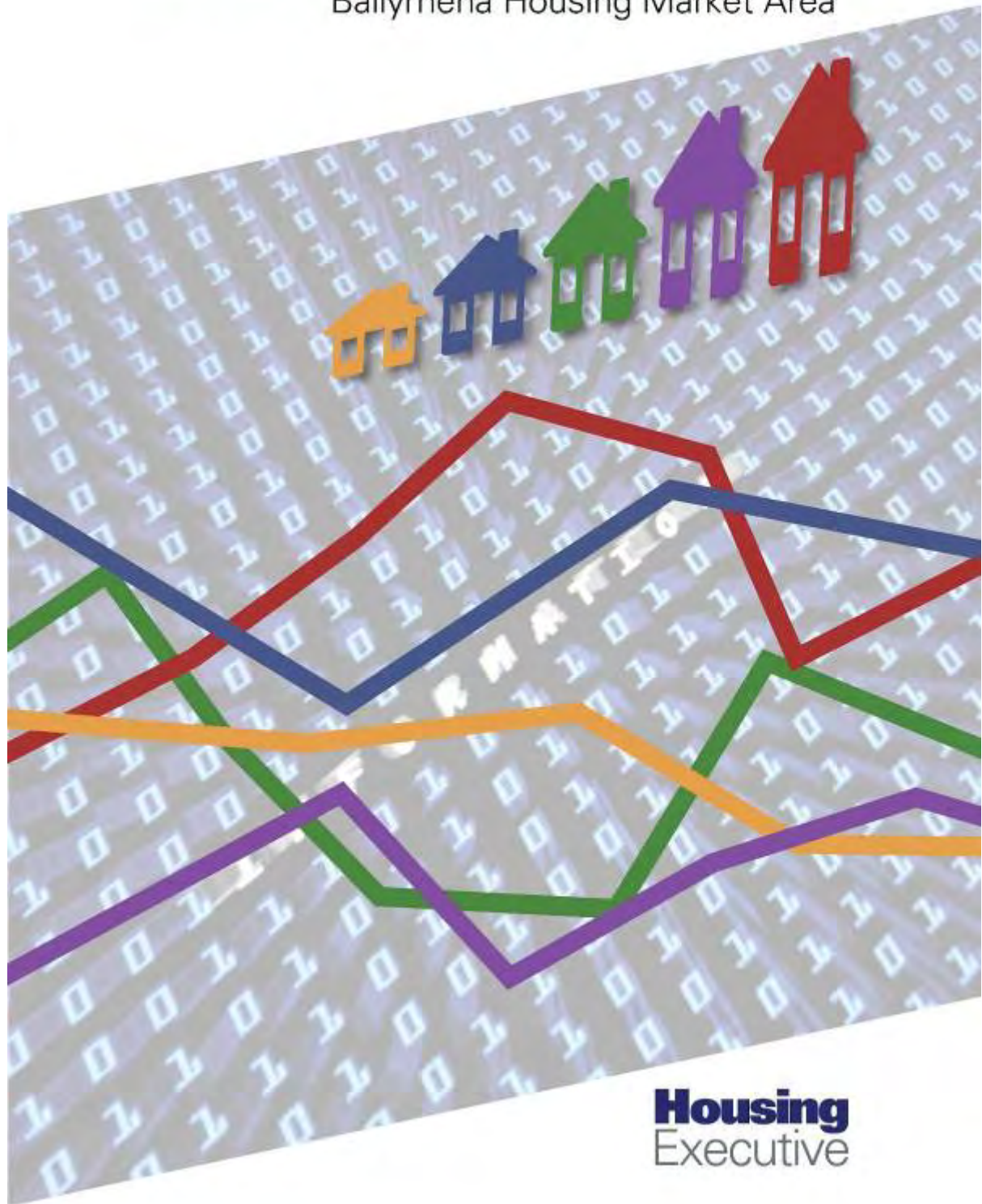


Housing Market Analysis

Ballymena Housing Market Area



Housing
Executive

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We would like to extend our thanks and gratitude to the organisations, and individuals who contributed to the production of this document.

Abbreviations

Ballymena HMA	Ballymena Housing Market Area
CHI	Community Health Index
DRD	Department for Regional Development
DSD	Department for Social Development
HMA	Housing Market Area
HNA	Housing Needs Assessment
LGD	Local Government District
LHSA	Local Housing System Analysis
NIHE	Northern Ireland Housing Executive
NISRA	Northern Ireland Statistics and Research Agency
ONS	Office for National Statistics
PPS	Planning Policy Statement
RDS	Regional Development Strategy
SDS	Spatial Development Strategy
TTWA	Travel To Work Area
PRS	Private Rented Sector



PREFACE

In Northern Ireland, as elsewhere in the UK, planning for housing provision takes account of a range of housing market dynamics and policies in order to address the full range of housing demand and need.

In line with the 2007 DCLG published guidance on the Strategic Housing Market Assessment methodologies the Housing Executive has embarked on a programme of Housing Market Analysis in NI. Our initial Housing Market Analysis research (2009) established eleven functional housing market geographies in NI (See Map 1).

Map 1: Housing Market Area Geographies



In March 2011, a Belfast Metropolitan Housing Market Analysis pilot was concluded. It is planned to deliver a two year Housing Market Analysis programme (2011/12 – 2012/13) on the remaining 10 Housing Market Analysis reports, subject to available resources.

