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Executive Summary
Background

In the autumn of 2005, the Northern Ireland Housing Executive commissioned a research team to undertake a comprehensive review of both the drivers of the Northern Ireland housing market and policy interventions directed at the market. The team was also tasked to identify on-going market monitoring and consequent data requirements and to identify priority areas for further research. This report is the culmination of more than a year’s work addressing this challenging agenda.

The research is timely. The housing market has in the past two years experienced unprecedented house price inflation (See Figure 1), putting severe pressure on residential land markets and opening up the planning service to close scrutiny. Meanwhile, there is growing evidence of large-scale residential investment through, for instance, buy to let. Concerns about housing market affordability and dwindling access to home ownership for potential first time buyers (See Figure 2) also led to a Review into Affordable Housing under the direction of Sir John Semple (See Interim Report, December 2006). It is in this context that the study seeks to understand the underlying drivers of the housing market and in turn to look closely at existing and potential housing policy interventions that might achieve emerging policy objectives such as increased access to housing, improved land market outcomes and higher levels of new housing supply.
Figure 1: Percentage Change in House Price Indices for UK and NI

Source: HBOS plc

Figure 2: Number of Approved Mortgage Loans to First Time Buyers in Northern Ireland, 1975-2005

Source: CML
Project Aims and Objectives

The overall aim of the project was to provide a comprehensive insight into the dynamics of Northern Ireland’s housing market, the relative importance of the factors driving it and how they are interrelated, as well as the policy implications of these forces for change. The project subsumed a number of key objectives, organised in three phases:

Phase One: Overview of the Market, the Drivers and the Data

- To ascertain the key drivers of Northern Ireland’s housing market and their relative importance in determining housing choices.
- To evaluate the comprehensiveness and quality of existing research and data, that would inform these issues.
- To highlight the specific policy areas where further, more detailed research is required.

Phase Two: Key Policy Issues

- To evaluate the role of land supply in determining housing supply and demand, house prices and affordability.
- To investigate the potential for a more proactive role for Housing Executive in land assembly and management and the issue of betterment/planning gain in addressing affordability in the Northern Ireland context.
- To examine in detail how taxation (including the potential impact of the new Capital Valuation local tax system) and subsidies on housing organisations, developers and individual impacts on the demand and supply of housing, and look specifically at the relative cost effectiveness of housing subsidies in the context of Northern Ireland.
- To examine and evaluate in the context of Northern Ireland the latest Government proposals in England (and similar proposals in Scotland) to address the problems faced by first time buyers. To what extent is Homebuy viable and appropriate in the context of Northern Ireland given the role of co-ownership?

Phase Three: Policy Recommendations

- To make recommendations on how to address any perceived imbalances in the housing market which recognise and emphasise the close connections between housing, planning and transport strategies and the knock-on effects of developments and decisions in one sphere on the other sectors.
Research Methods

The project employed a number of research methods:

- A literature review drawing upon research into housing markets, policy and practice in the rest of the UK and, where relevant, from wider international literature (Working Paper 1).

- A synthesis of previous housing research undertaken for Northern Ireland (Working Paper 2).

- A structured analysis of current and recent policies impacting on the Northern Ireland housing market, with a view to evaluating their market impact based on principles of policy analysis and the existing evidence base.

- Qualitative research based on semi-structured interviews with key researchers and players in housing and planning in Northern Ireland.

- Secondary analysis of existing data sets including a data audit which would highlight the quality and usefulness of existing data and future data requirements (See Appendix 1, Working Paper 3).

- Integration of the above elements into a simple but powerful local housing system analytical framework, building on the approach developed for Communities Scotland (see Appendix 2).

- An integration of the above elements in order to provide a synthesis of drivers, evidence and policy.
The Drivers of Northern Ireland’s Housing Market

The research team identified both generic and Northern Ireland specific housing market drivers. Generic drivers include:

- Income growth and the drivers of income growth (economic growth, labour market change, patterns of unearned income, taxation).
- The earnings and income distribution, average incomes of key groups (newly forming households, migrant workers).
- Household change (natural population change; the age/sex distribution; headship rates; average household size; gross migration flows).
- Financial drivers such as mortgage rates, loan facilities, relative returns to residential investment, developers’ cost of borrowing and user cost of capital (the price of holding land).
- Turnover and vacancies in the existing stock (the supply of housing opportunities from the existing stock) net of non-effective stock and demolitions.
- New supply by location, tenure and price band.
- Profitability, growth and industrial concentration of house builders (including the price elasticity of land supply with planning permissions). Cost conditions and changes in the efficiency of the construction industry.
- Planning system impacts on housing supply through brownfield targets, densities and the provision of affordable housing.
- Impact of house purchase system on search and transactions costs (including stamp duty), time to sale, prices achieved, frustrated purchases, price inflation and localised market instability.
- House price levels, rates of change, social rents, market rents and returns to residential investment – suitably controlled for quality differences. Isolation of main explanatory causes of house price growth (demand growth, financial liberalisation, ripple effects, supply constraints, agent behaviour).

Northern Ireland specific drivers would involve:

- Specific features of the planning system not replicated elsewhere in the UK.
- Specific data gaps that might impede market transparency and encourage unsustainable speculative behaviour for example quality-adjusted house prices, market transactions volumes.
- Cross-border housing market behaviour.
- Spatial segregation by ethnicity/religion that segments housing markets and filters mobility decisions and migration patterns.
- Longer term dividend effects on housing market and economic confidence from the peace process.
- Specific relevant housing (and housing-related) policies: the Co-Ownership Scheme, ‘shared future’ housing and other affordable housing schemes, planning-led policies to guide the housing market.
Several important points emerge from the research team’s analysis of market drivers:

- Demand and supply drivers can help explain housing market trends. Household growth and the changing demography of Northern Ireland (shrinking household size, in-migration, cross-border migration and the changing age structure) are key underlying sources of demand, but they are not independent of the economy or of the housing market (2.17).

- The economy is an important driver through location of economic activity and investment/restructuring and ultimately through the creation of income and wealth (and its distribution). The evidence suggests the Northern Ireland economy is catching up with the rest of the United Kingdom but that the Republic of Ireland is increasingly important as benchmark and in terms of direct influence over Northern Ireland’s economy (2.27).

- Expected capital gains, residential investment and buy to let lending are fuelling the speculative nature of the present market which is both distorting and destabilising the housing market and raising concerns about affordability. Critically, this very volatility is undoubtedly bad for the wider economy (2.31). To date, there has been surprisingly little emphasis on the negative impacts of house price inflation on the real economy. The further the market’s short run position is governed by speculation and the more it moves away from long run fundamentals, the more one might expect there to be a sharp correction. However, thus far, there has been no serious attempt to assess these issues quantitatively (because of the lack of data) or by developing suitable credible economic models (because of uncertainty over causal processes).

- Despite the relatively high (by United Kingdom standards) rate of house building, there is general consensus among practitioners that housing supply is being artificially constrained by the planning system and that this is fuelling several levels of distortion – pushing up house prices and land values and holding building land off market (2.44). Structural problems are identified by the development sector regarding delays in planning permission and the adequacy and efficiency of the local plan system and its place within the planning hierarchy (2.51). There is a lack of economic modelling that would consider how the present planning system and new housing delivery would actually work in NI in the future under different scenarios of household growth and use of the existing stock. This would be an important complement to what is at present qualitative and case study evidence.

Market analysis in general can provide systematic evidence with which to base policy and planning for housing land, housing need and investment interventions. But two necessary conditions have to be met: market areas need to be developed at a sensible functional level and data sourcing and audit decisions need to be taken (see Appendix 1) that allow analysis to proceed. There are large potential gains to be made from the utilisation of a coherent framework for analysis that can assemble information and filter it through a recognisable, credible transmission mechanism.
Figure 3 shows that fundamentally there is a close and recursive relationship between the housing market and housing policy. If a policy-off world is assumed, then the housing market context, its instability or patent unfairness in terms of process or outcomes, may in turn stimulate policy responses (from a range of actors) trying to correct and stabilise the market. This will change the market context and one would expect to see a series of diminishing shocks over time from the policies as the market moved towards some more stable long run equilibrium. Of course, a policy-off environment is not a current reality. Policy is embedded in the market process, the existing housing stock and expectations about the market’s future are closely bound up with policy decisions that have been made and will have to be made. This suggests that on the one hand isolating causality and effects between market and policy interventions is not always straightforward and, for the purposes of this research, may also indicate the necessity to provide a more heuristic or classificatory approach to framing the interaction of housing market drivers and policy responses. This would also seem to be consistent with the local housing systems analysis approach or philosophy that constructs a flexible and open framework with which to analyse local housing systems (and which it is argued is the logical construction to take forward research to a operational methodology).

Based on the above discussion, Figure 3 seeks to capture the conceptual framework relating drivers to policies in a simple recursive picture or wiring diagram. As the diagram indicates, one objective is to identify policy effectiveness indicators — an attempt to isolate market or policy outcomes from which can be inferred the extent to which policies are being addressed expanding the supply of available houses in the lower part of the house price distribution thereby assisting with affordability problems.
Figure 3 Northern Ireland Housing Market / Policy Dynamics

Policy Environment
- Macroeconomic
- Political
- Legal
- Environmental
- Financial

Policy Objectives
- Market failure
- Market gaps
- Non-housing
- Agency stance

Policy mechanisms
1 Regulatory
2 Financial
3 Provision
4 Redistribution

Demand Drivers
- Employment
- Income Growth
- Distribution of income
- Benefits
- Population change
- Household change
- Migration
- House purchase system

Supply Drivers
- Development Sector
- Planning system
- Finance

Market Outcomes
- Supply-demand balance/vacancy rates
- Tenure balance
- Turnover / activity
- Prices: level and change
- Rents: level and change

Policy Effectiveness Indicators
- Relative real house price inflation
- Affordability measures
- Standardised market outcomes
The research has focused on six policy areas. These are by no means the sum of current policy issues but they do allow emphasis to be placed on priority long term questions.

The policy areas are:

1. Affordability, planning and land supply for housing
2. The proactive role of the Housing Executive as a constructive form of intervention in the housing market
3. The short and long run impacts of the switch to capital value taxation
4. The Homes Sales Scheme
5. Policy for the private rented sector
6. Co-ownership and related intermediate housing policies.

Conclusions and Recommendations

The overall aim of the project was to provide a comprehensive insight into the dynamics of Northern Ireland’s housing market, the relative importance of the factors driving it and how they are interrelated, as well as the policy implications of these forces for change.

Phase One: Overview of the Market, the Drivers and the Data

To ascertain the key drivers of Northern Ireland’s housing market and their relative importance in determining housing choices.

This study has highlighted the complexity of housing markets. At a generic level, key drivers of housing markets include: income...
(or prospective home-owners) bid against each other, to one where house buyers, notably first-time buyers, have to outbid investors to secure property. This has been variously described as being a ‘battlefield’ with implications for affordability and access to the housing market. There is no doubt that under the market conditions prevailing in Northern Ireland during the period 2005-2006 that investment activity as been the key driver of the market. This level of involvement, commonly placed by many agents to be in excess of 30% of all sales, is placing the Northern Ireland market in un-chartered territory and raises many questions regarding the future health of the Northern Ireland market should investors stop buying or even withdraw from the market. The latter depends on continuing liquidity in the market and the strategies of those investing. Conventional wisdom is that property is a long term investment but the current investment boom into the residential sector seems to be driven by the short term expectation of high rates of capital appreciation with rental income not sufficient to cover borrowing costs. The building-up of portfolios of properties by investors may also have longer-term impacts on the social sector should such investors exit the market (2.31).

Investment driven pricing has been a major factor influencing the rise of house prices in Northern Ireland compared to the rest of the United Kingdom with growth rates in excess of 30% during 2006. This has had the effect of many potential first-time buyers deferring house purchase and looking instead in the short to medium term to the private rental sector. Declining first-time buyer activity represents a major change in the character of the housing market in Northern Ireland with longer-term implications for the operation of the housing market and future tenure structure. Evidence presented in this report indicates at least a temporary switch from ownership to private rental, whether this is a short term trend of deferring purchase or becomes a more permanent feature of the market will only become apparent through time. Investment activity also has an impact on the supply-side by effectively removing stock from the market (2.32).

There is increasing evidence of supply-side although the rate of new build activity has been slowly increasing during 2006. Moreover, it is apparent that a significant percentage, as much as 30% of new build in some areas, is going out of the owner-occupied market into residential investment with some but not all being occupied and having a negative supply impact on the owner-occupied market. There has been inadequate new build in the social sector over several years (2.45).

Supply-side constraints are playing a significant role in the current market dynamics in Northern Ireland. It is apparent that a combination of factors related to planning, namely slowness in area plan preparation, problems derived as a consequence of the plan-led system, the adequacy of planning tools and delays in the processing of applications have been instrumental, to the extent that the effectiveness of the planning system must be considered as a key factor or driver influencing the housing market (2.51).

The demographic driver points to the likelihood of continuing and significant demand-side growth. Evidence for Northern Ireland indicates a growth in households formation annually up to 2015 with basic projections suggesting a need for a further 120,000 dwellings if the market is to be kept in some sense of balance (2.17). In-migration to Northern Ireland mainly
through migrant workers is likely to be sustained thereby adding to the demand side of the equation (2.21). This is a key factor driving the market with linkages to the growth of the private-rented sector as an increasing choice, sometimes the only option, for newly formed households and for migrant workers.

While demand for housing will remain strong, there is evidence of increasing difficulty in accessing the home-ownership market thereby raising the choice of tenure options that are available and the policy consequences. Indicators such as mortgage income multiplies and interest as a percentage of repayments point towards increasing affordability problems while at the same time, in spite of an improved Northern Ireland economy, there remains large productivity gaps, private sector wage levels are well below the United Kingdom average and the public sector economy is likely to be scaled back (2.41). These factors pose particular threats for the housing market in Northern Ireland with a clear concern regarding whether Northern Ireland has the jobs and income levels to sustain high house prices.

Cross-border effects have been variable but are undoubtedly a growing influence as one of the drivers of the housing market, notably in locations such as Derry/Londonderry and Newry (2.53). Interview evidence presented in this report suggests that there are significant flows from the Republic of Ireland to Northern Ireland, both in terms of people moving to live in Northern Ireland (often returnees) largely to avail of educational and health facilities or investors purchasing properties in Northern Ireland at a lower cost than in the Republic of Ireland and the diffusion effect of the Dublin travel-to-work area as far north as Newry with improved transportation linkages.

The availability of mortgage finance and financial lending criteria are key drivers in housing markets, with clear inter-linkage between housing markets and financial markets. Over the past decade, the financial environment has been benign with the ready availability of finance reflected in the growth of loans in Northern Ireland and changing lending criteria to effectively permit greater borrowing potential to meet the rising price of houses though the latter means that a greater percentage of income is being used to service mortgage payments (2.38).

Housing benefit payments in providing a low risk, safe income route for the landlord has been a prime driver in the resurgence of the private rental market which has an increasing representation by tenants traditionally located in the social sector.

To evaluate the comprehensiveness and quality of existing research and data, that would inform these issues.

A core part of the study was the data audit of sources for Northern Ireland. This analysis highlighted a comprehensive range of sources but with inadequacies in a number of areas. For one key variable, income, which is critical in deriving affordability models, several potential sources are available for Northern Ireland but all of these were lacking in providing data in sufficient quantity for households throughout Northern Ireland (2.25).

A fundamental issue concerns the actual size of the housing market in Northern Ireland. The statistical evidence base is variable, lacks consistency and differs between sources. Similarly, information on new build supply is fragmented and the definition of housing starts is considered to be unsatisfactory (2.46).
A major issue is the lack of reliable information for the buy-to-let market. The absence of good data on this sector in terms of rents, turnover, vacancies, investment and disinvestment means that it is very difficult to make informed judgements as to whether it is essentially speculative activity or a new long term driver of rental housing. In the absence of such information policy making becomes difficult (2.37).

Housing markets do not conform to administrative areas but more to local geography. In contrast to Great Britain, there is at present insufficient data to allow analysis at the housing market level in Northern Ireland, hence care needs to be taken on the interpretation of market data on prices and activity collected at other, smaller and more open geographies. The Housing Needs Assessments currently undertaken by the Housing Executive as part of the Area Plan process do provide a valuable source of housing market data (3.15). However, in themselves Housing Needs Assessments are only one, admittedly important, element of the evidence and analysis required to provide a more comprehensive picture given by Local Housing Systems Analysis. The future basis for housing planning and constructing the housing policy evidence base should therefore work with the grain of the market which operates at a housing market area level – the evidence from other parts of the United Kingdom suggests that this is a fruitful though technically demanding approach housing market analysis.

Surprisingly, there appears to be insufficient data on the mortgage market with gaps identified in the base data relating to the size of the market, the value of the market, the number of sales and number of transactions. Data gaps exist in the size of two main flows into Northern Ireland. First the migrant worker information source is weak in terms of both recording people moving into and out of Northern Ireland. Second there appears to be only anecdotal evidence on the scale of cross-border activity.

To highlight the specific policy areas where further, more detailed research is required.

Filling the data gap for the private rental/but-to-let sector should be a priority to fill for policymakers. The dominant reoccurring view is that the rental market is speculative and damaging the wider housing market but this is based on anecdote. If the sector does play a pivotal role in adding to speculation and volatility then it is essential that the sector is properly studied to find out if this is the case and also that monitoring processes are put in place to build the necessary market intelligence.

The operation of local housing markets represents the most basic level of interaction between demand and supply side factors (planning policy, land availability) and is an area that is deficient in terms of analysis and data in Northern Ireland.
There is a major challenge to understand the dynamics of cross-border housing markets and how to effectively plan for this growing phenomenon. This study shows that markets cut across administrative and political boundaries, hence the need for further research on functional housing markets that cross institutional boundaries.

**Phase Two: Key Policy Issues**

To evaluate the role of land supply in determining housing supply and demand, house prices and affordability.

Core arguments presented throughout this report point to failures in the land model and problems within the planning system which act to constrain or slow down the volume of new supply entering the housing market (3.11). A number of consequences flow from this. First, limited land supply has been instrumental in raising the cost of land such that values in excess of £1 million/acre are common throughout Northern Ireland. Second, there is evidence of the trading of land rather than development taking place, as the former becomes a more profitable activity. Third, the escalation in land values means that 50% of the cost of a new build property is now attributable to the price of land, with £100,000 typically being the land cost for a new semi-detached house. The impact on house price and affordability of the market is apparent with the probability of a new semi-detached house selling for below £200,000 unlikely. The cost of housing was seen to be further driven up by Article 40 agreements (contributions to infrastructure and other non-housing agreements). Fourth, there is likely to be longer-term impacts on the structure of the house-building sector as many developers inferred increasing difficulty in maintaining a land bank going forward compared with the previous practice of planning output on a four to five year supply of land. Fifth, the changed market dynamic has resulted in a change in marketing, rather than selling new property at a fixed price off-plan in many cases this has been replaced by a bidding system, akin to the existing (second hand) market. The evidence presented in this report emphasises current supply-side problems in the Northern Ireland market.

To investigate the potential for a more proactive role for Housing Executive in land assembly and management and the issue of betterment/planning gain in addressing affordability in the Northern Ireland context.

Interview evidence presented in this report considered that the Housing Executive had a potentially significant role to play in utilising its own land-bank, acquiring additional land through Compulsory Purchase Order powers and working in partnership with other government agencies to achieve a greater supply of affordable housing (3.36). Currently, the perception is that the rate of land release of government sites was slow and that this represented a lost opportunity. The potential for the private sector (developers) to enter into agreements with the Housing Executive may provide an alternative model to bring forward properties at a capped-price. In this respect it was felt that the Housing Executive could be more proactive and look for innovative solutions in the use of land for affordable housing. Interviewees from the Housing Executive discussed the wider question of an English Partnerships model for Northern Ireland, but pointed out that the Housing Executive already possesses most if not all of the relevant powers. This presents a challenge to the Housing Executive to be more innovative or risk losing influence in what is a key strategic issue.
To examine in detail how taxation (including the potential impact of the new Capital Valuation local tax system) and subsidies on housing organisations, developers and individual impacts on the demand and supply of housing, and look specifically at the relative cost effectiveness of housing subsidies in the context of Northern Ireland.

Taxation and subsidies are frequently a means of correcting for market failure (3.42). Several examples are referred to in the report for example tax breaks to encourage owner-occupation, discounts to promote council house sales, subsidies to support shared ownership and other affordable housing products. Tax concessions on brown field development (or alternatively, taxation of undeveloped land) are aimed to impact on supplier behaviour. However the use of subsidies and taxation measures can introduce distortions into what was already a complex market. In the Northern Ireland market different effects are apparent. One of the most significant impacts has been through the housing benefit system which has been a key driver in the buy-to-let market and has effectively brought about a resurgence of the private rental sector. Discounts received by sitting tenants through the House Sales Scheme were seen to have been a major catalyst in the high levels of sales of Housing Executive dwellings, thereby increasing home-ownership, but perhaps with the unintended consequence that a growing proportion of these properties were entering the private rental market on resale. Property taxation and the new capital value approach to rates and the new water charges have been interpreted in some quarters as a re-distribution of income with predictions of considerable impact on the housing market. The evidence to date, although this study has taken place before the issuing of rate demands under the new system, is that the impact of the change may be more muted as the effects of capital values based on January 2005 have been softened by the rapid rise in house prices since then. In contrast, in the development market, it was estimated that the effects of Article 40 agreements resulting in developer contributions towards the costs of infrastructure associated with housing developments (essentially a tax), was to add 18-20% to the cost of new build housing, thereby increasing the price paid ultimately by the purchaser.

To examine and evaluate in the context of Northern Ireland the latest Government proposals in England (and similar proposals in Scotland) to address the problems faced by first time buyers. To what extent is Homebuy viable and appropriate in the context of Northern Ireland given the role of Co-Ownership?

One of the paradoxes of the current market in Northern Ireland, characterised by rapid house price inflation and increasing problems of accessing the market is that under these circumstances the Co-Ownership Scheme is having problems in competing (3.61). In this respect, the current model appears to be a victim of the rapidly rising level of house prices, which has undermined its capacity to deliver shared ownership housing. Two key issues emerged strongly regarding co-ownership. Firstly, the price thresholds are too low and have not kept pace with the market. The point was made that in the mid to late 1980s when Co-Ownership was at its strongest point, most new build semi-detached property fell comfortably into the co-ownership limits. Secondly, the regulations are too bureaucratic and that in a rapidly rising market the prospective co-ownership...
purchasers simply cannot compete. In such an environment it is questionable whether the Homebuy scheme, with an initial equity purchase of 75% would make any substantial difference.

To provide an insight into the effects of a community divided along religious lines on the efficient operation of the private and social housing markets. This is particularly relevant to parts of Belfast but also other areas in Northern Ireland.

The literature evidence indicates only limited mixing of housing on religious lines and where this occurs it is more prevalent in suburban and new build private schemes. The effect of religious divisions is to segment the market further, in addition to divisions based on income, wealth and socio-economic characteristics. This is particularly apparent within Belfast where peace-lines and interface tension have served to constrain price levels within the north of the city whereas, in contrast, in south Belfast the perception of a more mixed religious balance has acted as a stimulus to the market. Recent evidence suggests that East Belfast is now attracting much greater levels of interest from purchasers from a catholic community background, with, as a consequence, steep increases in property prices.

Phase Three: Policy Recommendations

To make recommendations on how to address any perceived imbalances in the housing market which recognise and emphasise the close connections between housing, planning and transport strategies and the knock-on effects of developments and decisions in one sphere on the other sectors.

The Planning system

The research evidence is indicative of a planning process that is not aligned to economic need. There is a need for planning to be more sensitive of economic realities with a greater understanding of development economies and the overall competitiveness of the Northern Ireland market.

There is a case that planning permissions are given with a shorter timescale namely development must begin within say three years rather than five years and that the definition of development is more rigorous such as ‘roof on.’

The lengthy local area plan process needs to be reduced to no more than 12-24 months. This may require a combination of more flexibility in the development plan process and more resources committed to increasing planning efficiency.

PPS1 needs to be strengthened to reflect changes in policy, but in reality amending primary legislation and finding a slot in the
legislative programme is likely to prove difficult. The best option is probably to see what can be done under existing Article 40 and find a potential mechanism for delivery of affordable housing within the current system. Planners, in particular, have identified a number of difficulties with using Article 40 agreements for housing purposes. It is important, however, that an inter-agency team is established to undertake a small number of pilot projects which use Article 40 agreements to deliver affordable housing to assess the extent of the problems which need to be addressed. There is also a need to better join-up housing market demand, estimated need and affordable supply within the single planning process.

**The evidence base**

The private rental sector plays a pivotal role in adding to speculation and volatility. Hence it is essential that significant further research on this sector is undertaken to find out if this is the case and that monitoring processes are put in place to build up the necessary market intelligence.

It is important that planners and market analysts, including market professionals take full account of emerging market dimensions. The geography over which private households make housing choices is the spatial scale of market analysis that planners and policymakers need to address. To adequately address market geographies and local area analysis there is a need to reproduce data at this scale in Northern Ireland. This is not to dismiss existing information such as the considerable evidence emerging from the Housing Needs Assessment currently undertaken by the Housing Executive, the future basis for housing planning and constructing the housing policy evidence base should work with the grain of the market and operate at a housing market area level.

There is a need to improve the evidence base for Northern Ireland, for example there is a lack of economic modelling that would consider how the present planning system and new housing delivery would actually work in Northern Ireland in the future under different scenarios of household growth and use of the existing stock.

