

# demographicchange

and Future Housing Need in Northern Ireland

November 2014



Final Report

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**Housing**  
Executive



**RSM McClure Watters (Consulting)**  
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# 1 Background and Summary

## 1.1 Introduction

RSM McClure Watters (Consulting), in association with Professor Chris Paris (University of Adelaide), Dr Peter Williams (University of Cambridge) and John Palmer (North Harbour Consulting), was appointed by the Northern Ireland Housing Executive (subsequently ‘the Housing Executive’) to undertake the research project Demographic Change and Future Housing Need in Northern Ireland. This report is written by Chris Paris with contributions from Dr Peter Williams (Section 4) and John Palmer (Section 5).

The terms of reference specified the research aims and objectives as follows:

1. To review the main demographic trends in Northern Ireland in relation to the UK, the island of Ireland as a whole and the European Union, with particular reference to underlying economic and social factors affecting demographic trends;
2. To explore views and attitudes about demographically driven models in housing need assessment, especially the extent to which the net stock model may be appropriate in the future assessment of housing need in Northern Ireland;
3. To evaluate the net stock model used by the Housing Executive since 1994 and more recent models of housing demand and need in England developed at Cambridge University and the Welsh Housing Need Assessment with particular reference to calculating the need for low cost home ownership; and
4. To develop a census-based model of demand/need for Northern Ireland for the period 2011-2021 to:
  - a) provide an annual estimate of total new build requirements for social and private housing;
  - b) assess the potential for disaggregating this regional figure for Northern Ireland to a sub-regional level - specifically Housing Market Areas;
  - c) evaluate models developed in Great Britain for assessing the need for ‘affordable’ housing (private/social); and
  - d) estimate the need for supported (social) housing in the context of demographic change and government policy.

The Housing Executive established a Project Advisory Group (PAG) to provide guidance on the delivery of this research project. The PAG comprised named individuals from a range of government and non-government organisations including the Housing Executive, the Department for Social Development, the Department for Regional Development, the Northern Ireland Federation of Housing Associations and the Construction Employers’ Federation.

The research was conducted in close collaboration with the Housing Executive Research Unit and the research team reported regularly to the PAG Committee. The project brief was redefined in practice, following agreement between the research team and the Housing Executive.

## 1.2 Structure of the Report

This structure of this report follows the programme of work agreed in the Project Initiation Document:

- Section 2 outlines the research methodology;
- Section 3 reviews demographic trends in Northern Ireland in relation to the UK, the island of Ireland as a whole and the European Union, with particular reference to underlying economic and social factors affecting demographic trends;
- Section 4 reports on the literature in Great Britain relating to models of housing demand and need, including net stock models, and material relating to low cost home ownership. It also considers models developed in Great Britain for assessing the need for 'affordable' housing (private/social);
- Section 5 explores views and attitudes about demographically driven models in housing need assessment, especially the extent to which the net stock model may be appropriate in the future assessment of housing need in Northern Ireland;
- Section 6 reviews a range of policy and other factors relating to the development of models of housing demand and need;
- Section 7 develops annual estimates of the total new build requirements for social and private housing through the development of a revised net stock model;
- Section 8 considers the potential for regional disaggregation; and
- Section 9 the need for supported (social) housing in the context of demographic change and government policy; and
- Section 10 comprises our overall conclusions.

## 2 Methodology

The research methodology was developed in response to the project tender document aims and objectives and agreed with the Housing Executive in the Project Initiation Document as follows:

1. Project Initiation meetings between the Housing Executive and RSM McClure Watters to agree the research approach and identify tasks;
2. Detailed statistical analysis of census and other data regarding demographic trends in relation to housing demand and need;
3. Extensive desk research investigating published and electronic literature sources regarding:
  - a. models of housing demand and need in Great Britain and Northern Ireland with special reference to affordable housing, intermediate housing, and the impact of the changing social and economic context on housing models;
  - b. demographic change in the UK, Ireland and the EU with reference to models of housing need and demand; and
  - c. public policies relating to models of housing need and demand in the changing social and economic context.
4. In-depth consultations with a wide cross-section of housing experts, focusing on: their views of, and expectations for the local housing market related matters; and their views and knowledge of housing need assessment. This qualitative data was used to inform and assess the assumptions in demographic modelling.

### 3 Review of Demographic Trends

#### 3.1 Introduction

This section examines the changing demography of Northern Ireland between 2001 and 2011, based mainly on the analysis of census data. It compares trends in Northern Ireland with the UK, the Republic of Ireland (RoI) and the EU where possible.

The focus is on key issues and items relevant to demographic change and housing need analysis, informed by the Housing Executive's analysis of the changing Northern Ireland housing market (Housing Executive, 2013).

Some developments in Northern Ireland in this period were [continuing trends](#) reviewed in earlier studies (Paris et al, 1994; Paris et al, 2004):

- Falling proportion of married couples with dependent children; and
- Increasing proportion of children living in lone parent households.

Some other trends have slowed, especially:

- The falling rate of average household size (AHS) has slowed; and
- The extent to which growth in the number of households exceeded growth in population has fallen.

And there have been some [changes in trends](#), notably:

- Reversal of the trend of a falling proportion of households with non-dependent children and increase in young adults with their parents;
- Reversal of trend of falling birth rates;
- Reversal of previous trend of net migration loss with net overall gain 2001-11 but with a [fluctuating pattern](#) of migration during that period; and
- Major shifts in household tenures.

There were no significant changes in census definitions between 2001 and 2011 so intercensal demographic comparisons are straightforward at one level. The analysis is complicated, however, by wider developments during the 2000s, especially the Credit Crunch in 2007-08 and its impacts on economic growth, housing markets and employment.

The impacts of economic changes were dramatic in Northern Ireland as an unprecedented housing boom to 2007 was followed by falling house prices and building. The situation deteriorated even more in the RoI as high levels of new building to 2007 led to widespread over-supply, falling house prices, high vacancy levels and thousands of unfinished, unwanted houses.

The changing economy, housing and labour markets all had implications for demographic processes, especially migration flows and household formation. Thus any comparison of demographic circumstances in 2001 with 2011 must recognise that whilst there were some

smooth trends, in some cases an overall increase reflected growth to 2007 followed by a subsequent fall.

Changing trends during the period 2001-2011 are most notable regarding migration. A rapid increase in net in-migration from 2004 to 2009, mainly from outside the UK, was reversed from 2010 with net migration loss to 2013 (NISRA 2014a). Strong net in-migration into the RoI from the mid-1990s to 2008 also switched to net out-migration. Net in-migration to the UK overall slowed after 2008 but was higher in 2013 than in any year during the 1990s.

Wildly changing patterns of migration and numerous changes in trends between and within the period 2001 to 2011 in Northern Ireland mean that there is a [greater degree of uncertainty about future demographic trends](#) than was the case in our earlier reports (Paris et al 1994, 2004).

## 3.2 Population and Households 2001-2011

### 3.2.1 Population

Table 3.1 shows the usually resident population of Northern Ireland at the 2001 and 2011 censuses in terms of total population, persons in communal establishments and households. The total population increased by about 126,000 to reach 1.8m in 2011, at an overall growth rate of 7.5%: these were larger total and percentage increases than in the period 1991-2001, mainly due to a shift in net migration outcomes.

The number of persons living in communal establishments fell by nearly 2,000 between 2001 and 2011 (-7.4%), despite an ageing population, unlike the period 1991 to 2001 when it increased by 1,000. The overall fall reflects four different trends:

- Large out-migration of defence personnel (up to 3,000 in total);
- Fewer residents in Health and Social Care Trust (HSCT) medical and care establishments (-18%);
- Increase in non-HSCT medical and care establishments (15%);
- Increase in educational establishments (15%).

The number of households grew by 12% overall between 2001 and 2011 to total 703,300. Household increase was almost twice the rate of population growth, but this was a [slower](#) rate than during the previous inter-censal period. AHS fell from 2.65 in 2001 to 2.54 in 2011: previous trends continued but at a slower rate. The number of persons in households increased slightly faster than the overall population between 2001 and 2011, unlike 1981-2001, due to the fall in communal population.

Table 3.1: Usually resident population and households in Northern Ireland 2001-2011

	2001	2011	Change 2001-2011	
	('000)		('000)	%
Total persons	1685.3	1810.9	125.6	7.5
Persons in communal establishments	24.3	22.5	-1.8	-7.4
Persons in households	1661.0	1788.4	127.4	7.7
Total households	626.7	703.3	76.6	12.2
Average household size (AHS)	2.65	2.54	n/a	-4.2



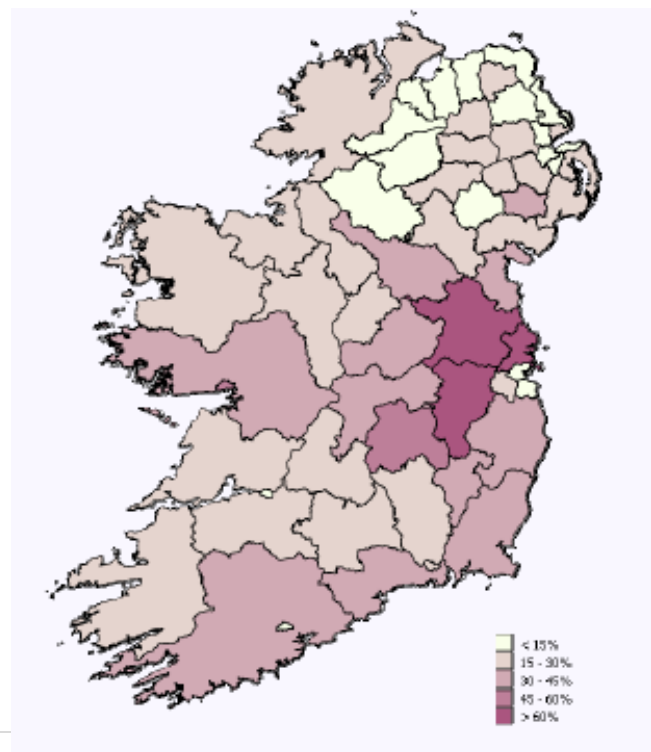
Previous reports showed that the increase in household numbers 1971-2001 reflected socio-demographic change more than population growth. From 2001 to 2011, however, there was a [shifting balance between changing population and living arrangements](#): slower growth of households relative to population, slower fall in AHS and increasing number of young adults with their parents. [These trends imply that the rate of household formation relative to population may continue to decline between 2011 and 2021.](#)

The population increase in Northern Ireland between 2001 and 2011 was just above the UK average of 7% but with key differences. Population growth in Northern Ireland was strongest between 2004 and 2009, peaking at 18,600 in 2006-07, but recent NISRA population estimates suggest that the rate of growth fell to just 6,100 in 2012-13 (NISRA, 2013). Population growth in Northern Ireland was mainly due to natural increase though net in-migration was the main driver of accelerated growth from 2004 to 2009. Net migration gain overall was stronger in England, and continued to be a major factor [after](#) 2007 (NISRA, 2013; ONS, 2012).

The populations of Northern Ireland and the RoI shared many demographic characteristics up to the 1990s. But population and household growth were much higher in the RoI during the 1990s. In order to develop a like-for-like comparison, the CSO and NISRA (2014) compared overall population growth in the RoI and Northern Ireland for the period 2002 to 2011 rather than 2001 to 2011 due to the postponement of the 2001 census in the RoI. Annual average population growth in the RoI was more than twice as high than in Northern Ireland during that period: 1.77% in the RoI compared to just 0.74% in Northern Ireland.

Figure 3.1 shows that the overall effect of population growth across the island of Ireland between 1991 and 2011 was stronger in the RoI than Northern Ireland, especially in the greater Dublin metropolitan region. Household growth in the RoI was also more than twice the Northern Ireland rate, about 29% between 2002 and 2011.

Figure 3.1: Population change on the island of Ireland 1991-2011



Source: CSO and NISRA, 2014

### 3.2.2 Households

Table 3.2 provides an overview of changes in household composition in Northern Ireland between 2001 and 2011. Many of these changes represent a continuation of trends during the period 1991-2001, though some were at a [much](#) slower rate than 1991-2001 and there were some changes of direction.

Table 3.2: Household composition in Northern Ireland 2001-2011

	2001	2011
One person households		
Pensioner	12.8	11.1
Other	14.5	16.8
One family and no others		
All pensioner	6.5	6.7
Married couple, no children	10.6	10.3
Married couple with dependent children	24.3	19.7
Married couple, all children non-dependent	8.0	8.3
Co-habiting couple, no children	2.1	2.9
Co-habiting couple with dependent children	1.6	2.3
Co-habiting couple, all children non-dependent	0.2	0.3
Lone parent with dependent children	8.1	9.1
Lone parent, all children non-dependent	4.6	5.1
Other households		
With dependent children	2.5	2.7
All student	0.3	0.3
All pensioner	0.7	0.5
Other	3.1	3.9

Source: Census 2001 and 2011

Key features between 2001 and 2011 were:

- Continuing fall in the proportion of married couples with dependent children, from 24% in 2001 to less than 20% of households in 2011: [an overall fall from 1/3 to 1/5 of all households in 20 years](#);
- Continuing fall in the proportion of all households with dependent children: 34% in 2011, down from around 42% in 1991;
- Small overall growth in the number of co-habiting couples from 4% to 5.5%, with increases in all forms of this household type: without children, with dependent children and with non-dependent children;
- Lower growth in proportion of lone parent households with dependent children, to 9% overall;
- Slower growth in the proportion of single person households (28% overall) with continuing growth in share of non-pensioners; and
- The trend towards fewer households with non-dependent children reversed and there were increases in all of these household types.

### 3.3 Falling household size and growth of single living

#### 3.3.1 Household size

Table 3.3 shows that AHS has fallen steadily in Northern Ireland since 1971. The rate slowed between 2001 and 2011 but was the highest level in the UK, reflecting higher birth rates and a higher proportion of 20-24 year old people living with their parents. Scotland had the lowest AHS in the UK at just 2.2.

The UK overall AHS is near the EU average of 2.4, which had not changed between 2001 and 2011. The situation was similar in the RoI, starting at a slightly higher level and also falling towards the EU average. There has been considerable convergence overall and AHS is likely to fall in Northern Ireland to 2021, though higher projected fertility rates in Northern Ireland would keep the level above the UK average.

Table 3.3: Average household size 1971 to 2011

	1971	1981	1991	2001	2011
Northern Ireland	3.5	3.2	2.9	2.7	2.5
United Kingdom	2.9	2.7	2.5	2.4	2.3
The RoI	3.9	3.7	3.3	2.9*	2.7
EU	n.a	2.8	2.6	2.4	2.4

Source: NI & UK censuses; RoI censuses (\* 2002 not 2001); EU: Eurostat

#### 3.3.2 Growth in single living

The growth in single living has been a major component of falling AHS in Northern Ireland and throughout the EU. Table 3.4 shows the earlier trend continuing in Northern Ireland 2001 to 2011 but at a slower rate of increase.

Table 3.4: Single person households 1981 to 2011 (%)

	1981	1991	2001	2011
Northern Ireland	19	23	27	28
Great Britain	22	27	30	30
The RoI	17	20	22	24
EU	n/a	17	28	31

Source: NI & UK censuses; RoI censuses (\* 2002 not 2001); EU: Eurostat

The increase in single person households accounted for 54% of overall household growth in Northern Ireland between 1991 and 2001, but only 34% between 2001 and 2011. As in 1991-2001 the rate of increase of non-pensioner single person households was faster than pensioner households, despite continuing overall ageing of the population (Section 3.4). This is consistent with a growing number of young single households in both private and social rental housing and implies that a growing share of all housing would be likely to be occupied by single person households, unless welfare reforms since 2011 reduce the tendency for young single people to form new households.

Table 3.4 shows that the gap between the Northern Ireland and UK averages narrowed slightly between 2001 and 2011. This suggests there may be scope for continued growth in single living in Northern Ireland, although probably at a reduced rate. This remains an uncertain tendency as a growing proportion of young adults have been staying with parents and if this trend should continue then the proportion of single person households may stabilise or even fall. Growth in the proportion of single person households was similar in the RoI but the share was lower at 24% in 2011.

### 3.4 Changing families

The term 'families' refers to households containing children, mainly married and co-habiting couples and lone parents, plus a small proportion of 'other' households with dependent children such as older siblings caring for dependent children.

#### 3.4.1 Changing mix of household types

The 2004 report on demographic trends and housing need (Paris et al 2004) emphasised the growing diversity of 'family' household types, with three types of couples (pensioner, married and co-habiting) together with lone parents. Married and co-habiting couples and lone parents are further sub-divided according to whether they are childless, have dependent children, or have non-dependent children only. This categorisation produces nine family household types, with totals for 2001 and 2011 shown in table 3.5.

Table 3.5: Household types in Northern Ireland 2001 and 2011 (%)

Households without children			Households containing children		
	2001	2011		2001	2011
One person			Lone parent		
Pensioner	12.8	11.1	With dependent children	8.1	9.1
Other	14.5	16.8	All children non-dependent	4.6	5.1
Couples			Couples		
All pensioner	6.5	6.7	Married + dependent children	24.3	19.7
Married	10.6	10.3	Married + non-dependent children only	8.0	8.3
Co-habiting	2.1	2.9	Co-habiting + dependent children	1.6	2.3
			Co-habiting + non-dependent children	0.2	0.3
Other			Other		
All student	0.3	0.3	With dependent children	2.5	2.7
All pensioner	0.7	0.5	All with dependent children	36.5	33.9
Other	3.1	3.9	All with non-dependent children	12.8	13.7
Total	50.6	54.2	All couples with dependent children	25.9	22.0
			All couples non-dependent children	8.2	8.6

Some household types **increased** proportionally between 2001 and 2011:

- Without children: single non-pensioners; all-pensioner couples; and cohabiting couples;
- With dependent children: lone parents; cohabiting couples; and

- With non-dependent children: lone parents; married and co-habiting couples with non-dependent children only.

Other household types **fell** in proportional terms:

- Without children: single pensioner; married couples; other all pensioner; and
- With children: married couples with children.

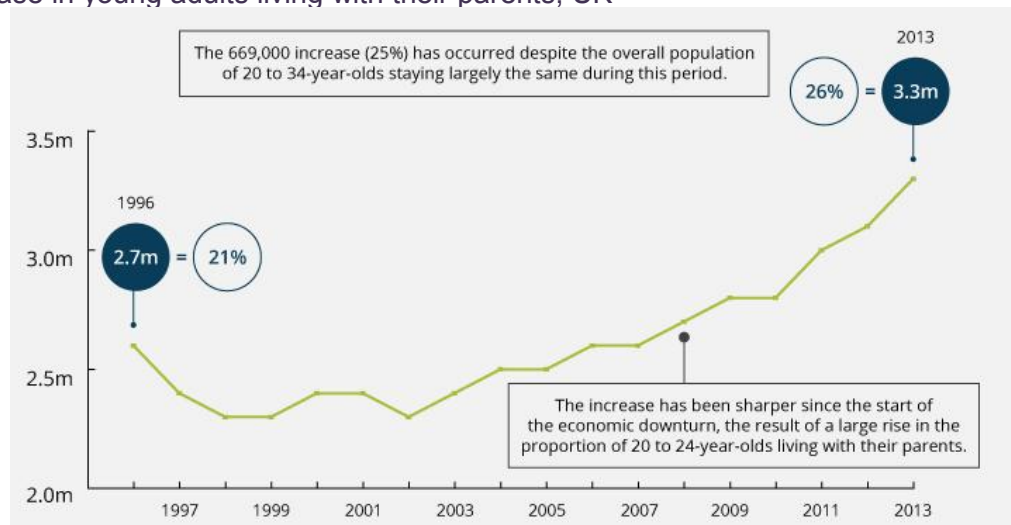
The biggest proportional changes between 2001 and 2011 represented continuing trends from 1991 to 2001: **fewer families with children** and **fewer married couples with dependent children**.

- Married couples fell from 43% to 38% of all households, including a fall in married couples with children from 24% to 20%;
- Small growth in the proportion of lone parents, both with dependent children (9%) and non-dependent children (5%);
- The proportion of co-habiting couples increased slightly overall, mostly without children and with dependent children, suggesting they were younger age groups;
- Continuing fall in the proportion of households containing dependent children, from 37% to 34%; and
- Small growth in households with non-dependent children (14%).

The last report on demographic trends and housing need in Northern Ireland considered that the proportion of households with non-dependent children was unlikely to increase as it would have represented a reversal of longer-term trends across the UK (Paris et al, 2004). Figure 3.2 however, shows that this new development **did** occur across the UK after 2002 and at an accelerating rate since 2007 (ONS 2013).

Young adults living with their parents are mostly aged 20 to 24, with the proportion steadily decreasing from over 50% of those aged under 20 to fewer than 10% aged over 30. Young men are twice as likely to be living with their parents than young women, and those living with their parents were more likely to be unemployed, though this may be a causal factor in their returning to the family home having previously moved out (ONS, 2013).

Figure 3.2: Increase in young adults living with their parents, UK

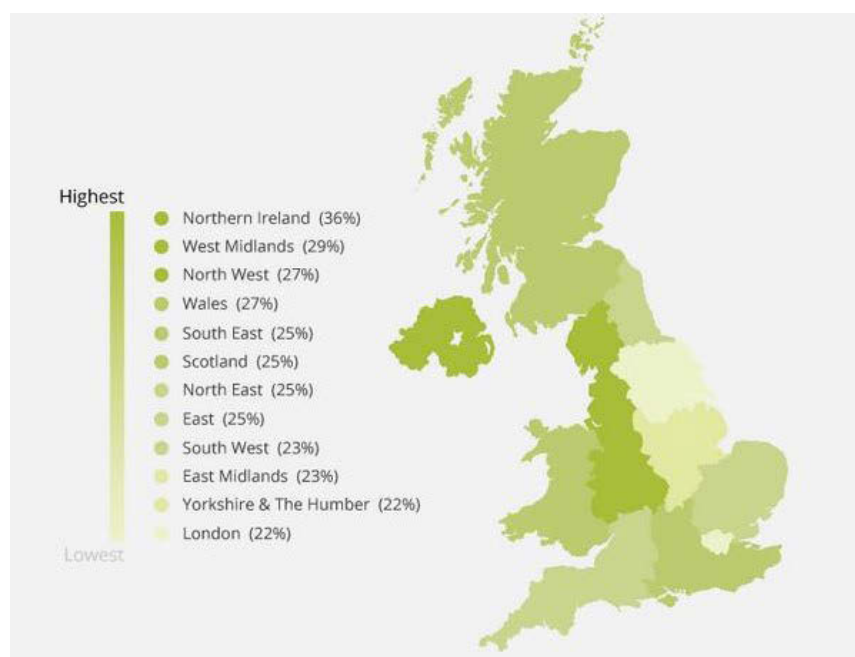


Source: ONS (2013)

Northern Ireland had the highest percentage of young adults living with their parents in the UK whilst London had the lowest proportion (Figure 3.3). The ONS (2013) attributed the high level of young adults living with their parents in Northern Ireland to two factors: the geography making it easier to commute to work or university from home, and the lower level of cohabitation. The lower level of university fees in Northern Ireland may also incline fewer students to leave Northern Ireland.

