

16 February 2011

1.0 INTRODUCTION

1.1 Established in 1964, Housing Rights Service is committed to protecting and promoting the rights of people in housing need in Northern Ireland. This response is based on our experience of working with people who are homeless, or at risk of losing their home, and people living in unsuitable or unsafe housing conditions.

1.2 We welcome the opportunity to comment on the Draft Budget 2011-15. Whilst the NI Executive (the Executive) is to be commended for publishing this on 15th December 2010, the lack of detail and absence of the Programme for Government makes it difficult to respond to the proposals. However, we support the need to finalise the budget, within the allowed timeframe, to enable the future planning and delivery of services.

1.3 Housing Rights Service appreciates that this is the most challenging budget in a generation. With total cuts, over this period, representing a cumulative real terms decrease of £4 billion, we are very aware of the huge pressures facing public services.

1.4 We welcome that the Executive has acknowledged the need to assist the most disadvantaged in our society. This must remain a priority for government given that the impact of the economic downturn is likely to be felt by many individuals and households well into the period of this budget. It is vital that measures to help mitigate the impact are identified and put in place as soon as possible. This has already happened in other jurisdictions, particularly with respect to initiatives to help individuals and families to sustain their homes.

1.5 A key priority for Government is the need to “grow a dynamic, innovative economy”. Attracting inward investment and encouraging growth within the private sector will help to create employment opportunities with associated benefits to the local economy. Fundamental to this is the need to ensure that people are housed suitably. The cost to the public purse of not doing so is huge. The wider psychological and social costs of home loss can include community instability; relationship breakdown; physical and mental ill health leading to increased dependency on alcohol and prescription drugs; and is detrimental to the development and education of children.

1.6 Currently the NI housing market is unstable and under stress. Housing Rights Service is witnessing a large number of enquires from homeowners and tenants who are struggling to pay for their accommodation mainly because of income reduction/job loss. This situation is getting worse because of cuts in assistance with housing costs (i.e. recent Support for Mortgage Interest cuts). The impending housing benefit cuts, which will lead to widespread shortfalls for tenants in the private rented and social rented sectors, will undoubtedly make matters worse. (See Appendix 1 for some relevant impact statistics.)

2.0 CONTEXT

2.1 As a specialist frontline advice agency, one of our key priorities is to sustain homes and tenancies across Northern Ireland. We assist people with accessing social housing, renting privately, homelessness and affordability issues. We also have a number of specialist, time-bound, projects offering advice and representation to households experiencing rent and mortgage arrears that have been adversely affected by the economic downturn.

2.2 Between April 2009 and March 2010, Housing Rights Service advisers assisted with over 15,000 housing issues. Demand for our service is increasing significantly. In the third quarter of 2010-11 (Oct-Dec), our statistics indicate that we dealt with over 100% more issues and 24% more clients compared with the same period in the previous year. In particular, there has been a marked increase in the number of enquiries relating to the private rented sector. With the shortage of social housing and the difficulties experienced by many to secure mortgages, this is not surprising. Housing Rights Service cautions against over reliance on

the private rented market to meet future demand for housing in Northern Ireland. Increased competition from people who would normally be first time buyers coupled with severe cuts to housing benefit, is likely to make renting privately unsustainable for many low income households. If the availability of social housing is severely restricted there are few, if any, realistic options left.

2.3 Housing Rights Service is deeply concerned about the current and future housing situation in Northern Ireland. Without direct policy intervention by government we, along with other key stakeholders in the housing sector, believe that Northern Ireland could be heading towards a potential housing crisis over the period of this budget. We therefore believe that housing must be formally recognised by the Executive as a higher priority within this budget.

3.0 BUDGET ALLOCATIONS

3.1 Housing Rights Service acknowledges that there are a significant number of competing priorities for government. However, we believe that more should be done in the budget to protect those most in need and to mitigate the impact of welfare reform cuts. The DSD's budget increase over the next four years is minimal and falls short of what is required. In our view, budget allocation to the DSD needs to be proportionate and sufficient to protect frontline services and to provide adequate safety nets for the most disadvantaged. The DSD needs additional resources to help counter the impact of the economic downturn and welfare cuts on individuals and families across Northern Ireland.

3.2 We also believe there is a strong case for the Social Protection Fund (SPF) to be transferred to the DSD budget. The purpose of this fund is to *"specifically target those who are vulnerable in recognition that the current climate will impact negatively on many of our most disadvantaged citizens"*.¹ In our view this clearly falls within DSD's remit. Our understanding is that a paper has been submitted to the Executive outlining a number of costed measures to help lessen the impact of the welfare reform cuts. A number of these are aimed at supporting people at risk of losing their home. The level of funding required to

¹ OFMDFM draft Budget 2011-15

implement these would, we imagine, be significantly greater than the amount currently allocated to the SPF.

