Housing Market Analysis Update

Belfast City Council Area

September 2017

Housing Executive

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Introduction and Context

Introduction

Adequate housing is a human right, essential to human dignity, security, health and wellbeing. The right to adequate housing, is a key component of the right to an adequate standard of living, as access to housing can be a precondition for the enjoyment of several human rights, including the rights to work, health, social security, vote, privacy, education and the rights of the child. The spatial organisation of housing can also promote or hinder social cohesion, equity and inclusion.

As recognised by the Regional Development Strategy (RDS) and the Spatial Planning Policy Statement (SPPS), planning plays a crucial role to ensure all people have access to a decent, connected, safe, affordable and well-located home. Planning can supply a variety of housing options and can enhance the supply of land for housing, to encourage mixed income development to reduce segregation and exclusion.

The purpose of a Housing Market Analysis (HMA) is to provide evidence in order to develop integrated housing policies and approaches. Therefore, this HMA Update can be important to inform Local Development Plans (LDP) housing policies contained in both the Plan Strategy and Local Plan Policy Stages, in order to facilitate each household's access to appropriate housing.

The Housing Executive published 11 Housing Market Analysis (HMA) from 2011 to 2013. This included the Belfast Metropolitan Housing Market, the largest housing market in Northern Ireland. These HMAs were not based on council boundaries but on housing market areas, defined using Travel to Work Areas. The purpose of this document is to provide an update on the HMA, by examining the current housing market and housing issues. Unlike the original Belfast Metropolitan HMA, this document will focus on the Belfast City Council area, in order to provide councillors, planners, the public and stakeholders with an accessible evidence base which can be referred to when taking decisions on housing and planning strategies, at the Council level.

The Department of the Environment issued the SPPS in September 2015. It states that the Housing Executive will carry out a Housing Needs Assessment/Housing Market Analysis and that this:

'provides an evidence base that must be taken into consideration in the allocation, through the development plan, of land required to facilitate the right mix of housing tenures including open market and special housing needs such as affordable housing, social housing, supported housing and travellers' accommodation. The Housing Needs Assessment (HNA) will influence how LDPs faciltiate a reasonable mix and balance of housing tenures and types.'

This HMA update provides a regional and local housing market context, identifying key housing market drivers, and provides an overview of the three main tenures, social housing, (including general needs, supported and traveller accommodation), the Private Rented Sector and Owner Occupied sector. In recent years the main housing market drivers have included:

- The economy;
- Demographics;
- Empty homes;
- Purpose Built Student Housing (PBSA); and
- Regeneration

While the HMA considers each tenure separately, it should be acknowledged that housing tenures are fluid and interact, with the dynamics of one tenure often affecting supply and demand in another. For example, a lack of affordable owner occupied housing offers first time buyers an alternative to rent privately. In addition prospective social housing applicants will also look to the private rented sector, with the support of housing benefit, where turnover in social housing is limited in their areas of choice.

It should be noted that there is a lack of current and/or local data for some of the drivers and categories of housing need; in this instance, we have used the latest data that is available. While it would be benefical to have some of this information fully updated, we still believe that these records are useful to identify regional and local trends.

In addition, an annual Housing Need Assessment (HNA) update of social housing need will be presented to the Council each year within the Housing Investment Plan (HIP), in order to assist the Council in the monitoring and review of the LDP. Annual monitoring will enable the Council to evaluate how the objectives of the LDP are being achieved, and it will inform Plan Reviews. The annual HNA will also be a material consideration in the determination of planning applications.

Housing Market Areas

In 2010, the Housing Executive commissioned research on housing market areas (HMAs) in Northern Ireland. The purpose of identifying housing market areas is to gain a spatial understanding of how the housing market functions in a number of defined geographical areas. This can help determine housing priorities and policy decisions and help guide plans for housing.

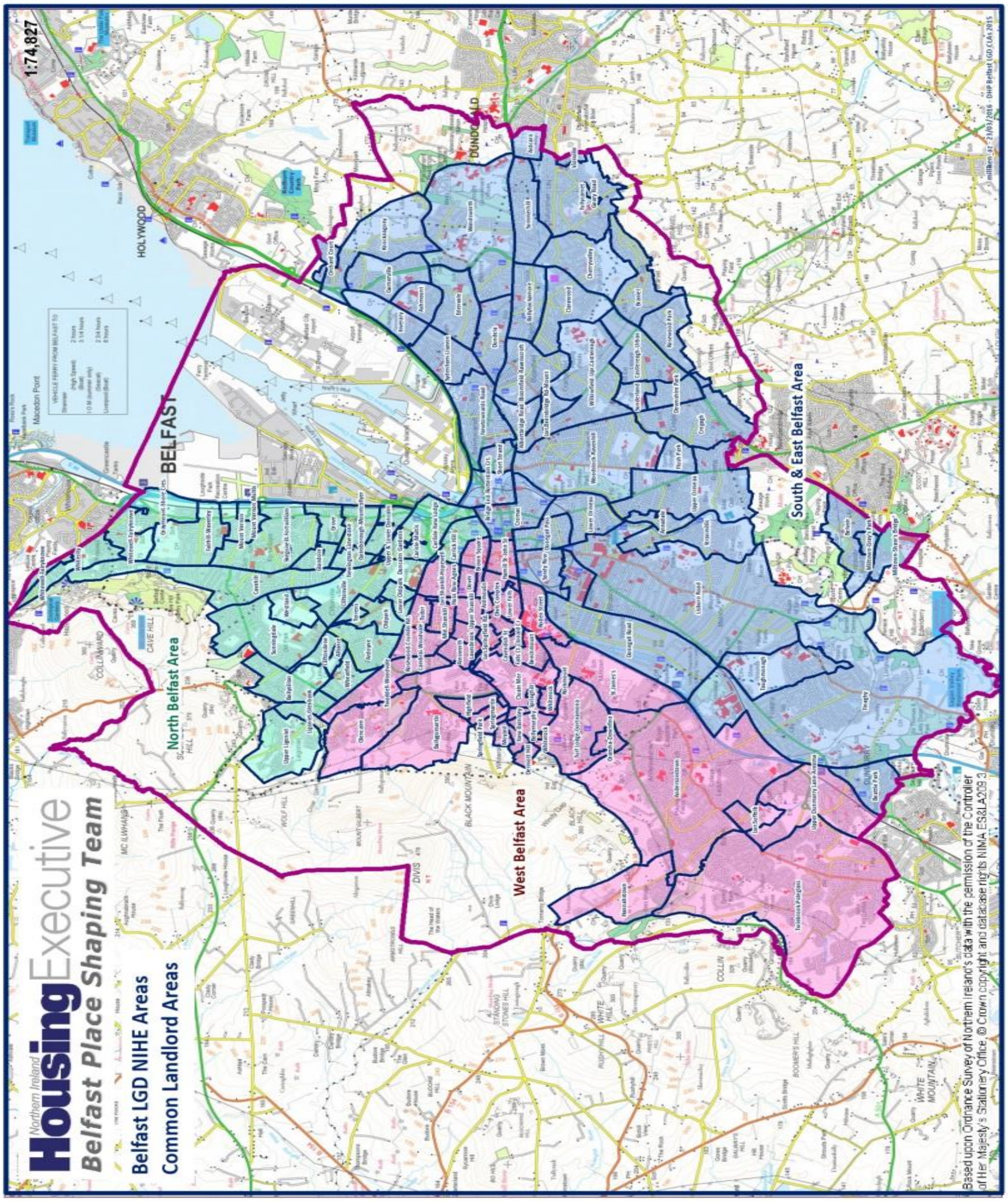
Housing markets function over a spatial area that reflects the housing and location choices of consumers. Housing demand is largely self-contained at the housing market area level. It is the area within which most adults live and work. It is also the area within which most households will search for housing and where a change of residence unconnected with a change in employment or education will occur.

Housing market area boundaries are identified using Travel to Work Areas (TTWA) and the level of self-containment an area has. As such, analysis of migration and commuting flows is often used to determine the geographical area over which a housing market functions and to map the boundaries across which relatively few households change residence or commute.

However, housing market area boundaries change over time due to various factors, including the affordability of commuting, reduced or increased travel times, and the spatial direction influenced by land use planning. Therefore, the Housing Executive has commissioned new research to examine the validity of the existing housing market areas. The new housing market areas geographies are due to be published in 2018.

This report is based solely on the boundary of Belfast City Council, created in April 2015 following the implementation of the Review of Public Administration (RPA). All statistics in this document refer to Belfast City Council unless otherwise stated.

Map 1: Northern Ireland Council Areas April 2015



Map 2 Belfast City Council Boundary

Policy Context

This chapter describes the strategic housing and planning policy context within which the Belfast housing system functions. This chapter also takes account of the budget, policy developments and the planning environment.

UK Government spending

The Autumn Statement in November 2016 confirmed that the government would continue to deliver spending plans set at the Spending Review 2015.

The 2015 Spending Review included measures to reduce central government grant to local authorities and change public services; including criminal justice system, prisons, tax collection, and the delivery of welfare, to allow a reduction in the public sector workforce. The Spending Review also planned to change state support by moving from grant to loan funding some groups such as health students and innovation and by asking larger employers to contribute more to the cost of apprenticeship training.

However, since the 2016 Budget, the outlook for the public finances has deteriorated. A weaker economy has meant less income from taxes and higher spending by local authorities and an increased cost on welfare benefits. Given the depreciated growth, and the period of uncertainty likely while the UK negotiates a new relationship with the European Union (EU), the government will no longer seek to reach an annual fiscal surplus announced by 2019.

Budget for Housing

The 2016 Autumn Statement announced the following investment in housing:

- Housing Infrastructure Fund – this is a fund of £2.3 billion between 2017/18 to 2021-22, provided by the National Productivity Investment Fund (NPIF). Investment is to be allocated to local government on a competitive basis and will provide infrastructure targeted at unlocking private house building in the areas where housing demand is greatest. It is intended to deliver up to 100,000 new homes.
- Affordable homes – restrictions on grant funding will be relaxed to allow providers to deliver a mix of homes for affordable rent and low cost ownership. The NPIF will provide an additional £1.4 billion to deliver 40,000 housing starts by 2020-21.
- Accelerated Construction – this is a pilot of housing construction on public sector land and is backed by £2 billion of funding. In England, the government will invest £1.7 billion by 2020-21 through the NPIF to speed up house building on public sector land, through partnerships with private sector developers. The

devolved administrations will receive the remaining funding, allocated using the Barnett formula.
- Right to Buy – The government will fund a large-scale regional pilot of the Right to Buy for housing association tenants. Over 3,000 tenants will be able to buy their own home with increased discounts under the pilot.

The 2017 Spring Budget does not provide further detail of how the NPIF for housing will be invested.

Following the election of a new government in June 2017, some of these plans could be subject to change, in a new Autumn Statement and Budget. However, the Chancellor has stated that the plans to reduce the public borrowing deficit by 2020 remain unchanged. Until the Autumn Statement in 2017, is published, the Spring 2017 Budget remains relevant. References to housing proposals contained in Queen's Speech include the banning of letting fees for tenants and assisting house building by implementing a range of measures set out in the Housing White Paper 'Fixing our broken housing market' (DCLG, February 2017).

Northern Ireland Budget

The Northern Ireland Executive produced a one-year budget for 2016/17. As Northern Ireland is without an Executive, a new budget has not been set for 2017/18. However, the UK's spring budget in 2017 increased public spending for Northern Ireland by £120m to 2020/21.

In 2016/17, the NI Executive agreed a comprehensive programme of public sector reform, including up to £700 million of capital borrowing to fund Voluntary Exit Schemes (VES) across the public sector. This money is to be available over 4 years with £200 million in 2015-16, £200 million in 2016-17, £200 million in 2017-18 and £100 million in 2018-19. This Public Sector Transformation Fund allocated £14.5m to DfC, of which £9.1m was allocated to the Housing Executive to fund redundancies.

The 2016/17 budget for housing is mainly set out within the Department for Communities (DfC) budget allocation. The top priority for DfC in 2016-17 has been to deliver reform of the welfare system, incorporating an expanded range of services while maintaining service delivery standards. Key priorities associated with housing include:

- supporting and developing vibrant communities through providing access to decent affordable homes, and creating urban centres which are sustainable, welcoming and accessible;
- supporting Older People, those Aging, Disabled or in Poverty including Child Poverty; and
- continue to support vulnerable members of society through joined up service delivery.

Resource allocation for DfC in 2016/17 increased by 6.2% from the previous year, and totaled £871.2m; of this, housing was allocated £156.4m, and communities, cohesion and regeneration received £102.2m. Capital allocation for DfC amounted to £159.7m, with housing receiving £107.5m and community, cohesion and regeneration received £20.0m. DfCs key areas for capital investment in 2016/17, which are related to housing, include:

- Meeting the needs of new and existing housing tenants;
- Continue to invest in seeking to address fuel poverty; and
- Sustain urban regeneration investment as far as possible.

Projected expenditure on the Housing Executive and Housing Associations is to reduce by 21% from £211.8m in 2020/21 to £165.5m in 2024/25 and, over the same period, capital investment for this sector is to decrease by 30% from £130.1m to £90m. It is envisaged that the Housing Executive's programme of modernisation and rationalisation will result in staff and running cost reductions. A review of maintenance spending, improved asset management and increased rental income are also to provide savings and additional revenue.

After the 2017 general election, the 'supply and confidence' arrangement between the DUP and the Conservative minority government resulted in an extra £1 billion public spending for Northern Ireland. This is to be allocated as follows:

- Health: A minimum of £250m, with £200m directed to health service transformation and £50m towards mental health provision. It will also receive £50m to 'address immediate pressures';
- Education: £50m to 'address immediate pressures';
- Infrastructure: £400m for projects including delivery the York Street Interchange, plus £150m to provide ultra-fast broadband across Northern Ireland;
- Deprivation: £100m over five years targeted toward deprived communities;
- VAT and Air Passenger Duty tax: Agreed, subject to further consultation;
- Corporation tax: Agreed to work towards devolving corporation tax; and
- City deals and Enterprise Zones: Agreed to a set of city deals and a limited number of Enterprise Zones.

It is clear that expenditure on public services will remain constrained across the sector for some time, despite potential monies that may be brought forward through arrangements between the Conservative and DUP parties. This fiscally austere approach will continue to impact on available funding for resourcing new and improved housing and housing services.

UKs relationship with the European Union

The United Kingdom (UK) government triggered the two-year process for leaving the European Union (EU) in March 2017, meaning the UK is scheduled to leave the EU on 29th March 2019. EU law will remain until the UK ceases to be a member, when the EU (Withdrawal) Bill will be enacted. This Bill will copy EU laws into UK law allowing the UK to amend or repeal these laws over time.

There is uncertainty regarding the outcome of negotiations between the UK and EU. Decisions on remaining in the single market, and, or the customs union, the status of EU citizens and the border between Northern Ireland and the Republic of Ireland are key areas of debate. Without any agreements being known at the stage of writing, it is difficult to forecast the effect leaving the EU may have.

With regard to Northern Ireland, decisions on the form of the land border between Northern Ireland and the Republic of Ireland will affect trade and households living and commuting across the border each day for work. The Centre for Cross Border Studies (2016) estimates that between 23,000 and 30,000 people are cross border workers, including workers who are neither UK nor Irish citizens. If checks are reintroduced at the border, this could damage trade and the economy, as well as being detrimental to workers travelling times. As the status of citizens also becomes unclear, it may lead to people who have moved to different states, relocating back to their home state, in order that benefits and welfare rights remain available to them.

In addition, the Centre for Cross Border Studies (2017) report Northern Ireland has received EU funding of 7.25bn euro between 1988 and 2013, which has been important for both the economy and the peace process. Between 2014 and 2020, €3.5bn funding from the EU was expected; there is now uncertainty on whether and what proportion of these funds can be drawn down.

The UK's relationship with the EU is of significant importance throughout Northern Ireland. EU funding has been important in supporting economic development strategies aiming to enhance the productivity, innovation and exports of local industry. The withdrawal of EU funding for Northern Ireland is expected to significantly reduce services from the public and voluntary sectors.

Welfare Reform

The Welfare Reform Act 2012, introduced measures to address the rising costs of benefits. In Northern Ireland, changes to the benefits system for working age claimants came into effect with the introduction of The Welfare Reform Order (NI) 2015, on 10 December 2015.

The changes include a 'phased in' benefit cap, which sets an upper limit on the amount of income from benefits a household can receive from November 2016. The benefit cap limits families to £20,000 per year and single households can receive up to £13,400. Households whose income is in excess of these amounts will have their housing benefit reduced to meet these limits. It is calculated the benefit cap will affect 2,600 claimants, 600 of whom are Housing Executive tenants.

Universal Credit (UC) is a new payment that aims to support households on a low income or out of work, and was introduced in Northern Ireland in September 2017. This will affect working-age claimants aged 18 to 64 years old. Claims are made online and paid twice a month to each household. If a person is renting a property, the housing element of the Universal Credit payment will be paid to the landlord. A certain amount can be earned before a Universal Credit payment is reduced. This is known as Work Allowance. For any money earned over the Work Allowance, Universal Credit will be gradually reduced.

Benefits to be replaced by UC are:
- Jobseeker's Allowance (income-based)
- Employment and Support Allowance (income-related)
- Income Support
- Child Tax Credits
- Working Tax Credits
- Housing Benefit (Rental)

Starting in September 2017 and ending in September 2018, UC will be introduced on a phased geographical basis by Jobs and Benefits office / Social Security office for all new claims, as set out below:

Table 1:1: Universal Credit Roll Out

Week commencing	Office
25 September 2017	Limavady
13 November 2017	Ballymoney
11 December 2017	Magherafelt and Coleraine
15 January 2018	Strabane and Lisnagelvin
5 February 2018	Foyle and Armagh
19 February 2018	Omagh and Enniskillen
5 March 2018	Dungannon and Portadown
16 April 2018	Banbridge and Lurgan
30 April 2018	Kilkeel, Downpatrick and Newry
14 May 2018	Bangor, Newtownards and Holywood Road
28 May 2018	Knockbreda, Newtownabbey and Shankill
11 June 2018	Corporation Street, Falls and Andersonstown
25 June 2018	Shaftesbury Square, Lisburn and Larne
2 July 2018	Carrickfergus, Antrim and Ballymena
July-September 2018	Cookstown, Ballynahinch and Newcastle

If a claimant is in receipt any of the six benefits being replaced by Universal Credit they will be transferred to Universal Credit between July 2019 and March 2022.

Social Sector Size Criteria (SSSC), introduced in February 2017 has changed the way Housing Benefit is now calculated for those living in social housing. It means the amount of Housing Benefit paid is now based on the number of people in a household and the number of bedrooms the household needs. If found to be under-occupying, the rent used to calculate housing benefit would reduce by:

- 14% if under-occupied by 1 bedroom, or
- 25% if under-occupied by 2 or more bedrooms

There are exemptions based on household's need for an additional bedroom, the qualifying age for State Pension credit being reached and for some types of accommodation. In addition, existing social housing tenants are exempt from the impact of SSSC until 2020 under the 'Fresh Start' agreement 2015.

Changes to housing benefits include:

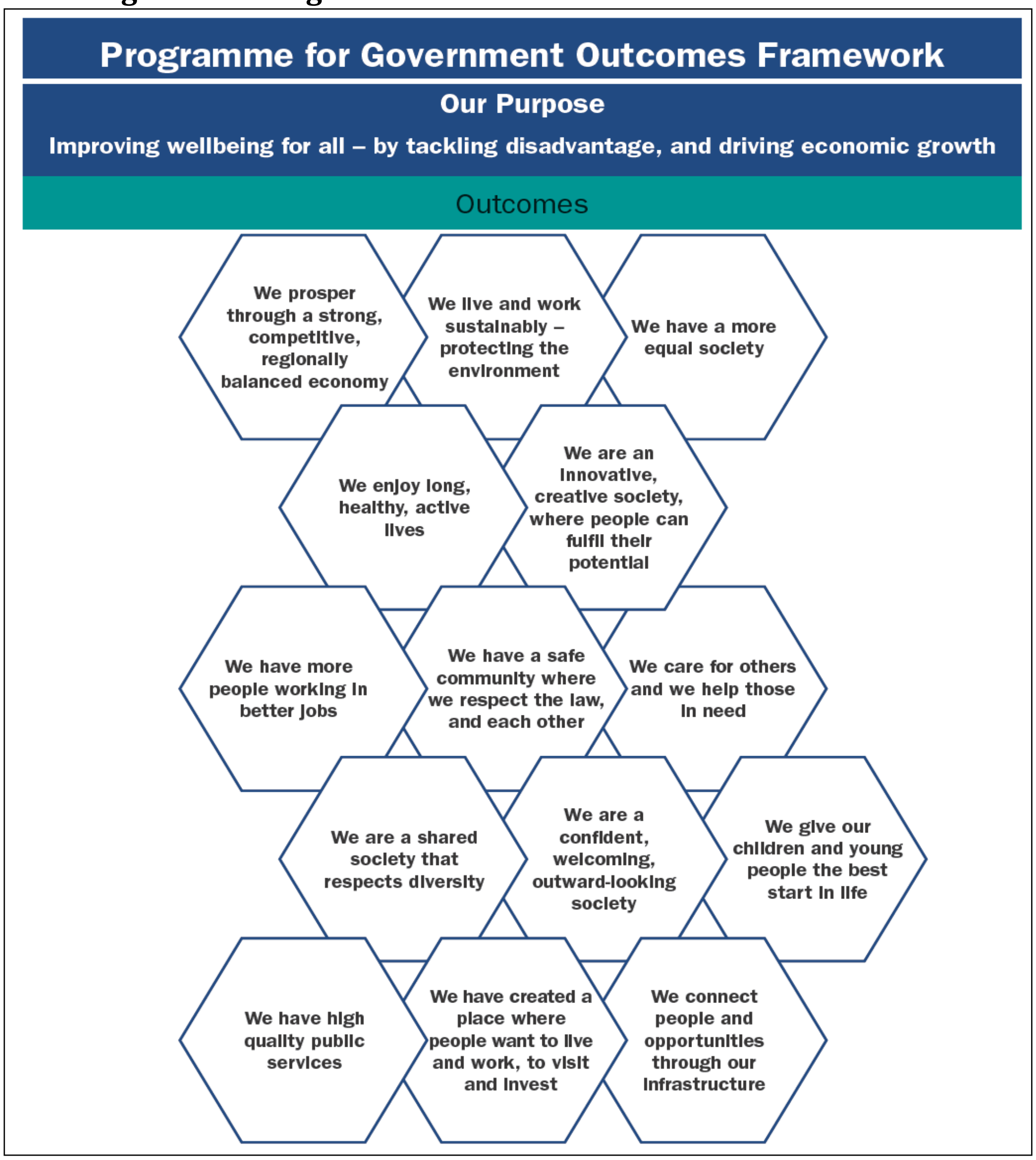
- In April 2011, in Great Britain and Northern Ireland, Local Housing Allowance (LHA) rates were changed and are now calculated on the 30th percentile of local rents rather than the mid-point.
- In April 2011, LHA rates for a five-bedroom property were removed; the maximum LHA rate is now for a four-bedroom house.
- LHA caps are now being extended to the social housing sector. This will come into force in September 2019, for all tenancies that started in and after September 2017.
- Throughout the UK from January 2012, single people under the age of 35, receiving Local Housing Allowance (LHA), in the private sector, have been restricted to a rate for a single room in a shared property. This is being introduced to the social housing sector, with changes taking effect in 2019, for tenancies that started after 31 August 2017.
- Local housing allowance rates are to be set in line with the Consumer Price Index (CPI), instead of the Retail Price Index (RPI). CPI and RPI are both measures of inflation; however, RPI includes housing costs and mortgage interest payments, which CPI excludes. CPI is expected to restrict growth in benefit expenditure.
- On 1 April 2016, Local Housing Allowance (LHA) rates were frozen for four years.