Comparisons with the RoI are complicated because the Irish data do not distinguish between families with dependent or non-dependent children only. Married couples with children, including those with non-dependent children, comprised 32% of households in the RoI and 28% in Northern Ireland. On a similar basis, lone parent households comprised 11% of Irish households and 14% in Northern Ireland. Although the proportion of families with dependent children in Northern Ireland fell from 36% to 34% of households, the [number](#) increased by over 9,000, a similar number to the period 1991 to 2001.

Figure 3.3: Regional distribution of young adults living with their parents



Source: ONS (2013)

Most EU countries have higher proportions of young adults living with their parents (ONS 2013) and this may also be a factor in the higher proportion of married couples with children in the RoI than in Northern Ireland.

### 3.4.2 Marriage, cohabitation and lone parenthood

Previous reports noted declining marriage rates per thousand, more re-marriage and cohabitation. There was little change in marriage rates in Northern Ireland between 2001 and 2009, but a slight [increase](#) in 2010 (ONS, 2012), and the proportion of remarriages again increased across the period. Table 3.6 shows the average age at marriage continuing to increase, with little difference between trends between Northern Ireland and the UK or EU.



Table 3.6: Average age of marriage in the UK and the RoI 2001/2002, and 2011

	1991		2001		2011	
	Males	Females	Males	Females	Males	Females
Northern Ireland*	28.1	26.0	31.3	29.1	33.9	31.6
England & Wales**	27.5	25.5	31.0	28.0	36.2	33.6
Scotland***	28.8	25.5	30.7	28.8	32.5	30.7
The RoI****	28.7	26.9	30.2	28.4	34.6	32.4
EU*****	n/a	n/a	30.0	28.0	34.0	32.0

\*NISRA; \*\*ONS; \*\*\*GRO Scotland; \*\*\*\*CSO Ireland; \*\*\*\*\*Eurostat

Table 3.7 shows that Northern Ireland continued to have the lowest rate of cohabitation within the UK in 2011, about half the level of England or Wales, with little increase since 2001. The level of cohabitation was slightly higher in the RoI, around 8% in 2011. The proportion of lone parent families continued to increase, albeit at a slightly lower rate than between 1991 and 2001.

Table 3.7: Cohabitation in the UK and the RoI 2001/2002, and 2011

Percentage of household population aged 16 & over cohabiting		
	2001	2011
England	9.8	11.9
Scotland	8.2	8.5
Wales	8.8	12.0
Northern Ireland	4.3	6.2
The RoI**	n.a.	7.7

2011 NI Source: NISRA estimates; 2011 England & Wales Source: ONS census estimates; 2011 Scotland: GRO estimates; \*2002; \*\*CSO 2014

Lone parent families comprised 27% of all households with dependent children in 2011, compared to just 15% in 1991, but this is unlikely to continue to increase at the previous rate. Lone parent families tend disproportionately to be housed in the social sector, so will continue to make up a significant element of social housing need. The wider impacts of welfare reform between 2011 and 2021 are not predictable at the time of writing, as reform has been implemented in different ways in different parts of the UK. One possible impact of welfare reform may be an increasing level of cohabitation, and associated falls in the numbers of lone parent and single person households, if benefit changes make it harder for partners to keep separate residences.

Northern Ireland has the highest share of lone parent families with dependent children in the UK: 8.1% compared to 6.4% in England, 6.9% in Scotland and 7.3% in Wales. Whether this reflects choice of parents to live separately rather than to cohabit, however, is unknown. Lone parent families comprised 11% of all households in the RoI in 2011, though this count included families with non-dependent children.

### 3.4.3 More births outside marriage

Previous reports discussed the increase in the proportion of births outside marriage. Table 3.8 shows a strong continuing upward trend in the proportion of births occurring outside

marriage between 2001 and 2011. This was consistent with the trend in England, Wales and Scotland, but still lagging slightly behind the rest of the UK. The trend was similar but slower in the RoI.

By 2011, all UK countries had levels of births outside marriage above the EU average whilst the RoI remained below. The recent slight increase in marriage rates, if continued, could result in a stabilisation of the current level of births outside marriage. Overall, however, there is no basis for anticipating **any** particular trend for the period 2011 to 2021.

Table 3.8: Births outside marriage 1981-2011 in the UK, the RoI and the EU (%)

	1981	1991	2001	2011
Northern Ireland*	7	19	33	42
England & Wales**	13	30	40	47
Scotland***	12	30	40	51
The RoI****	5	17	31	34
EU*****	10	20	27	40

Sources: \*NISRA; \*\*ONS; \*\*\*GRO Scotland; \*\*\*\*CSO Ireland; \*\*\*\*\*Eurostat

### 3.5 An ageing population

#### 3.5.1 Continuing increase in average age for at least the next 30 years

The population of Northern Ireland continued to get older between 2001 and 2011 (Table 3.9). The proportion of under-16s continued to fall from 24% in 2001 to 21% in 2011: an absolute fall of nearly 20,000 was almost **twice** the number in 1991-2001. There was a small increase in the proportion of persons aged between 16 and 64: from 63% of the population in 2001 to 64.5% in 2011, an absolute growth of around 104,000.

There were also relative and absolute increases in older age groups. Those aged 65 to 79 increased from 10% to 11% and those over 80 increased from 3.2% to 3.7%.

Table 3.9: Age distribution of the population, Northern Ireland 1981-2011

	1981		1991		2001		2011	
	('000)	%	('000)	%	('000)	%	('000)	%
0-15	413	27.9	410	26	398	23.6	379	20.9
16-64	891	60.1	969	61.4	1064	63.1	1168	64.5
65-79	147	9.9	157	9.9	170	10.1	196	10.8
80 <	31	2.1	42	2.7	54	3.2	68	3.7

Source: Census.

**These trends are almost certain to continue** to 2021 and beyond. Any major changes in birth rates or net migration by age group could affect outcomes, but we are much more confident about projections of population composition by age than trends in household formation, as they are less influenced by socio-economic factors, lifestyle preferences or public policies.

Figure 3.4 shows the NISRA 2012-based population projections for children under 16 and adults aged 65 and over to 2037. The projection assumes net outward migration of 600 a



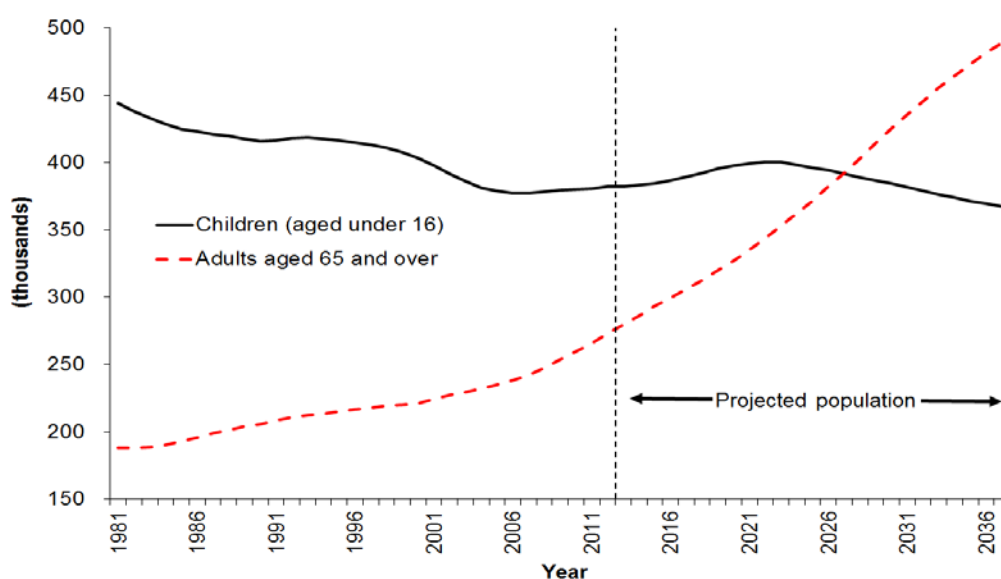
year from 2012 to 2017 and then net migration balance to 2037. On that basis, the following outcomes were projected:

- Total population will increase to 1.91 million by 2021;
- The proportion of over-65s will grow from 15% in 2012 to 18% in 2022; and
- The proportion under 16 will remain around 21% but 16-64 year olds will drop from 64% to 61%.

The changing shares by age group will be **greater in the longer term** as it is projected that:

- The number of children under 16 will grow slightly to 2021 but then fall in absolute terms whilst the number of over-65s will continue to grow; and
- 24% of the population will be over 65 in 2037 and 18% under 16.

Figure 3.4: Population shares of those under 16, and 65 and over, Northern Ireland<sup>1</sup>



Source: NISRA (2013)

The population of Northern Ireland remains younger than the UK as a whole, as between 1991 and 2001, but the differences narrowed between 2001 and 2011 (Table 3.10).

Table 3.10 Age distribution of the UK population, 1981-2011

	1981		1991		2001		2011	
	('000)	%	('000)	%	('000)	%	('000)	%
0-15	12542.8	22.3	11684.7	20.3	11869.2	20.2	11101	17.6
16-64	35339.0	62.7	36695.0	63.9	37579.4	63.9	41706	66.0
65-79	6903.5	12.2	6932.7	12.1	6903.0	11.7	7486	11.8
80 <	1572.2	2.8	2126.5	3.7	2437.6	4.1	2890	4.6

Source: ONS mid-year population estimates

<sup>1</sup> The number of those aged under 16 and 65 and over were estimated for the period 1981-2012 and projected for the period 2013-37.

We can expect continued convergence between Northern Ireland and UK averages to 2021, but any significant differences in age-specific effects of net migration patterns could affect this tendency.

The age distribution of the population of the RoI followed similar trends to Northern Ireland between 2001 and 2011, though the proportion of under-16s fell further and there was less growth in the share of over-65s (Table 3.11). It is not possible to derive meaningful detailed comparisons with other EU countries apart from observing that similar trends have been occurring in all OECD countries with falling birth rates and greater longevity.

Table 3.11 Age distribution of the population of the RoI, 1981-2011

	1981		1991		1996		2011	
	('000)	%	('000)	%	('000)	%	('000)	%
0-15	1043.7	30.3	940.5	26.7	859.4	23.7	979.6	21.3%
16-64	2030.8	59	2182.3	61.9	2352.6	64.9	3073.3	67.0%
65-79	305.5	8.9	324.2	9.2	323.4	8.9	406.9	8.9%
80<r	63.5	1.8	78.7	2.2	90.5	2.5	128.5	2.8%

Source: ROI Census

### 3.5.2 Changing birth, fertility and death rates

Birth rates had fallen in Northern Ireland and the UK more generally between 1981 and 2001, with the gap between the two narrowing considerably. This apparent trend switched from around 2008, however, in both Northern Ireland and the UK (Table 3.12). The same trend change occurred in terms of total period fertility rate<sup>2</sup> (TFR) in Northern Ireland, the UK more generally and the EU overall, but not in the RoI (Table 3.13).

Table 3.12 Live birth rates Northern Ireland and the UK, 1981-2011

	Per 1,000 of the population			
	1981	1991	2001	2011
Northern Ireland	17.6	16.2	13.0	14.0
United Kingdom	13.0	13.7	11.4	12.3

Source: NISRA & ONS website statistics on mid-year population estimates for the UK.

Increasing birth rates are due largely to higher fertility among immigrant mothers as non-UK born women had higher TFRs than UK-born women in 2001 and 2011, but the TFR of UK-born women **increased** by 18% during that period (ONS, 2014a). It is difficult to judge whether this apparent change in trend will continue to 2021, but the recent increase in birth rates and TFR suggest that we should not expect a substantial fall in live births over that period.

<sup>2</sup> The total period fertility rate is the average number of children born per woman if all women experienced the age-specific fertility rates of the period in question throughout their childbearing span.

Table 3.13 Total period fertility rates Northern Ireland, UK, the ROI and EU, 1981-2011

	Per 1,000 of the population			
	1981	1991	2001	2011
Northern Ireland	2.6	2.2	1.8	2.1
England and Wales	1.8	1.8	1.6	1.9
Scotland	1.8	1.7	1.5	1.7
The ROI	3.1	2.1	2.0	2.0
EU	1.8	1.6	1.5	1.6

Sources: NISRA, other government agencies and Eurostat (note: EU data for 1980, 1990, 2001 & 2009).

Death rates have continued to fall, but at a slowing rate, and will probably stabilise at some stage after 2021, to reflect deaths among an older population. The combined effects of projected birth and death rates were included in the NISRA 2012-based population projections and are accepted here as the best estimate.

### 3.6 The scale and direction of recent population migration

The last report noted that low fertility levels implied that changes in migration patterns could have significant impacts on overall population dynamics (Paris et al, 2004). This was the case between 2001 and 2011 as migration patterns changed and varied in Northern Ireland, Great Britain and the ROI.

#### 3.6.1 Changing patterns of net migration

There had been net migration loss from Northern Ireland 1981 to 2001 although less in the 1990s (-4,000) than in the 1980s (-69,000). Population projections in 2004 assumed continued net migration loss but it was noted that migration patterns can change with major effects on demand and need for housing overall. Such effects are felt most if population and household increase are concentrated in areas that already have tight local housing markets and are in high demand among social housing applicants, such as west Belfast and on the west bank of the Foyle.

The changing impact of migration is shown clearly in Table 3.14 which displays the components of population change 1991-2001 and 2001-11.

Table 3.14 Components of population change, Northern Ireland, 1991 to 2011

1991-2001		2001-2011	
	('000)		('000)
Population 1991	1,607.3	Population 2001	1,688.8
Births 1991-2001	238.4	Births 2001-2011	235.0
Deaths 1991-2001	151.4	Deaths 2001-2011	144.2
Natural increase (NI)	87.0	Natural increase	90.8
Population 2001	1,689.3	Population 2011	1,814.3
1991 population & NI	1,693.8	2001 population & NI	1,779.6
Net civilian migration	-3.9	Net civilian migration	38.3
Other changes*	-1.0	Other changes*	-3.6

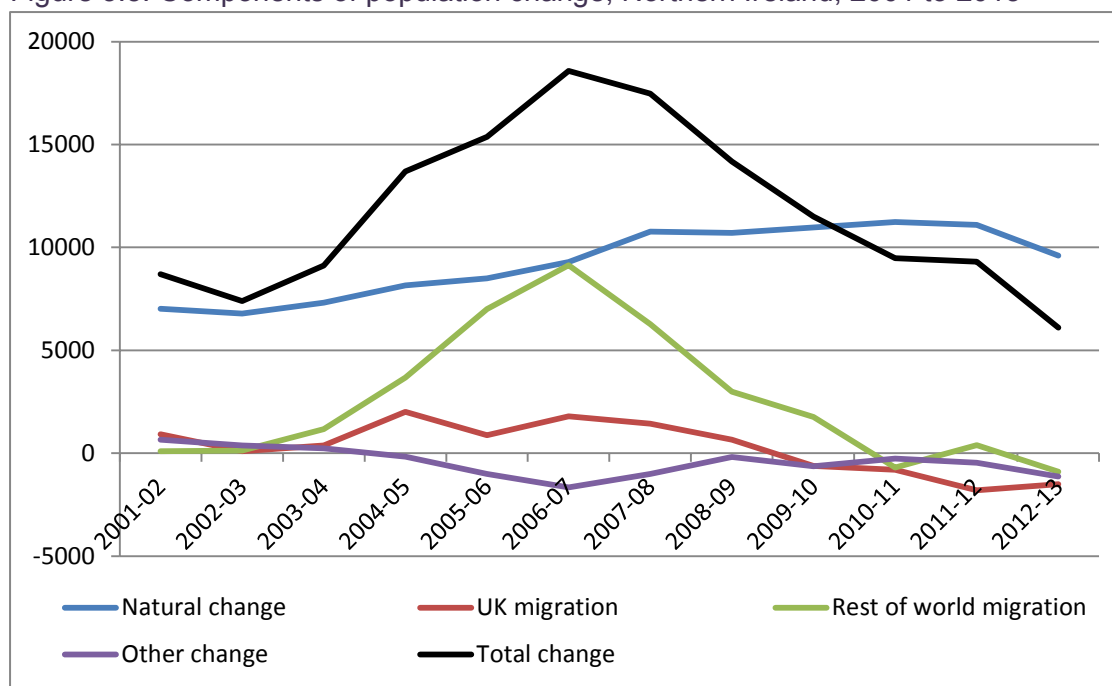
Source: NISRA mid-year estimates; 2001 onwards revised following 2011 census

Notes: Other changes include military personnel; numbers may not sum due to rounding.

There was just 4% more natural increase between 2001 and 2011 than in 1991-2001, but **net migration changed substantially after 2001**, with an overall net civilian migration **gain** of 38,000 by 2011 (Table 3.14) and significant impacts in terms of demographic diversity.

The overall population grew strongly from 2003 to 2007 but the annual rate of increase then fell each year to 0.3% in 2013. Any simple comparison of numbers in 2001 and 2011 would miss key changes in migration effects **between** 2001 and 2011 (Figure 3.5):

Figure 3.5: Components of population change, Northern Ireland, 2001 to 2013



Source: NISRA (2014).

- Strong net migration gain 2004 to 2009, mainly driven by in-migrants from **outside** the UK with slow growth of net gain within the UK;
- Annual population increase peaked at 1.1% (18,600) in 2007;
- Falling rate of net migration gain from the rest of the world from 2007 to 2010, moving into net migration loss;
- Falling level of net migration gain from the rest of the UK after 2007, then steady net migration loss; and
- Other changes included large net out-migration of defence personnel.

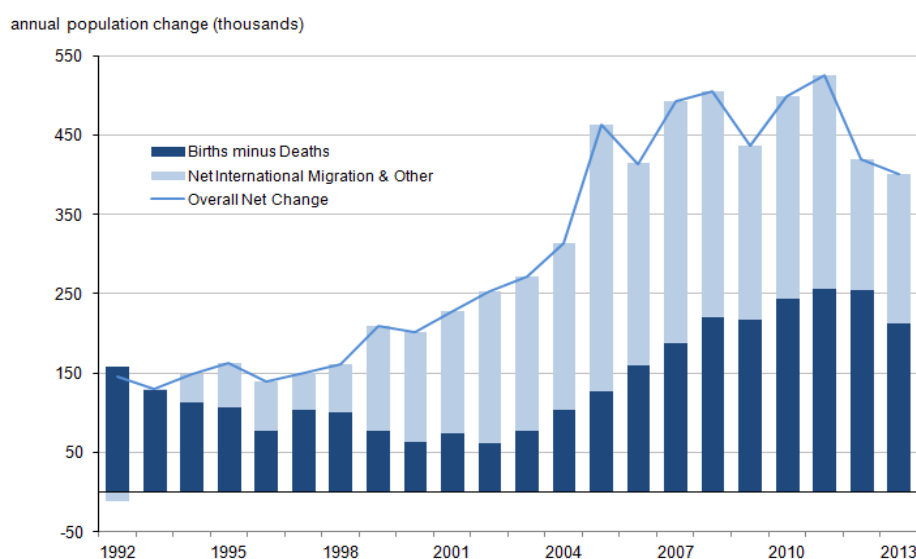
Changing patterns of migration have had major impacts on the size and composition of the population in the UK overall and the RoI. Their populations grew strongly from the mid-1990s despite a natural increase below replacement levels. Net migration gain surged in the UK to 250,000 in 2005, and then fell to around 200,000 a year due to higher emigration of British-born residents (Mathewson, 2009).

Natural increase also picked up from 2003, partly due to higher levels of births among immigrant mothers, and by the late 2000s was making a **much** larger contribution to population increase than 20 years before: with over 400,000 in 2009 compared to fewer than

150,000 in 1989. Net recorded annual population increase peaked at almost 500,000 in 2011 but fell to 400,000 in 2013 (Figure 3.6).

The UK population reached 62 million in 2010 and was projected to hit 70 million by 2030: an [increase alone](#) more than four times the Northern Ireland population. Net international migration was a major factor changing the diversity of national origins in the UK with contentious social, political and demographic impacts.

Figure 3.6: Components of population change, UK, 1992 to 2013

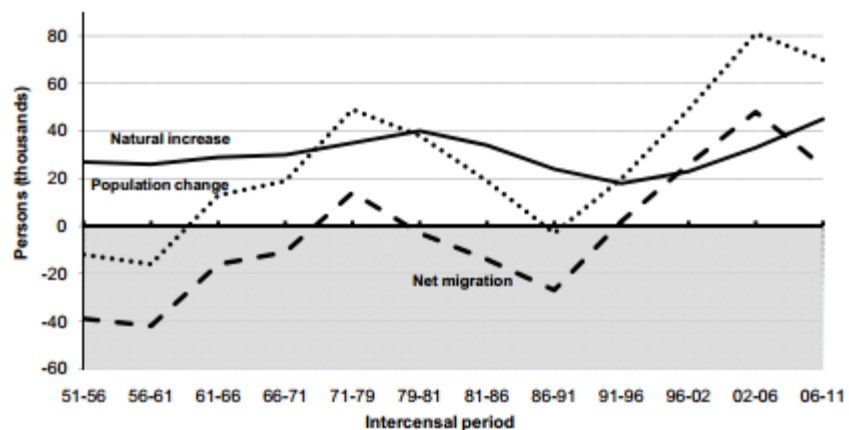


Source: ONS (2014b)

There were many similarities between the UK and the RoI in demographic changes, especially the impact of migration patterns between 1995 and 2007, illustrated by a comparison of Figures 3.6 and 3.7 (the latter comes directly from a CSO publication and cannot be re-calculated for current purposes<sup>3</sup>). Surging in-migration accounted for a growing proportion of population growth in the RoI to 2007 and natural increase also began to grow again, fuelled by higher birth rates among immigrant mothers. But net migration gain switched rapidly to loss after 2007 and the overall population began to fall, despite a continuing growth in natural increase.

