



Policy Briefing
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Consultation response to the Department for Communities' Definition of Affordable Housing

August 2019

when everyone has a home

1.0 Introduction

Housing Rights was established in 1964 and is the leading provider of independent, specialist housing advice within Northern Ireland (NI). Housing Rights works to achieve positive change by protecting and promoting the rights of people who are in housing need and our policy work is informed and supported by the experiences of our clients. Each year our advice services help around 12,000 people with over 40,000 housing issues.

Housing Rights' experience of advising clients on affordability issues is across all housing tenures; however our client experience reveals that affordability issues are most acute in the private rented sector. Housing Rights is therefore uniquely placed to respond to this Consultation on the Definition of Affordable Housing and welcomes the opportunity to do so.

2.0 Executive Summary

- **Housing Rights welcomes the opportunity to respond, and welcomes the Department's decision to lead the discussion on the issue of affordable housing and affordability in Northern Ireland.**
- **Housing Rights welcomes the Department's decision to put forward initial thoughts whilst also calling for additional evidence and insight from stakeholders to assist in policy refinement in this area. Housing Rights considers that it may be useful for the Department to establish a small stakeholder group to consider these issues more fully.**
- **Housing Rights welcomes the direct linkage of the definition of affordable housing to the draft Programme for Government indicators 8 and 48. Housing Rights suggests that the Department also consider the direct relevance of indicator 19 which relates to poverty.¹**
- **Housing Rights recommends that the next stage of policy development in this area should include a robust scoping exercise to evidence the affordability issues across all tenures in the housing market. This would assist the Department to develop a baseline against which progress can be monitored and potential options can be evaluated. Housing Rights considers this approach to be in keeping with good practice evidence based policy development and may assist the Department in tracking**

¹ Percentage of population living in absolute and relative poverty (before housing costs)

contribution in 'turning the curve' for Programme for Government indicators.

- **Housing Rights recommends that policy development around the definition make explicit reference to all of the housing tenures in the housing market to reflect Government responsibility being cross tenure.**
- **Housing Rights agrees that the revised definition should not be product based and queries the level of attention given in the document to product based options.**
- **Housing Rights considers that the proposed definition could be strengthened if it included assessment of housing costs and household income. In our view, the work currently being done by the Affordable Housing Commission (discussed later in this response) to define affordability and affordable housing is best practice which the Department should adopt.**
- **Similarly, Housing Rights notes that the Affordable Housing Commission's work in this area understands not only the interplay between affordability and affordable housing, but also that the affordability discussion cannot be separated from a discussion around quality and standards. As a housing advice organisation with experience of assisting people facing problems accessing and sustaining accommodation which is affordable, Housing Rights views the connection between these issues as important and would recommend that the definition recognise this.**
- **Housing Rights is unclear as to the Department's rationale for selecting the named target groups. Housing Rights believes that a robust assessment of affordability in Northern Ireland would assist the Department in identifying appropriate target groups, and consideration of inequalities in housing would inform the decision making process for this. The Department may also wish to consider the approach taken by the Affordable Housing Commission which identifies four main target groups; Struggling Renters, Low income older households, Struggling homeowners and Frustrated first time buyers.**

3.0 Welcoming the Consultation

Affordability concerns are among the most frequent areas of enquiry for the people who call Housing Rights advice line. Housing Rights welcomes the Department's decision to lead the discussion on the issue of affordable housing and affordability in Northern Ireland.

Housing Rights understands that the consultation for the definition of affordable housing is an initial discussion paper, and may be ongoing and connected to wider areas of work. Housing Rights hopes that our response will help enrich the process and we are hopeful that we can assist the Department through our contribution to the consultation.

Housing Rights welcomes the Department's identification that the new definition of affordable housing should be non-product based. It is important to understand the issues of affordability before evaluating and discussing potential affordable housing products.