There are two mitigation schemes to help those with shortfalls in benefits. A Discretionary Housing Payment, administered by the Housing Executive, helps those whose housing benefit does not meet rent costs. The Welfare Supplementary Payment (WSP) scheme, administered by DfC, aims to provide assistance to those affected by a loss of benefits, including for those who have a shortfall resulting from the SSSC or the benefit cap. The WSP will be available until 31 March 2020.

The Northern Ireland draft Programme for Government

The Northern Ireland Executive's (NI Executive) published a draft Programme for Government in November 2016. Its over-arching aim is to 'improve wellbeing for all by tackling disadvantage and driving economic growth.' The draft Programme for Government is outcomes based and proposes 14 outcomes and supporting indicators and measures. The 14 outcomes are set out in Figure 1 below. While housing is a cross cutting issue and can help achieve aspects in all 14 outcomes, there are two indicators specifically relating to housing; 'the number of households in housing stress' and the 'gap between the number of houses we need, and the number of houses we have.'

Figure 1:1: Programme for Government Outcomes



Key measures in relation to housing include:

- a commitment to build 9,600 social homes by March 2021;
- supporting 3,750 first time buyers to purchase a new home through Co - ownership or a similar scheme and developing new affordable housing products to help first time buyers;
- helping to address the under supply of appropriate housing, such as accessible housing for particular groups, including older people, in the private sector;
- review the effectiveness of the Fuel Poverty Strategy and develop a new strategy by March 2019;
- support more shared housing and incentivise the development of more mixed tenure, mixed use sites;
- review the Housing Selection Scheme; and
- develop a homelessness strategy.

Fixing Our Broken Housing Market

The UK Government published the housing White Paper 'Fixing Our Broken Housing Market' in February 2017. This paper applies to England but it includes proposals that other jurisdictions are now also considering. The Paper contains four themes:

1. Planning for the right homes in the right places;
2. Building homes faster;
3. Diversifying the market; and
4. Helping people now.

The primary objectives of the White Paper are to enable the development of more homes and to reduce housing costs, so that more people can enter home ownership. Key measures include:

- Ensuring up to date development plans are in place;
- Improve the coordination of public investment and infrastructure and to support connections to utilities to allow developers to build more quickly;
- To diversify the market by encouraging smaller builders and attract new investors; and
- Improve safeguards in the private rented sector.

The first outcome of the White Paper was the announcement in the Queen's Speech in June 2017, that letting agents fees would be abolished.

The Housing Strategy 2012-17

The 'Facing the Future' Housing Strategy was published by DSD in October 2012. An accompanying Action Plan was published in 2013 setting out actions to deliver the Housing Strategy, with an Action Plan update published in 2015 setting out the progress to date. The Strategy states that the Government has five main roles in relation to housing:

1. Helping to create the right conditions for a stable and sustainable housing market that supports economic growth and prosperity;
2. Providing support for individuals and families to access housing, particularly the most vulnerable in society;
3. Setting minimum standards for the quality of new and existing homes and for how rented housing is managed;
4. Driving regeneration within communities, particularly those suffering from blight and population decline; and
5. Promote equality of opportunity in housing in NI and promote good relations.

To achieve the five roles above, the Housing Strategy contains actions and proposals, including:

1. Establish a Housing Supply Forum to identify ways of increasing housing supply with membership from Government bodies, the construction industry, financial organisations, academics, and housing professionals.
2. Increase a range of affordable housing products to support households to move into home ownership, including enhancing the House Sale Scheme to social housing tenants, so they can buy their house outright or buy an equity share.
3. Introduce a developer contribution scheme when market conditions improve, to increase the supply of social and intermediate housing.
4. Implement the Homelessness Strategy for Northern Ireland.
5. Provide smaller properties for under occupying tenants.
6. Develop an Empty Homes Strategy.
7. Develop social clauses in contracts for new social house building, to generate employment and training opportunities.

A key aspect of the Housing Strategy is to take a housing led regeneration approach to regenerating communities experiencing deprivation and blight by providing new social and affordable homes. The Housing Executive actively supports regeneration and supports the Housing Strategy's aim of a collaborative approach across Government to promote sustainable regeneration.

The Housing Strategy closes this year and DfC are currently in the process of completing a final evaluation of the Housing Strategy which should be available at the end of 2017. The next version of the Strategy is the Programme for Government (PFG) delivery plan which is in draft until it receives Executive approval. The proposals contained within the Housing PFG delivery plan and subsequent actions are an attempt to learn from the experiences of delivering the Housing Strategy.

Supporting Strategies

The Programme for Government and the Housing Strategy identify a number of strategies and plans, which will promote the aims, priorities and commitments of both documents. These include a Review of Housing Fitness standards and the Review of Houses in Multiple Occupation. DfC also published a consultation document 'Private Rented Sector in Northern Ireland – Proposals for Change' in January 2017. The key objectives of this review are to:

- Assess the contribution the Private Rented Sector (PRS) currently makes and could potentially make to increase housing supply;
- Identify the key enablers to support the current and potential future role of the PRS;
- Evaluate the effectiveness of existing regulation;
- Ascertain if there are any unintended consequences in the current system and make recommendations on how these could be addressed; and
- Assess the contribution the PRS makes and could make to support the NI Executive's Together Building a United Community Strategy, which focuses on encouraging more shared housing.

Community Planning

The new councils received powers of wellbeing and community planning, within the Local Government Act 2014. This stated that local government districts have statutory duty to lead and facilitate community planning and will be required to consult and co-operate with the community and bodies responsible for providing public services. The legislation also established a statutory link between community plans and development plans.

Belfast Community Plan; the Belfast Agenda

Belfast City Council and its statutory partners have been preparing a Community Plan, the Belfast Agenda, which has a bold and ambitious vision:

"Belfast will be a city re-imagined. A great place to live for everyone. It will re-energise and drive a successful economy where everyone can reach their potential. Beautiful and well connected it will be a shared city and loved by all its people and admired around the world. It will be a producer and magnet for talent, investment, innovation and creativity, a compassionate place where people create value and are valued".

To achieve this vision the Council and its partners will work towards these five outcomes.

1. Everyone in Belfast benefits from a thriving and prosperous economy.
2. Belfast is a welcoming, safe, fair and inclusive city for all.

3. Everyone in Belfast fulfils their potential.
4. Everyone in Belfast experiences good health and wellbeing.
5. Belfast is a vibrant, attractive, connected and environmentally friendly city.

Housing has a key role in this process and can contribute to achieving many of these actions. Housing can have a positive effect on health and wellbeing, regeneration and the environment, community cohesion and neighbourhoods, combating fuel poverty and promoting the use of renewable energy and assisting economic growth.

Planning Policy Context

The Regional Development Strategy (RDS)

The first RDS "Shaping our Future", was issued by the Department for Regional Development (DRD) at the end of 2001 and was reviewed in 2006 and 2010. In March 2012, a new RDS to guide development until 2035 was published.

The RDS 2035 provides an overarching strategic framework, to help achieve a strong spatially balanced economy, a healthy environment and an inclusive society. The RDS also contains a commitment to sustainable development.

The Strategy contains a Spatial Framework to support balanced spatial economic development and growth between the wider Belfast area and the rest of Northern Ireland.

RDS Housing Requirements

The RDS's regional objectives for housing are to:

- Manage housing growth to achieve sustainable patterns of residential development;
- Support urban and rural renaissance; and
- Strengthen community cohesion.

The RDS Spatial Framework aims to influence the geography of development across Northern Ireland. The RDS, therefore, sets 'Housing Growth Indicators' (HGIs) to guide distribution of housing in the region. The RDS projects housing growth required to respond to changing housing need within all tenures.

The RDS identifies an indication of the net additional housing requirement of 94,000 dwellings between 2012 and 2025 throughout Northern Ireland. The HGIs allocate a proportion of the regional net additional housing requirement to each LGD. These allocations were intended to provide a starting point for assessing future net housing additions required at the local level through the Development Plan process. The distribution of housing growth within each council area will be decided as part of the development plan.

The HGI figure for 2025 at 94,000 is significantly lower than the projected housing growth figure calculated in 2008 at 190,000 to 2025.

RDS Housing Requirements for Belfast City Council

The RDS's regional allocation of 94,000 dwellings is shared according to the Spatial Framework, Belfast City Council area has an allocation of 13,700 new dwellings.

Table 1:2: Housing Growth Indicators 2012 to 2025

LGD	RDS 2035 2012-2025	
	Number	**%**
Belfast City Council	13,700	14.5%
Northern Ireland	94,000	100

Source: DFI (2016)

Strategic Planning Policy Statement (SPPS) and Development Plans

The implementation of the RDS is supported by SPPS, issued in 2015, and new Local Development Plans.

The key aim of the SPPS is to further sustainable development through balancing and integrating the three pillars of sustainable development: social, economic and environmental considerations. The SPPS also introduces spatial planning, requiring:

> 'a positive and proactive approach to planning, and a coherent long-term policy framework to guide and influence future development across the region. Strategic, community and land use planning matters, policies and decisions should be considered together. This new approach to planning extends beyond land use to integrate policies for the development and use of land with other key policies and programmes which influence the nature of places and how they function. It should also be visionary in setting out a clear expression for how areas should look and function into the future.'

In relation to housing, the SPPS states Planning Authorities must deliver:

- Increased housing density without town cramming;
- Sustainable forms of development;
- Good design; and
- Balanced communities.

The SPPS is a framework for establishing the spatial distribution of housing allocations as part of the development plan process. It also allows for supply of land and other measures to deliver affordable housing development predicated on the findings from Housing Needs Assessments/Housing Market Analyses prepared by the Housing Executive.

The Belfast City Council Local Development Plan (LDP) will replace the Belfast Metropolitan Area Plan (BMAP 2015) in 2020. The LDP will influence housing development in Belfast for 15 years from 2020. The plan will address land availability for housing across Belfast. It will examine the take up of zoned land with the correct development plans. The LDP will be the main vehicle for assessing future housing land requirements across the council area. This is crucial given the aspiration within the Belfast Agenda and LDGs Preferred Options Paper to increase the population of Belfast by almost 70,000 people and develop an additional 37,000 new homes in the period to 2035.

Conclusion

Currently the policy context for the UK, Northern Ireland and Belfast is fluid, making long-term predictions difficult. There is ongoing uncertainty regarding UK and Northern Ireland budgets, prior to the 2017 Autumn Statement and in the absence of a functioning Northern Ireland Assembly. In addition, the consequences for households and housing due to changes in welfare reform, may only be partially known, while mitigation payments are being provided. This means that we may not know the full extent of housing need until 2020, when supplementary payments are due to cease. The full effect of the UK leaving the EU, may only emerge over several years, with decisions on the economy, the NI/ROI border and the status of EU nationals still to be negotiated and agreed. Undoubtedly, this will have a significant effect on the future development of Belfast.

As the future policy context is changeable, any predictions and forecasts should be viewed with caution. In this unstable policy environment, monitoring effects over time will be of crucial importance.

Northern Ireland Housing Market

This chapter considers long term tenure changes and the performance of the Northern Ireland Housing Market as a whole, with some emphasis on important variations with Belfast. This mainly focuses on the owner occupied housing market. The Belfast housing market performance across all tenures is discussed in more detail in Section 3.

Tenure

There have been substantial changes to the tenure profile of the housing market in Northern Ireland in the period since 1991. There is a higher level of owner occupation in Northern Ireland compared to Belfast and a correponding lower level of social housing, reflecting the large scale slum clearance and redevelopment programmes in Belfast during the 1970s and 1980s. In the 20 years between 1991 and 2011, the census recorded a significant increase in the proportion of Private Rented Sector (PRS) properties in both Northern Ireland and Belfast, resulting in a falling percentage share for social housing. This reflects in part the effect of the Right to Buy policy in the social housing sector.

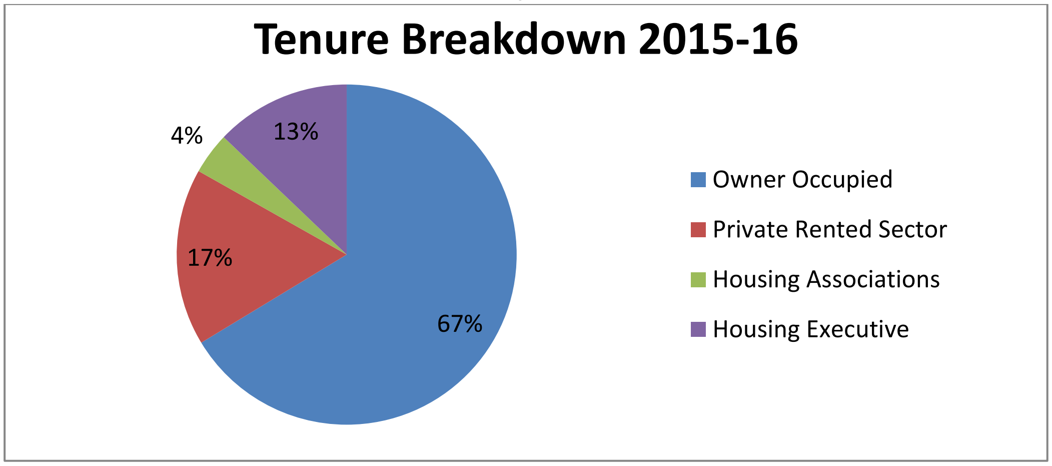
Table 1:3 Tenure Breakdown Belfast and Northern Ireland 1991-2011

Tenure	**Owner Occupation**		**Social Rental**		**Private Rental**		**Other ***	
	N. Ireland	Belfast	N. Ireland	Belfast	N. Ireland	Belfast	N. Ireland	Belfast
CENSUS								
1991	63%	53%	31%	38%	6%	8%	n/a	1%
2001	70%	57%	21%	32%	7%	10%	2%	2%
2011	68%	52%	15%	25%	15%	20%	2%	2%

Source: NISRA*Mostly other rental, including rent free and University halls of residence.

Preliminary findings from the Northern Ireland House Condition Survey 2016 indicate that expansion of the PRS has continued since 2011, but at a lower rate than the five years to 2011. By 2016, there were an estimated 128,100 dwellings in the sector, 17.3% of the total housing stock. This survey also stated that 43% of households aged between 25-34 are housed within the PRS compared to 14% in 2004/5. Over the same period, the percentage of this group buying with a mortgage, decreased from 66% to 40%. The PRS has grown mainly due to affordablility problems in accessing the owner occupied market.

Chart 1:1: Tenure Breakdown NI 2015/16



Source: DfC

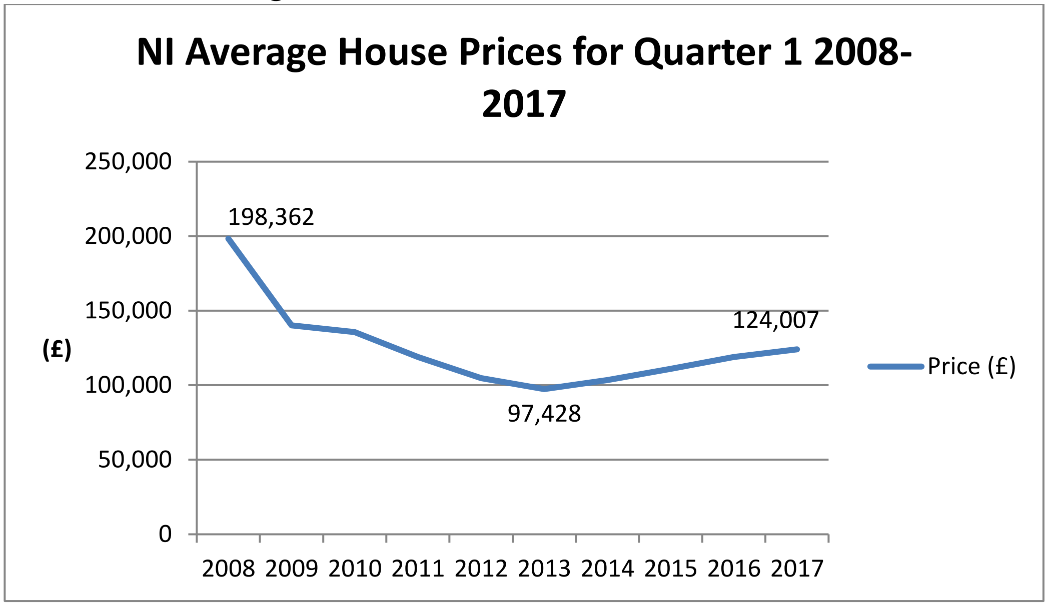
However, as affordability problems have eased, there has been a recent increase in first time buyers entering the owner occupied market. This, and the increasing cost for landlords due to stamp duty and other tax changes, may see the rate of PRS growth decrease, or at least stabilise in future years.

Affordability and House Prices

In 2016, the Council of Mortgage Lenders (CML) described the Northern Ireland property market as the 'definitive example of boom-and-bust' in the UK. However, continued low interest rate environment, more readily available mortgage finance and stronger affordability levels compared to the rest of the UK, mean that consumer confidence in the mortgage environment appears to be rising.

Statistics from Land and Property Services (LPS) show steep house price falls, year on year, from 2007 to 2013. A standardised price of £224,670 at the height of the market, in Quarter 3 (Q3) of 2007 decreased by 57% to £97,428 at the lowest point, Q1 of 2013. Since this low point in 2013, house prices have been rising steadily, albeit at a fairly low rate, with average house prices now 27% higher. See Chart 1:2

Chart 1:2: NI Average House Prices 2008-2017



Source: LPS https://www.finance-ni.gov.uk/articles/northern-ireland-house-price-index

The average house price for Northern Ireland is £124,007 for Quarter 1 (Q1) of 2017. This is an increase of 4.3% over a 12 month period. Prices for apartments are the only prices to have declined over the last year, with terraces showing the highest rate of increases. This could be due to increased first time buyer activity, as terraces have the lowest average prices of all house types**.** This is illustrated in Table 1:4

Table 1:4: Northern Ireland House Price by Property Type

Property Type	Percentage Change on Previous Quarter	Percentage Change over 12 months	Standardised Price (Quarter 4 2016)
Detached	0.6%	3.6%	£186,905
Semi-Detached	0.%	5.9%	£121,098
Terrace	-0.7%	4.8%	£85,713
Apartment	-4.5%	-0.4%	£97,242
All	0.8%	4.3%	£124,007

Source: LPS https://www.finance-ni.gov.uk/articles/northern-ireland-house-price-index

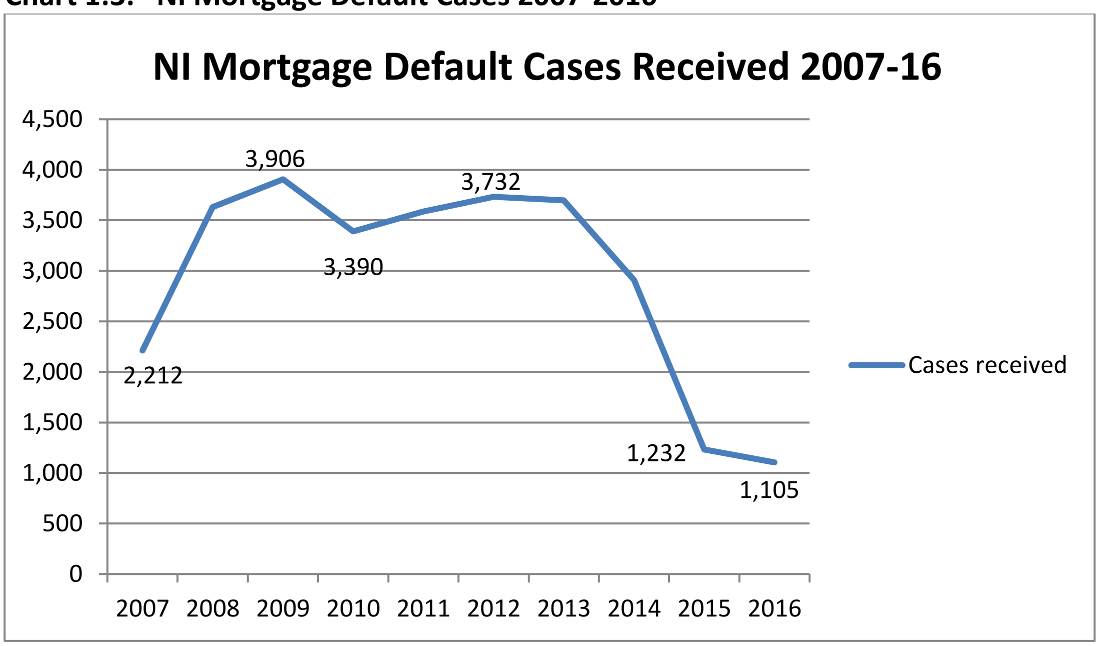
House prices in Belfast have been relatively stable since 2014. The CML described in its April 2017 market commentary that "the market is on a fairly even keel and in a neutral gear". South Belfast is the highest priced sub market in the city, followed by East, West and North Belfast.

NISRA report that median house prices, against median gross earnings show a ratio of 4.7% in 2016. This has risen each year since 2012, after falling steeply from a ratio of 9.1% in 2007, when there were a high levels of affordability problems across Northern Ireland. This indicates improved affordablilty since the height of the market. Currently, as the average house price in Northern Ireland is significantly lower than the UK average, the loan to income ratio is the lowest of the UK regions. This means monthly repayments are generally more affordable for borrowers in Northern Ireland, than counterparts in GB.