Year 1 (2011/12)	Year 2 (2012/13)
Mid Ulster Housing Market Analysis	Omagh Housing Market Analysis
Ballymena Housing Market Analysis	Causeway Housing Market Analysis
Fermanagh Housing Market Analysis	Dungannon Housing Market Analysis
Newry Housing Market Analysis	Craigavon Housing Market Analysis
North West Housing Market Analysis	Strabane Housing Market Analysis

Two common themes run through Housing Market Analysis:

- The need to base local housing analysis on functional market areas that have some intrinsic rationale rather than simply on the basis of administrative boundaries;
- The need to integrate analysis of housing need with a more general investigation on how housing markets work. This should be based on a more accurate and fuller understanding of consumer choice and the impact of and market responses to economic investment.

The Housing Executive believes that Housing Market Analysis is an important planning tool for housing development. It demonstrates an understanding of current housing market trends and identifies potential future imbalances in the NI housing market. Housing Market Analysis Reports will provide a more detailed and rigorous inter-tenure analysis of the housing market to complement our housing need assessment.



METHODOLOGY

Study Aims and Objectives

The aim of this study is to:

Produce a local housing system analysis (LHSA) for the Ballymena Housing Market Area (Ballymena HMA), identified through a previous commission (Young et al, 2010).

Within these overall aims, the specific objectives were to:

- Undertake a data audit of the key economic, demographic and housing data for the Ballymena HMA;
- Provide a broad indication of the main housing sub-divisions within the Ballymena HMA;
- Conduct data analysis to establish the current position of the Ballymena HMA and likely future trends.

Report structure

This report shows the findings from an analysis of the local housing system for the Ballymena HMA. The report is structured as follows:

- Section 1 summarises the geography of the Ballymena HMA;
- Section 2 considers economic and demographic trends and their significance for the Ballymena HMA;
- Sections 3 to 5 consider each of the main tenures within the housing system;
- Section 6 evaluates the available evidence and identifies the key system imbalances facing the Ballymena HMA, including unmet housing need;
- The Appendices contain further details of information relating to that which is used in Ballymena HMA. In addition it presents the wider policy and planning context within which the Ballymena HMA operates and a Northern Ireland context.

This report is intended to provide a housing market wide understanding of the operation of the housing system. This report is therefore not sensitive to imbalances that can arise at a neighbourhood level or local rural areas.

This study relies primarily on secondary data sources. Some of these were supplied by the Housing Executive, including waiting list and stock data, and the Northern Ireland House Condition Survey (HCS). Summary house price evidence was provided by the University of Ulster. In addition, we drew on data issued by the Northern Ireland Department of Enterprise Trade and Investment (DETINI) and the Department for Social Development (DSD). We also made extensive use of statistics published by Northern Ireland Statistics and Research Agency (NISRA), especially statistics published through its neighbourhood information service website (NINIS).

The study team gleaned additional qualitative information through interviews with key players in the housing market including Estate and Letting agents and Housing Executive District Office staff.

The basic spatial building block employed for this study was the ward, which is the basis on which the Ballymena HMA has been defined. In most cases housing market and sub-geographies totals are based on aggregated ward data. Time lags in the publication of data mean that some of the analysis is less timely than we would have hoped.

Delineating the Spatial Structure of the Ballymena HMA

In order to analyse an HMA, a vital first step is to define the spatial extent and structure of the HMA.

Markets exist when buyers and sellers come together to trade goods and services. Most households looking to move house want to continue to live in the same general area where they have family, friends and can commute to work. Housing markets therefore function over a spatial area that reflects the housing and location choices of consumers rather than administrative boundaries.

Housing demand is largely self-contained at the HMA level. It is the area within which most adults both live and work. It is also the area within which most households will search for housing and where a change of residence unconnected with a change of employment or education will occur. As such, analysis of migration and commuting flows is often used to determine the geographical area over which a housing market functions and to map the boundaries across which relatively few households change residence or commute.

Over the past decade, the concept of an HMA has become central to the development of policies in relation to strategic planning, economic development and housing across the UK. Analysis of the dynamics of the housing system at the HMA level can improve understanding the linkages between housing and the wider economic, social and political environment in which it operates. More specifically, analysis of the inter-connections between these external forces and the supply and consumption of housing can improve the understanding of how well a housing system is functioning and why certain imbalances exist. This in turn can help to inform policies that seek to shape the volume and mix of market, social and affordable housing available. It can also inform policies that seek to make more effective use of the existing stock.

Spatial sub-divisions within a housing market area

The design, quality, tenure and characteristics of the housing stock vary across a HMA. Households also vary in their location and housing preferences and in their willingness to search for housing over a wide area. Such variations influence the internal structure of the housing system. In particular, the short distance of many residential moves illustrates that housing systems can operate at different spatial



levels. It is therefore useful to view an HMA as a tiered entity where different spatial areas nest into each other such that:

- Housing market area: An HMA constitutes the 'upper tier' and represents the spatial area at which commuting patterns and migration patterns interact. It represents the widest geographical area where large numbers of households move house without changing employment or education;
- Spatial Sub-divisions: Large and complex housing market areas that extend across large areas can contain distinct spatial sub-divisions. These areas typically display a reasonable degree of self-containment. Nonetheless, they are influenced by events and trends at the wider HMA level. Some parts of the Ballymena HMA are predominately rural in nature. Generally, household numbers and levels of residential mobility are too small to identify distinctive housing sub-market areas. However, the operation of the housing system in rural areas is often distinctive and requires fine-grained analysis at the local area level in order to assess the blockages that prevent households that live in rural areas from securing suitable housing. In urban areas fine-grained analysis is also necessary to understand the characteristics of neighbourhoods and the extent to which different neighbourhoods are more or less integrated into the wider housing system. For this reason two sub-divisions within the overall Ballymena HMA have been identified: **Ballymena town** and **Ballymena rural**.