<sup>3</sup> Figure 3.7 comes directly from a CSO publication which does not provide the source of data so cannot be re-calculated for this report.

Figure 3.7: Components of population change, the RoI, 1951 to 2011



Source: CSO, 2013

### 3.6.2 Changing ethnic mix and geography

Changing migration patterns have had big impacts on ethnic mix in Northern Ireland, Great Britain and the RoI, but in differing ways at different times. The proportion of the Northern Ireland population born outside the UK or Ireland grew from 1.6% in 2001 to 4.5% in 2011, largely from Eastern Europe (19,700 Poles and 7,300 Lithuanians) (Krausova and Vargas-Silva, 2014). Most lived in Belfast (11,900), Craigavon (6,700) and Dungannon (6,000). The biggest local impact was in Dungannon, with the highest proportional population increase of any local government area and 55% of net population growth attributable to those born outside the UK or the RoI (op cit).

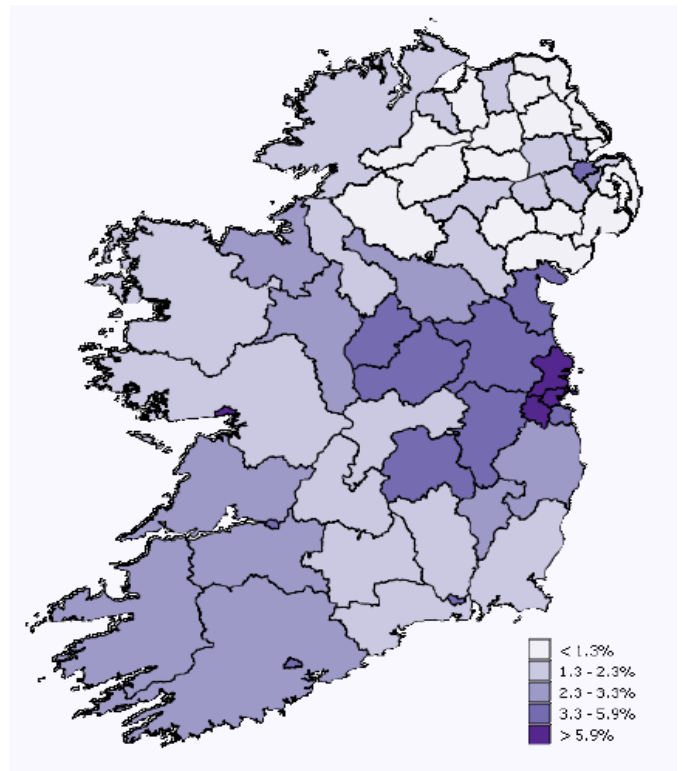
There has been a much longer history of foreign-born in-migration into Great Britain than Northern Ireland, mainly from the RoI or Old Commonwealth countries before 1950, followed by waves of other ethnic minorities from the Caribbean and the Indian sub-continent. The 'black and minority ethnic' (BME) population reached 3m (5%) in 1991 when the census first included questions about ethnicity. Increasing proportions of immigrants in the 1990s came from New Commonwealth countries (India, Pakistan and Bangladesh) and the British BME population was 4.6m (8%) in 2001.

Most immigrants between 2001 and 2011 were from places with **no** former colonial links with Britain, including recent EU accession states (especially Poland), as well as diverse African and Asian countries (Vertovec, 2005). Since 2000, as well, there was net migration **loss** of British-born citizens, from 50,000 in 1998 to over 100,000 per year after 2003.

Changing migration streams resulted in a complex ethnic mix in the UK with about 10% of the English population recorded as BME. Foreign-born persons in England and Wales represented 13% of the population in 2011 with over half having arrived in the previous ten years; the greatest concentration was in London (ONS key census statistics online). The total foreign-born population for Wales and Scotland were slightly higher than in Northern Ireland, around 6-7%, but with significantly higher proportions of BME persons than in Northern Ireland.

There was hardly any foreign immigration into the RoI before the 1990s but the ethnic composition of the population changed rapidly after 1995, though to a lesser extent than in the UK. Around 4% of the population was recorded as BME in 2006, the first time that the Irish census included a question on ethnicity. The migrant stream into the RoI resembled the movement into the UK after the 1990s: diverse, from many origins including new EU member states (especially Poland, Lithuania and Latvia), plus asylum seekers, refugees and uncertain numbers of illegal immigrants. The RoI had a larger proportion of non-white and foreign born residents than Northern Ireland in 2011, although a larger proportion of Irish-born lived in Northern Ireland than vice versa (apart from County Donegal). The heaviest BME concentrations were in and around Dublin and Belfast (Figure 3.8).

Figure 3.8: Non-white ethnicity on the island of Ireland



Source: CSO and NISRA, 2014

### 3.6.3 Future patterns of net migration

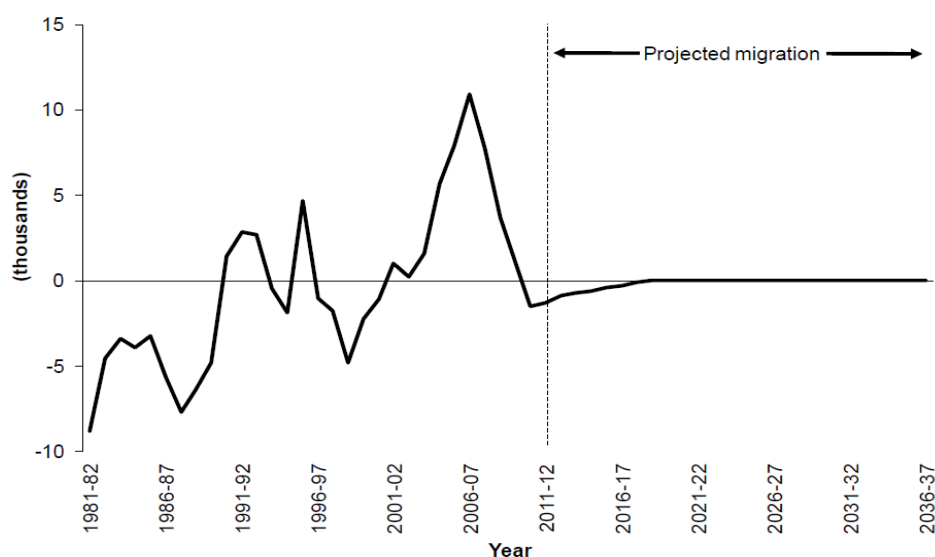
The relevance of migration in Northern Ireland 2001 to 2011 is threefold:

- It had **rapid impacts** on overall demographic developments;
- It was the biggest **changing** element of demographic developments; and
- It was the least **predictable element** of demographic change.

As we noted in 2004, net migration impacts are especially significant in a period of low and declining natural increase, with population and household projections sensitive to any significant changes. The complexity is illustrated well in a comparison of actual net migration over the last 30 years with the best recent estimate of future migration (Figure 3.9). It is unlikely that highly varied outcomes over the previous 30 years will actually morph into a straight line over the next 30 years, as NISRA demographers are well aware, but there is no **rational basis for any other assumption at this stage**.

These considerations are relevant to any model of the changing relations between population, households and housing requirements. Changing migration outcomes since 2008 are incorporated into the NISRA 2012-based population projections but the 2008-based household projections remain the only official household projections for models of future housing requirements until the 2012-based household projections are published in Spring 2015.

Figure 3.9: Net migration, actual and projected, 1981-82 to 2036-37



Source: NISRA, 2013

### 3.7 Other socio-economic issues

Many other socio-economic issues relating to the Northern Ireland housing system are explored in detail in the Housing Executive (2013) review of the housing market. We simply review some dimensions of change within the housing system in relation to demographic developments.

There were a number of significant changes in the balance of household tenures within Northern Ireland between 2001 and 2011 (Table 3.15).

- Strong growth of private renting: from 7% to 14%;
- Falling proportion of Housing Executive tenants: from 18% to 12%;
- Slow growth of housing association tenancies: from 3% to 4%;
- Growing proportion of outright home owners: 29% up to 32%;
- Falling proportion of home purchasers: 40% to 35%; and
- Falling proportion of owner-occupiers overall: from 70% to 68% (with peak around 73% in 2003) (DSDNI, 2014)



Table 3.15 Households by tenure, Northern Ireland, 1991 to 2011

	1981 <sup>1</sup>	1991	2001	2011
Owns outright	49.4	{26.0	29.4	32.1
Owns with mortgage or loan <sup>2</sup>	n.a.	{36.3	40.2	35.4
Rented from Housing Executive	39.3	29.4	18.6	11.5
Rented from housing associations	1.0	2.6	2.6	3.4
Private rented and others	9.1	5.8	6.7	13.5
Other, not stated etc	1.2	1.0	2.5	4.0
			626.7	703.3

Source: Census; <sup>1</sup>. outright ownership not separated out in 1981; <sup>2</sup>. includes co-ownership.

The small growth of private renting from 1991 to 2001 signalled an emerging trend of change in the housing system. Previous reports had noted the growing privatisation of the local housing system, with falling proportions of social housing and growth of owner-occupation. These developments were stimulated by government policy encouraging the sale of publicly owned dwellings, primarily to tenants. The sale of Housing Executive homes boosted the level of home ownership in the 1980s and 1990s as the social housing sector fell overall from 40% of households in 1981 to 15% in 2011. The housing association sector grew much more slowly than in Great Britain due to the absence of stock transfer in Northern Ireland.

Between 2001 and 2011, by way of contrast, there was a falling rate of sale of Housing Executive homes and rapid increase in the number and proportion of dwellings in the private rental sector. On the basis of NIHCS data for 2001 and 2011, the balance between social and private renting changed substantially with an additional 76,000 households in private renting and other tenures and an additional 37,000 home owners, though the level of homeownership fell in proportional terms (Table 3.16). The number of households in social housing fell by 23,000 due largely to Housing Executive sales, mainly before 2007, whilst the housing association stock grew by around 10,000 additional units (DSDNI, 2014, table 1.3).

Table 3.16 Occupied housing stock by tenure, Northern Ireland, 2001-2011

	2001	2011	Change 2001 to 2011	
	('000)		('000)	%
Owner occupied	432	469	37	9
Private rented and other	49	125	76	155
Housing Executive	116	111*	-23	-17
Housing associations	18			
Total	615	705	90	15

Source: NIHCS 2001 and 2011. \* Note: the 2011 NIHCS did not separately identify Housing Executive and housing association dwellings.

The Housing Executive expects sales to remain low over the foreseeable future, so that element of changing tenure may not be projected forward. Table 3.16 shows that the numerical increase in the number of home owners was just 10,000 more than the total of Housing Executive sales (27,000), suggesting that a significant number of Housing Executive dwellings shifted into the private rental sector (PRS) rather than remaining owner-occupied homes. Other additions to private renting are dwellings that were formerly owner-occupied, with some being let by 'accidental landlords' comprising owner-occupiers unable to sell dwellings at an acceptable price (Housing Executive, 2013) and builders unable to sell newly-built homes to investors or home buyers.

Tables 3.15 and 3.16 together indicate that one effect of the sale of some 120,000 Housing Executive homes over the last 30 years has been to provide a source of stock for the growing PRS. The PRS accommodates the same share of households in Northern Ireland as in England (18%) compared to 15% in Scotland and Wales (DSDNI, 2013, Table 3.1).

There is no information on the housing histories of former Housing Executive tenants who bought their homes under the sales scheme. Some will have bought elsewhere and sold their former Housing Executive homes to landlords. Others who bought elsewhere have let their properties to tenants. Some may have sold the homes and then rented privately or gone back into social housing.

The 2011 House Condition Survey (HCS) showed that there were approximately 111,000 households in the social sector. Using figures from the Housing Executive's Housing Benefit (HB) database, almost 80% of these households were reliant on full or partial HB. The 2011 HCS also estimated that there were approximately 123,000 households in the PRS, of these, more than 70,000 (approx. 57%) were in receipt of HB. If social housing were defined on the basis of tenancies supported by Housing Benefit payments, rather than the legal status of dwelling owners, then the PRS in Northern Ireland was providing almost 40% of all social housing.

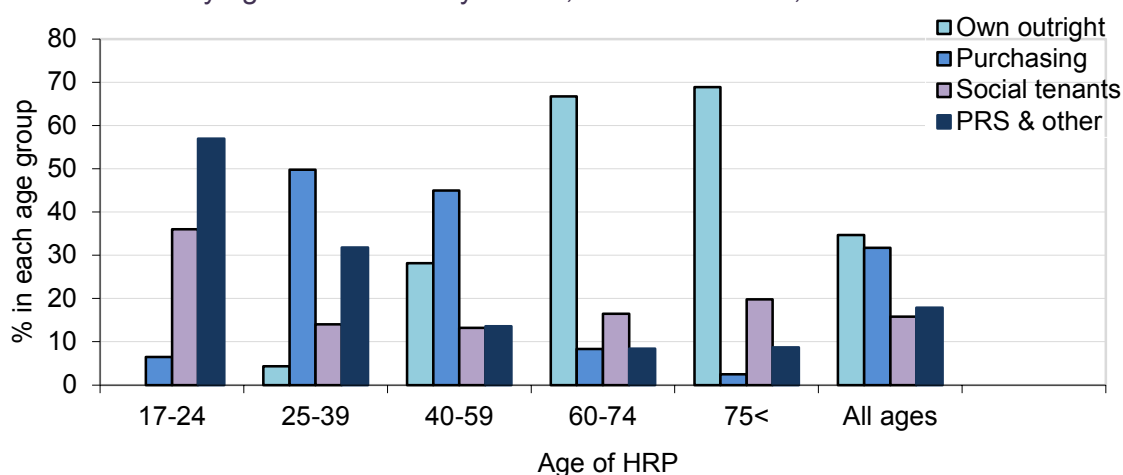
The main perceived problem with owner-occupation between 2003 and 2007 was rapid house price inflation squeezing out prospective first time buyers (Housing Executive, 2013). After 2007, however, falling house prices affected existing owners with many suffering negative equity, whilst mortgage rationing meant that would-be home buyers could not access finance. The growth in private renting almost certainly includes a significant proportion of households who would prefer to buy, but it is impossible to know [how many](#).

The tenure trends in Northern Ireland between 2001 and 2011 were similar to developments across the UK and the RoI, with growing PRS and outright home ownership, declining share of public housing and growth of other social renting. The transfer of public sector stock in England and Wales has reduced that sub-sector much more than in Northern Ireland. The social sector remains much lower in the RoI and the private rental sector has grown.

It is also useful to consider the relationships between tenure and age of the household reference person (HRP) as there were very different patterns for different tenures in 2011 (Figure 3.10). Outright home owners were concentrated in older age groups (67% of 60-74

and 69% of over-75s) whilst those buying with a mortgage or a loan tended to be younger (50% of those aged 25-39 and 45% of those aged 40-59). Private tenants were mainly in younger age groups, with 57% of HRP aged 17-24 and 32% of those aged 25-39.

Figure 3.10 Households by age of HRP and by tenure, Northern Ireland, 2011



Source: NIHCS 2011, cross tabulation provided by the Housing Executive

Social housing tenants were spread across all age groups, but with higher proportions among younger and older households (36% 17-24, 20% over 75). This suggests that new cohort effects are emerging as the age pyramid of social housing tenants appears to have a 'missing middle' that will result in fewer current middle aged tenants moving into old age living in or moving into social housing than previously had been the case.

It is likely therefore that there will be **growing** proportions of social housing tenants in lone parent families, single persons and childless couples, and a **falling** proportion of married couples with children. However, there may be an increase in households comprising adults with non-dependent children if welfare reforms discourage young single adults from forming separate households.

The age distribution of social tenants partly reflects previous policy and practice among housing associations, many of which had concentrated on the provision of specialised accommodation for older people before the introduction of the Common Selection Scheme. Changing selection and allocations policies as well as levels of new building have affected the relative age balance within the social housing sector as currently constituted. With clearly expressed preferences for ageing in place now accepted and institutionalised in public policies, there may be reducing proportional levels of demand for specialised older persons' accommodation in future, though the absolute numbers of over-65s will grow between 2011 and 2021.

Table 3.17 takes a different perspective on the relationship between age and tenure by comparing the shares of households with HRPs in different age groups in 2001 and 2011, based on NIHCS data. This includes fewer age group categories than Figure 3.10 due to sample sizes and categories used; the first part of Table 3.17 combines the two youngest age groups due to sample size.

Table 3.17 Occupied housing stock by tenure and age, Northern Ireland, 2001-2011

% of each tenure by age group								
	Owners		Private rental		Social rental		All tenures	
	2001	2011	2001	2011	2001	2011	2001	2011
<39	24	20	47	54	29	30	28	27
40-59	40	42	30	30	29	32	38	37
60-74	24	26	11	10	23	24	23	23
75<	12	12	11	5	19	15	11	13
% of each age group by tenure								
	Owners		Private rental		Social rental		All ages	
	2001	2011	2001	2011	2001	2011	2001	2011
<24	19	7	37	58	44	36	3	4
25-39	68	54	11	32	21	14	24	24
40-59	76	73	11	14	17	13	37	33
60-74	74	76	4	8	22	17	23	23
75<	62	73	7	7	31	20	13	11
	70	67	8	18	22	16	100	100

Source: NIHCS 2001 and 2011

Overall, Table 3.17 shows a changing balance in the proportions of HRP by age and tenure:

- Aged <39: slight fall in overall proportion of HRP in this age group; relatively fewer owner occupiers (-4%), more in the PRS (7%) and slightly more in social housing (1%);
- Aged 40-59: slight fall in overall proportion of HRP in this age group; small increases in the proportion of home owners (2%) and social renting (3%), with no increase in the PRS;
- Aged 60-74: no proportional change in the size of this age group; more home owners (2%) and social tenants (1%), fewer in PRS (-1%); and
- Aged over-75: increased share of HRP overall; relatively fewer in the PRS and social housing.

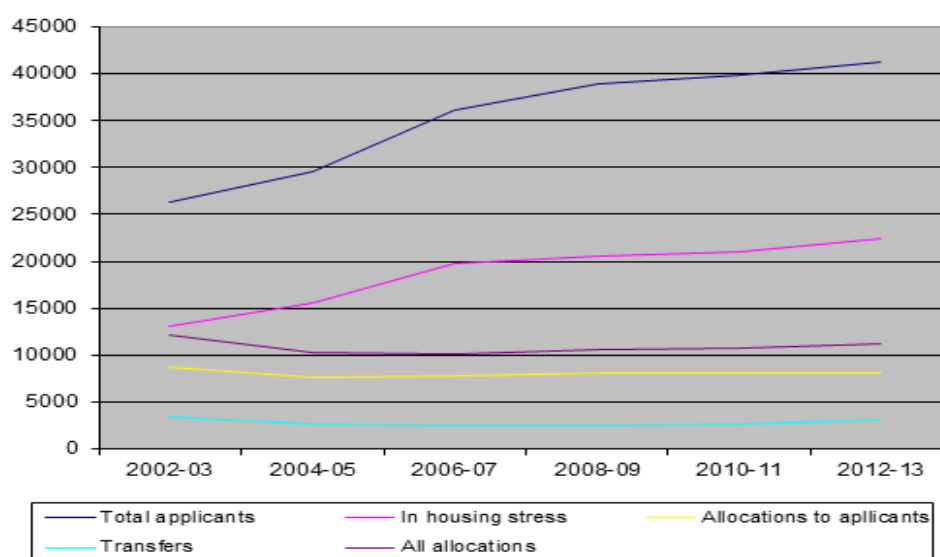
These changes reinforce the likelihood that new cohort effects as groups are emerging during a period of substantial overall change in the housing system. Thus the surge of growth in home ownership during the 1980s and 1990s is being followed by growth in the proportion of older home owners. The problems of access that limited the scale of first home purchase after the late 1990s, during a period when private rental investment was increasingly attractive to more affluent households, is moving through the age groups with more households in their 30s renting in the expanding PRS. The extent to which they remain in the PRS rather than moving into home ownership cannot be known at present.

None of these developments have been driven by demographic factors, but some of the demographic developments between 2001 and 2011 have been driven by non-demographic factors, especially the changing economic context, changing market structures and changing public policies.

These changes in turn have affected demand for social housing. There was a clear upward trend in the number of applicants for social housing from 2002 to 2013 (Figure 3.11). The number increased by nearly 60% overall, mainly in the first half of that period, and the number assessed as being in housing stress increased by 70%.

Allocations, however, did not increase at the same rate. There were 8% fewer allocations in 2013-13 than in 2002-03, including transfers. The ratio of allocations to applicants dropped from 33% to 20%, but the level of transfers was around 28% of all allocations at both times.

Figure 3.11 Social rented sector waiting lists and allocations 2002-3 to 2012-13



Source: Housing Executive

These developments are almost certainly related to the continuing generation of additional households, driven by natural increase despite a slackening rate of household formation, during a period of widespread housing market stress.

- Potential first home buyers tending to remain in the PRS and delaying purchase;
- Higher rents relative to incomes led to more HB applications in PRS; and
- Low income households, especially without work, find social housing an attractive longer-term option, especially lone parent households.

The growth of supply, however, has not been in line with the growth in applications, so there is still a strong case to be made for additional social housing provision.

### 3.8 Spatial variations

The previous report on demographic trends and housing need (Paris et al, 2004) explored a range of regional variations in Northern Ireland in terms of the demographic characteristics of the changing housing system. The present report highlights key issues and changes rather than attempting a detailed description of the many minor changes that have occurred.

### 3.8.1 NUTS sub-regional distribution of population and households

The EU has an agreed system of sub-national regional and sub-regional units, known as the Nomenclature of Units for Territorial Statistics (NUTS). This divides Northern Ireland into five sub-regions of approximately equivalent population size level: Belfast, Outer Belfast, the East of Northern Ireland, the North of Northern Ireland and the West and South of Northern Ireland (subsequently referred to as Belfast, Outer Belfast, the East, the North and the West & South).