On average, first time buyers loan to value ratio was 86%, meaning an average deposit of approximately 14% was needed for those entering the owner occupied market for the first time. Loan to value ratios averaged at 89% for first time buyers in 2005, meaning that raising a deposit was slightly easier or more affordable at this time.

During the recession, as the housing market and economy weakened, affordabilty issues and difficulties in making repayments led to a rise mortgage default cases, as demonstrated in the chart below.

Chart 1:3: NI Mortgage Default Cases 2007-2016



Source: The Department of Justice, 2017

These cases relate to properties or land owned at least in part with a mortgage, where the owner has defaulted on their mortgage payments and the lender has initiated legal proceedings for an order of possession of the property. Not all of cases lead to eviction or re/possession, as the parties can still negotiate a compromise.

The Department of Justice states the main reasons for housing debt are:

- Change in circumstances, i.e. job loss, reduction in working hours, sickness or relationship breakdown;
- Accessing high cost credit/mortgages from non-traditional lenders and securing it on their homes; and
- Over borrowing during the property boom.

The housing market has improved since 2013, the number of mortage default cases has fallen significantly. The Department of Justice records that 322 such cases were received Royal Courts of Justice in Belfast, during Quarter 1 of 2017 (January to March). This represents a 13% decrease of cases received from the same period in 2016 (371), and is the lowest volume of cases received during the January to March quarter since the records began in 2007.

While afforability has improved, issues remain. CML reports that negative equity has been the biggest problem in the Northern Ireland housing market since the recession. The property debt company, Negative Equity NI, reported that more than 60,000 homes were in negative equity in 2015. The mean average debt held by homeowners in Northern Ireland, in 2014 was £35,162, twice the UK average. It has also been confirmed by the Financial Services Authority that at the height of the recession, many of those who had taken out mortgages since 2005 were ‘mortgage prisoners’, unable to restructure their debt or to move to lower interest rate deals.

Increasing house prices may have eased the pressures of negative equity for a limited number of households, however given the high cost of housing and the level of lending at the height of the market negative equity continues to be a significant drag on the housing system and the ‘second steppers’ seeking to move to a bigger property. Of great concern to these home owners is rising inflation and the warning of interest rate rises by the Governor of the Bank of England. This will need to be managed with extreme care to ensure the housing system is not further and seriously impaired.

The future short term prospects for house prices are also unclear. While Ulster University’s Economic Policy Centre expects house prices to rise by 3% in 2017 and 2% in 2018, this contrasts with the view from PWC. In July 2017, PWC has stated that due to a slow recovery of wages and disposable income in Northern Ireland, house prices are expected to slow, with rises of 1% in 2017 and will not rise in 2018. Both these predictions are lower than the 4.3% rise from Q1 2016 to Q1 2017, inidcating a potential slow down in the housing market. In UK terms, two of the largest mortgage lenders, Halifax and Nationwide have recently reported that annual price growth had slowed to between 2 and 3% and is expected to remain low.

It is also important to note, that affordability is not simply reflected in house prices, as there is a range of housing costs, including the cost of borrowing, council rate levels, adaptability and energy costs.

Ulster University House Price Index

Ulster University produces a Quarterly House Price Index for Northern Ireland. This index uses sub regional geographies, which are not necessarily coterminous with the new Council boundaries or the Housing Executive's Housing Market Areas. However, the Ulster University's Belfast region does align fairly closely with the Belfast City Council area and also analyses price movements in the four individual sectors (North, South, East and West) of the city.

Repayment affordability highlights the level of unaffordable stock, based on dwellings sold. The latest available Ulster University Affordability Index (2016), see Table 1:5, shows repayment affordability and includes an 'affordability gap'. The affordability gap is the difference between lower quartile house prices, and the maximum a median income household can borrow. A positive affordability gap indicates a surplus between the borrowing capacities of households, against lower quartile house prices. Therefore, houses are more affordable in areas with a high affordability gap.

The Ulster University's Affordability Index calculated that affordability improved across all regions of Northern Ireland in 2016, with the exception of Mid Ulster council area. Belfast is the least affordable region in Northern Ireland, with only 25% of properties sold considered being affordable for those on median incomes, and the council area had a negative affordability gap of £601 in 2016. The percentage of properties considered unaffordable over the last five years has remained fairly stable at around 70- 75%. Both house prices and the percentage of unaffordable properties have decreased slightly in the past 12 months in Belfast.

Table 1:5: Repayment Affordability

	2012		2013		2014		2015		2016	
	Aff Gap(£)	% Unaff	Aff Gap(£)	% Unaff	Aff Gap(£)	% Unaff	Aff Gap(£)	% Unaff	Aff Gap(£)	% Unaff
North Down & Ards	29,821	58%	42,860	46%	37,717	52%	34,411	51%	38,620	49%
Armagh & Craigavon	19,739	58%	17,358	55%	18,657	57%	3,812	73%	4,909	71%
Antrim & Newtownabbey	18,277	66%	14,633	63%	15,706	59%	14,425	63%	21,329	58%
Belfast	**3,820**	**73%**	**7,817**	**68%**	**7,400**	**67%**	**-4,012**	**77%**	**-601**	**75%**
Carrickfergus & Larne	63,691	25%	71,181	27%	67,140	25%	63,848	33%	82,935	23%
Derry, Strabane & Limavady	5,832	68%	20,281	60%	15,524	68%	24,661	52%	23,385	50%
Fermanagh & Omagh	50,949	27%	39,538	38%	36,342	38%	37,309	52%	41,927	43%
Newry, Down & Banbridge	16,408	63%	19,356	59%	18,370	62%	10,437	71%	16,860	66%
Lisburn & Castlereagh	8,920	69%	13,351	66%	18,321	63%	8,937	69%	28,470	58%
Magherafelt, Cookstown & Dungannon	19,461	58%	30,038	45%	30,867	45%	23,059	55%	16,552	58%
Moyle, Ballymena, Ballymoney & Coleraine	21,199	57%	23,538	51%	24,467	53%	18,084	60%	21,427	54%

Source: University of Ulster, 2017

The deposit gap, see Table 1:6 below, looks at the ability to access the housing market in terms of the required deposit, or the Loan to Value ratio. This index assumes a household's ability to save 30% of its annual disposable income, and estimates a 'savings ratio'; the number of years it would take households to save for a deposit. As house prices have increased, the percentage of an income needed and the number of months needed to save for a deposit have increased. Increasing inflation rates, also mean household's disposable incomes have decreased. Similar to affordable properties, Belfast is the least affordable region in Northern Ireland in terms of the deposit gap. This measure illustrates continuing challenges for prospective homebuyers wishing to access owner occupation in Belfast.

Table 1:6: Loan to Value Affordability

	2012		2013		2014		2015		2016	
	Income %	**Savings Ratio**	**Income %**	**Savings Ratio**	**Income %**	**Savings Ratio**	**Income %**	**Savings Ratio**	**Income %**	**Savings Ratio**
North Down & Ards	37.86	1.26	33.1	1.1	35.63	1.19	36.01	1.20	38.76	1.29
Armagh & Craigavon	37.23	1.24	38.92	1.3	38.57	1.29	46.37	1.55	49.42	1.65
Antrim & Newtownabbey	39.73	1.32	41.83	1.39	41.59	1.39	41.54	1.38	42.03	1.40
Belfast	**46.95**	**1.57**	**44.41**	**1.48**	**44.87**	**1.5**	**50.91**	**1.70**	**52.48**	**1.75**
Carrickfergus & Larne	24.55	0.82	22.16	0.74	24.71	0.82	25.87	0.86	23.30	0.78
Derry, Strabane & Limavady	45.81	1.53	36.98	1.23	40.28	1.34	34.47	1.15	39.08	1.30
Fermanagh & Omagh	25.34	0.84	31.12	1.04	33.26	1.11	32.50	1.08	34.49	1.15
Newry, Down & Banbridge	41.14	1.37	39.84	1.33	40.69	1.36	43.71	1.46	44.52	1.49
Lisburn & Castlereagh	45.83	1.53	44.12	1.47	42.41	1.41	45.20	1.51	41.78	1.39
Magherafelt, Cookstown & Dungannon	40.26	1.34	35.53	1.18	35.7	1.19	38.61	1.29	45.17	1.51
Moyle, Ballymena, Ballymoney & Coleraine	39.44	1.31	38.55	1.28	38.56	1.29	40.75	1.36	43.11	1.44

Source: University of Ulster, 2017

The University of Ulster combines these two aspects of affordability into a single relative measure called a Multiplier Weighting Ratio. The higher the ratio, the greater the affordability problem is in the area. Based on the Multiplier Weighting Ratio, Belfast again comes out as the least affordable region in Northern Ireland (See Table 1:7).

Table 1:7: Multiplier Weighting Ratio

	Multiplier weighting ratio 2013	Multiplier weighting ratio 2014	Multiplier weighting ratio 2015	Multiplier weighting ratio 2016	Variation 2015 - 2016
North Down & Ards	0.508	0.438	0.612	0.633	-0.021
Armagh & Craigavon	0.714	0.443	1.128	1.170	-0.042
Antrim & Newtownabbey	0.878	0.426	0.872	0.813	0.059
Belfast	**1.007**	**0.448**	**1.307**	**1.312**	**-0.005**
Carrickfergus & Larne	0.199	0.303	0.285	0.179	0.106
Derry, Strabane & Limavady	0.74	0.506	0.597	0.651	-0.054
Fermanagh & Omagh	0.394	0.343	0.563	0.494	0.069
Newry, Down & Banbridge	0.784	0.457	1.034	0.980	0.054
Lisburn & Castlereagh	0.971	0.446	1.040	0.808	0.232
Magherafelt, Cookstown & Dungannon	0.533	0.378	0.708	0.873	-0.165
Moyle, Ballymena, Ballymoney & Coleraine	0.655	0.412	0.815	0.776	0.039

Source: University of Ulster, 2017

Transactions

Transactions also demonstrate an improving housing market. Between 2008 and 2011, the annual number of sales was approximately 11,000 each year, however, since 2012-16, the number of transactions has increased each year, with 22,713 sales occuring during 2016, a change of 106%. Borrowing by first time buyers and home owners trading up has increased significantly since 2012.

In 2016, CML reported that the recovery in transactions was driven by an increase in the first time buyer activity. CML reported a high of 9,700 first time buyers in 2005, with numbers dropping significantly to 2,900 in 2008. However, since the recovery in the housing market there has been an increase in first time buyers to 8,000 in 2016, an increase of 7% since 2015.

New Build

Private sector house building has been increasing since 2013, demonstrating improved confidence in the housing market from private developers. However, while starts are increasing, they are still well below 2005 figures and are not reaching the requirement for new units, as set out in Housing Growth Indicators (HGI). Building work started on more than 1,800 new homes in Northern Ireland in the first quarter of 2017. That is up 16% on the same period last year. New build starts in Belfast have also increased in the past 3 years. New Purpose Built Student

Housing (PBSA) referred to in pp 56-58 of this report do not form part of the statistics in Table 1:8 below.

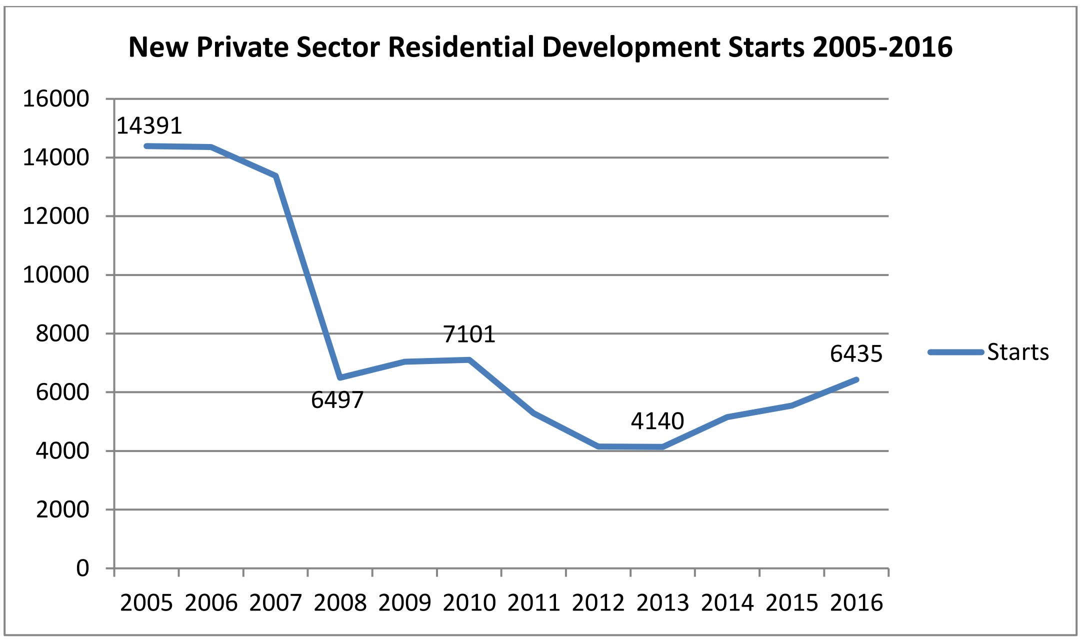
Table 1:8: New Build Starts all sectors

Year	All N. Ireland	Belfast
2014/15	5,990	410
2015/16	6,713	565
2016/17	7,724	726

Source:DfC

Across Northern Ireland, completions have been at a lower level than the HGIs. New build completions are at 64% of HGIs, with 23,102 units built over a five year period (2012/13-2016/17). This means, to reach HGIs by 2025, an additional 8,863 homes need to be constructed each year.

Chart 1:4: New Private Sector Starts 2005-2016



Source: https://www.finance-ni.gov.uk/publications/new-dwelling-statistics-report

Residential planning applications, while falling significantly from a high of 24,749, in 2005/6 have dropped to 7,795 in 2016/17. However, this is an 8% increase from 7,192 applications received in 2015/16. Excluding applications for domestic alterations and extensions, there were 4,941 planning applications in the last financial year, an increase of 16% from 2015/16. This indicates increased opportunity for new housing units, within the next five years.

Conclusion

While the housing market has slowly improved over the last four years, structural issues remain that could adversely affect the economy and household finances in the near future. These include the rate of new build continuing to fall well short of meeting DFI's housing growth indicators; which could lead to house price inflation.

There are also continuing high levels of negative equity. While rising house prices mean that more homeowners are slowly coming out of negative equity, higher levels of inflation and a consequent rise of interest rates could lead to higher housing costs and rising rates of repossessions.

Commentators are forecasting a slowdown in house price growth or stagnation within the Northern Ireland housing market over the next two years, and longer term forecasts for the UK housing market have also been cautious due to economic uncertainty following the EU referendum. It will be important to monitor trends and developments across the housing sector in the next few years.

Section 2:
Housing Market Drivers

Economy

The housing sector both influences and is influenced by economic performance. Whilst we have witnessed the dangers of an economy that is over dependent on the housing market during the noughties, the United Nations New Urban Agenda notes the importance of the contribution of housing in economic development and in stimulating productivity. Housing enhances capital formation, income, employment generation and savings. In turn, economic conditions are a key driver within the housing market, affecting the rate of household formation, people's incomes, employment and access to finance, therefore determining their housing choices. The economy can also influence the availability of land for development and the cost of loans to invest in new building.

International and UK Economy

In June 2017, the World Bank estimated that global economic growth will strengthen to 2.7% in 2017 and 2.9% in 2018/19. The Emerging Market and Developing Countries (EMDC) will account for more than 75% of global growth. Growth in the Euro Zone is predicted to grow by 1.7% in 2017, followed by 1.5% in 2018 and 2019; this is similar to the rate of growth in the UK.

In the March 2017 Budget, the Office of Budget Responsibility (OBR) forecast the UK economy to grow by 2% in 2017. The growth rate in the medium term is now predicted to be at a lower rate than originally estimated. Growth in 2018 is predicted to be at 1.6%, with 2019, at 1.7%, 1.9% growth in 2020, returning to 2% growth in 2021.

Sterling depreciation following the EU referendum, has led to an increased inflation rate of 2.6% in July 2017, higher than the 2.4% predicted for the year, and the Bank of England target of 2%. This is the highest level of inflation since June 2013. Inflation puts pressure on household finances and leads to slower consumer spending and subdued private investment. Danske Bank reports that in Northern Ireland, inflation has led to a fall in household confidence over the last 12 months. Critically the Bank of England gave its strongest hint in September 2017 that an interest rate rise is imminent. The impact of any interest rise on the Northern Ireland housing market will need to be closely monitored given the proportionately high level of negative equity and the potentially detrimental effect on an already imbalanced housing system.

Northern Ireland Economy

In Q1 of 2017, Danske Bank's Quarterly Sectoral Forecasts report predicts that the Northern Ireland economy will grow by 0.8% in 2017 and 1.0% in 2018. The rate of growth expected in the short - medium term is below the 2016 level of 1.6%, which was the strongest rate of growth since 2007.

However, the weaker pound has supported an increase of net exports, with the year to Q4 2016, experiencing an increase of 20%. With a sustained weakened pound against the euro and the US dollar, continued export growth is expected.

At a sector level, service industries are predicted to be the main drivers of growth. The information and communication sector is expected to be the fastest growing in Northern Ireland this year (4.4%), followed by the professional, scientific and technical sector (3.3%) and the administration and support sector (2.8%). The wholesale and retail trade sector is forecast to make the biggest contribution to overall GVA growth in 2017.

A weaker outlook for demand suggests that there will be a slight deterioration in the Northern Ireland labour market over the short-term. Employment levels are expected to fall by around 400 jobs in 2017, equivalent to a contraction of 0.1%. Job losses are expected to continue in 2018, with the further loss of around 1,000 jobs, given the uncertain economic conditions.

Danske Bank predicts that uncertainty over what access UK-based businesses will have to EU markets in the future, and when formal separation from the EU will take place will mean that the outlook for investment-orientated sectors remains relatively weak. It is predicted this will cause businesses to postpone capital spending, damaging the manufacturing and construction sectors. The nature of the border with Republic of Ireland will also have an important influence on Northern Ireland's economy as this is remains NI's biggest export market, with 30% of exports going to ROI in 2016.

Belfast Economy

As the region's capital city, major population centre and the hub for business, employment and infrastructure, Belfast is critical to Northern Ireland's economic future.

Belfast supports over 210,000 jobs and is a source of employment for much of the region's population, with more than half of those employed in Belfast travelling from outside the council boundary; the economic growth and prosperity of Belfast is spread well beyond the council boundary.

Not only does a successful economy generate the wealth required to grow businesses, generate jobs, and offer routes out of poverty for struggling families, it is also the main source of revenue for the city's public services, programmes and interventions. Almost 50% of Belfast City Council's income comes from the non-domestic rates income. As such the city's private sector makes a direct positive contribution to the Council's ability to plan and deliver high quality services.

Belfast City Centre is key to creating the economic growth required. A strong city core needs the right mix of offices, retail, hotels, tourist attractions, creative industries, universities and colleges, housing and social infrastructure.

The city is home to Queen's University Belfast, Ulster University and Belfast Metropolitan College, which between them have 43,000 full and 30,000 part-time students. According to 2011 census figures, 28% of the working age resident population hold a university degree equivalent or higher. Research undertaken by the Centre for Cities reported that whilst Belfast was ranked 15th in the UK for having a highly skilled population, it ranked second highest in terms of the share of population having no formal qualifications. This has a significant impact on regional competitiveness.

The success of the city in economic growth areas such as tourism, is making a vital contribution to the wider Northern Ireland economy. Belfast supports a growing tourism industry with almost 9.5 million visits contributing over £430m to the local economy and supporting over 9,300 full time jobs. In 2016, Titanic Belfast was named as the world's number one tourist attraction. In 2016, 82 cruise ships carrying 145,000 passengers docked in Belfast. This is a new and emerging sector of the economy with improvements to the Belfast Harbour area proposed to enhance the cruise ship visitor experience. The Belfast Integrated Tourism Strategy 2015-2020 sets out priorities and activities to help us double the value of tourism to £870m per year by 2020.

In order to support rising tourist numbers there have been significant investments in hotel accommodation within Belfast. 41% of available NI bed-spaces are located in Belfast and almost four-fifths of these bed spaces were occupied throughout 2016, the highest occupancy of all NI districts. A CBRE report states that as of February 2017, the Belfast hotel market had approximately 3,400 existing bedrooms. Current research suggests that there are approximately 3,750 additional hotel bedrooms at various stages of the planning and construction process. The hotel industry in Belfast supports jobs directly during construction and operational stages as well as being supported and enhanced by a range of other businesses including restaurants, retail outlets and visitor attractions.

A report by Savills in February 2016 highlighted that more than £500m of property deals were transacted in Northern Ireland, for the second successive year. A key driver of this was the return of rental growth in both the prime retail and office markets. Much of this development was located in Belfast. The commercial rating revaluation has rebalanced the rates payable across Northern Ireland, having a positive impact upon Belfast City Centre whilst negatively impacting out of town retail. Savills' research estimated that in February 2016, the total current available office accommodation in Belfast was in the region of 488,000 sq ft. Of this, approximately 150,000 sq ft is Grade A space. Availability has been reducing year-on-year since 2012 however there are a number of proposals at various stages of construction or in the planning process which seek to address the requirement for large open-plan floor plates of Grade A office accommodation.

Connectivity is vital; Belfast is the transport and logistical hub for the entire region. Its port is the second largest on the island of Ireland, handling 23 million tonnes of goods and over 1 million passengers each year. George Best City Airport and Belfast International Airport carried over 7 million passengers between them in 2015. The Executive's ambitions to improve air connectivity to Northern Ireland will support Belfast's aims to grow the economy, increase Foreign Direct Investment (FDI) and visitor numbers. DfI have stated the earliest work on the final stage of the West Link underpass at York Street is due to commence is 2019. This will enhance road traffic through Belfast and access to Belfast Port. Infrastructure, particularly transport infrastructure, is vital to connecting communities to opportunities for jobs and to each other.

The economy continues to grow, albeit at a slower rate since the recession in 2008 and has not yet returned to its pre-recession peak. As a result, Belfast has shown limited improvement in its competitiveness in the past five years when compared to 40 other European cities. However, there are encouraging forecasts for medium to long term growth, with the city offering favourable economic conditions including competitive labour costs; a pool of skilled graduates; a track record in FDI; and a growing international reputation as a venue for major events and as a tourist destination.

