

DFC Intermediate Rent Development of Policy and Model Consultation
Draft Mid Ulster District Council Response
January 2022

Would an IR home be suitable for me?

Q4: To what extent do you agree there is a need for the introduction of a new Intermediate Rental product as described?

Mid Ulster District Council (MUDC) welcomes the opportunity to respond to the Department for Communities Intermediate Rent (IR) Development of Policy and Model: Consultation. Council broadly welcomes the development of an intermediate private rental product that sits between social and private market rentals but wishes to highlight the following key housing issues that face the community in Mid Ulster.

In Mid Ulster, there is a projected Housing Growth Indicator new dwelling requirement of 10,300 for the period 2016 to 2030 for the district, which is well above the NI average of 7,709. The levels of growth, particularly in Dungannon, has had an impact on housing demand and rental values, increasing both substantially.

Mid Ulster has one of the highest levels of social housing need and this is reflected in the level of housing stress. At March 2021, there were 2,158 applicants on the waiting list for Mid Ulster with 1,267 in housing stress and only 283 allocations over the year. Housing stress in rural areas is also increasing on an annual basis since March 2016. At March 2021, there were 650 applicants on the rural housing waiting list for Mid Ulster with 353 in housing stress and only 115 allocations over the year. Demand for intermediate housing aimed at low income households in Mid Ulster is estimated at 1,350 units between 2020-2030.

Mid Ulster has the second lowest number of NIHE and Social Housing properties across all districts. Up to March 2021, NIHE and Housing Associations have sold 7,651 units under the house sales scheme, leaving 3,855 of NIHE housing stock in the

district. NIHE has identified a social housing need of 718 units required for the 2020/2025 period. There were 30 units completed and 93 units onsite at March 2021; and 217 units programmed for the 2020/2023 period, falling well short of what is required by 2025. Almost 60% of all units required are in the Dungannon and Coalisland.

Tackling the clear need outlined above, Social and Affordable housing provision is a key strategic priority, as identified for Mid Ulster in the Community Plan. The allocation of social and affordable, good quality housing is key to achieving many of the objectives detailed in the Community Plan, including poverty, regeneration, health and wellbeing and prosperity. MUDC welcomes the introduction and delivery of a new IR product in addressing these priorities.

Q5: To what extent do you agree with the proposed application process outlined?

Whilst MUDC does not disagree with **“a completely separate model, clearly distinguished from the process for securing a social home would be best..... based on a ‘first come, first served’ basis (subject to meeting any relevant eligibility criteria) to be an effective method of matching tenants with properties”**, we seek reassurance that the public, and more importantly those who would benefit most from the IR product, will be well informed on the whole process from the outset. **“Mirroring the arrangements commonly used to access other private rented homes”** does not advocate for best practice arrangements as all too often, securing a rented property locally can come down to ‘who you know’. MUDC does not want to see a process whereby only those that are ‘in the know’ are able to secure an IR property.

Q6: To what extent do you agree with the listed household descriptions which are likely to benefit most from IR homes?

Mid Ulster District Council welcomes a housing product that alleviates the financial burden on many of our residents struggling to meet high private rental costs, in all too often low quality housing. Mid Ulster Community Planning is fully committed to reducing poverty and the impact of poverty on individuals and communities within Mid Ulster. The Mid Ulster Anti Poverty Plan aims to provide everyone with a quality home

for life, through affordable rents via rent interventions of increased rent support, adequate social and affordable house provision in mixed tenure developments and quality environments.

Many low income families are being pushed into poverty as the gap between housing related benefits and actual rental cost has resulted in worsening levels of poverty and pressure on the family budget. Working families, unable to achieve the necessary points required for social housing are a key target group for this product. Further investment in social and affordable housing and the removal of the gap between rents and benefits is a necessity to help those caught in the poverty trap caused by housing.

Many people are still completing housing applications by stating their preference of location based on where they know the housing is going to be and not where they would prefer to live. This puts further demand and burden on social housing developments in our towns where the necessary infrastructure required for development is already at capacity. It also creates further social issues and poverty implications, relating to childcare family support and isolation. The Mid Ulster district is especially impacted by this, given the majority of residents live in rural areas, with less opportunity for larger scale social housing schemes. A social housing product aimed at accommodating people to live in the geographical areas of their choice is most welcomed.