Ballymena Seven Towers Roundabout

EXECUTIVE SUMMARY

Background

In recent years, the Northern Ireland housing market has faced severe problems of affordability and rising housing pressure, followed by a systemic crisis in the global financial system and an associated slow down in the local economy. It is essential that housing planners understand what is going on in the housing market, distinguish long-term trends from short-term changes, and better grasp the significance of the major challenges confronting the housing system. This is what Local Housing Systems Analysis (LHSA) attempts to do. This report is an examination of the housing system in Ballymena Housing Market Area (HMA).

What is Local Housing Systems Analysis?

Local housing systems analysis is a framework for collecting, analysing and interpreting evidence across a well-defined spatial housing system. It allows housing planners to identify what imbalances or problems the evolving housing system is likely to confront and whether further research is required to resolve important information gaps. The main features of the LHSA framework are:

- An assessment of the boundaries of the housing market area based on consumer choices (i.e. local migration patterns);
- An assessment of the linkages between housing and the wider economic, social and political environment in which it operates at the housing market area level;
- Analysis of the internal structure and dynamics of the housing system involves looking at current and anticipated trends within and between the three main tenures;
- The evidence collected should be able to allow planners to conduct an 'imbalance' assessment of the key problems facing their housing system.

The Ballymena Housing Market Area

- Ballymena HMA is situated in the north east of Northern Ireland and extends from Portglenone in the south west to Cushendun in the north east. Ballymena HMA includes part of rural Moyle and rural Ballymoney. Ballymena town is the principle settlement within Ballymena HMA.

HMA Findings

- The Ballymena HMA, like many other areas in Northern Ireland and Great Britain, has experienced considerable change over the past 10 to 15 years. Growth in the owner occupied and private rented sectors, affordability pressures and growth in social housing need despite the decline in the number of social housing stock. The credit crunch in 2007/08 resulted in a substantial slow down in house building, lower house prices and lending restrictions, further growth in the private rented sector and the prospect of a fragile housing market for the foreseeable future;



- The Ballymena HMA population percentage increase (5.9%) was similar to Northern Ireland between 2001 and 2008 (5.1%). The population of Ballymena HMA is projected to increase by 7.8% between 2010 and 2023. This is similar to the projected rate for Northern Ireland (8%) as a whole;
- The number of A8 migrant workers living in Ballymena HMA in 2009 equates to 3.2% of the population. Many were attracted by job opportunities in the food processing, hospitality and rural sectors. Whilst the number of new migrant workers coming into the Ballymena HMA has declined significantly, waiting list statistics suggest the numbers settling in the area are slowly rising;
- The number of households in Ballymena HMA increased between 2001 and 2010 by 12.3%, more than twice the rate of population growth. Households are evenly distributed between Ballymena town and Ballymena rural, 51% and 49% respectively. The percentage rise in households was greater outside Ballymena town;
- The projected increase in households between 2010 and 2023 is 14% and 15% for Ballymena HMA and Northern Ireland respectively;
- Household growth was supported by the continuing trend towards the formation of one and two person households and an increased life expectancy, which has seen growing numbers of older households remain in their homes for longer;
- The underlying economic conditions required to regenerate the housing market are not yet in place and may not be so for a considerable period. While the public sector could have a role in stimulating the housing market, this will only have a limited effect due to expenditure cuts applied by the Coalition Government. Indeed job growth in the region is likely to be slow over the next ten years and will restrict future household growth;
- There were 278 recorded starts in 2008/9 and 310 starts in 2009/10. This would appear to be well down on the annual average HGI for the HMA and significantly lower than average annual new build rates (400 plus) earlier in the decade. This would suggest that the fragile state of the housing market will continue to constrain household formation in the Ballymena HMA in the years ahead;
- In the decade to 2007, a significant feature of the Ballymena HMA was increasing affordable housing pressures, which prevented households from gaining entry into the owner occupied sector. During this period, the Ballymena HMA experienced a period of sharp house price rises, which increased more rapidly than household earnings and incomes. In 2007, Antrim/Ballymena (£221,516) had marginally lower average house price than that for Northern Ireland (£233,415);
- The price spike that occurred between 2005 and 2007, believed to have been driven in part by speculator and investor activity appears to be more of a Greater Belfast phenomenon, having only a limited impact on the Ballymena HMA;
- Falling house prices have improved affordability as house price to income ratios have subdued. By 2010 the average house price in Antrim/Ballymena had reduced to £149,254 and was below the Northern Ireland average house price (£158,421). However, this has been offset by tighter lending criteria which has made it difficult for potential first time buyers to raise the necessary deposits and mortgage finance. Consumer confidence in the housing market therefore remains low;

