

# UNITED KINGDOM (NORTHERN IRELAND)

PREPARED BY UK Collaborative Centre for Housing Evidence (CaCHE)  
PRIMARY AUTHOR Joe Frey  
DATE 31-May-25  
SERIES Social and Public Housing in the EU & UK

## PARTNER ORGANISATIONS



THIS RESEARCH HAS BEEN  
FUNDED BY



An Roinn Tithíochta,  
Rialtais Áitiúil agus Oidhreachta  
Department of Housing,  
Local Government and Heritage

*The views expressed in this paper are those of the authors and they should not be regarded as an official position of the Department of Housing, Local Government, and Heritage.*

**Table 1: Northern Ireland Housing Stock**

Tenure	# of Dwellings	% of total
Social Housing	117,470	14.3
– of which: NIHE	82,950	10.1
– of which: Housing Associations	34,520	4.2
Shared ownership (NI Co-Ownership HA)	6,570	0.8
Owner-occupied	494,930	60.3
Private rented sector	149,850	18.2
Vacant properties	52,280	6.4
<b>Total</b>	<b>821,100</b>	

Source: NI Census 2021

## Origins and historical overview

### Developments pre- 1970

Northern Ireland's current housing system is deeply rooted in the history of Northern Ireland (NI) itself. The Government of Ireland Act (1920) established NI as a distinctive jurisdiction within the United Kingdom, with its own Unionist-dominated devolved parliament, which had responsibility for housing policy. This was the situation until 1972, when after three years of violent civil conflict (the 'Troubles') the British Government introduced 'direct rule', which in effect by-passed locally elected politicians, who were given no significant role in determining housing policy.<sup>1</sup> This remained the situation until the 1998 Belfast (Good Friday) Agreement that laid the foundation for the return of devolution in the form of a Northern Ireland Assembly and a cross-community, power-sharing Northern Ireland Executive, in which, following elections to the Assembly, ministerial posts were allocated to the four (later five) main political parties based on electoral strength using the d'Hondt system.

Given the significantly different attitudes to social policy of the main political parties, this practice—which has resulted in Ministers from four different parties having responsibility for housing over a 25-year period—has had a major impact on housing policy since the start of devolution. In addition, the requirement for cross party support for major policy initiatives, as well as the constraints imposed by a system of public finance that is dominated by Departmental Expenditure Limits and Annually Managed Expenditure determined by the Treasury at Westminster, have combined to contribute to a somewhat distinctive trajectory of policy development and implementation.

Responsibility for housing in post-1920 NI lay with the Ministry of Home Affairs. However, in contrast to England and Wales, there was an absence of comparable legislation introducing central government subsidies that facilitated the construction of social (local authority) dwellings, with the result that the level of local authority housebuilding remained low throughout the interwar period. "Local authorities in NI were dominated by Ulster Unionists who were generally reluctant to engage in direct provision because of the burden on ratepayers".<sup>2</sup> Estimates show that local authority output in Britain was pro

<sup>1</sup> Paris, C. (2001) Introduction, in Paris, C. (ed) *Housing in Northern Ireland*, Chartered Institute of Housing, pp.2-3.

<sup>2</sup> McPeake, J. (2001) Transforming Housing Conditions, in Paris, C. (ed) *Housing in Northern Ireland*, Chartered Institute of Housing, p.40.

rata 4 times greater than in NI.<sup>3</sup> In addition, in rural areas local authorities often built housing without key basic amenities such as a piped water supply and electricity and in urban areas lack of subsidies for slum clearance meant that large areas of poor-quality housing remained.<sup>4</sup> The contrasting pathways of Northern Ireland and Great Britain (GB) in the interwar years was reflected in the report by the Planning Advisory Board (1944), which noted that even on the basis of minimal standards, some 230,000 of NI's total stock of 323,000 dwellings was in need of repair.<sup>5</sup>

The evidence of local authority neglect was a key factor in the establishment of the NI Housing Trust to “complement (and compensate for the lack of) local authority housing activity”.<sup>6</sup> However, the increase in the supply of public housing envisaged by the Planning Advisory Board was nowhere near achieved and there was a gradual return to a more non-interventionist policy. In 1956, new legislation imposed a statutory duty on Councils to address unfit housing, provided a stimulus to the provision of new council homes. Research highlights the huge increase in average annual construction of public housing by local authorities between 1919-39 (375, 14.7% of overall output) and by local authorities and the newly formed NI Housing Trust between 1944 and 1970 (4,229, 62% of overall housing output).<sup>7</sup> However, while there was undoubtedly a substantial increase in output—this was not always reflected in improved quality. An estimated 20,000 of these new dwellings of ‘non-traditional’ construction and form—including high-rise and deck access flats, the most notorious of which was the ‘ill-fated’ Divis complex that comprised 13 slab blocks, constructed using a French prefabricated steel formwork (Sectra).<sup>8</sup>

By the 1960s there were undoubtedly significant steps being taken in the right direction. Murie (2001) highlights the growing tension between NI's political and administrative structure that provided an essential residual housing service and the growing recognition that a much more interventionist approach to housing policy was required to address the enormous backlog in housing need.<sup>9</sup> A number of consultants' reports emphasised the role public housing provision could play in the NI Government's attempts to stimulate economic growth and development in a number of key centres and a key government report published in 1970<sup>10</sup> recommended a significant increase in the construction of new dwellings with the aim of reaching a figure of 17,000 per annum by 1975.

By the late 1960s, therefore, the evidence would suggest that the overdue rationalisation of NI's housing system may have already been underway, but further progress was undoubtedly accelerated by the outbreak of ‘the Troubles’ in 1968.

### **Formation of the Northern Ireland Housing Executive**

The Cameron Commission report into the ‘Disturbances in Northern Ireland’,<sup>11</sup> published in September 1969, gave prominence to ‘the inadequacy of housing provision by certain local authorities’ and the

<sup>3</sup> Singleton, D. (1989) Housing in Northern Ireland: the problems of a divided community, in Smith, M. *Guide to Housing*, 3<sup>rd</sup> edition. Housing Centre Trust London. Cited in McPeake, J. (2001) Transforming Housing Conditions, in Paris, C. (ed) *Housing in Northern Ireland*, Chartered Institute of Housing, p.40.

<sup>4</sup>. Ibid.

<sup>5</sup> Murie, A. (2001), Housing Policy and Administration in Northern Ireland, 1945-90, in Paris, C. (ed) *Housing in Northern Ireland*, Chartered Institute of Housing, p.26.

<sup>6</sup> Ibid., p.26.

<sup>7</sup> McPeake, J. (2001) Transforming Housing Conditions, in Paris, C. (ed) *Housing in Northern Ireland*, Chartered Institute of Housing, p. 40.

<sup>8</sup> Ibid. p.41.

<sup>9</sup> Murie, A. (2001) Housing Policy and Administration in Northern Ireland, 1945-90, in Paris, C. (ed) *Housing in Northern Ireland*, Chartered Institute of Housing, pp. 26-27.

<sup>10</sup> HMSO (1970) *Northern Ireland Development Programme 1970-75*, HMSO: Belfast.

<sup>11</sup> HMSO (1969) *Disturbances in Northern Ireland: Report of the Commission appointed by the Governor of Northern Ireland*. Downloaded 29 November 2025 at: <https://cain.ulster.ac.uk/hmsocameron.htm>

‘unfair methods of allocation of houses built and let by such authorities’, specifically noting the absence of a ‘points’ system of allocation based on housing need (para. 229). There continues to be some debate about how widespread the practice of ethno-religious discrimination in local authority housing was in the period up until the late 1960s, but there is no doubt that to this day that the history of discrimination still casts a long shadow over both the governance of social housing and housing policy.

An important almost immediate consequence of the Cameron Commission report was the establishment of the Northern Ireland Housing Executive (NIHE) as a ‘single-purpose, efficient and stream-lined central housing authority’,<sup>12</sup> with responsibility for the construction of new dwellings and for managing and allocating all existing public housing. By 1973 the NIHE had assumed responsibility for approximately 155,000 dwellings from 61 local authorities, the NI Housing Trust and three (new town) Development Commissions.

The Housing Executive Act also directed the newly formed NIHE to ‘regularly examine housing conditions and requirements’. In 1971, an estimated 25 per cent of NI’s housing stock was considered to be statutorily unfit – the worst housing conditions in western Europe at that time. Addressing housing conditions, therefore, became a key policy focus in the ensuing 25 years.

### *Improving housing conditions*

The first House Condition Survey was carried out in 1974. It had two broad aims: firstly, to provide a wide range of technical and economic information on housing conditions, amenities, tenure, etc., and, secondly, to enable comparisons to be made with housing conditions in GB. Subsequent House Condition Surveys collected additional information and broadened the aims of the surveys, but the core purpose of providing information that would guide investment and enable progress to be monitored in relation to the rest of the UK remained.

Key findings from the first House Condition Survey (1974) showed that some 90,000 (20%) dwellings failed to meet minimum requirements for human habitation – a proportion that was three times higher than in England. In total, approximately 600,000 people (40% of the total population lived in homes that were unfit, in disrepair or lacked basic amenities). The reasons for the disparity with England have been alluded to above: in summary, the proportionately much lower number of new homes constructed as a result of local authorities’ reluctance to burden taxpayers with the cost of public housing, and the absence of slum clearance subsidies; a situation compounded by the lower standard of interwar housing, particularly in rural areas.