How will IR levels be set and reviewed?

Q7: Based on evidence and research it is proposed that IRs are initially set at up to 80% of local market rents for similar types and sizes of properties. Do you agree this proposal would be reasonable and attractive?

Mid Ulster District Council seeks further clarity to the 'geographical area' that the 80% of market value will be applied to, to determine the rental value of the IR product. Mid Ulster experiences a significant difference in rental values across its district. A basic analysis of private sector rents in Dungannon at March 2021 indicated average costs of between £625 - £650 per month for a three bedroom semi detached/terraced house. These values have been driven up by a number of factors, such as a chronic lack of social and affordable housing in the town and unregulated multi occupancy accommodation by a significant migrant population. They do not reflect average

incomes and are having a undisputable impact on the financial burdens of our low income families. 80% of an inflated and unrealistic rental market is still too high for an IR product. MUDC would seek assurances that significant market discrepancies within a district will be considered and addressed.

What will the Eligibility Criteria be for an IR tenancy?

Q10: To what extent do you agree with the proposed initial income bands for accessing an IR home?

MUDC believes that other factors relating to affordability should also be considered, such as number of dependents, childcare costs, dependents with disabilities, and other cost of living factors which would impact a tenants ability to meet IR criteria. A means test that includes real cost of living expenses may be more appropriate as opposed to simple income related criteria.

Q11: It is proposed that income can come from a variety of sources e.g. earned income, interest on savings, private pension income as well as housing related benefits. To what extent do you agree these and other types of income should be considered when accessing an IR home?

Q12: Do you think the level of savings held by prospective tenants should be considered as part of eligibility and / or an affordability assessment when applying for an IR home?

Regardless of the source of income, the process for accessing an IR home must fairly balance household income against household expenditure so that the tenant's rental costs do not prevent them from feeding their families, paying their bills and heating their homes. In Mid Ulster, this is unfortunately the position that many people and families currently find themselves in.

Q13: Do you agree consideration should be given to additional eligibility criteria in such circumstances?

Mid Ulster Council agrees with the additional eligibility criteria which gives consideration to:

- Those currently live or work in the local area (for example within a 15 mile radius of the dwelling);

- Have close family connections living within the same neighbourhood;
- Are on the waiting list for social housing.
- Lack security of tenure in their current home;

The first three points in particular address issues previously outlined with regards to Mid Ulster's rurality and lack of choice for social housing availability. Again, a social housing product aimed at accommodating people to live in the geographical areas of their choice, is most welcomed.

How long would an IR Tenancy Last for?

Q16: What advantages and challenges can you identify for Intermediate Rent tenancies of (eg up to) five years in duration with an opportunity to renew?

Q17. To what extent do agree with the Department's proposal that Intermediate Rent tenancies should be subject to review with an opportunity to renew after the initial tenancy term?

An initial tenancy of five years seems reasonable, giving people the opportunity to make the property their home, establish their families in the area and provide security and reassurance regarding their housing status. The opportunity to extend the tenancy for those who need to is welcomed as is support for those who wish to move on to home ownership or other rental method.

What Tenancy Support and Management Services will be available?

Q19: To what extent do you agree with the suggested approach of Intermediate Rent programme operators offering support services to tenants?

Q20: What type of tenancy support services, if any, would you suggest are appropriate to be delivered to Intermediate Rent tenants?

Examples may include how to access benefits advice services, advice around avoiding or managing arrears, advice on how to access healthcare or educational services.

Given that IR is an intermediate rental product that provides a five year tenancy term, it would be beneficial to provide support to tenants around their future housing needs after their tenancy ends. Support and information on money management, mortgages and loans, saving for a deposit, avoiding arrears, etc would be very beneficial for those

who wish to access home ownership after the five year period ends. Other support services are already available in the social housing sector and tenants can be signposted where necessary.

Q21: Do you agree with the proposal that a single entity should be appointed with responsibility to act as Intermediate Rent programme operator in delivering Intermediate Rent homes?