There were a number of changes in the regional distribution of population and households between 2001 and 2011 (Table 3.18):

Table 3.18 Regional shares of population and households (%), NI 2001-2011

NUTS level 3	Population communal estabs		Population in households		Households		AHS	
	2001	2011	2001	2011	2001	2011	2001	2011
Belfast	21.9	21.4	16.4	15.4	18.2	17.1	2.38	2.29
Outer Belfast	24.9	27.4	21.9	21.5	22.9	22.3	2.52	2.45
East	20.8	18.7	23.6	24.3	23.6	24.2	2.65	2.55
North	15.8	17.4	16.3	15.9	15.4	15.5	2.80	2.60
West & South	16.6	15.1	21.9	22.8	19.9	20.8	2.91	2.79
TOTAL NI ('000)	24.3	22.5	1661.0	1788.4	626.7	703.3	2.65	2.54

- Belfast: falling shares of population and households, lowest AHS;
- Outer Belfast: growing share of persons in communal establishments, slight falls in shares of population and households;
- East: falling shares of persons in communal establishments but growing shares of population and households; average AHS;
- North: growing shares of persons in communal establishments but falling share of population; biggest fall in AHS; and
- West & South: fastest growth in shares of population and households, falling share of persons in communal establishments; highest AHS.

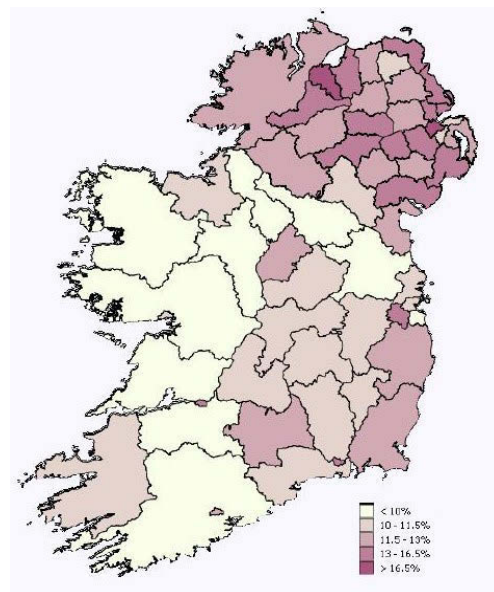
A similar pattern is found in relation to the regional shares of population by age, with the highest proportions of under-16s in the West & South but much higher and growing shares of older people in Belfast and Outer Belfast.

The previous report showed that household composition varied considerably between regions. We list here the main features as well as any significant changes between 2001 and 2011:

- There was a high and growing proportion of single person households in Belfast, though the proportion of pensioners fell (16% down to 12%) whilst other single households increased strongly (19.5% up to 23%);
- The shares of all pensioner households and married couples without any children increased most in the North;

- The proportions of married couples with dependent children fell substantially in all regions;
- Married couples with all children non-dependent increased most in the West & South and Outer Belfast but fell in Belfast;
- Cohabiting couples increased in all regions and remained evenly distributed, but with slight concentration of those with dependent children in Outer Belfast; and
- Lone parent households with dependent children increased most in Belfast and Outer Belfast (Figure 3.12).

Figure 3.12 Lone parents on the island of Ireland 2011



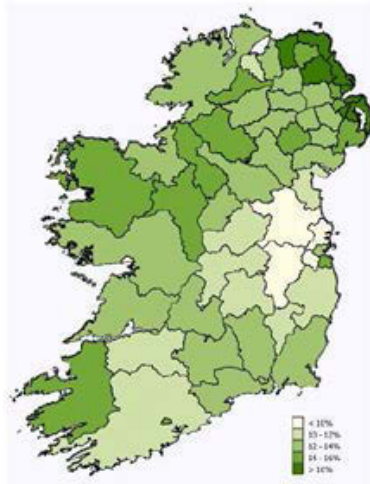
Source: CSO and NISRA, 2014

The previous report (Paris et al, 2004) analysed the regional distribution of the population by age using a series of tables but this can now be done more effectively using maps from the CSO/NISRA report on the 2011 censuses. Figures 3.13 to 3.15 show the proportions of people aged 65, children aged up to and including 15 and median ages and over across the island of Ireland in 2011.

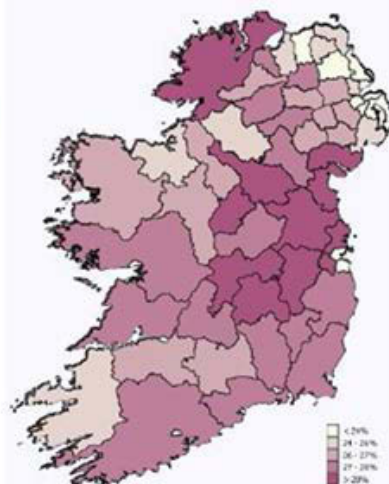
- Marked contrasts within Northern Ireland between high proportions of older people in the NE and children in the W and S;
- A NE to SW gradient in median ages within Northern Ireland; and
- In the RoI, the highest proportions of children were in the Dublin commuter belt and Co. Donegal, with many cross-border migrant households in the Derry City hinterland.



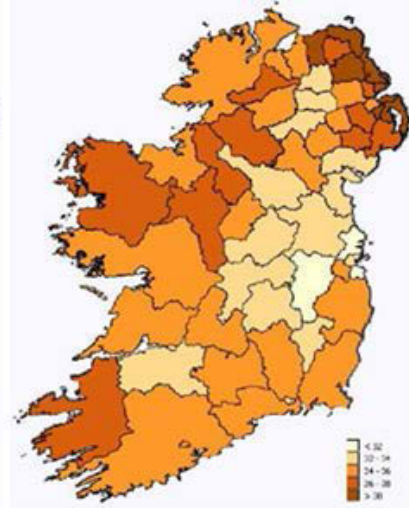
**Figure 3.13 People aged 65<**



**Figure 3.14 Children aged <15**



**Figure 3.15 Median ages**

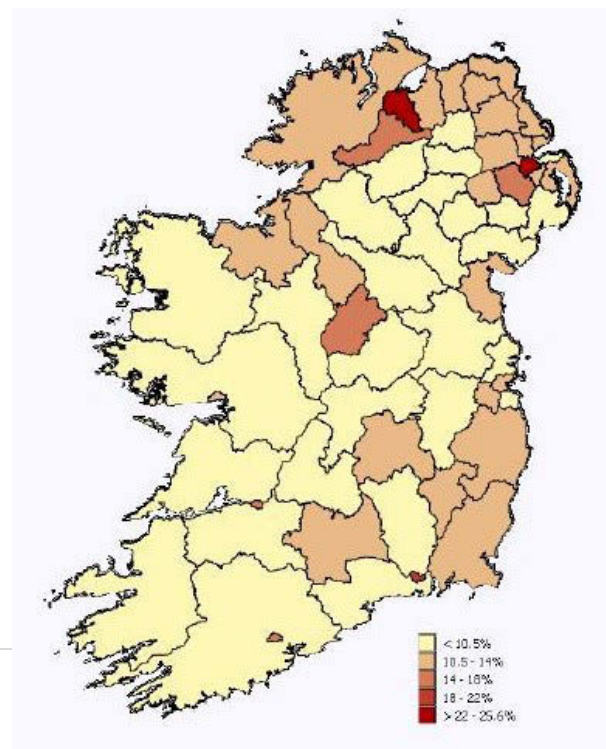


Source: CSO and NISRA, 2014

The previous report noted variations in the distribution of household tenure by region of Northern Ireland. Home ownership was highest in Outer Belfast, the East and the West & South and social renting concentrated in Belfast and Derry. That pattern became more pronounced between 2001 and 2011:

- Home ownership increased in the East (71%), West & South (72%), which had most outright home ownership, and Outer Belfast (74%);
- Relative fall in home ownership in Belfast: down from 56% to 52%;
- Social housing more concentrated in Belfast (25%) and North (17% mainly in Derry); and
- The regional contrasts are highlighted in Figure 3.15 showing the relative concentration of social housing across the whole of the island: higher overall in Northern Ireland especially in Belfast and Derry City.

**Figure 3.15 Social housing on the island of Ireland 2011**



Source: CSO and NISRA, 2014



These spatial dimensions of the changing demography of Northern Ireland imply in 2014, as they did in 2004, that different issues and problems will arise in the future in different places. The variable household composition and age characteristics of sub-regions, in particular, imply varying levels of new household formation and the occurrence of relets by sub-region.

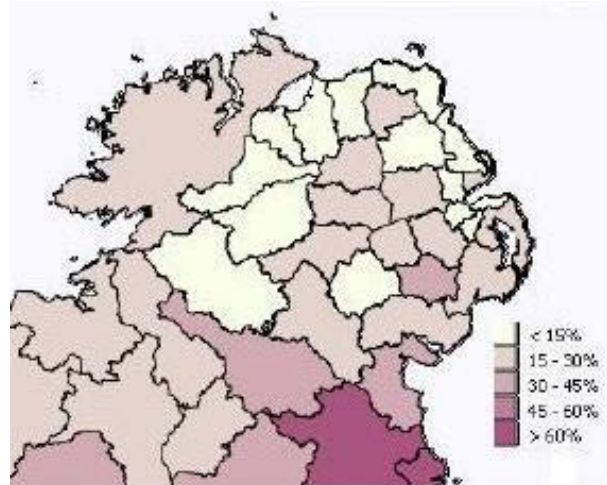
### 3.8.2 Population changes at the local level

The previous study of demographic trends and housing need identified a number of significant variations in population and job changes at the local level. This showed that the strongest growth in population and jobs between 1991 and 2001 were in the Belfast travel to work area, apart from Belfast City, and parts of the Belfast-Dublin corridor, especially Banbridge.

A comparison of 2001 and 2011 census data shows that these trends continued during the inter-censal period, especially:

- Strong growth in jobs and population in eastern areas outside Belfast metropolitan area, especially Banbridge, Carrickfergus, Dungannon, Ballymoney and Moyle;
- Significant losses of jobs from Belfast City with very low levels of population growth in Belfast, Castlereagh and Derry all below 3%; and
- These changes amount to a North West to South East gradient in terms of population change between 2001 and 2011 (Figure 3.17).

Figure 3.17 Population changes 1991 to 2011 in Northern Ireland and border 2011

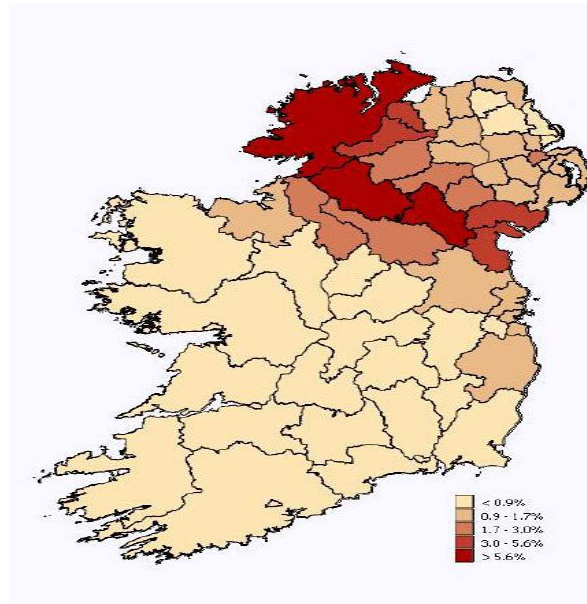


Source: CSO and NISRA, 2014 (adapted)

Other continuing aspects of regional and sub-regional population changes across the island of Ireland are continuing metropolitan deconcentration, at all levels, and significant cross-border effects, especially between Derry City and Co Donegal. Inner areas of towns and cities continued to lose population relative to growing outer areas.

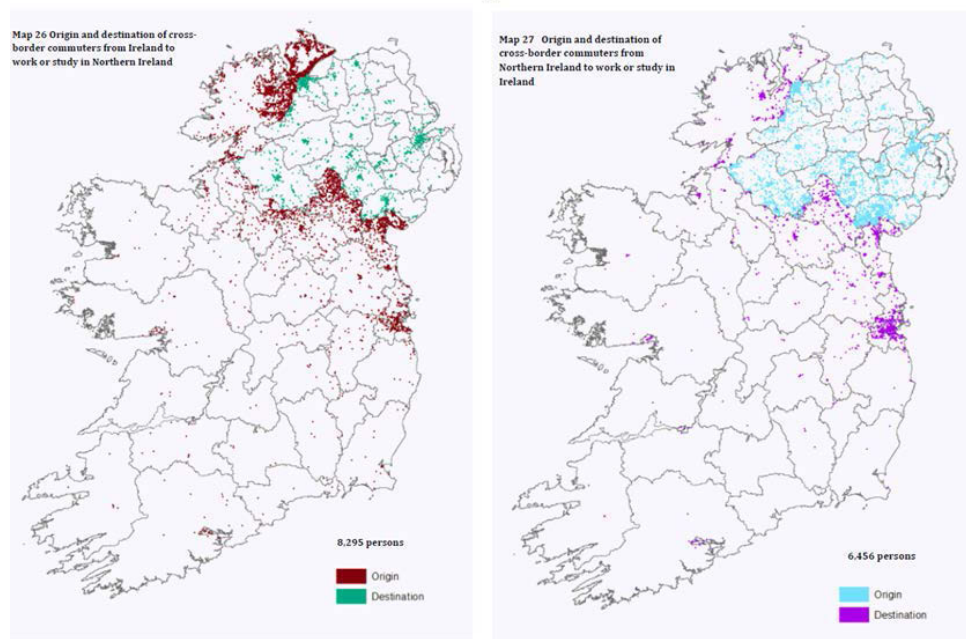
The extent of cross-border movement is illustrated in Figure 3.18 which shows that the proportion of persons born in the neighbouring jurisdiction is heavily concentrated in the border counties especially Fermanagh, Donegal, Monaghan and Louth, as well as Derry City and Strabane. There was a similar concentration of cross-border commuting for work or study, but with other concentrations in Belfast and Dublin (Figure 3.19).

Figure 3.18 Proportion of persons born in the neighbouring jurisdiction, 2011



Source: CSO and NISRA, 2014

Figure 3.19 Origins & destinations of cross-border commuters for work or study, 2011



Source: CSO and NISRA, 2014

### 3.9 Conclusions

This section has shown that some of trends identified during the period 2001 and 2011 represented a continuation of trends between 1981 and 1991 but that there were also changes, variations and fluctuations, many of which had **not** been anticipated previously.

The major drivers of change in the Northern Ireland housing system overall have been market processes and public policies, **not demographic trends**. Indeed, some of the key demographic changes during the period 2001-2011 can be attributed to non-demographic causes: in-migration from new EU states by people attracted by economic opportunities across the UK including Northern Ireland; slowing of the rate of new household formation and growing proportion of young adults staying with parents as a response to changing economic conditions and welfare benefit availability.

Overall population growth is clearly demonstrated, as is the slowing rate of the growth of households. AHS fell with inevitable knock-on effects in terms of increased demand and need for housing. The period 2001 to 2011 also involved continuing diversification of household structures, with more single person households and lone parent households and a fall in the proportion of married couples with dependent children. The number of families with dependent children, whether parents were married or cohabiting, continued to fall but there was an **increase** in the proportion of young adults living with their parents.

The housing implications of the changing age and households structures are varied. If the trend for young adults to remain longer with their parents continues, or simply stabilises, this implies a slower rate of additional household formation. It is virtually certain that there will be more elderly single people living either as couples or alone, but we know that most elderly people prefer to remain in their own homes rather than moving into sheltered accommodation. Whilst there is likely to be continued growth in the number of households, at least during the period 2011 to 2021, it is difficult to predict how many. This situation should be improved when the 2012-based household projections are available later in 2014.

Future overall population change is highly sensitive to net migration effects: NISRA population projections assume net annual migration loss of 600 to 2017 then nil effect after 2017, with overall projected population increase of 86,000. But if net migration loss was an extra 1000 a year to 2021 then there would be a net loss of 10,000 persons, whereas an average net annual gain of 500 would add 5,000. Such developments are sensitive to the wider economy and relations between Northern Ireland, Great Britain, the RoI and the EU as a whole. But they can have **very** high impacts on particular places; for example, nobody expected the population of Dungannon to be affected by such a high level of net in-migration as between 2001 and 2011.

It was noted that the main growth in population and jobs between 2001 and 2011 was broadly in Outer Belfast and the east and South East, in marked contrast to the highest concentrations of existing social housing tenancies in Belfast and Derry.

We anticipate continuing growth in share of dependent children in lone parent households. It also appears likely that there could be a continued increase in the proportion of households

containing parents and non-dependent children. There is capacity within the existing housing stock to accommodate substantially more people. Nearly 70% of outright home owners have 2 or more rooms over the bedroom standard compared to 44% of mortgaged purchasers, 31% of PRS and other rented and 24% of Housing Executive tenants (DSDNI, 2014; table 6.7). The great majority of households in all tenures have one or more bedrooms over the bedroom standard: 92% outright owners, 83% of mortgaged purchasers, 70% of Housing Executive tenants and 69% of private and other tenants. We do not know whether young adults living with their parents would prefer to form separate households, so any decision regarding defining them as 'concealed households' would be a political rather than technical matter.

It is widely suggested that the falling rate of first home purchase and growth of private renting during the period 2001-2011 reflected delayed first home purchase. That is likely to be true, but there is no way of predicting if and/or when such delayed purchase could become actual first home purchase.

We have noted that Northern Ireland has the highest level of lone parents with dependent children in the UK, but the lowest level of cohabitation. It is not known how much this situation may be affected by welfare reform.

We are confident that the official prediction of continued population growth in Northern Ireland is right, but are less confident about the use of 2008-based household projections, due to the potential variability of migration during the period 2011 to 2012. This problem should be overcome by the end of the year once NISRA have released their 2012-based household projections. These new household projections should be incorporated into a revision of the current analysis as soon as possible.

The diversity and changing pattern of regional and local variations in terms of demographic variables reinforce the need for a 'bottom up' element of planning for housing demand and need between 2011 and 2021.

## 4 Literature Review

### 4.1 Introduction

The widespread pressures for increased housing output in Great Britain have placed a renewed focus on housing need and housing requirements assessments. At the same time in England the arrival of a coalition government pledged to remove top down government has had a particular impact on this area of activity.

The government removed the regional tier of government and all the planning mechanisms that fed into that including the National Housing and Planning Advice Unit, a body that provided estimates of housing requirements at a regional level which were in turn used to inform local authority assessments. This radical change put a renewed emphasis upon 'bottom up' evaluations by the local authorities themselves and through the Strategic Housing Market Assessments (SHMAs) which had been put in place from 2007.

Under the Labour administration English local authorities were required through planning policy guidance to:

- produce Strategic Housing Market Assessments (SHMAs);
- determine the implications of identified requirements for new housing provision; and
- on the basis of Strategic Local Housing Land Availability Assessments (SLHAAs), identify a five year supply of land to ensure that the additional housing can be accommodated.

The SHMAs were for overall housing requirements rather than simply demand, and had to be based on evidence and kept up to date and be capable of standing up to scrutiny by the Planning Inspectorate. Moreover the assessment of affordable housing needs was used to determine Section 106 policy at local level.

Under the Coalition's National Planning Policy Framework (NPPF) there is no specified detailed method of calculating housing need but a clear obligation for the estimates to be based upon robust evidence that will satisfy the planning inspector. Local authorities should have "a clear understanding of housing needs in their area" and should prepare SHMAs and SHLAAs. The SHMAs should take account of neighbouring authorities operating in the same housing market and identify the scale and mix of housing and the range of tenures needed including affordable housing and the needs of different groups, e.g., families, older households, the disabled. It should take account of household and population projections and migration and demographic change. The Localism Act 2011 introduced a legal "duty to co-operate" on local planning authorities in preparing plans that relate to "strategic matters" (including housing) that would have a significant impact on at least two planning areas (Smith, 2013).

So although central and regional planning has been removed the requirements on local authorities to assess housing need have been tightened. Failure to produce an up to date assessment has also become a ground for appeals against local authorities refusing planning permission.



## 4.2 Models of housing need assessment

Housing need assessment at national, regional and local authority level has been a long established, complex and at times contentious and competitive area of work with strongly held views as to the rights and wrongs of particular methods. There are a number of different approaches used in national and local assessments - each with somewhat different objectives – focussed for example on the scale of potential affordability problems or on the detailed supply requirements (Whitehead and Kleinman, 1992).

The models vary in their complexity from relatively simple calculations to models driven through complex equations and assumptions. They also vary in terms of the detail of households included, the treatment of backlogs, the assessment of what is affordable, the spatial level of the estimates and whether ultimately the method produces a supply requirement. In addition some models produce estimates of the requirement for intermediate housing and others don't. All have their strengths and weaknesses. Moreover because there is considerable dynamism in both the economic context and in the number of households reflecting that context there is a constant need to update estimates, but as a general rule, the more complex the model the greater the likelihood that this updating is more infrequent. The models include:

- Housing needs assessments which look at the relatively simple household dwelling balance in the country/area and how that balance might evolve in future given housing supply and demographic change;
- Affordability models which focus on household incomes and the cost of housing alongside projections of household numbers to arrive at estimates of what homes are needed in line with capacity to pay;
- Net stock or net flow models with estimates of households in different categories of need over a defined period from which the estimates of planned or likely supply increases (and reductions) are subtracted giving a defined housing need requirement ( typically for social housing); and
- Gross flows models work off the stock and flows of new and existing households in the housing system over a defined period alongside the propensities to be in particular tenures thus giving estimates of the emerging housing requirement by tenure.

Housing needs studies at a local authority level have been a long running feature of the housing landscape with a legislative requirement in England to assess needs reaching back to 1957. In 1969 the Central Housing Advisory Committee (CHAC, 1969) recommended 'that local authorities should take steps to ensure that they are better informed of the housing situation in their areas' and this guidance has been re-iterated over the years including through detailed guidance as to how to undertake such work (e.g., HSAG, 1977; DoE, 1980; Bramley et al, 1999, DETR, 2000; National Planning Policy Guidance, undated).

The focus on housing need assessment has tended to ebb and flow according to both the overall housing situation and the policy stance of central government. For example, when the British Government introduced its Housing Strategies and Investment programme

approach in the 1970s there was an upsurge in activity and the same has been true with the introduction of Strategic Housing Market Assessments (SHMAs) in the 2000s.