- Lord Best's Commission on the Future for Housing in Northern Ireland has pointed to the possibility of introducing new forms of intermediate housing products to address the need for affordable housing, particularly for first time buyers. We estimate that approximately 2,000 to 3,500 households under 40 years of age could benefit from intermediate housing in the Ballymena HMA;
- Following the crash in the housing market in 2007, many of the newly built dwellings in Northern Ireland, developed originally for owner occupation, entered the private rented sector. This trend was supported by the 46% rise in Private Housing Benefit claimants between 2007 and 2011 in Ballymena LGD. Letting agents have reported that additional private rental accommodation coming onto the market is reducing and that demand outstrips supply;
- At 2011, there were 59 registered HMOs in Ballymena LGD, most of which were located in the Ballymena Town;
- Demand for social housing within Ballymena HMA continues to grow. The 2011 social housing need assessment identified a five year need for approximately 560 units for Ballymena LGD, 104 units for Moyle LGD and 47 units for Ballymoney LGD. In addition, it is anticipated that the levels of new applicants and those in housing stress will rise further if the supply of private renting fails to meet affordable demand and if government funding for further new build social housing continues to be constrained;
- Welfare reforms have potential for far-reaching effects on the demand and supply of affordable housing and the type of affordable housing. Single tenants in the private sector under 35 years of age are already beginning to experience a reduced level of Housing Benefit if they are not living in shared accommodation. For social housing, the reduced Housing Benefit for working age tenants under-occupying a property will apply from 2013.

Future Challenges

- The long-term challenges for the Northern Ireland and Ballymena HMA housing markets are tied to economic performance and job creation. Among the Northern Ireland Assembly's highest priorities is to grow the private sector economy through exports. However, because of the high levels of debt across European economies, we should expect at least a decade of subdued growth. In addition, ongoing public sector cuts are likely to affect the Northern Ireland economy adversely, resulting in higher levels of unemployment;
- Depressed economic conditions will restrict the recovery of the housing market and suppress household growth. Expenditure cuts have already resulted in reduced spending on new social housing. Housing need in the Ballymena HMA is therefore likely to grow under the current financial regime and economic climate;
- The Regional Development Strategy for Northern Ireland 2035 indicates a requirement for 11,700 new houses in Ballymena, Ballymoney and Moyle LGDs over the 17 years from 2008 to 2025. This equates to an average of approximately 690 units per annum, which is slightly lower than the 2006-based figure. The accuracy of these long-range household projections will require careful monitoring, particularly under the existing and projected mid-term economic conditions;

