again is a matter of political will to achieve a clear progressive outcome, i.e. is the Assembly willing to challenge the Westminster imposed restriction on borrowing applied to the NIHE?

In addition, this policy also has significant economic and social impacts with increased jobs in construction; apprenticeships for young people; greater activity across supply chains; a lower proportion of disposable household income spent on housing costs (resulting in more to spend in the economy as a whole), and improved living conditions resulting in less interactions with the NHS and improved educational attainment.

Finally, as the new house building programme develops and housing benefit recipients are moved from the private rented sector to the NIHE, this creates vacant homes in the private rented sector. The increased vacancy rate in the PRS will lead to reduced rent levels making them more affordable and thus easing the pressure on the waiting lists. Further, housing benefit recipients in the PRS can have a choice to either move to a new NIHE home or accept a lower level of housing benefit. If they choose to stay in the private rented sector this will free up new NIHE homes to house people directly from the waiting list.

Another housing policy is possible – one that is based on putting the basic human need for shelter before money and profit.

Section 6

Conclusion - For a Radical Housing Policy

Stop the current proposals

The foregoing illustrates clearly and strongly that the policy of seeking to transfer ownership of (privatise) the NI Housing Executive is even more flawed in 2017 than when it was proposed in 2013. The funding, policy and political environments have all changed over the past four years making stock transfer an "unaffordable option", in addition to all its other flaws such as increased rents, loss of accountability, worsening service.

The "unaffordable option" is a conclusion that the Department for Communities have reached, which raises the question why they are continuing to pursue a programme of small scale stock transfers. The most likely answer is that it is part of a strategy, by at least some politicians and political parties, to diminish and reduce the importance of the NIHE, by handing public housing stock over to housing associations, through a series of small transfers until such time as there is no other alternative than to privatise the remainder. In the interim, tenants will see their service worsening as the overall resources and capacity of the NIHE declines.

It is also important to recognise that a policy of stock transfer will not address the homelessness crisis at all; it is not designed to increase the numbers of homes or to make access to housing easier. For these reasons we need to develop a more radical and comprehensive housing policy which has the enhanced resource of the NIHE at its heart, rather than seeking to abolish it.

Alternative policies for the NIHE

In 2013, we argued for three alternative polices that could be applied to secure the future of the NIHE and in the process address the developing housing crisis at that time. While the past four years have been largely squandered, it is not too late to change the policy direction. The three alternative policies are:

a. **A level playing field.** The NIHE borrowing to fund new house building along the same lines as local authorities in Britain using the Prudential Borrowing Framework;

b. **Change the borrowing rules.** The justification for stock transfer was that housing associations are allowed to borrow because they do not count towards the overall measure of government debt (whereas the NIHE as a public corporation does). As explained above this position has now changed since the ONS decision to reclassify housing associations as public bodies, leading to the contradictory situation where some public corporations (housing associations) are allowed to borrow freely yet others (the NIHE) are not. The deeper issue here is that the Treasury rules on what counts towards government debt remains out of line with international best practice. If HM Treasury brought the measure of government debt in line with OECD and IMF rules there would be no issue about the classification of housing associations and the NIHE could borrow on the same basis;

c. **Invest in the Future.** The case for direct funding of house building through public bodies has become even more obvious and pressing since 2013. In Keeping Our Housing Public, we set out the impact of the multiplier effect through investment in housing (at £2.84 in economic activity for every £1 invested). In the private sector new house building starts remain at historic low levels, at less than a third of the level at the peak of housing boom and around the levels seen in much of the 1970s and 1980s. The private house builders cannot provide the number of homes needed. This will require a significant level of direct house building by public bodies including the NIHE.

The Assembly has shown it is willing to take the decisions to fund their political priorities directly from the block grant. For example: agreeing to return, each year for the next 20 years, £300m to £500m from the block grant to Treasury to pay for its policy on lowering corporation tax; providing £200m funding for NI Water each year to pay for not imposing separate water charges (which NIPSA fully supports); providing finances totaling £700m over 4-5 years to fund voluntary severances for up to 20,000 public sector workers; providing funding of £500m over 10 years for shared education projects and providing funding of £80m for a "Social Investment Fund".

These are all political decisions. Properly funding a government response to tackle the growing housing crisis is also a political decision, **as is not doing so**. In 2013, we set the above as a challenge to which politicians could rise. So far, they have failed to do so and as a consequence have yet to address the housing need in NI. Implementing the above strategies would provide a huge step towards providing decent, secure, affordable housing for all. Furthermore, having such a strong publicly funded, social housing sector would be of benefit to all in society.

Next steps

The above policy options set out that an alternative to stock transfer was possible in 2013. **In 2017 the need to have a fully-funded and re-invigorated Housing Executive is even greater.** We have shown throughout this report that there are alternative policies that could address both the backlog of maintenance and start a programme of new house-building for the NIHE. Drawing these alternatives together there are a number of alternatives that the Assembly could follow:

1. The Assembly could spend £150m or £200m per annum for the next 5 years as an initial commitment to a housing upgrade programme (estimated as needing £300 million per annum by the Savills stock condition survey). This would enable them both to commence the work and provide some space to develop alternative funding streams with Treasury, such as extending the prudential borrowing framework to the NIHE.