By the turn of the new millennium, there had been significant progress. The House Condition Survey carried out in 2001 indicated that the rate of unfitness had fallen from 20% in 1974 to 4.9% (31,600 dwellings) and the number of homes lacking basic amenities had fallen to 15,660 (2.4%). Indeed, by this point in time, the rate of unfitness in NI was lower than in England. The key factor in this success story was the huge investment programme led by the NIHE. Between 1971 and 2000 approximately 275,000 new homes were completed (an annual average of 14,000), almost 40% of which were public sector (mainly NIHE) dwellings. In addition, the existing stock underwent a substantial upgrading by means of a combination of a large-scale area-based renewal programme, generous private sector home improvement grants and massive ongoing programmes of maintenance and improvement of existing public sector stock. Obviously, this was underpinned by a public finance regime that for a

---

<sup>12</sup> HMSO (1971) Housing Executive Act (Northern Ireland) 1971. Downloaded 29 November 2024 at: <https://cain.ulster.ac.uk/hmsso/hea1971.htm>

considerable number of years prioritised housing, with the result that ‘expenditure levels were much more generous than elsewhere in the United Kingdom’<sup>13</sup>.

Thus, by 2001, residual unfitness was essentially associated with vacant properties, older dwellings and older people, a rural location and the private rented sector. As a policy (and political) issue, housing conditions moved down the agenda, although the Fitness Standard is currently still NI’s key statutory measure of housing quality.

### **A new Housing Selection Scheme**

The second key issue that dominated housing policy development in NI following the establishment of the NIHE was the allocation of social housing. The Housing Executive moved quickly to address a key criticism of the Cameron Commission: the absence of a points-based system. The new Housing Selection Scheme that was drawn up was widely accepted as a fair and transparent needs-based system based on agreed measurable criteria. The original scheme (1974) introduced four priority (A list) categories (homelessness; health or welfare needs; redevelopment areas/unfit properties; and incoming workers) with remaining applicants (B list) being awarded points based on their current housing circumstances; e.g., overcrowding, lack of amenities, sharing and ‘local’ points. All citizens of NI were allowed to apply, with no income limit. The system was seen as working well and the only significant change before 2000 was introduced in 1988, when the ‘Housing (NI) Order 1988’ imposed a statutory duty on the NIHE to secure temporary accommodation for households deemed to be unintentionally homeless. Prior to this the NIHE’s duty to care for the homeless had been much vaguer and the new legislation effectively brought NI into line with GB, where similar legislation was already in operation.

However, in the 1990s there was a growing awareness that households who were deemed to be statutorily homeless (Category A1) were being allocated an ever increasing proportion of lettings in the social sector—something that was seen to be increasingly at the expense of the households on the general waiting list. In addition, the existing Housing Selection Scheme was seen as not differentiating sufficiently between levels of priority need and not addressing the fact that a growing proportion of the waiting list for social housing (more than 40 per cent by the mid-1990s) were single person households. Indeed, the mismatch between the traditional family-orientated stock and the housing needs of single people became a regularly cited policy issue in the following decades; though no specific policies have, as yet, been brought forward to deal with this.

In the mid-1990s the Department of the Environment (DoENI) had initiated a major Housing Policy Review,<sup>14</sup> including the mechanism for allocating social dwellings. A key recommendation of this Review was that there should be a common selection scheme for both the NIHE and housing association properties. Under Article 22 of the Housing (NI) Order (1981) dwellings were to be allocated in accordance with a scheme approved by the appropriate Government Department (in this case the DoENI). Following a lengthy and comprehensive consultation, the new scheme—drawn up by a team led by the Housing Executive—was approved in 1999; post-devolution by the Department for Social Development (DSDNI) and took effect from 1 November 2000.

The new scheme did away with the four priority (A) categories. Henceforth, allocations were to be made on the basis of a points-based system that provided a ‘single gateway’ into social housing throughout NI for both the NIHE and the growing number of housing association dwellings. The principle of universal access was retained, along with a number of other basic eligibility criteria: a

---

<sup>13</sup> Murie, A. (2001) Housing Policy and Administration in Northern Ireland, 1945-90, in Paris, C. (ed) *Housing in Northern Ireland*, Chartered Institute of Housing, p.32.

<sup>14</sup> Department of the Environment for Northern Ireland (1996): *Building on Success: proposals for future housing policy*, Belfast: DoE (NI).

household could only have one application for the whole of NI, applicants must normally be aged 18 or over and had to have ‘a substantial connection with Northern Ireland’. Applicants were ranked on the basis of the points-based scheme (in the case of those applicants with equal points ranking was completed on the basis of date order of application).

The scheme awarded points for four areas:

- 1) Intimidation – if someone’s house was attacked or damaged (e.g., related to sectarian violence) – the household would be awarded the maximum (homelessness) 200 points, plus a grant towards the cost of moving;
- 2) Insecurity of tenure – if deemed homeless or threatened with homelessness the applicant would be deemed a Full Duty Applicant (with 200 points or depending on individual circumstances considered to be a lesser priority – a lesser number of homeless points);
- 3) Housing conditions e.g. sharing, overcrowding, lack of amenities or disrepair;
- 4) Health & Social Well-being Assessment – based on an assessment of functionality, support and care needs, social needs. In the case of ‘complex needs’ an assessment was undertaken by a multi-disciplinary team.

While the scheme was seen as giving a more appropriate level of priority to homeless households, it became clear in a relatively short space of time that as the waiting list for social housing grew, new lets increasingly only went to households with either intimidation points or insecurity of tenure—resulting in a widespread practice of abuse that was very difficult to control—despite the deployment of significant government and community-based resources. The seeds of a new review were already planted, but in essence the 2001 Housing Selection Scheme remains in place today. Some more recent modifications and outstanding policy issues are dealt with in a later section.

### *The housing association movement*

NI’s housing association movement emerged in the 1970s against a background of an “upsurge in community activity and in the formation of tenants’ associations and community groups many of which were established to lobby against redevelopment and to protect their areas from paramilitary organisations”.<sup>15</sup> The community-based organisations that were active in this sphere concentrated their efforts on rehabilitating existing properties and in Belfast, in particular, played an important role in the Housing Action Areas that were increasingly replacing large scale redevelopment projects in this period. The 1976 ‘Housing (NI) Order’ provided the legislative basis for the rapid expansion of housing associations. In 1978, the Department of the Environment issued a circular which envisaged the NIHE focusing on mainstream housing, while housing associations would concentrate on more specialised forms of housing; e.g., sheltered housing for the elderly, accommodation for single people, and community-based housing renewal. Well-known GB-based associations such as the Royal British Legion, Anchor and Habinteg were encouraged to develop NI subsidiaries and by the late 1980s the NIHE no longer provided new sheltered accommodation, transferring the management of its existing schemes to housing associations.

By 1990, Northern Ireland had 45 registered housing associations managing a stock of more than 13,000 homes. By 2001, housing associations played an increasingly significant role in social housing in NI, with a combined stock of almost 18,000 properties.<sup>16</sup> Housing Associations in the 1980s were funded by a combination of Housing Association Grant (HAG: a capital grant from central Government to registered housing associations for the purchase of land and the development of new dwellings) and a Revenue Deficit Grant that effectively compensated them for potential losses on the revenue

<sup>15</sup> Mackay, C. and Williamson, C. (2001) Housing associations in Ireland, North and South, in Paris, C. (ed) *Housing in Northern Ireland*, Chartered Institute of Housing, p.112.

<sup>16</sup> NIHE (2003) *Northern Ireland House Condition Survey, 2001, Main Report*, Belfast: NIHE. p.20

side. In 1991, however, a system of mixed funding was introduced that aimed to maximise the number of new dwellings constructed (or rehabilitated) for a lesser amount of Government subsidy. In tandem, housing associations were allowed much greater freedom to set rents for these new “mixed-funded” properties, rather than, as previously, having to apply to the NIHE’s points based rent scheme. By 1999/2000 the housing associations were responsible for delivering a social new build programme of 1,900 social dwellings with the aid of a combination of a £58 million (€91m) Government Grant (HAG) and £35 million (€55m) in private loans.<sup>17</sup>

## Post Devolution Policy Development

### *Housing Policy Review*

The Housing Policy Review of the mid-1990’s effectively marked an important watershed in terms of the development of social housing policy in NI. The introduction of the common Housing Selection Scheme (that has basically remained unchanged to this day) was only one outcome of the Review. Arguably a more important outcome, and one that continues to reverberate, was the significant change to the role played by the NIHE in the housing market. Specifically, its 1996 report envisaged that the NIHE’s role would ‘increasingly be that of a strategic enabler in the assessment of housing need, the provision of and access to homes and securing the effective development and use of all housing tenures’ and that a shift from ‘bricks to mortar’ to personal subsidies would facilitate the ‘better targeting of resources and achieving more with the taxpayers’ money’.<sup>18</sup>

The Review also addressed two further issues: Firstly, it confirmed that the principle of comparable rents for comparable NIHE properties enshrined in the NIHE’s rent scheme was to remain, but highlighted the relatively low rents being charged for Housing Executive properties. Secondly, it examined the potential for the large-scale transfer of NIHE stock, but recognised the ‘particular difficulties’ in Northern Ireland (i.e. the potential for paramilitary involvement). Both of these have continued to be the subject of ongoing debate over the last 25 years.

However, probably the most important immediate outcome of the DoENI Housing Policy Review, was that the construction of new social dwellings in NI would increasingly (and by 2003 entirely) become the responsibility of NI’s housing associations. At the time, there was considerable debate around this policy shift: ‘did housing associations have the experience and capacity to deliver the required programme?’; ‘would the affordable rents that housing associations could charge on properties built after 1992 actually be affordable?’; and, ‘would this simply mean the transfer (via Housing Benefit) of part of the ‘bricks and mortar’ subsidy to the budget for Social Security’?.

Unlike NIHE debt, however, loans taken out by housing associations were not considered as part of the UK’s Public Sector Borrowing Requirement, and this was seen by the DoENI (in line with Treasury guidelines) as the overriding consideration. In subsequent years new social housing schemes originally scheduled to be delivered by the NIHE were transferred to housing associations. It was to be 2023 before the NIHE was—as an exceptional case—allowed to build new social housing again; though in reality this delivered only six new dwellings.<sup>19</sup>

### *The impact of devolution*

Devolution in NI marked a turning point in terms of the roles played by government at all levels. The national (UK) Government continued to exercise an important influence at the strategic level. This was particularly apparent in the role it plays in determining the funding and financial constraints placed on

<sup>17</sup> Mackay, C. and Williamson, C. (2001) Housing associations in Ireland, North and South, in Paris, C. (ed) *Housing in Northern Ireland*, Chartered Institute of Housing, p.114.