Housing Rights believes that a robust scoping exercise is required to fully identify and understand the issues of affordability across each housing sector. A better understanding of the issues will enable the Department to implement a revised definition of affordable housing, which can be used to measure and evaluate the achievement of Indicators contained in the draft Programme for Government.²

4.0 Context- Housing in Northern Ireland

4.1 *Programme for Government*

The overarching framework for all local policy development in Northern Ireland is the draft Programme for Government (PfG) 2016-2021³, an outcomes-based framework which co-ordinates all government action for the purpose of 'improving wellbeing for all- by tackling disadvantage and driving economic growth.'

Housing Rights recognises the importance of an affordable housing definition in contributing towards the achievement of the outcomes of the draft Programme for Government (2016-21). The Definition of Affordable Housing Consultation Paper explains that the contribution of housing to achieving the draft PfG outcomes are explicitly referenced in relation to:

² Indicators 8 and 48 of the draft Programme for Government aim to address the number of households in housing stress (indicator 8) and the gap between the number of houses we need, and the number of houses we have (indicator 48)

³ Draft Programme for Government Consultation. <https://www.northernireland.gov.uk/consultations/programme-government-consultation> on 21st August 2019.

- **Outcome 8:** We care for others and we help those in need
- **Indicator:** Number of households in housing stress

- **Outcome 13:** We connect people and opportunities through our infrastructure
- **Indicator:** Gap between the number of houses we need and the number of houses we have

For the reasons outlined below, **Housing Rights considers it appropriate for the Department to link the indicator in relation to poverty (Indicator 19, Outcome 8) to those which are outlined in the consultation paper.**

4.2 Poverty and Housing Stress

The Northern Ireland Audit Office (NIAO) highlights loss of rented accommodation as one of the top three reasons for homelessness in Northern Ireland, and notes poverty as one of the risk factors for homelessness.⁴ The Joseph Rowntree Foundation (JRF) identified that the poorest fifth of the working age population are more likely to spend more than a third of their income on housing costs than the rest of the population in Northern Ireland. The JRF also highlights that the cost of housing impacts on whether or not people can afford to meet all other basic needs.⁵

Research by the JRF analyses the connection between housing and poverty and highlights that the number of people in 'housing cost induced poverty' (not poor before housing costs but poor once housing costs are taken into account) has increased over the past two decades.⁶ The Joseph Rowntree Foundation recognises that poverty is therefore intrinsically linked to housing costs. The draft PfG Delivery Plan also recognises the link between housing costs and poverty, and outlines key areas of support which will contribute towards 'Reducing Poverty and the Causes of Poverty', one of which is to provide over £700 million in Housing Benefit to enable those on low incomes to pay their rents.⁷

Housing Rights agrees that the definition of Affordable Housing should relate directly to the draft Programme for Government Indicators, and Housing rights considers it important that the definition is linked to the poverty indicator under Outcome 8.

⁴ Northern Ireland Audit Office, Homelessness in Northern Ireland (2017)

⁵ Joseph Rowntree Foundation (2018) Poverty in Northern Ireland 2018, JRF Briefing

⁶ Tunstall, R. et al. (2013) The links between housing and poverty. How housing can mitigate or exacerbate the impact of poverty on people's lives, Joseph Rowntree Foundation

⁷ The Executive Office (2018) Outcomes Delivery Plan 2018-2019 Last accessed on 29th August 2019 at <https://www.executiveoffice-ni.gov.uk/sites/default/files/publications/execoffice/outcomes-delivery-plan-2018-19.pdf>

The aim of the PfG Outcomes Delivery Plan is to “turn the curve” and it aims to measure progress using a number of indicators attached to each outcome. In order to maximise the alignment of the Affordable Housing definition to the PfG, Housing Rights recommend that the Department explicitly connect measures of affordability to the definition of affordable housing.

In our view, this approach would be consistent with the approach advocated by the Department in the Housing Market Symposium Report which stated that “*In order to operationalise the concept i.e., turn it into a tool that is useful for applied policy and practice, there needs to be a suitable measurement framework*”.⁸

4.3 Affordability issues in NI

Housing Rights recommend that the Department’s work to refine policy development in this area take into account the affordability issues affecting people across all housing tenures by carrying out a robust scoping exercise of these issues. In doing so the Department would have a baseline against which to monitor progress in the area and would also have an evidence base against which to evaluate any proposed policy initiatives.