2. As discussed, the Assembly has shown that it is willing to challenge the priorities of Westminster and HM Treasury over the corporation tax rate cut, in the hope that jobs might be created. We argue that the same emphasis and commitment should now be put into addressing the housing crisis by redirecting the funding from the proposed corporation tax rate cut and allowing the NIHE to borrow prudently. The corporation tax rate cut proposal should be scrapped therefore and a proportion of the hundreds of millions that the Executive was prepared to forego (by this gift to the Corporations) spent on the maintenance backlog. The lowest estimate of this corporate welfare is £270 million per annum.

3. We have shown that it is possible not just to address the backlog of repairs in the Housing Executive but that by following a policy of moving housing benefit claimants from the private rented sector to NIHE properties (which have lower rents) the money saved can be used to fund the building of up to 70,000 new public homes.

4. Allow the NIHE to borrow using the prudential borrowing rules. This will kick-start the house building programme.

Finally, in relation to the first and second points above, by making an investment that fully addresses the needs identified by Savills, over 4,200 jobs would be created directly and the economy would grow by £900 million. Furthermore, in terms of direct and measurable political control of a policy objective, these are **guaranteed** outcomes as they are within the sole control of the Assembly - not reliant on the hope that investment decisions favourable to the Northern Ireland economy are made in the boardrooms of multinational companies.

For a democratised, publicly funded NIHE

The time wasted over the last four years and the growing social implications of the housing crisis mean that there is now a need for a more radical, innovative housing policy that is geared towards the specific needs of NI. This is a housing policy that puts the need for shelter at its heart, not the drive to make money or profit from such a basic human need.

The Assembly is in an almost unique position having inherited a major social housing organisation with an excellent track record as outlined above. The NIHE should be seen as a unique public asset (arguably unlike anything that exists elsewhere in the world) rather than a problem that needs to be taken out of the public sector and gifted to the private sector.

There is a growing consensus that the austerity implemented since 2008 coupled with the longer-term policies of deregulation and privatisation have created the current housing crises. This is evident not just in these islands but in many parts of southern Europe and North America. The new Assembly has an opportunity to cut a different path.

This is not about looking uncritically at past housing policies and trying to resuscitate them. We recognise there are new, innovative ideas that could make a real difference to how social housing is provided today and that by engaging local communities can enhance democratic participation in society.

One such set of new ideas has become known as participatory budgeting. Participatory budgeting is "a form of co-decision-making or shared power"[49] where the local communities, through a series of public meetings at which delegates are elected, make decisions on the investment and spending priorities for local public services. This is not just a matter of consultation where a pre-decided limited list of alternatives is presented to a largely uninformed local group. Instead, an annual process that can take up to six months where decisions on up to 50% of the public body's funding is to be allocated through these meetings.

Participatory budgeting systems have been implemented to varying degrees in a number of cities including Porto Allegre (Brazil), Seville and New York City. By building on existing best practice from across the globe it is possible to develop a housing policy that is truly relevant to the needs of Northern Ireland, in the 21st century.

49 Wainwright (2003, p. 45).

Recommendations for the NIHE

1. An immediate halt to the small scale stock transfer policy and abandoning the current Social Housing Reform Programme;
2. Lift the restriction on borrowing by the NIHE through extending the Prudential Borrowing rules for local authorities to the Housing Executive;
3. The new Assembly to re-direct the funding from the corporation tax rate cut to address the repairs and maintenance of NIHE homes;
4. The new Assembly to seek a social housing grant from Westminster (similar to the English devolution deals) to fund an immediate programme of new builds;
5. Extending the existing social housing grants to allow the NIHE bid for funding;
6. Democratise the structures of the NIHE by instituting a participatory budgeting system; using performance measures geared towards social goals and greater tenant participation through elections to reserved seats on the NIHE Board.

However, to avoid frustrating the full impact of these reforms they will need to be coupled with broader reforms of the housing system that again seek to put the human need for shelter at the centre.

Recommendations for housing policy

1. Ensure a socially progressive approach to housing, as outlined in this report, is a key priority of the new Assembly's Programme for Government. Such a priority will acknowledge the equality aspect of distributing resources independently, based on social need not sectarian expediency or market diktat;
2. An immediate moratorium on all evictions;
3. Institute a policy of "Housing First"[50] to address homelessness;
4. Enhanced rights for tenants in the private rented sector including long-term and indefinite tenancies and rent certainty;
5. A mandatory registration system for all private landlords which is funded to allow inspections and enforcement actions;
6. The introduction of land value tax to encourage timely and appropriate development of new housing;
7. Democratise the making of housing policy through greater transparency in planning decisions, the introduction of social impact statements and the funding of independent tenant and civil society scrutiny.

50 Total numbers as at 2014; UK Housing Review 2016 (Table 17c). Housing benefit numbers – NIHE 79 per cent; PRS 55 per cent (Sources: NI Housing Statistics 2015/16 and DfC PRS regulation consultation, 2017).2 Average per week, NI Housing Statistics 2015/163 NIHE numbers from Annual Report for 2016 (p. 37); Housing associations average numbers for 2015/16 from Department for Communities statistics. Available at: ***https://www.communities-ni.gov.uk/publications/registered-housing-associations-performance-indicators-2015-2016***

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