#### **4.2.1 Local Housing Surveys**

Typically, housing needs assessments are produced by or for local authorities on the basis of district-wide housing needs surveys covering households in the area. The methods vary in terms of postal or door step surveys and the quality of these has varied due to limited sample sizes and somewhat 'heroic' generalisations. However, over the years the government has issued guidance (e.g., DoE, 1980, Bramley, 1999; DETR, 2000, Bramley et al 2010) as have others (e.g., Cambridge Centre for Housing and Planning Research, 2004, Fordham et al, 1998, Monk et al, 2011, Local Government Association et al, 2013) and they remain a core activity often providing a base of information which are then supplemented by additional modelling.

#### **4.2.2 Affordability Models**

This area of work has been dominated by Professor Glen Bramley and often times reference is made to 'the Bramley model' albeit others have used similar approaches (e.g., CCHPR, 2003; Wilcox, 2003 and 2005). Bramley developed the model at the end of the 1980s to estimate the number of new local authority and housing association dwellings needed annually in England (Bramley, 1989) and since then has undertaken a number of more locally-based studies. He recently developed Gloucestershire's sub-regional affordability model running forward to 2031.

#### **4.2.3 Net Stock Models**

Net stock models estimate the number of new dwellings required to match the net increase in households over a defined period, with required new homes split out by tenure. This split distinguished this model from earlier other net stock models used in the 1960s. These estimated the number of new dwellings required as a total with no tenure distinction (they were based on the projected net increase in households + provision to reduce shortages +/- the change in the number of vacant dwellings + replacement of dwellings demolished. Comparing Holmans (1995), Holmans (2001), Holmans et al (2008) and Holmans (2013) gives a sense of how the issues and methodology in net stock models evolved to reflect changing issues and data availability.

#### **4.2.4 Gross Flows Models**

A demand for a method that would better distinguish between the public and private sectors resulted in the work that produced what has been termed the gross flows models. These are driven by an origin/destination matrix of household formation, moving within and between tenures, and dissolution of households. This matrix has to be estimated for the base year and forecast for appropriate future years as can be seen in the DoE Housing Policy Review, the base year was 1971 (DoE.1977). The data required for the base year matrix are very complex and this has meant it has been used infrequently and has tended to be replaced by the net stock model.

### 4.3 Intermediate housing

Some studies seek to estimate the demand for intermediate housing, e.g., Wilcox (2003 and 2005), Bramley and Karley (2005), Monk and Whitehead (2008) and Bramley and Wilcox (2010). This agenda has become rather more important in recent years with the rise of what has been termed 'Generation Rent' – households who cannot buy and cannot get access to social renting. With the emergence of the government's affordable rent policy - 80% of market rents – and the reduced access to full home ownership there has been more interest in this middle ground though estimation as to effective demand is difficult given the volatile nature of the problem.

As a consequence of both housing shortages and rising costs there has been an extensive debate about those who cannot buy (or perhaps even rent) decent homes in the mainstream market and at the same time cannot access social housing. There is clearly a market here but measuring it is quite difficult because the numbers of households in that market at present are small –less than 1% albeit there are geographic concentrations (the most notable of which would be Milton Keynes which has developed a large intermediate sector). Mainstream household surveys rarely show large numbers in this sector or wanting it. This may reflect limited supply and a lack of awareness.

With policy interventions to expand the intermediate sector (primarily but not exclusively regarding home ownership) there has been considerable interest in assessing demand. However the research undertaken (e.g. by Bramley, 2005) and Wilcox (various) tends to focus on slightly different issues, e.g. affordability, access to home ownership or able to pay more than social rents (see Holmans and Monk, 2010 for a useful review). Clearly all the derived estimates are assumptions driven and heavily reliant upon on good quality disaggregated income and price data and the outputs tell you who might need such housing on an objective basis but not whether they want it.

It is clear that with the contraction of both home ownership and social housing markets the band of households between the two is bigger and it is likely to grow given ever tighter policing of entry to home ownership and with welfare reforms tightening access to social housing. The Welsh Local Government Association and Welsh Government guidance on local housing market assessment has a chapter on calculating the current need for low cost home ownership and another on assessing the scope for intermediate rent. As will be evident on inspection, the former relies quite heavily on the application of simple income multipliers to assess ability to be an owner even though lenders have now largely ceased using such simple devices under the new Mortgage Market review rules. The methodology then looks at whether households have a deposit or the capacity to save for a deposit -again slightly overtaken by events around Help to Buy. Via such calculus in relation to entry level house prices it is thus possible to arrive at a number of households who can be considered as likely to want or need low cost home ownership (or intermediate renting).

With the recovery of the higher LTV market (up to 95% mortgages) it is possible more households will be able to enter mainstream home ownership. However, with rising interest rates plus tighter access there is a general view we will see an expansion of the intermediate market. In that regard it is essential that this is taken account of in any assessment.



#### 4.4 Evaluation of assessment models overall

This review has focussed upon England but it is recognised there are equivalent issues and literature in Northern Ireland, Scotland and Wales (e.g., Newhaven, 2011). The spread of approaches to housing need assessment is considerable but all are ultimately driven off the quality of the data they use and the frequency with which that data is updated. Some of the models are unduly complex requiring both a lot of data and fairly complex modelling making them somewhat opaque in terms of working assumptions and the outcomes they produce. At the same time, it is evident that the most simple of household and dwelling balance assessments leaves much to be desired in terms of giving precise planning numbers.

Demographic data is central to all the approaches. One central difficulty in recent years has been the volatility of household projections reflecting a number of factors including significantly changed international migration flows, changed household formation rates and of course the impact of the economic boom and bust, the recession and the recovery on demographic trends.

In England, DCLG's household projections have been the mainstay of most assessments but we need to note these are trend based, in other words they project the past forward and this then means users need to think about any adjustment that might be required to reflect household formation rates which were not captured in those past trends. Given the recent economic cycle any numbers based on the past will bring with them quite a lot of 'noise' from that past.

Recent research on both national and local authority based household projections highlights the changes in household formation patterns over the period 2001 to 2011 and the somewhat unexpected nature of these changes. In summary the key changes have been around the increases in international migration and in the ways the current population is living with more young adults living with their parents

The 2011 census for England found 450,000 more people than expected and 375,000 fewer households (compared to 2008 projections). The average household size had remained the same as in 2001 and had not continued to fall as expected no doubt reflecting in part the increase in young adults living with parents (ONS, 2014). Given tightening controls it is likely that international migration will cease to rise in the same way in the future and indeed it may fall. If the upturn in the UK economy continues to build and employment and household incomes rise we could expect to see stronger growth in households in the future.

In his latest assessment Holmans (2013) shows that annual housing requirements in England and Wales are around 240,000. He suggests that even if the economy remains below trend and household formation rates remain low, there would be around a 20% increase in the number of households to 2031 reflecting the growth in population. He noted breaks in longer term trends in household formation between 2001 and 2011 such as the lower number of one-person households in 2011, down 1 million compared to the 2008 projections and other changes including the growth in couples-plus-other-adult households. This work was then extended by McDonald and Williams (2013) to cover local authorities in England in a report which highlights amongst other things the considerable variations in

international migrants by area and the potential for significant changes in the projected net flow to or from other local authorities. In essence the report highlights the sensitivities around the household projections and the work local authorities have to do to ensure they produce plausible housing assessments.

#### **4.5 The current context; the economic determinants of household formation**

There has been a long running debate on the economic determinants of household formation (e.g. Bramley et al 1997) and the extent to which household formation rates are influenced by the economic cycle. As argued earlier the changes evident between the 2001 and 2011 censuses would suggest the downturn did impact on household formation rates with many younger people for example remaining living in the parental home (ONS, 2014; and Northern Ireland has the highest proportion of such households). The key questions are whether mortgages will become more available as the economy improves and whether potential additional households will form and in doing so boost the demand not only for renting but also for home ownership.

Meen and Andrews (2007) anticipated a downturn would have little impact on home ownership rates but in fact in England and across the UK the level of home ownership has fallen and noticeably amongst younger households. Research has shown that in previous cycles that there has been a catch up (Bottazzi et al, 2012, Fisher and Gervais, 2009) but there must be a question as to whether that will happen this time given the structural adjustments made to the operation of the mortgage market through new regulatory structures (IMLA, 2014).

With tighter rules on affordability assessments and the imposition of stress tests to ensure borrowers can cope with rising interest rates there are clearly going to be households who can no longer borrow as much as they did previously. With rising prices this poses a considerable affordability challenge and is likely to mean some are permanently excluded despite parental assistance.

The question then is whether the current increased flow of first time buyers supported by higher loan to value mortgages is sufficient to rebuild levels of home ownership. If not then we are observing a structural shift in the balance of tenures with considerable implications for housing need assessments and policy stances.

## 5 Views and Attitudes to Demographic Models

### 5.1 Introduction

A series of consultations with individuals and groups was carried out as part of the research in order to explore expert opinions on three related issues:

- the changing housing market in Northern Ireland in the period 2010 - 2014;
- expectations of how the housing market would perform in the period 2014 – 2019; and
- approaches to the assessment of housing need based on demographic modelling.

The consultations sought to identify the range and diversity of views about the Northern Ireland housing market and approaches to housing need assessment, especially using the net stock model and similar demographically-based forecasting techniques. The research did not attempt to generate a statistically representative sample of experts but sought to ensure a wide and comprehensive range of participants. There were two objectives: to create an opportunity for experts to contribute positively to the ongoing review of housing need assessment methodologies as part of the research project; and to identify whether members of a particular sector within the housing field shared perspectives that differed from those of other sectors.

### 5.2 Research methods

A list of potential respondents was agreed between the research team and the Project Advisory Group, with additional suggestions from the Northern Ireland Housing Executive (referred to as 'NIHE') research team. Participants were drawn from a wide cross-section of people involved in housing policy, planning, development and practice in Northern Ireland, with a small number of interviews also conducted with experts who had a UK-wide perspective.

All of the participating organisations and individuals were contacted in advance by telephone and told about the purpose of the consultations. Telephone calls were followed up with a short paper briefing that explained the aims and methods of the research, together with a list of the topics to be covered. Almost all of the potential interviewees agreed to participate in the research. However, representatives of the private rented sector declined the invitation. Successful interviews were completed with all those who agreed to take part.

A semi-structured interview schedule was drafted within the research team and agreed with the NIHE research department and the Project Advisory Group. The general approach to schedule design, and the questions about the current state of the housing market, were similar to those employed in the 2003/4 research in order to allow comparison between the results of the two studies. A copy of the interview schedule is contained in Appendix 2. The schedule was used to structure the consultations and was divided into three sections:

- interviewees' perceptions of the working of the Northern Ireland housing market over the previous three years;
- their expectations of the way the housing market in Northern Ireland would develop in the three to five years from 2014 onwards; and
- their attitudes and opinions on the use of models and other approaches in the assessment of housing need.

Each participant's response to the questions was typed verbatim on an interview schedule, and an edited copy of the interview notes was subsequently sent to each participant for their approval.

Most consultations were conducted with a sole respondent but in several cases the discussion involved two people. One consultation took the form of a group interview. Where an interview involved more than one person, differences in the response between participants were recorded and have been reflected in the analysis. The point of the consultations remained the same whether it involved talking to one or two people, or a larger group: to identify the range of views about the changing Northern Ireland housing market and approaches to the assessment of housing need.

The interview schedule provided a framework for discussion and the generation of comparative attitudinal data based on a series of specific questions and issues. The same questions were asked regardless of whether the interview involved one or two people or a group, and whichever sector the participant was involved in. Two questions were included which asked participants to offer their views on how the need for intermediate tenures<sup>4</sup> and supported housing<sup>5</sup> should be assessed. This qualitative methodology provided a valuable range of insights into expert views of the topics under discussion.

### 5.3 The participants

Participants included individuals and groups from a wide cross-section of experts in the topic areas. These can be grouped into five main 'sectors', with one residual 'other' category, as follows:

- Social housing providers and housing professionals: Housing Associations (Apex HA, Co-ownership HA, Fold HA, Oaklee HA), Chartered Institute of Housing UK and Chartered Institute of Housing NI, Northern Ireland Federation of Housing Associations;
- Special Needs Housing and Homelessness charities: Simon Community Northern Ireland; the Council for the Homeless Northern Ireland;
- Northern Ireland government departments and statutory agencies: Department for Regional Development (DRD); Department for Social Development (DSD); the Northern Ireland Housing Executive (NIHE); the Northern Ireland Local Government Association (NILGA); the Northern Ireland Housing Council;

<sup>4</sup> i.e. affordable rented or shared ownership housing other than social housing

<sup>5</sup> i.e. housing with support provided so that the individual is assisted to maintain their home and to develop independent living skills

- Private sector housing specialists: Construction Employers Federation (CEFNI); the National House Building Council's Northern Ireland representative (NHBC);
- Financial institutions: three interviewees representing the Council for Mortgage Lenders (CML) in the UK and NI; and
- Other specialists: a professional economist and a specialist on energy conservation working for NIHE.

Respondents were asked primarily to respond in a personal capacity rather than giving an official departmental or organisational view. In some cases, however, responses indicated a reluctance to offer a personal opinion. Three respondents asked whether their views would be identified in the research report. They were informed that all responses would be reported anonymously. Even so, there were occasions when we formed the view either that an interviewee was being cautious about expressing an opinion, or that we were being presented with an official position rather than the individual's own views.

A number of participants said that they were more familiar with some of the issues that were the subject of enquiry than others. In particular, it became clear that some participants were aware that the Net Stock Model exists, but they did not know how it was constructed or how it was used. There was a general view that more information was needed for the wider housing sector about the Net Stock Model, and also about the approach to planning for housing adopted within NIHE and Northern Ireland government departments.

## 5.4 Perspectives on the local housing market

### 5.4.1 Perceptions of the working of the Northern Ireland housing market over the previous three years

All participants were asked a series of questions exploring their perceptions of the Northern Ireland housing market during the recent past (defined as 'the last three years', 2010 - 2014<sup>6</sup>). In each case they were asked whether they agreed or disagreed with a statement that was read out to them, and then were asked to comment on their answer. The questions were designed to require respondents to think about the issue in some depth (see Appendix 2). The comments provided a crosscheck against their initial reactions to the statements and allowed us to tease out more fully what respondents actually felt on the different issues.

The statements covered the following issues:

- whether the level of private house building over the past three years had been lower than they expected;
- whether demand for private housing had fallen in the past three years;
- whether household growth had been a major factor affecting demand;
- whether the state of the economy had been a major factor affecting demand;
- whether political factors had stimulated the housing market; and
- whether any other factors had had important effects on the housing market.

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<sup>6</sup> Interviews were being organised in January 2014, so it seemed reasonable to set 2010 as the start date for these questions.

### 5.4.2 Private house building in the past three years

There was disagreement between participants on the question of whether they thought that private house building had been at a lower level than they expected. Although well over half of all respondents either agreed or strongly agreed that building had been at a lower level than they expected, more than one third said that levels of private house building had not been lower than they expected. This diversity of responses was not influenced by the particular sector in which the respondent worked.

One possible explanation for these differences of opinion was given by an interviewee who said: “My own opinion is it (the level of private house building) is what would be expected from the economic downturn. But the wider perception is that regardless of the economic downturn more housing should have been built – in other words, the level of starts has been lower than many people expected.”

Another respondent said that the out-turn is lower than would have been expected seven or eight years ago, but not lower than the expectation in the past five years.

### 5.4.3 Demand for private housing

There was also a wide spread of views on whether demand for private housing had fallen in the previous three years. Responses did not appear to be influenced by the sector in which respondents worked.

One third of respondents said that they strongly agreed or agreed that demand had fallen; one in five respondents was neutral on the issue; and more than one third thought that demand had not fallen.

One explanation for the differences of opinion suggested by several respondents was that while underlying demand for private housing has not fallen, a number of factors arising from the economic recession had tended to suppress demand. Thus, as one respondent put it: “I agree that demand has fallen, with the caveat that if we talk about demand as being ‘realised demand’, then demand has fallen because people have become nervous about housing as an investment vehicle ... Overall, however, the number who want to own their own home hasn’t changed. There is a transitional shift in demand that is not fundamental.”

A number of factors were referred to by respondents as causing a weakening of realised demand. These included rising house prices, negative equity, access to loan finance, affordability issues and worries about job security. There was also a view that, with demand for social housing out-stripping the supply (as evidenced by the number of people joining the common waiting list plus the number of people already registered on the common waiting list, compared with the number of people being re-housed from the list each year) the private rented sector had acted as a buffer, taking up demand for both social housing and owner-occupation.

#### 5.4.4 The influence of the number of households on housing demand

Participants were asked whether household growth had influenced demand for housing. The range of opinions expressed appeared to depend on whether respondents were referring to realised demand as defined above, or underlying demand.

Taking the question at face value, opinion was evenly balanced between those who agreed or strongly agreed that demand had been influenced by household growth, and those that were neutral on the question. Those who agreed that demand had been affected by growth in the number of households came from all housing sectors. There was a preponderance of respondents working in the government and statutory sector who were neutral on this question. A small number of people from across the sectors disagreed with the proposition.

Respondents noted that rates of household formation and migration had been two key drivers of demand for housing in the past. While inward migration rates had fallen recently, there was an expectation that household formation, particularly the formation of small one- and two-person households, was still a major factor driving demand. One participant noted that: “There are around 10,000 households who are accepted as homeless Full Duty Applicants each year. 54% are new households being formed who cannot find their own housing solutions because of relationship breakdown.” The significance of relationship breakdown in new household formation was referred to by other participants in the course of the consultation.

It was also suggested that, as a result of the recession, the number of hidden households had probably increased. There was an expectation that this underlying demand would reappear if and when the housing market recovered.

#### 5.4.5 The state of the economy

Participants were asked whether they thought that the state of the economy had had a major influence on the housing market. There was a far higher measure of agreement on this question than on the previous questions, with almost all respondents irrespective of the sector they worked in saying that the economy had been the major influence shaping the housing market in the previous three years.

People involved with the private sector and finance, and many of the housing professionals and providers, tended to agree strongly with the proposition. People involved with governmental and statutory agencies, a minority of housing professionals and providers together with people involved with special needs housing and homelessness agreed with the proposition. One participant suggested that the economic downturn had affected the supply of new housing, but not the demand.

There was a particularly good analysis from one interviewee that summed up aspects of other responses:

“The NI economy is heavily biased towards the public sector. As a result it has been cushioned against the high levels of unemployment seen in the Republic of Ireland and the EU. Unemployment is lower than in Great Britain. Therefore the economy as a whole is relatively OK ... The major factor is the housing market which is a significant sub-set of the



Northern Ireland economy. There was a huge influx of money and a boom in house prices and land prices in the period 2004/2007. When that corrected and prices and values started to fall, confidence also fell. But the underlying economics were not bad. During the boom a huge amount of money came in from the Republic of Ireland, where prices had already gone well over those in NI, and from Great Britain. There is anecdotal evidence of speculative buying based on capital not rental values. Much of this property has since been dumped ... Professionals who know the game did well, but amateurs did badly ... There has been a high level of possession orders; and a very high level of negative equity. I think the market has now bottomed out, but it is possible that the market has not yet found the bottom in terms of prices and confidence, or it may just be confidence. We have never seen anything like this before in Northern Ireland but it has happened before in Great Britain. However, the first time buyer market is currently quite buoyant because of falling prices. But where do they go next when they need a larger home? That is the real question.”

#### **5.4.6 The role of political developments in stimulating housing demand**

Almost two thirds of those taking part in the interviews irrespective of sector either disagreed or disagreed strongly with the proposition that political developments had stimulated the housing market. A much smaller number of people thought that political initiatives such as support for co-ownership had stimulated parts of the market. A similarly small number of people neither agreed nor disagreed with the proposition.

There was a view that Northern Ireland had not had the same kinds of political intervention to stimulate building and house purchase that had been seen in England; and that initiatives like the additional funding for co-ownership were limited in their effects and were not ‘game changers’. One departmental policy-maker doubted whether these initiatives were meeting greatest housing need.

There were references to the new housing strategy that had been launched by Ministers, but the general feeling was that the impact would be marginal given economic uncertainty. It was also noted that there had been three different Ministers in the previous five years, and that each had had different priorities for housing.

#### **5.4.7 Other factors influencing the housing market**

Most respondents referred back to and enlarged upon the issues that they had mentioned in connection with the economy, which was widely seen as the major influence on the housing market in the previous three years.

There was a significant number of references to problems affecting the banks and their exposure to wider economic issues – for example, the property bubble in the Republic of Ireland, southern England and southern Europe; the Eurozone crisis; and the large portfolio of bad mortgages and repossessed property assets in Northern Ireland held by the Republic’s National Asset Management Agency (NAMA) and other banks, which were now affecting their balance sheets and willingness to lend.

There were concerns over land supply in Northern Ireland. House values had dropped so far and so fast that it was thought that NAMA and other banks would be unable to sell off



their repossessed property portfolios in the near future without incurring unsustainable losses and without further undermining property values. At the same time government departments and other public authorities, which were also holding significant property assets ready for disposal, would not be able or willing to sell land at current values. Housing associations in particular voiced concern about the lack of affordable development land when land that could be available was not being disposed of because of low property values.

Connected to these issues, concern was expressed about the absence of an agency in Northern Ireland that was capable of leading cross-sector partnerships for the development of major sites and land holdings.

Linked with the issue of the banks' land holdings and their caution over lending to developers and home owners was the very high level of 'entrenched'<sup>7</sup> negative equity within the housing market, reported in the media by one of the major mortgage brokers at the time interviews were taking place as affecting 41% of borrowers in Northern Ireland who had taken out a mortgage since 2005<sup>8</sup>. One participant suggested that the problem of real negative equity was being made worse because of 'perceived negative equity', which he defined as the difference between what a property might have been worth at the height of the market compared with what it was worth at the present time, even when what it was worth at the present time was higher than the original purchase price.

There was a perception among a number of people interviewed that some of what would in normal market conditions have been expressed as demand for owner occupation had been sublimated into demand for private renting. There were two schools of thought about this. One school said that some private landlords were renting their properties as a holding operation until prices rose, allowing them to trade out of negative equity or maximise their capital gain; or alternatively, that some private rented sector tenants would move into owner occupation when banks started lending on mortgages. However, others thought that there had been a permanent growth in private renting caused by affordability issues within the owner occupied sector, and the shortage of social housing. It was said that affordability issues could also be identified within the private rented sector giving rise to the need for government support for 'intermediate' rented housing filling in a gap between conventional private renting and social housing.