Housing Rights understands that the Department will have access to a range of data sources to develop this baseline. Nevertheless, a few headline statistics are detailed below which the Department may find useful in their consideration of the matter.

As an organisation working across all tenures, Housing Rights advises clients struggling to make ends meet in private rentals, social housing and owner-occupied homes.

Private rented sector

According to recent research by CaCHE, household income of those in the Private Rented Sector (PRS) almost equates exactly to those in the Social Rented Sector, however **housing costs are higher in the PRS** which is having a particularly **negative living standard effect for low income PRS households**. The private rented sector in Northern Ireland has experienced a more rapid growth, from a lower base than elsewhere in the UK, however it is also the sector in which **poor quality property is most prevalent** and poor management practices are unacceptably frequent.⁹

⁸ Department for Communities (January 2018), Housing Market Symposium 2017, Final Report and Recommendations

⁹ Marsh, A. and Gibb, K. (July 2019) The Private Rented Sector in the UK, An overview of the policy and regulatory landscape, UK Collaborative Centre for Housing Evidence

Housing Rights advice line receives a higher rate of calls from the private rented sector; chief amongst the **concerns of private rented sector tenants is affordability**. In 2017, over a quarter (27%) of the calls received by the Housing Rights advice line were from private rented sector clients enquiring about **shortfalls between their Local Housing Allowance and rental costs**. This has been a growing trend in calls to the Housing Rights advice line since 2010, reaching a peak of 31% in 2015.¹⁰

The estimated **average weekly housing cost for the private rented sector in Northern Ireland is £98** compared to £77 per week in the social rented sector, and £47 per week for those buying with a mortgage. Those buying with a mortgage have the highest estimated average weekly income of £914 compared to private renters, whose income is £559 per week on average and those in the social rented sector have the lowest average weekly income of £386.¹¹

The Joseph Rowntree Foundation highlights that **38% of those living in the private rented sector in NI are living in poverty**¹². In addition, research carried out by the NIHE stresses that 57% of PRS tenants rely on housing benefit support to meet their rent, however for **89% of these tenants there is a shortfall between the housing benefit they receive and the cost of their rent**.

In Northern Ireland, there are 29,000 households in the social rented sector **at risk of poverty after housing costs** compared to **34,000 households in the private rented sector**. Despite households having the same or a lower income in the social rented sector, the risk of poverty in the private sector is much greater due to the higher housing costs.

Social rented sector

Problems in the social rented sector are no longer simply about supply, but rather insufficient new build, coupled with loss of existing housing stock is just one of the problems contributing to affordability issues for households. Rents in social housing are becoming **increasing unaffordable, exacerbated by benefit cuts** undermining tenants' ability to pay their rents.¹³

In Northern Ireland, there is a significant mismatch between the type of social housing stock available and the type required to meet demand. While just 18% of

¹⁰ McAuley, M. (2019) Falling Behind: Exploring the Gap Between Local Housing Allowance and the Availability of Affordable Private Rented Accommodation in Northern Ireland; Housing Rights (*forthcoming research*)

¹¹ Household income by tenure 2016-17, Family Resources Survey data as referenced in Department for Communities (Dec 2018) Northern Ireland Housing Statistics Annual Publication

¹² Joseph Rowntree Foundation (2018) Poverty in Northern Ireland 2018, JRF Briefing

¹³ Chartered Institute of Housing (2019), CIH Submission to the inquiry into long-term delivery of social and affordable rented housing

social stock has one bedroom, single applicants account for 45% of the waiting list, meaning that **many households have no choice** but to move to homes which they will **under occupy**.¹⁴ This has ramifications for affordability in the social rented sector, particularly with the threat of the Social Sector Size Criteria (SSSC) mitigations package coming to an end in March 2020.

