Response to the Department for Communities

Definition of affordable housing - consultation paper

By the Chartered Institute of Housing Northern Ireland

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How our response is formed

The Chartered Institute of Housing (CIH) is the independent voice for housing with a mission to act in the public interest rather than any one part of the housing industry. CIH has expertise in analysing housing policy and practice and in developing professional standards for housing practitioners. We use evidence and research to develop our views, including by drawing on the experiences of housing professionals. We have a diverse membership in Northern Ireland and members worldwide who work across public, private and voluntary housing sectors.

Consultation response

Q1. Do you think the current definition of affordable housing needs to be amended?

CIH believes the current definition of affordable housing needs to be amended. The Strategic Planning Policy Statement (SPPS) - which currently defines affordable housing as social rented and intermediate housing (the latter specified as shared ownership only) - acknowledges that this “definition of intermediate housing ... may change over time to incorporate other forms of housing tenure below open market rates.”

Last November we published a research report on the future of social housing policy, which was principally sponsored by the Department for Communities, as part of our Rethinking social housing Northern Ireland project. The research involved interviews with over 230 housing and associated stakeholders, 35 per cent of whom were tenants or residents.

The research participants valued social housing and what it offers. They wanted it to be available to more people, including people whose only need was that for a home that is affordable for their circumstances.

Nevertheless, it was recognised that even with a substantial increase in social housing supply, it will not be available for everyone on the waiting list. We believe there is clearly a gap in the housing market for more rented housing options beyond shared ownership, which are affordable for lower to middle income working households. This is one focus of our Rethinking project which is due to conclude later this year.
In addition to meeting housing need, these additional options could play a role in building mixed, sustainable communities. They should therefore be facilitated by the SPPS and the planning system, which will require an amendment to the definition of intermediate housing to expand the scope beyond shared ownership.

**Q2. Do you agree with the overarching principles and objectives which have been identified?**

☐ Yes  ☒ No

CIH proposes that the overarching principles underpinning an updated definition of affordable housing should be **the ability to accommodate the different needs and situations of people who are eligible and/or have priority for social and intermediate housing, and to build sustainable communities.**

We believe that an updated definition should seek to deliver the following objectives:

- support and encourage an effective housing system where social and intermediate housing are important and dynamic parts
- target resources on those households who need help to access suitable social and intermediate housing
- deliver best value for the public purse in the context of the constrained spending environment
- provide a framework for how government and housing providers think about and deliver affordable housing
- improve the range of affordable housing options and in turn, the supply of new affordable housing properties, and
- provide clarity for the planning system particularly in the light of councils bringing forward their local development plans which take account of their community plans.

**Q3. Do you agree with the proposed revised definition?** If not, please provide comment.

☐ Yes  ☒ No
We must stress that the amendment required is to the sub-definition of intermediate housing and not to that of social housing. The current proposal to collapse social and intermediate housing together in an overarching definition of affordable housing risks lines being blurred, and the distinction between social and intermediate housing - which meet very different kinds of need - being lost.

The goal here should be to provide the right type(s) of affordable housing in applicable developments with primary aims of meeting need and building sustainable communities. In practice this should mean getting the balance right between social and intermediate housing for example, rather than granting carte blanche for any affordable housing option to be provided, which may not be informed by evidence on local markets, including housing needs.

While much of this will be concerned with how the definition is implemented rather than the definition itself, in our view a delineation between social and intermediate housing would be helpful.

Therefore, we propose the following definition:

Affordable housing relates to **social rented housing** and **intermediate housing**, which are defined as follows:

**Social rented housing** is provided by a registered housing association or the Northern Ireland Housing Executive. Housing associations are registered and regulated by the Department for Communities as a social housing provider. Social rents are provided at submarket rent levels where affordability is assisted by public subsidy. Social rented accommodation should be available to households in housing need and is offered in accordance with the housing selection scheme, administered by the Northern Ireland Housing Executive, which prioritises households who are living in unsuitable or insecure accommodation.

**Intermediate housing** is provided for rent or sale outside of the general market, for those whose needs are not met by the market and who have lower priority for social housing. Affordable housing that is funded by government must remain affordable. Alternatively, there must be provision for the public subsidy to be repaid or recycled in the provision of new affordable housing, subject to consideration where appropriate of places where loss of affordable housing would have a disproportionate impact,
such as rural areas. Examples of recognised affordable housing products include:

- shared ownership
- rent-to-buy or rent-to-own
- affordable rent products e.g. mid-market rent, and
- discounted market sales housing (provided the discount is not provided at the expense of the quality of homes being added to the overall stock).

We support measures to help people to realise their aspirations for home ownership. However, while shared equity homes are part of the solution to this, we are concerned that defining them as affordable housing for planning purposes could weaken the ability of councils to facilitate more genuinely affordable options, such as shared ownership.

**Q4. Are there are other products that we should consider for inclusion as examples of affordable housing?** If so, please provide details.

CIH believes government and the housing sector must consider innovative approaches and new products to address unmet need. Therefore, we are not opposed to the inclusion of new products in the definition provided the outcome is one of genuine affordability. However, neither should the definition be so broad as to weaken the ability of councils to facilitate the most appropriate, genuinely affordable options.

This raises a question of who recognises products as affordable. The need to future proof the definition by not having it product prescriptive means that there should be an approval process to ensure that new products meet the definition as well as the spirit of genuine affordable housing. We suggest that the Department for Communities should oversee the approval process, involving other parties where appropriate.

Furthermore, there will be limitations in relation to viability of new products which must also be considered. As part of the *Rethinking social housing Northern Ireland* project we are considering new affordable rent products and how they may (or may not be) viable for the Northern Ireland market. For example, what are the limitations in relation to development viability if mid-market rent (MMR) is priced by local housing allowance? Is there enough market buoyancy to facilitate MMR in
areas of high housing need? There remain unanswered questions regarding presently recognised products that need to be answered in the first instance.

**Q5. Do you agree with our proposed definition for low cost housing without subsidy?** Please explain the reasoning behind your answer.

**Q6. Do you consider that low cost housing without subsidy should be included in a new definition of affordable housing?** Please explain the reasoning behind your answer.

We believe the proposed definition for low cost housing without subsidy should not be included in a new definition of affordable housing. Affordable housing relates to people whose needs are not met by the market, while low cost housing without subsidy is defined as being “priced at or below the average house price for the council area”. This potentially leaves little to no distinction from market housing in price terms.

**Q7. What are your views on retaining affordable homes?**

For some housing products, retaining the affordable aspect is not applicable, such as shared ownership, rent to own and some mid-market rent products, where the aim is to staircase into or facilitate home ownership. Similarly, other affordable housing products may require products to not be affordable in perpetuity due to their funding streams.

For other types of affordable housing, mechanisms should, where possible, be favoured to keep them affordable. For example, in English rural areas, the guarantee of properties remaining affordable in perpetuity is often critical to the provision of low-cost sites and gaining community support for development since future generations of local people can benefit.

Similarly, given the issue of low social and affordable housing provision in rural areas in Northern Ireland, an affordable home being lost in that area and provided elsewhere could result in a disproportionate, adverse impact on the community.

**Q8. Are these the right target groups or are there other groups we should consider?** Please provide supporting evidence for the inclusion of additional target groups.
We believe the department is targeting the right groups for affordable housing, particularly lower income households and first-time buyers.

**Q9. Do you have any other comments?**

Mixed-tenure developments are important in building communities that are sustainable – social and intermediate housing has a significant role to play in this.