In one respect, a single entity operator would provide a standardised level of quality and service across the board and be singly accountable for the successful delivery and operation of the IR product. However, more than one operator may add some healthy competition to the process and an incentive to deliver the best quality homes for tenants. Some providers may also have more expertise in delivering different types of housing, for example, supported housing. Either way, it is essential that a single, independent body oversees the implementation and delivery of the IR model with the needs of the tenant and their families at the heart of the process.

Q22: To what extent do you agree with the Department's analysis of the regulatory arrangements for an Intermediate Rent programme operator?

Q23: Are there any additional regulatory matters which the Department should seek to apply to delivery arrangements?

As previously stated, regulation of the IR model must be undertaken by a competent, independent oversight body whose focus is on the housing needs and welfare of the tenant. While it is accepted that it must be viable for the operator to deliver the IR model, we hope that 'viability' is not used as an excuse by operators to not build the type of housing people want and need in the areas they want to live in. The focus should be on the needs of the tenant and the quality of the homes rather than securing maximum return on investment. MUDC are seeing more and more instances where social housing operators are turning down opportunities presented to them by the NIHE for potential sites and identified need for affordable housing due to a perceived lack of viability. In order for this not to happen in the IR market, there needs to be robust regulation around the autonomy of the operator in deciding what, when and where to build.

Delivering a Core Intermediate Rent Framework

Q24: To what extent do you agree that the programme operator should be involved in developing the specification for Intermediate Rent Homes (this may include eg the location, rent setting, and the quality standard)?

As previously stated, MUDC has concerns on how current social housing providers can stipulate when, where and what schemes they will undertake. A Core Intermediate Rent Framework needs to mitigate against this. MUDC welcomes a Framework that incorporates **key statutory bodies, will provide an effective model for the delivery of much needed Intermediate Rent homes of good design and quality in areas of identified need**, that includes NIHE and Councils. MUDC hold the view that the NIHE must provide the strategic lead for social and affordable housing provision in the region. Council believes it is crucial that NIHE sets the strategic principles and best practice examples for social and affordable housing provision for others to follow. It is also important that the Frameworks underlines this.

Mid Ulster Community Planning has initiated a pilot Housing and Regeneration Place Shaping Plan in Dungannon, in partnership with NIHE. This plan will identify 'Place Shaping Principles' that we will seek to have adopted and implemented by Council when assessing social housing planning applications, based on complementing the priorities for regeneration for Dungannon town. The Dungannon Place Shaping principles can broadly be applied across the board to the delivery of any housing development including:

1. Good quality design
2. Housing for families with 2-3 bed provision
3. Parking provision
4. Good quality green space and play areas for children
5. A minimum of 2 bedrooms
6. Locations suitable for family housing, not beside leisure/nighttime economy establishments
7. Housing design and quality to be in character with the area and not of a lower standard
8. Housing that regenerates an area (economy and regeneration)
9. Mixed tenure developments only (private and social/affordable mix)

MUDC advocates that the principles listed above can be used to inform the Framework and partnership work between the Council, NIHE and operator.

Delivering Intermediate Rent Homes – Construction, Development and Standards

Q27: It is the Department's view that all Intermediate Rent Homes will be required to meet the statutory building standards and statutory housing fitness standard as a minimum. Do you think that additional design and construction standards should apply to Intermediate Rent homes?

With regards to housing standards and quality provision, MUDC would draw attention to the information previously given on our PlaceShaping Plan and Principles.

Current basic fitness standards require properties to be structurally stable, free from serious disrepair, dampness prejudicial to health, adequate provision for heating, lighting and ventilation, adequate piped water supply and washing/toileting facilities, cooking facilities and wastewater provision. These basic standards provide for adequate living rather than offering the tenant a good quality home that has sufficient green space, is energy efficient, offers a minimum number of two bedrooms, is accessible and embodies the 'home for life' principles.

MUDC would insist on adequate green space provision in housing schemes; a central green space that is accessible to all. Evidence shows that well planned social housing with good green space provision has less social issues in the longer term. Green space needs to be integral to the design for social and affordable housing and to the allocation of the housing grant to build. NIHE needs to have a greater say in the final design that allows for good practice.