Market areas need to be identified at a sensible functional level and data sourcing and audit decisions need to be taken that allow analysis to proceed. There are large potential gains to be made from the utilisation of a coherent framework for analysis that can assemble information and filter it through a recognisable, credible transmission mechanism.

**The role of the Housing Executive**

The Housing Executive should play a proactive role bringing public sector land to the market, purchasing or facilitating the acquisition of other land sites and working to develop social housing, mixed housing and even private housing where local market circumstances (e.g. pressured areas) might warrant such interventions. This role needs to be carried out within an understanding of the operation of the wider housing market.

The potential for the private sector (developers) to enter into agreements with the Housing Executive as an alternative model to bring forward properties at a capped-price should be explored as one option to address affordability. Utilising sites to provide low cost homes would be an option that should be explored.

**Co-Ownership and intermediate housing policies**

For Co-Ownership to be fully effective in
providing a route to address affordability there is a need for price thresholds to be either raised substantially, by at least 50% given the current price structure within the market, or abolished to remove this constraint. Secondly, greater flexibility is required with Co-Ownership. The regulatory burden imposed on Co-Ownership is making it increasingly difficult in a rapidly rising market for prospective co-ownership purchasers to compete. A revamped Co-Ownership model would serve the needs of Northern Ireland better than the introduction of alternative Homebuy schemes which have to date only achieved a limit impact in Great Britain.
1. INTRODUCTION

1.1 In the autumn of 2005, the Northern Ireland Housing Executive (NIHE) commissioned the research team to undertake a comprehensive review of both the drivers of the Northern Ireland (NI) housing market and policy interventions directed at the market. The team was also tasked to identify ongoing market monitoring and consequent data requirements and to identify priority areas for further research. This report is the culmination of more than a year’s work addressing this challenging agenda.

1.2 The research is timely. As indicated below, the NI housing market has been experiencing unprecedented house price inflation, putting severe pressure on residential land markets and opening up the Planning Service to close scrutiny. Meanwhile, there is growing evidence of large-scale residential investment through, for instance, buy-to-let. Concerns about housing market affordability and dwindling access to home ownership for potential first-time buyers have also led to the Semple Affordability Review – a formal inquiry into the NI housing market (Sir John Semple, 2006, Review into Affordable Housing Interim Report). In such a context this study seeks to understand the underlying drivers of the housing market and in turn to look closely at existing and potential housing policy interventions that might achieve emerging policy objectives, such as increased access to housing, improved land market outcomes and higher levels of new housing supply.

1.3 An important feature of the housing market in NI is its relationship with the Republic of Ireland (RoI). There is growing evidence of cross-border housing markets operating. Firstly in terms of specific local markets (e.g. Derry/Londonderry and Newry), secondly the flow of residential investment funds, and thirdly the transfer of knowledge and policy across the border. This is of particular interest as the ROI has been experiencing an overheating housing market and NI is facing a similar, emerging environment. Indeed, one of the reasons for this research was to commission a study of similar standing to the review of RoI’s housing market, produced by the National Economic and Social Council (NESC, 2004). In that case, a study was put together drawing on a conceptual framework, empirical evidence, key actor interviews and expert opinions. The NESC research identified the wider role housing plays in the economy, the possible damaging effects of a non-performing housing system and the need for appropriate policy responses. This research report is a synthesis of different sources of evidence and is an attempt to both understand the underlying drivers of the market and to think clearly about the implications for housing policy in NI.

A Snapshot of the Northern Ireland Housing Market

1.4 In the year that the research has been active, most market indicators suggest a further strengthening of the housing market in NI, particularly in terms of house price inflation. In order to fix ideas and set the report in some context, key indicators of the housing market are set out below, many of
1.5 Central to this report have been changing dynamics of the housing market in NI, foremost of which has been continual price growth over ten years, during a period of general low price inflation. In 1996 the mean price of property in NI was £53,483\(^1\) and by the end of 2006 the average price had risen to circa £180k. For 2006 alone, the rate of price increase has been 30%. While such growth brings benefits to existing home-owners and those who have invested in housing by increasing the value of their equity, there are clear downsides – notably the ability to enter the housing market, the scale of debt taken by those entering the market for the first time and the ability to service mortgage loans going forward in what might be a less benign interest rate environment. The sustainability of the rates of price growth that have occurred in 2005-06 has been questioned, but this growth has happened in a context where the residential market has become split between house-purchasers for owner-occupation and investors. The housing market is no longer the preserve of just home-owners.

1.6 The scale of price growth in NI, according to Halifax Bank of Scotland (HBOS plc) figures over the last two years, has out-paced the UK index series (Figure 1.1). The figure demonstrates the fluctuations in the house price indices for NI and the UK from 1983. While the UK market has experienced a lower level of growth in 2006 (8.3%), the NI index has shown an unprecedented level of growth (32.6%). Indeed, the final report for 2006 of the University of Ulster’s Northern Ireland Quarterly House Price Index indicates that house prices rose by 37% compared to the final quarter of 2005.

\(^1\) Northern Ireland Quarterly House Price Index
1.7 The key defining characteristic of housing in NI has been growth of the owner-occupied sector. Home ownership in NI (72.8% of households) is the highest in the UK and is expected to grow by a minimum of 8,000 households annually over the period 2006-2009. Policy measures, notably sales of public housing to sitting tenants, the House Sales Scheme, with more than 115,000 purchases under the Scheme, have added to this dynamic with a significantly higher proportion of sales than elsewhere in the UK under right to buy. The declining public sector provision, now 17.4% of the total stock, has been offset in part by a re-emerging private rented sector (9.8%), the result of significant investment activity in the market in recent years.

1.8 Evidence on the total extent of housing market activity is less clear and is identified in this report as one of the major information gaps. Information collected on the total number of sales is available from the Valuation and Lands Agency on an annual basis but unfortunately this is only published from 2002 to 2004 and the figures are generally accepted to be too low. More recent and more comprehensive data from Land Registry and Valuation and Lands Agency is desirable and would facilitate statistical analysis of market trends and prices based on all transactions, land and housing not simply a sample. Trends in new supply, using National House Building Council (NHBC) data, have been on an upward trajectory since 1996 with the rate of new build per head significantly above that in GB, but significantly below that in RoI (Hicks and Baxter, 2006).

Statistics published by the Department for Social Development (DSD) indicate that there was a sizeable increase in contract starts for 2006 across both private and social housing (Figure 1.3).

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Footnotes:

2 DSD Housing Statistics 2005/6
3 DSD Housing Statistics 2005/6
4 DSD Housing Statistics 2005/6
5 Rates Collection Agency and Valuation and Lands Agency have now become part of the newly formed Land and Property Services as of 1st April 2007.
Affordability concerns and perceptions of increasing difficulty in accessing the housing market are supported by the declining share of loans to first-time buyers. The number of loans has fallen dramatically in recent years from 18,200 in 2001 to 9,300 in 2005 (Figure 1.4). The total value of loans issued to first-time buyers in NI has also decreased from £925m in 2001 to £736m in 2005. This is a very significant decline given the fact that house prices over this time period have doubled. Key indicators such as the income multiples (Figure 1.5) and interest as a percentage of income (Figure 1.6) are rising for first-time buyers.
1.10 The level of vacancies in the market has increased during 2005/6 by 11.7%, representing 5.4% of the total housing stock by March 2006. This is an interesting statistic since social housing waiting lists are lengthening, which may be largely a result of investment properties being purchased but not let or currently vacant (alongside second homes). Waiting list figures also show significant increases, reaching 32,215 in 2005/6. Social sector housing new build rates are low with only 560 completions in 2003/4, 828 in 2004/5 and 782 in 2005/6.

1.11 This report was commissioned in the context of this market of rising house prices, higher levels of owner occupation, low rates of new build within the social sector and a developing private rented sector.
The Northern Ireland Housing Market: Drivers and Policies
Final Report to the Northern Ireland Housing Executive

Project aims, objectives and methods

1.12 The overall aim of the project was to provide comprehensive insight into the dynamics of Northern Ireland’s housing market, the relative importance of the factors driving it and how they are interrelated, as well as the policy implications of these forces for change. The project subsumed a number of key objectives, organised in three parts:

Phase One: Overview of the Market, the Drivers and the Data

- To ascertain the key drivers of Northern Ireland’s housing market and their relative importance in determining housing choices.
- To evaluate the comprehensiveness and quality of existing research and data that would inform these issues.
- To highlight the specific policy areas where further, more detailed research is required.

Phase Two: Key Policy Issues

- To evaluate the role of land supply in determining housing supply and demand, house prices and affordability.
- To investigate the potential for a more proactive role for NIHE in land assembly and management and the issue of betterment/planning gain in addressing affordability in the NI context.
- To examine in detail how taxation (including the potential impact of the new Capital Valuation local tax system) and subsidies on housing organisations, developers and individuals impact on the demand and supply of housing, and look specifically at the relative cost effectiveness of housing subsidies in the context of NI.
- To examine and evaluate in the context of NI the latest Government proposals in England (and similar proposals in Scotland) to address the problems faced by first-time buyers. To what extent is Homebuy viable and appropriate in the context of NI, given the role of co-ownership?

Phase Three: Policy Recommendations

- To make recommendations on how to address any perceived imbalances in the housing market which recognise and emphasise the close connections between housing, planning and transport strategies and the knock-on effects of developments and decisions in one sphere on the other sectors.

1.13 With the agreement of NIHE, the research process led to a slight re-ordering of the policy issues as evidence built up from different sources. Section 3 of this report focuses on a number of policy priority areas:

1. a broad set of issues around land planning, housing supply and the delivery of affordable housing;
2. housing equity share products;
3. the House Sales Scheme;
4. the rating reform based on individual capital valuation;
5. policy for the private rented sector; and
6. cross-border housing market issues.

11 After discussions with the NIHE, two aims of the project objectives were set aside as it was felt the inclusion of these would unnecessarily broaden an already extensive project. The first of these was transport strategies and the second was the cost effectiveness of subsidy. Although in principle the effects are discussed in the first working paper, it was felt that original modelling and data analysis would be required to deal adequately with complex issues. There is a strong case for these issues to be a topic for further research.
The Northern Ireland Housing Market: Drivers and Policies
Final Report to the Northern Ireland Housing Executive

Research Methods

1.14 The methods employed for the project consist of the following:

- A literature review drawing upon research into housing markets, policy and practice in the rest of the UK and, where relevant, from wider international literature. A working paper was completed (Gibb and Livingston, 2006; McGreal et al, 2006).

- A synthesis of previous housing research undertaken for NI, which also led to a working paper (McGreal et al, 2006).

- A structured analysis of current and recent policies impacting on the NI housing market, with a view to evaluating their market impact based on principles of policy analysis and the existing evidence base.

- Qualitative research based on semi structured interviews with key researchers and players in housing and planning in Northern Ireland.

- Secondary analysis of existing data sets including a data audit designed to highlight the quality and usefulness of existing and future data requirements (a paper was completed on data sources by Brown, 2006 – see Appendix 1).

- Integration of the above elements into a simple but powerful local housing system analytical framework, building on the approach developed in Scotland for Communities Scotland (O’Sullivan, et al, 2004; see Appendix 2).

- An integration of the above elements in order to provide a synthesis of drivers, evidence and policy.

Key Themes

1.15 From the outset of the research, the study team identified five key themes. These themes are set out and introduced below, in order to set the rest of the report in context.

1.16 The project’s research objectives can be condensed into three key questions. First, what are the key drivers of change in the NI housing market? Second, what are the drivers’ most important implications for housing policy and its effectiveness? Third, what further research (including ongoing monitoring) would best aid policy development? A framework is established that links drivers and market outcomes to policy and to data sources that can monitor the key variables. In so doing, the framework also identifies the themes that underscore the key actor interviews.

1. Market Drivers and Outcomes

1.17 The project’s working papers identified generic and NI specific housing market drivers. These are analysed in more detail in later chapters. Generic drivers include:

- income growth and its drivers (economic growth, labour market change, patterns of unearned income, taxation);

- the earnings and income distribution, average incomes of key groups (newly forming households, migrant workers);

- household change (natural population change, the age/sex distribution, headship rates, average household size, gross migration flows);
2. Housing Policies

1.19 Government’s housing policies both shape and are shaped by the housing market. Policies operate at several different spatial levels and can be placed on a spectrum from proactive intervention through to facilitating or passively encouraging private sector action.

1.20 In particular, agency is an important dimension of policy-making, concerned with the active-passive spectrum of housing policy. Passive policies simply provide an opportunity should a private agent wish to take it. For instance, the Right to Buy can be thought of as such a policy. Tax breaks of various kinds for investment purposes are also
passive policies. At the other end of the spectrum is government acting as lead partner in the comprehensive redevelopment of an area. Here, the policymaker is taking a proactive role and has a clear vision and set of policy instruments with which to try to achieve it. An example of such a policy might be the role English Partnerships has increasingly played in joint ventures with the private sector in order to redevelop larger derelict land sites in England. Fundamentally, there is a recursive and close relationship between the housing market and housing policy. Interestingly, different types of policies originate at different Governmental levels, with frequent use of passive policies at UK Treasury level and more active policies associated with local level interventions. The role and application of policy in the NI housing market is the subject of Section 3 of the report.

3. Market Intelligence, Policy and Data

1.21 A core purpose of the project was to appraise the data available to researchers on a cost-effective basis in respect of the NI housing market. Following a systematic understanding of the data it is possible to:

- assess the existing empirical research carried out with such data;
- advise on additional data collection strategies;
- determine the feasibility of future modelling and data analysis approaches by researchers and public agencies; and
- shape future research priorities for the NIHE.

1.22 However, there are difficulties in obtaining consistently and comprehensively robust and reliable house price and income data at a submarket level in NI. Data are very limited on other key facets of the housing market such as land supply and the private rented sector. These problems with the validity and reliability of data make it difficult to operationalise any definition of concepts such as housing affordability.

1.23 A key function of the project was to review data sources that can accurately inform housing market analysis in the interests of evidence-based policy. To this end, researchers conducted a detailed investigation of data sources based on the Scottish Local Housing Systems Analysis template (O’Sullivan, et al, 2004). The outcome is reproduced in Appendix 1. This data audit is a rational and systematic exercise assessing the quality of available data across a range of criteria and assessment methods which enables researchers to make better decisions about which data to use, when to combine sources, when to consider creating new data sources and when to reinforce knowledge with non-quantitative information (expert views, user input; consumer panels). An LHSA model is seen as an essential pre-requisite to any future decision to adopt a housing market analysis approach in NI.

1.24 What sorts of criteria are required for a data audit?

- Accessibility. Are data readily available? For instance, in Scotland local authorities historically have varied in their willingness to part with the council tax register or to make its information...
available – and there are general issues to do with confidentiality.

- **Cost.** How expensive is it to access and transfer data? This might not have a direct financial cost; but rather it could be about the opportunity cost and time given up to access the data.

- **Replicability.** Are repeated survey data over time really asking the same questions? Are there other problems with non-replication?

- **Format and manipulability.** Once accessed, are the data readily usable or are there further costs in making them ready to work?

- **Frequency.** How often are the data generated? For some socio-economic phenomena there may not be a problem because of slow change; but the period of other data series can be short (house prices) and justify more data, more often.

- **Validity.** Are the data accurate, properly captured and statistically accurate? Can you actually properly account for the origins of the data?

- **Robustness.** Are statistical data properly or adequately sampled and appropriate for standard manipulations? If not, why not? This is especially important when considering robustness at different spatial scales.

- **Geographical spatial scale.** At what scale do the data work – can data be benchmarked against other scales or indeed can the data be aggregated?

- **Fitness for purpose.** Do the data in question help address the key research questions or are they more of a luxury or, worse, not really relevant and something of a diversion? Clearly, these criteria, taken together, are not independent and have to be considered in the round.

4. **Market Boundaries**

1.25 A related but different data issue for housing market analysis concerns the functional boundaries of housing markets. Clearly, existing national and local authority boundaries allow some market analysis of the data in terms of other geographies such as labour market or commuting areas (but only imperfectly). In Scotland, individual housing transactions are computerised in the private sector, which enables a range of migration-based geographies relating to housing market area self-containment (markets are bounded according to where most moves are self-contained), but this is not possible in NI. However, cross-border housing market activity is on the rise, as are residential investment flows between Dublin and Belfast. It can also be safely assumed that the Belfast housing market has a wide reach into its rural hinterland. Meaningful boundary-making, which is essential for coherent analysis, has further importance in the context of the Review of Public Administration.

5. **Fundamentals versus Speculation**

1.26 A theme that runs through the research is the vital distinction between underlying economic fundamentals and the extent to which they explain long term evolution of the housing market versus shorter term speculative behaviour. The market drivers have been identified in 1.17 and 1.18
and their character and impacts are explored in detail in Section 2 of the report.

1.27 Aside from the key drivers such as income, interest rates, demographic change, builder profitability, there will also be opportunities for speculative profit in the housing market. However, in the past these have tended to be absorbed in the normal long term cycle of market development. Northern Ireland (unlike England) has not yet experienced a significant market downturn, which to some extent is also true in the RoI. It is naïve to assume that the market in NI is somehow immune to the cyclical patterns that have been found over time in all predominantly private housing markets around the world – especially those that exhibit speculative characteristics in the land market by residential investors and individual owners. Not only does speculation impede access and reduce affordability, but high and rising house prices are also associated with volatility in the housing market.

1.28 A key question, therefore, is when will the rate of increase in house prices stabilise. In this respect policy needs to be concerned with eliminating volatility as much as, if not more than, with reducing short run affordability problems (or indeed pursuing policies that attack symptoms rather than causes of volatility and rising real house prices). A key theme of the research is to argue that policies need to be built on clear understanding of the market’s evolution and long-term fundamentals and that they should aim to stabilise the market and eliminate the sources of damaging speculation. To the extent that land supply and the planning system are important contributors to speculation in the market, policy makers have an opportunity to set in place mechanisms and systems that could facilitate a less volatile and more sustainable market place.

Approach to the Report

1.29 The remainder of the report is in three main sections. Section 2 of the report emphasises market drivers and outcomes. Section 3 is concerned with housing and land market policies. Section 4 summarises key findings and establishes a series of research, policy and market intelligence recommendations.

1.30 Throughout the report different sources of evidence are used: previous research and analysis, secondary data, interviews with key professionals and case study examples to provide further amplification. The report provides a non-technical but rigorous and rounded assessment of the NI housing market.
2. DRIVERS AND OUTCOMES

Introduction

2.1 Section 2 begins by looking at theoretical models emphasising the importance of economics to the housing market and the influence of drivers on market outcomes, initially drawing on the wider academic literature to identify underlying housing market processes. This approach allows the identification of both the transmission mechanisms and the key demand-side and supply-side variables or drivers that shape the housing market. Extensive use is made of the interviews carried out for this study. The chapter also draws on the analysis of secondary research and data sources and assesses their quality. This analysis highlights the importance of a clear understanding of the market and its dynamic for effective policy intervention. Market intelligence grounded in how the market actually works and a coherent systematic evidence base for policy are simply essential.

Models of the Housing Market

Commodity Complexity

2.2 Housing as a commodity is unusual in that it has several dimensions (Quigley, 1979). Housing is spatially immobile or fixed in space. This means that spatial externalities are important to housing, for instance, the changing locational accessibility and neighbourhood quality associated with a house help explain the joint nature of housing. When buying or renting a home, one is also acquiring its accessibility and surrounding environs.

2.3 Housing is a durable good that is very expensive to purchase relative to average incomes. In turn, this creates a second form of jointness: housing can be a consumption good and an investment good (and a financial asset). There is a market for consumption of housing services but also one for investment. As an asset, the price of housing may take on specific investment characteristics (with important roles for cycles, bubbles, expectations and other asset market features). The investment aspects also mean that depreciation, as well as capital gains, is an important consideration. Housing and residential land markets are also intimately linked by these investment considerations. A third joint good dimension connects housing markets to mortgage markets – high expenses means both potential home owners and developers have to borrow to purchase housing or residential land. Finally, owner-occupiers in a sense combine these consumption and investment dimensions.

2.4 Housing is a multi-dimensional heterogeneous good. It is reasonable to argue that each housing unit is unique when considered in terms of its structural attributes and locational and neighbourhood characteristics (Malpezzi, 2003). This has a number of important implications, not least that the very term ‘house price’ is not straightforward because any house price would have to be quality-adjusted so that like was being compared with like. Moreover, differences between individual dwellings imply that housing is an experiential good and also one in which information about the market quickly becomes redundant and requires costly research to overcome.

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12 A copy of the questions used in the structured discussions is in Appendix 3.
Housing is physically *modifiable*, suggesting that market signals may lead to improvement and indeed disinvestment in response to market signals – it is not simply about decisions to move or to construct new dwellings. Market intelligence is inherently linked to both the durability and investment nature of housing. Finally, housing is a market characterised by pervasive *government intervention* and market regulation (Galster 1996).

2.5 Other commodity markets may share some of these features but not all of them. These dimensions make analysing and predicting what will happen in these markets difficult, creating problems for policy makers and planners. Moreover, the housing market’s centrality in people’s lives raises concerns about adequate volumes of supply, about housing conditions and about cost or affordability, however defined. The cost of housing is very high and as such represents a considerable investment for those buying their own property.

2.6 Housing markets are not simple supply and demand models (though these vital underlying forces remain important to all market models). As housing is a fixed and long-lasting commodity, new housing represents only a small percentage of the overall supply and is not necessarily responsive to new demand (Meen et al, 2001). The existing stock, the embodied history of cities, regions and neighbourhoods, all play a large though complex role in determining house prices and market performance. Moreover, recent research in housing markets is becoming more concerned with reputation, market making and the behaviour of professionals in housing markets (e.g. Meen et al, 2005; Smith et al, 2006) 

Other drivers such as mortgage credit price and availability, national and local planning systems and broader economic impacts on our incomes and standards of living – all have the potential to influence the market and house prices.

### Price Indices and User Costs

2.7 The main focus of attention is of course the price of housing (or market rent). However, the unique nature of housing alluded to above has been the source of considerable difficulty in operationalising just what is meant by a house price. The problem is that each unique property generates a different volume of housing services so it is not easy to identify the equilibrium price and distinguish it from the volume of housing consumption, which is why house prices have become the subject of the index makers and house price indices in turn play a major role in housing economics.

2.8 House price indices come in many forms but can be reduced to essentially four which tend to measure house price levels at a point in time or rates of change over time:

- Simple averages which do not adjust for quality differences (in Scotland the Register of Sasines population of all housing transactions is usually presented in this way).
- Mix-adjusted weighted averages, similar to the inflation basket used to measure the CPI, weight house prices according to the mix of sales in a given period. This cannot be
measured over time because the basket and hence the quality mix changes. This is how many mortgage lenders present their house price data.

- Hedonic price indices use multiple regression techniques to estimate the price of individual property attributes and then measure house prices by combining attributes in some way and following a standardised property over time and across space. These models are data demanding but are increasingly easy to develop and replicate.

- So-called repeat sales indices monitor house price change by tracking re-sales of the same property on the basis that it is the same bundle of housing services.

2.9 All four of these methods have specific strengths and weaknesses, with many economists favouring the third version. Recently, attempts have been made to develop hybrids of the hedonic and repeat sales indices. One needs, in the end, to be careful when conducting analysis of housing markets and to assess closely the robustness of the house price index used (Malpezzi, 2003).

2.10 The user cost of housing capital is a very different approach (Miles, 1995; Meen, 2001; Malpezzi, 2003). The idea behind the user cost of capital (UCC) approach in investment economics is to assess the cost of tying up capital in one particular line of activity, for instance owner-occupied housing. The main elements of the UCC are:

- the opportunity cost of capital in its present line (i.e. what is the best alternative return for an investment of similar risk and liquidity);
- depreciation on the asset;
- any taxes and specific charges associated with that form of investment (e.g. local property taxes); and
- the expected rate of capital appreciation (this is a negative sum reducing the user cost of capital – in periods of high expected house price inflation – the UCC for owner-occupied housing might be negative).\(^\text{13}\)

**Elasticities**

2.11 Elasticity is a valuable economic concept – it measures the proportionate change in one variable following from a given change in another, related variable. Thus, we might expect the supply of housing to respond to market price increases because suppliers can see higher sales and profits. What is so attractive about the elasticity concept is that it provides a pure number which is highly intuitive (e.g. elastic demand is greater than one because the change in quantity demanded is greater than the relative change in price or income and for inelastic demand the number is always less than one because the relative change in demand is less than the change in price or income).

2.12 The core idea is whether level of elasticity is greater than one (elastic) or less than one (inelastic). If price elasticity of demand were elastic, it would mean that a one per cent increase (decrease) in price would lead to a greater than one per cent decrease (increase) in quantity demanded [remember

\(^{13}\)Note that, if the expected capital gains term is large, the impact it exerts on the user cost may turn the entire term negative. Thus, in a period of high expected house price inflation, anticipated capital gains may outweigh the other user costs, making investment in housing very attractive and stoking up investment demand and prices still further. A negative demand shock can also be anticipated when prices are expected to fall.
demand curves are negatively sloping). Similarly, if the price elasticity of supply were inelastic this would mean that a one per cent increase in prices would lead to a less than one percent increase in the quantity supplied. Inelastic demand or supply would be represented by a relatively steep demand or supply curve, whereas relatively elastic curves are more flat in appearance. Broadly speaking, one tends to think of demand elasticities being behavioural responses by consumers, whereas supply elasticities refer both to technical and behavioural responses to price signals.