<sup>18</sup> DoENI (1996) *Building on Success: proposals for Future Housing Policy*, Belfast: DoENI, p.59.

<sup>19</sup> <https://www.insidehousing.co.uk/news/northern-ireland-housing-executive-completes-first-homes-in-25-years>

Northern Ireland's public sector budget, as well as through the welfare system that includes very significant support to social housing via Housing Benefit and more recently by means of the housing element of Universal Credit. Within these constraints, however, the Department for Communities (DfC) and ultimately the Minister for Communities has overall responsibility for the oversight and good governance of social housing and now plays the leading role in the formulation of housing policy. The funding streams to both the NIHE and housing associations are provided and monitored by DfC. Details of departmental guidance and control over the NIHE and housing associations are set out in a 'Dossier of Controls' and a 'Housing Association Guide' respectively<sup>20</sup>.

Local authorities continue to play a somewhat limited, mainly consultative, role in social housing in NI – a consultative role exists through the NI Housing Council, a body that comprises one representative from each of the eleven District Councils in Northern Ireland<sup>21</sup>. However, since the transfer of development planning responsibilities to Councils in 2015 they are beginning to play an important role in planning for new social housing schemes (see section on housing supply below).

### Ongoing Challenges

The new millennium marked the beginning of a period characterised by increasing emphasis on private sources of funding for the construction of new social dwellings (the Social Housing Development Programme: SHDP). The NIHE continued to be by far the largest social landlord in NI, but placed more emphasis on its strategic role, which embodied a commitment to improve all sectors of the housing market. There were a number of key issues, however, which by the turn of the new millennium remained unresolved. In particular, there was a view developing in Government circles that NI's housing system should become more like those in other UK jurisdictions. This led to a series of inquiries, commissions and consultants reports<sup>22</sup> that culminated in 2012 in the Department for Social Development's '*Facing the Future: Housing Strategy for Northern Ireland*'.

*Facing the Future*<sup>23</sup> was launched in 2012 as a consultation document. It was a wide-ranging document that addressed issues in all sectors of the housing market. The most significant proposals, however, were for the social housing sector: Government subsidy for housing associations would in future be at a lower level; housing associations rents for new social dwellings in the future would be harmonised; alternative innovative models for funding housing were to be explored. The strategy also identified 'developer contributions' as an important aspiration but noted that it was unrealistic to expect this to bear fruit at a time when the housing market was still recovering from the Global Financial Crisis. In addition, the existing House Sales Scheme was to be maintained, but subject to review; finally, it indicated a commitment to introducing Welfare Reform legislation, that would be broadly in line with the GB Welfare Reform Act (2012) but, "in a way that best reflects our circumstances".<sup>24</sup> The strategy also proposed that the DSDNI would "put in place new structures to take forward the fundamental review of the Northern Ireland Housing Executive"<sup>25</sup> by March 2015, the rather vague wording reflecting the ongoing political disunity on this issue.

The final version of the Strategy *Facing the Future: The Housing Strategy for Northern Ireland 2012-2017* was published by the Department for Communities in 2015 and provided the strategic direction

<sup>20</sup><https://www.nihe.gov.uk/getattachment/e738be88-503b-4fba-9313-e9f819b6d53c/Corporate-Governance-Manual.pdf>;

<https://www.communities-ni.gov.uk/articles/housing-association-guide>

<sup>21</sup> <https://nihousingcouncil.org/about-the-nihc/structure-of-the-housing-council/>

<sup>22</sup> The most influential of these was the 'Best Report': *Report of the Independent Commission on the Future of Housing in Northern Ireland*, Chartered Institute of Housing, 2009.

<sup>23</sup> Department for Social Development (2012) *Facing the Future: Housing Strategy for Northern Ireland*, DSD: Belfast.

<sup>24</sup> Ibid. p.34.

<sup>25</sup> Ibid. p.48.

for policy development for a number of years.<sup>26</sup> Its key themes included: using public funding in innovative ways to increase the supply of social and affordable housing; ensuring that the private rented sector would be seen as a viable alternative for a growing number of households; reviewing the current housing quality standard; examining the procedures for the allocation of social homes, and delivering a Social Housing Reform Programme to modernise organisational structures for the delivery and management of social housing. A number of these issues are still very much the focus of policy debate and development to this day: the historically low levels of housing supply; developer contributions; the allocation of social housing; and the ‘revitalisation’ of the NIHE.

### **Housing Supply**

Increasing the supply of new housing, in particular, the supply of social and affordable housing to meet future requirements was a key policy area emerging from the Housing Strategy. The growing political importance of this issue was reflected in the Northern Ireland Executive’s *Programme for Government Consultation Document*<sup>27</sup> published in October 2016 that envisaged the building of an additional 9,600 social homes (approximately 2,000 per annum) over a five-year period.

In recent years academics and policy makers have engaged in lengthy discussions about NI’s future housing requirements (including the need for social and affordable housing) and a number of models producing significantly different estimates of future requirements have emerged.<sup>28</sup> The differences reflect the interaction of a complexity of factors driving the housing market in an era of growing economic uncertainty and increasing pressures on public finances, compounded by the effects of the COVID pandemic and Brexit. Attempts to develop more robust estimates of future (including social) housing requirements continue to be hampered by the fact that the key underlying demographic data—specifically household projections—are well out of date.

This issue was clearly apparent in the case of the NIHE’s Strategic Housing Market Analysis (SHMA) that concluded in 2022. The very comprehensive summary report<sup>29</sup> that aimed to enable the NIHE (and other bodies) ‘to develop long-term strategic views of housing need and demand to inform regional spatial strategies and regional housing strategies’<sup>30</sup> estimated an annual overall requirement of 6,370 dwellings, a figure that included an allowance for backlog that had built up in previous years.

Drawing on the methodology developed by the Scottish Government’s Housing Need and Demand Assessment,<sup>31</sup> the report estimated that 3,660 of these should be open market products (for sale or rent), 1,030 intermediate products (Co-Ownership or intermediate rental) and 1,690 were to be social housing.

However, the headline results from the 2021 Census for NI, published in September 2022, indicated a very significant discrepancy between the 2016-based household projections (ultimately based on the 2011 Census) that underpinned the SHMA estimates and the actual number of households in NI in 2021. The 2021 Census showed that there were 768,810 households at that time (approximately 24,000 more than envisaged in the 2016 household projections). Ongoing resource constraints have

---

<sup>26</sup> Following the publication of the DfC’s Housing Supply Strategy, this document is no longer available online.

<sup>27</sup> <https://www.northernireland.gov.uk/sites/default/files/consultations/newnigov/pfg-consultation-document.PDF>

<sup>28</sup> <https://www.communities-ni.gov.uk/sites/default/files/publications/communities/dfc-housing-market-symposium-report-2017.pdf>

<sup>29</sup> [https://www.nihe.gov.uk/getattachment/7e038b3f-aaed-4490-862e-6b951e128444/Northern-Ireland-Summary-Report-\(PDF-1-4MB\).pdf](https://www.nihe.gov.uk/getattachment/7e038b3f-aaed-4490-862e-6b951e128444/Northern-Ireland-Summary-Report-(PDF-1-4MB).pdf)

<sup>30</sup> Ibid., p.1.

<sup>31</sup> <https://housingevidence.ac.uk/publications/housing-need-and-demand-assessment-an-evaluation-and-illustrative-pilot-of-the-scottish-hnda-tool-in-the-context-of-northern-ireland/>

meant that the NIHE has not yet been able to commission new household projections based on the 2021 Census.

Nevertheless, there is general agreement that a significant increase in new housing completions—in particular social housing—is required. The new Housing Supply Strategy for NI published in December 2024 ‘includes an ambition to deliver at least 100,000 homes and more, if needed, with one third of these being social homes’.<sup>32</sup> This is effectively setting a very ambitious, though generally welcomed, average annual SHDP target of approximately 2,200 per annum – significantly higher than the annual average of 1,750 new social dwellings delivered over the last three years.<sup>33</sup>

Given ongoing financial constraints on the public purse it is likely that the only way that this is achievable is if the NIHE is allowed to borrow on a significant scale – something that would allow it to once again develop housing. This issue is currently being actively pursued by the DfC with the Treasury at Westminster. Securing ‘endorsement of the appropriate Consolidated Budgeting Guidance treatment of NIHE borrowing as part of the NI Fiscal Framework’ is contained in the annex to the DfC’s 2024/25 Business Plan as a key activity and milestone<sup>34</sup>.

### Developer Contributions

*Facing the Future* envisaged ‘developer contributions’ as a key policy instrument in delivering the much-needed increase in the number of new social and affordable homes dwellings being constructed in NI. Unlike in GB and Ireland, where, over the past two decades, a significant proportion of social and affordable housing has been delivered via ‘developer contributions’ in its various forms, it is only very recently that this mechanism is starting to be applied in NI. In 2014, following signs of a gradual upturn in the housing market, a public consultation on Developer Contributions was launched<sup>35</sup>. This document proposed that in the case of developments of five or more dwellings a proportion of them (as indicated by a NIHE housing needs assessment) should be social and/or affordable private sector homes, with the actual number based on an economic viability model that would take account of overall profitability. In certain circumstances, on site provision could be substituted by off-site provision or payment of a commuted sum.

However, there was a lukewarm response to the consultation and this was accompanied by a consultants’ report<sup>36</sup> that noted the ‘fragile’ state of the housing market and concluded on the basis of a viability analysis that ‘introducing a scheme with a single percentage of affordable housing across the region is not realistic and for most of the region, a developer contribution scheme will not work’.<sup>37</sup> The report stated that in Belfast and its immediate surroundings (where house prices were higher), a scheme could be considered but the issue should be taken forward through the local development plan process. In the light of this, a ministerial decision effectively put the policy temporarily into ‘cold storage’<sup>38</sup>.