To help further grow the economy, the city has major systemic issues that need to be addressed. For example, the city continues to suffer from chronically high economic inactivity; low levels of productivity; a large proportion of the working age population are unskilled; and the city has poor business start-ups and survival rates. There is currently an imbalance between the size of the private and public sectors within Belfast. Rebalancing the economy by encouraging private sector investment is essential for generating sustainable growth, increasing productivity and creating diverse and well paid jobs. It is also important that as many people as possible benefit from economic growth.

To be competitive at an international level Belfast needs to tackle these underlying and inter-connected issues with innovative and collective action.

Economic Performance

The Office of National Statistics reports, in Belfast, in 2015:

- GVA (Gross Value Added) was worth £10,549m, approximately 31% of the Northern Ireland total.
- GVA per head was £31,125 in 2015, an increase of 87%, since 1997.

The GVA for main areas of economic activity in Belfast is set out in the table below:

Table 2:1: Belfast GVA by Economic Sector, 2015

Economic Sector	GVA £m
Manufacturing	622
Construction	292
Distribution, Transport, Accommodation & Food	1971
Public Administration (including education and health)	3534

Source:
https://www.ons.gov.uk/economy/grossvalueaddedgva/datasets/regionalgvaibylocalauthority

Table 2:1 shows that public sector and services are the most important economic areas in Belfast.

Employment Trends

Department of Finance statistics for 2015 show economic activity in Belfast as 69.9%, which is a slightly lower rate than the NI figure of 72.9%. The employment rate was also slightly lower in Belfast at 66.4%, compared to the NI average of 68.4%. Of those employed, part time employment was higher in Belfast (26.2%), than in NI (23.4 %). There is a lower rate of self-employment within Belfast at 6.4% compared to the NI rate of 12.3%. Numbers of redundancies has fallen in Belfast from 974 in 2015 to 861 in 2016. This goes against the trend in NI as a whole with 1,946 total redundancies in 2015 and 3,653 in 2016.

Belfast had 9,035 claimants for Jobseeker's Allowance in 2016, a rate of 4.1%, compared to the NI rate of 3.1%. Since 2015, there have been significant decreases in the claimant counts across NI, with a 16.1%, fall in NI, and a 16.7% decrease in Belfast.

Labour market structure

The Belfast job market is dominated by services, both public and private, with 92.6% of employees working in this sector, higher than NI as a whole (83.1%). The table 2:2 shows the share of jobs across the main industries.

Table 2:2: Employees by Economic Sector, 2015

	Employee Jobs total	Full Time (%)	Part Time (%)	Manufacture (%)	Construction (%)	Services (%)
Belfast	220,190	73.8	26.2	4.4	2.0	92.6
Northern Ireland	717,105	76.6	23.4	11.2	4.4	83.1

Source: Department of Finance

Incomes and Earnings

NINIS shows that in 2016 Belfast had the highest gross weekly pay, across Northern Ireland for both full-time and part-time employment. This trend has continued since 2013. Wages have increased over the past three years, as demonstrated in Table 2:3.

Table 2:3: Gross Weekly Pay 2013-2016

	Median Wage 2013 (£)	Median Wage 2016 (£)	Change (£)
All	£427.20	£454.20	£26.30
Full Time	£520.90	£547.00	£26.10
Part Time	£175.20	£193.20	£18.00

Source: NINIS

Intervention

The Belfast Agenda community plan focuses on inclusive growth over the next four years 2017-2021. Inclusive economic growth is about more and better jobs; improving living standards and earnings; offering in work progression and challenging barriers to employment. To address the aims for inclusive economic growth, the Belfast Agenda has identified the following immediate priorities;

- Create employment and opportunity;
- Attract investment into Belfast;
- Foster business growth in Belfast;
- Strengthen business relationships and make it easy to do business;
- Maximise the impact of the city region;
- Increase tourism spend;
- Reduce economic inequalities.

In order to achieve these ambitions, community planning partners have identified the following stretch goals which will require long-term collaborative commitment by many organisations. By 2021, Belfast Agenda partners will work together to:

1. Create 15,000 new jobs;
2. Attract £1 billion of private sector investment;
3. Attract £700m in foreign direct investment;
4. Create 4,000 small business start-ups;
5. Double the economic value of tourism to £870m;
6. Welcome 1.9 million overnight tourist stays per year; and
7. Secure a £900m growth deal for the city region.

In order to support and create the right conditions for growth with resilient infrastructure, Belfast Agenda partners will work together to achieve the following stretch goals to address city development which supports growth;

1. Grow the city's rates base by 5%;
2. Create 1.5 million square feet of grade A office accommodation;
3. Create 2,500 new hotel bed spaces;
4. Increase the use of sustainable transport by 15%
5. Reduce the level of household waste going to landfill by 35%
6. Increase the percentage of residents satisfied with the city living experience; and
7. Move to 14 or higher in the UK retail ranking.

The Belfast City Council Corporate Plan 2017-2021 identifies 6 improvement objectives under the 4 complimentary priorities of the Belfast Agenda as follows;

PRIORITIES	OBJECTIVES
Growing the economy	Build the city's position as a magnet for Foreign Direct Investment
	Make Belfast a great place to do business by supporting entrepreneurs and business starts
Living here	Design and deliver programmes to address health inequalities in the city
City Development	Deliver city centre regeneration and investment projects
	Deliver the integrated tourism strategy to increase numbers of leisure and business tourists
Working and learning	Deliver an integrated approach to employment and skills

The Belfast City Council City Centre Regeneration and Investment Strategy recognises that a thriving city centre is vital to the prosperity of the whole city and the region. This strategy aims to drive economic growth which ensures that the social impact of regeneration is maximised. There is an £18.77m City Centre Development Fund which will facilitate projects in partnership with the private sector.

Future Prospects

There is much optimism regarding the long term economic success of the city but as research by both the Joseph Rowntree Foundation and the RSA's Inclusive Growth Commission have noted, there is a need to think carefully about how the benefits of a successful city economy can be delivered across the city. There are many barriers that stop individuals and communities from sharing in wider city success. Community planning offers an opportunity for Belfast City Council to work with partners to design programmes and interventions to reduce these barriers and promote inclusive economic growth. New place-based models are required to enable the widest range of people to participate fully in, and benefit from, economic growth. There is a need to better match the education and skill attainment levels among the resident population with the future business needs of key growth sectors, thereby better connecting people to employment opportunities.

Belfast City Council launched a major bid for a City Growth Deal at the House of Commons in November 2016. This was driven by the desire to develop an action plan to secure a City Deal for Belfast which supports plans to boost the economy, create jobs and ensure the economic growth reaches all areas including disadvantaged communities. In order to achieve this, the Council propose;

- Regeneration and place making powers via a single regeneration body;
- Targeted skills and employment support;
- Improved transport integration; and
- Alternative financing platforms with potential for a formal finance and performance based partnership between councils, the Executive and Treasury.

Nearly all major cities in Scotland and Wales have agreed billions of pounds worth of additional benefits to boost their infrastructure and wider economies in the form of City Deals. A City Deal for Belfast would play an important role in supporting economic growth in the city and Northern Ireland as a whole. It will be critical that any deal should work closely with other initiatives in a joined up way.

The Northern Ireland economy shows an improving picture from 2013 and while it could be considered to be returning to long term trends, it is not certain how sustainable this will be in light of the changing political climate. Ensuring linkages with the delivery mechanisms for the Programme for Government will be a critical success factor. However there are a number of risks, which could have implications for the Northern Ireland and the Belfast economy. These include political instability, further austerity and a larger than expected impact on consumer spending and business investment of the UK leaving the EU. For a number of businesses across Northern Ireland, the loss of access to the EU single market and potential future barriers to cross-border trade are major concerns.

It is important to note that the economy and the housing market are cyclical and intertwined. Economic performance, income levels, and the structure of employment are important contributing factors in the mix and tenure of housing required. A growth of professional and higher paid jobs may increase demand for family housing, while increased service and customer care posts may attract younger, single people seeking smaller and lower value dwellings, many of which will be rented. However negative equity, following the housing crash, continues to imbalance the functioning of the Belfast housing market and the potential of an interest rate rise will cause concern for homeowners and lenders alike.

Demographic Trends

The population and demographic profile of an area is a key determinant of the number and type of housing demand. This section examines population, household projections and trends to identify how these could affect future housing requirements in Belfast.

Population Trends and Projections

Table 2:4 shows population change for Belfast City Council from the 2001 and 2011 censuses. Over this period, the population of Belfast increased by 2%; lower than the overall Northern Ireland rate. The reorganisation of council boundaries throughout Northern Ireland in 2015 saw the population of Belfast increase by 17% on the 2001 figure, as parts of the former Lisburn and Castlereagh councils were moved to Belfast.

Table 2:4: Population 2001 to 2011

	2001	2011	Change 2001-11 (%)
Belfast	277,391	282,962	2%
Northern Ireland	1,685,300	1,810,900	7%

Source: NISRA

Table 2:5 below provides a more reflective estimate of Belfast population with an overall increase in the total population of around 2% by 2025. The changing demographics would suggest that future housing provision within Belfast should largely comprise accommodation suitable for smaller household types, and specific accommodation for the older generation.

Table 2:5: Belfast Population Projections

	Mid-year estimate 2015	Projected 2025
Children	66,581 (19.6%)	71,660 (20.7%)
Working age	223,018(65.8%)	215,568(62.3%
Older people	49,308 (14.5%)	59,029 (17.0%)
Total Population	338,907	346,257
Households	143,431	147,862
Average Household Size	2.32	2.31

Source: NISRA

Minority Ethnic Communities

It is difficult to measure migrant population flows due to the freedom of movement accorded to EU citizens. The most frequently used data sources which compile estimates of migration flows include the Census, National Insurance number allocations to non-UK nationals and the number of births to foreign-born mothers.

The 2001 Census indicated that 99.2% of the NI population considered themselves white (non-traveller) compared to 92% of the UK. The largest minority ethnic countries in NI, at this time, were Chinese, Irish Traveller and Indian. Around 40% of the 14,271 people that belonged to a minority ethnic community had been born in Northern Ireland with 11% from the UK and ROI and 48% had been born overseas.

However, since the EU expansion in 2004, there was a sharp increase in the number of people born in Eastern Europe. In 2011, the most frequent languages spoken as a main language within Belfast, other than English or Irish, include Polish, Lithuanian and Hungarian. The Census, National Insurance numbers and births to mothers born outside of Northern Ireland, show an increased numbers of migrants after 2001. This has had an effect on the Belfast housing market.

The 2011 Census indicated that the 'white' ethnic group comprised 98.2% of the population. The highest percentage of people from a minority ethnic group live in Belfast (3.6%) and Castlereagh (2.9%). The largest minority ethnic group is 'Chinese' making up 0.3% of the population.

The main types of passports held other than UK, Republic of Ireland or no passport includes EU countries (39,527 or 2.2% of the population), Middle East and Asia (9,189 or 0.5% of the population) and North America and Caribbean (5,989 or 0.3% of the population).

Research has shown that 76% of migrant workers in Northern Ireland resided in privately rented accommodation; only 3% lived in Housing Executive accommodation and 5% in Housing Association accommodation. The majority of migrants choose to live in private rented accommodation as they are able to get accommodation quickly in their area of choice, normally close to the main sources of employment. Also many want to be in furnished accommodation.

With the status of EU nationals still to be agreed when the UK leaves the EU, it is unclear what effect this may have on those migrants currently living in Belfast and more specifically on the private rented housing market. While it may be unlikely that EU nationals may be compelled to leave, it could reduce the number of external migrants moving into the country. This could mean that future components of population change could be more influenced by natural change or out migration.

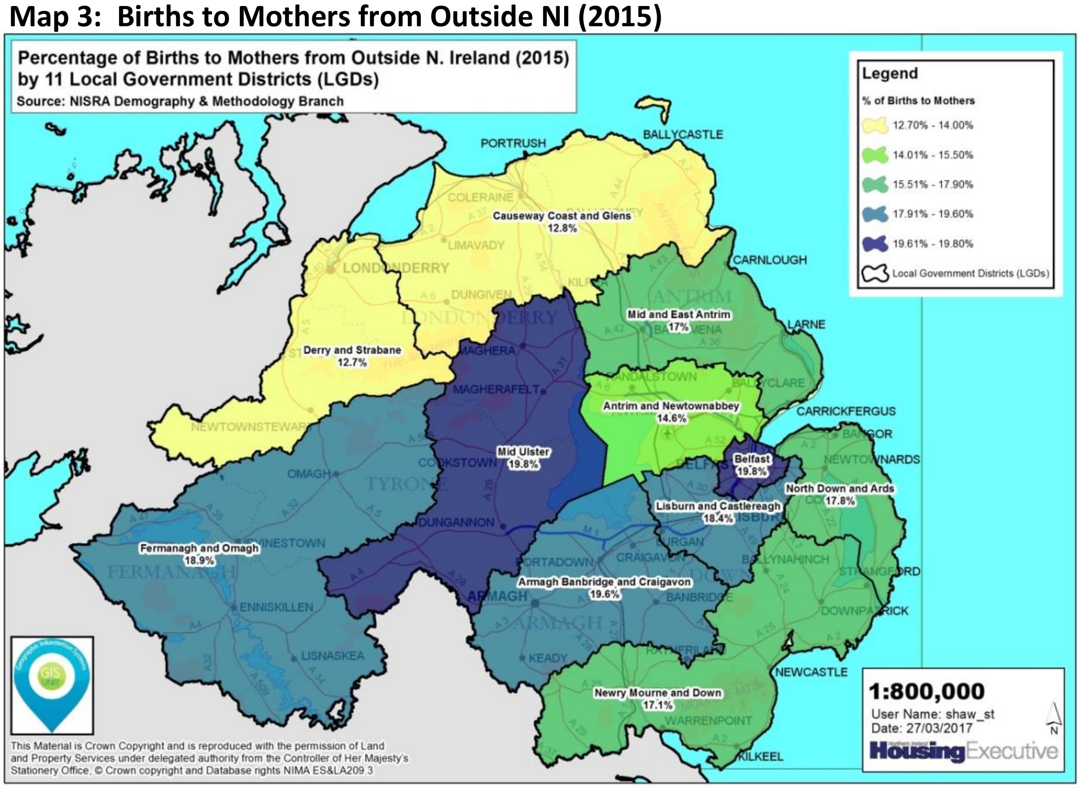
Table 2:6: Place of Birth of Residents of Belfast 2011 Census

Place of Birth	Number of Residents
Northern Ireland	292,353
UK	13,009
Republic of Ireland	6,073
Europe (outside of UK & ROI)	9,064
Africa	1,860
Middle East	389
Asia	5,736
North America and Carribean	1,708
Central and South America	275
Oceania	599
All Usual Residents	**331,066**

Source: NISRA

The above table shows the place of birth for people resident in Belfast LGD. Of the 331,066 people resident in Belfast LGD, 19,545 were born outside the UK or Ireland. This represents 5.9% of the population, which is above the Northern Ireland average of 4.5%.

Map 3: Births to Mothers from Outside NI (2015)



Source: NISRA

Map 3 above shows that nearly 20% of births in Belfast are from mothers born outside NI, this is one the highest rates in Northern Ireland, and has contributed to the population growth in Belfast. It is likely these family households have settled in the area and have examined their housing choices further, including the tenure of home to best suits their needs.

Household trends

The long-term trend towards smaller and single person households has ensured that household growth has occurred across Northern Ireland. The increase in single person households throughout the UK reflects a mix of factors. These include higher divorce rates and higher numbers of adults delaying marriage and child bearing until they are in their 30s. However, the factor that has become of most significance is older people continuing to live for a much longer time.

Table 2:7: Household Trends 2001-2011

	2001	2011	Change 2001-2011	
			Number	%
Belfast	113,934	120,595	6,661	5.5%
Northern Ireland	628,490	703,275	74,785	11.9%

Source: NISRA

Household figures summarised in Table 2:7, suggest that from 2001 to 2011:

- The number of households in Belfast increased by 5.5%, which is well below the Northern Ireland rate of 11.9%;
- The 2011 census shows that 27% of Belfast households were 1 person and 30% of households were 2 person; and
- The average household size in Belfast City Council was 2.29.

Household projections

Future household trends are more sensitive to economic, housing market and policy changes than future population trends. As a result, household projections are subject to more uncertainty than population projections.

NISRA issued 2012-based household projections to 2037, which are summarised in Table 2:8. This shows that 153,379 households may be living in Belfast by 2037, which is a 6% increase over the term 2017-2037.

Table 2:8: Household projections 2017-2037

LGD2014	Total households 2017	Total households 2027	Total households 2037	Change 2017-2037
Northern Ireland	730,299	777,590	812,650	11.3%
Belfast	144,323	148,935	153,379	6%

Source: NISRA

Table 2:8 shows household projections for Belfast City Council area. It shows that household growth will be driven by an increase in two person and single person households; the rate of growth is projected to be lower than the Northern Ireland total. It also shows that there is likely to be a decline in the number of households with children, with the current proportion of 28% of households with children, dropping to 25% by 2037. It should be noted that household projections are calculated in a policy neutral environment.

Table 2:9: Household projections by household type 2017-2037

	2017	2037	Change 2017-37	
			Number	%
Northern Ireland				
Single person households	204,202	240,225	36,023	18%
Two adults without children	200,014	248,093	48,079	24%
Other households with no children	109,502	120,365	10,863	10%
Lone adult with children	43,214	43,492	278	1%
Other households with children	170,367	160,475	-9,892	-6%
All households	730,299	812,650	82,351	11%
Belfast				
Single person households	48,650	52,540	3890	7.5%
Two adults without children	36,628	42,759	6,131	14.4%
Other households with no children	18,747	20,283	1,536	7.6%
Lone adult with children	12,643	12,115	-528	-1%
Other households with children	27,655	25,682	-1,973	-5%
All households	144,323	153,379	9,056	6%

Source: NISRA

Table 2:10 shows the current housing by type in Belfast City Council area at April 2017. We know that smaller households (single households and two adults, without children), currently make up 72% of all households. By 2037, it is projected that small households will make up 75% of the population. Consequently, smaller size of new build housing in Belfast, across all tenures, will be required to meet future household need.

Table 2:10: Belfast City Council Dwellings by Type 2017

	Apartment	Detached	Semi detached	Terrace	Total
Number	32,915	14,849	41,562	67,612	156,938
Percentage	21%	10%	26%	43%	100%

Source: LPS

Future Prospects

Belfast's older person population is expected to increase to 17% by 2025, this along with health problems associated with old age means that the household needs of those with a disability or mobility problems will need to be addressed through policies in planning, housing and social care sectors. This could lead to an increased demand for wheelchair, adapted, and Lifetime Home properties. This increased demand is becoming apparent now and is dealt with later in this chapter.

The growth in smaller households means that the housing needs of people could be met through an increased supply of smaller units. Apartments and terrace house types are expected to remain the most popular due to household makeup and high value of larger properties.

Since the EU referendum there is uncertainty regarding the status of EU migrants. It remains to be seen whether EU nationals will return home or remain and to what extent EU migration will be allowed or desired after the UK leaves the EU.

Regeneration

Regeneration can be defined as activities that reverse economic, social and physical decline in areas where market forces will not do this without the support of government. To continue to build vibrant and welcoming places within Belfast it will be important that local communities are involved in decision making in their neighbourhoods, to identify priorities and plan solutions.

There are a number of facilitators of regeneration in Belfast which include:

The Belfast Agenda: Community Plan

The Belfast Agenda was created by a partnership of key city partners, residents and community organisations. The plan sets out the joint vision and long-term ambitions for Belfast's future, as well as outlining priorities for action over the next four years. The document provides a new vision that in 2035;

'Belfast will be a city re-imagined. A great place for everyone. It will energise and drive a successful economy where everyone can reach their potential.

Beautiful, well connected and culturally vibrant, it will be a city shared and loved by its people and admired around the world. It will be a producer of and magnet for talent, investment, innovation and creativity- a compassionate place where people create value and are valued.'

The Belfast Agenda is an ambitious plan and will require collaborative working from all partners to improve the city and its long term success.

Belfast Local Development Plan (LDP)

Belfast City Council is currently formulating a new LDP for Belfast which will set out how land is used and developed within the Council area until 2035.

The LDP vision is that:

'Belfast will be a globally successful dynamic smart regional city, with a vibrant economic heart, bustling with sustainable mixed use businesses that attracts investment, talent and visitors; and is surrounded by thriving well connected neighbourhoods where people love to live.

A strong local economy will support progressive, healthy, safe and vibrant communities and provides a gateway to opportunities locally, nationally and worldwide.'

The Belfast LDP will:

- provide a 15 year plan framework to support economic and social needs in the city, in line with regional strategies and policies, while providing the delivery of sustainable development;
- facilitate growth by coordinating public and private investment to encourage development where it can be of most benefit to the wellbeing of the community;
- allocate sufficient land to meet the needs of the city;
- provide an opportunity for all stakeholders, including the public, to have a say about where and how development within the council area should take place;
- provide a plan-led framework for rational and consistent decision making by the public, private and community sectors and those affected by development proposals; and
- deliver the spatial aspects of the Belfast Agenda, the city's community plan.

The Council published a Preferred Options Paper (POP) to promote debate on issues of strategic significance which are likely to influence the preparation of the LDP. This POP was subject to consultation and will inform the next stage of the plan, the Draft Plan Strategy, which is currently underway. Ultimately a draft policies plan will be adopted which will set out detailed land use proposals.

Belfast City Council Corporate Plan 2017-2021

In developing the corporate plan, Belfast City Council have aligned their objectives with the four key pillars of the Belfast Agenda which aim to take forward programmes of both economic and social progress for people and communities across the city.

City Centre Regeneration and Investment Strategy

Given its importance to the prosperity of the whole city and wider region, the regeneration of Belfast city centre is critical and at the heart of regeneration proposals and plans. In 2015, Belfast City Council launched the City Centre Regeneration and Investment Strategy which outlines ambitions and plans to grow and regenerate the city core and surrounding areas to 2030. A core principle of this strategy is that regeneration of the city centre will drive not just economic growth but also ensure that the social impact of regeneration is maximised.

Within the City Centre Strategy, five special action areas were identified; Inner North, Inner West, North East Quarter, Transport Hub and South Centre and Oxford Street and the Eastern Bank. The Linen Quarter/ South Centre is the first area where Belfast City Council have developed a vision including key proposals such as introducing new public spaces, redefining streets and setting guidance for new buildings.

Belfast Urban Regeneration Plans and Frameworks

The Department for Communities (DfC) and Belfast City Council are responsible for creating masterplans, development plans and frameworks to set out how physical regeneration should be delivered.