The Northern Ireland Housing Executive's research showed that for the 72 tenants who had lost their SSSC mitigation payment by June 2018, average **arrears per household had increased from £46 to £174.12** by November 2018.¹⁵ The Department for Communities revealed that 87% of respondents to a claimant survey about Welfare Reform had no plans in place to deal with the additional costs upon the end of mitigation payments,¹⁶ revealing that **affordability issues will be exacerbated in the social rented sector** post March 2020.

In addition, the roll out of Universal Credit, which has not yet been fully completed in Northern Ireland, is contributing to **affordability problems** and is driving people into **debt, arrears and poverty**. By May 2019, there were 40,630 live claims for UC in NI and it has been estimated that, by March 2023, approximately 312,000 households in NI will have been transferred to UC.¹⁷

The five week wait before claimants receive their first UC payment has already caused a **significant rise in arrears**, despite (as of May 2019) only 13% of the total population in NI due to migrate to UC, having done so already. These arrears have been well documented in the social rented sector; in 2018/19 the **average arrears for NIHE tenants on UC were £700.05**, compared to an **average of £191.82 for Housing Benefit claimants**.¹⁸

Homeownership

More recently, there has been a significant shift in the nature of ownership and renting. The number of people who own their own home (mortgaged or outright) has **fallen from 72.8% in 2005/06 to 66.8% in 2015/16**, and as a result the number of people renting has increased from 27.1% to 33.2% over the same period.¹⁹

Homeownership has become increasingly **difficult to access**, particularly for first-time buyers, while access to social housing is constrained by a lack of supply.²⁰ In

¹⁴ Northern Ireland Housing Executive (2018) Welfare Reform in Northern Ireland: A Scoping Report

¹⁵ Northern Ireland Housing Executive (2018) Welfare Reform in Northern Ireland: A Scoping Report

¹⁶ Department for Communities (2019) Welfare Reform (NI) Claimant Baseline Surveys

¹⁷ Northern Ireland Audit Office (2019) Welfare Reforms in Northern Ireland

¹⁸ Statistic provided by email to Housing Rights from the Northern Ireland Housing Executive Welfare Project Team on 14/05/19

¹⁹ Mac Flynn, P. and Wilson, L. (2018) Housing in Northern Ireland: Implications for Living Standards and Poverty, NERI WP 2018/No 52, Dublin: Nevin Economic Research Institute

²⁰ House of Commons Library Briefing Paper, Number 07747, 20 May 2019; What is affordable housing?

2015, more than **60,000 homes were in negative equity** and the Financial Services Authority states that many of those who had taken out mortgages since 2005 have become “mortgage prisoners”.²¹ According to research by the Joseph Rowntree Foundation (2018), the **poverty rate for homeowners is higher in Northern Ireland than the UK as a whole.**²²

The largest tenure type in NI is owner-outright (37%) followed by mortgaged homeowners (29%), making up almost two thirds of dwellings in NI. The remaining third of dwellings are rented (19% privately rented and 14% public/social rented).

5.0 Consultation Questions

As this consultation is aimed at gathering **initial thoughts and wider thinking** on the issue of affordability, Housing Rights believes that it may be **premature to discuss affordable housing products** at this early stage. Housing Rights therefore offers the following comments on the relevant questions asked in the consultation paper.

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

Housing Rights welcomes the Department for Communities proposal to revise the definition of Affordable Housing for Northern Ireland and the organisation supports the Department’s aim to agree a clear definition that can be applied consistently in legislation, policy, local plans and in practice.

Housing Rights agrees that the current definition needs amended and agrees that a *“non-product based definition of affordable housing will provide a framework for increasing housing supply while being flexible enough to accommodate changing needs and demands.”*²³

Housing Rights recognises that the current definition of affordable housing was provided by the Department for Social Development before responsibilities were subsumed within the Department for Communities. **Housing Rights considers it an appropriate time to revise the definition of affordable housing** in light of policy developments in spatial planning such as the Local Development Plans across the eleven Councils.