These developments were referred to as a 'diversification' within the housing market that some interviewees said made the simplicity of the Net Stock Model's calculation of the need for social housing as a residual category problematic.

Other issues referred to which were seen as problematic for housing development now and in the future included the following.

- **The town and country planning system:** It was said that most development plans are out-of-date, and some are held up through the process of Public Inquiry and

<sup>7</sup> The term was used by one of the finance sector representatives.

<sup>8</sup> Data supplied to the BBC Your Money show and other media by HML Mortgage Administration Service, March 2014 – see <http://www.hml.co.uk/latest-thinking/2014/03/bbc-negative-equity-report/>

Judicial Review. This has slowed the rate of house building and added to the uncertainty.

- **Inter-community issues:** One policymaker noted that inter-community issues were still a significant factor influencing the social housing sector, but: “... we do not know a great deal about the Catholic/Protestant make-up of areas with predominantly private sector housing. The latest Peace Monitoring Report provides an update from the 2011 Census on wards with more than 80% of one community, and over time changes can be identified which suggest segregation is declining. But the research is high-level so it is not possible to say whether there is more integration or less within different parts of the housing market. A decline in segregation may be the result of demographic changes.”
- **Devolution of powers to the new Councils:** The devolution of planning powers to local councils after April 2015 was expected to have a significant effect. There were mixed views about this. Some respondents thought it could mean much more development in local areas and better use of land currently owned by councils for housing. However, others had concerns about the possibility that planning and housing might become politicised, not necessarily in party terms but in responding to local communities. NIMBYism was seen as a major risk in relation to new social housing.

## 5.5 Expectations of the Northern Ireland housing market over the next three to five years

The second part of the interview process asked participants to think about the way in which the Northern Ireland housing market was likely to develop in the near future (defined as over the next 3 – 5 years) and to answer questions focused on two related issues:

- whether private house building was expected to remain at current levels; and
- whether private house prices were likely to increase faster than the rate of inflation, at about the same rate as inflation, or below the rate of inflation.

### The level of private house building in the next few years

Participants were asked whether they thought that levels of private house building would stay at current levels. One fifth of those interviewed said they thought house building would stay at the current level. All of these participants worked either in government and statutory organisations, or in financial institutions.

Almost three quarters of all participants from all sectors apart from finance said that levels of house building would not stay at current levels, but would increase slightly or moderately. A number of people said that they thought this would be uneven geographically, with rates of house building increasing in areas associated with secure or growing employment, but remaining at current levels or even falling in other areas – particularly west of the River Bann.

Representatives of the construction industry were optimistic about prospects based on what they saw as growing demand and the likelihood that mortgage finance would become available.

### 5.5.1 How long would these trends continue?

Irrespective of whether participants thought the level of private house building would stay the same or would increase, they were asked how long they thought the trend they had identified would continue.

A clear majority of those interviewed said they could not predict how long the trend would continue because it depended on how the economy developed. All of those who gave this response worked either in the government and statutory sector or in finance. This view is illustrated by a participant who said: “It depends on the way the economy develops. It will be influenced by what happens elsewhere – in the Republic of Ireland, Great Britain and the EU. Northern Ireland is not good at growing indigenous businesses or attracting inward investment outside the cities.”

One quarter of all participants thought that the current trend would continue for between three to five years. This group included a mix of housing professionals and providers, government and statutory sector people and a banker. “There is a real challenge that this is self-perpetuating. From the bottom of the curve to a point where housing development becomes viable could take three to five years.”

A minority thought that it would take five to ten years for building to move much beyond current levels. This group was formed mainly from housing professionals and providers.

### 5.5.2 Change in house prices

Participants were then asked whether they thought that private house prices would increase faster than inflation, increase more-or-less in line with inflation, or fall in real terms. Responses were divided between the different possibilities.

One third of all respondents – mostly from the government and statutory sector and the finance sector - thought prices would increase above inflation but some said that would depend on incomes. Representative of this view is the contribution from one participant who said: “Practically they will rise above inflation, but the reality is that they may not increase in real terms; it depends on the rate that incomes grow in relation to inflation; and they will take time to get back to the levels they were at in 2008”.

One quarter of the participants – almost all from the government and statutory sector - thought prices would increase in line with inflation.

A further quarter of participants from across the sectors said they thought that price changes would vary in different parts of Northern Ireland. One respondent said: “There are local pockets in Belfast where bidding is pushing prices up; elsewhere prices are still falling. So prices will probably rise above inflation in Belfast. Elsewhere they will flat-line or fall below

inflation.” Another said: “It is going to be a very differentiated market with regional disparities – very strong around Greater Belfast, but not so strong and possibly weak on other areas.”

## 5.6 Assessing housing need and the demand for housing

This part of the consultation was designed to assess two related issues:

- familiarity with and views about demographic models in housing need assessment, and the Net Stock Model in particular; and
- views on how best to estimate future housing need.

### Familiarity with the Net Stock Model

Each participant was asked ‘Are you familiar with the Net Stock Model and its role in assessing housing need.’

- One third of participants said that they were familiar with the Net Stock Model (‘NSM’) and its use in assessing need. Most members of this group were NIHE employees;
- One third said that they were familiar with the principles, but not with the detailed workings. This group was a mix of government and statutory sector people, housing and special needs practitioners and someone with a finance interest; and
- One third said they were not familiar with the model at all. This group comprised most of the private sector and financial sector representatives together with a small number of people from other sectors.

#### 5.6.1 Usefulness of the Net Stock Model in assessing need

Participants were then asked how useful they thought the Net Stock Model is in assessing housing need.

Two thirds of all respondents said that they thought the model was useful or very useful. Within this group, which contained a significant number of respondents from the government and statutory sector, there was a mix of opinion on the question of why or in what way the model is useful.

One respondent said: “It gives a very good top down understanding of the broad trend, but it is based on assumptions”.

However, another respondent said: “In terms of what it does at a regional level, it is OK but it does not disaggregate to the levels that planning needs to take place at. This is dealt with through the Housing Needs Assessment ... It is trend based, so is it the most reliable guide to the future over a ten year period given recent economic uncertainties?”

A senior policymaker said: “It is useful to have an assessment of household growth and private supply, but the NSM has not started to take into account the different categories of home ownership, so it appears that social housing is treated purely as residual, when it can

be a preferred tenure for some people and a residual tenure for others. I am not sure that the NSM is useful in terms of the way that the demand / aspiration for social housing works.”

Only one respondent thought that the NSM was not useful on the grounds that it does not differentiate between ownership and renting within the private sector; and because there is no tie-in to economic development.

One third of the respondents, including all the private and finance sector interests, said that they did not know enough about the NSM to comment on how useful it is.

### 5.6.2 Knowledge of how the Net Stock Model works

Well over one third of participants said that they understood how the NSM works. NIHE employees were well represented in this group together with a departmental policy-maker, a small number of housing professionals and providers and the economist. However, when asked to explain the model's workings, some had a detailed knowledge and others fell back on the principles. The remaining participants said that they did not know how the model works.

### 5.6.3 Perceived strengths of the Net Stock Model

Participants were asked to describe the strengths of the NSM. Around half of them offered an opinion on at least one of the model's perceived strengths. However, some comments indicated a lack of understanding of what the model was for and how it worked; others were comments on the housing market rather than the model. The relevant responses are summarised in Table 1. The issues raised were not related to the participant's sector.

Table 1: Strengths of the Net Stock Model

Response	Number of responses	Type of organisation
It is a simple and straightforward methodology to understand and explain; you can show the results in one table.	5	Government and statutory (2) Housing professional/provider (2) Other (economist)
It is a solid attempt to forecast the number of social homes needed	2	-Housing professional / provider -Special needs
It is logical	2	Private sector and finance
It is well accepted	1	Other (economist)
It is based on demography, not economic assessments that can be open to argument	1	Housing professional / provider
Provides an objective top-down measure of need when coupled with the bottom-up Housing Need Assessment	1	Government and statutory
It is a useful planning tool	1	Government and statutory
Allows testing using different assumptions	1	Government and statutory
A long-term analysis is useful if applied consistently over a period of time	1	Government and statutory
It gives an over-view of the total housing market in NI	1	Housing professional / provider
Provides an evidence base	1	Housing professional / provider
It gives a figure as a guide	1	Housing professional / provider

#### 5.6.4 Perceived weaknesses of the Net Stock Model

Participants were then asked to describe what they saw as the weaknesses of the NSM. Exactly half of the participants offered an opinion on at least one weakness. There were responses from all sectors except those working in supported housing, and the construction industry. The results are summarised in Table 2.

Table 2: Weaknesses of the Net Stock Model

Response	Number of responses	Type of organisation
It only provides a figure for NI as a whole, and is not sensitive enough for use as an investment planning tool; it is hard to relate it to information from local and sub-regional analysis	5	Government and statutory (3) Housing professional / provider (2)
It is very dependent on the assumptions being made, some of which are not transparent; e.g. what does 'allowance for other factors' mean as recorded in the 2013 NSM report?	3	Government and statutory (2) Housing professional / provider
It treats social housing as a residual category, which may not be appropriate in the NI context	3	Private sector and Finance Housing professional / provider Other (economist)
It is trend-based and so does not cope well with unexpected change such as we have seen in the recent past	3	Government and statutory (2) Housing professional / provider
It does not deal with the need for intermediate tenures	2	Housing professional / provider
It needs a better name and better marketing; the planning for housing system of which it is part is seen as being 'shrouded in mystery'	2	Other (economist) Housing professional / provider
It does not consider the influence of policy change	2	Other (economist)

Response	Number of responses	Type of organisation
While there is a clear scientific method for the calculation, there is no public information on the backlog and how it is calculated.	1	Government and statutory
It is not linked to the economy – the population figures are a given	1	Other (economist) Government and statutory
It gives a very prominent position to private new build which may not be appropriate in the NI context	1	Private sector and finance
It is too focused on social housing and private ownership and not the variations within and between these two blocks	1	Government and statutory
It does not model tenure on the basis of each tenure's demand profile	1	Other (economist)
It pays insufficient attention to the changing role of the private rented sector over the past five years	1	Housing professional / provider
It is based on the Census, so demographic data may be less reliable towards the end of each inter-Census decade	1	Government and statutory
It does not take account of migration, which may influence demand	1	Government and statutory
It does not tell you about the location or type of demand	1	Government and statutory
There is uncertainty about what constitutes 'new' or 'concealed' households	1	Private sector and finance
The model will now be predicated on a very small number of starts in the past five years and that may not be a good guide to the future	1	Private sector and finance

There were some interesting and well-informed comments in this section of the consultation. One participant said: "Like all models there are a number of things that are not considered in the Net Stock Model that would have a massive influence on the results – the economy, bank finance, consumer behaviour, tenure and demand - but that is only a partial weakness because you can't build a model of this kind bottom up".

Another participant said: "Its biggest challenge is that the final net number is totally dependent on the assumptions you make about private outputs, demolitions etc. If the development industry says it can only deliver X per annum, then the social sector is expected to pick up the rest. Can this drive the private sector? Whereas in the Holman



model, demand is derived in a similar way, less existing supply from all routes including social housing, leaving a residual figure that is distributed between tenures.”

A third participant, who was a critic of the model’s treatment of social housing as a residual, said that: “... if politicians can ignore the implications of demographic trends, then is there any point in producing it? The last report identified a trend towards smaller households and recommended building new and remodelling existing houses to meet these needs. Under Welfare Reform the shared room rent and the shared room subsidy will affect more than 6,000 households, and 32,500 households respectively. However, only 17.5% of the total social housing stock in N.I. has one or two bedrooms. Thus the Net Stock Model report in 2003/4 was not followed through in terms of policy and practice even though it predicted the number and the type of houses needed as a result of demographic change. So there is a question about its status in policy terms”.

One participant questioned the need for a ‘backlog’ calculation within the model: “It is not clear why research is commissioned, only for it to be disregarded when an apparently random backlog total is added to the independent methodology. If the methodology is sound, it should be accepted as is.”

### **Views on how the Housing Executive or a successor body should estimate housing need in future**

Participants were offered a number of options to consider as they addressed this question, although the options did not prevent them from suggesting alternatives. These were:

- Leave it to the market;
- Just use the common waiting list;
- Stick with the Net Stock Model;
- Use a better demographic model;
- Keep the existing method (i.e. a combination of NSM plus the bottom-up Housing Need Assessment); and
- Other.

None of the participants thought that estimating housing need was unnecessary on the basis that the market would provide what was needed. Nor did any of the participants think that information from the Common Waiting List was sufficient as a basis for estimating urgent housing need. Five people did not have a view at all.

Only one person (someone from the housing professional/provider sector) said that the NSM alone would give sufficient information on the basis of which to estimate overall housing need. The participant’s opinion was not backed by an explanation of this point of view.

One third of participants thought that a better demographic model was needed. Two of them thought that the NSM could be improved; the other seven thought that a completely new approach was needed. One response gave a detailed specification for how to do this.



“Refine the NSM to take account of potentially different economic trends, migration flows, birth rates – so that it gives analyses for different scenarios – presenting figures on a range. You would also need to formalise the process of Bottom Up analysis and bring the two together ... take account of a range of different demographic outcomes, add simple economic factors but don’t over complicate it ... Do a scenario analysis that presents a range ... I would suggest creating a Venn diagram, with the three overlapping circles representing the three main sectors, social housing, private rented and owner occupier ... Take the three sectors and analyse what drives them, how much they overlap, and in these overlaps ask, is there a distinct cohort that we could model for independently and what are the trends in each sector ... The area in the middle is the area that is most interesting to policy makers. I suggest an annual two-day workshop bringing together a collective of experts representing the different cohorts that debates the disparities between top down and bottom up approaches to see how it all fits together. Then debate the range of results with all interested parties around the table (not just NIHE) to drive discussions about policy and delivery.”

Well over one quarter of the participants from across the sectors thought that using the top-down NSM in combination with the bottom-up Housing Needs Assessment Formula as at present would provide a good basis for assessing need. Illustrating this, a member of NIHE’s planning team said: “A cross tenure overview is useful at regional level on an indicative basis. This should be complemented by a second, more specific and detailed method to direct investment at a sub-regional and local authority level. The Housing Needs Assessment offers this second system.”

However one participant was more critical: “There needs to be more transparency with relevant partners around what is deliverable and what is feasible. If the target is 1200 new homes each year, where will they be built? Where are they needed? Can they be built where they are needed or only elsewhere? The target needs to mesh with the geographic areas of choice of those in housing stress, and to factor in whether new build is possible in the areas with highest levels of need. NIHE will have to go out and consult on what their models are showing and whether what they show is realistic.”

This point was partly addressed by three participants who favoured what they referred to as a ‘hybrid’ approach. One participant said: “I like the triangulation of data and evidence between top down net stock type models and bottom up analysis. Models like the NSM are good for identifying the overall quantum, but are bad at distributing that spatially, or between different products and solutions which can all be informed by the right kind of bottom up approach. Demographic, plus income modelling for the middle plus spatial analysis would be my preference.”

## 5.7 Assessing particular types of housing need

In this final section of the interview process, participants were asked three questions about the best approach to forecasting need in different parts of the housing market.

### 5.7.1 The role of the private house building sector

This line of enquiry incorporated two questions for discussion about the role of the private house-building industry as follows: “The Net Stock Model assumes that the private sector will build as much as it can viably build, with the social sector meeting other demand. In other words it treats demand for social housing as a residual. Do you think this is appropriate at a time when, for a variety of reasons, the private sector is building well below what is required? Is this just a timing issue associated with the recession? Or do you think there may be longer term issues about the ability of the private sector to deliver?”

Opinion was divided on the question of whether there are issues about the ability of the private sector to deliver the housing required to meet demand generally, and to meet urgent housing need.

More than one half of all respondents, with a preponderance of people from the government and statutory sector, thought that it was appropriate to treat social housing as a residual in the NSM in spite of the depressed state of the construction industry. Many, but not all of this group, also said that they thought the issues were mainly due to timing following the recession. As one participant put it: “I think it is a timing issue. If there was sufficient finance and profit, developers would be building houses. But the effects of the recession are likely to continue for some time, so at what point it becomes a structural issue is a judgement call.” With one exception, the others said that they did not know whether the issues were due to timing or whether they were structural. “There is clearly a problem if the demand for social housing is increasing year on year but supply is not keeping up. I am not sure whether this is just timing. The recession has had a huge impact, but I am not sure what the figures looked like when the private sector was building at full stretch.”

The one exception thought that the issues were possibly due to a combination of timing and structural issues. “I think it is a timing issue. I cannot see why the market will not operate effectively once land and finance become available, so it is not just a structural issue. However, banks are implicated on both sides of that argument. Is the issue of the banks a structural problem? NAMA/Ulster Bank/Bank of Ireland won’t dispose of assets at current market prices and if they unload too quickly they will undermine the markets.”

Slightly fewer than half of all respondents from across the sectors said they thought it was not appropriate to treat social housing as a residual in the NSM for a number of different reasons. Most of this group thought that there were long term structural issues about the ability of the private sector to deliver what is needed to meet housing need. None of them thought that current difficulties were just a timing issue, although one participant thought they arose through a combination of timing and structural issues.

Among the issues raised by participants were the following:

- **A dysfunctional banking system:** “It is only appropriate where you have a functioning banking system, but the banking system is dysfunctional at present. There is market failure ... It is a cultural issue within the banking sector not the private construction sector.”

- **Demand for social housing outstripping supply is a long term issue:** “This is a longer term, structural issue. There is no end in sight for the undersupply problem. From a policy perspective, NIHE should have a closer eye on supply and demand across all tenures. There needs to be some public sector co-ordinated view about the housing market and its sub-sectors. This may be a cause of the lack of a strategic vision and absence of a real housing strategy in NI.”
- **Profitability and the construction sector:** “The economics of it seem to be leading the whole thing ... If there is no confidence in the private sector then they will not build to meet requirements. This throws the emphasis back on the private rented sector. There is an aspect of it being a strategy adopted by builders and investors because lack of supply increases prices and hence profitability. If the private sector builds too much to meet demand, then that is not profitable. If the private sector can’t make a profit it will not build.”
- **The role of government:** “I assume that there is a longer term concern about the private sector’s ability to deliver. To just take current private sector performance and current future plans at face value, however, probably underestimates the influence that government can have on the creation of markets. Government can send signals, and create an environment that influences what builders actually do.”
- **The perceived role of social housing:** “At the moment there is a timing issue, but underlying that is a structural issue. There seems to be a need to create in peoples’ minds the idea that to own your own property is an advantage, but in Northern Ireland terms that is not something we have fallen in love with. The Housing Council looks to Germany where renting is the norm, and that psyche is prevalent in Northern Ireland – to rent is good; to buy is bad.”
- **Blurring of the boundaries between private and social renting:** “It is probably not appropriate that the NSM treats social housing as a residual in any way ... There has been a move towards private rented accommodation. Some Housing Executive estates are stigmatised; on others there are people who have bought. Therefore there is a very strange relationship between the ownership, private renting and social housing following Right to Buy. So we need to have a more intelligent way of doing social housing and for it not to be stigmatised, ending with sink estates. We seem to be moving from a culture where the aim was to buy a home to one where that is not possible and where renting is in demand. But people are choosy about where they want to live. The housing market is evolving – this is not just about culture and politics.”

### 5.7.2 Forecasting demand for affordable housing in NI, particularly co-ownership housing

Participants were asked to say what they thought would be the best method for forecasting demand for affordable housing<sup>9</sup>, particularly co-ownership housing, and whether they thought that the approach currently adopted by NIHE’s planning team through use of the Housing Needs Assessment Formula was appropriate.

<sup>9</sup> Some participants said that terminology such as ‘affordable housing’, ‘intermediate housing’, and ‘co-ownership housing’ are being used inter-changeably, and that definitions vary. It was thought that an agreed terminology is needed.

There was considerable difficulty for most respondents in addressing this question. This was partly because very few of them knew anything about the Housing Needs Assessment Formula. In addition, half of all participants did not know what the best approach to assessing demand for affordable housing would be; and even among some of those who did comment on the approach, much of what was said was a comment on the housing market rather than advice on an approach to forecasting.

Nevertheless, there was a small number of interesting responses. One participant thought that modifications to the NSM would be useful in this context: “The NSM forms a basis for doing that ... A refinement would be to understand issues around affordability and income, or aspiration, barriers to entry into different parts of the market. That can also be done at the bottom up level. If NIHE had a housing options service that collected data, and similarly if information on waiting list application and homelessness application forms could be used” (in aggregate to provide time-series data) “information would be collected about what options people might be interested in if they were given the opportunity.”

Two other participants suggested approaches that would be fruitful:

“We need to look at the demographics, job market, skills of graduates and school leavers and income potential. Belfast is good at building an IT industry. This attracts young people who may not want to buy but prefer to rent. We need a combination of private renting plus social housing. The NSM needs to reflect some of this. Local government will need to develop demographic modelling and other statistics that may in future help to make NSM more reflective of diverse needs.”

“You need to understand the evidence about income distribution for this group, and the distribution of savings and assets. People who are cash rich/savings poor will struggle to access shared ownership but might be able to access market rent; other people might have assets but no income or savings – co-ownership solutions would work for them provided they can satisfy the maintenance funding requirements.”

One participant advocated research to underpin the methodologies employed in the Housing Needs Assessment Formula: “We need more research focusing on who affordable housing is targeted at, why it is targeted at them, what housing they need and what they are getting (e.g. whether co-ownership tenants are stair casing out effectively). Different tenure types serve different life stages and different interests. It is not clear whether NIHE is looking at these issues, particularly in its market analyses. Again, transparency is needed to ensure that all relevant stakeholders can have confidence in ... NIHE’s strategic housing policies.”

### 5.7.3 Forecasting demand for supported housing in NI

As a final question participants in the consultation were asked if they had views on how the demand for supported housing could be forecast. Slightly more than half of the respondents did not know how this could or should be done.

Among those who commented, some were critical of what was seen as a lack of collaboration over high-level planning to meet the housing needs of vulnerable people between the health and social care sector and the Housing Executive.