The 2004 Belfast Masterplan is a core policy document which informed the Belfast City Council response to the planning debate for the area. A suite of smaller scale masterplans now covers much of the City and aims to facilitate and encourage appropriate development in appropriate locations in a comprehensive manner. More recent masterplans include the Greater Clarendon (Sailortown) masterplan and the Transformation South/West masterplan.

Major Development Opportunity Sites

Large development opportunity sites within Belfast have a key role in regeneration not only of land within the site footprint, but also extending into adjacent neighbourhoods, the city as a whole and the wider region.

Retail growth can bring vacant buildings back into use, redevelop run down areas of the city centre and promote vitality and viability of the retail market. Proposals are currently being drawn up for the largest city centre mixed-use regeneration scheme in Belfast in the area defined by Royal Avenue, Donegall Street, North Street, Garfield Street and High Street. It is hoped that careful regeneration will reconnect neighbourhoods and complete a strong city wide retail and commercial circuit. The development proposals aim to have a catalytic impact on the wellbeing and commercial vitality of Belfast.

Another large project currently proposed within Belfast City Centre is the redevelopment of Great Victoria Street bus and rail station, as a new integrated transport hub. The Belfast Transport Hub masterplan vision is for a vibrant, mixed use proposal offering residential, office, retail, leisure and community facilities alongside a new transport gateway to Belfast and Northern Ireland. Translink consider the project to be 'regeneration through reconnection'. Translink recently commissioned Grant Thornton UK LLP to assess the impact of the new Hub. It reported that it has the potential to create/ safeguard 370 direct jobs and 93 indirect jobs in the construction period, contributing £21m gross value added. In addition to providing benefits to passengers, this project will unlock development potential of property around the station and attract investment and employment. If development of surrounding land is taken into account, then Belfast and Northern Ireland could benefit from an additional 2,500 jobs contributing £56m gross added value. Importantly, the Hub ensures that the future commercial growth of Belfast is not constrained because travel demand cannot be met. Experience in Great Britain and Europe shows that investing in public transport infrastructure improves the public transport experience and very positively impacts upon local and often regional economies; a catalyst for regeneration.

Large and new residential and employment developments can also support nearby commercial premises and service providers for the provision of goods and services to support residents and employees. Recent investments in purpose built student housing within the city centre will support nearby supermarkets, convenience stores, restaurants, bars and services thereby regenerate neighbourhoods and provide tangible benefits for residents and business owners. It is hoped that both the Sirocco and Titanic sites will deliver similar regeneration benefits within the Plan period.

Role of NIHE in Regeneration

NIHE plays an important role in encouraging regeneration, both through the use of land within its ownership and its powers to buy and sell land.

Urban regeneration is directly facilitated by NIHE through measures including: stock investment programmes, the promotion of grants, delivering neighbourhood-based services and community development and promoting tenure diversity and mixed communities through the House Sales Scheme and land releases. Sites such as Hope Street which is currently proposed for a mixed use scheme including office accommodation and housing, have the potential to bring significant benefits to neighbouring communities and help regenerate the City Centre area.

New housing developments can trigger wider physical and social regeneration in the area around them, as they provide a focus for other initiatives concerning environmental improvements, health and welfare, community development, community cohesion and community safety. In addition to direct housing provision, the NIHE can use the land and property in its ownership to help community enterprise schemes, community facilities and social economy projects.

Town and city centre regeneration is also encouraged by promoting town centre living. City centre living should be an integral part of the regeneration of the city centre and contribute to the growth in population.

The Housing Executive aim to ensure that new social and affordable housing promotes shared space and shared living. Residential development should be inclusive rather than exclusive and should offer choice by ensuring a mix of housing tenures including affordable homes to buy or rent and social housing as part of larger developments.

At present the Belfast city centre area, as defined in the Belfast Metropolitan Area Plan, is covered by eight distinct Common Landlord Areas (CLA's) which are based on eight single identity communities. This has perpetuated the segregation of social housing and suggests which community new social housing is affiliated to. A new City Centre CLA has been created to promote the city centre as a shared community. NIHE hope that once a deliverable city centre scheme has been identified, a city centre waiting list can be established. Ideally, this scheme will be shared future, mixed tenure, including affordable to buy or rent and social housing to rent. It is hoped that this will build upon the success of new purpose built managed student accommodation in promoting city centre living.

NIHE also plays a major role in delivering regeneration initiatives in partnership or on behalf of other agencies. It is involved in over 400 regeneration partnerships across Northern Ireland. Key partnerships in Belfast include:

Urban Villages

The Urban Villages Initiative is a key action within the Northern Ireland Executive's Together: Building a United Community (TBUC) Strategy. It's designed to improve good relation outcomes and to help develop places where there has been a history of deprivation and community tension. It aims to:

- foster positive community identities;
- build community capacity; and
- improve the physical environment.

This will allow current and future investment to be more effective and suitable. Strategic frameworks have been launched for five Urban Village areas; four of which are in Belfast; Ardoyne and Greater Ballysillan (North Belfast), Colin (West Belfast), Lower Newtownards Road (East Belfast), Sandy Row, Donegall Pass and the Markets areas (South Belfast). The Urban Village initiative has significant potential to be a focal point for a comprehensive and joined up approach by departments and wider stakeholders including NIHE, in support of the strategy's overarching priorities and commitments.

Building Successful Communities

The Building Successful Communities (BSC) programme is a strand of the 'Facing the Future- Housing Strategy for Northern Ireland' and aims to use housing interventions as a catalyst for local regeneration. The objectives of the programme are to:

- Improve current housing and infrastructure;
- Deliver new social and affordable homes;
- Deliver environmental upgrading works;

- Improve access to amenities; and
- Improve access to economic and social activity.

Six areas, five of which are in Belfast are included in the current programme. The areas in Belfast are- Lower Shankill/ Brown Square, Lenadoon and Glencolin, Lower Falls, Lower Oldpark and Hillview and Tiger's Bay. The programme is led by DfC and each area forum comprises political, statutory (including NIHE) and community representatives. Funding totalling £3m per year is available and has been used to acquire land and provide infrastructural and environmental improvements across the various areas.

Public open space built on Housing Executive land at Donegall Road

Purpose Built Student Housing (PBSA)

The last decade has seen rapid changes in the higher education sector across the UK. These changes are also starting to have a significant impact on Belfast as it is the home of the two main higher education establishments; Queen's University (QUB) and Ulster University (UU), which combined account for over 85% of the 43,000 full time students in the sector.

As the cost of higher education increased throughout the last 10 years due to higher tuition fees, many analysts initially predicted that more students would choose cheaper accommodation options, i.e. living at home or travelling rather than traditional University halls or renting privately. However, other factors, possibly the geography of Northern Ireland whereby students from outside the Belfast Travel to Work Area would have difficulty competing with normal commuters and tuition fee differentials across the UK, seem to have mitigated the earlier views on accommodation preferences.

All three devolved assemblies have elected to keep tuition fees lower for their own students and this is expected to see more students from NI, Scotland and Wales applying for places in their own jurisdictions, rather than applying for England where they continue to face much higher fees. Property analysts now believe that the increased cost of acquiring a degree is starting to lead students, or their parents, to choose accommodation of a quality which reflects that overall cost. This has shifted the emphasis away from traditional private rental toward PBSA.

The trend toward PBSA started in England is largely private sector driven and has spread rapidly to other university cities, including Belfast. Other factors influencing the Belfast expansion include the relocation of the Ulster University campus from Jordanstown to Belfast, the condition of much of the private rental stock occupied by students in Belfast and the stigmatisation of the Holylands area.

Some 15,000 students will be based in the new Ulster University campus in Belfast when it is completed in September 2019. Several high profile incidences of anti-social behaviour in and around the Holylands in recent years have led to it becoming less popular with students, or more possibly their parents. Allied to stricter disciplinary measures taken by both universities against students caught misbehaving, PBSA is becoming a more attractive option for many. PBSA is managed and has behaviour protocols in place for residents.

A further important factor is the growth of foreign students attending university in Belfast. Fees charged by universities here are competitive on both UK and global scales. Both universities have been actively marketing their courses to international students in Asia and elsewhere. QUB has used its membership of the prestigious Russell Group of UK universities to support its marketing campaign. The widespread availability of good quality, well managed accommodation is an important factor for overseas students. At present, it is estimated that around 11% of all students in Belfast (almost 5,000) are foreign based. This is a similar proportion to other UK universities.

Taken together, these trends point to a growing demand for PBSA in Belfast. The private sector has been quick to respond to this and Belfast City Council has recently published guidelines for such developments to ensure that they are “high quality, well managed in suitable locations and are a preferable alternative to ad-hoc private rented housing within established neighbourhoods”. At present there are approximately 4,000 managed student bed spaces across the city. A further 8,500 have been approved or proposed throughout the city. Schemes at Dublin Road, Queen Street and College Square are currently under construction. The accommodation is mostly in studio apartments and cluster bedrooms with shared facilities. Developers report that studios are particularly popular with overseas students.

Purpose Built Student Accommodation in Belfast City Centre

If all existing, approved and proposed PBSA schemes are built this represents just 29% of the total student body in Belfast. This figure is lower than similar UK cities such as Manchester (34%), Sheffield (37%) and Liverpool (39%) and demonstrates potential for further growth in the sector.

This expansion may have an incremental impact on existing sources of student accommodation, most notably in the Holylands and other areas adjacent to QUB.

The Housing Executive has recognised this and is working in partnership with the South Belfast Partnership Board to research the effects of this. The impacts of the new developments will be closely monitored in the coming years. The initial effects are discussed later in this report to assess the impact on the PRS and local neighbourhoods.

Empty Homes

The Regional Development Strategy states, 'Planning authorities should take account of existing vacant housing in any assessment of housing need'.

DFI's 2012 Housing Growth Indicators methodology paper estimated 15,300 empty properties in Belfast. This figure was derived from the Housing Executive's House Condition Survey 2011, with reference to the 2011 Census and the Central Survey Unit's combined survey sample 2013-14. As this figure has been included within the calculation for setting the Housing Growth Indicators to 2025, the LDP can be seen to take account of vacant housing in the assessment of the requirement for new housing, at a council level.

While an overall empty homes figure for the council area has been calculated, it would be beneficial useful to try to identify any concentrations of long term empty properties at local geographies. There is difficulty in getting up to date local information since Land and Property Services (LPS), previously the Rates Collection Agency, started to collect rates for empty properties. Before 2012, the Rates Collection Agency / LPS recorded empty properties, which were exempt from a rate payment. However, figures from Rates Collection Agency/LPS, between 1998 and 2012, a 15 year period, can to an extent, provide an *indication* of long term localised trends and locations of empty properties across Belfast.

Using an average of historic Rates Collection Agency/LPS information, localised concentrations of empty homes have been identified by calculating the proportion of vacant housing stock, compared to the total housing stock in each ward, and by looking at the number of vacant properties in each ward. Higher concentrations of empty homes over this 15 year period have been recorded in Botanic, Windsor and Ballynafeigh wards. As these wards are characterised by high levels of privately rented housing and HMO's, the figures are consistent with a tenure that experiences vacancies due to higher levels of turnover than other tenures.

Low concentrations of empty homes were also recorded in other Belfast wards:

- Upper Springfield;
- Whiterock;
- New Lodge;
- Highfield;
- Glencolin;
- Cliftonville;
- Ardoyne;
- Glencairn;
- Anderstown;
- Glen Road;
- Ladybrook

Conclusion

Similar to second homes, vacant units are accounted for in the Housing Growth Indicator calculation, meaning they should be taken into account within planning policy. Higher proportions of vacant homes are recorded in wards which have high percantages of private rented housing and HMO's.

It is accepted there will be a proportion of the overall housing stock which is "empty" at any given time. There are many reasons for this and limited powers available to statutory agencies to reduce it, particulalrly for long term vacancies.

The Housing Executive has powers under the 1981 Housing Order, Article 63, to serve notices on vacant properties to prevent damage to adjoining properties. The result of action taken under these provisions is generally superficial rather than a sustainable solution.

A number of "Empty homes" initiatives have been undertaken in the recent past, all of which have had limited success. The Department for Communities are currently reviewing their Empty Homes Strategy.

Accessible Housing

Adequate housing is a human right, essential to human dignity, security and wellbeing. Housing is considered inadequate if the specific needs of disadvantaged and marginalized groups are not taken into account. Section 75 of the Northern Ireland Act 1998 requires public authorities, in carrying out their functions, to have due regard to the need to promote equality of opportunity between nine equality categories, including persons with a disability. In addition, the new draft Northern Ireland Programme for Government's Delivery Plan, October 2016, states there should be more accessible homes for wheelchair users within the private rented and owner occupied sectors.

Wheelchair Housing
Many households in Belfast already require accessible or adapted housing in order to lead dignified and independent lives: During 2016, there were 582 new wheelchair users registered from within the Belfast Council area. Of the 1,884 new and existing wheelchair household's in Belfast identified during the same period, more than 250 would desire to move to somewhere more suitable to cope with a disability. This represents approximately twelve percent of the proposed new annual housing growth allowance identified for Belfast in the Preferred Options Paper 2016. While more people in Belfast are living longer and increasing numbers of older people are choosing to remain in their own homes rather than go into residential institutions. Nevertheless it is recognised that developing new homes to wheelchair standard is significantly cheaper and more effective than providing adaptations to existing unsuitable properties. This would indicate that a10 per cent level of all new build housing in Belfast, including those in the private sectors, could be built to wheelchair user standard.

Housing Associations in Northern Ireland already cater for identified wheelchair need in their social housing planning applications. However, demand from wheelchair users who wish to remain in their own homes, or rent privately, cannot readily be met, as there is no requirement for market housing to provide wheelchair home standards.

The strategic data from the Regional Disability Service has confirmed that a significant majority of wheelchair users are assisted wheelchair users, who with their carers need enhanced space standards in relation to independent wheelchair users. It is therefore logical to design new housing to assisted wheelchair housing standards to accommodate changing needs over the lifetime of the service user and changing tenancies over the lifecycle of the home. Following the successful implementation of the toolkit for the housing adaptations programme, assisted wheelchair user standards were incorporated in the revised design standards for new build wheelchair standard housing. New standards for new build wheelchair housing were approved by the Department for Communities Minister in March 2016 and became mandatory for Social Housing in April 2017 and can be accessed at -

https://www.communities-ni.gov.uk/sites/default/files/publications/communities/hagds-annex-a-specific-wheelchair-housing-design-standards.pdf. Wheelchair accessible housing will allow older and disabled people to feel safe and secure, and to be fully integrated within the residential community.

Lifetime Homes

Lifetime Home standards were developed to ensure that homes are accessible and inclusive, to support the changing needs of individuals and families at different stages of life. Lifetime Homes are flexible, designed to create better living environments for everyone, from raising children, to coping with illness or dealing with reduced mobility in later life, allowing people to live independently for longer in their own homes. The development of homes to these standards is especially important in the context of an aging population and can prevent the need for costly and disruptive adaptations whilst providing more suitable accommodation. Any additional cost of delivering Lifetime Homes standard housing is minimal, and is often a requirement for all new housing in development plans in Great Britain. Currently all new social housing in Northern Ireland are built to lifetime home standards. Experience has shown these new lifetime properties require a lower rate of adaptations than standard housing to accommodate residents with mobility problems.

Section 3:
Tenures

Owner Occupation

This chapter considers the characteristics and dynamics of the owner occupied sector of the Belfast HMA, including recent housing supply and price trends. The 2011 census indicated that 52.1% of households in Belfast were living in the owner occupied sector, which is significantly lower than the Northern Ireland proportion of 67.5%.

In Northern Ireland, owner occupation had reduced from 69.6% in 2001 to 67.5% in 2011. Commentators stated that the reduction was due to affordability problems, especially for potential first time buyers, who have entered the private rented market or remained in the parental home. This is supported by evidence from the 2011 Census on household reference persons' (HRP) age by tenure. This shows that owner occupation is more predominant in households with an older head of household, than households, which have a younger HRP. Where the HRP of a household was 34 or under, 43% were owner-occupiers, compared to 78% of those aged 45 and above. In households with a HRP of age 34, or younger, 45% lived in the private rented sector and 12% lived in social housing, suggesting owner occupation is less accessible for younger people.

The level of owner occupation varies greatly throughout Belfast. Table 3:1 lists the percentage of owner-occupied housing within each Belfast ward. These are based on the 2011 census and therefore pre date the RPA boundary changes of April 2015.

Inner city wards with higher density housing tend to have lower owner occupation rates. For example, Botanic ward in south Belfast has the lowest percentage of owner occupied housing in Belfast at 17.03%. In contrast 89.43% of housing in Cavehill ward (north Belfast) is owner occupied. This ward is characterised by privately owned semi-detached and detached dwellings.

The Greater Shankill wards, Crumlin, Shankill and Woodvale and Inner East Belfast wards, Ballymacarrett, The Mount and Woodstock have very low levels of owner occupation and relatively higher levels of social housing. Future housing development in these areas should seek to redress the tenure balance in order to deliver sustainable communities.

The wards with the highest levels of owner occupation are also those with the highest house prices and are largely located beyond the residential ring which surrounds the City Centre.

Table 3:1: Belfast Wards and Percentage of Owner-Occupied Housing

<30%	30% > 50%	50%>70%	>70%
Botanic 17.03	Ballymacarrett 31.17	Upper Springfield 50.77	Ballyhackamore 70.15
Shankill 21.22	Blackstaff 33.08	Beechmount 50.9	Falls Park 70.92
Crumlin Belfast 22.91	Woodvale 33.69	Glencairn 51.16	Musgrave 72.69
Shaftesbury 24.2	Woodstock 34.08	Bloomfield Belfast 54.1	Fortwilliam 73.27
Duncairn 25.73	Island 34.32	Legoniel 56.14	Malone 75.22
Windsor 27.18	Water Works 36.28	Sydenham 58.98	Knock 76.15
The Mount 27.91	Ardoyne 37.08	Cliftonville 59.61	Cherryvalley 77.63
Falls 28.91	Whiterock 39.2	Castleview 60.11	Orangefield 78.56
New Lodge 28.97	Clonard 39.9	Chichester Park 60.17	Finaghy 84.84
	Ballynafeigh 43.81	Highfield 61.72	Stormont 85.41
		Bellevue 61.92	Cavehill 89.43
		Glencolin 62.83	
		Ravenhill 63.98	
		Ballysillan 64.1	
		Stranmillis 64.44	
		Upper Malone 64.49	
		Rosetta 65.56	
		Glen Road 66.73	
		Ladybrook 67.11	
		Andersonstown 67.91	
		Belmont 68.19	

Source: NISRA, 2011 Census

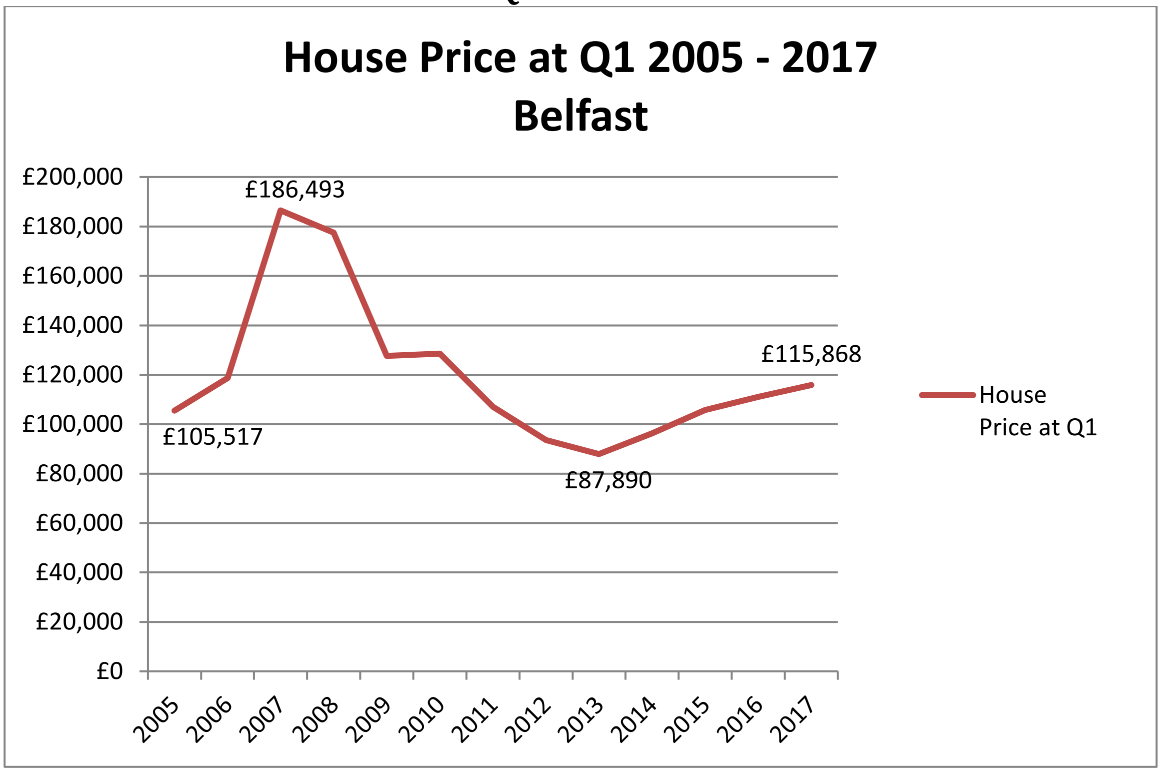
House Prices and Affordability

Different data sources are available on house prices including the Land and Property Services Northern Ireland House Price Index and the Ulster University Northern Ireland House Price Index. Data on specific house prices differs depending on which data source is used, but both of these sources show similar patterns in terms of trends over time at both Northern Ireland and Belfast levels.

Land and Property Services state that the average house price in Belfast, at March 2017 was £115,868. This was an increase of 4.4% on March 2016 figures. Belfast house price growth has been similar to the 4.3% growth experienced across Northern Ireland, with Belfast having the 5th highest increase of all council areas. This could be seen as a sign of a steady housing market in Belfast. However, increasing prices may also mean that houses are less affordable.

House price trends in Belfast have followed Northern Ireland trends, albeit with lower average prices. Large increases in house prices were experienced from 2005 to 2007 when the market overheated. Following the financial crash house prices fell more than 50% by 2013. Since 2013, the housing market can be seen to be recovering steadily, with house prices at Quarter 1 2017, 32% higher. Overall, between 2008 and 2017, house prices in Belfast have dropped an average of 35%. This is similar to the average reduction experienced in Northern Ireland (37%) for the same period.