MUDC would also strongly advocate for the use of mixed tenure schemes in bringing forward IR homes. There is strong evidence to back up the benefits of mixed developments in promoting quality housing, social cohesion, reducing social exclusion and creating stronger communities. There is a definite need for IR homes in rural areas that provide choice for those who do not wish to leave their own rural communities and families but have to move to urban areas where housing is available. MUDC has been working with NIHE to carry out Latent Demand Tests in rural areas

of Mid Ulster. One recent Latent Demand Test in the small rural area of Gulladuff received expressions of interest from 45 people but only one of these made it onto the social housing waiting list. This is clear evidence of a significant demand for Social and Affordable Housing in the area but is unlikely this will ever come to fruition due to the lack of points needed to make it onto the waiting list. We believe areas like Gulladuff would benefit greatly from an IR scheme and seek assurances that the results of latent demand tests and the housing needs identified in communities will be given foremost consideration in influencing where IR housing will be delivered.

Additional Comments

More low-income families tend to live in the private rented sector, which tends to be more expensive with poorer living conditions. The gap between housing benefit and local housing allowance which has grown since housing benefit cuts were introduced. Rental values in Dungannon and to a lesser extent Cookstown are very high and there is significant difference between actual rental charges and Local Housing Allowance amounts. In addition, the largest number of housing benefit claimants are living in properties belonging to the private sector. There is a real need for intervention. If a solution is not found, the social housing crisis will continue to escalate and the social issues heighten. It will also cause further problems with regard to housing allocation in terms of meeting need, vulnerable people, family unity, strong communities, etc.

Whilst MUDC welcomes an IR model to alleviate some of this need, we still advocate for intervention in the rental market to monitor rental values in our main hub towns and cities (which are where the populations are concentrated) and to intervene where the market is creating real issues of poverty and social deprivation. Good practice models have been developed in the South of Ireland in the form of Rent Pressure Zones and in other EU countries such as Germany, whereby rules introduced in 2015 prevent landlords in certain towns and cities from setting rents for new tenants any higher than 10% above the local average from the previous four years.

Land banking is an issue in Mid Ulster with a number of developments having gone through the Planning process but not materialised in buildings on the ground. This has an impact on the analysis of Waste Water and Sewerage capacity by skewing the figures, which in turn impacts on the approval of future housing schemes. This issue

is mainly experienced in Dungannon, adding further stress to housing demand. Greater use of vesting land by NIHE would not only ensure the release of necessary lands for the development of social and affordable housing but may also discourage other landowners from banking land and holding up the supply of housing.

Mid Ulster District Council is committed to the release of public sector land for the provision of social housing where possible and is working with NIHE to identify appropriate land. Council has already made land available to Causeway and Mid Ulster Women's Aid for the development of over 20 units of Move On accommodation for their clients to help them move forward in their lives. We also continue to encourage other statutory partners to identify unused land assets for social and affordable housing.

The issue of water and wastewater management in Mid Ulster will have detrimental impact on the district's provision of social and affordable housing. Many people living in the Mid Ulster District Council area are facing significant housing stress because of house building not keeping up with housing demand. New housing developments particularly in our urban towns and key settlements are being refused by NI Water, due to lack of upgrading to Waste Water Treatment works and new water mains not being delivered. Significant Waste Water network capacity issues are emerging in our five main hub towns including Magherafelt, Cookstown, Dungannon, Maghera and Coalisland. These towns have been identified within the Area Plan for Mid Ulster for growth status. In addition to the Waste Water Treatment Works, Waste Water network capacity issues are emerging in 20 areas across the district. Because of this, new connections are being declined in parts of the catchment. It is essential that significant investment be prioritised to upgrade and provide new sewerage infrastructure across the District, in order to deliver social and affordable housing to meet the need. MUDC offer any support necessary to seek solutions to this issue.

Finally, government bodies have a responsibility to the citizens of Northern Ireland to intervene in both failing social policies and commercial markets to ensure the provision of quality affordable homes for life. People should live in homes that are of a good quality and standard to ensure good physical and mental health, social wellbeing,

cohesion and the prosperity of society as a whole. MUDC welcome an IR model that contributes to these outcomes.