2.13 In the housing market, the key elasticities refer to the following:

- Price elasticity of demand for housing, generally thought to be inelastic (Ermisch et al, 1996).

- Price elasticity of supply, in the long run in the UK, generally thought to be inelastic. Short run supply elasticities are lower and even more inelastic because the market has not yet had time to adjust to the new information (Malpezzi and Maclennan, 2001).

- The income elasticity of demand, which refers to the change in demand that follows from a given change in household income. This is generally thought to be roughly proportionate or slightly inelastic (Maclennan, 1982; Ermisch et al, 1996). This innocuous sounding result means that, as economic growth proceeds, housing demand follows on behind it, pushing up house prices in the face of inelastic supply). The indirect evidence suggests that this is also the case in Northern Ireland, though it has not been modelled explicitly. In other words, there is not enough new supply to choke or offset rising demand and hence prices rise in real terms. The policy priority might be construed as finding sustainable ways to increase the supply elasticity of housing in Northern Ireland.

- Normal goods are those for which, as incomes rise, demand also rises. Inferior goods are those for which the income elasticity is negative and demand actually falls as incomes rise – it has been argued that this is true of public or social housing.

- Cross price elasticity of demand is the impact on demand for good A (owner-occupation) when prices for another related good (council rents) increase. One might expect the cross price elasticity to be positive if the goods substitute for each other, and if they are complements (e.g. tyre demand and bicycle prices), to be negative. The cross price elasticity between council rents and owner-occupied housing demand, for instance, may be positive and therefore represent substitute goods. Higher public rents, other things being equal, cause a shift into home ownership at the margin.

Drivers and outcomes in Northern Ireland

2.14 A review of the literature on the NI housing market and policy (McGreal, Berry and Brown, 2006) concluded that a number of factors could contribute to explaining market performance which has seen virtually a continuous rate of house price growth over the past 40 quarters since the mid-1990s. Key drivers are seen to be a combination of factors acting in the same direction, namely:
• Significant levels of demographic growth, boosting the number of households demanding housing. Figure 2.1 charts the expected growth of households from 2001 to 2015.

• Highly favourable macroeconomic conditions in the UK economy which support income growth that fuels demand. The local NI economy has experienced a higher rate of growth than the national picture, intensifying income growth and positive economic expectations for the future. The GVA for NI was 5% in 2004 compared with 4.6% in the UK.  

• NI has seen a rise in the number of employee jobs, but the rate of employment of working age population has remained fairly stable.

• Cross-border effects and spill-over of the Celtic Tiger economy, stimulating investment demand (but also additional direct housing demand, particularly in cross-border markets).

• Low mortgage interest rates over a sustained period (see Figure 2.2), the competitive mortgage market and associated growth in financial products.

• Influence of investor activity in the private rented market (but spilling over into owner-occupation through competition for market sector properties).

• An increasing awareness of the relative importance of the second-home phenomenon as a way for more affluent and equity-rich households to invest in property.

• The housing benefit system, along with rate rebates, has been a significant factor in the expansion in demand of both the private rented sector and social housing, as well as creating distinctive incentive effects in the labour and wider savings markets.

• The peace process/normalisation of society.

• Growth in land values reflecting, among other things, supply-side constraints (in existing market and new build input) that reduce the elasticity of supply and hence ensure that market responses are price- and not output-led.

• The broader policy shift from public to private housing provision.

2.15 The main drivers are now considered in more detail, looking at the demand-side, followed by the supply-side and by market outcomes. In each case, the way the driver influences market outcomes (the so-called transmission mechanism) is set out before looking at evidence on the relative importance and dynamics associated with the variable.

**Demand**

2.16 Housing demand has been the subject of countless studies (see: Quigley, editor, 1998; Green and Malpezzi, 2003; Di Pasquale and Wheaton, 1996). The main drivers of demand are generally considered to be the following:

1. The underlying number of households and their distribution by size, and the factors that influence the stock of households over time (population change, migration, socio-cultural factors and economic drivers of household formation, including the available housing stock and its affordability).

2. A set of economic drivers that shape the pattern of employment, its location.

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**DETINI NI Economic Performance 21st November 2006**
and the earnings distribution. Economic growth and its spatial distribution will have a major impact on housing demand. Demand is also closely linked to the location of jobs, and the process of suburbanisation and the shifting boundaries of housing markets.

3. Related to the above is the impact of income on housing demand that, while largely employment-related, is also affected by pension income, equity and the distribution of household resources. Economists judge that income is a critical demand driver, in particular what is known as permanent income – the long-term expected level of income that influences our housing consumption decisions.

4. Mortgage credit conditions, interest rates and lender competition combine to filter housing demand.

5. Demand is of course a function of price – both the entry price of housing and the investment related user cost of capital. Many other factors influence these prices, including tenure choices, policy variables such as taxation and supply-side factors (considered later in this section).

1. Demographic Factors

2.17 Housing demand is determined by the rate of household formation, which in turn reflects changes in population size and household structure. Population in NI has grown overall from 1.689 million in 2001-02 to 1.724 million in 2005-06 (DSD, 2006). Northern Ireland has a relatively young age structure, more like the RoI than the UK (Hicks and Baxter, 2006). There are more than 669,000 households with an average size of 2.53 (again, larger than for England). Household numbers are expected to rise by more than a quarter between 2001 and 2021 (more than in England). Figure 2.1 indicates the growth in households expected to 2015. Of course, these projections are, in a sense, gross estimates – they do not account for households that will not form because they cannot access home ownership or because there are insufficient or inaccessible rental alternatives. Even so, the basic projections produced by the Department for Regional Development (DRD) in 2006 indicate the need for a further 120,000 dwellings between 2006-2015.

Figure 2.1: NI household projections 2001 - 2015

![Graph showing household projections from 2001 to 2015](source: NISRA)
2.18 In interviews with housing professionals, it was repeatedly stated that the contemporary housing market in NI was characterised by investor-driven pricing. This has had the effect of many potential first-time buyers deferring house purchase and looking instead in the short to medium term to the private rented sector. However, such a strategy of deferring house purchase was seen to have probably made future purchase even more difficult due to price escalation of 25% over the year. It was recognised that many first-time buyers are able to enter the market only through parents lending to their children.

2.19 It was also identified that the distinctive market for the over 55s was not being adequately provided for, and rather than apartments, would be better served by retirement type villages which would help free up an element of the existing stock.

2.20 Immigration has also been seen as a growing factor in recent years, as interviewees perceived that there had been a large influx of people from Central and Eastern Europe who have tended to move into private rented accommodation which was thought to be poor quality. More recently, however, there were reports reaching interviewees that the NIHE is now receiving enquiries from immigrants about moving into social housing.

2.21 NISRA (2006) have attempted to estimate international migration flows to and from Northern Ireland. They draw on data from worker registration schemes, national insurance numbers, annual school censuses, work permits and health cards/registration data, among other sources. They estimate that, within a dynamic picture of changing numbers, in 2004-2005 almost 5,000 net migrants\(^{15}\) came into NI with high levels of migration to Dungannon and Craigavon. About 2 in 3 in-migrants were male. It is also estimated that there were around 2,000 in-migrants from GB in the same year (some of whom may already have been international in-migrants to GB).

More so than the simple fact of rising in-migration and the discussion of EU accession migration, NISRA conclude by pointing out that migration in general is increasing with respect to the RoI, GB and elsewhere. Gross flows are large and will continue to impact on the housing system.

2. The Economy

2.22 Northern Ireland is a small, open economy performing well in recent years against a number of benchmarks (Hutchinson and Ramsay, 2006). However, the continuing relatively low regional GVA per capita in NI could be attributed primarily to relatively low productivity. Long-term growth and competitiveness prospects will in part be determined by addressing this gap. Hutchinson and Ramsey argue that much of the job growth has been in low productivity service jobs. They also contend that planning regulations inhibiting the development of new business sites (warehouses) in GB may be attracting business to NI (but this may have knock-on effects restricting land for housing). Looking sector by sector, large productivity gaps were found (relative to the UK).

\(^{15}\) This refers only to those that have stayed in NI for at least one year.
in construction, distribution, hotels & restaurants and manufacturing.

2.23 A number of interviewees commented that the economy is still left out of the planning debate and should be included in the formulation of local planning and housing strategies. It is now widely accepted in Great Britain and RoI that economic development and demand for housing are inextricably linked.

2.24 The NI economy has undergone a period of catch-up relative to the rest of the UK; however, earnings per capita remain low in comparison to the rest of UK and while the unemployment rate is low, so too is the employment rate (in fact, NI has the lowest working age employment rate of any economic region in the UK) (Hicks and Baxter, 2006). The labour market has benefited from high job growth and low rates of unemployment with a 20% increase in total jobs in the last decade, outstripping the UK benchmark. The concentration of job growth in the service sector and the over-representation of public sector jobs in NI have an impact on earnings. Monaghan (2006) points out that in April 2005 median weekly FTE earnings were almost 44% higher in the public than the private sector. Private sector earnings are well below UK comparables and overall employee earnings are 10% below the UK average.

2.25 There is less reliable secondary information on the distribution of income and access to non-earned income or wealth. However, these factors are likely to impact on the housing market. Inter-generational transfers of wealth within families are becoming more important sources of deposits for first-time buyers, housing equity is being used to purchase properties to rent in order to help children at University and to provide pension income. There is also a trend for single adults to pull their incomes to borrow sufficient equity to service the required loan and enter the owner occupied sector of the market. The distribution of income and its relationship to age-adjusted earnings may impact on the age at which households can enter home ownership and the proportion that will never have sufficient resources.

2.26 Interviewees discussed the impact of the economy on the housing market. One view was that wages have not gone up much but personal wealth is helping, for example, wealth from increasing house prices. However, whilst equity accumulation is perceived to be good for the economy overall it makes it difficult for those who do not have houses, particularly as people are less able to argue for higher wages because of the increasing competition for lower skilled service jobs. As a result, the perception grows that the divide between the rich and poor is growing and it is increasingly difficult for many younger households to get on the property ladder. There is a dual effect on the economy: on the one hand it is removing purchasing power from the first-time buyer but for existing homeowners it is increasing their purchasing power by allowing the release of equity. As one financier expressed: ‘People seem to be less interested in paying off their mortgage and would rather use the equity accumulating in their homes to satisfy consumer needs;’
2.27 An important dimension of the NI economy is its relationship with the RoI. This is increasingly manifested in the housing market. Paris et al (2003) considered that it was highly unlikely that the growth in house prices and the new house building programme boom in the RoI has not impacted upon prices in NI, especially as it “sucked in capital, builders and labour”. According to Paris and Robson (2001) tighter planning control in NI has meant that new housing that is functionally related to settlements in NI had ‘leap-frogged’ the border into the RoI, especially in the northwest where there was dramatic growth of new housing adjacent to Derry/Londonderry but just over the border in County Donegal. The potential for households in border areas to opt for the less restrictive planning regime of the RoI (boosted by the coincidence of lower interest rates, no domestic rates and an attractive exchange rate) was further emphasised by Paris et al (2003).

2.28 The way the housing market overlaps with the RoI is not replicated anywhere else within the UK, and this makes the NI market more distinctive and is certainly a driver of markets at a local level, if not of regional significance. Stevenson (2004), in an analysis of house price diffusion and cross-border house price dynamics, provided quantifiable results that support the view that the housing market in NI is linked with the housing market in the RoI. Stevenson found some evidence of RoI’s market impacting on NI, but not to the extent that it might provide credible comprehensive evidence that this relationship is stronger than, or as strong as, GB policy impacts on NI through, for instance, tax and monetary policy.

2.29 Paris and Robson (2001) pointed to signs of extensive cross-border investment activity, especially in the apartment, second home and resort markets. The case study of Derry/ Londonderry expanding into its ‘natural’ hinterland in Donegal is cited with home buyers attracted by currency differentials on relative prices, grants (at that stage) for first-time buyers, changed tax differentials and continued anticipation of capital gains. The authors also pointed to growth in the Dublin-Belfast corridor and commuting zones that are coalescing and moving westwards along either side of the border. They referred to two waves of development pressure coming from Belfast and Dublin meeting at the border. Paris and Robson (2001) however, did recognise that the border remains significant as a political and administrative barrier with different tax regimes and administrative systems for financing and allocating social housing. The natural inclination in both jurisdictions is for public officials to operate within their own organisational framework with variations in policies and practices and different roles for local and central government. The planning regime is of particular significance.

2.30 According to Adair et al (2001), while the housing markets in both jurisdictions showed some parallels in terms of low growth rates in the early 1990s followed by a rapid escalation in house prices, it is clear that each market is responding to different criteria and...
stimuli with cross-over activity in the investment market. It was argued that there was not a single property market in Ireland just as there was not a single UK residential market. Indeed Adair et al. (2001) considered that the long-term performance of the residential market within NI has been at variance with regional markets in Great Britain.

3. Speculative Demand and Private Renting

2.31 A recurring theme amongst the interviews when discussing demand was the battlefield that is apparent between first-time buyers and investors. Investors were not seen as one single group, rather differences in investor strategy were apparent with some simply looking for capital growth and holding the property in vacant possession rather than rent to a tenant, whereas other investors targeted the benefit dependent tenant and the prospect of a secure rental stream. In the investor market average purchase prices were typically around £150,000, although in some local markets prices were as high as £250,000 in investment sales.

2.32 One major developer in interview suggested that in current projects he would find it difficult to achieve 30% of sales to owner occupiers, despite attempts by developers to limit the level of sales to investors. Investors were blamed for bidding up properties and for seeking capital gain not rental income, thereby removing effective housing stock. Furthermore, the investors who had bought in early phases of new developments and were attempting to sell as the scheme was nearing completion were seen as being potentially in direct competition with developers on final phases. However, since 2000 there has been an increasing role for investors reflecting the growing demand due to a number of factors such as increased number of migrant workers, marital and relationship breakdowns, first-time buyers having difficulty entering the market and the declining number of available property for social sector tenants.

2.33 The highly speculative market which characterised 2005/2006 meant that deposits on newbuild property did not necessarily guarantee purchase at the original selling price. Interview evidence confirmed that, in some cases, properties had increased by 20-25% in a six month period and developers had offered buyers the option of purchasing at the new price or accepting their deposit back.

2.34 There was evidence that the buy-to-let market was becoming dominated by small enterprises/small businesses rather than one-off individual investments. Interviews with lenders indicated that some banks have a policy of restricting an individual to five mortgaged investment properties. Property has increasingly been seen as a good investment and a popular alternative to stocks and pension schemes. As a result, people might build a small portfolio as a pension alternative, or might buy a second home.

2.35 Market agents who were interviewed argued that, in a rising market, those trying to enter the market seemed to feel the pressures most acutely, but that second time movers were also feeling the financial pressure. The market was seen to be unsustainable at current
rates of growth, but the prediction was for a slowing down over time rather than a crash. It was mentioned that there are neither the jobs nor the income to sustain such high house prices.

2.36 A major issue raised by several interviewees was the lack of reliable information on what is happening in the private rented sector. Many pointed to its central importance – a source of speculative investment and a mechanism by which the supply of affordable private housing was being swept up and taken out of the owner-occupied sector. On the other hand, the private rental market is clearly playing an important housing market role for many thousands of households, particularly new migrants, students and those with temporary easy access housing needs. Is buy-to-let essentially speculative or a new long-term driver of rental housing? It is difficult to tell without reliable information on the sector in terms of rents, turnover, vacancies, investment and disinvestment.

2.37 Several interviewees thought this gap in the data should be a priority for policymakers. The dominant view expressed to the research team, although based on (admittedly widespread) anecdote, was that the rental market is speculative and damaging the wider housing market. If the private rented sector does play a pivotal role in adding to speculation and volatility, then it is essential that the sector is the subject of further research and also that monitoring processes are put in place to build the necessary market intelligence, so that analysts can understand what is a key driver in a modern private sector-led housing system.

4. Mortgage demand

2.38 Mortgage finance is a vital filter in the housing market. Housing is too expensive to allow outright purchase by all but the richest in society. For the rest, there is no option but to seek long-term and secured finance. Mortgage funding converts latent demand into effective demand. The performance of the key indicators of the mortgage sector can therefore help in the interpretation of the performance of the housing market and demand-side drivers. Of course it must be acknowledged that mortgage lending data deal only with those housing transactions requiring a mortgage and one can only infer about the constraints facing those households unable to afford or access mortgage funding. Affordability issues are discussed more fully under the policy heading in the next section of the report.

2.39 CML has provided its housing and mortgage data for Northern Ireland which can be benchmarked against UK figures. The mortgage market has grown strongly – CML estimates that loans advanced (in terms of the total amount) have increased by nearly 50% between 1993 and 2004 (Hicks and Baxter, 2006, p.4).

2.40 The key findings from the CML data suggest the following:
- A consistently rapid rise in the average advance borrowed by first-time buyers (FTBs) and a loan to value ratio essentially tracking the UK figures with some short run divergence in the most recent period, when house prices have been rising relatively strongly in Northern Ireland. Average down payments have continued to increase for FTBs, with a belief that more and more such
purchasers are turning to their family to help meet deposits.

- Home movers (i.e. non-FTBs) indicate a generally higher loan to value ratio than for the UK in recent years, whereas the steadily rising absolute level of advance borrowing sits at a stable level below the UK average (reflecting the gap, albeit narrowing, between UK and NI house prices).

- A similar stable relationship is apparent for initial interest payments as a percentage of borrower income, which has hovered around 14% in recent years (marginally higher for first-time buyers).

2.41 Interview evidence from the financial sector indicated that: ‘demand for mortgages was seen to be rising, not falling, in spite of increasing house prices’. This may be due, in part, to people being more willing to (i) take on increasing levels of debt as they see the housing market moving further out of their reach, or (ii) they can achieve affordable mortgage finance deals. The former may not be sustainable and the latter may not remain generally available from the lenders. The change in mortgage assessment from an income multiplier to, increasingly, one based on an affordability assessment has been a major policy shift by lending institutions. The calculations are based on income to secure mortgage products, disposable income minus commitments, plus a 2% margin to offset risk of default in a rising interest rate environment. In terms of equating the new assessment criteria with the previous system of income multiples, current lending is now within the range of 4.5 to 5 times annual income. Repayment periods have also lengthened, although 40 year mortgage terms are not readily available. However, NI Court Service statistics indicate a rising number of actions for mortgage possession from around 1,500 in 2001/2 to more than 2,600 in 2005/6. Figures for the first three quarters of 2006/7 indicate that this higher level of action for mortgage

Figure 2.2 Base Rates, November 1997 - July 2007

<table>
<thead>
<tr>
<th>%</th>
<th>93</th>
<th>94</th>
<th>95</th>
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</table>

Source: Bank of England

Note this refers solely to the amount paid in interest not to the principal sum.

DSD Housing Bulletin October –December 2006
possessions is continuing, suggesting that in certain cases mortgagees have taken on too much debt.

2.42 The growth of house prices is squeezing disposable income with an ever-increasing percentage of income, potentially 30-40%, required on mortgage payments. Mortgage lenders interviewed for this study felt that a 1.5% to 2% increase in mortgage interest rates (see Figure 2.2) could have severe implications for both the economy and recent house-purchasers. The lender market indicated concerns that recent levels of first-time buyer activity was down to circa 20%-25% of the market, reflecting that the market is presently extremely difficult for the first-time buyer.

### Supply

2.43 In a standard market model, as demand increases one would expect supply would also increase to choke off excess demand. The key fact for UK housing is that supply is relatively unresponsive, regardless of how it is measured with respect to changes in prices (Meen et al, 2001). This state of affairs has been attributed variously to the land planning system (Evans, 2004) and the construction industry (Ball, 1983). Indeed, the main drivers of supply are:

- house prices and distinction between the entry asset price and the user cost of capital faced by investors;
- land prices, in part derived by housing market drivers but also a highly speculative and volatile market in its own right, inevitably shaped by the planning system;
- construction sector efficiency (including replacement costs and availability of labour);
- financing costs (e.g. development finance);
- planning constraints (broadly speaking); and
- other factors (including government intervention to subsidise specific forms of development through tax breaks, etc, or to inhibit certain kinds of development).

2.44 In many respects, problems with supply responsiveness are central to current concerns about the housing market in NI. Low elasticity or responsiveness is considered to be a root cause of high house prices and affordability problems (despite the fact that it makes up a small part of the overall turnover of housing in any given year). Despite a lack of hard or robust quantitative evidence, the interviewees repeatedly stressed the problems in the land market and their relationship to the planning system.

<table>
<thead>
<tr>
<th>Year</th>
<th>Private sector completions</th>
<th>Total completions</th>
<th>Private sector per 1000 population</th>
<th>Total completions per 1000 population</th>
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</thead>
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<td>14511</td>
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<td>2005-6</td>
<td>16628</td>
<td>17410</td>
<td>9.6</td>
<td>10.1</td>
</tr>
</tbody>
</table>

Source: DSD, 2006
2.45 House building in NI has been running at a higher rate than the rest of the UK for more than a decade (Section 1.8). Private completions have risen considerably over the period 2001-2006 (Table 2.1) attributed by CML to the rise in owner-occupation, market confidence and price signals. However, the building rate is less than half of that in the RoI (9.2 dwellings per capita in 2005 as against 19.5 in the Ireland); though that latter is exceptional in European terms. Furthermore, some caution needs to be exercised when comparing data from different countries.

2.46 Land price information at a local market level is often anecdotal evidence rather than solid quantifiable data. The data reported in the Semple Review and supplied by the VLA are aggregated at district council level and differentiated by small sites and bulk land. In the Interim Report it was shown that residential building land had increased from £397,000 per hectare in 2000 to £1,878,000 per hectare in 2006 for small sites and from £406,000 to £1,666,000 for bulk land. These simple averages disguise large local variations and suggest considerable market volatility with year on year increases. Hence, for more detailed insights of the land market there had to be considerable reliance on interview evidence regarding the role of land supply and price.

2.47 Estate agents in Belfast indicate that the lack of supply is currently the single most important issue for property professionals. There is also evidence that the supply that is available is not well suited to the demand; for example, some estate agents have raised concerns over the increased rates bills for single elderly people in large family homes. These owner occupiers would like to downsize to bungalows which are in short supply and are not being built due to high land values. There was also evidence in Derry/Londonderry to suggest that those apartments that have been developed by the riverfront have a high level of vacancy, with investors holding and not renting.

2.48 Several interviewees commented about the changes in developer behaviour due to current pricing of development land, high demand and the unprecedented house prices. One such scenario is described below:

Developers used to instruct the estate agents to sell off-plan at prior agreed prices. Now they are releasing houses in smaller phases and asking their agent to advertise on the basis of offers above a certain price, thus creating a bidding situation on each property. Estate agents will only take a deposit on any unit when a price has been agreed between the developer and the purchaser. The developers have also become interested in the financial security of purchasers so that they can choose not only the highest bid but a purchaser with a good credit history.

2.49 In Belfast and Derry/Londonderry there was widespread evidence of land being traded before planning permission was granted, and developers or landowners making a profit without the need to actually develop new homes. This was seen to be a demonstration of the panic buying of land that has been observed by market professionals. One estate agent remarked that the main challenge for the housing market was...
the scarcity of land, exacerbated by builders stock-piling rather than selling and drip-feeding the market. Newly developed stock was experiencing a bidding process with only a price guide from the agent/developer.

2.50 According to several interviewees, over 50% of the cost of a new build property is now attributable to the price of land, with the old adage of 1/3 land costs, 1/3 building, 1/3 profit no longer valid. The cost of land is considered to be further driven up by Article 40 agreements (developers agree to contribute to infrastructure and other non-housing agreements) pushing the price of housing up further. It was apparent that the margins on the building element are being squeezed (down to 18%-20%), with developers factoring in land price gains into their profit and smaller builders also adding in for an increase in house price to ensure a project’s viability. One key player with a long history of involvement with the development industry in NI stated: "Developers are getting clever with finance too and as the value of land has increased they will borrow against the equity and still not build." Another developer illustrated the rapid rise in land prices: Land prices have risen a huge amount: land that in 1996 was worth £130k an acre is in 2007 worth £1.3 million in Belfast and is therefore more expensive than the equivalent land in Newcastle or Glasgow.

2.51 Interviewees expressed concern about the future of the house-building sector, with the perception that both the large development companies and the smaller companies will survive, but that middle-sized companies may experience more difficulty in finding and holding land banks and maintaining their workforce. There was a clear perception that companies are not building as much and are having to borrow substantially. Formerly companies would have had three to four years’ supply of land on a rolling basis so that they could plan future output. In the current circumstances of restricted supply this was simply not possible.

Planning and New Supply: Interviewee Responses from the Development Sector

The planning system and development plan policy are considered to be of major significance in influencing the level of new housing supply within NI. Indeed, there were several areas of concern, as follows:

1. At the Central Government level, the split between the DRD with its responsibilities for strategic planning and the DOE with its responsibilities for the operational and delivery side of planning was identified as a constraint to joined-up decision making. In particular, a focus of criticism rested with the adoption of a plan-led system in Northern Ireland. It was perceived that similar policies to those designed for South East England were being applied in a Northern Ireland context, notably the sequential test to brownfield development. There has been some opposition to this policy on the basis that the Northern Ireland housing market is different in terms of its demand and supply characteristics. NI does not have large tracts of brownfield land compared to other parts of the UK. It is also acknowledged that the NI Assembly set brownfield targets at 60%. The emphasis on brownfields has led to extensive
development in the apartment and townhouse sectors which, although suitable for young single professionals, does not necessarily cater for family accommodation.