A number of respondents suggested that the approach would need to combine Census and other demographic data with data held by the health and social care trusts. Using these sources of information in combination, it was suggested that the prevalence of certain conditions over time (e.g. dementia in older people; the rates of physical, sensory and learning disabilities among the general population; the prevalence of certain kinds of mental health conditions; numbers involved in serious drug and alcohol abuse; the numbers of young people leaving care; the numbers and types of vulnerable homeless people; and so on) could be calculated for Northern Ireland as a whole and for sub-regions.

However, it was also noted that, whilst the health and social care sector does undertake forecasting of this kind, it is based on current casework data which give a snapshot at a moment in time rather than longer term trend analysis. Housing professionals and providers said that they had experience of using these data in the past but that the forecasts had not been a reliable guide to the take-up of the services that they had then developed. In other words, there was a disjuncture between the forecast of need, and the actual behaviour of people with a need who might find different ways of satisfying it.

Two responses to this question provided a strategic over-view of some of the issues involved:

“This is now becoming important. The quantum of those in need of supported housing is big enough to do bottom up modelling. A holistic approach is needed, and we also need to know who is in those categories. This might be an area in its own right ... You would need to look at who is in these categories and ask questions: for example, vulnerable older people are X% of total older people and evaluate the impact of (a) health statistics and (b) market/finance statistics on their options. How many of these people then needing e.g. extra care housing will (a) find their own solutions with their family or in the private sector, and (b) how many will need support from social services or Supporting People.”

“You can begin to do it by developing something that looks like a residual model, but the inputs are different and more ‘finger in the air’. On the demand side, you have to rely on a combination of different types of past evidence (waiting lists by category, historic patterns of met demand through housing, prevalence rates across the population – broadly health indicators, disability, MH, drug and alcohol, LD, elderly etc. – that would be expected for a population of this size. Then net off existing supply by tenure and by category, and take into account turnover. The other difficult judgement is the need to take a view about the flexibility within the existing stock. Older people with lower needs, people with low to moderate learning disabilities and mental health issues probably don’t make very specific demands on the nature of the accommodation. Most expenditure on adaptations is for a particular person - so just accept that adaptations will have to be redone to meet the specific needs of individuals. The difficult part is looking at the needs of people with severe difficulties – heavy alcohol and drug abuse, learning disabilities, mental health issues etc. which you can’t trade between. The key point is that some categories of client will require very specific building design and others will not.”

## 5.8 Conclusions

This section draws conclusions about the results of the expert consultations, and makes a number of broad comparisons between this research and the conclusions of the previous research published in 2004.

### 5.8.1 Perspectives in the local housing market

Participants in the current research generally had a good understanding of developments in the Northern Ireland Housing Market in the past three years. They noted, however, that the trends they had identified had their origins in the housing boom that dated from 2004 to 2008, and that the recession had started as early as 2008. Therefore the three year period under review had been part of a ten year cycle of rapid increase in levels of private house building and house price inflation, followed by a rapid deceleration in rates of construction and the collapse of house prices to well below 2008 levels.

The current 2014 cohort of research participants also noted that the picture given in the earlier research of a healthy housing market with new private house building at a very high level was a snapshot taken just as the housing boom was getting under way. Respondents said they thought this was also a reflection of the general feelings of optimism following the Good Friday Agreement and devolution of powers to the Northern Ireland Assembly, although that is not the conclusion that the 2004 research draws.

There were mixed views in 2014 about whether the earlier optimism had been entirely justified. A number of participants said they thought that housing had not been given the priority it deserved by the Assembly, and that frequent changes of ministerial oversight that resulted in changes of policy for housing were not helpful.

Looking at the different drivers of the housing market, there was agreement among participants in the current consultation that underlying demand for housing was strong even though the recession had repressed some of this demand; and that repressed demand had probably resulted in a transfer of some households who would otherwise have been active in the owner-occupied sector into the private rented sector, and in an increase in the number of hidden households. Again this was different from the conclusion drawn in the 2004 consultation which suggested that demand was so strong that it could result in problems satisfying it.

In 2004, there was agreement among those that took part in the expert consultation that demand for housing was the outcome of many interacting factors rather than being the result of a single over-riding factor. The opposite conclusion can be drawn from the 2014 consultation. There was almost universal agreement amongst participants that the economy was by far the most significant factor affecting both supply and demand. Economic issues had not only had an adverse effect on the construction industry, the banking sector and on individual and corporate residential property owners, but also on industry and commerce, employment, incomes and public expenditure. There were suggestions from some participants that fear had become a potent influence on the housing market over and above the real consequences of the recession.



Political factors were not seen as being of any great importance in stimulating the housing market by the majority of participants in 2014. Indeed, the implication of some comments was that the political process in Northern Ireland had not engaged with the recession generally or with the effects of the recession on the housing market in the same way as had happened in England.

In 2004, participants in the consultation thought that house prices would increase in line with or faster than inflation. The picture in 2014 is far less clear. There was a diversity of views about house prices that depended on the respondent's views about what was likely to happen in the wider economy. There was a suggestion by some participants that there was five years of pent up demand for owner occupation, and that if the supply of new homes did not increase fast enough then prices would increase in line with or faster than inflation. However, offsetting this view, a number of other factors were identified that would tend to depress the rate of house price growth. Income growth would be a major determinant of what happened in the housing market, and a number of participants noted that Northern Ireland's economy was heavily dependent on public sector employment. It was noted that the impact of the Coalition Government's cuts in public expenditure, which were leading to public service job losses in England, had not yet been felt in Northern Ireland.

There was also a view that the housing market was becoming more diverse, both in terms of the creation of different sub-markets within the private rented sector which might be seen to reflect the sub-markets in the owner-occupied sector, and in terms of geographical differentiation.

A number of causes were identified for diversification into different sub-markets: people entering private renting who might in other circumstances be active participants in the owner-occupied sector; young people entering the private rented sector as a choice in or near town centres for life-style reasons; people entering private renting who were unable to access social housing due to significant problems of under-supply; and more hidden households living in shared accommodation across the owner-occupied, private and social rented sectors.

So far as geographical differentiation is concerned, it was generally thought that prospects for the housing market – both the development of new housing, and an increase in the level of sales and hence property prices – were different in Greater Belfast than they were in other parts of Northern Ireland, because employment prospects were better there. Participants were therefore generally optimistic that the housing market would revive in Greater Belfast, and were generally pessimistic about housing market recovery in other parts of Northern Ireland.

### **5.8.2 The Housing Executive and housing needs assessment**

All participants in 2014 understood that the Housing Executive plays a strategic role in the Northern Ireland housing system. As in 2004, people working in the government and statutory sector and as housing professionals and providers had a better understanding than people involved in the finance and construction industry. There were references to the Housing Executive's role in carrying out research, and the assessment of social housing need for which the Net Stock Model was seen as playing a significant role.



However, only those most closely associated with the Housing Executive's research and strategy functions had a clear understanding of how the Net Stock Model works, and how it relates to the Housing Needs Assessment process and housing market analysis more generally. This lack of knowledge among other participants led to some mistaken comments about, for example, the NSM's role in setting targets, determining local planning priorities or influencing political decisions.

Lack of knowledge about the NSM and planning for housing was acknowledged by many participants, and was widely seen as a major impediment to inter-departmental and cross-sector engagement in planning for housing. There was a widespread view that a number of steps were necessary to:

- provide information on a cross-sector basis about the Housing Executive's role in the planning for housing process, and how it discharges this role alongside the responsibilities for aspects of planning for housing carried out within DSD, DoE and DRD;
- open up the planning for housing process to participation by other stakeholders.

Those participants in the 2014 research who did understand at least the principles of how the Net Stock Model works and how it interfaces with the wider planning for housing system made a number of critical comments about what it aims to do, and how it achieves its results. The most consistent comment was referred to the growing spatial and sub-market differentiation within Northern Ireland's housing market.

Some participants thought that the Net Stock Model itself should seek to incorporate an assessment of supply and demand across the owner-occupied, private and social rented sectors<sup>10</sup>, rather than focussing on the supply of new private housing relative to the number of households as a basis for determining a residual demand for social housing. There were several justifications for this approach. It was said that while this might have been an adequate depiction of housing need ten or twenty years ago, it was not thought to be a fair reflection of how the market was operating in 2014. There was also some opposition to the conceptualisation of social housing as a 'residual' category in the NSM. Given the wide disparity between supply and demand for social housing there was a view that the role of the private rented sector in meeting both moderate and some urgent housing need should be reflected in the model.

However, a note of caution about this approach was expressed by non-governmental policy practitioners on the basis that much of the information that would be required to construct such a revised NSM was only obtainable on a bottom-up locality or sub-sector basis. It was noted that the more detailed demographic and forecasting models become, the more cumbersome they are to build and the more open to question their results may be.

It was also noted that experience in England, where attempts had been made to match local authority-level housing needs assessments with sub-regional or regional housing market analysis had not been successful. In almost every case, it was said, the aggregation of bottom-up assessments had led to a vastly greater calculation of the level of shortfall in both

<sup>10</sup> Alan Holman's work was referred to in several cases.

general and social housing supply than the housing market assessments had found. The global aggregation of local authority social housing needs forecasts therefore produced results that were unrealistic.

The alternative, it was suggested, was to make relatively minor adjustments to the NSM to incorporate some cross-tenure analysis and some spatial disaggregation which would not compromise what were seen as its current advantages. In parallel, a number of new studies might be undertaken to provide information about the economic and behavioural drivers of decisions about the type and location of housing: economic growth and change in the job market, the relationship between household type and household income, housing aspirations etc. in different parts of Northern Ireland. Two valuable contributions to this discussion are highlighted in the section on forecasting demand.

One final point was made concerning the apparent contradiction between the ‘scientific’ methodology adopted for the NSM, which it was generally thought the best approach for top-down analysis, and the use of a ‘backlog’ to fine tune the figures produced by the model. It was noted that the backlog figure was a judgement call by planners within NIHE that had no scientific basis. The participant who pointed out this anomaly commented that if the NSM methodology was sound, the figures it produces should be accepted as they are. If it was felt that these figures were not sufficiently reliable, then a completely different methodology should be adopted.

The consultation then addressed three questions that were not included in the 2004 research.

First, discussion turned to the question of whether it is appropriate to base so much of the planning for housing process around the ability and indeed willingness of the private construction sector to meet all types of housing need. Most responses depended on the participant’s view on the question of whether the lack of supply at the moment is a timing issue reflecting the current stage in the economic cycle, or whether it is a reflection of one or more structural issues within the economy generally and the housing market in particular. Opinion was fairly evenly divided between those who thought that it was appropriate to base the planning for housing system around private construction provided that the current supply problems were a timing issue that would in due course right itself; and those who thought that there were underlying structural issues affecting the banking system, the construction industry and Northern Ireland government policy that needed to be addressed.

On the question of how the need for intermediate tenures should be addressed in forecasting methodology, there was a widespread view that some method was needed, either as part of the Net Stock Model, or as a freestanding methodology. But there was very little advice about how this could be done other than the contributions from a small number of policy analysts.

## 6 Development of Census-based Model of Demand/Need for NI 2011-21

### 6.1 Introduction

This section considers the development of the census-based model of demand/need for Northern Ireland between 2011 and 2021 with a focus on issues listed in the project brief in relation to factors affecting housing demand and need:

- Policies affecting the aspirations and expectations of different age cohorts and social groups, including changes in health service delivery and the provision of supported housing: especially relevant to older persons;
- Welfare reform: especially relevant to tenants of social housing and private landlords;
- Education funding: impacts of higher real costs of tertiary education on numbers of students leaving family homes to undertake university study;
- Policies affecting HMOs and other minority forms of accommodation; and
- Changing housing market conditions and household formation: assess evidence relating to any tendency for adult children to stay longer within family homes.

Our considered view is that it is impossible to assess the impacts of policy reforms in most of these areas because they are currently under review and have not yet been implemented. There may be changes in the aims, content and effects of policies by 2021. The Northern Ireland Executive has been divided over the issue of welfare reform. Sinn Féin has refused to agree to implement the same reforms in Northern Ireland as in England and Wales and the Westminster government is imposing significant fines on the Northern Ireland budget at the present time

Unforeseen events also may affect housing demand and need, so an attempt to specify how policies [will](#) play out to 2021 would be speculative at best. In all of these policy areas, however, there is some evidence relating to possible impacts of changing policies and market processes and how they [may](#) affect housing needs and demand. The evidence and possible direction of the impacts are reviewed in the following parts of this section.

### 6.2 Policies affecting aspirations and expectations of age cohorts and social groups

#### 6.2.1 The housing needs of older people

Policies affecting the aspirations and expectations of age cohorts and social groups include possible changes in health service delivery and housing-related support. These are especially relevant to older persons as reforms to housing and care provision, following the Compton Report, are currently working through the policy system. Policies also affect other client groups, including homeless persons and persons with disabilities.

The Department of Health, Social Services and Public Safety website advises that the reform of adult care and support is ongoing. The 'direction of travel' is clearly established, however, towards a focus on the provision of individual care and maintaining older adults

and disabled people in their homes as far as possible. Possible uncertainties here relate to the timing of reform implementation and whether the level of funding is sufficient to maintain independent living for all who desire this. There have also been changes in the nature of provision and use of sheltered accommodation, with relatively few additional units created after 2001.

Most recently, the First Minister and Deputy First Minister launched a consultation document on the Active Ageing Strategy, with its vision for Northern Ireland as ‘an age friendly region in which people, as they get older, are valued and supported to live actively to their fullest potential; with their rights and dignity protected’. This included a strong emphasis on promoting independent living and hence supporting ageing in place.

These issues were explored in Issue 14 of the Housing Research Bulletin (Autumn 2012) with a review of research on sheltered housing and the Housing Executive’s program of research on the housing needs and aspirations of older adults. This included an analysis of the future need and demand for appropriate models of accommodation and associated services for older people (Paris, 2010, 2012). The issues were further developed in the Housing Related Support Strategy 2012-15.

Overall, key issues relating to households and housing are as follows:

- The next generation of older home owners has experienced different housing careers than most current older adults, with a much higher proportion of people reaching retirement age being home owners;
- There is not likely to be any significant increase in demand for specialised social housing under current policy and demographic settings but there is likely to be growing demand for specialised private provision, both in the form of retirement villages and other housing and care options;
- There have been numerous changes in the situation regarding sheltered housing provision, with little additional development between 2001 and 2011 and a changing mix of tenant ages and personal circumstances, especially since the introduction of the Common Selection Scheme; and
- Due to the projected increase in older people, it is anticipated that there will be a growing need for an efficient Home Improvement Agency.

Taken together, these developments imply the likelihood that a larger proportion of older persons, which will be a growing group overall, may remain within private households rather than entering residential care or other forms of communal establishments. Thus pensioners could comprise a growing number, if not an increasing proportion, of single person households.

This analysis, however, differs from the NISRA 2008-based household projections which include an assumption of continued growth in the number of people resident in communal establishments. The review of demographic trends between 2001 and 2011 in Section 2 showed changes in the number of residents of communal establishments, with fewer living in public sector medical and care establishments but more in non-HSCT medical and care establishments.

Such changes are sensitive to changes in policy and implementation, as well as local political priorities, so it is impossible to develop an objective measure of what is **likely** to happen in this area. For example, the shift of focus from care in hospitals and residential establishments to care in the home implies the closure of at least two or three regional hospitals: this could be controversial and may be opposed by local representatives and others, resulting in delays in policy implementation.

### **6.2.2 Welfare Reform**

The likely impacts of welfare reform are extremely difficult to assess at present, as it is not known what reforms will actually be implemented. If the same reforms that have been introduced in Great Britain are implemented in Northern Ireland, then their main housing and demographic effects are likely to relate especially to tenants of social housing and private landlords. The nidirect website in July 2014 reviewed 'potential changes' to housing benefit, which 'may' apply in Northern Ireland. It is impossible for this report to anticipate what welfare reforms will be introduced and/or when they will be introduced, let alone what effects they 'might' have.

Overall, though, commentators tend to agree that reforms to housing benefit, especially regarding 'under occupation' would be likely at the margin to reduce the tendency for additional households to form and could influence some 'blending' of currently-separate households. The net effect, under these circumstances, could be to reduce the number and/or proportion of single person households and/or lone parent households, especially if reduced benefit levels make it more attractive for single adults and lone parents to share accommodation.

Any further elaboration of this point, however, would be mere speculation. What this issue does raise, however, is the need to consider carefully what types of additional social housing provision might be appropriate to develop, how the existing stock could be remodelled to provide a better fit between household size and dwelling size and how remodelling could be funded.

### **6.2.3 Education funding**

Changes in education funding, resulting in higher real costs of tertiary education, may affect individual decisions by students regarding leaving family homes to undertake university study. The accumulation of student debt, as well, may make it more likely that adult children will remain with their parents longer, rather than forming separate households after graduation. In the absence of meaningful data on this topic, however, any further consideration would be little more than speculation.

### **6.2.4 Policies affecting HMOs and other minority forms of accommodation**

Policies affecting HMOs and other minority forms of accommodation are especially relevant to younger persons in shared accommodation, including students. Responsibility for the regulation of HMOs is passing to the new councils but the broad policy parameters appear to be likely to continue. The Housing Executive website states that higher safety standards are necessary in HMOs than in houses that are occupied by families of the same number of

people, because people in HMOs often lock their doors thus there is an increased fire risk. The extent to which HMO regulations are implemented in practice will affect the likely impacts of any reforms; the slow rate of registration up 2012 and the limited effects of deterrence may mean that changes will have little [actual](#) impact.

### 6.3 Changing housing market conditions and household formation

Changing housing market conditions do appear to have affected household formation, especially regarding the tendency for adult children to stay longer within the family home, as discussed in Section 3. The growth of the private rental sector, and falling overall rate of home ownership, imply longer-term developments in tenure, albeit not necessarily directly in relation to household formation.

The May 2014 edition of the [Northern Ireland Quarterly House Price Index](#) reported an increase in the volume of mortgage lending as well as an increase in the number of first time home buyers. If this trend should continue, then it could imply growing capacity for additional household formation. By way of contrast, however, the strong growth of the private rental sector over recent years, together with increased postgraduate debt, imply reduced savings capacity and a tendency [against](#) additional household formation. The combined effects of these developments cannot possibly be assessed in advance. They would need to be measured and monitored over a number of years before any meaningful evaluation of their impacts could be carried out.

In the meantime, though, such considerations focus attention on the capacity of the existing stock to house more people rather than population increases being automatically associated with a need for additional stock. The remodelling of existing stock into different numbers/sizes of dwelling units and changing allocations happen ‘naturally’ in the owner occupied and private rental sectors. It appears to be much harder to do in social housing, but may be pushed along by welfare reform and continuing housing market uncertainty.

### 6.4 Conclusions

There is a very high degree of uncertainty about a range of policy changes and housing market trends. It would be little more than speculation to assess the demographic impacts of most of these issues. Overall, though, the strongest likelihood is a continued fall in the rate of decline in average household size, with a possible [reverse](#) of that long term trend not entirely out of the question.

Uncertainties over the content, timing, implementation and demographic effects of these policy and market changes mean that there is no objective basis for any substantial change to the method of assessing social housing need that has been used with relative success in Northern Ireland over the last 20 years: the Net Stock Model. This is elaborated for the period 2011-2021 in the next section.



## 7 Annual Estimate of Total New Build Requirements for NI

### 7.1 Introduction

This Section comprises an updated and revised version of the net stock model for estimating housing need in Northern Ireland for the period 2011-2021. It follows the same logic as earlier reports, using the latest NISRA household projections. These, however, should be modified in the light of the 2011 census which shows around 12,000 fewer households in 2011 than the number projected in the 2008-based projections. This revision of the net stock model incorporates updated housing starts and other data. The combined effect of new data and the continued recession in the local housing market has generated a different 'bottom line' figure, due in part to the very low levels of new house building.

It is emphasised that this is [not](#) a prescriptive model, but it provides a simple approach to measuring the interactions between elements in housing need and provision. Like all such models, it is sensitive to assumptions, especially household projections and future private housing construction. All population and household estimates are rounded to the nearest 1,000 owing to the imprecise nature of household projections.

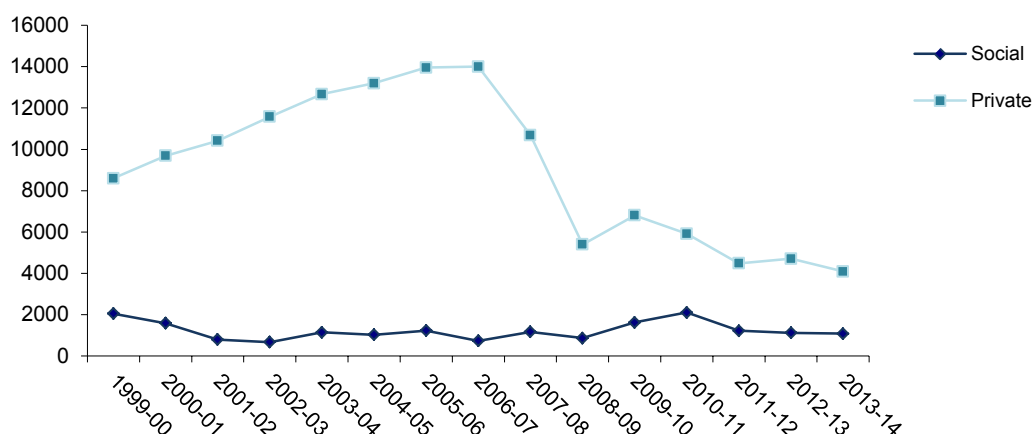
There have been major changes in housing in Northern Ireland during the last few years, reported in the Housing Executive's [Annual Housing Market Review](#) and the University of Ulster [Northern Ireland Quarterly House Price Index](#). Changes in the level of new housing construction since the early 2000s are illustrated in Figure 7.1. The volume of new private starts grew steadily from 1999-2000 to peak at 14,000 in 2006-7. Social housing starts fluctuated between 800 and 1,200 a year in the early 2000s, reaching a low of 730 in 2006-7.

There were numerous housing market changes after the peak of the housing boom in mid-2007. New private starts fell dramatically to fewer than 5,500 in 2008-09, recovered slightly in 2009-10 to 6,800, fell sharply for two years to a low of 4,480 in 2011-12 and recovered slightly to 4,700 in 2012-13, but fell in 2013-14 to a new low of 4,100.