²¹ Northern Ireland Housing Executive (September 2017), Housing Market Analysis Update, Belfast City Council Area

²² Joseph Rowntree Foundation (2018) Poverty in Northern Ireland 2018, JRF Briefing

²³ Department for Communities (2019) Definition of Affordable Housing Consultation Paper

In addition, the **review of the definition is timely** as the Department will have the opportunity to avail of research and policy developments elsewhere, which will strengthen the work of the Department for Communities. In relation to emerging research, Housing Rights notes the interesting and important work done by the **Affordable Housing Commission** on defining and measuring housing affordability.²⁴

Housing Rights acknowledges that the current definition is a result of the affordable housing products available at the time of its development (social rented housing and shared ownership housing), however **Housing Rights believes it is imperative that an updated definition does not just seek to update the types of affordable housing products available, but instead reviews affordable housing in a wider context of affordability on a local and individual level.**

Housing Rights agrees that a revised definition of Affordable Housing should be non-product based.

A recent briefing paper from the House of Commons Library (May 2019) considers how affordable housing is defined in England and it looks at key trends in the affordability of different tenures. The briefing paper suggests that the failure to link affordability with real income levels and prices within a locality results in definitions which 'lack credibility'.²⁵

Drawing on the emerging research and policy in England and elsewhere, it may be useful for the Department to consider the key trends and affordability issues applicable to Northern Ireland prior to developing an updated definition of Affordable Housing. If approached in the appropriate way, an updated definition of affordable housing has the potential to help address the current housing issues which Northern Ireland faces and more importantly has the potential to make a real difference to the lives of those struggling to afford a home.

Housing Rights recommends that the Department undertakes a comprehensive assessment of housing affordability concerns across all tenures in Northern Ireland, and also recommends that policy development on the definition of affordable housing is clearly and directly linked to this evidence base.

Housing Rights agrees that it is imperative that public resources are targeted to greatest effect given the current funding environment, and welcomes the Department's desire to address housing challenges collaboratively with the NIHE, Housing Associations, councils, private developers and private landlords, lenders and the advice sector.

²⁴ Affordable Housing Commission (2019) Defining and measuring housing affordability- an alternative approach.

²⁵ House of Commons Library Briefing Paper, Number 07747, 20 May 2019; What is affordable housing?

5.2 Do you agree with the overarching principles and objectives which have been identified?

Housing Rights agrees with the overarching principles and objectives which have been identified for the Definition of Affordable Housing and the organisation looks forward to better understanding how these will be reflected in the final policy.

Housing Rights supports the delivery of the six objectives outlined within the consultation paper; however the organisation notes that the overarching principles and objectives are weighted in favour of supply. Only one of the six objectives refers to the household;

'To target our resources on those households who need help to access suitable and affordable housing'

Given that the Department links the definition to two indicators; one which relates to households in housing stress and another which relates to supply, the Department may wish to consider the **balance of the overarching principles** and objectives in relation to achieving the draft PfG outcomes and indicators equally, and may wish to include an **additional objective aimed at households in housing stress**. The Department may wish to consider an objective such as:

'To greater understand the affordability concerns of households in, or at risk of being, in housing stress.'

5.3 Do you agree with the proposed revised definition?

Non-Product Based Definition

Housing Rights agrees that the proposed **new definition should be non-product based** and the organisation would encourage the Department to take a non-product based approach in defining affordable housing.

Housing Rights recognises the work which the Department has done thus far in relation to affordable housing and supports the need for a revised definition; however the proposed definition which has been put forward by the Department could be interpreted as being product based. The consultation paper outlines examples of recognised affordable housing products currently available in Northern Ireland, in addition to offering examples of potential affordable housing options. **The Department may wish to review the attention given to product based options in the paper, given the stated commitment of the definition being non product based.**

Clarity Required

Housing Rights notes that there are **two proposed definitions** released by the Department, and it is unclear to us if there has been an error in one of the documents containing these. There is a difference between the Definition of Affordable Housing **Consultation Paper** and the **Impact Screening Assessment** for said consultation.