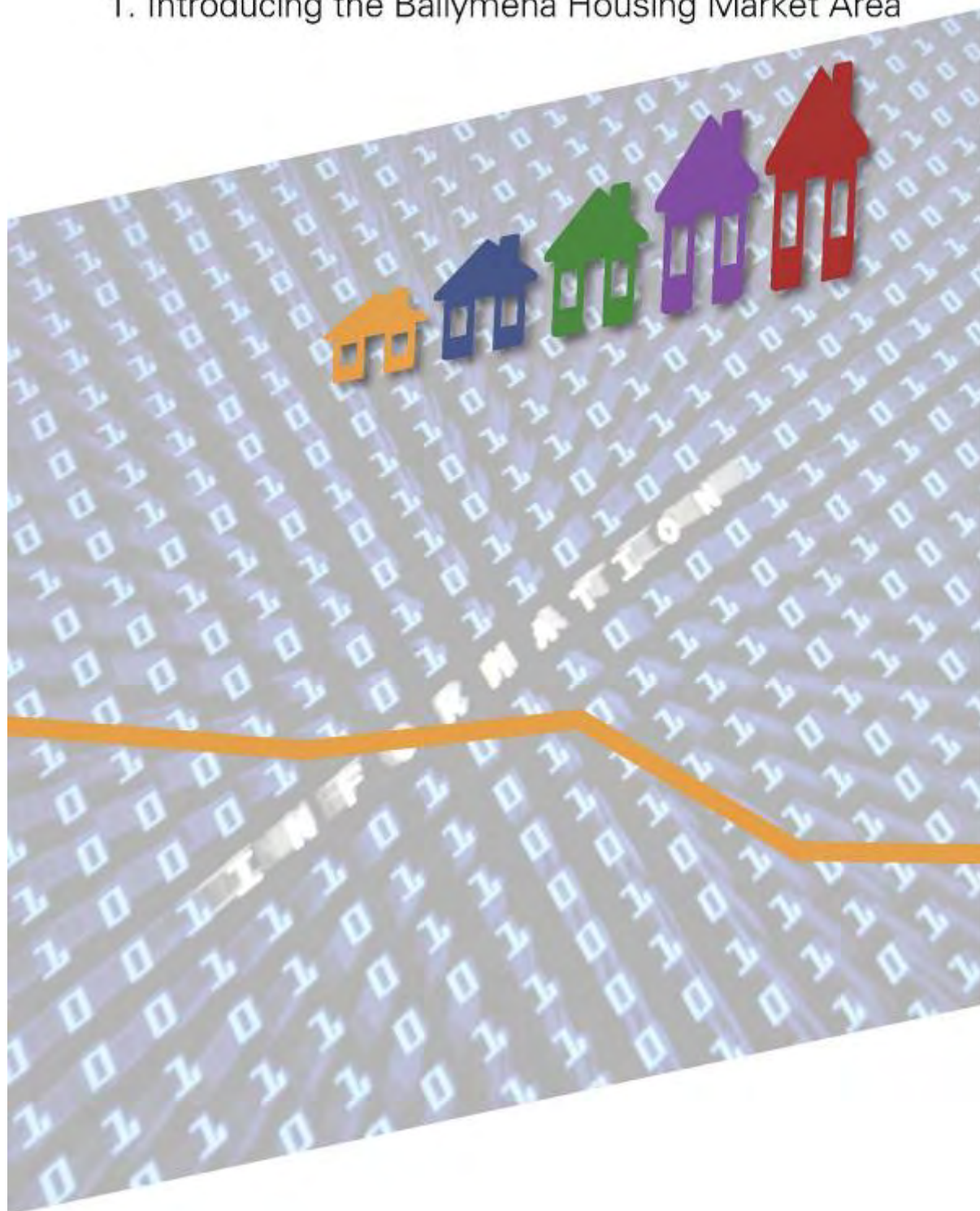
Housing Market Analysis

Ballymena Housing Market Area



- Despite falling house prices, affordability issues will continue to face first time buyers in the short to medium term due to lending restrictions. Intermediate housing products may address this issue on a larger scale than has hitherto been the case. Further research/pilot schemes could establish the viability of proactively building homes for the intermediate home ownership market;
- Housing experts believe the recent growth of the private rented sector will be a long-term phenomenon for Northern Ireland. A key challenge for the longer term involves looking at ways to support the private rented sector in the Ballymena HMA, particularly in meeting the demand for affordable rented accommodation. It is clear that considerable additional research is necessary to understand the extent of the PRS at the functional housing market area level;
- There is much debate but little agreement on whether welfare reforms will present a long term shift in affordable housing form and what impact this may have on local communities. It is unclear if the private rented market will respond by providing alternative suitable accommodation to meet the need for shared living at an affordable rent, particularly as there were only 59 HMOs recorded within the Ballymena LGD;
- Registered Social Landlords will require being flexible in the use of current social housing stock and allocation policies to react to the affordable needs of existing tenants and new social applicants;
- The level of vacant properties in the Ballymena HMA has been consistently above the Northern Ireland average for the past decade. Further research is recommended to identify the reason for this.

1. Introducing the Ballymena Housing Market Area





1. INTRODUCING THE BALLYMENA HOUSING MARKET AREA

The Ballymena HMA

The derivation of the Ballymena HMA and the other 10 housing markets that function across Northern Ireland is set out in a separate report (Young et al, 2010). Essentially, the study assessed whether Travel to Work Areas (TTWAs) provided a reasonable approximation of housing market areas in 2001 by comparing Census commuting and migration patterns. Migration patterns between 2004 and 2007, which were derived from the Central Health Index (CHI)¹, were then analysed to develop a more detailed and timely understanding of the linkages between different areas and the influence of employment centres on residential flows. The validity of the set of HMA boundaries were also explored through stakeholder discussions.

Ballymena HMA is presented in Map 2 and shows which LGDs fall wholly or partly within the Ballymena HMA.

Map 2: Ballymena Housing Market Area



Source: NIHE

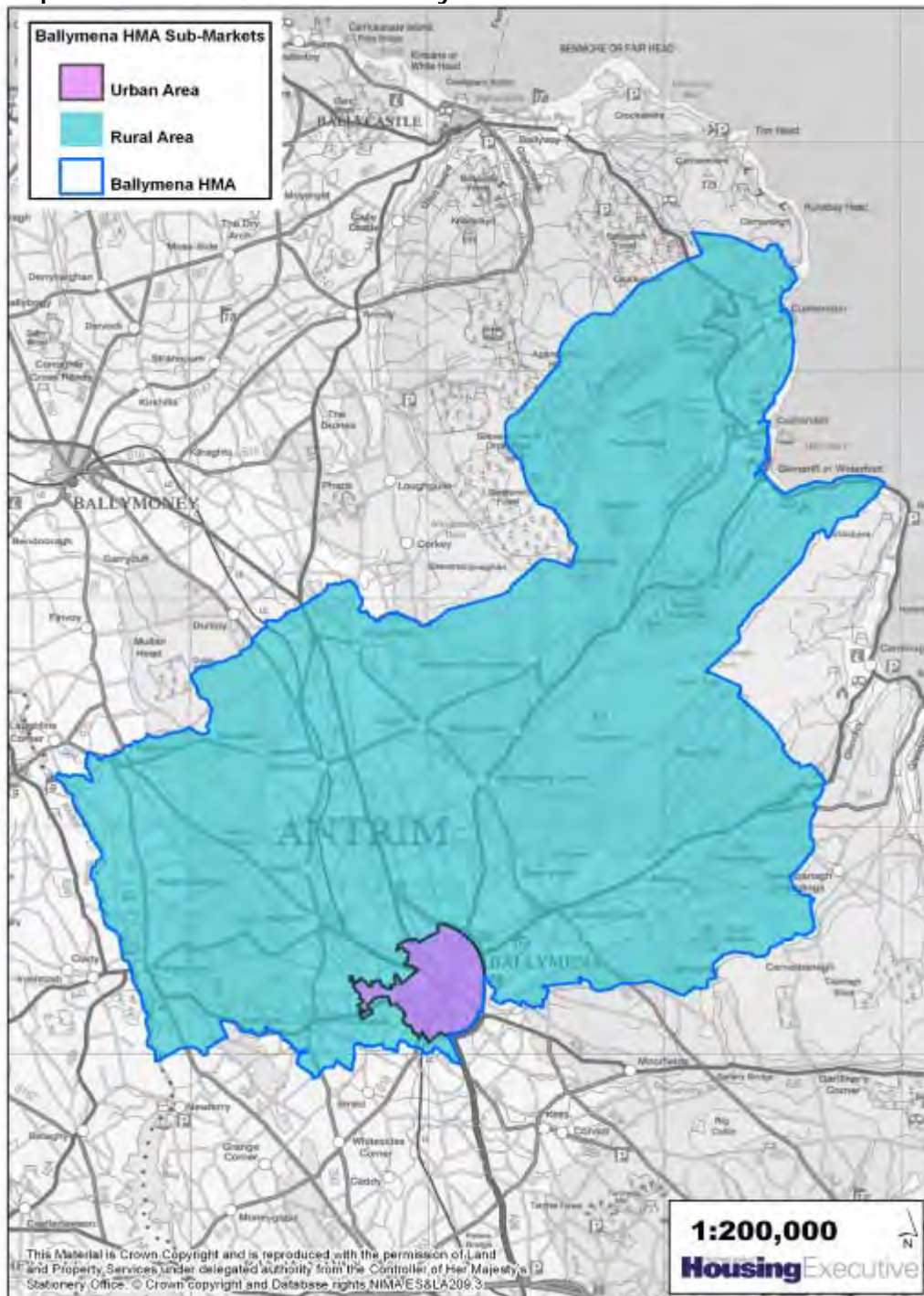
1 The CHI collects information of residents of Northern Ireland that change GP registration.