2. There are concerns about the length of time taken to approve statutory area plans in Northern Ireland, which in turn is having a considerable impact on the speed of planning application decisions and their progression through the development control process. Since the approval of the RDS, there has not been an area plan adopted in accordance with the strategy, as the Craigavon, Cookstown and Omagh area plans were exempt from the conformity requirements of the RDS due to their advanced stage in the preparation process. The Ards and Down Area Plan and the ongoing position regarding BMAP were referred to as examples of plans substantially behind schedule, causing uncertainty in planning decisions, particularly with regard to large mixed use planning applications. Interview evidence indicated concern about the BMAP public inquiry starting in April 2007 and potentially requiring a further two years to complete. It is anticipated that adoption of the plan will occur in 2010, nine years after the expiry of the Belfast Urban Area Plan 2001, and will be scheduled for review in 2015. Further, it is estimated that the first allocation of housing to be released under BMAP will not be realised until 2012 at the earliest. This has major implications given that the land zoned for housing under the previous plan (BUA 2001) has already been absorbed in the development chain.

3. A direct link is drawn between the shortage of land and house price inflation. Whilst it was acknowledged that there are various reasons for house price growth, government policy was seen as a major contributory factor. With developer contributions including charges for infrastructure such as water, sewerage, roads, street lighting plus the additionality of 10% of the new development given to open space, it is argued that all of these charges are passed on to the purchaser through an increased house price. Interviewee evidence estimates that approximately 18% to 20% of the cost of new build schemes is due to charges imposed on developers for the provision of infrastructure and community facilities, resulting in a reduction of profit margins for the developer. However, it should be noted these costs can be passed on more easily to the purchaser in terms of house prices in a rising market, but this may be more problematic as the rate of house price increase subsides. In the longer term there is evidence from GB that these costs should be negated through negotiating the land price.

4. The time taken by DOE Planning Service in delivering their development control function attracted further criticism. Two years for approval is seen to be excessive and in more complex cases there is interview evidence of planning applications taking five to seven years to secure full planning permission. Issues concerning the distribution of planning application workloads, with 80% of planning applications dealing with trivial matters, are clogging up the system. In addition to questions of accountability, it is considered that planners (i) do not fully appreciate the economic implications of delays on development proposals and (ii) are not sufficiently sensitive to the needs of
the business sector in attracting inward investment.

5. Modernising Planning is considered to contain many benefits but is criticised for not having met its targets. Interview evidence indicates a need for greater flexibility in relation to development plans and the development control function.

**Market Outcomes and Data Deficiencies**

2.52 The countervailing forces of demand and supply produce housing market outcomes. The principal outcomes, as signals to market players, are house prices and rents (as well as their relative trajectory), the volume of market activity, lets and turnover, as well as vacancy rates and time on the market that can be inferred from ongoing market activity. In turn, these signals shape the decisions of market participants to act on preferences to move, change tenure, invest or divest assets in the housing market. In this section, the impact of house prices on the market, along with activity rates and the constraints they place on what is available and who can afford what is available – are considered more closely, along with further related outcomes and impacts within the housing market (for example, tenure choice, housing market geography, migration and investment).

2.53 Market outcomes are the culmination of the interaction of preferences and constraints. The geography of housing markets arises from these consumer choices and is not confined by administrative boundaries, which is demonstrated increasingly in the cross-border market (see boxes on Derry/Londonderry and Newry). Planners and market analysts, including market professionals, have to take full account of these emerging market dimensions. At a second level, parts of the housing market are essentially national in character – e.g. the mortgage market. At a third level, the province is dominated by the Belfast functional area in terms of economic power, commuting, local labour markets and, inevitably, the housing market. Finally, at a fourth level, neighbourhood dynamics cannot be ignored.

**The Cross-Border Housing Market in Derry/Londonderry**

Understanding the dynamics of cross-border activity is a unique characteristic of the Derry/Londonderry market with seemingly a high level of mobility across the border, but one which has been variable over time. There was a consideration that a number of people who had moved to Donegal about two years ago were now looking to return to the Derry/Londonderry market. Seemingly several factors are at play in influencing the economics of cross-border movement, namely:

- House prices were 20%-25% cheaper on the Donegal side two to four years ago, but now house prices are considered to be on a par on both sides of the border.
- People playing the currency game, i.e. sterling mortgages against southern property (Euro-zone) and vice versa.
- Differences in stamp duty charges north and south (higher in the south except for first-time buyers).
- Differences in rates or charges – though it is generally considered that these equalised out.
- Importance of living within school catchment areas is bringing families back into Derry/Londonderry.
- Registration of cars (cost of car taxation is much higher in RoI).
It was considered that investors and first-time buyers had been battling out between them for property priced at or below £150k. Often this battleground was not entirely clean with interviewees arguing that pressure had been placed upon RTB individuals to coerce them to sell by giving less than the market value with the option to rent back. The scope for this type of activity was seen to increase in a buoyant market, such as in 2006. The current market situation was seen as being neither sustainable nor desirable.

The rental market in Derry/Londonderry was buoyant, driven by tenants on housing benefit, which was viewed as a safe income source with low risk for the investor. The level of rental stock was seen to be increasing, with the rental closely reflecting housing benefit, in essence depending upon what the government pays in benefit. With the amount of rental stock available within Derry/Londonderry, one interviewee puzzled over how there could be any homelessness in the city provided that people qualified for housing benefit.

On the supply-side, land was identified as the key issue. In 2006 it was apparent that trading land for clients had become as important as house sales. Selling land could be considered a paper transaction, in the sense that no building was being achieved on the sites. Indeed, one piece of land had been sold three times in 18 months and development had not commenced. It was considered common practice to buy and hold land and then sell after six to 12 months. At each stage of this process the land had escalated in value and the investor was making a high return for simply holding for a short time period. It was believed that such deals were commonplace throughout the city, but notably on the Buncrana Road. Land values had risen to £1m/acre for small sites and circa £750k-850k/acre for larger sites. The lack of building was seen to have had major impact on the supply-side of the market. It was estimated that only 300 new units per annum were being delivered in the Derry/Londonderry area when, according to some local estimates, approximately 2,000 new properties were needed.

2.54 In GB housing market assessments and local housing systems analysis champion the operational concept of the housing market area – a functional area where most observed housing market transactions are internal to the housing market area (O’Sullivan, et al, 2004; Welsh Assembly Government, 2006). It is often said that the housing market area is the lowest geographic scale on which a planner can safely forecast population and households (because of low and predictable migration). This is the appropriate spatial scale for market analysis, if it is to be of most use to planners and policymakers. However, current data availability makes this kind of analysis in NI difficult at a sub-regional level, and hence caution is required in the interpretation of market data on prices and activity collected at other, smaller and more open geographies (e.g. small or satellite districts or perhaps smaller areas such as settlements or neighbourhoods).

The Cross-Border Housing Market in Newry

Cross-border influences were considered to be very significant with a trend for families moving from the RoI to NI, normally within a radius of circa five to 10 miles from the border. The main drivers behind this movement were the cheaper cost of living in NI (every-day goods and services), the
perception of better education (high quality grammar schools) and health care. Part of this movement is also the ripple effect out from Dublin, the peace process making movement to NI feasible and improvements in t infrastructure.

The investor market seemed to be bidding on properties up to £250k in Newry. To illustrate the significance of the investor market, it was estimated that for houses within the range £15k-£220k, 50% were likely to be purchased by an investor. The comparative figures for 10 years previously were circa 10% investment sales and for five years ago were circa 25% investment sales, signifying a marked increase in the investment market. The rental market is primarily to local people, but also to migrant workers who are forming an important part of the population in Newry. It was estimated that several thousand migrant workers were living in Newry, with the private rental sector the only feasible housing sector in the short-term.

The significance of the migrant workers certainly has been a feature of the market but, according to the agent, cannot be under-estimated as between four and six migrant workers sharing a semi-detached property can bring in a substantial rental income and one that would cover an interest-only mortgage.

In particular, first-time buyers were being squeezed out of the market with evidence that young Newry couples are being forced out of the local market and are moving to Banbridge where price levels are cheaper. Also, restrictions on rural single dwellings are pushing up the price of property in the countryside, as well as within towns and villages, due to the reduction in supply. It was considered that the policy surrounding rural dwellings might have to be re-visited. It was widely felt that the current rural policy had been too crude.

2.55 To be clear, it is not being said that existing research ought to be disregarded; indeed, the Housing Needs Assessments (HNA) currently undertaken by the NIHE as part of the Area Plan process (3.17) provides a valuable source of housing market data. However, in themselves HNAs are only one element, admittedly important, of the evidence and analysis required to provide a more comprehensive picture given by LHSA (Housing Market Analysis). The future basis for housing planning and formulating of housing policy evidence base should therefore work with the grain of the market which operates at a housing market area level. The evidence from other parts of the UK suggests this is a fruitful, though technically demanding, task for housing market analysis.

Table 2.2 House Prices in NI and the UK, DCLG mix adjusted series 2002 -2006

<table>
<thead>
<tr>
<th>Date</th>
<th>Northern Ireland (£)</th>
<th>UK (£)</th>
<th>Northern Ireland (index)</th>
<th>UK (index)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Oct 2002</td>
<td>99,835</td>
<td>145,696</td>
<td>113.4</td>
<td>119.1</td>
</tr>
<tr>
<td>Oct 2003</td>
<td>105,723</td>
<td>161,365</td>
<td>123</td>
<td>133.5</td>
</tr>
<tr>
<td>Oct 2004</td>
<td>115,596</td>
<td>180,444</td>
<td>139.5</td>
<td>150.3</td>
</tr>
<tr>
<td>Oct 2005</td>
<td>134,007</td>
<td>184,958</td>
<td>154.8</td>
<td>152.7</td>
</tr>
<tr>
<td>Oct 2006</td>
<td>175,991</td>
<td>197,987</td>
<td>203.6</td>
<td>165.9</td>
</tr>
</tbody>
</table>

Source: DCLG House Prices October 2006, Communities and Local Government Statistical Release 2006/0165
Note: Feb 2002 = 100
2.56 House price data are among the best available data in NI. One readily available market outcome indicator is house prices, a critical information source. Across the UK, the last 10 years has seen an explosion of house price indices from lenders, estate agents and on-line housing information services. Table 2.2 shows the ‘official’ DCLG index comparing NI and the UK. However, it would be fair to say that the wide range of house price indices available in the rest of the UK has been less evident in NI. The main data source remains the quarterly house price index developed by the University of Ulster (including the Ulster authors of this report) along with the Bank of Ireland and the NIHE, which is a sample survey drawn on sales by participating estate agents. There is no equivalent in NI to the data collated by the Land Registry in England and Wales or the Register of Sasines in Scotland. However, the Land Valuation Agency is investigating a new house price index associated with its valuation work on the new capital value tax.

2.57 An application of house prices as market outcome is shown in Figure 2.3. The figure graphs the relationship between NI house prices (University of Ulster series) and the retail price index from 1985 to 2006. It might reasonably be argued that the only stable long run house price inflation rate is one that is neutral, i.e. the same as general inflation; otherwise, house prices distort wider consumption and investment choices through their impact on the user cost of capital. This was the case until the mid-1990s, but in the period since, house price inflation has increased relatively, diverging strongly from general inflation and accelerating since 2002.

2.58 While house price information is relatively robust, it is remarkable that there are no definitive figures for market activity (i.e. turnover) either at NI or more local levels. CML data, although of considerable benefit, apply only to mortgaged transactions and are currently only available at NI level, not
at a dis-aggregated level. These data indicated there were 25,900 loans for house purchase in 2005, proportionate to NI within the UK context (Hicks and Baxter, 2006). However, according to HM Revenue and Customs (quoted by Hicks and Baxter), the total number of transactions grew from 38,000 in 2000 to peak at 53,000 in 2003, before falling back slightly to 48,000 in 2005. Clearly, there are unreconciled differences between these statistics which may be partly due to the increase of buy-to-let activity.

2.59 The distribution of assessed property values became available in 2006 as a by-product of the VLA capital value rating system. In principle, the analysis of valuation data on the distribution of value across local housing markets could be useful for market analysis purposes – for instance, by identifying affordable threshold or first-time buyer entry points (and this could be complemented by the distribution of values associated with new housing loans collected by CML). However, initial analysis by Adair et al (2007) has indicated that there is a major discrepancy between the 2005 valuation figures and properties sold in the first half of 2005 in the BMA.

2.60 The above paragraphs have highlighted insufficiencies in housing market data but even less regular monitored information on the rental market is available, despite the widely held view of its growing importance. The research suggests that substantial levels of residential investment have occurred in recent years at the expense of the bottom end of the owner-occupied market. However, at the same time, in Belfast vacancy rates in the rental sector appear to be high and increasing, despite asset inflation, which seems to suggest that asset appreciation and speculative motives were outweighing income driven motives for holding rental property portfolios in 2005/6. Establishing a time series of market outcome indicators would play a crucial role in verifying (or otherwise) these messages arising from expert interviews. Another key area which is removing property from the owner occupied market and thereby further tightening it – which also needs reliable evidence – concerns second homes.

2.61 Market outcomes are in effect the summation of individual decisions to move, migrate for work or other

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19 NIHE Housing Condition Survey 2004
reasons, and in some cases to seek to change tenure. The patterns of these individual decisions are important indicators of paths through the housing market and are normally only to be accessed from surveys and the Census. However, interpretation of these indicators must be carried out with care. Actual choices by households reflect constrained decisions, not just by income and house price, but in terms of what is available in the market. Choices may be second best purchases in available, rather than preferred, locations or house types. Equally, measured choices do not count non-moves by households frustrated by market imperfections or the lack of available housing. Choosing to rent privately may in turn reflect affordability constraining potential purchasers and a lack of available properties to buy.

2.62 The evidence for these market dynamics is found in longer commuting distances, higher recorded survey preferences for ownership relative to outcomes, the ageing of first-time buyers and the growth of rental market occupation levels. These findings are reinforced by affordability indices suggesting that, despite continuing low interest rates, affordability is worsening and mortgage lenders are offering higher effective income multiples.

Key Messages from this Section

2.63 Several important points can be stressed from this section’s findings:

- Demand and supply drivers can help explain what is going on in the NI housing market. Household growth and the changing demography (shrinking household size, in-migration, cross-border migration and the changing age structure) are key underlying sources of demand, but they are not independent of the economy or the housing market.

- The economy is an important driver through location of economic activity and investment/restructuring and ultimately through the creation of income and wealth (and its distribution). The evidence suggests the NI economy is catching up with the rest of the UK, but that the RoI has increasingly important influence on the NI economy.

- Expected capital gains, residential investment and buy-to-let lending are adding to the speculative nature of the present market, which is distorting and destabilising the housing market, raising concerns about affordability. The increasing volatility in the market undoubtedly has negative connotations for the wider economy. To date, there has been little emphasis made concerning the negative impacts of house price inflation on the real economy. The further the market’s short run position is governed by speculation and the more it moves away from long run fundamentals, the greater the chance of a sharp correction. However, so far there has been no serious attempt to assess these issues quantitatively (because of the lack of data), or by developing suitable, credible economic models (because of uncertainty over causal processes).

- Despite the relatively large rate of house building (by UK standards), there is general consensus among practitioners that housing supply is
being constrained artificially by the planning system, which is fuelling several levels of distortion – pushing up house prices and land values and holding building land off market. Structural problems are identified by the development sector (See Planning and New Supply: Interviews from the Development Sector, p. 54) regarding delays in planning permission and the adequacy and efficiency of the local plan system and its place within the planning hierarchy. There is a lack of economic modelling that would consider how the present planning system and new housing delivery would actually work in NI in the future under different scenarios of household growth and use of the existing stock. Economic modelling would be an important complement to what is at present qualitative and case study evidence.

- House price evidence locally is reinforced by DCLG/CML house price trends. However, compared to other parts of the UK, NI is poorly served by house price data and indices, which is possibly a source of market volatility and excess profit. More market information at local and regional levels could play an important part in the NI housing market's future. The advent of the VLA capital value tax also raises the prospect of regularly revalued data on the distribution of property values, which potentially could be an important market analysis and policy tool.

2.64 Market analysis, in general, can provide systematic evidence with which to base policy and planning for housing land, housing need and investment interventions. However, two necessary conditions have to be met: market areas need to be developed at a sensible functional level and data sourcing and audit decisions need to be taken (Appendix 1 and 2) that allow analysis to proceed. There are large potential gains to be made from the utilisation of a coherent framework for analysis that can assemble information and filter it through a recognisable, credible transmission mechanism. However, it is clear from the market incomes section that serious data deficiencies need to be addressed.
3. POLICIES

3.1 This chapter begins with a short overview of policy-making and its relationship with the housing market. The rest of the section focuses on the key policy areas examined throughout the fieldwork of this research. The evidence examined is drawn from several sources and is based on a priori market principles, the research literature, interview evidence, set in the context of the study’s aims and objectives. The chapter assesses the nature of the problems, a range of policy responses and implications for the market. The chapter also continues to stress the data and evidence base required for better policy-making in these policy areas.

Policy and the Market

3.2 Housing policies both shape and are shaped by the housing market. Moreover, housing policies operate at several different levels (UK national, NI, and local governance arrangements). Policies can be placed on a spectrum from proactive interventions through to facilitating or passively encouraging private sector action. The nature and impact of policies on markets vary hugely, depending on where they fit on this spectrum of engagement.

3.3 Policies shape the housing market in important ways. The point of policy is often to correct market outcomes, for instance the regulation of homes in multiple occupation, health and safety regulations or tenancy rights to reduce illegal evictions. More broadly, social housing may be funded, indeed provided, in order to rectify an acknowledged failure of the market system to provide adequate housing for low income groups. Neighbourhood renewal policies were originally defended on the basis that grants and subsidies that led to blocks of housing being improved, thereby overcoming standard externality problems (such as public health problems and area-wide property value stigma). In each of these cases, the key issue is about both correctly identifying the market failure and the efficient response. However, many policies do not exist to tackle market failures, but arise from immediate social justice considerations (this is normally how rent controls are introduced – a response to high short run rents and housing shortages) or to balance political considerations, stakeholders and multiple, indeed conflicting objectives – for instance, the land use planning system.

3.4 Housing policy may also be designed to shape choices in the market through tax breaks to encourage owner-occupation, discounts to promote council house sales, subsidy to support shared ownership and other affordable housing products. Tax concessions on brownfield development (or alternatively, taxation of undeveloped land) are aimed to impact on supplier behaviour. However, in all of these cases, markets may respond to these policies in a host of unanticipated and sometimes contrary ways, for instance if subsidies to encourage access are capitalised into higher house prices.

3.5 It is also the case that the market can shape policies. For example, in Scotland there is the provision that council house sales can be suspended for 10 years if there is persuasive...
evidence of shortages of affordable housing. Similarly, in the early 1990s Government introduced the ‘housing market package’ which allowed housing associations to purchase market properties in order to tighten a housing market in free fall at that time. Short run policies are developed in response to market crises. Policies are removed or neutered if it is believed they are at odds with or distort market outcomes (mortgage interest tax relief) and many economists argue that policy development must work with the grain of social and economic trends. This is part of the rationale for market-enabling strategic housing policies led by local authorities. There are fundamental tensions evident: clear trends on families suburbanising and seeking more housing space versus planning increasingly focusing on reused urban land at high densities (Meen et al, 2005).

3.6 Some policies operating on the housing market are HM Treasury driven (stamp duty and decisions not to levy VAT or CGT); others come from Department of Work and Pensions (the policy stance on Income Support Mortgage Interest and mortgage payment protection insurance), other policies rely on the skill of local civil servants and partners to draw on European funds; and locally-based policies arise from different government departments and other agencies in Northern Ireland. Some of these policies will be aspatial in their impacts, but others will be confined to certain areas (a zone authorised for regeneration works) or types of place (reused urban land in general) and there may also be some overlap. It is important to be cautious about the interaction and overlay of policies emanating from different parts of the policy-making system.

3.7 The spectrum of engagement (see para 1.20) has been promoted as a useful concept when thinking about the relationship between policy and the housing market. Agency is an important dimension of policy-making. In this context, agency is concerned with the active-passive spectrum of housing policy. Passive policies simply provide an opportunity, should a private agent wish to take it. For instance, the Government might set up a vehicle in law that allows tax concessions on residential investment – but it is up to those market agents to take advantage and thereby impact on the housing market. Another example of this would be capital allowances associated with developing brownfield land. At the other end of the spectrum is government acting as lead partner in the comprehensive redevelopment of an area. Here, the policymaker is taking a proactive role and has a clear vision and set of policy instruments with which to try to achieve it.

3.8 Fundamentally, there is a recursive and close relationship between the housing market and housing policy (there is a series of feedback loops between the market and the policy sphere). If a policy-off world is assumed, then the housing market context, its instability or patent unfairness in terms of process or outcomes, may in turn stimulate policy responses (from a range of actors) trying to correct and stabilise the market. This will change the market context and one would expect to see a series of diminishing shocks over time from the policies as the market moved towards some more stable long run equilibrium. Of course, a policy-off environment is not a current reality. Policy is embedded in the market.
Figure 3.1 Northern Ireland Housing Market / Policy Dynamics

Policy Environment
Macroeconomic
Political
Legal
Environmental
Financial

Policy Objectives
- Market failure
- Market gaps
- Non-housing
- Agency stance

Policy mechanisms
1 Regulatory
2 Financial
3 Provision
4 Redistribution

Demand Drivers
- Employment
- Income Growth
- Distribution of income
- Benefits
- Population change
- Household change
- Migration
- House purchase system

Supply Drivers
- Development Sector
- Planning system
- Finance

Market Outcomes
- Supply-demand balance/vacancy rates
- Tenure balance
- Turnover / activity
- Prices: level and change
- Rents: level and change

Policy Effectiveness Indicators
- Relative real house price inflation
- Affordability measures
- Standardised market outcomes
process; the existing housing stock and expectations about the market’s future are closely bound up with policy decisions that have been made and will have to be made. This suggests that isolating causality and effects between market and policy interventions is not always straightforward and, for the purposes of this research, may also indicate the necessity to provide a more heuristic or classificatory approach to framing the interaction of housing market drivers and policy responses. This would also seem to be consistent with the local housing systems analysis approach or philosophy that constructs a flexible and open framework with which to analyse local housing systems (and which, it is argued, is the logical construction to take forward research to an operational monitoring stage).

3.9 In developing this argument, Figure 3.1 seeks to capture such a conceptual framework relating drivers to policies. As the diagram indicates, one objective is to identify policy effectiveness indicators by isolating market or policy outcomes from which can be inferred the extent to which policy objectives are being achieved.

3.10 The research has focused on six policy areas. These are by no means the sum of current policy issues, but they allow emphasis to be placed on priority long-term questions. The policy areas are:

- affordability, planning and land supply for housing;
- the proactive role of the NIHE as a constructive form of intervention in the housing market;
- the short and long run impacts of the switch to capital value taxation;
- policy for the private rented sector; and
- co-ownership and related intermediate housing policies.

### 1. Affordability, Planning and Land Supply

3.11 As in other parts of the UK, NI housing policy seeks to address and overcome problems of affordability, particularly concerning frustrated first-time buyers priced out of the market. This has been achieved in the past through shared ownership products such as co-ownership and the re-sale impacts of cheaper former NIHE housing. In a context of land shortages and pressure on the planning system, it may be construed as ironic that the principal way in which housing policymakers are now seeking to increase the supply of affordable housing (including social housing) is by using planning legislation to enforce quotas of cheaper housing in new private developments (given many commentators' view that the planning system is a cause of the problem). This approach, commonly termed S106 agreements (after the relevant section of English affordable housing and planning legislation), can be controversial, as it often is seen to impose a form of taxation on developers. Also, there may be the unintended consequences of further lengthening planning delays which may lead to some market displacement and even reduced supply. However, supporters consider it a form of planning gain and one that the relevant actors will grow accustomed to, based on the argument that this policy can deliver...
the valued goal of mixed tenure and mixed income communities (though this claim is also contested).

**Planning Policy and Housing Development**

3.12 In NI, planning policy has continued to play an important role in the residential property market at regional and local levels. At the strategic level, the Regional Development Strategy for Northern Ireland (RDS), prepared by the Department for Regional Development (DRD), provides the guidance for the future development of the region until 2025. At the operational level, planning policies and development plans prepared by the Department of the Environment Planning Service, and development schemes prepared by the Department for Social Development (DSD) must be in general conformity with the RDS under the requirements of the Planning (Amendment) (NI) Order 2003.

3.13 The RDS provides assessment of regional housing need for each district council based on the application of a Housing Growth Indicator (HGI), allowance of existing commitments, urban capacity, housing needs, windfall sites and residual need. The regional housing need allows for a small over-zoning provision (circa 10%) for exceptional use and applies a plan, monitor and manage approach. As a regional target, 60% of future housing growth is expected to occur within the existing urban footprint to ensure a more sustainable pattern of development and to assist in the regeneration of brownfield sites.

3.14 The RDS put in place a mechanism to review housing projections every five years and to manage housing growth in response to changing housing need. Under the revised household projection model developed by NISRA, a 25% increase over the original estimate was required, resulting in an additional 40,000 homes needed over the period 1998-2015, bringing the overall total to 200,000. This figure was subsequently re-adjusted to 208,000 following the findings of the public examination in March 2006.

3.15 The identification of housing market need within development plans is based on a Housing Needs Assessment (HNA) prepared by the NIHE. The role of an HNA is to:
- set the regional housing market context within which such specific housing need exists;
- highlight housing trends to provide a baseline and identify significant issues;
- analyse housing trends and market drivers;
- assess impacts of local housing needs on the wider market; and
- identify the range of housing needs.