Chart 3:1: Belfast House Prices at Q1 2005-2017



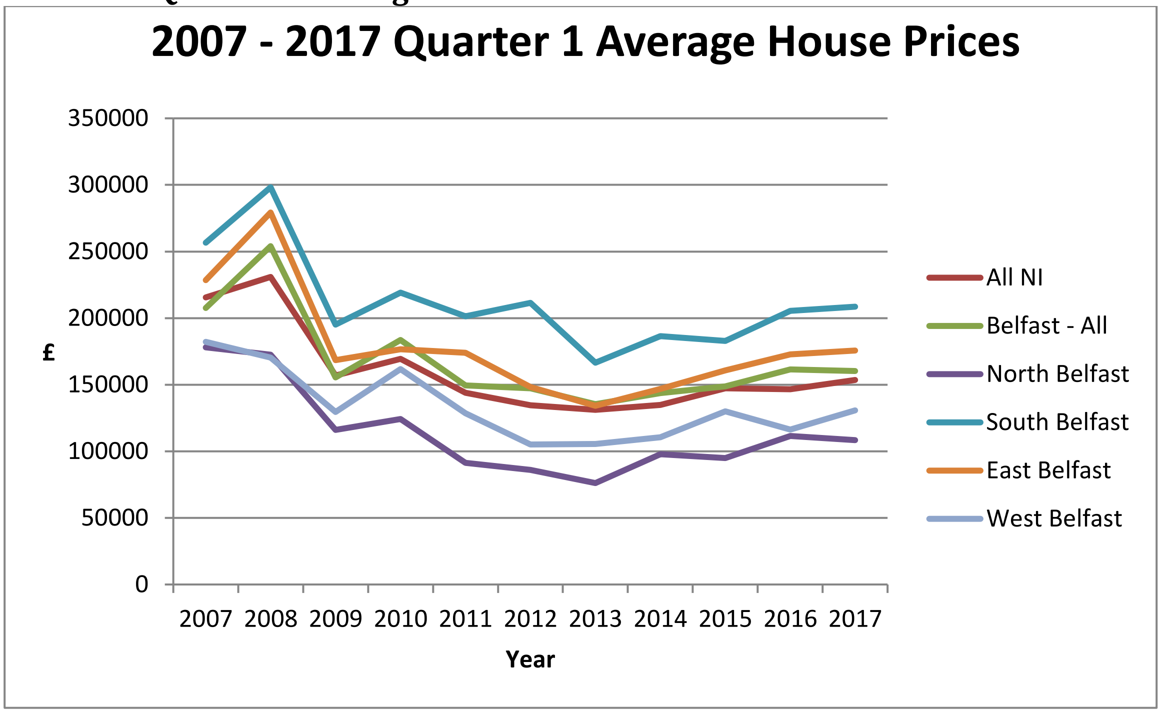
Source: Department of Finance, 2017

The Ulster University produces a sample-based House Price Index, each quarter. This Index uses sub regional geographies, which are not necessarily coterminous with the new Council boundaries or the Housing Executive's Housing Market Areas. However, the Index is particularly useful for identifying trends in sub-market areas and price variations within different house types.

Similar to the LPS figures, the University of Ulster Index indicates that average house prices in Belfast dropped 37% between 2008 and 2017 and 34% for Northern Ireland. It identifies that the average house price in Belfast at Quarter 1 2017 was £160,317. This represents a 1% fall from Quarter 1 2016 and indicates there may be a degree of uncertainty in the market. The overall Belfast fall can be attributed to a fall in North Belfast house prices. North Belfast was the only Belfast sub-market to experience a reduction in average houses prices between Quarter 1 2016 and Quarter 1 2017 (3% reduction). South Belfast is the highest priced sub-market in the city with an average price of £208,604 at Quarter 1 2017, followed by East Belfast (£175,660), West Belfast (£130,725) and North Belfast (£108,373).

Chart 3:2 considers 10-year average house prices for Northern Ireland, Belfast and each Belfast sub-sector. South Belfast and East Belfast have largely remained above the Belfast and Northern Ireland averages over the period. Average houses prices in West Belfast and North Belfast has continuously been below averages for both Belfast and Northern Ireland.

Chart 3:2: Quarter 1 Average Prices 2007-2017



Source: Ulster University Northern Ireland Quarterly House Price Index

When considering house prices by property type, considerable variability is evident in the Belfast market. Detached houses (-14%), detached bungalows (-8%) and apartments (-9%) have experienced considerably reduced average prices since Quarter 1 2016, whereas averages prices for terraced/townhouses (+2%), semi-detached houses (+5%) and semi-bungalows (+11%) have all increased.

The level of house prices is a key factor in determining the affordability of owner occupation. Affordability indexes are calculated based on the lower quartile house prices and the median household incomes. Median wages in Belfast are the highest in Northern Ireland (Annual Survey of Hours & Earnings, 2016) and as can be seen from Table 3:2, the median wages in Belfast are considerably higher than the Northern Ireland median.

Table 3:2: Median Wages

Region	All Persons Median Wage 2013 (£)	All Persons Median Wage 2014 (£)	All Persons Median Wage 2015 (£)	All Persons Median Wage 2016 (£)
Belfast LGD	21,719	22,500	23,782	23,919
Northern Ireland	18,473	19,485	20,348	20,953

Source: Annual Survey of Hours & Earnings, 2016

Repayment affordability highlights the level of unaffordable stock, based on dwellings sold. The latest available 2016 Ulster University Affordability Index (see Tables 1:5 and 3:3), shows repayment affordability and includes an 'affordability gap'. The affordability gap is the difference between lower quartile house prices, and the maximum a median income household can borrow. A positive affordability gap indicates a surplus between the borrowing capacities of households, against lower quartile house prices. Therefore, houses are more affordable in areas with a high affordability gap.

The Ulster University's Affordability Index has calculated that affordability improved across all regions of Northern Ireland in 2016, see pp 23-34. Belfast is the least affordable region in Northern Ireland with 75% of properties sold being considered as unaffordable for those on median incomes and with a negative affordability gap of £601. Belfast is the only area in Northern Ireland with a negative affordability gap. The percentage of properties in Belfast considered unaffordable over the last five years has fluctuated. Between 2015 and 2016, the percentage of unaffordable properties has decreased slightly. This may be explained by Ulster University House Price Index statistics showing an annual average decrease in Belfast House prices between Quarter 1 2016 and Quarter 1 2017. Other factors may include the lowering of mortgage interest rates for first time buyers and higher median wages, which increase borrowing capacity.

Table 3:3: Repayment Affordability

	2012		2013		2014		2015		2016	
	Aff Gap(£)	% Unaff	Aff Gap(£)	% Unaff	Aff Gap(£)	% Unaff	Aff Gap(£)	% Unaff	Aff Gap(£)	% Unaff
Belfast	3,820	73%	7,817	68%	7,400	67%	-4,012	77%	-601	75%

Source: Ulster University, 2017

The deposit gap, see Table 3:4, looks at the ability to access the housing market in terms of the required deposit, or the Loan to Value ratio. This index assumes a household's ability to save 30% of annual disposable income, and estimates a 'savings ratio', that is the number of years it would take a household to save for a deposit. As house prices have generally increased since 2012, the percentage of an income needed and the number of months needed to save for a deposit have increased. Increasing inflation rates and higher prices also mean households' disposable incomes have decreased. Belfast is the least affordable location in Northern Ireland in terms of the deposit gap, see Tables 1:6 and 3:4.

Both the amount of disposable income required as a deposit, and the length of time required to save the necessary amount has increased year on year between 2013 and 2016. In 2016, households in Belfast needed to save 52.5% of annual income towards a deposit, over a period of 1.75 years. Based on deposit indicators, affordability worsened slightly in Belfast between 2015 and 2016. This measure illustrates continuing challenges for prospective homebuyers wishing to access owner occupation.

Table 3:4: Loan to Value Affordability

	2012		2013		2014		2015		2016	
	Income %	Savings Ratio	Income %	Savings Ratio	Income %	Savings Ratio	Income %	Savings Ratio	Income %	Savings Ratio
Belfast	46.95	1.57	44.41	1.48	44.87	1.50	50.91	1.70	52.48	1.75

Source: Ulster University, 2017

The Ulster University combine these two aspects of affordability (Repayment & Loan to Value) into a single relative measure called a Multiplier Weighting Ratio. It is considered that the higher the ratio, the greater the affordability problem. Based on the Multiplier Weighting Ratio, overall affordability worsened slightly between 2015 and 2016. Belfast remains the least affordable HMA in Northern Ireland; see Tables 1:7 and 3:5. Affordability may have worsened slightly during the last 12 months due to the ongoing squeeze on household finances through higher prices and static wage levels and the prospect of an increase in interest rates.

Table 3:5: Multiplier Weighting Ratio

	Multiplier weighting ratio 2013	Multiplier weighting ratio 2014	Multiplier weighting ratio 2015	Multiplier weighting ratio 2016	Variation 2015 -2016
Belfast	1.007	1.645	1.307	1.312	0.005

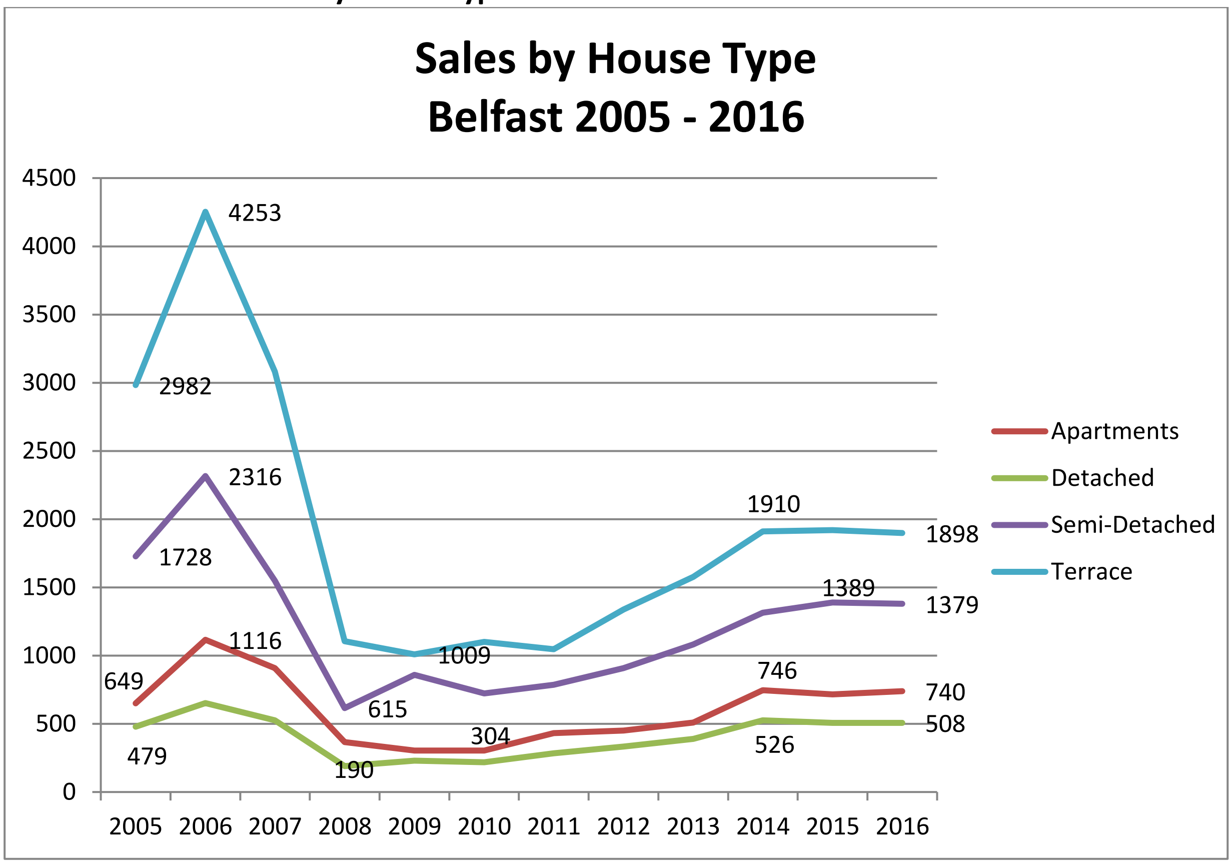
Source: Ulster University, 2017

Transactions

Confidence in the overall Northern Ireland housing market is demonstrated by year on year increases in the number of property sales; the most popular property types being sold are semi-detached and detached dwellings.

These trends are not reflected in Belfast where the number of transactions levelled off in 2016. In 2015, there were 4,532 transactions, compared to 4,525 in 2016. This corresponds to the data of unaffordable properties as shown in Table 3:3, and may suggest confidence in the Belfast property market has levelled off. Belfast has consistently had the highest proportion of the house sales in Northern Ireland, each year by council area.

Chart 3:3: Belfast Sales by House Type

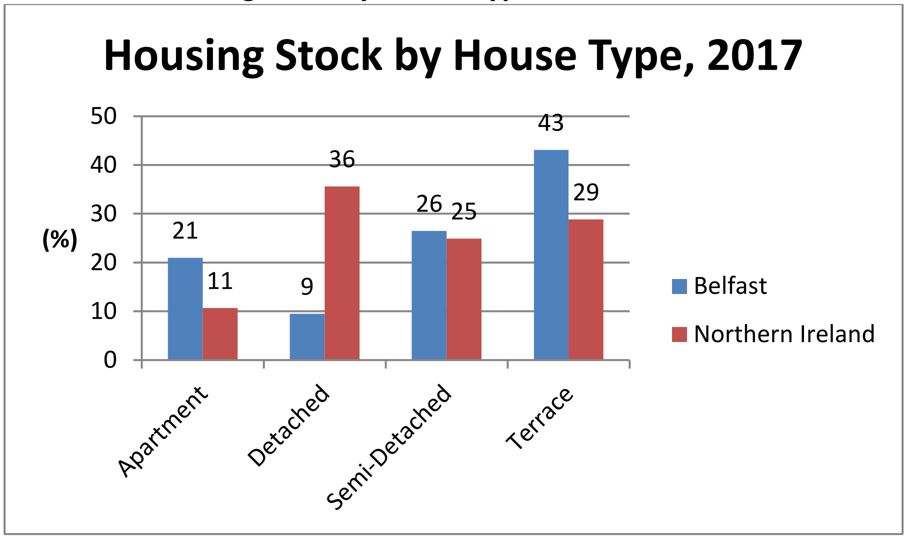


Source: Department of Finance, 2017

Housing Stock

The level of transactions by house type reflects the existing housing stock in Belfast, with lower numbers of detached dwellings being sold in a higher density urban area. As Chart 3:4 demonstrates, there are a high proportion of terrace dwellings, followed by semi-detached dwellings and apartments. This differs from the Northern Ireland stock profile, which has a higher percentage of detached properties and lower percentages of terrace dwellings and apartments. These trends are to be expected, as the Northern Ireland figures incorporate lower density rural figures.

Chart 3:4: Housing stock by House Type

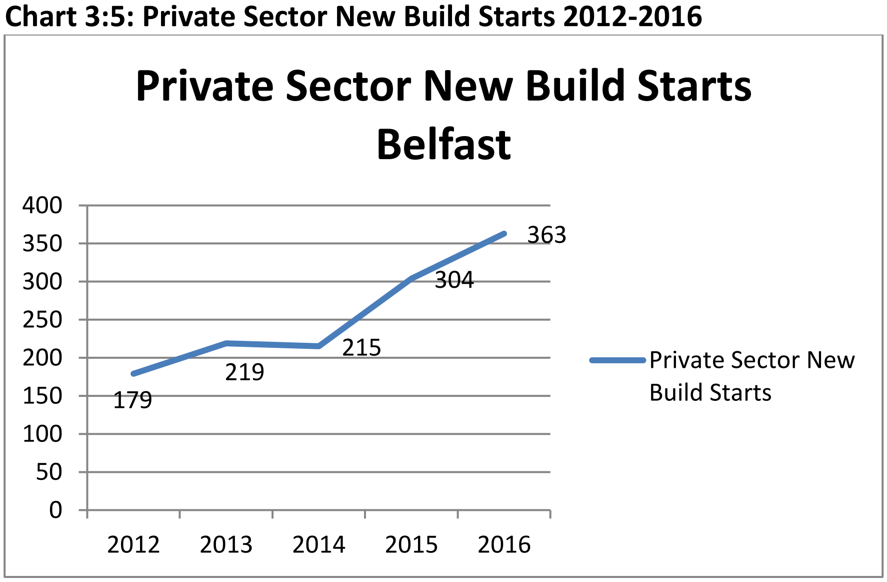


Source: Department of Finance, 2017

Since 2008, there has been a 6% increase in the total Belfast housing stock. However, the rates of increases have varied between house types. The number of apartments grew at the highest rate (22%), with terrace dwellings increasing at the lowest rate (1%). The number of semi-detached and detached houses dwellings increased by 4% and 2% respectively. The percentage of apartments within the total Belfast housing stock of 156,938 units, increased by 3% between 2008 and 2017, while the share of all other house types reduced.

Various factors can shape changes in the volume and mix of housing. Inter-tenure stock transfers, property conversions and demolitions have an influence but the most important factor is new house construction.

Chart 3:5: Private Sector New Build Starts 2012-2016



Source: Department of Finance, 2017

Over the last five years, Belfast private sector new build shows a sustained, if limited, increase in construction levels, aside from a slight decrease between 2013 and 2014. This would normally indicate an increasing level of confidence in the residential property market however the numbers are too small to indicate resurgence. While private sector starts generally support growth in the proportion of residents living in the owner occupied sector, we continue to be cognisant of the fallout of the housing market crash in 2007 which resulted in the growth of the private rented sector as prospective owner occupiers were unable to access finance to purchase.

For Belfast, the HGI requirement for the period 2012-2025 is projected at 13,700 new dwellings, which equates to 1,054 per year. 1,294 units have been constructed in Belfast in the last two years compared to the HGI target of 2,108. (Note, due to the council boundaries being realigned, it is not possible to accurately compare the rate of starts and completions prior to the new LGD boundaries in 2015.) However it is evident from the 2015 and 2016 statistics that the rate of construction in Belfast is significantly lower than required. As the number of starts in 2015 and 2016 was less that than the number of completions, this would suggest completion rates may fall in the future.

The sale of social housing in Belfast, has also contributed to the growth in owner occupation, with over 25,000 units being sold, the majority of these are former Housing Executive dwellings. Sales rates have fallen back over the last ten years from high rates experienced in 2006 and 2007, 89 properties sold in 2016, compared to 482 in 2006. At March 2017, 48% of Housing Executive properties in Belfast had been sold to sitting tenants (see Table 3:10, page 84).

Intermediate Housing

Intermediate housing is housing, made available to eligible households for rent or purchase, which have prices higher than the social housing sector but are below open market rates. A key objective of DfC's Housing Strategy was to support access to the owner occupied market by developing intermediate housing options. Therefore, in Northern Ireland, intermediate housing usually refers to low cost home ownership. Intermediate housing is defined in the SPPS as:

> 'shared ownership housing provided through a Registered Housing Association (e.g. the Co Ownership Housing Association) and helps households who can afford a small mortgage, but that are not able to afford to buy a property outright. The property is split between part ownership by the householder and part renting from the Registered Housing Association. The proportion of ownership and renting can vary depending on householder circumstances and preferences.'

Co Ownership Housing is the best-known scheme in Northern Ireland for people who wish to buy a home but who cannot afford to do so, without assistance. A share of between 50% and 90% of the home's value is bought and the remainder is rented from Co Ownership Housing. Almost 26,000 houses have been purchased through the scheme, since it was established in 1978. There is a cap on the value of the property that can be bought using the scheme; at April 2017, this was £160,000. This is higher than the current average house price in Belfast, at £115,868 (LPS, March 2017 figure). In 2016/17, 115 properties were purchased in Belfast through Co Ownership making 1,546 active properties in the area.

Other newly launched intermediate housing schemes in Northern Ireland include Fairshare, which allows people to partner with a housing association to buy a property. Similar to Co Ownership, a share of 50% and 90% of the property can be bought and a rent is paid on the remaining portion. Participating housing associations include Apex, Choice and Clanmil. Currently, there are 4 properties in Belfast. In addition, OwnCo Homes, a rent to own scheme, was established in 2016. This is a private, not for profit, subsidiary of Co Ownership, which is a fixed term rental commitment, with an opportunity for home ownership.

Currently, the Housing Executive calculates intermediate housing need using a model established by Professor Glen Bramley and adopted by the Welsh Assembly. This model assesses demand by examining:

- median income levels;
- lower quartile house prices;
- income needed to purchase a, e.g., 50% share of a lower quartile property; and
- household projections.

It has been calculated that in Northern Ireland 1,053 new intermediate units are needed each year, with 633 located in Belfast. There is considerable scope for this market to be increased as finance continues to be constrained by mortgage lenders for full home ownership.

Future Prospects

Evidence shows that the owner occupied market in Northern Ireland and Belfast has stabilised. Since 2013 this limited recovery has been evidenced by increasing house prices, increasing numbers of transactions and increasing new build levels, across both Belfast and Northern Ireland.

Belfast is the least affordable council area in Northern Ireland. Both the amount of disposable income required as a deposit, and the length of time required saving the necessary amount has increased year on year between 2013 and 2016. If house prices, inflation and interest rates rise, people may find it increasingly difficult to purchase a home.

While initial signs in Q1 2017, show that the market is generally stable, structural challenges remain including high levels of negative equity, access to finance for deposits and a lack of supply. These challenges may cause the market to become static. In particular, interest rate rises have the potential to increase the number of repossessions for those in negative equity and further stagnate the owner occupied housing market. The rate of house construction needs to substantially increase in Belfast, if 2025 Housing Growth Indicator targets are to be achieved.