<sup>32</sup> <https://www.communities-ni.gov.uk/sites/default/files/2024-12/dfc-housing-supply-strategy-2024-2039.pdf>, p.6.

<sup>33</sup> <https://www.cih.org/media/ox2qxc55/ukhr-autumn-briefing-2024.pdf>, p.19.

<sup>34</sup> <https://www.communities-ni.gov.uk/sites/default/files/2025-01/dfc-business-plan-202425-annexa.pdf>, p.7.

<sup>35</sup> DSDNI (2014) *Developer Contributions for Affordable Housing: Public Consultation June 2014*. Downloaded 20 January 2025 at: <https://www.communities-ni.gov.uk/sites/default/files/consultations/dsd/developer-contributions-affordable-housing-consultation.pdf>

<sup>36</sup> Three Dragons & Heriot-Watt University (2016) *Developer Contributions for Affordable Housing In Northern Ireland*. Downloaded 20 January 2025 at: <https://www.communities-ni.gov.uk/sites/default/files/publications/dsd/developer-contributions-for-affordable-housing-dec15.pdf>.

<sup>37</sup> *Ibid.*, p.85.

<sup>38</sup> Department for Communities (2018) *Housing Symposium 2017: Final Report and Recommendations*. Downloaded 20 January 2025 at: <https://www.communities-ni.gov.uk/sites/default/files/publications/communities/dfc-housing-market-symposium-report-2017.pdf>

However, a milestone in terms of the introduction of developer contributions in NI was reached in 2018 with the publication of Belfast City Council's *Local Development Plan – Draft Plan Strategy*. It followed the transfer of development planning responsibilities from central Government to the restructured local authorities in 2015. Belfast was the first council to produce a draft strategy and it included a specific policy (HOU5) stating that 'Planning permission will be granted for residential development on sites greater than 0.1 hectares and/or containing 5 or more dwelling units where a minimum of 20% of units are provided as affordable housing'<sup>39</sup>. Other Councils followed this lead, although often with vaguer, less ambitious targets. Belfast City Council's Plan was eventually approved following a lengthy period of consultation (Policy HOU5 being one of the main bones of contention) in 2023. Detailed Supplementary Planning Guidance on determining *Development Viability*<sup>40</sup> and *Affordable Housing and Housing Mix*<sup>41</sup> were issued at approximately the same time. It remains to be seen how effective this policy turns out to be in the context of NI.

### *Allocation of Social Housing*

Another important ongoing housing policy issue raised by *Facing the Future* was the need to review the common Housing Selection Scheme that forms the basis for allocating social homes owned and managed by both the NIHE and the housing associations – an issue that, as indicated in the introduction, is particularly sensitive in NI. A study commissioned by the DSDNI to undertake a 'fundamental review of allocations policy'<sup>42</sup> made a series of recommendations, including: retaining universal access; maintaining the existing housing need based assessment as the basis for prioritising applicants; introducing a time-based 'banding' system; a maximum of two reasonable offers (instead of three) to all applicants, including statutorily homeless households. The report did not specifically recommend the removal of intimidation points<sup>43</sup> but noted that previous consultations had indicated considerable dissatisfaction with this provision because of the widespread view that it was open to abuse.

In 2017, the Department for Communities (DfC) published a lengthy consultation document<sup>44</sup> based on these recommendations, as well as a comparative study of policies in GB and modelling work undertaken by the NIHE to examine the impact on allocations of a number of the proposals. The document made 20 proposals, including a tenure-neutral housing advice service, sanctions for applicants with a record of anti-social behaviour, the removal of intimidation points, the placing of applicants into bands based on similar levels of need, choice based letting for difficult to let properties, and, finally, that the refusal of two reasonable offers would result in deferral further offers for a year.

There was general support among respondents for a significant proportion of the proposals. However, the political sensitivity of some of them – in particular the removal of additional points for intimidation cases – meant that during a period when for many months there was no NI Assembly or, therefore, a

<sup>39</sup> Belfast City Council (2018) *Belfast Local Development Plan – Draft Plan Strategy, 2035*. Downloaded 20 January 2025 at: <https://www.belfastcity.gov.uk/buildingcontrol-environment/Planning/ldp-plan-strategy.aspx#ldp>, p.65.

<sup>40</sup> <https://www.belfastcity.gov.uk/documents/development-viability>

<sup>41</sup> <https://www.belfastcity.gov.uk/documents/affordable-housing-and-housing-mix>

<sup>42</sup> Gray, P., Keenan, M., McAnulty, U., Clarke, A., Monk, S. & Tang, C. (2013) *Research to Inform Fundamental Review of Housing Allocations Policy*. Downloaded 13 December 2024 at: <http://uir.ulster.ac.uk/29108/2/fundamental-review-of-allocations-policy-final.pdf>

<sup>43</sup> Points awarded under Northern Ireland's Housing Selection Scheme to applicants for social housing whose "home has been destroyed or seriously damaged (by explosion, fire or other means)" or where there is evidence of a "serious and imminent risk" of death or serious injury to an applicant due to a "terrorist, sectarian or racial attack", or because of an attack motivated by hostility towards an applicant's disability or sexual orientation, <https://www.nihe.gov.uk/Documents/Housing-selection-Scheme/housing-selection-scheme.aspx>

<sup>44</sup> DfCNI (2017) *A Fundamental Review of Social Housing Allocations: Consultation Proposals*, <https://www.communities-ni.gov.uk/sites/default/files/consultations/communities/AW-041017%200641%20Housing%20Consultation%20Review%20of%20Social%20Housing%20Allocation.pdf>

Minister responsible for housing, progress in terms of implementation was slow. Finally, however, the return of the Assembly for a two year period in 2020, enabled a new Minister to publish a Consultation Outcome Report in December 2020<sup>45</sup>, and a commitment to work with the NIHE to implement 18 of the 20 proposals that were subject to consultation in 2017. Further work on the remaining two proposals (one of which was the removal of intimidation points) was to continue. In January 2023, the first tranche (4 out of the agreed 18) of the proposals were implemented, including offering a wider choice for applicants in terms of location and limiting the number of reasonable offers to two. It is envisaged that the remaining proposals will be implemented over a period of years.<sup>46</sup> An announcement by the Minister responsible for housing in January 2025 indicated that intimidation points are now to be removed in a bid to 'level the playing field for victims of violence'.<sup>47</sup>

In summary, at this point in time, NI's Housing Selection Scheme for both the NIHE and housing association dwellings continues to be based on the principle of universal access. Households may apply for (and are eligible) for social housing regardless of income. Increases in income during a period of tenancy have no bearing on eligibility. Applicants for a particular dwelling (new or existing) deemed to meet their needs in terms of location and size etc. are prioritised on the basis the number of points determined by the Housing Selection Scheme.<sup>48</sup> Two or more equally pointed applicants, priority is determined by length of time on the waiting list.

### *Revitalising the Housing Executive*

*Facing the Future* had emphasised the important role played by the NIHE in the housing market in previous decades, but indicated that the time was right to review its structure and funding in light of ongoing constraints on the public purse, the new local council structures introduced, and the necessity of continuing to provide good quality homes and housing services for its tenants. A key element of this was the growing investment deficit that was reflected in a deterioration in the condition of NIHE dwelling stock. Budgetary constraints were not only the consequence of limitations on public expenditure, but also a very significantly reduced level of capital receipts from the sale of dwellings to sitting tenants<sup>49</sup> scheme and Government restrictions on rent increases.

A comprehensive survey of NIHE dwellings undertaken in 2014/15 estimated that more than £6 billion (around €7.8bn) was needed over a 30-year period to bring it up to modern standards.<sup>50</sup> A policy of transferring small numbers of NIHE properties in need of significant repairs to housing associations with access to private funding attempted to address this issue. Two pilot schemes were undertaken, but the policy initiative was effectively abandoned following a concerted campaign by trade unions and tenant organisations.

Lack of funding continues to be the most challenging issue facing the NIHE. The return of the NI Assembly in 2020 provided the impetus for further progress on structural reform of the NIHE and in 2021 the then Minister responsible for housing announced that 'our housing system is in need of

---

<sup>45</sup> <https://www.communities-ni.gov.uk/sites/default/files/consultations/communities/dfc-fundamental-review-social-housing-allocations-consultation-outcome-report.pdf>

<sup>46</sup> <https://www.nihe.gov.uk/housing-help/apply-for-a-home/fundamental-review-of-allocations>

<sup>47</sup> <https://www.communities-ni.gov.uk/news/minister-announces-removal-intimidation-points-housing-selection-scheme>

<sup>48</sup> <https://www.nihe.gov.uk/getattachment/d6360e96-a962-49dd-ac72-cfe24b9c3c52/housing-selection-scheme.pdf>

<sup>49</sup> Historically, a very significant proportion of the funding for improvements and major repairs had come from house sales. This reduced dramatically after 2004 when the level of discount given to sitting tenants purchasing their home was capped at £24,000 (€28,630) – a figure that has remained unchanged to this day despite increasing house prices.

<sup>50</sup> <https://housingevidence.ac.uk/publications/social-housing-in-northern-ireland-challenges-and-policy-options/>.

reform. The revitalisation of the Housing Executive is central to that if we are to address housing need and deliver for tenants now and into the future'.<sup>51</sup>

For a period of time it was envisaged that hiving off NIHE stock and landlord services as a separate organisation based on the mutual cooperative model adopted by Rochdale Boroughwide Housing (RBH) was examined. This would have enabled the NIHE to be reclassified as a private sector body under Treasury rules and, therefore, to borrow privately without impacting the UK Government's Public Sector Net Cash Requirement (PSNCR). However, it appears that this approach has now been set aside, possibly not least because of the negative publicity surrounding RBH in recent times<sup>52</sup> in favour of negotiations with the Treasury to allow the NIHE to borrow on a significant scale (see above section on Housing Supply).

