

ACT NOW



The economic environment and the subsequent impact of the NI Budget and Welfare Reform cuts is laying the foundation for a housing crisis in Northern Ireland.

The Voluntary Sector Housing Policy Forum (VSHFP)¹ calls on political parties to recognise that access to decent housing is as fundamental to Northern Ireland as health and education. In order to avert a crisis we need to ACT NOW by:

- Putting in place measures to help mitigate the impact of the economic downturn to assist individuals and families to sustain their homes including:
 - a mortgage rescue scheme;
 - a preventing possession fund to provide grants/interest free loans;
 - an increased Discretionary Housing Payment budget to address proposed housing benefit shortfalls; and
 - ensure free 'emergency' representation is available to people facing possession on the day of their hearing;
- Committing additional capital investment, over the budget period, to secure the development of new social housing to meet the on-going increasing demand for affordable housing;
- Ensuring the on-going financial viability of existing temporary accommodation, including hostels, in this period of housing instability, by acknowledging the limitations of the private rented sector in meeting all housing need in the current environment.

1.0 Context

We are in the midst of the worst economic downturn for decades. The impact of the recession on the housing market is being felt across the country. Behind these headlines are the individual stories of families and individuals whose homes are being repossessed and who are struggling to find a decent, affordable home. Even before the recession, the lack of affordable housing in Northern Ireland was creating problems. The recession has made this worse. The VSHFP is deeply concerned about the current and future housing situation in Northern Ireland. Cuts to the NI

¹ The VSHFP aims to enhance the capacity of the voluntary and community sector to make policy responses and influence policy development in housing and homelessness. Membership includes: CHNI, CIH, De Paul Ireland, FHASS, HRS, NICVA, NIFHA, Shelter NI, SCNI & Simon Community NI.

budget and changes to welfare benefits will affect those who are already vulnerable and disadvantaged. Without direct policy intervention by Government we believe that Northern Ireland could be heading towards a potential housing crisis over the period of this budget.

Home is central to every citizen's life. It is fundamental for promoting social inclusion, providing stability, promoting health and well being and giving a firm platform for creating social networks, capitalizing on educational opportunities and securing employment. Building good quality, affordable housing contributes significantly to economic growth by attracting private finance, creating jobs and promoting stable communities. It has a "local economy multiplier effect" associated with additional local income and local supplier purchases etc. According to recent research "...for every 10 jobs created by expanding the social housing programme at least a further 7 jobs will be sustained somewhere else in the economy".²

However, for a growing number of people in Northern Ireland finding a suitable affordable home has become increasingly difficult. Housing costs are the largest item of expenditure for many households and can have a devastating effect on personal finances when they become unaffordable. This situation has become a reality for too many families and individuals in recent times. Housing is no longer simply a concern for low-income households it is an issue for everyone.

The recession has impacted on homeowners, private tenants and social housing tenants. The VSHPF fear that the cuts to welfare benefits, the lack of priority given to housing within the draft NI budget and difficulties in accessing finance especially for first time buyers, could spell disaster for many more households.

2.0 Problems facing NI Homeowners

Increasing numbers of NI homeowners are living with the threat of losing their homes. In 2010 there were 3,390 actions for mortgage possessions. The cut to the level and availability of Support for Mortgage Interest is having a devastating affect for many. Without direct intervention from Government these households will lose their homes.

² Addressing the Economic Downturn: The Case for Increased Investment in Social Housing (2009), Mike Smyth & Dr Mark Bailey University of Ulster.

With shortages in social housing provision this will mean more demand for private rented accommodation. There is already evidence of increased competition for accommodation in this sector. Particularly from those who would have been first time buyers, but who are now experiencing problems securing a mortgage.

3.0 Problems facing NI Private Tenants

The problems with housing benefit shortfalls experienced by private tenants will become much worse later this year. Currently approximately 69% of private tenants receiving Housing Benefit (50,000) pay on average a weekly shortfall of £20. From April 2011 the Local Housing Allowance will move from being calculated using the median charge to the 30th percentile charge.

The change will affect at least 38,000 current private tenant claimants and is calculated to result in an average weekly reduction of £7-£8. For many this will be in addition to the shortfall they are already meeting. According to Joe Frey, Head of Research in NIHE, *“It will inevitably mean more private tenants losing their home and greater difficulties for landlords trying to ensure they collect a viable rent”*.³ It will also create further pressure on social housing, as the private rented sector becomes harder to access and sustain. This is at a time when Government is trying to promote the private rented sector as a more attractive, viable alternative to social housing.

4.0 Problems facing NI Social Rented Tenants

Many tenants in social housing are having problems paying their rent. In 2009-10 the level of rental arrears in the sector was £2.3m. There is a number of proposed housing benefit changes which will make matters worse for social housing tenants. One such change is to make housing benefit reflect family size for working age claimants in social housing. Those most likely to be affected are people whose children have grown up and moved out. To remain in what they may regard as the family home, tenants will have to find the money to bridge the gap that will open up between their rent and housing benefit. Rent arrears are likely to rise, causing difficulties not only for the household but also the social landlord.

³University of Ulster (2010) NI Quarterly House Price Index for Q2, 2010. P2

In addition, Government intends to steadily increase non dependent deductions. The top rate could rise to £69 a week⁴ at a time when younger people are remaining at home for longer. These amendments will lead to rent arrears, cause hardship and as a consequence will impact on many family lives.

5.0 Problems accessing social housing

There is increased demand for social housing. March to September 2010 saw a significant change. The overall waiting list increased to 39,344 (a 3% over 6 months) and the number in housing stress increased at a similar rate to 20,513. There was also further increase in the number of households presenting as homeless (10,130 compared to 9,126 in the first six months of 2009/10) with a substantial rise in those being awarded priority status (from 4,828 to 5,120; 10%).⁵

The Housing Executive recommends that over a 10 year period 2,500 units p.a. of new social housing is needed to meet demand. (As set out in the draft budget only 1000-1100 new social housing units will be built each year from 2011 to15.)

6.0 Problems accessing temporary accommodation and appropriate support

Many homeless people experience problems securing suitable temporary accommodation. Over recent years it is become more common to place homeless individuals and families into temporary private rented accommodation (known as 'single lets'). With the pressures on the private rented sector, as set out above, this is likely to impact on the availability of single lets. In addition, long waiting lists for social housing leads to problems with hostel accommodation 'silting up'.

Overall, it is expected that there will be increased demand for accommodation on this sector at a time when housing benefit is due to be cut. It is envisaged that this could lead to further silting up of hostel places and perhaps a return to the use of B&Bs. At worst, it could lead to more people sleeping rough or living in unsafe and/or overcrowded conditions. This situation can be exacerbated by the barriers to accessing appropriate support to assist people to move out of and remain out of homelessness

⁴ Eileen Evason "Notes and commentary on adjustments to benefits, tax credits, and tax from October 2010."

⁵ NI Housing Market Review and Perspectives 2011-15, NIHE

7.0 Conclusion

The VSHPF is deeply concerned about the lack of priority given to housing within the NI budget. Direct and immediate policy intervention is needed by the NI Government Ireland to avert a potential housing crisis over the period of this budget.

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