Ballymena HMA includes:

- Twenty wards situated within Ballymena LGD;
- Two wards from Ballymoney LGD plus three from Moyle LGD.

Within Ballymena HMA there are two sub-division areas, Ballymena town and Ballymena rural remainder. These areas are shown in Map 3.

Map 3: Sub-division areas of Ballymena HMA



Housing Market Analysis

Ballymena Housing Market Area



Source: NIHE

Ballymena HMA is situated in the north east of Northern Ireland and extends from Portglenone in the south west to Cushendun in the north east. It is comprised of the wards listed in Table 1.

Table 1: Wards within Ballymena HMA

Academy	Cullybackey	Portglenone
Ahoghill	Dunclug	Slemish
Ardeevin	Dunminning	Summerfield
Ballee	Fair Green	Cloughmills*
Ballykeel	Galgorm	Killoquin Upper*
Ballyloughan	Glenravel	Glenaan**
Broughshane	Harryville	Glenariff**
Castle Demesne	Moat	Glendun**
Craigyarwarren	Park	

Most wards are located within Ballymena LGD except: *In Ballymoney LGD; ** In Moyle LGD

Ballymena Housing Market extends beyond Ballymena LGD; it includes all of Ballymena LGD with the exception of the south-eastern area that adjoins Antrim and Newtownabbey, which is now perceived to be more closely connected to the Belfast housing market. It incorporates the Glens area of Moyle LGD and the wards of Killoquin Upper and Cloughmills in Ballymoney LGD, although these less densely populated wards have very limited connection to any major employment centre. Ballymena town is the principle settlement within Ballymena HMA. The following 13 wards have been designated as Ballymena town wards – Galgorm, Ardeevin, Ballee, Ballykeel, Ballyloughan, Castle Demesne, Dunclug, Academy, Fair Green, Harryville, Moat, Park and Summerfield.

The formal definition of 'rural' is a settlement of less than 4,500 people, however for the purpose of this report, all wards outside of the Ballymena town boundary are classed as rural remainder. There are therefore three geographies – Ballymena HMA; Ballymena town and Ballymena rural remainder considered within the Housing Market Analysis.

In the period 2001-2008 the population of Ballymena HMA increased by 6% and in 2008 numbered 61,162. Population projections estimate that the population will increase by 8% in the period 2010-2023 and will total 68,100. During the same period the number of households is projected to increase by 14% to 28,400. Around 51% of households in Ballymena HMA live in Ballymena town with the remaining 49% living in Ballymena rural remainder. Changing demographic trends, particularly in age profiles and a reduction in the average household size, are important factors in planning for new housing indicating a need for a larger proportion of dwellings for single/smaller household groups.

The spatial boundary of Ballymena HMA

Housing markets often operate across a spatially defined area. This is because households usually move house within a limited area, reflecting accessibility to place

of work or education and proximity to friends and family. A housing market is therefore conceived as a spatial area that contains the origin and destination of most households who move home. Defining HMAs provides a basis for better understanding of how a local housing system functions and the economic, social and environmental factors that shape housing demand and supply dynamics. This in turn should help to inform policies aimed at:

- Providing a mix of market and affordable housing across the HMA that takes account of local demand, housing need and the quality of place;
- Managing and getting the most effective use out of the existing stock.

Table 2 confirms that in 2001, owner occupation was the dominant tenure across Ballymena HMA, with comparatively higher levels of social renting within Ballymena town.