### *The Private Rented Sector: Links with Social Housing*

A very significant increase in the size of the private rented sector since the beginning of the new millennium has been a key characteristic of housing markets in many advanced economies. NI was no exception to this trend, underpinned by a range of economic and social factors, the changing structure of labour markets (e.g. greater insecurity of employment); longer term changes in household formation (e.g., increasing numbers of single person households and higher levels of relationship breakdown); growing affordability hurdles for first-time buyers; the deregulation of financial markets; and, last but by no means least, the financialisation of housing that helped stimulate a boom in investment in market rental properties.

In the context of NI, Brown *et al.* (2007) focused on three specific factors: firstly, the rapid rise in house prices between 2004 and 2007 that made it increasingly difficult for first time buyers to access the owner occupied sector; secondly, a huge reduction in the supply of social housing as a result of the low rate of construction of new social dwellings combined with the ongoing sale of a significant number of existing social dwellings until the mid-2000s; and, thirdly, substantial amounts of equity available to existing owner-occupiers, together with expectations of future house price increases that provided new investors with the opportunity of benefiting from a rental stream and substantial capital appreciation<sup>53</sup>.

As in the rest of the UK, other more specific factors contributed to this rapid growth: e.g., the availability of Housing Benefit at UK-wide rates that supported low-income households and the sale of more than 100,000 NIHE homes, of which it was estimated more than a quarter ended up in the private rented sector,<sup>54</sup> usually to tenants in receipt of Housing Benefit. Indeed, it was estimated that more than 50 per cent of all PRS tenants in NI were in receipt of HB. In effect, as a number of housing market analysts have pointed out, the PRS increasingly became a haven for households, including families with children, who in previous decades would have been housed in the social housing sector.<sup>55</sup>

---

<sup>51</sup> <https://www.communities-ni.gov.uk/news/hargey-updates-housing-council-housing-executive-revitalisation>

<sup>52</sup> <https://www.gov.uk/government/publications/regulatory-judgement-rochdale-boroughwide-housing-limited/current-regulatory-judgement-rochdale-boroughwide-housing-limited-15-december-2022>

<sup>53</sup> Brown, L., Gibb, K., McGreal, W.S., Berry, J.N. and Frey, J. (2007) *Examining Affordability Issues in Northern Ireland*. Paper presented at the Cass Business School City University European Real Estate Society Conference, 2007, London.

<sup>54</sup> Analysis of the 2011 House Condition Survey indicated that more than 25,000 ex-NIHE properties were by that time already in the private rented sector.

<sup>55</sup> Hayden, A., Gray, P., McAnulty, U., O'Malley, C. and Jordan, B. (2010) The Private Rented Sectors In Northern Ireland and the Republic of Ireland: A Case Study in Convergence Analysis, *International Journal of Policy Analysis*, Vol.10, No.4, 421-441.

A more specific link between social housing and the PRS in NI, as in other parts of the UK, has been the growing reliance on single lets to provide temporary accommodation for homeless households.<sup>56</sup> The NIHE's most recent *Strategic Action Plan for Temporary Accommodation* provides an indication of the scale on which the NIHE now uses single-lets leased from private landlords to accommodate homeless people.<sup>57</sup> Every night, more than 3,500 households are in temporary accommodation and a little over half (51%) of these households are in private sector single lets.

## Financing social housing in Northern Ireland

### *The NI Block Grant*

The proportion of NI's GDP devoted to social housing is small. The latest figures published (2022) indicate that overall NI's GDP is estimated to be £56.7 billion<sup>58</sup> (€66.5bn). Public expenditure makes up a significant proportion of this. An overview of annual public expenditure is contained in the Department of Finance's (DoF) 2024-25 Budget document.<sup>59</sup> Public expenditure in NI is essentially funded through the Departmental Expenditure Limits (DEL) and Annually Managed Expenditure (AME) from the Treasury at Westminster. Both are ultimately funded through UK general taxation. The NI Executive does not have discretion over AME funding and the 2024-25 Budget is therefore concerned primarily with DEL allocations.

DEL allocations (the NI Block Grant) comprises two funding streams: Resource DEL ring-fenced (accounting transactions to cover the cost of depreciation and impairments) and non-ring-fenced, and Capital DEL. Non-ring-fenced is by far the larger element of the Resource DEL. It reflects the ongoing cost of providing services (salaries, operating costs and grants to bodies such as the NIHE). Annual changes to the level of the Executive's DEL funding are essentially determined by the 'Barnett formula'; a population-based share of annual adjustments to funding for comparable public services in England. This funding is deemed to be 'unhypothecated', meaning that the NI Executive can determine allocations according to its own priorities and programmes. Departmental resource budgets are determined using an incremental approach; i.e., based to a considerable degree on the previous year's Budget adjusted in line with NI Executive priorities.

Capital DEL funds investment in assets for services in the longer term (e.g. schools, hospitals, roads and new social housing). Capital DEL also distinguishes conventional Capital and Financial Transactions Capital (FTC) funding. FTC can only be used to provide loans to, or equity investment in, the private sector. In the context of housing in NI, it provides a substantial amount of funding for NI Co-Ownership Housing Association. Departmental Capital DEL allocations use a zero-based approach and are informed by Departmental the capital requirements.

AME is provided to the Executive by the Treasury for programmes that are 'volatile or demand-led' and are therefore considered to be difficult to accurately forecast or control (Housing Benefit and more recently the housing element of universal credit fall under this umbrella).

Table 2 indicates the main areas of public expenditure for NI. With regard to non-ring-fenced Resource DEL, Health is by far the dominant area of expenditure (£7,760m; €9,336m), followed by Education, Justice and Communities (£856m; €1,029m). The lion's share of Capital (DEL) expenditure falls to

<sup>56</sup> <https://www.insidehousing.co.uk/news/northern-ireland-housing-executive-seeks-homes-from-landlords-for-temporary-accommodation-79705>

<sup>57</sup> <https://www.nihe.gov.uk/getattachment/fd320853-cf6e-4403-908f-d0a0b7dbbaea/Temporary-Accommodation-Strategic-Action-Plan-2022-27.pdf>

<sup>58</sup> <https://www.ons.gov.uk/economy/grossdomesticproductgdp/bulletins/regionaleconomicactivitybygrossdomesticproductuk/1998to2022>

<sup>59</sup> <https://www.finance-ni.gov.uk/sites/default/files/publications/dfp/Budget%202024-25%20document%20-%20Final%20Version%2027-6.pdf>

Infrastructure (£820m; €987m) followed by Health (£416; €500m). Communities receives only (£133.4m; €160m).

**Table 2: Departmental Budget Outcome 2024-25 (in €m)**

	Non Ring-fenced Resource DEL	Ring-fenced Resource DEL	Capital DEL (Net)	Financial Transactions Capital
Agriculture, Env., Rural Affairs	694.6	38.3	114.3	
Communities	1,029.9	20.1	160.5	35.9
Economy	922.3	698.3	267.0	4.5
Education	3,458.2	2.9	306.0	
Finance	250.4	59.0	46.8	
Health	9,335.9	233.6	501.5	
Infrastructure	673.1	155.6	986.7	
Justice	1,518.9	105.5	110.6	
The Executive Office	220.4	2.9	12.6	8.8
Others: Agencies etc	145.2	10.8	5.4	
<b>Total</b>	<b>18,249.0</b>	<b>1,327.0</b>	<b>2,511.4</b>	<b>49.2</b>

Source: DoF: 2024-25 Budget, p. 72.

Notes: Converted from GBP (£) to EUR (€) based on an exchange rate of 1 EUR = 0.83118 GBP

### Department for Communities

The Department for Communities (DfC) is in the last analysis responsible for the allocation and governance of the funding for social housing. However, funding from the DfC supports a wide range of public services (directly and indirectly) through its Arm's Length Bodies (ALBs), including: the delivery of social security, child maintenance and pensions; advice and support for those seeking employment or are unable to work; ensuring the availability of good quality and affordable housing; and Neighbourhood Renewal programmes:

**Table 3: Department for Communities – Non-Ring-fenced Resource DEL – 2024-25**

Spending Area	€ (million)
Welfare and Employment	485.3
Local Government	68.9
Housing Benefit (Rates Element)	101.4
Housing and Regeneration	204.4
Culture, Arts, Heritage and Sport	105.4
Voluntary and Community Funding	54.3
Languages	10.1
<b>Total</b>	<b>1,029.9</b>

Source: Source: DoF: 2024-25 Budget, p. 34.

**Table 4: Department for Communities - Capital DEL Budget, 2024-25 (in €m)**

	Conventional Capital	Financial Transactions Capital	Total
Housing and Regeneration	142.6	30.7	173.2
Culture, Arts, Heritage and Sport	18.0		18.0
Voluntary and Community Funding	5.2		5.2
<b>Total</b>	<b>160.5</b>	<b>35.9</b>	<b>196.5</b>

### Northern Ireland Housing Executive

The financing of social housing in NI is somewhat distinct from the rest of the UK. The main reason for this lies in the continued existence of the NIHE as a Non-Departmental Public Body governed by a ten-member Board. Currently it owns and manages more than 80,000 properties (accounting still for approximately two-thirds of all social dwellings in NI), as well as performing a number of key strategic roles: research, planning and monitoring the delivery of the new Social Housing Development Programme (SHDP), administering private sector home improvement grants, Housing Benefit payments to social and private tenants and managing the Supporting People programme. Each financial year, the NIHE submits estimates of income and expenditure to the DfC. These form part of an overall bid for resources for social housing to the DoF and ultimately the NI Executive. The Minister for Communities is ultimately accountable to the NI Assembly for NIHE expenditure.