The Section 75 Policy Screening Form states that “*the proposed definition, as outlined in the consultation paper is as follows:*

*Affordable housing is housing provided for sale or rent outside of the general market, for those whose needs are not met by the market. **It should be provided at such a level that it does not place a household under undue financial pressure because of housing costs.** Affordable housing which is funded by Government must remain affordable or, alternatively, there must be provision for the public subsidy to be repaid or recycled in the provision of new affordable housing.”²⁶*

The proposed definition in the Consultation Paper does not include the middle sentence (highlighted above in bold), which relates to affordability in relation to a household's income. Housing Rights notes that the proposed definition in the Consultation Paper also does not include reference to “eligible households” which is contained in the current definition of affordable housing within the Strategic Planning Policy Statement (SPPS).²⁷

Housing Rights believes it is imperative that the Department develops a revised definition of Affordable Housing which relates to housing costs and household income.

Housing Rights agrees that “*Affordable housing which is provided by Government must remain affordable or, alternatively, there must be provision for the public subsidy to be repaid or recycled in the provision of new affordable housing*”, and the organisation believes that this should remain an important part of the proposed definition.

Housing Rights acknowledges that the aim of the Consultation Paper is to **capture initial thoughts** on affordability and we are sure that the Department will further consider how housing costs can place a household under financial pressure and housing stress.

²⁶ Department for Communities (June 2019) Definition of Affordable Housing Section 75 Policy Screening Form Accessed on 27th August 2019 at <https://www.communities-ni.gov.uk/sites/default/files/publications/communities/dfc-equality-definition-of-affordable-housing.pdf>

²⁷ Strategic Planning Policy Statement for NI (September 2015) https://www.planningni.gov.uk/index/policy/spps_28_september_2015-3.pdf

Housing Rights recommends that the Department considers the emerging work done by the Affordable Housing Commission, and the organisation offers the following useful additional evidence which the Department may wish to consider.

Defining Affordability

Housing Rights acknowledges the different definitions of affordable housing and affordability, and would like to **highlight wider thinking** on the issue which the Department may wish to consider.

According to dictionary definitions, something is affordable if it is '*believed to be within one's financial means*' and to afford something means '*to be able to do or spare something without risking financial difficulties or undesirable consequences*'.²⁸ Focusing on the tenant experience, Shelter have defined affordability as when '*you can afford to live in it: when you can pay the rent or mortgage without being forced to cut back on the essentials or falling into debt*'.²⁹

Income

Housing Rights believes that it is imperative to consider income in relation to affordable housing and the ability of a household to access and sustain a home after housing costs.

Joseph Rowntree Foundation

The Joseph Rowntree Foundation link affordability with poverty, and explain that the main poverty indicator is when someone lives in a household whose **income after housing costs**, is less than 60% of median income, adjusted for their household size and type.³⁰

Housing Market Symposium

The **Housing Market Symposium** report outlines that the cost of housing and its affordability for a particular household is an important issue. The Report also highlights that there has been a considerable amount of research undertaken in NI and elsewhere in the UK and further discusses the research by Ulster University in relation to new models of measuring affordability. The Report briefly outlines differing approaches to measuring affordability across England, Wales and Scotland, and **asserts that affordability in its wider sense should cover a household's ability to sustain its owner-occupancy/tenancy in financial terms.**

²⁸ Collins online dictionary www.collinsdictionary.com

²⁹ Bibby, J. (2015) What is 'affordable housing'? Shelter Blog. Accessed on 29th August 2019 at <https://blog.shelter.org.uk/2015/08/what-is-affordable-housing/>

³⁰ Joseph Rowntree Foundation (2018) Poverty in Northern Ireland 2018, JRF Briefing

Affordable Housing Commission

The **Affordable Housing Commission** (AHC)³¹ proposes a new measure of housing affordability, “*Rather than focusing on market rents and house prices it defines and measures housing affordability as being what people can afford, be it to rent or to buy.*”³²

The approach of the AHC replaces existing market-based definitions and instead views affordability from the “*perspective of who is facing housing stress and under what circumstances.*” The new measure is based on an affordability threshold (30% of household income for those in work) as opposed to the ‘Affordable Rent’ product, which defines affordable housing as 80% of market rent regardless of household income.