Table 2: Housing tenure of households, 2001

	Owner Occupied (%)	Social renting (%)	Private Renting (%)	Other (%)	All (%)	No households
Northern Ireland	70	21	7	2	100	626,711
Ballymena HMA	73	19	5	3	100	21,708
Ballymena Town	69	24	5	2	100	11,493
Ballymena Rural	78	14	5	3	100	10,215

Source: Census (2001) Table KS18: Tenure (Numbers) – ward based outputs rounded to nearest percent.

Ballymena LGD is located on the edge of Belfast Metropolitan Area (BMA). It has been identified by the Spatial Development Strategy for Northern Ireland as a main hub on the key transport corridors north, south and east. The Regional Development Strategy (RDS) identifies Ballymena town as a main hub on the strategic Northern Corridor and backs its role as a key location in supporting the growth of the BMA.

Ballymena LGD has ready access to the BMA, Belfast International Airport, the port of Larne and areas of natural beauty such as the Glens and the North Coast. It is also situated on the rail link between Belfast and Derry/Londonderry. The town is a significant employment and retail centre and has also experienced considerable growth in its business service sector before the recession. The manufacturing sector remains strong in the area with major employers including Michelin, JTI (formerly Gallahers) and Wrightbus. The town benefits from an above average tourism spend due to its access to North Antrim's natural attractions.

Like elsewhere, the current difficult economic climate has impacted on the level of employment in Ballymena HMA. The number of people unemployed in Ballymena HMA has increased from around 2.7% in 2005 to 4% in 2010. It would appear that this upward trend of unemployment has continued in 2011. The construction industry has been particularly affected by the economic downturn and recovery is likely to be slow in this sector.

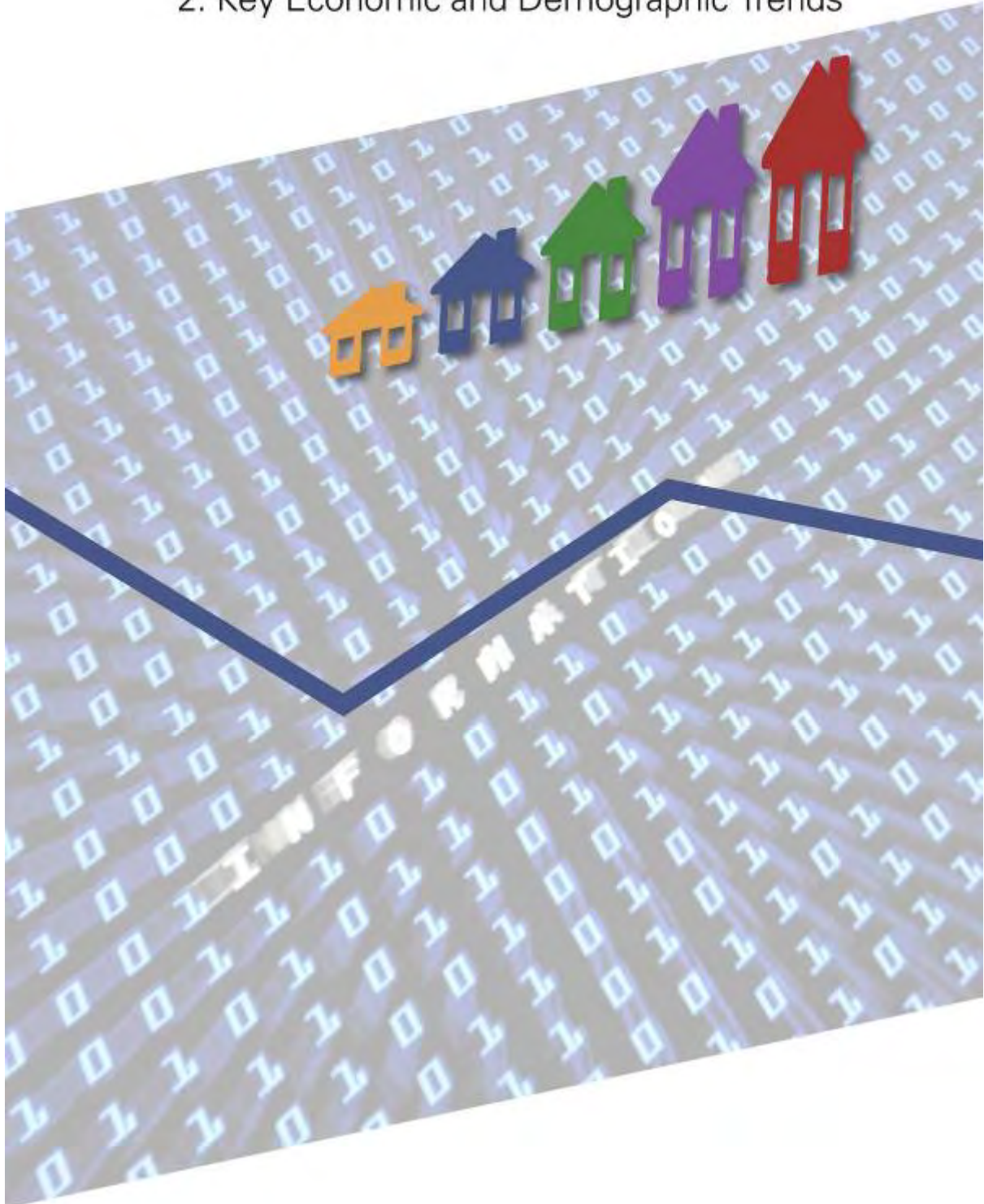


Summary

There is a single functional Ballymena Housing Market, which extends from Portglenone in the south east to Cushendun in the north east. The main settlement located within the area is Ballymena town.