**Table 5: NIHE Landlord Services: Expenditure 2023/24 (Outturn)**

	Capital (€'000)		Net Expenditure (€'000)
Loan Charges	-	27,830	27,830
Dwelling Related Costs	30,168	213,531	243,698
Misc Expenditure	-	67,545	67,545
Employee & Admin Exp	-	131,397	131,397
Commissioned Services Exp	-	5,388	5,388
Other	6,138	-	6,138
<b>Total Expenditure</b>	<b>36,306</b>	<b>445,692</b>	<b>481,997</b>
<b>Less:</b>			
Rental & Misc Inc	-	(450,481)	(450,481)
Commissioned Services Inc	-	(16,706)	(16,706)
Capital Receipts	(27,071)	-	(27,071)
<b>Total Income</b>	<b>(27,071)</b>	<b>(467,187)</b>	<b>(494,258)</b>
<b>Total Net Expenditure</b>	<b>(9,236)</b>	<b>21,496</b>	<b>12,259</b>

Source: NIHE Annual Report 2023/24, p.216

The NIHE's annual report 2023/24 provides a vast array of financial information that is summarised in Tables X.4 and X.5. For many years the NIHE was classified as a Public Corporation. From April 2014,

however, for accounting purposes, the organisation has been separated into Landlord Services, classified as a *Quasi-Public Body*, and Regional Services, classified as a Non-Departmental Public Body (NDPB).<sup>60</sup>

The vast majority of Landlord Service's 2023/24 income came from rents and within this from rental income from dwellings and unattached garages (£320.16m; €373.06m or 84%). Total revenue income (£400.9m; €467.1m) provided a small surplus over expenditure that was mainly devoted to 'dwelling related costs' (primarily planned, cyclical and response maintenance) of £183.3m (€213.6m) and the wages and salaries etc. of the NIHE's more than 3,000 employees (£112.7m; €131.3m). Capital expenditure was primarily devoted to improvement of existing stock (£25.9m; €30.2m) and was largely covered by receipts from NIHE dwelling and land sales (£23.2m; €27.0m).

**Table 6: NIHE Regional Services: Expenditure 2023/24 (Outturn)**

	Capital €'000	Revenue €'000	Net Expenditure €'000
Supporting People		86,963.4	86,963.4
Employee & Admin Expenses		43,084.4	43,084.4
Commissioned Services Exp		16,705.9	16,705.9
Private Sector Grants & Energy Efficiency	33,178.7		33,178.7
Homelessness		38,824.3	38,824.3
SHDP	188,572.6		188,572.6
Other	4,855.5	9,653.9	14,508.3
	226,606.9	195,230.7	421,837.6
<b>Less</b>			
Rental & Misc Exp	293.6	4,687.7	4,981.4
Commissioned Services		5,388.0	5,388.0
<b>Total Net Expenditure</b>	<b>226,313.2</b>	<b>185,155.0</b>	<b>411,468.2</b>

Source: NIHE Annual Report 2023/24, p.217

Regional Services' single most significant expenditure is the funding stream provided to the housing associations to deliver the agreed SHDP (£161.8m; €188.5). Most of the remaining capital expenditure is devoted to private sector grants (£28.5m; €33.2) and includes funding of £12.1m (€14.1m) for Disabled Facility Grants and £14.4m (€16.8m) in Affordable Warmth grant measures (cavity wall insulation, heating, double glazing). Both these funding streams are provided as general grants from the DfC.

On the revenue side the biggest single expenditure item is the Supporting People programme (£74.6m; €86.9m) – a programme that funds approximately 80 provider organisations to deliver housing-related support and assistance that enables tenants to continue to live more independently. A further £33.3m (€38.8m) was spent on funding NIHE's statutory Homeless function (approximately £29m (€34m) of this was incurred in the provision of temporary accommodation and related services). Both these expenditure streams are also funding by the DfC.

<sup>60</sup> <https://www.nihe.gov.uk/getattachment/f13a9423-ddcc-440e-af0f-c8658e77ef6e/2023-2024-Annual-Report.pdf>

### NIHE Rent scheme

The NIHE's current Rent Scheme dates back to the early 1980's. In 1980, it commissioned research from Glasgow University that was to underpin a new points-based Rent Scheme based on the principle of comparable rents for comparable NIHE properties. Points were awarded for indicators of housing quality – dwelling age, dwelling type, size (size and number of bedrooms), standard of heating and amenities<sup>61</sup> – in order to determine a rent on a basis that was consistent across NI. Proposals at that time to include points for condition of property or location were rejected. The principle of a comparable rent for a comparable property regardless of location and condition remains to this day, although more recently the issue of geographic location has been raised again. At the same time, various aspects of the existing points system are now outdated, though no updates have been forthcoming.<sup>62</sup>

Annual rent increases are in the last analysis determined by the Minister for Communities. Cognisance is taken of the rate of inflation, but in many ways the percentage to be applied is essentially a political decision. The agreed rent increase is applied across the board by multiplying the number of points awarded to a dwelling by the new point value that equates to the Ministerially approved increase. In January 2025, DfC confirmed that NIHE rents would rise by 7.7 per cent, equating to an average additional £5.72 (€6.67) per week. This increased the average weekly rent for NIHE properties to £79.96 (€93.17). Approximately 79 per cent of NIHE tenants receive financial support towards paying their assistance paying rent through Housing Benefit, Universal Credit or welfare reform mitigation measures<sup>63</sup>.

### Housing associations

NI Federation of Housing Associations (NIFHA) 'Sector Global Accounts' 2024<sup>64</sup> state that, overall, housing association own and manage more than 60,000 homes. However, this includes more than 10,000 Co-Ownership dwellings that are traditionally counted as part of the owner occupied sector, as well as approximately 5,000 bedspaces in shared units. The sector currently comprises 20 registered associations (a figure that has been gradually reducing over the past 20 years<sup>65</sup>) and is a 'significant contributor to the economy, spending £438m (€510m) on developing and investing in its housing'.<sup>66</sup> The sector has an underlying annual turnover of £425 million (€495m). During 2023/24 it invested borrowing of more than £1.57 billion (€1.83bn) and ended the financial year with fixed assets of £5.07 billion (€5.91bn), turnover of £453.3 billion (€528.2bn), and wages and salaries of approximately £90 million (€105m).

Capital funding for housing associations is provided through the SHDP (£161.8bn in 2023/24 (€188.5bn) - see above) and still accounts for approximately 50 per cent of funding for new (general needs) social homes. Despite attempts by government to reduce this figure, it has held stubbornly around this level for over two decades. Specialist dwellings are funded to a much higher extent. An insight into the funding of a 'typical' new social dwelling is set out in the DfC's Housing Association Guide.<sup>67</sup> Borrowing continues to be the main source of finance, with the sector experiencing a rise in

<sup>61</sup> <https://www.nihe.gov.uk/my-housing-executive/advice-for-housing-executive-tenants/rent-scheme>

<sup>62</sup> For example, homes built after 1975 are allocated 9 points regardless of when they were built. As such, no account of improvements in building standards in recent decades is built into the system in terms of making a quality-based distinction between properties.

<sup>63</sup> <https://www.communities-ni.gov.uk/news/housing-executive-rent-levels-set-202425#:~:text=In%20response%20to%20the%20Housing,rents%20will%20increase%20by%207.7%25.>

<sup>64</sup> <https://nifha.org/site/wp-content/uploads/2024/12/769-NIFHA-Sector-Global-Accounts-2024-Final.pdf>

<sup>65</sup> There were 40 regulated housing associations in 2000 (Mackay, C. and Williamson, C. (2001) Housing associations in Ireland, North and South, in Paris, C. (ed) *Housing in Northern Ireland*, Chartered Institute of Housing, p111.)

<sup>66</sup> <https://nifha.org/site/wp-content/uploads/2024/12/769-NIFHA-Sector-Global-Accounts-2024-Final.pdf>, p.3.

<sup>67</sup> <https://www.communities-ni.gov.uk/articles/calculating-grant>

the level of debt of £102m (€119m) from the previous year. The five largest Housing Associations in the sector have also reported that further borrowing of £232m (€270m) are available to be drawn down when needed. New borrowing incurred during 2023/24 amounted to £174.2 million (€202.9m).

In cash terms, the sector spent £438m (€510m) on developing and investing in its housing assets during 2023/24 and has spent over £1.1bn (€1.3bn) in cash terms over the latest three financial years. The ongoing investment in housing stock is funded from three broad sources: operating surpluses from existing activities, capital grants from government and private sector borrowings. Operating cash flows amounted to £134m (€156m) in 2023/24 (a 24% increase on 2022/23). Average rent for general needs and sheltered properties was £99.09 (€115.46) per week (an increase of 8 per cent on the previous year).

### *Housing association rent setting*

The introduction of the system of mixed funding in 1991 gave housing associations the freedom to set rents for newly constructed 'mixed-funded' homes rather than having to follow the NIHE's points-based rent scheme, as had previously been the case. However, where a tenancy pre-dates 16 September 1992, rents are still based on the NIHE's Rent Scheme.<sup>68</sup>

For dwellings re-let after that date, which were not mixed funded, housing associations have discretion to set appropriate affordable rents, but often seek to maintain parity with the rents that continue to be determined based on the NIHE's scheme. Nowadays, most housing association rents are for mixed funded homes, where the association determines the rents on a scheme-by-scheme basis based on loan repayment, management and maintenance costs, and an allowance for voids.

For dwellings built after 1 July 2018, additional guidelines are in place: rents (based on number of bedrooms) are to be capped at 90 per cent of the Local Housing Allowance for that Broad Rental Market Area as determined by the NIHE. To ensure viability the effects of any individual scheme rents capped in this way may be offset by appropriate rent pooling for another scheme being developed in the same financial year.