The HNA considers and analyses data and trends for a range of housing categories, including regeneration, social, affordable, empty, student, Traveller and second homes. The NIHE is tasked with regularly monitoring and reviewing the data and trends in the HNAs.

3.16 Under the Strategic Planning (Northern Ireland) Order 1998, the DRD has the statutory function of preparing Planning Policy Statements (PPSs) to guide and assist the implementation of the RDS. Specifically, Planning Policy Statement 12 on Housing in Settlements applies to all development proposals within urban areas, ranging...
The objectives of PPS12 are:

- to manage housing growth in response to housing need;
- to achieve more sustainable patterns of residential development;
- to promote brownfield development;
- to encourage increased densities of urban housing; and
- to facilitate development of balanced local communities.

3.17 The development plan is the main vehicle for assessing future housing land requirements and PPS12 will consider the interrelated elements of the plan designed to meet its objectives and those of the RDS in terms of allocating housing land. The development plan will formulate a settlement and housing strategy for each area plan on the basis of the HGI under the RDS. Strategies should aim to provide an appropriate balance across the settlement hierarchy. Determination of the amount of housing required for the settlements in the plan area will consider the allowance for existing commitments, including dwellings already built and those in the development pipeline.

3.18 Affordable housing is considered, in the context of PPS12, to be an important component in creating mixed and inclusive communities. Encouraging diversity in the range of housing provision will apply in terms of tenure, size, type, and affordability. PPS12 also sets out procedures for the implementation, monitoring and review of the housing land in the development plan, however, PPS12 needs to be more innovative in providing the parameters within which affordable housing can be delivered and implemented within the development control process and procedures relating to planning applications. Continued monitoring of affordable housing and any hotspots for affordable owner occupation, high social demand or concentrations of private rented accommodation need to be identified in the HNA. The zoning of land for social housing in the development plan (Draft Banbridge/ Newry and Mourne Area Plan 2015) offers the potential to facilitate the supply of affordable housing.

3.19 Managing the release of housing land provides control over the order and timing of housing site development and enables implementation of the sequential approach. Effective and regular monitoring supports the plan, monitor and manage approach to housing provision and provides flexibility to the phasing and managed release of sites for housing development. The monitoring process will require information on tracking of building rates and estimated windfall rates. Where monitoring indicates that imbalances exist between the housing objectives of the development plan and activity on the ground, remedial action, based on amendment or review of the plan, will be undertaken. The five year focused assessment of the RDS to identify the need for 'in course' adjustments will also apply to the policy guidance contained in PPS 12.

3.20 In PPS 12 provision is made to allow for land to be zoned for social housing where the Housing Needs Assessment (HNA), prepared by the NIHE, provides...
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evidence of housing need. Based on the HNA, the Draft Banbridge & Newry and Mourne Area Plan 2015 (DOE 2006) makes provision to accommodate a social housing needs requirement over the plan period. Some of this need will be met on sites in NIHE ownership or on sites already committed for social need. Where additional land is required the plan has taken account of the need requirements in zoning land and using key site requirements to set the required housing density for social housing. However, the plan has stopped short of making provision for affordable housing which is recommended by the NIHE HNA, given that there is currently no policy guideline to allow the identification and to insist on a requirement of affordable housing for owner occupation. It is considered in the Banbridge/Newry and Mourne area plan that the regional planning policy aimed at encouraging higher densities in urban areas and promoting mixed use developments should be capable of meeting any foreseeable affordability needs in the plan area.

Secondary Evidence

3.22 In NI various quarters, including members of the Northern Ireland Assembly in a debate on 26th September 2000, expressed concerns about affordability of the market due to rising house prices that the growth of house prices may have implications for affordability. Indeed the Assembly resolution “notes with concern the growing crisis in the availability of affordable housing and urges the Minister for Social Development to bring forward proposals to address this issue”. These concerns led to the commissioning of a study by the NIHE on affordable housing in the private sector. (McGreal et al, 2001). In 2006, the Government set up an inquiry into affordability led by Sir John Semple. The interim report of this inquiry was published in December 2006 (Semple, 2006)38.

3.23 The 2001 report showed that, although house prices had been rising steadily in NI since 1995, and at a faster rate than incomes, the conventional measures of affordability indicate there was not a problem comparable to that which had generated considerable debate in England. While there were some ‘hotspots’ with high prices, notably in the Belfast market, the report considered that overall the affordability situation during 2000-01 was much healthier in NI. The most fundamental factor in maintaining affordability was identified as low interest rates. Affordability in the market was seen as a function of the relationship between employment/income levels and interest rates and how this equation relates to house price. Local housing market conditions influence price structure but affordability is clearly linked to macroeconomic factors.

38The final report of the Semple Inquiry was published in April 2007 and coincided publication of the key findings of this study.
3.24 Affordability issues were most apparent in geographically localised areas and, in particular, for first-time buyers within these locations. In Belfast, where these issues were most sharply focused, house purchasers were seen to have responded to the rapid increase in house price by either switching location within the city to areas considered to be less fashionable, or alternatively, trading-off accessibility and moving into commuter towns and rural areas within and beyond the BMA. The report concluded that the relationship between the demand for land, the price of land and house price was already at that time militating against the provision of affordable housing. The planning system was seen to affect the supply-side by restricting the total quantity and location of housing, which in turn can impact on affordability. The escalation in land values, notably in the Belfast Metropolitan Area, has led to developers targeting most of their output away from affordable starter homes and towards the middle and upper end of the housing market.

3.25 The Report argued that, while there was no immediate crisis of affordable housing, it was appropriate to build upon existing schemes to moderate the impact of house price rises and keep the affordability problem under control. In this context, continuing investment in social rented housing and in the Co-Ownership Housing Scheme was deemed to be critical. The report also advocated new approaches to planning agreements, modifying urban density and design requirements and developing longer-term transport strategies which would increase access to a wider part of the market for households affected by locally high prices. In spite of conclusions and recommendations from the 2001 report, Article 40 has not been used for housing purposes.

3.26 The 2001 Report recommended the need to monitor changes in affordability over time and drawing upon the experience in England and in the RoI. The report also suggested that Northern Ireland should not set out to develop an over-sophisticated approach to measuring affordability; but rather, the approach should be governed by what data are available, robustness and simplicity of application. This implied the need for a relatively uncomplicated approach that rested firmly on a limited number of variables that are easily obtainable on a regular basis and are defensible. In a subsequent report Murie and McGreal (2003) developed a model of affordability for monitoring purposes. The output model developed in conjunction with the NIHE involved sale price at the first quartile, median income levels and lending criteria to monitor affordability changes over time. Subsequent annual analysis (since 2001) using this model has shown a declining number of affordable houses for first-time buyers in practically all of the local authority areas in NI. Also, the Northern Ireland Housing Market Review and Perspectives report (NIHE, 2006) highlighted the lower proportion of loans to first-time buyers: only 36% in 2004 compared to 60% in 2001. The Review expects the affordability position to continue to deteriorate over the next three years as house prices continue to increase at a higher rate than incomes. The Housing Market Review concluded that affordability needs to be addressed by
a combination of policies in relation to planning regulations, support for co-ownership, an adequate social new build programme and facilitating the private rented sector.

3.27 In examining affordability in NI, Solomon (2004) concluded that, while house prices paid by first-time buyers have risen substantially, the impact on affordability has been mitigated by both increases in income and the fall in interest rates payable on mortgages. The result is that the proportion of income taken up by mortgage payments has remained relatively constant during the period 1994 to 2003 and that the ability to maintain mortgage payments – the affordability of debt servicing – remains good.

3.28 Semple (2006) is a wide-ranging review and contains a series of recommendations. It is a consultation document, but it makes the following points about affordability:

- A recognition of both the importance and difficulty with positing a clear operational definition of affordability. The report suggests a maximum ratio of 30%-35% of household income in terms of housing costs and eligibility for subsidised housing.
- The supplementing of planning Housing Growth Indicators with local market information and market intelligence – in order to arrive at more credible estimates of future demand and need.
- A sustained larger social housing programme is required (2,000 units pa rather than 1,000).
- A thorough review of residential land use planning permission and the development control system. In particular, the report calls for more flexible planning arrangements locally, more support of mixed tenure and increased density developments, sensitive and flexible attainment of brownfield site targets, new guidance to trigger Article 40 planning agreement housing quotas of affordable housing, and mechanisms for capturing the full range of developer contributions under Article 40.
  - To counter land-banking, selective de-zoning of land zoned for housing but not built out could be considered.
  - Greater use of vesting Compulsory Purchase Powers could be made by the NIHE, with more proactive use of existing powers by the NI Executive alongside the development of a NI land assembly agency along the lines of English Partnerships (governance, purpose and mechanisms) to be further developed.
  - Further work required on the best form of shared ownership for NI, the future role of co-ownership and a recognition that housing market stability is also about sustainability of ownership and not just access.

**Interviews**

3.29 There were two main recurring themes in the interviews undertaken with key players in the housing market: (i) imperfections of the current land planning system and what should be done about it; and (ii) the strengths and weaknesses of planning-led affordable housing policies.

3.30 Much concern was expressed across the spectrum of housing professions about the efficiency of the planning system. Delays were a major concern, as was the practice of developers

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21 Focus is upon the Interim Report of the Semple Inquiry as the final report April 2007 was published subsequent to the analysis for this report.
receiving planning permission but not developing the land, i.e. land banking. One major estate agent suggested that perhaps ‘planning permissions be given with a shorter timescale i.e. development must begin within a year rather than 5 years and that the definition of development become more like RoI definition ‘roof on’ rather than foundations.’

3.31 Discussions held with planning and developer stakeholders reveal that the planning system is not sufficiently flexible to reflect upon market changes particularly in relation to the time series trends of house price indices. The speed in determining planning applications is frustrated by the large number of applications of a relatively minor nature. In the case of the larger mixed use developments, it may be necessary to have a special task force to fast track the more complex planning applications though the process within an acceptable time period. It is recognized that the speed of determination of planning applications depends on the response time of consultees and a clear line of communication between departments where other central government departments need to be consulted on development schemes. A major concern relates to the length of time taken in preparing the statutory development plans in NI which can take between eight and 10 years from inception to final adoption. Consideration should be given to a review of the development plan process in NI by reflecting upon the Local Development Framework approach employed in mainland UK. Potentially this could allow for the development plan process to be accomplished within a 12-24 months timeframe, which would be more acceptable in terms of providing greater certainty to developers and investors.

3.32 Interview evidence recognises the importance of the planning system’s fundamental role in the zoning of land and acquisition of land through compulsory acquisition to accommodate social/affordable housing needs where it is considered appropriate for affordable housing. Furthermore, the use of Article 40 is considered to be a useful mechanism in securing planning gain. However, in most circumstances it is recognised that Article 40 procedures have delivered developer contributions to infrastructure or community benefits, but have not been used to secure social or affordable housing provision. The incorporation of Article 40 Agreements is factored into development appraisals as another cost element which is ultimately residualised into the higher house price borne by the purchaser or end user. Furthermore, these agreements can have a potential negative impact on developer profit margins and may challenge the financial viability of the development scheme.

3.33 From the planners’ perspective, the potential of Article 40 is recognised but there are concerns about the ability of the current planning system to provide the quantum of affordable housing required in the current market, due to high land values and the escalation of house prices. In England and Wales planning agreements under Section 106 have been extensively used in the delivery of a significant proportion of affordable and social housing within
private sector housing schemes. Based on experiences from elsewhere in the UK and the RoI, the planning legislation and policy documents in NI need to be more specific in the definition, level and method for delivery and enforceability of affordable housing to reflect local need, including a greater commitment of the potential of Article 40s to operate within a policy context. Potentially, PPS12 provides the framework and the vehicle in which to make the process for delivering affordable housing more explicit and more transparent.

3.34 From the perspective of some developers, there is no apparent objection to the planning system being used to secure affordable housing for owner occupation. However, the provision of mixed tenure developments within the same development scheme is seen as being potentially more problematic. This is dependent on the percentage of social housing required and could be accommodated if it is only a small percentage within the development scheme or alternatively the social housing component could be delivered by the developer on a site that is more appropriate for social housing.

3.35 Other developers argue, however, that the planning system does not have the capabilities and therefore should not be used as the instrument to deliver affordable housing. Planning may have a role at a wider strategic level, but below that a package of financial incentives would be needed to encourage development of affordable housing targeted towards the first-time buyer market. The concern, however, would be that this is likely to be capitalised into higher prices offsetting any such benefits. Furthermore, under the Review of Public Administration further benefits may arise from planning functions being delegated to local authorities, which could strengthen the role of community planning and increase the awareness of first-time buyers’ housing needs.

2. The Potential Role of the NIHE

3.36 One of the problems generally recognised throughout the housing community is the lack of cheap land for both social and private housing, despite the continued ownership of considerable volumes of public sector land in derelict, vacant, greenfield and otherwise sub-optimal land uses. The NIHE is one such land owner, as are MoD, the Health Service and other public agencies. This immediately raises the possibility that the NIHE could and perhaps should play a proactive role in bringing this land to market, purchasing or facilitating the acquisition of other land sites and working to develop social housing, mixed housing and even private housing where local market circumstances (pressured areas) might warrant such interventions. What are the risks, advantages and wider considerations of such a role? What other complementary policies might be advanced to achieve similar objectives? Are there other market roles that the NIHE might play to aid the better functioning of the housing market? These questions seem likely to be addressed by government over the next year, following the Semple Inquiry, with a variety of models potentially examined.
A National Land Assembly Agency

The Semple Inquiry Interim Report raises the possibility of developing a land assembly agency along the lines of English Partnerships, spurred on by the co-existence of large quantities of disparate discrete bundles of surplus public land, along with the need to secure land for social and affordable housing. Like EP, the agency would take sites into ownership and assemble them for housing, some of which could be part of the application of Article 40 agreements. This could also include some or all of the NIHE land bank, as well as open market trading operations in land. As with EP, a trading body would be able to borrow privately, making any agency a key player in large site urban master planning for sustainable mixed communities, with a recycling of surplus income for future land purchases. Semple recognises that much work is required to turn this idea into a feasible proposition, but argues that such an agency might perform the following strategic functions:

• Assemble strategic sites for development.
• Advice on the reuse of brown field development sites and regeneration
• Ensure that surplus public sector land is used to support government objectives.
• Manage a compulsory central registry of all such land in public ownership.
• Champion the delivery of infrastructure and management of contamination to support sites it has developed.
• Raise private finance to support the agency.
• Support the development of planning and housing delivery models - measures to make Article 40 agreements operate efficiently.

However, an important issue that would need to be resolved is whether any money borrowed is counted as public expenditure.

Interviewees

3.37 There was general support by interviewees for the NIHE using its land bank to help the market and, more generally, to stimulate the provision of affordable and social housing. However, there was less unanimity regarding the level of bureaucracy and the capacity of the NIHE to work with the grain of the market and to be sufficiently flexible and entrepreneurial. Some parts of Government raised worries about what would be on-budget and whether such innovation would be essentially cost neutral or beneficial to public budgets.

3.38 Most interviewees recognised that the NIHE has the scope to intervene in the housing market and that it has an important role to fulfil. The land that the NIHE historically has sold off has been often been developed by the private sector without consideration for the provision of affordable homes. Interviewees were of the opinion that if the NIHE land bank is released, then it should be undertaken in conjunction with economic development and strategies. However, some interviewees considered that the NIHE takes too long to make decisions, which would be counter-productive if dealing in the land market.

3.39 Reference was made to the importance of key sites that will become available: the Downshire site, the Maze and Ministry of Defence (MoD) sites. Although, historically, the rate of land release of government sites was considered to be slow, it is likely that 11 MoD sites will be released before 2010, notably Omagh (180 acres town centre) and Ballykelly. Ascertaining the impact of these land releases, whether positive
or negative, was viewed as a key issue. In the case of Omagh, the population had increased to 25,000 and with the release of the MoD site there was the potential for the population to continue to grow and establish Omagh as a core town in the regional setting. Thus, the release of certain strategic sites could have significant local impact on towns and regions.

3.40 Other interviewees considered that possibly the NIHE should look more to the market with the private sector (developers) entering into agreements, with the NIHE providing an alternative model to bring forward properties at a capped price. Although it was recognised that the NIHE had embarked on a number of small scale schemes in the past and worked with housing associations, what was proposed was a more proactive use of land for affordable housing. These interviewees referred to the privileged position that the NIHE occupies in terms of land ownership and that utilising sites to provide low cost homes was an option that should be explored.

3.41 On the question of an English Partnerships type model for NI, interviewees pointed out that NIHE already possesses most, if not all, of the relevant powers. There was a perception that the role of the NIHE will change with the Review of Public Administration, enabling the NIHE to take a more proactive position. With the housing associations currently delivering too little new stock due to problems in securing sites, the potential clearly exists for the NIHE to take on a more proactive role supporting housing association development programmes through land assembly.

3. Effects of the Capital Value Tax for the Housing Market

3.42 Ever since the difficult experience of the poll tax in Great Britain in the late 1980s, there has been academic and policy recognition of the potential housing market effects of switching local taxes from property to non-property forms. Equally, the switch from one form of domestic property taxes (rates) to another form of property tax (capital value tax) might be expected to affect house prices. The extent to which one might expect such impacts, and what else might follow from the decision to shift local taxation, was viewed as an important policy consideration.

3.43 In 1989, the British Government abolished the domestic rates system, first in Scotland, then in England and Wales. Effectively, a tax on property was replaced with a tax on people (the poll tax). In theory, the overall revenue effects would be neutral, since the two taxes would raise approximately equivalent tax takes. However, from a microeconomic point of view, the tax reform would have important relative price effects as well as income and substitution effects. First, there would be (disposable) income re-distribution as individuals either win or lose from the tax change; second, however, the user cost of housing would fall. Many economists then tried to model the effects of reduced costs on housing demand and, ultimately, on prices.

3.44 Three different studies in the late 1980s attempted to predict the housing market effects of rates abolition. The Government (DoE, 1986) forecast 15%
higher national house prices in the short run, falling to 5% in the long run. Hughes (1987) predicted medium run regional house price increases, from 11.5% in Wales to 23% in Scotland. Spencer (1988) argued that prices would rise by 13% in the short run and 7% in the long run for cash constrained households (30% in the long run for cash liquid households). Most analysts agreed that the impact of rates abolition was swamped by the bubble in the housing market that rose in the mid to late 1980s and then burst thereafter. Moreover, the rapid decision in 1991 to return to a new property tax also served to dampen house prices.

3.45 On the basis of this previous experience, it is legitimate to explore the likely effects on the NI market from the change in property tax. It might reasonably be expected that there will be capitalisation into house prices of the tax change, first, reflecting the individual dwelling’s relative position (is the bill higher or lower under the new tax as a result of revaluation and the switch in system?); and second, there may, hypothetically, be an effect due to district-wide redistributions of properties that are relatively more or less taxed as a result of the tax change. Capitalisation effects work by impacting on the asset value – thus a higher property tax increases the user cost of capital, reducing investment demand and putting downward pressure on equilibrium asset prices. In isolation, theses effects may be quite small, but there will also be redistributive effects on household incomes and wealth and a series of secondary or knock-on effects.

3.46 The VLA has compared rates bills with the costs implied by imposing the new tax for the financial year 2006-07 and not 2007-08. The Agency argues that 55% of bill payers would have paid less under the new tax and that most of the other 45% would have experienced small increases: 23% would face no more than £50 per annum increases, 16% between £50 and £150 and only 3% more than £450. The projections show quite large increases for the highest value properties (over £320,000). Spatially, Belfast city would face the largest average increases (+14%) while Craignavon would face the biggest decrease (-10%). However, there are large local effects and variations, measured at ward level (all information sourced at the VLA website, December 21 2006: http://vla.nics.gov.uk/domestic-reval-2007).

3.47 The revised domestic rating policy generated considerable debate in the structured interviews. Most agents, developers and financiers felt that the impact had not yet been seen in the market (mid to late 2006), though there was a consideration that the actual capital valuation figures were better (lower) than expected for most households. In principle, interviewees were confident that the current rating system needed to be updated and that the new average bill was not going to significantly affect homebuyers. The view that the new form of capital value property taxation was not likely to make a big impact was held by most interviewees. In principle, there was agreement with the concept, provided there was a system of exemption and relief. Of much greater importance was the reform of the schools entry system which was likely to have a major impact on the market.
3.48 The fact that the capital values used by the VLA in their calculations were based on January 2005 valuations appears to have softened the effects, as the assessed values are already significantly behind house price appreciation since that date. This was a further factor reinforcing the perception that the change was not likely to impact upon the housing market. Indeed, the possible capitalisation of price differentials was seen in some quarters as potentially beneficial by incentivising better use of the existing housing stock.

4. The House Sales Scheme

3.49 By the end of 2005-2006, more than 115,000 NIHE houses had been sold at discount to sitting tenants (the Scheme started in May 1979). Following changes to the sales regime (essentially tightening conditions and lowering the maximum discount to £24,000), sales have dropped off, falling from almost 5,000 in 2001-2002 to just 2,522 in 2005-2006. Key policy questions arising from the Scheme are the impact on both home ownership and social rented housing in NI, including how re-sales impact on the wider housing market and what future the policy has in the changed housing landscape.

3.50 The House Sales Scheme has been identified in several sources as being a major stimulus to home ownership in NI. Paris (2001) highlights how a significantly higher proportion of the public sector stock had been sold to tenants in Northern Ireland compared to England, Wales or Scotland. McGreal et al (2004) undertook a formal evaluation of the House Sales Scheme and drew a number of largely positive findings:

- the Scheme has directly contributed to the widening of home ownership and promoting tenure choice;
- the Scheme has generated considerable capital receipts to support other important NIHE capital investment;
- purchasers have experienced an appreciable uplift in the value of their property;
- in the resale market former NIHE properties often provide an affordable option, particularly for first-time buyers;
- the House Sales Scheme has promoted major social – and in some instances physical – change, where particular housing estates have altered in character, as the shift in tenure from public to mixed estates has improved the image of many housing estates; and
- there is little evidence of former tenants not being able to sustain home ownership or maintain their properties.

McGreal et al (2004) concluded that the immediate impact of the sale of properties under the House Sales Scheme on housing need was negligible, as sales were to sitting tenants who probably would not have vacated their properties if they had not bought them. This did not mean there is no impact on housing need, but rather that the impact is lagged. Given the reduced shortfall between the new build social housing programme since 2001 and the estimates of requirements undertaken by UU and Cambridge University for the NIHE, the effect of the house sales scheme has been to contribute to increasing levels of housing need.
3.51 However, over the last 10 years approximately one in six properties may have been lost from the potential pool of housing available for re-letting. A change in the tenure structure may have positive effects by introducing greater dynamism into the housing market, though in other cases it may have a negative effect with the less attractive estates, where few properties have been sold, not benefiting and potentially being damaged by the funneling of those with least choice into these estates. Hence, a downside of the Scheme may be a greater concentration of deprivation than otherwise would be the case, together with the residualisation of the existing stock, which is characterised by an appreciably lower representation of houses and a relatively higher percentage of flats/maisonettes, compared to the sold stock.

3.52 A further study by the University of Ulster (McGreal et al, 2006) on a longitudinal basis has shown that the resale performance of former NIHE property on the open market has been strong, with an average rate of increase of 14.7% per annum over the period 1990-2005, though this lags behind the growth of the overall market NI market by on average circa 5% per annum. The analysis of price structure of former NIHE properties on the open market also confirmed that this sector of the market has provided an important and often affordable entry point for first-time buyers. This point is stressed in the Northern Ireland Housing Market Review and Perspectives (NIHE, 2006) that sold NIHE dwellings generally provide a good source of high quality affordable homes for first-time buyers. The Housing Market Review and Perspectives report also cautions that the modified rules of eligibility and discount received is impacting upon the rate of future sales under the House Sales Scheme.

3.53 Interviewees generally made the recurring points that in its own terms the policy had been monumentally successful numerically and in increasing the low end of the market through relatively cheap re-sales. Measured in broader social terms, the sales policy has cumulatively reduced the supply of social housing relets and by taking the economically active out of the sector, had contributed to long-term polarisation and residualisation. The key issues emerging from the interviews in respect of the House Sales Scheme were whether (i) re-sales were now ‘flooding’ into the private rental market; (ii) the Scheme had effectively run its course; and (iii) policy ought now to be more focused on expanding investment in social and affordable housing.

3.54 Private sector interviewees claimed that high levels of properties sold under the House Sales Scheme were re-emerging in the rental market. According to NIHE interviewees, however, by 2004 only around 6%-7% of NIHE house sales had filtered back into the rental market on re-sale, though of course these numbers could well increase in the future (there is already some anecdotal evidence emerging to this effect and there are variations across NI). The recent drop in NIHE sales to circa 2,000 per annum is largely attributed to the capping of the maximum discount at £24,000 which is low relative to previous undiscounted prices; however, it was noted that the NIHE’s capped discount is still well above the maximum discount allowed in London (£8,000 more).
5 Private Renting

3.55 In 1992, the private rented sector accounted for just 3.2% of the occupied stock. By 2006, the sector had increased to 9.3% and accounted for more than 65,000 units. This massive growth, although some of it is due to statistical adjustments in the calculation of these figures (DSD, 2006), is an important reflection of market change in recent years and one that may warrant policy responses. Much of this growth is due to the twin effects of market deregulation and the growth of the buy-to-let sector. Both of these policies are essentially market-driven and policy remains very specific (HMOs) but the sector in general has benefited from urban regeneration in Belfast, from the pliant housing benefit system assisting low income renting households and from inflows of residential investment funds. In Chapter 2, the research highlighted both the lack of concrete evidence on the private rental market and the strong suspicions that the market is distorting the owner-occupied sector; but what exactly are the policy implications of this newly dynamic sector for the wider health of the housing market?