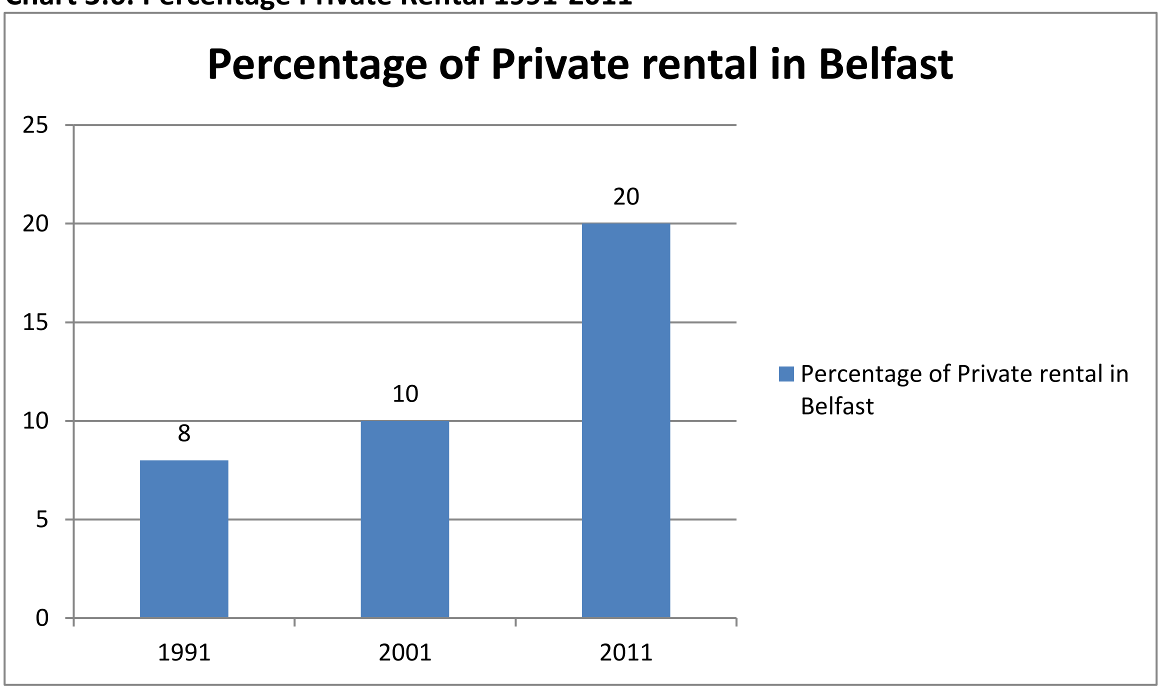
Private Rented Sector

The Housing Executive's House Condition Survey defines the private rented sector (PRS) as housing rented from a private landlord, private company, other organisation, relative or friend. The PRS includes accommodation tied with employment and Houses in Multiple Occupation (HMO) but not Purpose Built Student Housing (PBSA).

Expansion of the Private Rented Sector

According to the 2011 census, the proportion of privately rented properties in Belfast was 20%, double the proportion in the 2001 census. This compares to the Northern Ireland level of 15.1%. The PRS has grown dramatically in the last 20 years, as shown in Chart 3:6. The expansion of the PRS can be considered to have increased in line with the buoyant housing market, up to and beyond the property market crash of 2007. Increases in house prices and readily available finance made this sector attractive for Buy to Let landlords. This was seen as an investment, which could provide capital and revenue income for the long term, offering larger returns than a pension, at this time. The rise in house prices also meant there was an increasing market for rental properties, as potential first time buyers found it increasingly difficult to enter the owner occupation market.

Chart 3:6: Percentage Private Rental 1991-2011



Source: NISRA

Unlike the owner-occupied sectors, which was adversely affected by the outcomes of the housing market collapse, DfC in 2017 reported the private rented sector continued to grow and that during the recession, the PRS was inflated by 'accidental landlords'. These included developers and households in negative equity, who unable to sell their properties, rented privately to pay their building costs/mortgage. There was also ongoing demand from first time buyers who found mortgage finance difficult to access. It was estimated that in 2014, 18% of households in Northern Ireland were in private rented accommodation (DCLG).

The Housing Executive commissioned Ulster University to carry out a suite of research into aspects of the PRS. One report, "Performance of the Private Rented Sector in Northern Ireland" examined trends in lettings and rental levels from the second half of 2013 to late 2016. There has been a gradual downward trend in the number of lettings throughout the research period. Average rental levels over the same period increased from £534 to £579. Taken together, the lettings and rental trends appear to point toward a more stable PRS, with lower turnover and households remaining in their accommodation for longer periods of time.

DfC introduced Landlord Registration in February 2014, to provide councils with up to date information about the activity in the sector and enable them to proactively enforce private tenancy law. All private landlords in Northern Ireland should now be registered. Over 40,000 landlords have registered with the Landlord Registration Scheme, and have given details of their properties. Tenants and prospective tenants can now search the register and check if a landlord is listed. On registration, landlords receive a toolkit which details their obligations and duties under private rented sector law. Overall the Landlord Registration Scheme has worked well, however there are ongoing issues of non-compliance in the Holylands area of Belfast. Belfast City Council reported in February 2017 that it is dealing with over 300 cases of non-registration in this area.

DfC state that from the Landlord Registration database shown in 2016, 84% of registered landlords own one or two properties, with few landlords owning five or more dwellings.

Table 3:6: Number of Private Tenancies

	Number of private tenancies by Council Area
Belfast	29,381
Northern Ireland	124,100

Source: DfC Landlord Registration Database, January 2017

Table 3:7: Number of Landlords

	Number of Landlords by Council Area of Residence
Belfast	11,987
Northern Ireland	50,884

Source: DfC Landlord Registration Database, March 2017

Welfare reform could also affect the attractiveness of private renting for landlords. LHA caps could lead to increased arrears as full rents are unable to be met by housing benefit, and under Universal Credit, there is an increased risk that landlords letting properties for temporary homeless accommodation, may not get their rent covered. This could encourage some landlords to leave the sector; however, there may be increased demand for HMOs, as discussed under HMO subsection. The continuation of direct payment of Housing Benefit to landlords is seen as a crucial aspect of the continued sustainability of the PRS. The imminent introduction of Universal Credit and the continued absence of a functional Executive may jeopardise this situation. It is noted the level of private housing benefit claims has reduced over recent years indicating landlords are able to obtain higher rents from non-housing benefit funded tenants. Welfare Reform is considered in more detail under the Social Housing Chapter.

Tenant Profile

The PRS can provide flexible accommodation for young professionals, migrant workers and students. It can also provide for households that cannot, or do not want to buy or rent from a social landlord. Private renting can provide permanent housing for long-term tenants and provide emergency housing for homeless applicants.

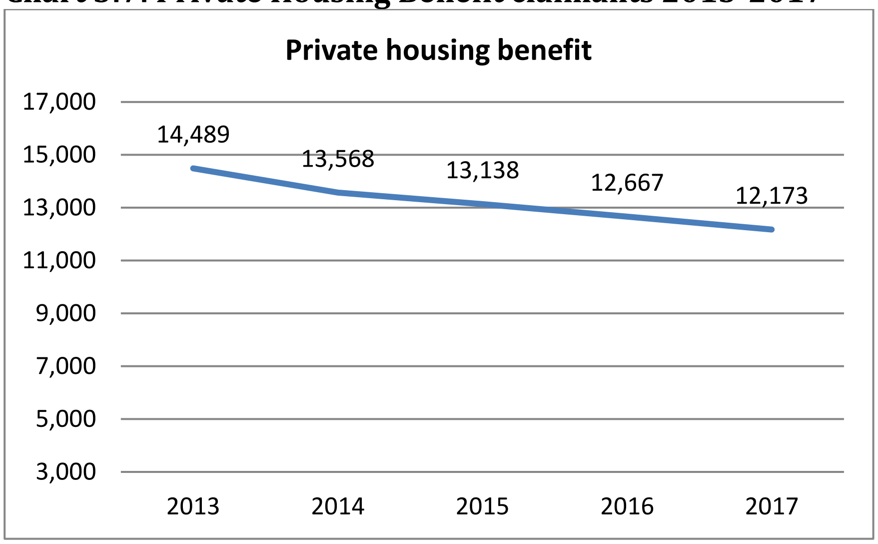
The 2011 Census indicated that 61% of private rented households had no dependent children, the remainder had one or more, dependent children. It also indicated that the majority of tenants (72%) were aged between 25 and 54, 16% were over 55 years and 12% were under 24 years. The highest proportions of households in the private rented sector are located in Belfast, due to the larger population and the presence of many young professionals and the large student population.

The rapid expansion of PBSA in Belfast which will see in excess of 5,000 new bedspaces coming on stream in the next 2-3 years is likely to have an impact on traditionally popular areas with students and in particular the Holylands location. Any negative impact on the PRS due to diminishing demand from students may, to some extent, be offset by the Welfare Reform agenda which limits the amount of housing benefit payable to claimants under 35 years of age limited to a "shared room" rate. This area contains the majority of properties in Belfast (Houses in Multiple Occupation – HMOs) to which this could be applied. The Housing Executive is currently supporting South Belfast Partnership Board to carry out research into private rental accommodation in the University area and the household types now living in this sector.

DfC reported in 2017, that the PRS is home to many households who would traditionally have lived in the social housing sector. There is evidence for this in Belfast, as in March 2017, 41% of all private sector tenants were in receipt of housing benefit. PRS housing stock in the council area has grown, while social housing stock has decreased from 38% in 1991, to 25% in 2011. The main reasons for this are the redevelopment of areas of obsolete housing and continuing sales of social stock under the Right to Buy policy.

Chart 3:7 shows that while there is some fluctuation in the number of households claiming private sector housing benefit, there has been a general reduction in claims over the past five years. The main reasons for the decline are in the changes to the Housing Benefit system introduced since April 2011 which effectively lowered the Local Housing Allowance (LHA) and the introduction of the Single Room Rent to single people between 25 and 35 years of age. These changes and an upturn in the economy which has seen more people entering employment explain the reduction in housing benefit claimants in the PRS.

Chart 3:7: Private Housing Benefit claimants 2013-2017



Source: NIHE, 2017

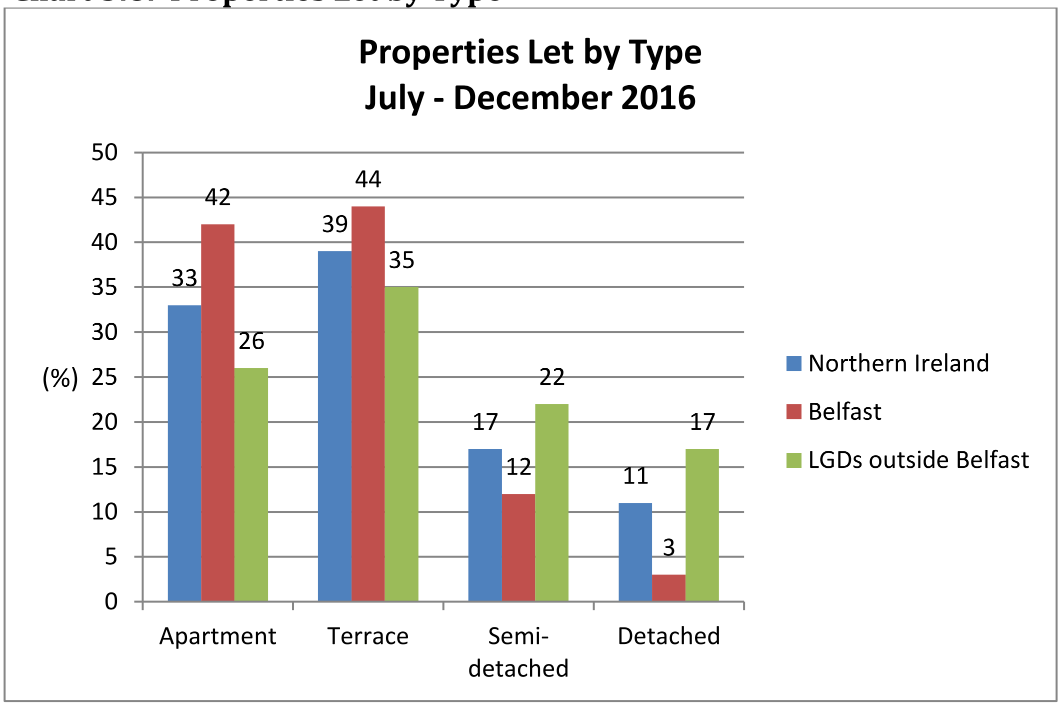
Dwelling Stock

It should be noted there is a lack of up to date statistical information on the PRS at a local area, which can limit analysis. However, Ulster University's research report 'Performance of the Private Rented Sector in Northern Ireland' June to December 2016, provides some specific figures for 2016, by council area.

The range of properties with different house types and numbers of bedrooms are important in allowing a range of households a choice of an appropriate home that meets their needs. The private rental market is dominated by apartments and terrace/townhouses; these account for the majority of properties across Northern Ireland, with detached units having the smallest market share.

There are marked differences between the proportions of property types let for Northern Ireland as a total, Belfast council area, and councils outside Belfast. There are significantly higher proportions of semi detached and detached properties being let in council areas outside Belfast. This is partly due to the higher numbers and proportion of detached properties within the total housing stock outside Belfast (42%) compared to within Belfast (9%). Conversly, higher portions of PRS properties let in Belfast were apartments and terraces due to the high porportion of these house types in the overall Belfast housing stock.

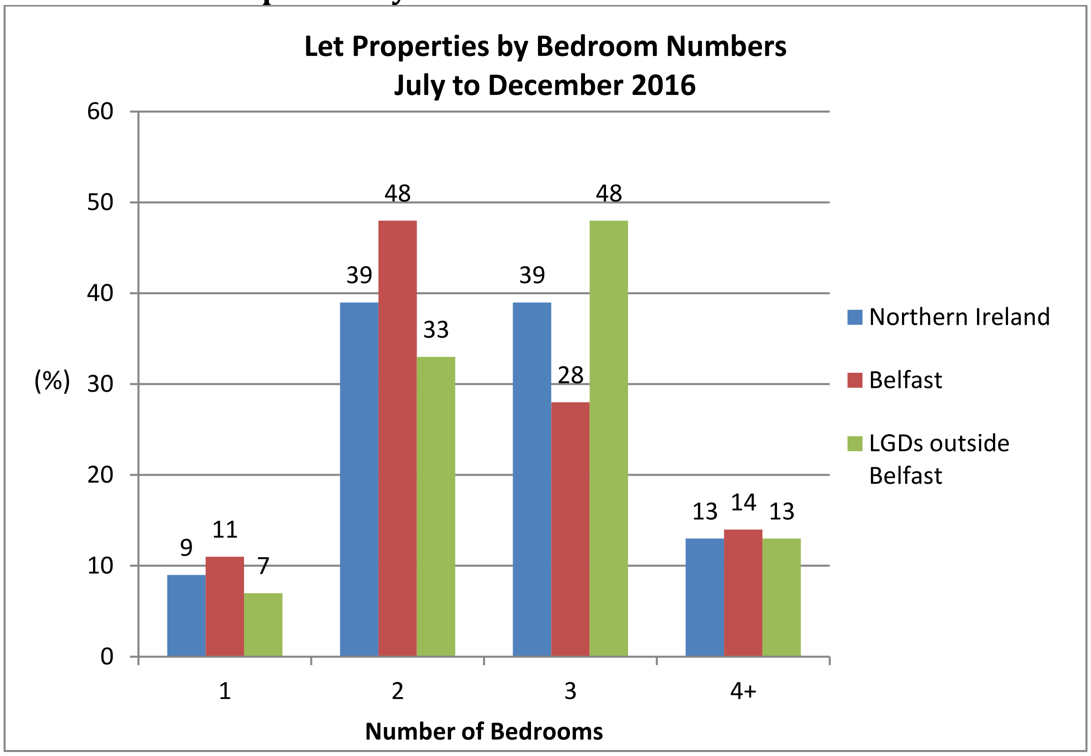
Chart 3:8: Properties Let by Type



Source: University of Ulster/NIHE

While two and three bedroom properties dominate the PRS market, there are geographical differences between the number of bedrooms in rented properties across Northern Ireland. There is a higher proportion of two bedroom properties being let in Belfast, which reflects the popularity of the smaller house types. The high proportion of three bedroom properties being let outside Belfast reflects the higher numbers of these properties at these locations.

Chart 3:9: Let Properties by Bedroom Numbers



Source: University of Ulster/NIHE

Affordability

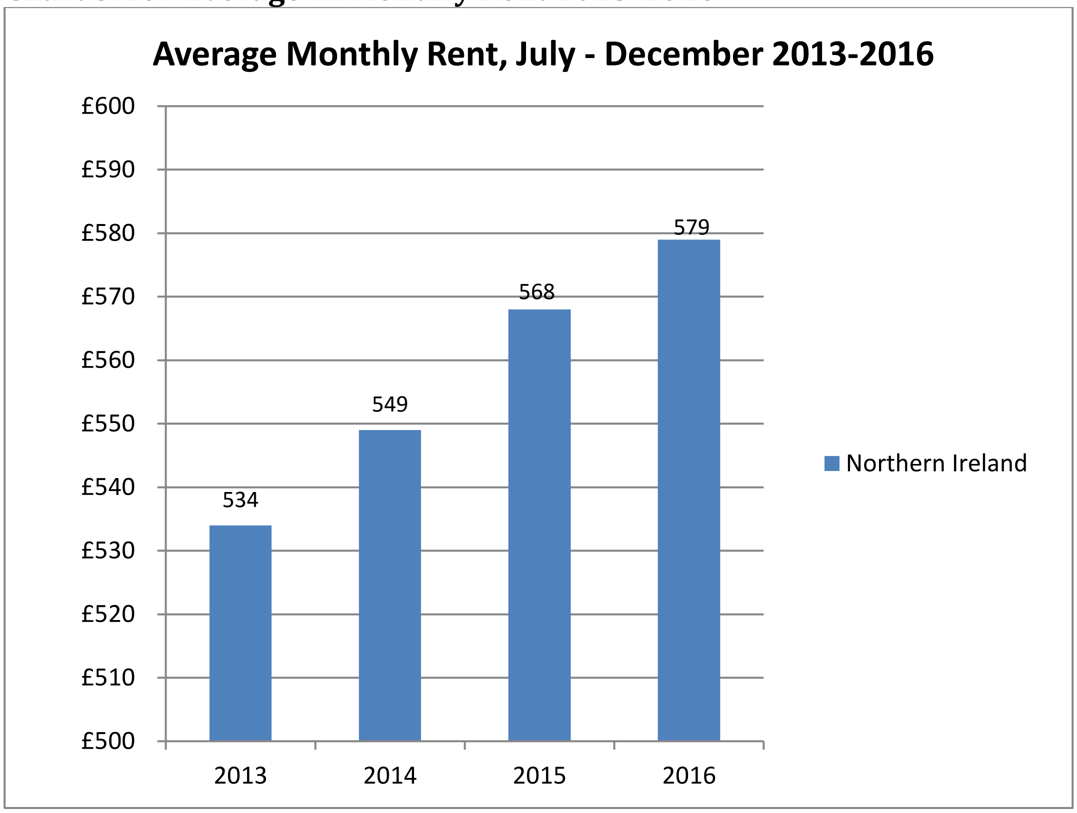
Research undertaken by Ulster University indicates affordability challenges in accessing the private rented sector for low-income households, especially in relation to raising a deposit. A deposit is normally the equivalent of a month's rent; meaning an average deposit in Northern Ireland is approximately £580.

While a private tenant can access housing benefit, there are many on lower incomes that have difficulty finding the money to bridge the gap between housing benefit and the market rent charged by a private landlord. In these instances, tenants may be able to apply to the Housing Executive for a Discretionary Housing Payment for a temporary period.

Some landlords have experienced mortgage repayment difficulties, particularly those who bought at the height of the boom with the help of high loan-to-value mortgage. To cover the higher costs requires higher rents which are often outside the capacity of those in lower incomes. As the supply of owner occupied dwellings has reduced those with higher incomes have turned to the PRS. The consequence of both factors has reduced the affordability within the PRS.

DfC (January 2017), calculated the percentage of earnings used for rent by using weekly and monthly median earnings and average rents based on 2015 information. This showed that in Northern Ireland, 33% of earnings were used to pay rents.

Chart 3:10: Average NI Monthly Rent 2013-2016



Source: University of Ulster/NIHE

Chart 3:10 shows that the average monthly rent for Northern Ireland has shown steady increases from 2013 to 2016, with an increase of approximately £15 per month, each year. Rents for Belfast are higher than the Northern Ireland average being £623 per month as shown in Tables 3:8 and 3:9.

Table 3:8: Average rent by property type

	Apartment	Terrace/Town house	Semi Detached	Detached	All
Belfast	£609	£597	£665	£995	£623
Northern Ireland	£554	£551	£592	£739	£579

Source: University of Ulster/NIHE

Table 3:9: Average rent by number of bedrooms

	1	2	3	4+	All
Belfast	£473	£559	£637	£948	£623
Northern Ireland	£442	£528	£573	£840	£579

Source: University of Ulster/NIHE

Houses in Multiple Occupation (HMO)

An HMO is defined as 'A house occupied by more than two qualifying persons, being persons who are not all members of the same family'.

The Housing Executive currently has responsibilty for a statutory registration scheme for Houses in Multiple Occupation (HMOs), as requried by the Housing (NI) Order 2003. Responsibility for the registration of HMOs is due to be transferred to Councils in 2018, however, this has yet to be formally agreed and has been delayed previously.

HMOs form an important element of the PRS, particularly for younger people on low incomes and for single people, under the age of 35, affected by the limitation of housing benefit to the shared room rate. Ancedotal evidence also indicates that this has been a popular sector with migrant workers. Sixty percent of all HMOs in Northern Ireland are in Belfast, (3,737 out of a total 6,270) with the largest proportion of these in the Holylands area, close to Queens University Belfast.

The growth of HMOs in and around the Holylands area can be attributed to a number of factors. First, the growth was unregulated as landlords supplied what was required by students i.e. accommodation close to QUB. Second, many students from Northern Ireland preferred to live with people they know and feel comfortable with. The popularity of the area led to rapid house price inflation whereby a small terrace house there would cost more than a semi detached house in the suburbs. Many existing residents sold up and the spiral continued to such an extent that the area became overcrowded and stigmatised due to high profile incidences of anti social behaviour around Fresher's weeks and St Patrick's Day.

The introduction of the draft HMO Subject Plan for Belfast in 2006 put an effective brake on further HMO proliferation, however it was considered that the Holyland had already reached saturation point. Service providers (waste and refuse collections, transport and police) had difficulties in the area and an inter agency group was established to examine the problems in the area and propose solutions. A nightime and weekend warden service was introduced and the universities developed disciplinary measures to deal with anti social behaviour by students. These measures improved the functionality of the area but this came at a time when the area itself was becoming less popular, possibly to do with more extraneous factors such as increases in fees. The increase of PBSA in the city will also impact the area when the new accommodation is delivered in the next 2/3 years. Landlords too, seem aware that the area is undergoing transition with evidence of planning applications being made to convert HMOs into self contained units. The Housing Executive is working with South Belfast Partnership Board to research the effects of these market changes.