### *Welfare Reform*

Social security payments in the form of Housing Benefit or more recently the housing element of Universal Credit are an important aspect of the finance that supports social housing in NI. Devolution led to the transfer of significant legislative powers to NI. These related primarily to education, health and housing, but in contrast to Scotland and Wales, NI received additional powers that allowed it to enact some social security legislation.<sup>69</sup> This became of particular significance in relation to the implementation of what was billed as 'welfare reform'. Prior to 2010, NI had essentially complied with the 'parity principle', whereby social security policies mirrored those operating in other parts of the UK. However, politicians in NI's cross-party power sharing Executive could not agree on the introduction legislation equivalent to the 2012 Welfare Reform Act in GB, a conflict that was eventually resolved by passing responsibility for passing the necessary legislation to the UK parliament at Westminster.<sup>70</sup>

The resulting piece of legislation, the Welfare Reform Order (Northern Ireland) 2015 came into effect in December 2015,<sup>71</sup> and was subsequently modified by the Welfare Reform and Work (Northern

<sup>68</sup> <https://www.communities-ni.gov.uk/sites/default/files/publications/dsd/hagtm-rha-controlled-rents-2016-determination.pdf>

<sup>69</sup> Muir, J. (2016) 'Social housing policy in Northern Ireland under devolution 1999-2015', in Shanks, P. and Mullins, D. (Eds) *Housing in Northern Ireland*, Coventry: CIH

<sup>70</sup> McKee, K., Muir, J. and Moore, T. (2017) Housing policy in the UK: the importance of spatial nuance, *Housing Studies*, 32(1), pp.60-72.

<sup>71</sup> <http://www.legislation.gov.uk/nisi/2015/2006/contents>

Ireland) Order 2016<sup>72</sup> to include powers that allowed for the mitigation of some of the key welfare reforms (the 'mitigation package') as finally agreed in the Fresh Start Agreement (2015). This mitigation package went a long way to addressing the significant concerns expressed universally by housing professionals who recognised the impact the welfare reforms (introduced in GB) would have in Northern Ireland on low income households in the social (and indeed the private) sector, and in particular their ability to sustain tenancies.

Under the agreed mitigation package, the DfC became responsible for providing additional financial support to households who experienced a reduction in their benefits as a result of the welfare reforms. For the housing sector the most significant of these in terms of social housing was what officially became known as the Social Sector Size Criteria (unofficially: the 'bedroom tax') that would impact the greatest number of households. The NI Executive agreed additional funding of £585m (€806m<sup>73</sup>) to fund the mitigation package for a four-year period from 2016/17 until 2019/20<sup>74</sup>. The resultant Welfare Supplementary Payments (WSPs) provided protection from the gap between actual rent payable and the reduced eligible rent calculated for Housing Benefit purposes, or for the housing element of Universal Credit, to an estimated 42,000 working-age claimants in the social sector who were considered to be under-occupying their home under the Social Sector Size Criteria.<sup>75</sup>

Since 2020, the continued payment of WSPs to mitigate the effects of the bedroom tax for tenants of working age has been approved by the NI Assembly on a rolling basis. In December 2024, the Minister for Communities announced that WSP payments that were scheduled to finish in March 2025 would continue for another three years to 2028.<sup>76</sup>

## Service Delivery and operations

### Social Housing Development Programme

In Northern Ireland, housing associations are currently the only developers of new social housing. This may change in the not-too-distant future if the Treasury rules on NIHE borrowing are changed (see above). A special dispensation enabled the NIHE to deliver a small number of new homes in 2024 – six homes built to PassivHaus standard using 'Modern Methods of Construction'.<sup>77</sup>

The following table provides a summary of the output from the SHDP over the last five years, in terms of numbers and source:

**Table 7: SHDP new dwelling completions, 2019/20-2023/24**

	2019/20	2020/21	2021/22	2022/23	2023/24	Total
<b>New Build</b>	1,088	1,097	680	1,160	1,241	<b>5,266</b>
<b>Off-the-Shelf</b>	181	118	97	171	86	<b>653</b>
<b>Existing satisfactory purchase</b>	114	40	16	16	14	<b>200</b>
<b>Rehabilitation/Reimprovement</b>	228	28	38	102	62	<b>458</b>
<b>Total</b>	<b>1,611</b>	<b>1,283</b>	<b>831</b>	<b>1,449</b>	<b>1,403</b>	<b>6,577*</b>

Source: <https://www.communities-ni.gov.uk/publications/northern-ireland-housing-statistics-2023-24>, Adapted from DfC Housing Statistics 2023/24 Table 1.9.\* A further 40 shared units were also constructed during this 5-year period.

<sup>72</sup> <http://www.legislation.gov.uk/nisi/2016/999/contents/made>

<sup>73</sup> Based on the average exchange rate in 2015 of 1 EUR = 0.7258 GBP

<sup>74</sup> Ibid.

<sup>75</sup> However, protection did not, and does not, apply to households that move home and continue to under-occupy, unless the move has been granted 'Management Transfer Status', i.e. it has taken place to facilitate better management of the housing stock.

<sup>76</sup> <https://www.communities-ni.gov.uk/news/welfare-mitigation-payments-be-extended-another-three-years>

<sup>77</sup> <https://www.nihe.gov.uk/home/news/first-housing-executive-homes-in-25-years>

Most of the new build programme comprises dwellings that are procured by housing associations, though commissioning private developers to undertake the actual construction. However, to boost the programme, particularly in areas of higher demand where, for example, it may be difficult to purchase land, 'off-the-shelf' schemes that were originally (at least partially) intended for the private sector, are bought by housing associations. In addition, there are some 'existing satisfactory purchases' – homes that were previously in the social sector and are bought back to boost supply in areas of high housing need.<sup>78</sup> The majority of new social dwellings are terraced/semi-detached homes or flats/apartments and are built in schemes of between 10 and 40 units.<sup>79</sup>

Responsibility for the planning and oversight of the SHDP is shared between the DfC and the NIHE. Estimates of the likely need for social housing in the future are provided by the NIHE at the NI level and at Housing Market Area level through Strategic Housing Market Assessments (see previous section on Housing Supply). However, at the more local level, and to ensure there is enough projected housing need to underpin a particular scheme, the NIHE uses a detailed analysis of the waiting list for social housing<sup>80</sup>. In the last analysis it is the DfC that determines the size of the SHDP and takes into account not only estimates of future housing need but also the public funding available to support the programme.

The DfC also has the responsibility for ensuring that agreed standards and procedures are followed by housing associations in the delivery of new social housing schemes. The DfC publishes and updates a key element of its *Housing Association Guide*, its *Development Guide*<sup>81</sup>, on a regular basis. This provides detailed guidance to housing associations and the NIHE on a wide range of issues, including property/site registration, bidding for access to the SHDP, scheme approval, design standards and calculation of grant levels. This includes specific standards for housing for general needs, for older people, for wheelchair housing and for supported housing. Further detailed information on the costs and standards of developing social housing in the context of NI is contained in the 2021 report emerging from a major study commissioned by the NIHE on behalf of the DfC<sup>82</sup>.

The NIHE's role begins with the identification and analysis of housing needs at the strategic and local level, setting strategic guidelines (in relation to the proportion of the SHDP that will go to urban need, rural need, Supported Housing and accommodation for Travellers).<sup>83</sup> Details on delivery against Strategic Guidelines are published by the NIHE on an annual basis.<sup>84</sup> Responsibility for the day-to-day management of the programme lies with the NIHE's Development Programme Group in partnership with its more local 'Place Shaping' teams (previously known as 'NIHE Regional Planning'). The SHDP is 'rolled-on' annually through a process of monitoring progress of the existing programme and drawing up a new additional year's programme designed to meet newly identified need. An important part of this is the annual production of three-year Housing Investment Plans for each of the 11 local authorities.<sup>85</sup>

---

<sup>78</sup> Further detailed information is available at: <https://www.communities-ni.gov.uk/articles/scheme-types>

<sup>79</sup> <https://www.nihe.gov.uk/getattachment/7c5f3e7a-04e5-42f4-a70a-0c442dd260b5/SHDP-amendments-31-12-2024.pdf>

<sup>80</sup> <https://www.communities-ni.gov.uk/publications/housing-market-symposium-report>, pp.37-40.

<sup>81</sup> <https://www.communities-ni.gov.uk/articles/development-guide>

<sup>82</sup> <https://www.nihe.gov.uk/getattachment/26214ab5-672f-4b16-8f3e-d438527ed606/Standards-and-Costs-of-Developing-Social-Housing-in-Northern-Ireland.pdf>

<sup>83</sup> Planning for student housing is essentially the preserve of the two universities: Queen's University Belfast and Ulster University.

<sup>84</sup> <https://www.nihe.gov.uk/getattachment/943d85d9-1296-4b4b-9bfe-bb587277743d/Social-Housing-Development-Programme-delivery.pdf>

<sup>85</sup> [https://www.nihe.gov.uk/working-with-us/partners/housing-investment-plans-\(hips\)](https://www.nihe.gov.uk/working-with-us/partners/housing-investment-plans-(hips))

Generally, it is the responsibility of housing associations to identify sites that are suitable for social housing. They normally must compete with private developers for these open market sites. This issue often causes difficulties for housing associations in areas of high need/demand, where the open market price exceeds the level effectively permitted by the DfC's Total Cost Indicators.<sup>86</sup> In addition sites are sometimes made available to housing associations from the NIHE 'land bank' or land held by other public bodies. In recent years, the demilitarisation of NI has resulted in the release of considerable acreages of land (and housing) formerly occupied by the British Army. A significant part of this has provided much needed land (and existing dwellings) for social and affordable housing, see, for example, the St Patrick's Barracks site in Ballymena.<sup>87</sup>

Table 8 provides an overview of SHDP targets versus actual delivery over the previous five years. Despite some long-standing criticism, key targets continue to be set on the basis of starts rather than completions.

**Table 8: SHDP Starts Target vs Actual**

	SHDP Outturn (€m)	Budget	Starts - Target	Starts - Actual	Variance
2019/20 (Covid)	130		1,850	761	(1089)
2020/21	156		1,850	2,403	503
2021/22	201		1,900	1,713	(187)
2022/23	214		1,950	1,956	6
2023/24	189		1,500	1,508	8
<b>Totals</b>	<b>890</b>		<b>9,050</b>	<b>8,341</b>	<b>(759)</b>

Source: NIHE: Response to Department for Communities Budget 2024-25 Equality Impact Assessment 21 July 2024, p.7.<sup>88</sup> Currency conversion in line with the Annex note at the end of this publication.