3.3 We welcome that the Executive is making funding available to tackle disadvantage (including the Social Investment Fund and SPF). Whilst the initial allocation of £20m in year one to the SPF will go some way to directly assisting individuals/families most in need, we are concerned that it will have to rely on the identification of additional revenue streams thereafter. We urge the Executive to reconsider this position and to commit to allocating at least the same level of resources over the remaining period of the budget. Additionally, there is no detail regarding how this fund will be used (either within this budget or the OFMDFM's spending plans). As such we would be concerned that, without having a clear programme, assistance may not reach those most in need or in time if the system becomes overly administrative. We believe that the SPF should be used to protect the vulnerable and poorest in our community. Part of it should therefore be allocated to help sustain people in their homes. It is important, therefore, that if the SPF is to remain with OFMDFM that clear criteria is drawn up, consulted upon, and that the bidding process is transparent.

4.0 CAPITAL ALLOCATIONS

4.1 The proposed capital allocations to the DSD fall well short of what is needed over the next four years and will impact severely on housing supply. The only alternative for people in housing need will be to rent privately. This has an associated public expenditure cost and, with impending cuts in Housing Benefit, may not prove to be a sustainable option for many households. Housing Rights Service believes that the provision of social housing is vital to our society and we recognise the need to continue to attract additional funding in this area. We do have reservations about relying on the forecasting value of house/land sales receipts to help fund the social housing development programme (SHDP). Likewise, we do not feel it is appropriate to use assumptions that £20m per year of housing association reserves will be available to supplement the SHDP. We therefore believe that additional capital investment, from government, is needed to secure the development of new social housing to meet the growing demand for affordable housing.

5.0 SUMMARY

5.1 Like many of our local elected representatives, Housing Rights Service believes that the effect of welfare reform changes, along with increasing housing pressures locally, will be detrimental on those in society who are already most in need.

5.2 We acknowledge that there are a significant number of competing priorities for government and that tough decisions will have to be made. However, we believe that the sustainability and provision of housing must receive higher priority within the budget. The DSD's draft budget, as it currently stands, will not be sufficient to cope with increased demand on services. Housing Rights Service believes that budget allocation to the DSD needs to be proportionate if it is to meet housing need and provide adequate safety nets for the most disadvantaged members of our community.

5.3 Some measures which we believe will help those in need in Northern Ireland include:

- A mortgage rescue scheme.
- A preventing possession fund enabling eligible households in need of financial assistance to stay in their homes (e.g. via interest free loans/grants).
- An increased Discretionary Housing Payment budget to cope with housing benefit shortfalls (in recognition of the impact, DWP is trebling this fund and allocating a further £50m over the Spending Review Period bringing the total to £190m).
- Ensuring emergency help is available at court to offer representation to people on the day of their possession hearing.
- Reviewing current practice to ensure legal aid is accessible to those at risk of losing their home.
- Make affordable credit facilities more accessible in NI.

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Appendix 1 - Statistics relating to the impact of Housing Benefit Cuts and Housing Need in NI

According to the Housing Executive:

- From April 2011 Local Housing Allowance (LHA) will be capped at 4 bed-level. This will affect 368 current private sector claims for 5-bed. Individual claims will reduce by an average of £19 p/w. A further 76 claims for 6 and 7 bed properties will have even higher reductions.
- From October 2011 when LHA will move from using the 'median' charge to the 30th percentile this will affect at least 38,000 private sector claimants with the average reduction of £7-£8 p/w. £15m would be removed annually from Government's support to the private rented sector.
- From 2013 there will be a 10% reduction in HB where a claimant has been getting JSA for 52 weeks. There are currently 22,500 tenants who would be affected by this.

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- Research from the University of Ulster indicates that 68% of private tenants who were in receipt of HB (50,000 tenants) had to pay a weekly shortfall which amounted to an average of £20p/w.
 - When housing costs are taken into account, the percentage of households in the private rented sector at risk of being in low-income was 34% in 2008/09.
 - 18,664 households presented as homeless during the year 2009-10. There is likely to be an increase 2010-11.
 - The total number of applicants to the Waiting List in 2009-10 was 38,120 and 19,716 of these were in housing stress.
 - A total of 1,321 new build units of accommodation were completed by Housing Associations during 2009-10.
 - NI Court Service statistics confirm that during 2009 there were 3902 mortgage possession actions taken. This represents a 77% increase from 2007 and a 64% increase from 2008. It is predicted that house possession rates in Northern Ireland will rise at least as fast as those in Britain over the next 3-4 years.