Future Prospects

The lower number of rental transactions since 2013, may indicate a slowing down in the growth of the PRS, although this also points to increased stability within the sector. Tax changes due to be introduced in 2018 has led some landlords to predict that this may discourage new landlords entering the market and may prompt some small landlords to leave. This, together with some landlords exiting negative equity through rising house prices, could signal a reversal of the long period of expansion in the sector, or may cause some landlords to increase rents. However, expert commentators have stated that the risk of large-scale disinvestment is expected to be low.

While the economy and owner occupied housing market can be seen to be recovering, enduring affordability issues for many potential first time buyers, alongside rising numbers in part time and temporary employment, would indicate that the private rented sector will continue to play an important role in Northern Ireland's housing market. There is also supported with continued housing need outstripping supply for social housing in many areas of Belfast.

Renting privately may also remain popular with some households, as it can include benefits, such as:

- Responsiveness, especially in meeting new demand;
- Flexibility;
- Choice in terms of property type and location; and
- Freedom from responsibility for repairs and maintenance.

However, the PRS will be heavily influenced by trends in the social housing and owner occupied sector, which in turn will be heavily influenced by wider economic considerations, most notably the Brexit negotiations. Welfare reform may encourage some social housing tenants who are under occupying to enter the PRS, where there are often small properties available. This will also depend on the level of income shortfalls, as households may have to meet rent differentials. In addition, the introduction of the shared room rate for single social housing tenants, under the age of 35, may encourage these households to seek HMO accommodation.

House prices and mortgage availability in the owner occupied sector will also affect the popularity of the sector. Easing mortgage restrictions on first time buyers may lead to a decrease in demand for private rental, and as house prices are rising, accidental landlords may leave the private rented market as they exit negative equity. Other factors that could influence the future of the market include:

- the development of intermediate housing products, helping people into home ownership, leading to a decrease in demand;
- overseas migrants, often housed in the PRS, being compelled or wishing to leave, following the UK's departure from the EU; and
- the introduction of a new regulatory framework, for the sector, following DfC's consultation.
- the rapid expansion of PBSA across the city and;
- the ending of payment of housing benefit direct to landlords.

Social Housing

Social housing in Northern Ireland is defined as housing provided at an affordable rent by registered Social Landlords for rent and is allocated through a Common Waiting List administered by the Housing Executive. The Housing Executive has a statutory duty under the Housing NI Order 1981 to" regularly examine housing condition and need".

The Common Waiting List is a dynamic database and is split into a number of smaller geographic areas to facilitate applicants' areas of choice for housing. For reporting purposes an annual Social Housing Need Assessment is produced from the Common Waiting List at the end of March each year. This allows the Housing Executive to assess the level of social housing need for defined geographic areas. The level of social housing need is projected for a five year period from March each year. This is presented annually to each of the councils in the Housing Investment Plan document.

Social housing in Belfast

The social housing sector in Belfast is still a significant part of the housing market, accounting for a quarter of all the housing in the city. This is a much higher proportion than for Northern Ireland as a whole, reflecting the high levels of redevelopment which occurred in the 1970s and 1980s. The residential ring surrounding the City Centre is largely comprised of redeveloped stock. Neighbourhoods at Carrick Hill, New Lodge and Duncairn areas of North Belfast, Markets, Donegall Pass and Sandy Row in South Belfast, Lower Falls/Divis, Grosvenor Road, Lower and Mid Shankill in West Belfast and Lower Newtownards Road, Short Strand and Albertbridge Road in East Belfast were all largely built for social housing. Much of this stock remains available for social rental.

The significant levels of redevelopment reduced the level of both owner occupied and private rented accommodation in the city. In the early 1980s the Housing Executive completed around 2,000 new social houses in Belfast per year. Housing associations assumed responsibility for new build since 1996 and have completed an average of 500 units per year in Belfast over the last 10 years. The amount of social stock in the city has risen in the past few years as the levels of house sales under the Right to Buy provisions has declined. This trend is unlikely to continue as budgetary pressures will impact on the levels of new build being delivered and there is also emerging evidence that the levels of applications to buy in the social sector are rising. This may be related to the impact of welfare reform as many tenants may prefer to make mortgage payments rather than increased rents. We will continue to monitor this up to the end of the welfare reform mitigation period in 2020.

There are approximately 38,000 social dwellings in Belfast, almost 26,000 of these are owned by the Housing Executive, the remainder by housing associations. A profile of the Housing Executive stock is provided in Table 3.10 below:

Table 3:10: Belfast Housing Executive stock at March 2017

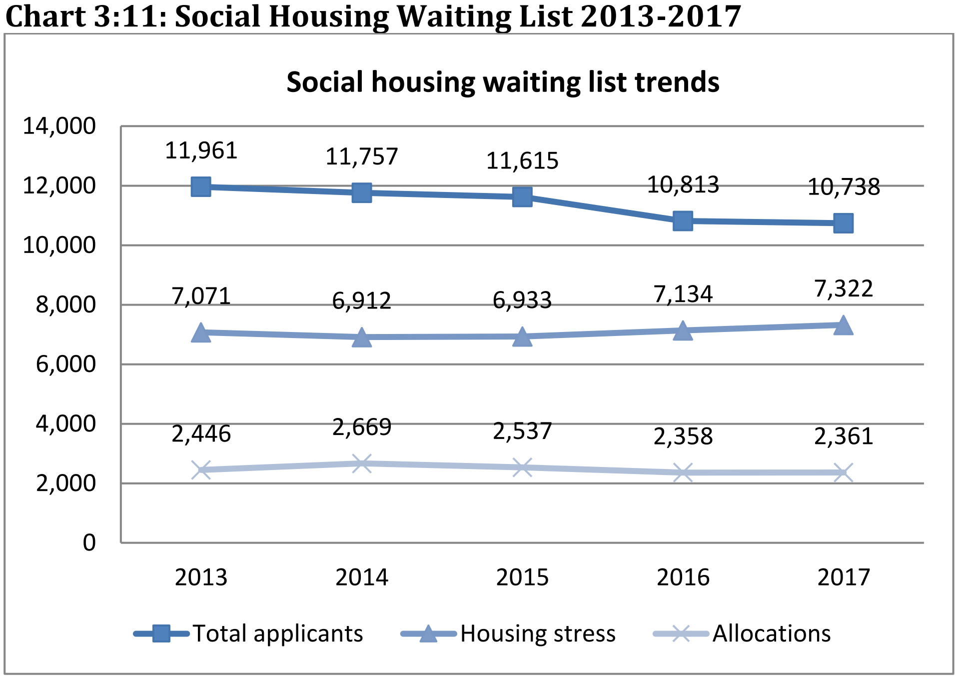
	Bungalow	Flats *	Houses	Cottage	Total	Void
Current Stock	2,401	5,883	17,097	1	25,868	**256**
Sold Stock	**407**	**1,748**	**21,683**	**22**	**24,099**	

*Includes maisonettes

Social Housing Need in Belfast

The Housing Executive administers the Common Selection Scheme and Waiting List for all social housing throughout Northern Ireland. Waiting list trends for the last five years in Belfast show that a slight decrease in the overall number of applicants but an increase in the number of applicants in Housing stress. The number of allocations has remained fairly constant. In common with the rest of Northern Ireland, single applicants make up the largest group on the waiting list. The increase in the number of applicants in Housing stress has meant that a smaller proportion of new applicants are being rehoused within a year. Average overall time spent on the waiting list has increased over the last five years and is expected to increase further.

Chart 3:11: Social Housing Waiting List 2013-2017



Source: NIHE

Table 3:11: Belfast Household composition of housing applicants at March 2017

Type	Single person	Small Adult	Small Family	Large Adult	Large Family	Older Person	Total
Applicant	5,286	452	2,945	141	678	1,236	10,738
App (HS)	**3,619**	**258**	**2,089**	**86**	**458**	**812**	**7,322**
Allocation	1,170	69	708	25	143	246	2,361

Applicant – Housing applicants at March 2017
App (HS) – Housing stress applicants at March 2017 (i.e. 30 points or more)
Allocation – Annual allocations for year ending March 2017
Source: NIHE

Table 3:12: Household Categories

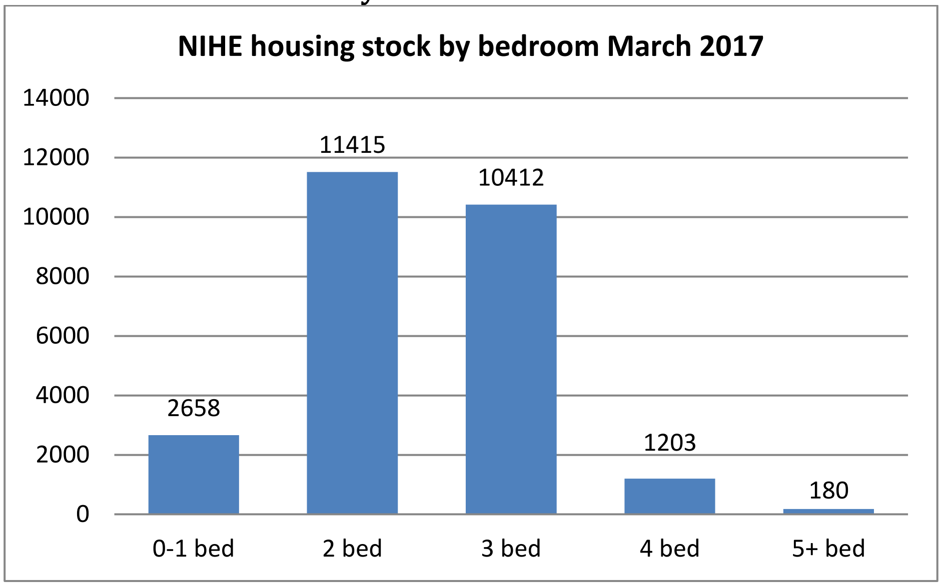
Household Types	
Single Persons	1 person 16-59 years old
Older person	1 or 2 persons aged 16 or over, at least 1 over 60
Small adult	2 persons 16-59 years old
Small family	1 or 2 persons aged 16 or over, with 1 or 2 children
Large family	1 or 2 persons aged 16 or over, and 3 or more persons 0-15, or 3 or more persons 16 or over and 2 or more persons aged 0-15
Large adult	3 or more persons aged 16 or over with or without 1 person aged 0-15

Source: NIHE

Need is apparent in all four sectors of the city (North, South, East and West). Across the city there are high concentrations of need in Ardoyne and New Lodge in North Belfast, Markets, Lower and Upper Ormeau and Lisburn Road in South Belfast, Sydenham and Willowfield in East Belfast and Falls, Andersonstown and Poleglass/Twinbrook in West Belfast. The areas of highest need coincide with those areas where suitable development land is in short supply.

Single person households and small families account for three quarters of the total waiting list, reflecting the trend toward smaller households, evident throughout Northern Ireland. The predominance of single and smaller family households and the welfare reform agenda will mean that new social housing will comprise a high proportion of one and two bedroom dwellings. This will mark a departure as much of the social housing stock reflects the earlier redevelopment programmes which mainly provided family housing.

Chart 3:12: NIHE stock by bedroom numbers



Source: NIHE

The requirement for new social housing in Belfast has increased since 2010. The 15 year assessment for 2017-2032 shows that over 14,102 new social homes are required to meet demand in that time period.

Table 3:13: Summary of Social New Build Need for Belfast

Settlement	Social Housing Need (Units) 15 Year (2017-2032)
Greater West/Shankill	
Inner West	1,653
Middle West	3,506
Outer West	1,254
Ainsworth/Woodvale	0
Ballygomartin	0
Mid Shankill	0
Lower Shankill	0
North Belfast	
North Belfast 1	4,200
North Belfast 2	0
South and East Belfast	
Upper Ormeau	750
Donegal Road	0
Finaghy	75
Lisburn Road	1.086
Lower Ormeau and Markets	660

Settlement	Social Housing Need (Units) 15 Year (2017-2032)
Inner East Belfast	0
Middle East Belfast	693
Short Strand	102
Outer East Belfast	138
Total Social New Build Requirement Belfast	14102

Source: NIHE

The sectarian division which characterises much of Belfast is also problematic in that much of the development land, suitable for housing, is within areas where social housing need is being met.

Table 3:14: Social Housing Development Programme - Belfast

Schemes Completed 2016-2017	416
Schemes on Site at March 2017	335
Schemes Programmed 2017-2018	636

Source: NIHE

Housing Associations report difficulties in obtaining sites in areas of housing need throughout the city. Housing associations have to acquire sites on the open market and are therefore vulnerable to being outbid by developers with access to greater financial resources. To address social need, the Housing Executive's has programmed over 600 social housing units for 2017/18.

Homelessness

One of the main reasons for the increase in the numbers and the proportion of social housing applicants in Housing stress is the ongoing problem of homelessness. The Housing Executive has had a statutory duty to assess homelessness since 1989. The number of homeless applicants in Belfast has remained constant, around 100 per week, over the past five years.

Table 3:15 Homeless Figures 2012/13 – 2016/17

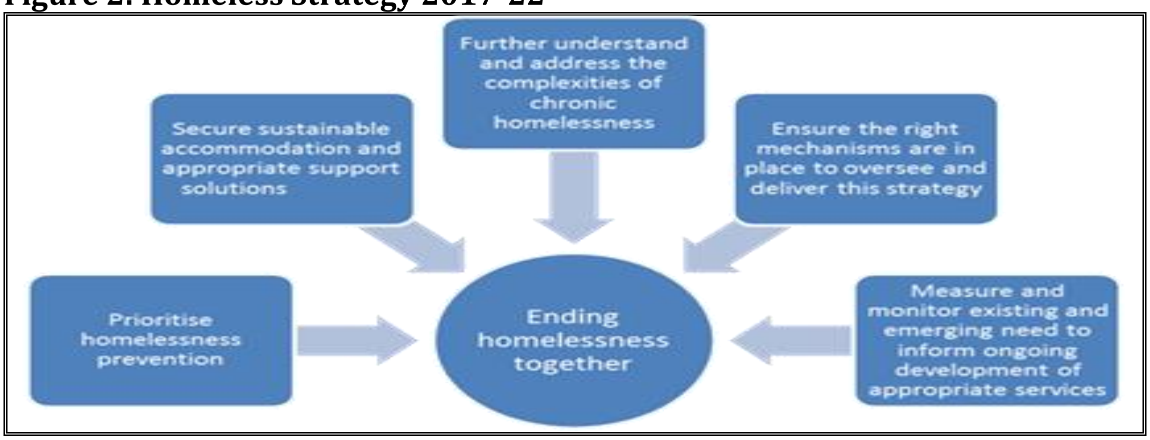
Year	No. of homeless presenters	No. of homeless acceptances	Households placed in temporary accommodation
2012/13	5,367	2,856	1,007
2013/14	5,329	2,506	1,047
2014/15	5,843	3,064	983
2015/16	5,664	3,316	1,205
2016/17	5,395	3,289	1,058

Source: NIHE

Such figures place a heavy burden on social housing providers. The number accepted as homeless exceeds the total number of social allocations in any given year. Being accepted as homeless under the legislation places a duty on social housing providers to secure permanent accommodation and temporary accommodation, if required. This has an impact of increasing the overall time applicants spend on the waiting list.

In line with our statutory duty, the Housing Executive published a new Homelessness Strategy 2017-2022 in April 2017. This strategy which has five objectives has a vision of "Ending Homelessness Together".

Figure 2: Homeless Strategy 2017-22



Each objective has associated short, medium and long term key milestones that are outlined in the document. The Homelessness Strategy is on the Housing Executive website at: http://www.nihe.gov.uk/northern_ireland_homelessness_strategy.pdf

It is accepted by government that homelessness is a cross cutting issue, not solely the responsibility of the Housing Executive. The Strategy will therefore be supported by a Cross Departmental Action Plan led by the DfC, which will concentrate on five key actions that will enable collaborative working across government to improve the lives of homeless clients throughout Northern Ireland.

Supported Housing

Supported housing is for individuals who cannot live independently in their own home. They require extra housing support and/or an element of care in addition to a home. Funding for the additional services is allocated from the Supporting People budget, administered by the Housing Executive, which in Belfast in 2016/17, amounted to almost £24m and supported over 6,000 people. Accommodation can be self-contained or shared. Shared housing is used to describe accommodation for two or more persons with shared facilities, e.g. bathroom, kitchen, communal living room or dining room. Shared housing can include cluster dwellings, group homes or hostels. Some schemes will provide the services of a warden who may be a resident.

Future supported housing schemes are subject to a rigorous commissioning process with partners including the Housing Executive, Health and Social Care Board, Health Trusts and the Probation Board. All revenue funding associated with the delivery of new supported housing schemes must be in place before the scheme can proceed. Budgetary pressures on both capital (new build) and revenue (Supporting People) funding will impact on this sector in future. There were no new Supported Housing Schemes planned for Belfast at the time of writing this report.

Wheelchair Housing

In addition to Supported housing, the Housing Executive also assesses the need for accommodation for people with a disability, most notably wheelchair users. In Belfast there are currently over 100 applicants who require specialist wheelchair accommodation in the social housing sector. There is an overall shortage of this type of accommodation and this has been recognised. Recent DfC guidance to housing associations stipulates that 7% of all new social housing should be built to wheelchair standard. Some schemes are more suited to this type of provision and a flexible approach is being taken in order to meet the overall requirement.

Traveller Accommodation

A Traveller Housing Need Assessment has been carried out for the period 2013 to 2018 and has resulted in a five year programme of schemes to address the accommodation needs of Travellers in Northern Ireland. Future review of this assessment will be carried out on a five year rolling basis to reflect changes in need, land availability and funding.

The Northern Ireland programme includes the following types of scheme:

1. *Group Housing*
   Residential housing developments, with additional facilities and amenities, specifically designed to accommodate extended families on a permanent basis.

2. *Serviced Site*
   A range of managed accommodation where Traveller families have a permanent base to park caravans or erect timber framed sectional buildings. They have electricity, water and sewerage provided together with other facilities such as communal or individual amenity units
3. *Transit Site*
   A basic facility where Travellers may park caravans on a temporary basis and where electricity, water and sewerage disposal are provided.

There were no Traveller accommodation requirements identified for Belfast. Work will commence on the 2019/24 Northern Ireland Traveller accommodation assessment in 2018.

NIHE Asset Management Strategy

The re -letting of existing stock accounts for over 80% of all allocations in the social housing sector. It is therefore vital that this stock is well maintained and capable of being used for many years in future. In general terms, Housing Executive stock is older than housing association stock. Just over half of Housing Executive stock was built between 1945 and 1980. By contrast, over 80% of housing association stock was built after 1980.

The Housing Executive adopted an Asset Management Strategy in 2016. The Strategy adopts an "active asset management approach" in which investment decisions are based on the performance of the stock in supporting the Housing Executive's business plan and its landlord objectives.

The Housing Executive examined its 32 tower blocks, the majority of which are in Belfast, as part of the overall Asset Management Strategy. This analysed each block in terms of investment need, management and maintenance costs and housing demand. However, following the fire in Grenfell Tower in London, this exercise has been put on hold until it has had the opportunity to consider any preliminary findings from investigations into that fire and any implications arising from it.

Resulting from the Asset Management Strategy, the Housing Executive plans to increase its annual spend on capital improvements and planned maintenance in Belfast from £31m in 2016/17 to £43.3 m in 2017/18, an increase of 40%.

Rental income is important to maintain this level of expenditure on stock. Housing Executive rents are "pooled" and reflect the type, age and size of the dwelling, irrespective of location. Housing association rents are not pooled in the same way; their rents are set for each development based on the cost of construction and borrowing. Housing association rents are generally much higher than the Housing Executives', making them much more susceptible to reductions in housing benefit as a result of welfare reform.

Conclusions / Future Prospects

Social housing will remain a very important component of the overall housing market in Belfast over the period of the LDP. Based on current projections, almost 940 new social homes are required annually in the city over the next 15 years. Land availability, budgetary pressures and an uncertain economic backdrop post Brexit, will make the delivery of this number of units extremely difficult, if not impossible. Social housing applicants can expect to wait longer for an allocation, therefore putting additional pressure on other tenures.

Welfare reform has the potential to have a considerable impact on social housing with implications for housing stock, potential transfers within stock, increased arrears and house sales under the Right to Buy. The introduction of Local Housing Allowance (LHA) for social housing could have a huge impact on housing association stock, whose rents are generally higher. These developments will be closely monitored over the next 2/3 years.

The Housing Executive's Asset Management Strategy is very welcome and timely and will ensure that a supply of well-maintained properties is available for rental.

Conclusion

Belfast is the capital of Northern Ireland with a population of almost 340,000. The City provides major opportunities for employment, learning, shopping, leisure and entertainment. It drives much of the economic growth across the region.

The local housing market in Belfast is slowly recovering from the economic and housing crash in 2007. House prices had effectively doubled in the two years prior to the crash, the classic boom and bust scenario. Prices bottomed out in 2013 and have been on a gentle upward curve since then. The effects of the 2007 crash are still evident and serious imbalances remain in the current housing market. Private sector development is still low and mortgage lending remains inhibited despite historically low interest rates. The HGI requirement for over 1,000 new dwellings per year up to 2025 is not being met and the target of an additional 37,000 new homes over the 2020-2035 period, expressed within the LDP, looks very ambitious post EU referendum, and the continuing uncertainty of the impact of Brexit on the wider economy.

The PRS continues to play a significant role in the Belfast housing market. Local estate agents report that there is continuing strong demand for private rental at the top end of the market throughout the city. Terrace properties and apartments bought during the “buy to let” boom of the early 2000s provide the bulk of stock in the PRS. This sector plays an increasingly important role in meeting the needs of younger households on lower incomes, who previously would have become first time buyers. High levels of demand for social housing in some areas will also continue to underpin the demand for private rental. The introduction of welfare reform and tax changes affecting landlords will impact the PRS, this will be closely monitored in the coming years. The growth of PBSA will have an effect on the housing market dynamics of areas traditionally associated with student lets, most notably the Holylands.

The requirement for new social and intermediate housing in Belfast has remained high since 2010, almost 15,000 new social homes required in the next 15 years. In addition, demand for approximately 600 intermediate dwellings per annum, have also been identified.

Land availability is a key issue for the future delivery of social housing in Belfast. There was insufficient land zoned for social housing within BMAP and it is hoped that the new LDP will address this. The predominance of single person and small family households on the waiting list will mean that smaller units and higher densities will be required in future. Such developments can be problematic from management and maintenance viewpoints. It is therefore important that larger scale developments deliver mixed tenure, mixed income communities and avoid large concentrations of social housing, deprivation and social inequality.