The Affordable Housing Commission recommends an affordability threshold of 30% of household income; however recent research in Northern Ireland by the Nevin Economic Research Institute has identified other measures of affordability such as the ‘residual income measure.’

Nevin Economic Research Institute

The NERI Research Working Paper (April 2018) deems that “*widely utilised measures of affordability can be blunt instruments to measure housing sufficiency*”,³³ and expresses that the housing cost to income ratio measure does not consider whether the income available after housing costs is adequate to meet non-housing costs. As such, a ‘**residual income measure**’ is advocated, which defines housing as affordable if a **household is able to afford to meet their other essential needs after paying for the cost of housing.**

The Research Working Paper from the Nevin Economic Research Institute highlights the relationship between housing costs, income and living standards and it explains that given that housing costs are often the single biggest expenditure, a person’s housing have the potential to affect a wide range of other outcomes.

Housing affordability and affordable housing challenges affect a household’s ability to pay for food, utilities, transportation to work, health and childcare expenditures, as well as reducing savings for emergencies, retirement and other opportunities such as pursuing higher education. These challenges may result in decreased opportunities and a lower overall quality of life.³⁴

³¹ The Affordable Housing Commission (AHC) is an independent, non-partisan group established to examine the causes and effects of the affordability crisis, and how it relates to tenure, place, demographics, incomes, wealth distribution, life chances, as well as the social and economic impacts, explore and propose workable solutions, raise awareness of the concerns and solutions; engage stakeholders & build a consensus for change

³² Affordable Housing Commission (2019) Defining and measuring housing affordability- an alternative approach

³³ Mac Flynn, P. and Wilson, L. (2018) Housing in Northern Ireland: Implications for Living Standards and Poverty, NERI WP 2018/No 52, Dublin: Nevin Economic Research Institute

³⁴ Katrin B. Anacker (2019) Introduction: housing affordability and affordable housing, International Journal of Housing Policy, 19:1, 1-16,

Quality of Housing

The Affordable Housing Commission's research³⁵ is comprehensive and it recognises the **different ways in which different groups of people experience housing stress** whilst examining other issues including housing quality, overcrowding, adequacy of Housing Benefit, household size and regional variations. Housing Rights considers it important that these issues are factored in to the assessment of affordable housing and advocates that **housing affordability cannot be separated from a discussion on housing quality and standards.**

A recent literature review³⁶ of rent affordability found that all definitions agree that affordable housing should secure affordable rents for some given standard of housing in terms of quality. The Scottish Government define affordable housing as "housing of a **reasonable quality** that is affordable to people on modest incomes"³⁷

Consideration should be given to the standard and quality of homes which are realistically affordable to those on low incomes. Monitoring and maintaining good housing conditions for all households in all tenures is necessary. Bad housing conditions affect health and may have long term effects on incomes and employment, therefore affecting a household's ability to meet housing costs.³⁸

Housing Rights believes that policy development on the definition of affordable housing should be directly linked to the quality and standards of housing across all tenures.

Across all tenures

Given the housing pressures across all housing sectors, the Department may wish to consider a revised definition which reflects Government's responsibility across all tenures. The **Housing Market Symposium 2017**, which was established in response to the same PfG outcomes and indicators as are related to the affordable housing definition, states that there has been an **emphasis on market-based solutions in recent decades and recommends that housing policy should encompass the sector as a whole**, rather than its constituent parts.³⁹

³⁵ Affordable Housing Commission (2019) Defining and measuring housing affordability- an alternative approach

³⁶ Scottish Government (June 2019) Rent affordability in the affordable housing sector; A Literature Review