### Integration with social policy

Since the start of the new millennium, the 'synergies' between social housing policy and other aspects of social policy have intensified significantly as policy makers have recognised the contribution good housing, and particularly social housing, can make to the wider economy and society. This was reflected in a wide range of Government funded programmes:

In 2003, the Department for Social Development launched a Neighbourhood Renewal Strategy focused on the deprived 10 per cent of wards in NI and covered approximately one sixth of NI's population, mainly in urban areas. A 'Building Successful Communities' initiative was launched by the Department for Communities in 2013. Six pilot areas suffering from a number of issues characteristic of housing market failure were identified. In the case of both initiatives, additional public sector funding was made available to stimulate regeneration but much of the success of the programmes was due to the collaborative cross-government approach adopted that worked closely with communities and their representatives on the ground.

<sup>86</sup> It can be noted that the DfC has tried to put together a comprehensive overview of land banks held by public sector organisations - land which might be used for social/affordable housing - but this has been fraught with difficulties. Additionally, the NIHE is holding on to a significant land bank in the hope that at some stage it will be allowed to undertake new build again. However, the net result is that at present, housing associations essentially have to compete in the open market.

<sup>87</sup> <https://www.communities-ni.gov.uk/articles/st-patricks-regeneration>

<sup>88</sup> <https://www.nihe.gov.uk/getattachment/f70cd07c-4ddc-4ae3-93d2-119e042322ec/NIHE-Response-to-DfC-Budget-EQIA-24-25.pdf>

The Shared Housing Programme (SHP) is a programme tailored to address a NI issue where approximately 90 per cent of social housing is segregated on ethno-religious lines. The DfC is committed to promote shared housing specifically by providing an agreed proportion of new dwellings annually as part of the SHDP. It is also committed to developing policies that will encourage mixed tenure.<sup>89</sup>

Both the NIHE and housing associations are also actively committed to performing a wider social role often facilitated through the process of both formal and informal consultation/participation/engagement networks. Regular meetings and consultations allow tenants in the social sector to have a substantial input into housing policy and practice. In the case of the NIHE this often takes place via the Housing Community Network, including the Central Housing Forum, that provides a consultative forum for policy initiatives and dealing with tenant complaints in a manner that can reduce the demand for access to the official Complaints procedure. A sample of the wide range of consultative activities undertaken by the NIHE is included in the NIHE's Community Involvement and Cohesion Strategy 2024-29.<sup>90</sup>

The housing associations mirror this approach on a smaller scale through their individual tenant consultative forums. The NIHE and housing associations effectiveness are undoubtedly enhanced by a close working partnership with Supporting Communities, 'an independent charity that champions tenant and community participation by developing groups, supporting active citizenship, and building cohesive communities'.<sup>91</sup> Housing Association annual reports and other strategic/policy documents provide an insight into the tremendous variety of interventions and collaborations that housing associations are involved in, in fulfilling a wider social role.<sup>92</sup>

### House Sales Scheme

The NIHE introduced a 'voluntary' House Sales Scheme in 1979, shortly before the introduction of 'Right to Buy' in GB. The NIHE Scheme became a 'statutory' one in 1993. A similar scheme, also with the potential for very significant discounts of up to 70 per cent (depending on length of tenancy) was introduced for housing association tenants in 2003. By 2018, approximately 121,000 NIHE and 3,000 housing association dwellings had been sold. Around 57,000 of these were still owned by the original purchaser, 32,000 by a new owner-occupier, while an estimated 31,600 were now in the private rented sector.<sup>93</sup>

Over the years, the scheme attracted considerable controversy because of its effect on housing supply. McGreal et al. (2004) found that by the start of the new millennium more than 100,000 dwellings had been sold, comprising more than half of NIHE stock.<sup>94</sup> This report emphasised the positive sides to the scheme at a time when waiting lists for social housing were much lower and, in particular, its role in promoting tenure choice, creating mixed tenure estates and the substantial capital receipts generated that funded significant programmes of capital investment in existing NIHE stock.

However, in relation to the effects of the House Sales Scheme on housing supply: "the relationship between house sales and housing need [via supply] is complex; there is no simple causation or

<sup>89</sup> <https://www.communities-ni.gov.uk/sites/default/files/2024-12/dfc-housing-supply-strategy-2024-2039.pdf>, p.40

<sup>90</sup> <https://www.nihe.gov.uk/getattachment/0b2f76ae-0081-40ae-9365-52f33fd62723/Community-involvement-Cohesion-Strategy.pdf>

<sup>91</sup> <https://supportingcommunities.org/>

<sup>92</sup> See, for example, <https://www.radiushousing.org/assets/documents/radius-annual-report-2023-24.pdf> & <https://weareresource.co.uk/previews/23560clanmil/mobile/index.html>

<sup>93</sup> <https://www.nihe.gov.uk/getattachment/19ee114c-6e00-4702-b4fb-386837a72c9a/House-Sales-Scheme-Report.pdf>

<sup>94</sup> McGreal, S., Berry, J., Adair, A. and Murie, A. (2004) The House Sales Scheme and the Housing Market Belfast: NIHE.

statistical link. Housing stress is a function of wider social and economic issues rather than the direct outcome of the House Sales Scheme”.<sup>95</sup> The immediate impact of the scheme on housing supply was seen as limited because the dwellings were bought by sitting tenants who would probably have continued to occupy the dwelling anyway, but the report highlighted a lagged effect and estimated that during the 10 years prior, one in six Housing Executive properties may have been lost from the future potential supply of social dwellings.

In the decade prior to 2004, typically 4-6,000 properties were sold annually. Following concerns over the significant reductions in the supply of social housing, the Scheme underwent major revisions. The reduction of the maximum discount to £24,000 (around €35,000 at 2004 exchange rates), in particular, together with the substantial increases in house prices between 2004 and 2007, led to a dramatic reduction in the number of dwellings sold. Since then, there have been less than 500 sold annually; while house prices dropped dramatically in NI following the GFC, ongoing economic uncertainty and lower household incomes of NIHE tenants compounded the barrier imposed by the £24,000 cap on discounts.

The sale of social dwellings became a significant issue in 2016 precipitated by a decision of the Office for National Statistics (ONS) to reclassify housing associations in NI (as initially in the rest of the UK) as public sector bodies (Public Non-Financial Corporations) whose borrowing would count as part of Government’s PSNBR. The operation of a statutory House Sales Scheme was seen as a key characteristic that ONS identified as the basis for its decision to reclassify housing associations for accounting purposes. Following a consultation process, which was considerably lengthened due to a two-year absence of the NI Assembly, DfC announced that the scheme would be closed to housing association tenants from 28 August 2022. The NIHE scheme was not affected by the change in accounting rules and was not altered.<sup>96</sup>

## Conclusions

There is no doubt that the outbreak of the ‘Troubles’ and the consequent formation of the NIHE marked a significant watershed in the trajectory of social housing in Northern Ireland. From a situation in 1971 where an estimated 25 per cent of all dwellings in NI failed to meet what is now considered to be a fairly basic quality standard (the Fitness Standard), to a position in 2001 where less than five per cent of dwellings failed this standard, necessitated a political and policy focus that was supported by very substantial levels of investment in both the construction of new social housing as well as the improvement and ongoing maintenance of existing homes.

The 1996 Housing Policy Review was in many ways the harbinger of developments in the new millennium. The increasing policy emphasis on private sector solutions to housing issues following the Conservative victory in the 1979 Westminster elections was not reversed by New Labour in the 1990s. Indeed, the interplay of a number of wider economic trends and political choices compounded the emerging housing market stresses that increasingly impacted the social sector. The most obvious manifestation of this was the rapid growth of the private rented sector that increasingly took on the role of *quasi*-social housing, where applicants on the waiting list for social housing in NI increasingly had to meet their accommodation needs in the private rented sector.

Indeed, the first decade of the new millennium saw the clear emergence of the challenges that continue to underlie housing policy debates in the 2020s: the growing affordability problem that was initially reflected in the rapid and unsustainable rise in house prices up until the 2007/08 Global Financial Crisis, but a problem that in recent years has increasingly affected the private rented sector;

---

<sup>95</sup> Ibid.p.15

<sup>96</sup> <https://www.communities-ni.gov.uk/sites/default/files/publications/communities/dfc-end-of-house-sales-scheme-fact-sheet.pdf>

ongoing constraints on public sector funding during and since the period of ‘austerity’ following the 2010 Westminster election that led to the era of ‘Welfare reform’; and the inexorable rise in waiting lists for social housing and homelessness, the latter an issue that was exacerbated by an increasingly underfunded health service.

In NI, these UK-wide issues were compounded by the ongoing legacy of the ‘Troubles’: the absence of a functioning NI Assembly, and therefore a Minister to make policy decisions; the need for cross-party support for major policy decisions where the parties involved had significantly different stances on the degree to which the private sector should be relied on to deliver solutions; a need to deal with a wide range of ‘legacy issues’ that require significant public funding, including major upgrades to the water and sewerage systems in areas of high housing demand and the difficulty of crossing ethno-religious ‘green lines’ to develop new social housing on spare development land that historically had been occupied by the other ‘tradition’ in NI; and finally the challenge of ‘revitalising’ the NIHE, an organisation borne of NI’s ethno-religious divisions that have by no means been fully resolved.

These issues are all to a greater or lesser extent conflated and reflected in what is widely accepted as the core housing policy issue: the chronic undersupply of (new) housing in NI, including, in particular, the undersupply of social and affordable housing. Recognition of the need to adopt a ‘whole system’ approach to address this fundamental challenge is central to the DfC’s recently published *Housing Supply Strategy 2024-39*. This wide-ranging Strategy has been generally well received by all the major actors in NI’s housing system. However, significant hurdles remain, not least of which is the political will to make available the necessary public resources that will reinvigorate the partnership between the public and private organisations responsible for bringing about a step change in the number of social and affordable homes available to a growing NI population.