3.56 The private rental sector in NI declined steeply from the early 1960s, when 132,000 households (circa 35% of households) to the early 1990s, when the sector accounted for circa 4% of households. A study commissioned by the NIHE (Gray et al, 2002) has shown how the private rented sector has started to re-emerge over the 1990s and into the 2000s. Gray et al (2002) identified important shifts in the types of households that live in the private rented sector, with increases in one-parent families, non-pensioner households unemployed and low income households. The authors considered that there was an increasing representation of tenants who would have traditionally been located in the social sector.

3.57 Gray et al (2002) identified several drivers of the private rented sector namely a growth in the number of housing benefit tenants. Seemingly the process of paying housing benefit directly to the landlord has provided greater security (less risk) for the landlord with, as a consequence, a greater number of landlords prepared to rent into this sector of the market. The House Sales Scheme and the recycling of properties after sale to the sitting tenant were shown to increase the stock of properties within the private rental sector. New landlords, often private individuals, had purchased property for investment purposes thereby adding to the potential private rental stock. Also on the demand side, increasing student numbers, has stimulated interest in this market segment. The role of investors in the market has been apparent since the late 1990s and has been boosted by RoI investors who have been attracted by the lower house prices within NI. Also, there can be difficulties of single adult households accessing the social rented sector meaning that renting privately may be their only option notably for those where income levels do not support home-ownership.

3.58 The NIHE’s Review and Perspectives Report (2006) has noted the accelerated rate of growth in the private rental sector with an increase of 4,400 per annum between 2001 and 2004 reflecting the growing investment/buy-to-let market (note this is a rate of increase three times that of the social rented
sector over the same time period). The same report considers that the private sector will continue to grow to form an increasingly significant part of the overall housing market – key drivers quoted are changing lifestyles, labour markets, ease of access, flexibility, and housing benefit payment. Unsustainable house price increases were seen to reflect a reduction in the proportion of sales to first-time buyers and a rapid increase in buy-to-let. A potential negative impact on the private rented sector may result from the policy change by the Treasury on self invested personal pension (SIPPs) which may make the rented sector less attractive. A further concern noted in Section 2 of this report is the appearance of large numbers of empty properties apparently held off market by investors seeking capital gain and less interested in income returns from renting.

3.59 Research on buy-to-let in Glasgow (Gibb and Nygaard, 2005) brought together various qualitative and limited quantitative sources to build a picture of the emerging and dynamic rental market in that city. Gibb and Nygaard (2005) found a clear distinction between speculative residential investors who targeted new build and the more significant traditional and apparently longer term buy-to-let investor. Apart from the impact of reducing the supply of lower cost housing though investment activities, it was not at all evident that the growing rental market would necessarily destabilise the housing market. Indeed, there were arguments to suggest the opposite due to the stabilising effect of a healthy rental market.

3.60 Interviewees largely stressed the need to foster and otherwise leave the market alone to develop and grow. There was no enthusiasm for re-regulation beyond the health and safety related issues concerned with HMOs and to avoid the excesses of bad landlord practice which led some to favour licensing for landlords. There was no great demand for subsidy or other concessionary interventions in the sector; yet there was considerable concern regarding the residential investor as a speculator and the negative supply impact that this was allegedly having on the owner-occupied market. However, few came forward with policy proposals to counter these apparent problems. The exception to this was one interviewee who felt that there could be a policy response to slow investors’ appetite through the taxation system with higher capital gains on an investment property sold within a specified number of years. Stamp duty was identified as a fiscal measure which could be used to deter investment. The example of the RoI was quoted where investors paid 9% stamp duty (and perhaps explains in part why investment was diverted to NI and Belfast in particular)22.

6. Co-ownership and Related Policies

3.61 Northern Ireland has sustained the Co-Ownership model for more than 25 years with notable success. However, the model appears to be a victim of the rapidly rising level of house prices, which has undermined its capacity to continue to deliver shared ownership housing. However, in recent years, a number of new shared equity products

22 A further fiscal measure was the reform or equalisation of VAT on refurbishments and extensions versus zero rating on new build. This was seen as a measure to increase supply by refurbishment of existing property that may have fallen out of the useable stock.
have emerged elsewhere in the UK. The key policy questions are how important are the new shared equity products, can the Co-Ownership model be sustained and revitalised and are there other options that can be considered?

3.62 The Northern Ireland Co-Ownership Scheme was one of many equity-sharing models developed in the UK during the late 1970s-early 1980s. Arguably, the NI model was amongst the best developed of these schemes (McGreal et al, 2006). It provides a single scheme for the whole of NI and this presents advantages in comparison with the multiplicity of providers and variations in the details of schemes elsewhere in the UK. The familiarity to financial institutions enables the process of purchase to be carried out more quickly and with fewer uncertainties. The Co-Ownership Scheme has operated over a 25-year period that has seen significant changes in the housing market, nevertheless the objectives of NICHA have remained consistent over this period. Eligibility criteria stress affordability and need, with two key target groups namely: first-time buyers who cannot afford to purchase property without assistance and previous home-owners who experience the same problems but can also demonstrate special circumstances.

3.63 A study by the University of Ulster (McGreal and Berry, 2003) concluded that the Co-Ownership Scheme was a cost-effective initiative for the public purse. A more recent study of the Co-Ownership Scheme, commissioned by the NIHE and undertaken by the Universities of Birmingham and Ulster (McGreal et al, 2006), has shown that new entrants into co-ownership have increasingly been drawn from two groups: persons or households who were living with relatives (mainly in the owner-occupied sector) or who were living in private rented accommodation. The Scheme has become more focused on these groups in recent years and less focused on social rented tenants, or the children of social rented tenants. The study showed that a key factor influencing the decision-making of households was finance. Clearly, there was the aspiration for home ownership as the preferred tenure, but evidence from the analysis showed that up to three out of every four co-owners were not in a position to purchase a property without using the Co-Ownership Scheme. The report indicated that income levels for those accessing the housing market through the Co-Ownership Scheme were low and inadequate to service mortgage repayments for a typical 95% loan.

3.64 The main conclusion was that the Co-Ownership Scheme, in the majority of cases, enables households to buy entry level properties at entry level prices. Respondents’ own reflections on this issue attest to a significant group who would not have been able to enter the home ownership sector at all without the Scheme in operation. To this extent it is clear that the Scheme does not generally enable householders to buy bigger and better than they would have been able to afford anyway. However, the very short time after initial entry to the Scheme that people are staircasing out may suggest that the Scheme is attracting people to buy below their capacity and they then take the opportunity to staircase up very quickly. One possibility forwarded in the report is that the Scheme is being
used disproportionately by households whose incomes are increasing relatively rapidly and whose affordability situation, therefore, changes very quickly.

**Interviews**

3.65 Whilst wanting to support the work of NICHA, key actors felt that the thresholds were outdated\(^{24}\), the bureaucracy was too slow in a frantic market and that encouraging people to buy under current co-ownership guidelines might not be the most effective long-term way to enter the housing market. It was suggested that it might be better to club together with friends or family to enter the property ladder, thereby being able to split the equity on resale. Interviewees remarked on the possibility of shared equity products, but with a bank or a developer. It was felt that the current Co-Ownership Scheme is not particularly attractive to lenders and indeed not all lenders encourage shared-ownership. The argument was made that you cannot compel lenders to offer shared-ownership products.

3.66 The point was made strongly that in the mid to late 1980s, when Co-Ownership was at its strongest point, most new build semi-detached property fell comfortably into the Co-Ownership threshold, but currently this property type would lie well outside Co-Ownership limits. The rise in co-ownership thresholds in March 2007 has gone an appreciable way towards restoring this position, but not entirely. Secondly, greater flexibility is required with co-ownership. It was felt that the regulations are too rigid and that in a rapidly rising market Co-Ownership simply cannot compete.

3.67 Co-Ownership price thresholds were seen to be below market prices\(^{24}\) and therefore its effectiveness in the current market was questioned. The opinion was expressed that co-ownership needs to be made more attractive with the rental element questioned as the NICHA/government is getting the benefit of the capital uplift. The interviewee proposed one way that co-ownership might work, which would be for the NIHE to vest land specifically for development by NICHA. Assuming a more favourable (lower) land price were paid, then the Scheme could work within the current limits and developers could build at an appropriate profit margin.

3.68 A key stakeholder from the social rented sector thought Co-Ownership should be examined alongside the general needs social housing investment model. It was suggested that Co-Ownership and sitting housing association tenant sales should remain no more than 25% of and not reduce, new housing association provision. Co-Ownership sales have had a large cumulative effect on the housing market, particularly at the lower end of the market; however, different financing of the two parts of the social sector means that sales can have a major impact on sector viability.

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\(^{23}\) Interviews were conducted in the autumn of 2006 and before the sharp increase in price thresholds for co-ownership announced in March 2007. \(^{24}\) See previous comments on the March 2007 increase in Co-Ownership price thresholds.
4. CONCLUSIONS AND RECOMMENDATIONS

The Planning system

4.1 The research evidence is indicative of a planning process that is not aligned to economic need. There is a need for planning to be more sensitive to economic realities with a greater understanding of development economies and the overall competitiveness of the Northern Ireland market.

4.2 There is a case that planning permissions are given with a shorter timescale namely development must begin within say three years rather than five years and that the definition of development is more rigorous such as ‘roof on.’

4.3 The lengthy local area plan process needs to be reduced to no more than 12-24 months. This may require a combination of more flexibility in the development plan process and more resources committed to increasing planning efficiency.

4.4 PPS1 needs to be strengthened to reflect changes in policy, but in reality amending primary legislation and finding a slot in the legislative programme is likely to prove difficult. The best option is probably to see what can be done under existing Article 40 and find a potential mechanism for delivery of affordable housing within the current system. Planners, in particular, have identified a number of difficulties with using Article 40 agreements for housing purposes. It is important, however, that an inter-agency team is established to undertake a small number of pilot projects which use Article 40 agreements to deliver affordable housing to assess the extent of the problems which need to be addressed. There is also a need to better join-up housing market demand, estimated need and affordable supply within the single planning process.

The evidence base

4.5 The private rental sector plays a pivotal role in adding to speculation and volatility. Hence it is essential that significant further research on this sector is undertaken to find out if this is the case and that monitoring processes are put in place to build up the necessary market intelligence.

4.6 It is important that planners and market analysts, including market professionals take full account of emerging market dimensions. The geography over which private households make housing choices is the spatial scale of market analysis that planners and policymakers need to address. To adequately address market geographies and local area analysis there is a need to reproduce data at this scale in Northern Ireland. This is not to dismiss existing information such as the considerable evidence emerging from the Housing Needs Assessment currently undertaken by the Housing Executive, the future basis for housing planning and constructing the housing policy evidence base should work with the grain of the market and operate at a housing market area level.

4.7 There is a need to improve the evidence base for Northern Ireland, for example there is a lack of economic modelling
that would consider how the present planning system and new housing delivery would actually work in Northern Ireland in the future under different scenarios of household growth and use of the existing stock.

4.8 Market areas need to be identified at a sensible functional level and data sourcing and audit decisions need to be taken that allow analysis to proceed. There are large potential gains to be made from the utilisation of a coherent framework for analysis that can assemble information and filter it through a recognisable, credible transmission mechanism.

**The role of the Housing Executive**

4.9 The Housing Executive should play a proactive role bringing public sector land to the market, purchasing or facilitating the acquisition of other land sites and working to develop social housing, mixed housing and even private housing where local market circumstances (e.g. pressured areas) might warrant such interventions. This role needs to be carried out within an understanding of the operation of the wider housing market.

4.10 The potential for the private sector (developers) to enter into agreements with the Housing Executive as an alternative model to bring forward properties at a capped-price should be explored as one option to address affordability. Utilising sites to provide low cost homes would be an option that should be explored.

**Co-ownership and intermediate housing policies**

4.11 For Co-Ownership to be fully effective in providing a route to address affordability there is a need for price thresholds to be either raised substantially, by at least 50% given the current price structure within the market, or abolished to remove this constraint. Secondly, greater flexibility is required with Co-Ownership. The regulatory burden imposed on Co-Ownership is making it increasingly difficult in a rapidly rising market for prospective co-ownership purchasers to compete. A revamped Co-Ownership model would serve the needs of Northern Ireland better than the introduction of alternative Homebuy schemes which have to date only achieved a limit impact in Great Britain.
5. References and Appendix

References


Murtagh, B (2001b) Integrated Social Housing in Northern Ireland, Housing Studies, 16 (6), 771-789.


National Economic and Social Council (2004)‘Housing in Ireland: Performance and Policy’ National Economic and Social Development Office – NESDO


NIHE (2004) Housing Condition Survey


Appendix 2 LHSA

Introduction
The research team believes that a useful way into this is to make use of the Scottish Local Housing Systems Analysis (LHSA) template to shape market analysis, for organising data sources and conducting data audit (O’Sullivan, et al, 2004; Gibb and More, 2002). In this short appendix, the LHSA framework and philosophy is introduced.

LHSA: Framework and Philosophy
LHSA is a practical framework that enables housing researchers and planners to build a consistent but locally relevant and tailored account of the housing system (i.e. all tenures). This is designed to be directly relevant to identifying pressures and problems in the local housing system that can inform investment and other strategic decisions at and below the level of the housing system. The key principles of LHSA are:

• Cost-effectiveness – making the best use of research resources and combining different data in order to answer relevant questions
• Thinking systemically – how do the different parts of the system interact?
• What are the external drivers of the housing system and what is their transmission mechanism impacting on key variables like house prices, investment, housing satisfaction, etc?
• This is not a report-based exercise but an on-going monitoring and updating assessment of local conditions.
• To use an analogy adopted by Duncan Maclennan – this is diagnostic medicine rather than the physics of over-reductionist economic analysis.
A normal LHSA process contains the following steps:

1. outline the relevant functional and formal geography of the LHS
2. identify and analyse the external drivers of the system
3. conduct a basic profiling of the housing system, including basic policy and planning assumptions that affect the LHS
4. pull together a detailed picture of the main components of the housing system (usually by tenure ad geography)
5. the hard bit – pull all the above together in an analysis of balance and imbalance seeking to identify the main priority problems
6. maintain a monitoring brief periodically updating the analysis.

Data Sources
Annex 3 of the LHSA Good Practice Guide sets out the nature, strengths and weaknesses and the contact point for the main expected data sources to be used, at the time of writing. Some of the data sources clearly only apply to Scotland or to GB but others may include some NI data - such as survey of mortgage lenders, Census, some of the Neighbourhood statistics and statutory household surveys. Clearly, we need to undertake an equivalent exercise for NI. The data is structured in the same way as with the appendix in O’Sullivan et al (2004).

Appendix 2 LHSA
Structured Interview Pro Forma
NIHE Housing Market Project

Figure 1 is a summary of the LHS balance analysis.
### TABLE 1.

<table>
<thead>
<tr>
<th>Description of main data sources</th>
<th>Strengths</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Source</strong> Northern Ireland Census of Employment compiled by Statistics Research Branch of DETINI</td>
<td>It is a comprehensive survey that can be analysed at various levels and as it is a statutory obligation the response rate should be high.</td>
</tr>
<tr>
<td>Description: This is a statutory enquiry of all employers in Northern Ireland carried out under the Statistics of Trade and Employment (NI) Order 1988. Frequency and spatial level: It is carried out biennially and results are disaggregated into SIC, and are available according to sex, full or part time working and industrial activity. Method: Survey</td>
<td>There is also a quarterly survey that supplements this data Quarterly Employment Survey (QES). It surveys approximately 1% of the Census of Employment. It is available from the DETINI website.</td>
</tr>
<tr>
<td><strong>Source</strong> Annual Survey of Hours and Earnings (ASHE) produced by DETINI</td>
<td>The information is available at many different levels and can be analysed by industry, occupation, age, public and private sector split. The survey also collects information on the industry, occupation and pension arrangements of all employees included in the sample. Historic data back to 1998 is available on the web free of charge. The ASHE results can be mapped using the NINIS Northern Ireland Neighbourhood Statistics site.</td>
</tr>
<tr>
<td>Description: This survey provides a wide range of information on hourly, weekly and annual earnings of employees in Northern Ireland Frequency and spatial level: Annual publication in April of every year. Data available at work postcode, home postcode, Local Government District, parliamentary constituency levels. Method: The 2004 ASHE is a sample survey and uses the Inland Revenue’s PAYE system as the main sampling frame. The data on earnings is obtained not from the employees, but from their employers under the authority of the Statistics of Trade and Employment (Northern Ireland) Order 1988, limited to 1%.</td>
<td></td>
</tr>
<tr>
<td>Limitations</td>
<td>Contact/Access</td>
</tr>
<tr>
<td>----------------------------------------------------------------------------</td>
<td>--------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>It includes employee jobs only and therefore excludes a proportion of the working population engaged in farming, armed forces, self employed, private domestic servants and homeworkers. Although rural employment figures are available from the Department of Agriculture and Rural Development (DARD). The census of employment counts the number of jobs not the number of people with jobs therefore someone with both a full time and part time job will be counted twice. The SIC is based on the main activity of the company and therefore if their sub activity for example all employees of a bank will be coded within the Financial sector even those with IT jobs.</td>
<td>Census Section Statistics Research Branch DETI Netherleigh Massey Avenue Belfast BT4 2JP <a href="http://www.detini.gov.uk">www.detini.gov.uk</a></td>
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<td>The survey information is related to the pay-week (or other pay-period if the employee was paid less frequently), which included 21st April. The results are therefore not necessarily representative of pay over a longer period. They do not take account of subsequent changes in rates of pay, which have become effective since April or changes that have been introduced with retrospective effect since the survey returns were completed. While the information is produced for home and work postcode there are lots of areas that do not have a large enough sample size. It does not provide household information but data for individuals. It only provides information for those who are employed.</td>
<td>Brian Spence <a href="http://www.detini.gov.uk">www.detini.gov.uk</a> <a href="http://www.ninis.nisra.gov.uk">www.ninis.nisra.gov.uk</a></td>
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</table>
TABLE 1: continued…

<table>
<thead>
<tr>
<th>Description of main data sources</th>
<th>Strengths</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Source</strong> NI Labour Force Survey (LFS) produced by DETINI</td>
<td>It is the biggest continuous household survey in Northern Ireland collecting information on economic activity and is updated regularly on the web.</td>
</tr>
</tbody>
</table>

**Description**: The labour force survey provides information on labour market structure, employment, unemployment, economic activity groups within the labour market. There are also international comparisons of employment and unemployment contained.

**Frequency and spatial level**: It is a quarterly sample survey and questions are asked of every adult member of the household (aged 16 or over). The survey uses a systematic random sample of addresses drawn from the VLA list of domestic properties. The VLA addresses are sorted by district council and ward, so the sample is effectively stratified geographically. This ensures proportional representation across the district council areas in NI.

**Method**: It is a sample survey (around 2500) carried out by interviewing people about their personal circumstances and work. In the latest survey there were 578 addresses chosen at random form the VLA list and 2119 brought forward from a previous survey. A random start, fixed interval sampling technique of the addresses which are ordered by district council and ward is used. This ensures proportional representation across the district council areas in NI.

Each quarter consists of approximately 2700 household responses spread over 5 waves. Every address selected is eligible for interview on five successive occasions, so that in any one quarter, a fifth of the sample will be receiving the first interview, a fifth their second and so on. Each quarter 650 new addresses are randomly selected for their first wave interview from the VLA list.

**Strengths**

- It has a high response rate of over 70% and the sample typically has an 80% sample overlap between quarters.

- Sample size is too small to be able to report on most district councils particularly smaller ones such as Moyle.

- The latest estimates are available in excel on [www.detini.gov.uk](http://www.detini.gov.uk).

- There are many other publications available on the DETINI website:
  - Labour Force Survey historic Supplement 1984-2005
  - Labour Force Survey Local Area database 2003
  - Labour Force Survey Quarterly Supplement Autumn 2005
  - Graduates in the Northern Ireland Labour Market 2005

**Contact/Access**

Available on the internet.
### Limitations

Sample size is too small to be able to report on most district councils particularly smaller ones such as Moyle.

### Contact/Access

The latest estimates are available in excel on [www.detini.gov.uk](http://www.detini.gov.uk).

There are many other publications available on the DETINI website:
- Labour Force Survey historic Supplement 1984-2005
- Labour Force Survey Local Area database 2003
- Labour Force Survey Quarterly Supplement Autumn 2005
- Graduates in the Northern Ireland Labour Market 2005

### Geographical Scale

<table>
<thead>
<tr>
<th>Available on the internet</th>
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<tr>
<td>Yes</td>
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### Available on the internet

- NI Level
- DC level
- NUTS III
- Travel to work
- Parliamentary constituency level
TABLE 1: continued…

<table>
<thead>
<tr>
<th>Description of main data sources</th>
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</tr>
</thead>
<tbody>
<tr>
<td><strong>Source</strong> Monthly Labour Market Report produced by DETINI</td>
<td><strong>Strengths</strong></td>
</tr>
<tr>
<td>Description: This gives details of the other surveys LFS, QES and ASHE, claimant figures and vacancy statistics and employment and training statistics.</td>
<td>It is a regular document that brings together the main points form the surveys produced by DETINI.</td>
</tr>
<tr>
<td>Frequency and spatial level: Monthly</td>
<td></td>
</tr>
<tr>
<td>Method: Not applicable</td>
<td></td>
</tr>
<tr>
<td><strong>Source</strong> Northern Ireland Summary of Social Security Statistics 2005 produced by DSD (Social Welfare Statistics and Consultancy Branch)</td>
<td>It is a single source available free of charge on the web. It is updated by summary statistics bulletins also posted on the web that are available on a three monthly basis from February. These are operational statistics.</td>
</tr>
<tr>
<td>Description: It replaces the annual statistical publications of individual benefits and provides a single source of information for all claimants.</td>
<td></td>
</tr>
<tr>
<td>Frequency and spatial level: Published annually for the last 5 years. Spatial?</td>
<td></td>
</tr>
<tr>
<td>Method: Information collected from claimants by DSD</td>
<td></td>
</tr>
<tr>
<td>Limitations</td>
<td>Contact/Access</td>
</tr>
<tr>
<td>----------------------------------------------------------------------------</td>
<td>-------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Suffers from the same weaknesses as the main survey.</td>
<td>The latest reports are available in pdf format on <a href="http://www.detini.gov.uk">www.detini.gov.uk</a></td>
</tr>
</tbody>
</table>
| The latest reports are available in pdf format on [www.detini.gov.uk](http://www.detini.gov.uk) | Frances Curran  
Social Welfare Statistics and Consultancy branch  
DSD  
4th Floor  
James House  
2-4 Cromac Avenue  
Gasworks Business Park  
Ormeau Rd  
Belfast  
BT7 2JA  
028 90 819947  
Frances.Curran@dsdni.gov.uk  
Website: [www.dsdni.gov.uk/index/stats_research.htm](http://www.dsdni.gov.uk/index/stats_research.htm) |                    |                          |
### TABLE 1: continued…

<table>
<thead>
<tr>
<th>Description of main data sources</th>
<th>Strengths</th>
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<tbody>
<tr>
<td><strong>Source</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Family Resources Survey Northern Ireland 2003–4 produced by DSD</strong></td>
<td>Although some of the information in the report is available elsewhere it is still a very comprehensive document that brings together many of the relevant statistics and is readily available on a regular basis.</td>
</tr>
<tr>
<td>Description: This is the second Family Resources Survey and is intended to produce results that are directly comparable with the rest of the UK. The FRS has been running in GB since 1992. Introduced in NI in 2002. It is designed to supplement the existing Family Expenditure Survey and the Continuous Household Survey.</td>
<td>The Department of Social Development (DSD) also produce some other reports:</td>
</tr>
<tr>
<td>Frequency and spatial level: It is a Northern Ireland wide survey conducted annually. Information is published at a NI level, health board and NUTs III areas</td>
<td>Households Below Average Income- Northern Ireland Family Resources Survey Bulletin Series I: Urban and Rural Individual Incomes Series –Northern Ireland</td>
</tr>
<tr>
<td>Method: The FRS is based on a sample of 3600 addresses drawn from the VLA list using the same method as the LFS and CHS referred to earlier. Questions are asked of every adult member. It is then stratified into three regions Belfast City Council area, East of NI and West of NI. Interviews are carried out by the Central Survey Unit, NISRA. Participation is voluntary. The effective sample size for 2003/4 was 3178</td>
<td>Records those currently self employed</td>
</tr>
<tr>
<td></td>
<td>Earnings data on place of residence not employment.</td>
</tr>
<tr>
<td><strong>Source</strong></td>
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<tr>
<td><strong>PAYCHECK</strong></td>
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<tr>
<td>CACI Limited, census statistics, lifestyle surveys and EFS survey</td>
<td>Detail available down to postcode level.</td>
</tr>
<tr>
<td>Description: A model estimating the average household income and income distribution in a postcode.</td>
<td></td>
</tr>
<tr>
<td>Frequency and spatial level: Annually. Unit Postcode.</td>
<td></td>
</tr>
<tr>
<td>Method: Paycheck uses a series of hierarchical models at increasingly broad spatial levels. Lifestyle surveys giving respondents income are combined with small area demographics to build predictive models of household income. Separately the lifestyle data is treated as a simple survey and used to estimate the local income directly. A weighted average of these based on volume of real data records the final result.</td>
<td></td>
</tr>
<tr>
<td>Limitations</td>
<td>Contact/Access</td>
</tr>
<tr>
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</tr>
</tbody>
</table>
| There is a small sample size and it uses equivalised income which makes comparison with other datasets difficult. There is also the issue of understanding how it is calculated. | Andrew Reilly DSD 028 90819954  
Claire Savage DSD 028 90819937  
For the report:  
Website: www.dsdni.gov.uk/index/stats_research.htm  
Data is also deposited with the Data Archive Essex University. | NI level  
Health Board  
NUTS III | Yes |
| There are some concerned about the generalisations that are inherent in such a database, particularly due to the use of lifestyle surveys.  
There is a lack of transparency in sources of data and methodology. | H.McLarrenon  
Director PSC Ltd  
1 Kiltonga Industrial Estate  
Belfast Road  
Newtownards  
BT23 4TJ  
Phone 028 91 28 28 28 | | |

Detail available down to postcode level.