The number of new social dwellings started averaged 1,000 in 2008-09 and 2009-10, rose to a high of 2,100 in 2010-11 but fell back to 1,220 in 2011-12 and around 1,100 in 2012-13 and 2013-14. The social housing share of starts has increased from just seven percent in the peak of the boom to around 21% in the last four years up to and including 2013-14.



Figure 7.1: Housing starts in Northern Ireland 1999-00 to 2013-14



The total number of starts in all sectors fell from 14,700 in 2006-07 to 6,360 in 2008-09; increased slightly to average 8,200 in 2009-10 and 2011-12, but fell again in 2011-12 to just 5,700 and only increasing by 100 to 5,830 in 2012-13. The total 2013-14 starts, around 5,200, was the lowest this century.

House prices in Northern Ireland had risen rapidly from 2003 to 2007 but fell rapidly to 2009. There was a partial recovery in 2009 and 2010, before strong overall falls again to 2013. The most recent [Northern Ireland Quarterly House Price Index](#), Q1 2014, indicates a slight increase in house prices led by Belfast, though the picture is highly varied across Northern Ireland. The volume of house sales fell sharply and remained very low in 2012, but was at its highest in six years during Q1 2014. The overall housing market remains subdued and there is no strong evidence yet of any widespread recovery.

These changes have had a major effect on the outcome of the Net Stock Model over the last few years. The model uses a 10-year rolling average of housing starts, so the downward trend in new construction means that years of larger numbers of starts in the early 2000s have been replaced by much lower levels of activity, and the 10-year average has fallen significantly.

These changes do not affect the fundamental workings of this model as new data reflect changing realities. The model continues to operate over a 10-year period so the effects of any one year, even when fluctuations may seem large, are moderated by the rest of the time period. The cumulative effect of the latest set of changes in the variables is a net annual projected additional social housing requirement for 2011 to 2021 of 1,500.

### 7.1.1 Modified net stock model for the period 2011 to 21

Table 7.1 (below) sets out the net stock model for the period 2011 to 2021, using the same logic as previous applications, including the assumptions discussed below.

1. Estimated extra demand is based on the projected number of new households plus concealed households and those in temporary accommodation. The estimate of extra private supply is derived from estimates of new private output less anticipated losses to the stock, minus anticipated use of some new housing as second homes and vacancy within the new stock;
2. The number of estimated additional households is based on the 2008-based NISRA household projections, which remain the only official household projections for Northern Ireland. It is noted, however, that the 2011 census showed around 12,000 fewer households than the 2008-based projection for 2011 and the review of demographic trends in Section two raised a number of issues which require attention in a review of household projection. We use the 2008-based projections here for consistency between model iterations over time; on that basis, the number of households in Northern Ireland is projected to increase by 79,200 between 2011 and 2021;
3. The estimated number of concealed households is on the same basis as previous applications of the model: 0.65% of all households, using the 2011 census count of households, modified upwards to take account of expert opinion regarding concealed single person households in urgent housing need (Paris et al, 2004). This generates an initial figure of 4,571 for the period 2011 and 2021. Very strong growth in social housing waiting lists over the last 10 years, as well as homeless applications and acceptances, suggests that this is an underestimate, so our best estimate remains at least 5,000;
4. The estimate of households in temporary accommodation, as in previous applications of the model, is based on Housing Executive records and has reduced a little since the last iteration of the model; the total is currently around 1,550 with an increased average length of stay of 320 days, generating a rounded total of 1,400;
5. Our 'best estimate' of private output is based on the view that private starts data are more reliable than completions data. This measure now uses an average over the previous ten years (2004-05 to 2013-14) projected forward to 2021. This produces an additional private sector output of 83,300. This figure is likely to change over the next few years because the high levels of output between 2004 and 2007 are unlikely to be repeated during the period 2011 to 2021 so a moving average will fall quite sharply as the high levels from earlier years are replaced by much lower numbers from more recent years;
6. Our estimate of an average annual loss of 300 dwellings by demolitions, conversions and closures is much lower than earlier estimates to reflect the more subdued housing market;
7. We continue to assume that the proportion of net additional private supply used as second homes stands at 5%, as in recent iterations of the model. The continuing housing market recession means that future developments in this area remain hard to predict but there are no reasons at present to modify this assumption. This assumption generates a deduction of 4,100 from the available extra supply total;

8. The 5% vacancy reserve assumption in new private housing in Table 1 has been retained from the 2013 review of the model; that had been reduced from the three previous iterations of the model due to fewer new apartments being constructed. This assumption also generates a deduction of 4,100 from the available extra supply total; and
9. The difference between net extra demand of 85,600 and net extra private housing supply of 72,100 leaves a deficit of 13,500 that forms the first element of social housing need. Applying an assumed vacancy rate of 2% to the new stock results in a total requirement of 15,000 or about 1,500 a year.

Previous reports have discussed ‘backlog’, ‘mismatch’ and other concerns (see Paris et al, 2004). The net stock model partly addresses backlog through assessing the numbers of concealed households and households in temporary accommodation.

The estimate of social housing deficit in Table 1, therefore, is consistent with previous use of the model. However given Government commitment to Bamford – with the resultant ongoing reduction in the proportion of the population living in communal establishments – the model includes an additional 1,000 for these households as well as the issue of geographical mismatch between supply and demand.

Between 2001 and 2011 social housing output overall remained significantly below the level indicated in previous iterations of this model. This 2011-21 version of the model views this as historic – and incorporated in the waiting list for social housing as at March 2011.

In the three years 2011/12, 2012/13 and 2013/14 social housing output has been broadly in line with the underlying need figures produced by the model. The Housing Executive considers it ‘appropriate to have an annual target of 2,000 new social dwellings for the next 5 year period’<sup>11</sup> in order to address high levels of urgent need and the expected low level of new dwellings beings constructed for the private sector.

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<sup>11</sup> Housing Market Review and Perspectives 2014-17, NIHE, p.32

Table 7.1 (below) sets out the net stock model for the period 2011 to 2021, using the same logic as previous applications, including the assumptions discussed below.

Table 7.1: Modified net stock approach for Northern Ireland, 2011-2021<sup>1</sup>

	Projected households (000)
Extra demand 2011-2021	
New households <sup>2</sup>	79.2
Concealed households <sup>3</sup>	5.0
Temporary accommodation <sup>4</sup>	1.4
Total extra demand	85.6
Extra supply	2011-2021
New private output <sup>5</sup>	83.3
Less net demolitions, conversions and closures <sup>6</sup>	(3.0)
Less 5% second homes <sup>7</sup>	(4.1)
Less 5% vacancy in new private housing <sup>8</sup>	(4.1)
Total extra supply	72.1
Social housing needed	
Deficit	13.5
Plus 2% vacancy in new social <sup>9</sup>	0.3
Total needed	13.8
Total rounded & allowance for other factors <sup>10</sup>	15.0
Total per annum	1.5
Notes:	
1. Developed from Paris et al (2004).	
2. NISRA 2008-based household projections - adjusted for 2011 Census figures.	
3. As in Paris et al (2004, p.55).	
4. NIHE data-based estimate at March 2014.	
5. Estimate based on private sector house starts during the ten years 2004/5 to 2013/14.	
6. NIHE data-based estimate at June 2014.	
7. Estimate based on the 2006 House Condition Survey and Paris (2008).	
8. NIHE data-based estimate at June 2014.	
9. NIHE data-based estimate at June 2014.	
10. Partial contribution towards 'mismatch' and Bamford	

## 7.2 Conclusions

The operation of the net stock model for the period 2011-21, using the latest household projections and construction data, is as consistent as possible with previous applications of the model. Some revisions have been made to component assumptions as new data have emerged, but the logic remains constant. On that basis, the present application of the net stock model generates a net new social housing requirement of 15,000 between 2011 and 2021 and an average annual construction programme of 1,500, including an element reflecting the Bamford reforms.

As there are many interacting factors in the model, it should be monitored regularly regarding input assumptions and the actual outputs, including both private and social housing.

The need for additional social housing will increase if private sector output continues to fall as it has during the last few years because the high levels of output up to 2007 are unlikely to be repeated by 2021.

The Housing Executive considers it 'appropriate to have an annual target of 2,000 new social dwellings for the next 5 year period' in order to address high levels of urgent need and the expected low level of new dwellings being constructed for the private sector.

Continued reliance on 2008-based household projections is increasingly unsatisfactory, and the projected rate of household growth may need to be revised downwards to reflect changing demographic circumstances and trends since 2007. In that case, then the anticipated need for social housing output could also fall. New 2012-based household projections will be available in Spring 2015 and the model should be re-calibrated accordingly.

The overall situation remains one of considerable change with higher uncertainty about future housing market and demographic trends.

## 8 Assessment of Potential for Regional Disaggregation

### 8.1 Introduction

This matter was considered in 2004 when the research team took the view that it was not feasible to produce population and household estimates below the scale of Northern Ireland as a whole. This is for two reasons. Firstly, the total population of Northern Ireland is too small for meaningful disaggregated analysis of the relationship between demographic change and housing requirements below the province-wide level. Secondly, it was argued that population and household change at the local level are not independent causative factors, but are influenced by policy. Decisions about the allocation of land for housing, in particular, will affect [where](#) new housing is developed and thus the regional distribution of households.

This was considered to be an example of the more general issue of inter-causality between demographic and non-demographic factors. Household formation is not an independent variable, but can be influenced by the availability of housing. The research team took the view that regional requirements are best determined using a 'bottom up' approach based on district or other aggregates of expressed housing need. Final estimates of housing need should thus combine a 'top down' approach based on demographic modelling to give overall aggregates and the bottom up allocation of the new social housing programme.

This view has been given added weight by the review of the demographic changes during the period 2001-11. The changing wider economic context and changing structure of the housing market can be seen as [causal](#) factors in relation to major demographic changes, especially the fluctuating pattern of migration and the slowing rate of new household formation.

Thus our view remains that no meaningful purpose could be achieved by attempting any regional disaggregation of demographic trends as a basis for needs-based housing market interventions.

## **9 The Need for Supported (Social) Housing in the Context of Demographic Change and Government Policy**

### **9.1 Introduction**

The project brief initially required a consideration of the need for supported (social) housing in the context of demographic change and government policy. This issue was reviewed with the Project Advisory Group and it was agreed that the research programme was most suited to consideration of the provision of additional social housing overall, but could not provide an estimate of the need for supported housing in the social housing sector.

The Supporting People Programme funds a range of housing-related support services for vulnerable people to improve their quality of life and attain independence. Such services can be provided in people's own homes, in hostels, sheltered housing or other specialised forms of accommodation. As such, there is no direct relationship between the overall need for additional social housing provision and the extent and variety of need for different types of supported housing provision. It is possible to have an increased need for social housing provision during a period of reduced need for Supported People assistance and vice versa.

The overall UK approach to Supporting People is tenure-neutral, with a focus on helping people regardless of tenure on the basis of their vulnerability and need. Supporting People in Northern Ireland has tended to be associated with social housing due to its administration by the Housing Executive. Some of the expert consultations reported in Section 5 suggested there was a need for better collaboration between the health and social care sector and the Housing Executive. Some respondents suggested that a form of bottom-up modelling of need and vulnerability may be possible, but that this would require new relationships between housing and social care.

It is clearly outside the scope of this study of demographic trends and housing need, however, to devise a new model for the relationship between social care and housing provision. The research team therefore took the view that the need for supported social housing requirements are best determined at present using a 'bottom up' approach based on district or other aggregates of expressed housing-related service needs.



## 10 Conclusions

### 10.1 Introduction

The key policy-related conclusion of this study is that there is a strong case for a continued level of new social housing construction, in the order of 1,500 additional dwellings per year between 2011 and 2021 to address ongoing need. However, the Housing Executive considers it 'appropriate to have an annual target of 2,000 new social dwellings for the next 5 year period' in order to address high levels of urgent need and the expected low level of new dwellings being constructed for the private sector. This conclusion is based on the analysis and findings presented in Sections 3 to 8 of this report, including continued growth overall in population and households and strong growth in applications for social housing.

Previous reports on demographic trends and housing need have emphasised the importance of recognising a high degree of inter-causality between socio-economic processes and housing market outcomes, on the one hand, and demographic trends on the other hand. This was one of the strongest conclusions from the literature review in Section 4 and was reinforced by the views of housing market experts during the consultations discussed in Section 5. This inter-causality is summarised in Section 3.1:

The changing economy, housing and labour markets all had implications for demographic processes, especially migration flows and household formation.

Wildly changing patterns of migration and numerous changes in trends between and within the period 2001 to 2011 in Northern Ireland mean that there is a [greater degree of uncertainty about future demographic trends](#) than was the case in our earlier reports.

### 10.2 A turbulent decade for the local housing system

There was unprecedented turbulence in the Northern Ireland housing system between 2001 and 2011, in ways that resembled the RoI more than the rest of the UK. The whole UK housing system was shocked by the Credit Crunch, as reviewed in Section 4, but the impacts were stronger in Northern Ireland than in all other regions.

There was an unprecedented house price boom from 2003 to 2007 as well as rapid increase in new private housing construction. From that high point, however, there was a dramatic fall in house building and house prices fell sharply;

There were significant changes in the system of housing tenures, with a continuing fall in the supply of social housing as house sales exceeded new building, especially up to 2006. The proportion of home owners fell slightly overall following a fall in the number of first home buyers though there was a small increase in the total number of home owners. The private rental sector grew dramatically, driven mainly by investors but also with some accidental landlords; and

Substantial uncertainties remain about the future of the local housing market, as revealed in the consultations reviewed in Section 5, though most commentators agree that economic factors were crucial drivers of the crash and that economic developments will be most crucial in determining any re-growth in the owner occupied sector.

### 10.3 A changing demographic environment

There was some continuity in demographic trends between 2001 and 2011 from the previous decade but there were also significant changes and discontinuities. In common with the changing housing system, these many variations, changes and discontinuities have resulted in a much greater degree of uncertainty about likely developments over the next decade.

The population grew more strongly overall than 1991-2001, largely due to the highest rate of natural increase in the UK, with an additional 125,000 persons. The increase in the number of households, however, was slower than during the previous 10 years: 12% compared to 18%. AHS continued to fall but was at a slower rate than 1991-2001; in 2011, however, it was still higher than the rest of the UK;

In contrast to the previous two decades with net migration losses, however, population growth 2001-11 was boosted by substantial net in-migration of 38,000 (largely from recently-joined EU countries). The changed pattern of migration had distinctive spatial components, helping to explain surges of demand and need in some locations, notably Dungannon. Since 2009, however, there has been a return to net out-migration;

The population continued to age overall with the number of children under 16 falling to 21% in 2011 compared to 28% in 1981 and over-65s increasing from 12% to 14.5% over the same period. The number of over-65s is projected to exceed the number of under-16s around the mid-2020s, despite recent changes in fertility patterns;

Marriage rates continued to fall, the average age at marriage continued to rise and the proportion of married couples with dependent children continued to fall (from 24% to 20% overall). There was continued increase in the incidence of births outside marriage, though the proportion was lower in Northern Ireland in 2011 (42%) than in the rest of the UK, especially Scotland (51%);

Growth in the proportion of single person households slowed 2001-11 but they were the biggest household type overall (28%). Growth in the proportion of lone parents with dependent children (9%) also was slower than in 1991-2001, but by 2011 they comprised 27% of all families with dependent children compared to just 15% in 1991;

The previous trend of falling fertility reversed from 2008 with the implication that natural increase will be sustained at least during the period 2011-21;

There was a reversal of the trend for adult children to leave the family home resulting in unanticipated growth in households comprising parents and non-dependent children, including married and cohabiting couples as well as lone parents. This occurred across the UK with Northern Ireland containing the largest share of this household type; and

There were significant sub-regional demographic variations between 2001 and 2011, as during previous decades, so there is a continuing need to combine any top-down analysis with a bottom-up perspective informed by local knowledge at the area level.

## 10.4 Models of housing need

Section 4 reviewed the literature in Great Britain relating to models of housing demand and need, including net stock models, as well as material relating to low cost home ownership. It also considered models developed in Great Britain for assessing the need for 'affordable' housing (private/social). This review clearly showed that there is no current national-accepted model that offers a more cost-effective way of assessing the need for additional social housing than the net stock model that has been used successfully in Northern Ireland over the last 20 years.

Despite some reservations and concerns expressed by some of the experts consulted in Section 5, none could specify a method that would be better than the net stock model. The model is simple, easy to understand, and requires virtually no additional data collection over and above data that are already collected by government agencies.

The consideration of policy developments in Section 6 showed that that it is only possible at this stage to indicate broad likelihood of changes in the effects of policies, many of which are still being developed or newly implemented. Some policy developments imply a likely tendency for a reduced rate of new household formation. Welfare reform, in particular, could encourage more young adults to remain living with their parents. It could also encourage some single adult and lone parent households to combine into co-habiting couples with dependent children rather than living separately.

It is concluded that the net stock model should continue to be the basis for assessing the need for supported (social) housing in Northern Ireland over the period 2011-21. Section 7 showed that the social housing programme to meet additional need should be in the order of 1,500 a year between 2011 and 2021, but notes that the Housing Executive considers it 'appropriate to have an annual target of 2,000 new social dwellings for the next 5 year period' in order to address high levels of urgent need and the expected low level of new dwellings beings constructed for the private sector. This level of additional provision is required on the basis of demographic trends and underlined by continued uncertainties in the private housing market.

The current iteration of the model has had to use 2008-based household projections. These may no longer reflect changing demographic and housing system circumstances over the last six years, so it is important to review the model's outcome once 2012-based household projections are available later this year.

It was concluded that there was no merit in attempting regional disaggregation of the net stock model, due both to the relatively small overall population of Northern Ireland and to the higher degree of uncertainty about future trends over the period 2011-21 than had previously been the case. It remains essential, however, to complement the 'top-down' perspective of the net stock model with 'bottom-up' assessment of the local need for additional social housing at the district level.

The review of demographic trends also noted changes in the demographic circumstances of social housing tenants. Social housing increasingly has become home to younger single person and lone parent families, with falling proportions of couples with dependent children and older people. These developments have implications for the kinds of social housing

provision that will be most appropriate in future, both regarding new construction and modification or revitalisation of the existing stock.

The review of demographic trends in Section 3 included an analysis of changing and emerging cohort effects in the housing system. This could not be taken further in this research project but should form the subject of a study in the near future as it has profound implications for changing patterns of demand and need. In particular, it appears that there will be substantially fewer people moving into older age as tenants of social housing agencies but more current older tenants leaving to other forms of accommodation, possibly with assistance, or at the end of their lives.

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## 12 Appendix 2: Interview and Focus Group Schedule

### Demographic Change and Future Housing Need in NI

Exploration of views on and attitudes to the use of Demographic Models via semi-structured interviews and focus groups

#### INTERVIEW SCHEDULE

Name of Interviewee			
Position			
Organisation Name		Type of Organisation	
Location of interview			
Date of Interview		Time of Interview	
Interviewer comments			

1.0 Views about the Northern Ireland Housing Market					
I'd like to explore your perceptions of the Northern Ireland housing market during the past three years. Please say whether you <b>agree</b> or <b>disagree</b> with the following statements.					
1.1 Private house building has been at a lower level than expected. <b>SHOW CARD</b>					
Strongly agree	Agree	Neither agree not disagree	Disagree	Strongly disagree	Don't know
Do you have any comments on the rate of house building over the past three years?					

1.2 Demand for private housing has <b>fallen</b> in the past three years.					
Strongly agree	Agree	Neither agree not disagree	Disagree	Strongly disagree	Don't know
Do you have any comments on the overall demand for private housing over the past three years?					
1.3 Household growth has been a <b>major</b> factor affecting demand.					
Strongly agree	Agree	Neither agree not disagree	Disagree	Strongly disagree	Don't know
Do you have any comments on household growth and the housing market?					
1.4 The state of the economy has been a <b>major</b> factor affecting demand.					
Strongly agree	Agree	Neither agree not disagree	Disagree	Strongly disagree	Don't know
Do you have any comments on the state of the economy and housing demand?					
1.5 Political developments have <b>stimulated</b> the housing market					
Strongly agree	Agree	Neither agree not disagree	Disagree	Strongly disagree	Don't know
Do you have any comments on political factors and the housing market?					

1.6 Have any **other** factors had an important effect on the housing market?

## 2.0 Perspectives on the local housing market

I'd like to ask some questions about your expectations of the NI housing market: as it is **now**; and as you expect it to be in the **near future** – say **three to five years time**.

2.1 Will private house **building** stay at current levels?

Yes  
(to 2.2)

No  
(to 2.3)

Don't Know  
(to 2.4)

2.2 For how long? (to 2.4)

2.3 Why not? (to 2.4)

2.4 Will future private house **prices** increase **above inflation**, more-or-less in line with inflation, or **fall in real terms**?

### 3.0 Views about the role of the Housing Executive within the NI housing market

I'd like to ask some questions about your expectations of the NI housing market: as it is **now**; and as you expect it to be in the **near future** – say **three to five years time**.

3.1 Are you familiar with the idea that the Housing Executive should play a 'strategic role' within the NI housing system?

Yes (to 3.2)		No (to 3.3)		Don't Know (to 3.3)	
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3.2 How useful is the Net Stock Model for assessing housing need? **SHOW CARD**

Very useful (to 3.3)	Useful (to 3.3)	Of little use (to 3.3)	Useless (to 3.3)	Don't know (to 3.4)
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3.3 Why do you say that?

3.4 Do you know how the Net Stock Model Works?

Yes (to 3.2)		No (to 3.3)		Don't Know (to 3.3)	
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3.5 How does it work? **PROMPT TO ASSESS UNDERSTANDING**

3.6 Can you comment on the Net Stock Model's main strengths and weaknesses?

Strengths:

Weaknesses:

3.7 Do you have any views on how the Housing Executive should estimate housing need in future? (No or DK to 3.8)			
Leave it to the market		Just use the waiting list	
Stick with Net Stock Model		Keep existing method	
Use a better demographic model		Other – say below	
3.8 Would you like to expand your answer?			
4.0 Other comments			
4.1 Do you have any other comments about the assessment of housing need, the development of the social housing programme in NI, or any other related matters?			

Following the interview, we will proof read your answers then send them to you for comment to ensure that you are happy with their accuracy.