³⁷ Scottish Government (June 2019) Rent affordability in the affordable housing sector; A Literature Review

³⁸ Scottish Government (June 2019) Rent affordability in the affordable housing sector; A Literature Review

³⁹ Department for Communities (January 2018), Housing Market Symposium 2017, Final Report and Recommendations

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

Housing Rights believes that it may be premature to consider affordable housing products in advance of both developing a baseline of the affordability issues faced by people who need access to affordable housing and agreeing a definition. In our view, it would be beneficial for the Department to carry out a **robust assessment of affordability across all sectors**, and to **meaningfully engage with stakeholders** with regards to experiences, issues and challenges of affordable housing.

Housing Rights recommend that the Department establishes a stakeholder group to engage with those who have experience across the sectors, and to carry out a comprehensive assessment of affordability issues in Northern Ireland.

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

Whilst the Department's definition details four broad target groups (First Time Buyers/Returnees to the Market, Active Older People, People with disabilities and Lower Income households), it appears to **limit its focus to intermediate housing** and therefore does not take account of a wide range of householders in the owner occupier, social and private sectors.

The Consultation Paper for the definition of affordable housing does not make it clear **how or why these particular target groups were chosen**, and/or why the target groups have been limited to intermediate products.

It is particularly unclear why the Department have chosen Active Older People as a target group. Housing Rights understands this to be quite a wide group of people with varying affordability needs. It may be more appropriate to adopt an approach which is more targeted.

Housing Rights believes that a robust assessment of affordability in Northern Ireland would assist the Department in identifying appropriate target groups, and consideration of inequalities in housing would inform the decision making process for this.

The Affordable Housing Commission provides a proactive and interventionist '**people based**' approach in considering affordable housing, which is tenure neutral and provides an inclusive definition and measure of affordable housing. This includes Struggling Renters, Low income older households, Struggling homeowners and Frustrated first time buyers. **Housing Rights recommends that the Department consider adopting a similar approach in identifying target groups.**

Low Income Households

Housing Rights supports the inclusion of lower income households as a focus for affordable housing and as one of the target groups.

This group of low income householders are highlighted in the Nevin Economic Research Institute (NERI) research paper, which assesses the sufficiency and affordability of housing in Northern Ireland and the **implications which housing costs have for living standards**. It is clear that housing costs have a significant impact on the living standards of particular groups, specifically for “*low income households in the private rented sector, who face a particularly high housing cost burden and a high risk of poverty.*”⁴⁰

Housing Rights agrees that it is important to include target groups within the definition of affordable housing and the Department may wish to consider other evidence bases such as the research which informed the Equality Commission’s Key Statement on Inequalities⁴¹, research referred to throughout this response by the Joseph Rowntree Foundation, the Nevin Economic Research Institute and recent research by Julie Rugg⁴² which identifies the inequalities for those living in the private rented sector.

6.0 Next Steps

Housing Rights believes that reviewing the definition of affordable housing is one of the **most important emerging policies in Northern Ireland**, and the organisation welcomes the opportunity to respond and participate in further discussion on the issue.

The Department may wish to **establish a stakeholder group** to meaningfully engage with those involved in all aspects of affordable housing. The establishment of an Affordable Housing stakeholder group would enable early discussions around the **aims and purposes of a definition**, and would inform further research and recommendations on the issue from a broad spectrum of knowledge and experiences.

⁴⁰ Mac Flynn, P. and Wilson, L. (2018) Housing in Northern Ireland: Implications for Living Standards and Poverty, NERI WP 2018/No 52, Dublin: Nevin Economic Research Institute

⁴¹ Equality Commission for Northern Ireland (2017) Key Inequalities in Housing and Communities

⁴² Rugg, J. and Rhodes, D. (2018) The Evolving Private Rented Sector: its Contribution and Potential, University of York, Centre for Housing Policy.

For further information on this consultation response, please contact Kathleen Smyth, Policy & Public Affairs Officer by email: Kathleen@housingrights.org.uk or by phone on: 028 90 245640