There are some concerned about the generalisations that are inherent in such a database, particularly due to the use of lifestyle surveys.

There is a lack of transparency in sources of data and methodology.
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<th>Description of main data sources</th>
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<tbody>
<tr>
<td><strong>Source</strong>: Belfast City Council commissioned Local Forecasting Model</td>
<td></td>
</tr>
<tr>
<td>Description: Sample based on 1% of all PAYE receipts</td>
<td></td>
</tr>
<tr>
<td>Frequency and Spatial level: To be developed for all district councils</td>
<td></td>
</tr>
<tr>
<td><strong>Source</strong>: Inland Revenue (HMRC data)</td>
<td></td>
</tr>
<tr>
<td>Description: Currently no analysis is made public.</td>
<td></td>
</tr>
<tr>
<td>Frequency and Spatial Level</td>
<td></td>
</tr>
<tr>
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</tbody>
</table>
| At present only available for Belfast City Council. It may be limited in its application due to sample size. The service requires a subscription. | Andrew Webb  
Senior Economist  
Regional Forecasts  
www.regfor.com | DC level            | No |
| At present only available for Belfast City Council. It may be limited in its application due to sample size. The service requires a subscription. | Due to data protection issues only 5% sample is ever made available. There is also usually a cost for the information. | No |
TABLE 2: EMPLOYMENT EARNINGS AND INCOME

<table>
<thead>
<tr>
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<th>Geographical Scale</th>
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<td>It includes employee jobs only and therefore excludes a proportion of the working population engaged in farming, armed forces, self employed, private domestic servants and homeworkers. Although rural employment figures are available from the Department of Agriculture and Rural Development (DARD). The census of employment counts the number of jobs not the number of people with jobs therefore someone with both a full time and part time job will be counted twice. The SIC is based on the main activity of the company and therefore if their sub activity for example all employees of a bank will be coded within the Financial sector even those with IT jobs.</td>
<td>Census Section Statistics Research Branch DETI Netherleigh Belfast BT4 2JP <a href="http://www.detini.gov.uk">www.detini.gov.uk</a></td>
<td>NI level</td>
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<td>NI level LGD Level Parliamentary constituency level Postcode level</td>
<td>Yes</td>
</tr>
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<th>Source</th>
<th>Description: The labour force survey provides information on labour market structure, employment, unemployment, economic activity groups within the labour market. There are also international comparisons of employment and unemployment contained. Frequency and spatial level: It is a quarterly sample survey and questions are asked of every adult member of the household (aged 16 or over). The survey uses a systematic random sample of addresses drawn from the VLA list of domestic properties. The VLA addresses are sorted by district council and ward, so the sample is effectively stratified geographically. This ensures proportional representation across the district council areas in NI. It was a biennial sample survey from 1973-83 and then annual from 1984-1992 and since then has been carried out on a quarterly basis. Information is available down to postcode level but is commonly produced at NUTS III, District Council Area, Travel to work area and Parliamentary constituency. Method: It is a sample survey (around 2500) carried out by interviewing people about their personal circumstances and work. In the latest survey there were 578 addresses chosen at random from the VLA list and 2119 brought forward from a previous survey. A random start, fixed interval sampling technique of the addresses which are ordered by district council and ward is used. This ensures proportional representation across the district council areas in NI. Each quarter consists of approximately 2700 household responses spread over 5 waves. Every address selected is eligible for interview on five successive occasions, so that in any one quarter, a fifth of the sample will be receiving the first interview, a fifth their second and so on. Each quarter 650 new addresses are randomly selected for their first wave interview from the VLA list.</th>
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<td>NI Labour Force Survey (LFS) produced by DETINI</td>
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<td>Sample size is too small to be able to report on most district councils particularly smaller ones such as Moyle.</td>
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<td>NI Level DC level NUTS III Travel to work Parliamentary constituency level</td>
<td>Yes</td>
</tr>
</tbody>
</table>
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<table>
<thead>
<tr>
<th>Description of main data sources</th>
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<tbody>
<tr>
<td><strong>Source</strong> <em>Monthly Labour Market Report produced by DETINI</em></td>
<td>It is a regular document that brings together the main points form the surveys produced by DETINI.</td>
</tr>
<tr>
<td>Description: This gives details of the other surveys LFS, QES and ASHE, claimant figures and vacancy statistics and employment and training statistics.</td>
<td></td>
</tr>
<tr>
<td>Frequency and spatial level: Monthly</td>
<td></td>
</tr>
<tr>
<td>Method: Not applicable</td>
<td></td>
</tr>
<tr>
<td><strong>Source</strong> <em>Northern Ireland Summary of Social Security Statistics 2005 produced by DSD (Social Welfare Statistics and Consultancy Branch)</em></td>
<td>It is a single source available free of charge on the web.</td>
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<tr>
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<td></td>
</tr>
<tr>
<td>Frequency and spatial level: Published annually for the last 5 years. <strong>Spatial?</strong></td>
<td>It is updated by summary statistics bulletins also posted on the web that are available on a three monthly basis from February.</td>
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<tr>
<td>Method: Information collected from claimants by DSD</td>
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<td>---------------------------------------------------------------------------</td>
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</tr>
<tr>
<td></td>
<td>Frances Curran</td>
</tr>
<tr>
<td></td>
<td>Social Welfare Statistics and Consultancy branch</td>
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<tr>
<td></td>
<td>DSD</td>
</tr>
<tr>
<td></td>
<td>4th Floor</td>
</tr>
<tr>
<td></td>
<td>James House</td>
</tr>
<tr>
<td></td>
<td>2-4 Cromac Avenue</td>
</tr>
<tr>
<td></td>
<td>Gasworks Business Park</td>
</tr>
<tr>
<td></td>
<td>Ormeau Rd</td>
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<td></td>
<td>BT7 2JA</td>
</tr>
<tr>
<td></td>
<td>028 90 819947</td>
</tr>
<tr>
<td></td>
<td><a href="mailto:Frances.Curran@dsdni.gov.uk">Frances.Curran@dsdni.gov.uk</a></td>
</tr>
<tr>
<td></td>
<td>Website: <a href="http://www.dsdni.gov.uk/index/stats_research.htm">www.dsdni.gov.uk/index/stats_research.htm</a></td>
</tr>
</tbody>
</table>
## TABLE 2: continued…

<table>
<thead>
<tr>
<th>Description of main data sources</th>
<th>Strengths</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Source</strong> Family Resources Survey Northern Ireland 2003-4 produced by DSD</td>
<td>Although some of the information in the report is available elsewhere it is still a very comprehensive document that brings together many of the relevant statistics and is readily available on a regular basis. The Department of Social Development (DSD) also produce some other reports: Households Below Average Income- Northern Ireland Family Resources Survey Bulletin Series I: Urban and Rural Individual Incomes Series –Northern Ireland Records those currently self employed Earnings data on place of residence not employment.</td>
</tr>
<tr>
<td><strong>Description:</strong> This is the second Family Resources Survey and is intended to produce results that are directly comparable with the rest of the UK. The FRS has been running in GB since 1992. Introduced in NI in 2002. It is designed to supplement the existing Family Expenditure Survey and the Continuous Household Survey. <strong>Frequency and spatial level:</strong> It is a Northern Ireland wide survey conducted annually. Information is published at a NI level, health board and NUTs III areas <strong>Method:</strong> The FRS is based on a sample of 3600 addresses drawn from the VLA list using the same method as the LFS and CHS referred to earlier. Questions are asked of every adult member. It is then stratified into three regions Belfast City Council area, East of NI and West of NI. Interviews are carried out by the Central Survey Unit, NISRA. Participation is voluntary. The effective sample size for 2003/4 was 3178.</td>
<td></td>
</tr>
<tr>
<td><strong>Source</strong> PAYCHECK CACI Limited, census statistics, lifestyle surveys and EFS survey</td>
<td>Detail available down to postcode level.</td>
</tr>
<tr>
<td><strong>Description:</strong> A model estimating the average household income and income distribution in a postcode. <strong>Frequency and spatial level:</strong> Annually. Unit Postcode. <strong>Method:</strong> Paycheck uses a series of hierarchical models at increasingly broad spatial levels. Lifestyle surveys giving respondents income are combined with small area demographics to build predictive models of household income. Separately the lifestyle data is treated as a simple survey and used to estimate the local income directly. A weighted average of these based on volume of real data records the final result.</td>
<td></td>
</tr>
<tr>
<td><strong>Contact/Access</strong></td>
<td></td>
</tr>
</tbody>
</table>
## Limitations

<table>
<thead>
<tr>
<th>Description</th>
<th>Contact/Access</th>
<th>Geographical Scale</th>
<th>Available on the internet</th>
</tr>
</thead>
<tbody>
<tr>
<td>There is a small sample size and it uses equivalised income which makes comparison with other datasets difficult. There is also the issue of understanding how it is calculated.</td>
<td>Andrew Reilly DSD 028 90819954 Claire Savage DSD 028 90819937 For the report: Website: <a href="http://www.dsdni.gov.uk/index/stats_research.htm">www.dsdni.gov.uk/index/stats_research.htm</a> Data is also deposited with the Data Archive Essex University.</td>
<td>NI level Health Board NUTS III</td>
<td>Yes</td>
</tr>
<tr>
<td>There are some concerned about the generalisations that are inherent in such a database, particularly due to the use of lifestyle surveys. There is a lack of transparency in sources of data and methodology.</td>
<td>H.McLearnon Director PSC Ltd 1 Kiltonga Industrial Estate Belfast Road Newtownards BT23 4TJ Phone 028 91 28 28 28</td>
<td>NI level Health Board NUTS III</td>
<td>No</td>
</tr>
</tbody>
</table>
### TABLE 2: continued…

<table>
<thead>
<tr>
<th>Description of main data sources</th>
<th>Strengths</th>
</tr>
</thead>
</table>
| Source: **Belfast City Council commissioned Local Forecasting Model**  
Description: Sample based on 1% of all PAYE receipts  
Frequency and Spatial level: To be developed for all district councils. | At present only available for Belfast City Council. It may be limited in its application due to sample size. The service requires a subscription. |
| Source: **Inland Revenue (HMRC data)**  
Description: Currently no analysis is made public.  
Frequency and Spatial Level | It is a good robust source of information and should provide helpful insights into affordability and income. |
<table>
<thead>
<tr>
<th>Limitations</th>
<th>Contact/Access</th>
<th>Geographical Scale</th>
<th>Available on the internet</th>
</tr>
</thead>
</table>
| Andrew Webb  
Senior Economist  
Regional Forecasts  
www.regfor.com | DC level       |                    | No                        |
| Due to data protection issues only 5% sample is ever made available. There is also usually a cost for the information. |                |                    | No                        |
### TABLE 3: GEO SPATIAL AND THE ENVIRONMENT

<table>
<thead>
<tr>
<th>Description of main data sources</th>
<th>Strengths</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Source</strong> Northern Ireland Multiple Deprivation Measure (NIMDM) 2005</td>
<td>It is complicated analysis to create a model of multiple deprivation. It allows direct comparison with small unit areas.</td>
</tr>
<tr>
<td><strong>Description:</strong> It identifies small areas concentrations of multiple deprivation across NI. It further updates the Noble measures work carried out in 2001 and allows more effective targeting of policies and resources on deprived areas.</td>
<td></td>
</tr>
<tr>
<td><strong>Frequency and spatial level:</strong> It is a one off publication that may be repeated in the future. The data is collected at a very small geographical area called Super output area (SOA) which is in line with similar research UK wide.</td>
<td></td>
</tr>
<tr>
<td><strong>Method:</strong> to collect information on 7 domains of deprivation: Income Deprivation, Employment Deprivation, Health Deprivation and Disability, Education Skills and Training Deprivation, Proximity to Services Deprivation, Living Environment Deprivation and Crime and Disorder. Each domain contains a number of indicators. Data included for the indicators had to be up to date, statistically robust, capable of being updated on a regular basis and available for the whole of Northern Ireland at a small geographic level.</td>
<td></td>
</tr>
<tr>
<td><strong>Source</strong> ACORN CACI Limited, census statistics, lifestyle surveys and additional published government statistics</td>
<td></td>
</tr>
<tr>
<td><strong>Description:</strong> A hierarchical classification of postcodes in five categories, 17 groups and 56 types according to the mix of people, housing and lifestyles within the area.</td>
<td></td>
</tr>
<tr>
<td><strong>Frequency and spatial level:</strong> Annual updates with three minor updates during the year. Major reviews typically biannually. Unit Postcode.</td>
<td></td>
</tr>
<tr>
<td><strong>Method:</strong> The method has a number of stages: The first stage takes 35 demographics from the census and classifies output areas into the types. The second stage takes data from lifestyle surveys (for those postcodes where data exists) and determines whether the postcode is similar to the surrounding census output area or should be assigned to a different type.</td>
<td></td>
</tr>
<tr>
<td>The third stage is a regular repetition of stage two as new lifestyle surveys and other information becomes available.</td>
<td></td>
</tr>
<tr>
<td>Limitations</td>
<td>Contact/Access</td>
</tr>
<tr>
<td>---------------------------------------------------------------------------</td>
<td>-------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>It relies heavily on existing data sources and the availability of those at the time of publication.</td>
<td>Copies can be obtained from NISRA website or The Stationery Office in Belfast. <a href="http://www.ninis.nisra.gov.uk">www.ninis.nisra.gov.uk</a> also includes the NIMDM and includes a thematic mapping facility.</td>
</tr>
<tr>
<td>There are some concerned about the generalisations that are inherent in such a database, particularly due to the use of lifestyle surveys. Can be useful as an overview. There can be considerable costs involved in obtaining the information.</td>
<td>H.McLearnon Director PSC Ltd 1 Kiltonga Industrial Estate Belfast Road Newtownards BT23 4TJ Phone 028 91 28 28 28</td>
</tr>
<tr>
<td>Description of main data sources</td>
<td>Strengths</td>
</tr>
<tr>
<td>---------------------------------------------------------------------</td>
<td>-----------</td>
</tr>
<tr>
<td>Source MOSAIC Northern Ireland</td>
<td></td>
</tr>
<tr>
<td>Description: Geographic Information Strategy for Northern Ireland</td>
<td></td>
</tr>
<tr>
<td>Frequency and spatial level: All levels</td>
<td></td>
</tr>
<tr>
<td>Method: Spatial datasets available based on themes</td>
<td></td>
</tr>
<tr>
<td>Source: People UK CACI Ltd, census statistics electoral roll, large files of consumers and lifestyle surveys.</td>
<td></td>
</tr>
<tr>
<td>Description: A two tier classification of individuals initially classifying according to life stage and then within life stage by affluence and lifestyle indicators.</td>
<td></td>
</tr>
<tr>
<td>Frequency: Updated annually and available at an individual or household level.</td>
<td></td>
</tr>
<tr>
<td>Source: NISRA Settlement data</td>
<td></td>
</tr>
<tr>
<td>Description: Dta is available on settlements over 500 people and also a comparison of data from urban and rural locations rather than purely at district council level.</td>
<td></td>
</tr>
<tr>
<td>Method: Generated from the Census</td>
<td></td>
</tr>
<tr>
<td>Limitations</td>
<td>Contact/Access</td>
</tr>
<tr>
<td>--------------------------------------------------</td>
<td>--------------------------------------</td>
</tr>
<tr>
<td>It is a subscription service more information available on the web.s</td>
<td>Suzanne McLaughlin/ Leona Lees Mosaic Content Management Colby House Stranmillis Court Malone Lower Belfast BT9 5BJ</td>
</tr>
<tr>
<td></td>
<td>H.McLearnon Director PSC Ltd 1 Kiltonga Industrial Estate Belfast Road Newtownards BT23 4TJ Phone 028 91 28 28 28</td>
</tr>
<tr>
<td></td>
<td>Chris Morris <a href="mailto:Chris.morris@dsdni.gov.uk">Chris.morris@dsdni.gov.uk</a></td>
</tr>
<tr>
<td>Description of main data sources</td>
<td>Strengths</td>
</tr>
<tr>
<td>----------------------------------</td>
<td>-----------</td>
</tr>
<tr>
<td><strong>Source</strong> Moland Land Northern Ireland</td>
<td></td>
</tr>
<tr>
<td><strong>Description:</strong> This is a land use data set that covers Northern Ireland and the Border Counties of the IRELAND. The project has developed as a result of work by the Institute for Environment and Sustainability of the European Commissions Joint Research Centre on Monitoring Land Use/Cover Dynamics (MOLAND).</td>
<td></td>
</tr>
<tr>
<td><strong>Frequency and spatial level:</strong> The land use is mapped at a scale of 1:25000 and the legend is based on the EU CORINE land cover legend (CORINE, 1994). In CORINE the smallest area mapped was 25 hectares, in MOLAND the smallest area mapped in urban areas is 1 square hectare and in rural areas this is 3 square hectares, making it much more spatially accurate. The legend for MOLAND was also expanded in some areas to give greater definition. There are 5 different classes in the MOLAND data set to describe residential areas, compared to only two in the CORINE Land Use dataset. The data is not available on a regular basis but is project specific there are 2 data sets at the moment for 1990 and 2000, it is hoped to obtain a 2005 data set if sufficient funding can be obtained.</td>
<td></td>
</tr>
<tr>
<td><strong>Method:</strong> This land use data set was created by digitising Indian Remote Sensed (IRS) satellite at a resolution of 5 metres. The digitised land use was then validated using a series of ancillary data.</td>
<td></td>
</tr>
<tr>
<td><strong>Strengths</strong></td>
<td></td>
</tr>
<tr>
<td>This is the most detailed land use data set that exists for the whole of Northern Ireland</td>
<td></td>
</tr>
</tbody>
</table>

Suzanne McLaughlin
OSNI
Colby House
Stranmillis Court
Malone Lower
Belfast
BT9 5BJ
<table>
<thead>
<tr>
<th>Limitations</th>
<th>Contact/Access</th>
<th>Geographical Scale</th>
<th>Available on the internet</th>
</tr>
</thead>
<tbody>
<tr>
<td>The data is licenced to the Joint Research Council and as yet the paper work is not yet finalised from their side to allow the data to be released for non-profit purposes. This should hopefully be sorted out soon.</td>
<td>Suzanne McLaughlin OSNI Colby House Stranmillis Court Malone Lower Belfast BT9 5BJ</td>
<td></td>
<td>No</td>
</tr>
</tbody>
</table>
### TABLE 4: HOUSING SUPPLY GENERAL

<table>
<thead>
<tr>
<th>Description of main data sources</th>
<th>Strengths</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Source</strong>&lt;br&gt;Northern Ireland Housing Market: Review and Perspectives 2006-2009&lt;br&gt;Description: Discussing how demographic changes will affect housing need and what associated issues will arise.&lt;br&gt;Frequency and spatial level: An annual review published in February each year. Northern Ireland level and District Council level.&lt;br&gt;Method: Bringing together available statistics from NIHE research, government departments (NISRA, ONS, DSD), NHBC, University of Ulster, CML and local Housing Authorities to give a comprehensive assessment of housing need and supply. It includes sections on Strategic Context; Owner Occupied Sector; the Private Rented Sector and Social Housing.</td>
<td>It is annually reviewed and brings together data from various government and university sources. It provides a systematic view of the latest trends in the market.</td>
</tr>
<tr>
<td><strong>Source</strong>&lt;br&gt;NIHE ‘Northern Ireland House Condition Survey 2001 and Statistical Annex&lt;br&gt;Description: uses a substantial sample (5550) in 2001 profiling the respondents and housing quality in Northern Ireland.&lt;br&gt;Frequency and spatial level: Northern Ireland every 5 years.&lt;br&gt;Method: Based on a stratified disproportionate sample of 8002, fresh sample of 4000 extracted by NISRA from the VLA database and a resample of 4002 from the 1996 House Condition Survey database.</td>
<td>The statistical annex contains a huge amount of information on the total housing stock in Northern Ireland analysed in many different ways and at different geographic levels. As well as collecting information on housing conditions the survey also collates information on the socio-economic circumstances of households which allows the association between the two to be examined. The resample of properties allows a measurement of change over time.</td>
</tr>
<tr>
<td>Limitations</td>
<td>Contact/Access</td>
</tr>
<tr>
<td>---------------------------------------------------------------------------</td>
<td>-------------------------------------------------------------------------------</td>
</tr>
</tbody>
</table>
| It is only as good as the original sources but uses the best sources available at the time. | Research Unit NIHE  
The Housing Centre  
2 Adelaide Street  
Belfast 028 9024 0588  
www.nihe.gov.uk | NI level  
DC Level | Yes |
| The size of the sample can prohibit subdistrict analysis. Household income data is not as robust as desirable. | Research Unit NIHE  
The Housing Centre  
2 Adelaide Street  
Belfast 028 9024 0588  
www.nihe.gov.uk | Various levels | No |
## TABLE 4: continued…

<table>
<thead>
<tr>
<th>Description of main data sources</th>
<th>Strengths</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Source</strong> Housing Land Availability Summary Report 2005</td>
<td>It is a continuous annual survey that allows the progression of housing development and the potential land available for housing in Northern Ireland to be monitored.</td>
</tr>
<tr>
<td>Description: Shows housing land availability for settlements as defined in Development Plans across Northern Ireland</td>
<td></td>
</tr>
<tr>
<td>Frequency and spatial level: Divisional Planning Office areas on an annual basis.</td>
<td></td>
</tr>
<tr>
<td>Method: Each year the divisional planning office undertake a survey that updates housing information by site and settlement for council areas/districts within their respective operational area. The summary report brings together individual housing monitors.</td>
<td></td>
</tr>
</tbody>
</table>

| Source DSD ‘Northern Ireland Housing Statistics 2004-2005’ | Good source of housing information on an annual basis in one publication. |
| Description: Information in housing stock and key indicators; planning applications and new house building; NIHE properties; Housing association and private rented sector; housing market activity and household survey statistics | |
| Frequency and spatial level: Northern Ireland and district council level data on an annual basis | |
| Method: Brings together information from other sources. | |

<p>| Source DSD Northern Ireland Housing Bulletin | Updates the information available in the Annual Housing Statistics publications. |
| Description: contains information on new house sales and prices, mortgage advances, actions for mortgage repossession and new housing starts. | |
| Frequency and spatial level: Quarterly basis by district council. | |
| Method: compiles statistics from NHBC, Court Service, NIHE and DSD | |</p>
<table>
<thead>
<tr>
<th>Limitations</th>
<th>Contact/Access</th>
<th>Geographical Scale</th>
<th>Available on the internet</th>
</tr>
</thead>
<tbody>
<tr>
<td>The 7 Divisional Planning Office areas do not easily fit with other administra-</td>
<td><a href="http://www.planningni.gov.uk/Corporate_Services/Publications">www.planningni.gov.uk/Corporate_Services/Publications</a></td>
<td>Planning Office</td>
<td>Yes</td>
</tr>
<tr>
<td>tive boundaries at present therefore limiting the analysis of these figures</td>
<td>Planning Headquarters Millenium House 17-25 Great Victoria Street Belfast</td>
<td>areas</td>
<td></td>
</tr>
<tr>
<td>with other indicators on a district council area basis.</td>
<td>028 90416700</td>
<td></td>
<td></td>
</tr>
<tr>
<td>It is only as good as the base data available form various sources.</td>
<td>Pauline Ryan Statistics and Research Branch (Core)</td>
<td>Various levels</td>
<td>Yes</td>
</tr>
<tr>
<td></td>
<td>DSD Level Four James House 2-4 Cromac Avenue Gasworks Business Park Ormeau</td>
<td>depending on dataset</td>
<td></td>
</tr>
<tr>
<td></td>
<td>road Belfast BT7 2JA Telephone 028 90819939 <a href="mailto:Pauline.Ryan@dsdni.gov.uk">Pauline.Ryan@dsdni.gov.uk</a></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td><a href="http://www.dsdni.gov.uk/index/publications/housing_statistics.htm">www.dsdni.gov.uk/index/publications/housing_statistics.htm</a></td>
<td></td>
<td></td>
</tr>
<tr>
<td>There can be a delay between collecting data and reporting.</td>
<td>Pauline Ryan Statistics and Research Branch (Core)</td>
<td>DC level</td>
<td>Yes</td>
</tr>
<tr>
<td></td>
<td>DSD Level Four James House 2-4 Cromac Avenue Gasworks Business Park Ormeau</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>road Belfast BT7 2JA Telephone 028 90819939 <a href="mailto:Pauline.Ryan@dsdni.gov.uk">Pauline.Ryan@dsdni.gov.uk</a></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td><a href="http://www.dsdni.gov.uk/index/stats_and_research.htm">www.dsdni.gov.uk/index/stats_and_research.htm</a></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Description of main data sources</td>
<td>Strengths</td>
<td></td>
<td></td>
</tr>
<tr>
<td>----------------------------------------------------------</td>
<td>---------------------------------------------------------------------------</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Source NHBC</strong></td>
<td>The information is published in various sources most notably the housing bulletins by DSD.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Description: hold information on new house building on a postcode basis, they also collect information on Brownfield and Greenfield development.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Frequency and spatial level: information is continually collected and available at a postcode level.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Method: Builders register their new build properties by form as they are completed.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Source NIHE District Housing Plans</strong></td>
<td>Collates a significant number of district level housing statistics including in particular data from the waiting list for social housing. It also includes local qualitative assessment of the housing market.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Description: Reports on issues affecting housing in each of the district council areas. Compiles information on both private, social and voluntary sector housing. Also includes information on travellers and homelessness. It assess housing need and also issues such as energy conservation and social inclusion are addressed.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Frequency and spatial level: completed for each of the district council areas on an annual basis</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Method: bringing together information that has already been collected by the NIHE.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Source: DRD Housing Starts and Completions Data</strong></td>
<td>Most information available on starts and completions.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Description: House Starts information collates building control information from the 26 district councils. Housing association relates to contract starts and the private sector is based on foundation start. Completions information is difficult to collect.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Limitations</td>
<td>Contact/Access</td>
<td>Geographical Scale</td>
<td>Available on the internet</td>
</tr>
<tr>
<td>-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
<td>-------------------------------------------------------------------------------</td>
<td>--------------------</td>
<td>----------------------------</td>
</tr>
<tr>
<td>At present the information on Brownfield and Greenfield development is not published regularly. NHBC estimate that they have around 70% of the market. The other 30% consists of Zurich Insurance business who also offer 10 year building warranty guarantee, architects certificates and those who have not required a mortgage and therefore may not have ensured the building work.</td>
<td>Chris Orr &lt;br&gt;NHBC &lt;br&gt;Holyrood Court, 59 Malone Rd, Belfast, BT9 6SA &lt;br&gt;028 9068 3131</td>
<td>Postcode level</td>
<td>No</td>
</tr>
<tr>
<td>Only as good as the robust private sector information generally lacking on issues such as the private rented sector.</td>
<td>Strategic Planning Unit &lt;br&gt;NIHE &lt;br&gt;The Housing Centre &lt;br&gt;2 Adelaide Street &lt;br&gt;Belfast 028 9024 0588 &lt;br&gt;www.nihe.gov.uk</td>
<td>District Council Level Reports</td>
<td>Yes</td>
</tr>
<tr>
<td>There seems to be new legislation which requires buildings to be occupiable before they can be issues with a completion certificate and that this must be in place before finance is released. From April 2006 CML Handbook requires completion certificate for lending purposes and so completion data should be easier to obtain in the future.</td>
<td>Rodney Redmond &lt;br&gt;DRD</td>
<td>DC level</td>
<td>No</td>
</tr>
</tbody>
</table>
### TABLE 5: SOCIAL RENTED SECTOR

<table>
<thead>
<tr>
<th>Description of main data sources</th>
<th>Strengths</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Source: NI Social Rented Sector Starts and Completions</strong></td>
<td>All the data is available on line at <a href="http://www.ninis.nisra.gov.uk">www.ninis.nisra.gov.uk</a></td>
</tr>
<tr>
<td>Description: the data shows the number of completed dwellings by Housing Association and NIHE and the total number of completed dwellings for the entire social rented sector waiting lists.</td>
<td></td>
</tr>
<tr>
<td>Frequency and spatial level: Published annually and collected at a Northern Ireland level.</td>
<td></td>
</tr>
<tr>
<td>Method: data from the various organisations is supplied to DSD.</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Source: Housing Waiting Lists</strong></td>
<td>All the data is available on line at <a href="http://www.ninis.nisra.gov.uk">www.ninis.nisra.gov.uk</a>.</td>
</tr>
<tr>
<td>Description: The data shows the number of NIHE applications, the number of housing association and NIHE transfers and the respective number by District council area.</td>
<td>It is a very comprehensive data set, analysis is possible at all levels.</td>
</tr>
<tr>
<td>Frequency and spatial level: Published annually at district council level.</td>
<td></td>
</tr>
<tr>
<td>Method: data from the various organisations is supplied to DSD.</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Source: NIFHA</strong></td>
<td>On-going survey so time-series data available.</td>
</tr>
<tr>
<td>Description - NICORE – New Lettings Database – holds socio-economic and property data on all housing association new lettings.</td>
<td>Collects both socio-economic on tenant and property information from housing association.</td>
</tr>
<tr>
<td>Frequency and spatial level – Yearly, generally at a Northern Ireland Level. NOTE: quarterly, 6 monthly data on request.</td>
<td>Flexible - Can also be analysed by District Council, Region, Household Type, Gender, Property Type, etc.</td>
</tr>
<tr>
<td>Method: A questionnaire is completed for every new housing association tenant. There are 2 questionnaires, one for General Needs (Mainstream &amp; Sheltered) and one for Supported Housing but the information they collect is very similar</td>
<td></td>
</tr>
</tbody>
</table>
### Limitations

<table>
<thead>
<tr>
<th>Limitations</th>
<th>Contact/Access</th>
<th>Geographical Scale</th>
<th>Available on the internet</th>
</tr>
</thead>
<tbody>
<tr>
<td>Issues in terms of whether starts refer to development start or contract start.</td>
<td>Paul Scullion</td>
<td>NI level</td>
<td>Yes</td>
</tr>
<tr>
<td></td>
<td><a href="mailto:Paul.Scullion@dsdni.gov.uk">Paul.Scullion@dsdni.gov.uk</a></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>028 90819956</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Issues around to what extent waiting lists are a reflection of the need for social housing.</td>
<td>Paul Scullion</td>
<td>District Council level</td>
<td>Yes</td>
</tr>
<tr>
<td></td>
<td><a href="mailto:Paul.Scullion@dsdni.gov.uk">Paul.Scullion@dsdni.gov.uk</a></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>028 90819956</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Surveys all <strong>NEW</strong> housing association tenants not all housing association tenants</td>
<td>Summary Information on web-site (available September 06) <a href="http://www.nifha.org">www.nifha.org</a></td>
<td></td>
<td>No</td>
</tr>
<tr>
<td></td>
<td>For more detailed information contact Sharon Jeffers (<a href="mailto:sjeffers@nifha.org">sjeffers@nifha.org</a>)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
## TABLE 5: continued…

<table>
<thead>
<tr>
<th>Description of main data sources</th>
<th>Strengths</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Source: NIFHA</strong>&lt;br&gt;Description - PROPERTY Database – holds information on Housing Association property.&lt;br&gt;Frequency and spatial level – Bi-annually, at Northern Ireland or District Council level.&lt;br&gt;Method: Housing Associations update their information bi-annually.</td>
<td>Holds data on mainstream, sheltered and supported housing.</td>
</tr>
<tr>
<td><strong>Source: Northern Ireland Co Ownership Housing</strong>&lt;br&gt;Description: Information collected on people interested in the scheme, registered in the scheme and those staircasing out.&lt;br&gt;Method: Based on a stratified disproportionate sample of 8002, fresh sample of 4000 extracted by NISRA from the VLA database and a resample of 4002 from the 1996 House Condition Survey database.</td>
<td>Gives clear insight into the importance of this scheme in helping those on low incomes into home ownership. Highlights how the scheme has developed over time. Information is available enabling a profiling exercise of the benefactors of the scheme.</td>
</tr>
</tbody>
</table>
### Description of main data sources

<table>
<thead>
<tr>
<th>Limitations</th>
<th>Contact/Access</th>
<th>Geographical Scale</th>
<th>Available on the internet</th>
</tr>
</thead>
<tbody>
<tr>
<td>2 yearly update so accuracy decreases over time.</td>
<td>Summary Information on web-site (available September 06) <a href="http://www.nifha.org">www.nifha.org</a>. For more detailed information contact Sharon Jeffers (<a href="mailto:sjeffers@nifha.org">sjeffers@nifha.org</a>)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Currently developing their data collection to enable more detailed research. There are plans to make data available on the web.</td>
<td>Lynn Patterson NICHA</td>
<td></td>
<td>No</td>
</tr>
</tbody>
</table>
### TABLE 6: OWNER OCCUPIED HOUSING

<table>
<thead>
<tr>
<th>Description of main data sources</th>
<th>Strengths</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Source Northern Ireland Quarterly House Price Index</strong>&lt;br&gt;Description: a continuous house price survey since 1984 analysing the change in prices by house type, age and area.&lt;br&gt;Frequency and spatial level: 11 areas covering Northern Ireland, published every quarter&lt;br&gt;Method: A sample of approximately 2500 properties per quarter supplied voluntarily by estate agents across Northern Ireland.</td>
<td>It is the largest sample of data currently analysed and published on Northern Ireland House Prices. There is over 20 years of time series data available.</td>
</tr>
<tr>
<td><strong>Source Halifax and Nationwide Building Society House Price Data</strong>&lt;br&gt;Description: continuous monthly house price surveys. Halifax has been collecting information since 1983.&lt;br&gt;Frequency and spatial level: produced every quarter at a Northern Ireland level and some subregional information is available.&lt;br&gt;Method: Based on mortgage data of the two lenders.</td>
<td>Produces real figures and an index and allows comparisons across regions of the UK. Historic data is available on the web. Data based on properties that have been agreed so there may be some houses included that never reach completion but offers a more real look at the market as this will minimise the timelag of information in comparison to say completions based surveys like ODPM.</td>
</tr>
<tr>
<td><strong>Source Council of Mortgage Lenders</strong>&lt;br&gt;Description: collect and publish a variety of information on NI on all aspects of the housing market and housing finance.&lt;br&gt;Frequency and spatial level: Various depending on the dataset&lt;br&gt;Method: information is collected through mortgage lenders. Data capture has been enhanced from the survey of mortgage lenders to the regulated mortgage survey (RMS). The data will be more robust and the coverage is expected to be better however this has only been introduced in April 2005 so it will be a while before there can be longitudinal analysis.</td>
<td>CML Housing Finance National Markets Review is an annual publication that contains information specifically on NI market. This appears to have been replaced by the CML/CIH annual publication ‘UK Housing Review’. This report contains information on UK and international economic trends, public expenditure plans, housing stock and condition, housing characteristics and income, house prices and market trends, housing investment by councils and housing associations, rents, subsidies, tax reliefs and benefits and homelessness and lettings. Information is available for first-time buyers and arrears and repossessions.</td>
</tr>
</tbody>
</table>
### Limitations

It is only a sample and it is not possible to track the same properties on a routine basis.

The information published is in 11 regions that do not easily match the other administrative boundaries for Northern Ireland which makes comparison with other statistics difficult. However, information is collected at a postcode level and can be analysed at different geographic areas subject to sample size, time and cost.

The results may be skewed as they only represent the sector of the market who take out Building Society mortgages with those particular lenders.

As the RMS is in its infancy it is difficult to quantify the full potential of this dataset.

### Contact/Access

Reports from 2002 available online at [http://www.engj.ulst.ac.uk/RPP/](http://www.engj.ulst.ac.uk/RPP/)

Or by contacting

Professor Stanley McGreal
University of Ulster
Shore Road
Jordanstown
BT37 0QB
ws.mcgreal@ulster.ac.uk

### Geographical Scale

- NI level
- 11 regions throughout NI

### Available on the internet

- Yes
- Yes
- No
TABLE 6: continued…

<table>
<thead>
<tr>
<th>Description of main data sources</th>
<th>Strengths</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Source Valuation and Lands Agency</strong></td>
<td>It is a large robust comprehensive data source.</td>
</tr>
<tr>
<td>Description: hold information on the valuation, transaction price where the property has been sold. They also collect administrative data: council area and the ward, full postal address, they hold a administrative descriptions for valuation purposes, property type, NAV (1974), date of sale, sale price, number of bedrooms, garage, floor area in sqm (GEA) and type of heating.</td>
<td></td>
</tr>
<tr>
<td>Frequency and spatial level: Collected at a postcode level and is all geocoded. They have various spatial identifiers.</td>
<td></td>
</tr>
<tr>
<td><strong>Source Rates Collection Agency</strong></td>
<td>The Domestic Rating System is due to change in NI and new capital valuations will form the basis of the rateable value of each property. These changes in domestic rates will probably be effective from July 2006.</td>
</tr>
<tr>
<td>Description: hold information for all residential properties on the current rating lists which are based on 1974 valuations.</td>
<td></td>
</tr>
<tr>
<td>Frequency and spatial level: held for each individual property.</td>
<td></td>
</tr>
<tr>
<td>Method: survey of each individual property.</td>
<td></td>
</tr>
<tr>
<td>Limitations</td>
<td>Contact/Access</td>
</tr>
<tr>
<td>----------------------------------------------------------------------------</td>
<td>----------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>The house price index information is currently unavailable. Access can be</td>
<td>Information held by the Valuation and Lands Agency is not currently in the public domain.</td>
</tr>
<tr>
<td>difficult and there seem to be issues that need to be resolved regarding</td>
<td></td>
</tr>
<tr>
<td>total coverage.</td>
<td></td>
</tr>
<tr>
<td>There are a lot of properties under review. Data that is readily available</td>
<td>Some of the information held by the Rates Collection Agency is available at <a href="http://www.mycapitalvalueni.gov.uk">www.mycapitalvalueni.gov.uk</a></td>
</tr>
<tr>
<td>includes no valuation on lands held surrounding any chosen dwelling,</td>
<td>Erin Montgomery VLA Domestic ReRating Division</td>
</tr>
<tr>
<td>information on number of bedrooms, bathrooms, reception rooms or heating.</td>
<td></td>
</tr>
</tbody>
</table>
### TABLE 7: PRIVATE RENTED

<table>
<thead>
<tr>
<th>Description of main data sources</th>
<th>Strengths</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Source</strong> HMO Register</td>
<td>The first attempt to provide a comprehensive view of HMO in NI.</td>
</tr>
<tr>
<td>Description: This is a statutory obligation on all landlords of HMOs since May 2004. It registers the full postal address, date of registration and the number of occupants.</td>
<td></td>
</tr>
<tr>
<td>Frequency and spatial level: It is constantly being updated as landlords register.</td>
<td></td>
</tr>
<tr>
<td>Method: Landlords must register their property to ensure compliance with the provisions of the scheme.</td>
<td></td>
</tr>
<tr>
<td><strong>Source</strong> Private Rented Sector Northern Ireland report produced by University of Ulster for the NIHE</td>
<td>It compares analysis of different sectors of the private rented sector.</td>
</tr>
<tr>
<td>Description: A special report commissioned by the NIHE</td>
<td></td>
</tr>
<tr>
<td>Frequency and spatial level: Not applicable</td>
<td></td>
</tr>
<tr>
<td>Method: individual or household level.</td>
<td></td>
</tr>
<tr>
<td><strong>Source</strong> Private Housing Benefit Data held by NIHE</td>
<td>Information is constantly being updated. It contains 20 fields of socio-economic information.</td>
</tr>
<tr>
<td>Description: details of all housing benefit claims</td>
<td></td>
</tr>
<tr>
<td>Frequency and spatial level: information is held at a postcode level</td>
<td></td>
</tr>
<tr>
<td>Method: Collected by the NIHE through claimants forms.</td>
<td></td>
</tr>
<tr>
<td><strong>Source</strong> House Condition Survey NIHE</td>
<td></td>
</tr>
<tr>
<td>Description: See Section 4 as this document also contains information on the private rented sector.</td>
<td></td>
</tr>
</tbody>
</table>
## Limitations

<table>
<thead>
<tr>
<th>Limitations</th>
<th>Contact/Access</th>
<th>Geographical Scale</th>
<th>Available on the internet</th>
</tr>
</thead>
<tbody>
<tr>
<td>Difficult to obtain full information particularly for migrant workers although it is clear that they play an important part in this sector. Due to the rapid rate of changeover in this sector the information that is collected is quickly out of date.</td>
<td>The register is available online at <a href="http://www.nihe.gov.uk">www.nihe.gov.uk</a></td>
<td></td>
<td>Yes</td>
</tr>
</tbody>
</table>
| Phase one and Phase two lacked a sufficiently large robust sample to provide an accurate quantitative assessment. Phase three should address this. | NIHE Head Office  
The Housing Centre  
2 Adelaide Street  
Belfast 028 9024 0588  
www.nihe.gov.uk |                     | Yes                        |
| Not all information is mandatory therefore information contains some gaps.   | Colin Hull  
NIHE Head Office  
The Housing Centre  
2 Adelaide Street  
Belfast 028 9024 0588  
www.nihe.gov.uk |                     | No                         |
### TABLE 8: COMMUNITY CARE AND HARD TO REACH GROUPS

<table>
<thead>
<tr>
<th>Description of main data sources</th>
<th>Strengths</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Source Simon Community</strong></td>
<td></td>
</tr>
<tr>
<td>Current numbers of homeless people are presented on their website. Some statistics on those approaching the Simon Community for shelter are given. Also, a position paper has recently been published (June 2006) examining current issues in social housing.</td>
<td></td>
</tr>
<tr>
<td>Description: The Simon Community aims to provide a wide range of needs associated with homelessness as well as the provision of shelter. Frequency and spatial level:</td>
<td></td>
</tr>
<tr>
<td><strong>Source Shelter</strong></td>
<td>Research done by York University to create an affordability index. Data presented on a UK wide level and disaggregated to national level. Report also includes table of mortgage to income ratio for countries in UK</td>
</tr>
<tr>
<td>Description: ROOF affordability index 2006 Frequency and spatial level: UK wide data</td>
<td></td>
</tr>
<tr>
<td><strong>Source Help the Aged</strong></td>
<td></td>
</tr>
<tr>
<td>Description: Sheltered accommodation directory—directory of all sheltered accommodation in Northern Ireland Frequency and spatial level: Published 2006</td>
<td></td>
</tr>
<tr>
<td>Limitations</td>
<td>Contact/Access</td>
</tr>
<tr>
<td>----------------------------------------------------------------------------</td>
<td>-------------------------------------------------------------------------------</td>
</tr>
</tbody>
</table>
| Statistics in other reports, such as those looking at older homeless people and homeless children have not been updated since publication. | David Carrol or Bill Manwaring  
028 90232882  
http://www.simoncommunity.org/ |                    | Position paper on the website  
Other reports must be requested. |
| Most information on the Shelter website applies in England only             | http://www.nihe.gov.uk/publications/leaflets/EROSH_DIRECTORY.pdf  
Donna Morrow,  
Information Officer  
02890 230 666 | UK wide data | Yes |
Also available as an excel spreadsheet  
C:\Documents and Settings\vw1soc\Local Settings\Temporary Internet Files\Content.\IE5\O79V2EZL\master_community_statistics_(internet)[1].xls |                  | Yes |
Appendix 3

Semi-structured Interview

Project Background

The University of Glasgow and University of Ulster are carrying out an important research project for the Northern Ireland Housing Executive concerned with the performance of the housing market and the effectiveness of current housing policies in relation to the market sector. The project will report towards the end of 2006. The project is now moving into the stage of interviewing key experts on the housing market in Northern Ireland.

The overall aim is to provide a comprehensive insight into the dynamics of Northern Ireland’s housing market, the relative importance of the factors driving it and how they are interrelated as well as the policy implications of these forces for change.

Part 1 Background

- What is your role and organisation’s function in the NI housing market?
- What are the primary challenges created by the housing market for your sector and what should be done about them?

Part 2: Housing Market Overview

- What is happening in the contemporary NI housing market – how is it best understood?
- Is the present and likely future market over the next few years sustainable and/or desirable?
- Is the current and likely future market good or bad or neutral for the economy?
- Is the market good or bad for specific sub-groups in society?

Part 3: Drivers of the Housing Market

What are the main underlying drivers that explain what is going on in the housing market. It is helpful to divide this into three parts:

- Demand-side. What are the priority factors?
- Supply-side. What are the priority factors?
- Government policy. What are the priority factors?

Part 4: Data and Evidence

- Where do we have good evidence on the housing market and for what topics do we rely more on anecdote? Is this an important issue? Why?
- Where are the priority evidence gaps to be filled? How would you suggest doing this?

Part 5: Policy

- Given the current state of the housing market in NI, in general, what policies work well, which ones are less effective and are there new policies that you would support that should be prioritised?
- In this study we are focusing on 6 specific policy issues (relating to existing, future and possible interventions) in more detail. We would welcome your views on each of these.

1. The use of the planning system to deliver affordable housing and sufficient housing supply to balance the market and meet need.
2. The use of shared ownership products, in particular, shared equity products to tackle affordability issues and increase access to home ownership.
3. The impact of the house sales scheme on the private housing market.

4. The likely impact of the new form of capital value property taxation on the housing market.

5. The impact on the market of policies to stimulate and regulate the private rented sector.

6. The scope for the NIHE to intervene proactively in the housing market through land assembly, land-banking and other such initiatives.

• What should be the priority for further housing market research/monitoring?

• Are there any other housing market issues including relating to policy that we have not covered that you feel should be discussed (migrant workers, particular border area dynamics)?
### Appendix 4

#### Glossary of Terms

<table>
<thead>
<tr>
<th>Term</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Article 40</td>
<td>Article 40 of the Planning (NI) Order 1991</td>
</tr>
<tr>
<td>BMA</td>
<td>Belfast Metropolitan Area</td>
</tr>
<tr>
<td>CEF</td>
<td>Construction Employers Federation</td>
</tr>
<tr>
<td>CML</td>
<td>Council of Mortgage Lenders</td>
</tr>
<tr>
<td>CPI</td>
<td>Consumer Price Index</td>
</tr>
<tr>
<td>DCLG</td>
<td>Department of Communities and Local Government</td>
</tr>
<tr>
<td>DEL</td>
<td>Department of Education and Learning</td>
</tr>
<tr>
<td>DFP</td>
<td>Department of Finance and Personnel</td>
</tr>
<tr>
<td>DOE</td>
<td>Department of the Environment</td>
</tr>
<tr>
<td>DRD</td>
<td>Department of Regional Development</td>
</tr>
<tr>
<td>DSD</td>
<td>Department of Social Development</td>
</tr>
<tr>
<td>FTB</td>
<td>First Time Buyer</td>
</tr>
<tr>
<td>GB</td>
<td>Great Britain</td>
</tr>
<tr>
<td>GVA</td>
<td>Gross Value Added</td>
</tr>
<tr>
<td>HBOS plc</td>
<td>Halifax Bank of Scotland</td>
</tr>
<tr>
<td>HGI</td>
<td>Housing Growth Indicator</td>
</tr>
<tr>
<td>HMO</td>
<td>Houses in Multiple Occupancy</td>
</tr>
<tr>
<td>HNA</td>
<td>Housing Needs Assessment</td>
</tr>
<tr>
<td>LHS</td>
<td>Local Housing Strategy</td>
</tr>
<tr>
<td>LHS A</td>
<td>Local Housing Systems Analysis</td>
</tr>
<tr>
<td>LTV</td>
<td>Loan to Value</td>
</tr>
<tr>
<td>NHBC</td>
<td>National House Builders Council</td>
</tr>
<tr>
<td>NESC</td>
<td>National Economic and Social Council</td>
</tr>
<tr>
<td>NI</td>
<td>Northern Ireland</td>
</tr>
<tr>
<td>NICHA</td>
<td>Northern Ireland Co-Ownership Housing Association</td>
</tr>
<tr>
<td>NIFHA</td>
<td>Northern Ireland Federation of Housing Associations</td>
</tr>
<tr>
<td>NIHE</td>
<td>Northern Ireland Housing Executive</td>
</tr>
<tr>
<td>NINIS</td>
<td>Northern Ireland Neighbourhood Information System</td>
</tr>
<tr>
<td>NISRA</td>
<td>Northern Ireland Statistics and Research Agency</td>
</tr>
<tr>
<td>ODPM</td>
<td>Office of the Deputy Prime Minister</td>
</tr>
<tr>
<td>PPS</td>
<td>Planning Policy Statement</td>
</tr>
<tr>
<td>PPS12</td>
<td>Planning Policy Statement - Housing in Settlements</td>
</tr>
<tr>
<td>PPS13</td>
<td>Planning Policy Statement - Transport and Land Use Rates Collection Agency</td>
</tr>
<tr>
<td>RCA</td>
<td>Rates Collection Agency</td>
</tr>
<tr>
<td>RDS</td>
<td>Regional Development Strategy</td>
</tr>
<tr>
<td>Abbreviation</td>
<td>Description</td>
</tr>
<tr>
<td>--------------</td>
<td>-------------</td>
</tr>
<tr>
<td>RoI</td>
<td>Republic of Ireland</td>
</tr>
<tr>
<td>RPA</td>
<td>Review of Public Administration</td>
</tr>
<tr>
<td>RPI</td>
<td>Retail Price Index</td>
</tr>
<tr>
<td>Section 106</td>
<td>Section 106 of the Town and Country Planning Act 1991</td>
</tr>
<tr>
<td>SIPP</td>
<td>Self Invested Personal Pension</td>
</tr>
<tr>
<td>UK</td>
<td>United Kingdom</td>
</tr>
<tr>
<td>UU</td>
<td>University of Ulster</td>
</tr>
<tr>
<td>VLA</td>
<td>Valuation and Lands Agency</td>
</tr>
</tbody>
</table>