Beneath Ballymena HMA level, Ballymena town and the rural remainder subdivisions have been identified and are analysed within this report. This report is not sensitive to local circumstances within each local area, ward or settlement. It should however provide sufficient context and detail to provide analysis of housing system trends within these two sub-divisions.

2. Key Economic and Demographic Trends





2. Ballymena HMA: KEY ECONOMIC AND DEMOGRAPHIC TRENDS

Introduction

Various external factors influence housing system dynamics and the housing choices available to households. Of particular significance are recent and possible future trends in economic performance, the operation of the labour market and demographic change, which are the focus of this chapter.

Recent economic performance

It is reasonable to state that the local economy is linked very closely to that of the Northern Ireland and UK economy. Figures for GVA (Gross Value Added) are broken down to a sub-regional level at the Nomenclature of Units for Territorial Statistics 3 (NUTS 3) areas. Details of GVA and NUTS data are contained in Appendix 3.

Ballymena HMA is located within two NUTS 3 sub regional areas. Ballymena HMA extends into North of Northern Ireland NUTS 3 area including part of rural Moyle LGD and rural Ballymoney LGD while the urban area, Ballymena town, is covered by East of Northern Ireland NUTS 3 area.

While there are no GVA growth figures specifically conterminous with Ballymena HMA, it is appropriate to use the available data for the NUTS 3 areas to highlight issues which directly affect Ballymena HMA. It is possible to make assumptions about the relative GVA growth within Ballymena HMA based on the relative figures for North and East of Northern Ireland NUTS areas as follows:

- From 1995 to 2008, average annual growth rate for East of Northern Ireland was 4.9% and for North of Northern Ireland was 4.7% which is lower than both the UK figure of 5.4% and the Northern Ireland figure of 5.5%;
- GVA per head of population has increased substantially between 1995 and 2008 in all areas;
- While percentage share of Northern Ireland GVA increased slightly for Belfast and West/South between 1995 and 2008, percentage share for North and East fell. This may reflect the fact that cities are a major importer of business and labour and this has an upward effect on GVA per head. This is partly because this ONS comparator mixes together workplace (GVA) and resident based measures (population denominator);
- Although Average Annual Growth for Northern Ireland is slightly higher than that for UK, GVA per head of population in Northern Ireland is significantly lower than the UK figure. This may reflect the fact that while investment in Northern Ireland increased over this period, growth in some parts of the area was starting from a low baseline;
- Growth in GVA has declined between 1995 and 2008 in Agriculture, forestry and fishing in both total and percentage terms for Northern Ireland as a whole and within North and East areas;

- While the Production Sector fell in percentage terms in Northern Ireland and North and East areas total GVA increased slightly for these areas. The Production Sector carries a high percentage of the GVA for both North and East areas; Production in East area (which includes the urban area) is nearly twice that in North area (which is a rural area);
- Total GVA for Public administration, education, health and other services increased for Northern Ireland and North and East areas between 1995 and 2008. This sector decreased in percentage GVA for both Northern Ireland and East area at 2008 while there was a slight increase in percentage GVA for the North area; this may reflect the opening of the new Causeway Hospital in 2001;
- Growth had centred on: Construction which increased (from 6.5% to 10.4%) in North area and (6.9% to 9.3%) in East area; Distribution, transport and communication which increased (16.8% to 20.6%) in North area and (17.2% to 21.5%) in East area; Business services and finance which increased (9.7% to 17.4%) in North area and (8.8% to 16.4%) in East area. Subsequently these growth sectors have been the hardest hit by the economic crash and collapse of the construction industry.

Recent employment trends

Labour market participation amongst working age population

LGD findings from the Labour Force Survey from 2005 to 2009 indicate that the economic activity rate for Ballymena and Ballymoney LGDs are above the Northern Ireland average while economic activity in Moyle LGD, between 2007 and 2009, was considerably below the Northern Ireland average. The Labour Force Survey for 2004 for Moyle LGD shows that economic activity rose by approximately 10% between 2002 and 2004. Moyle LGD traditionally has a high number of small business starts; a high number of persons working within construction and maintenance trades are self employed. With the decline in the construction sector from 2007 economic activity in Moyle LGD dropped back below the Northern Ireland average.

In 2009, 74% of working age residents in Ballymena and Ballymoney LGDs were economically active; 64% in Moyle LGD, compared to 70% in Northern Ireland. Ballymena and Ballymoney LGDs have continued to maintain relatively strong manufacturing and service sector bases.

- Between 2005 and 2009, the average annual employment rate for Ballymena and Ballymoney LGDs remained above the rate for Northern Ireland. In general Moyle LGD employment rate was below the Northern Ireland figure over this period but it recovered slightly in 2008, bringing it marginally above the Northern Ireland rate;
- In 2009, 70% of working age residents in Ballymena and Ballymoney LGDs were employed compared to the Northern Ireland average of 65%. During the same period however, only 57% of working age residents were employed in Moyle LGD.

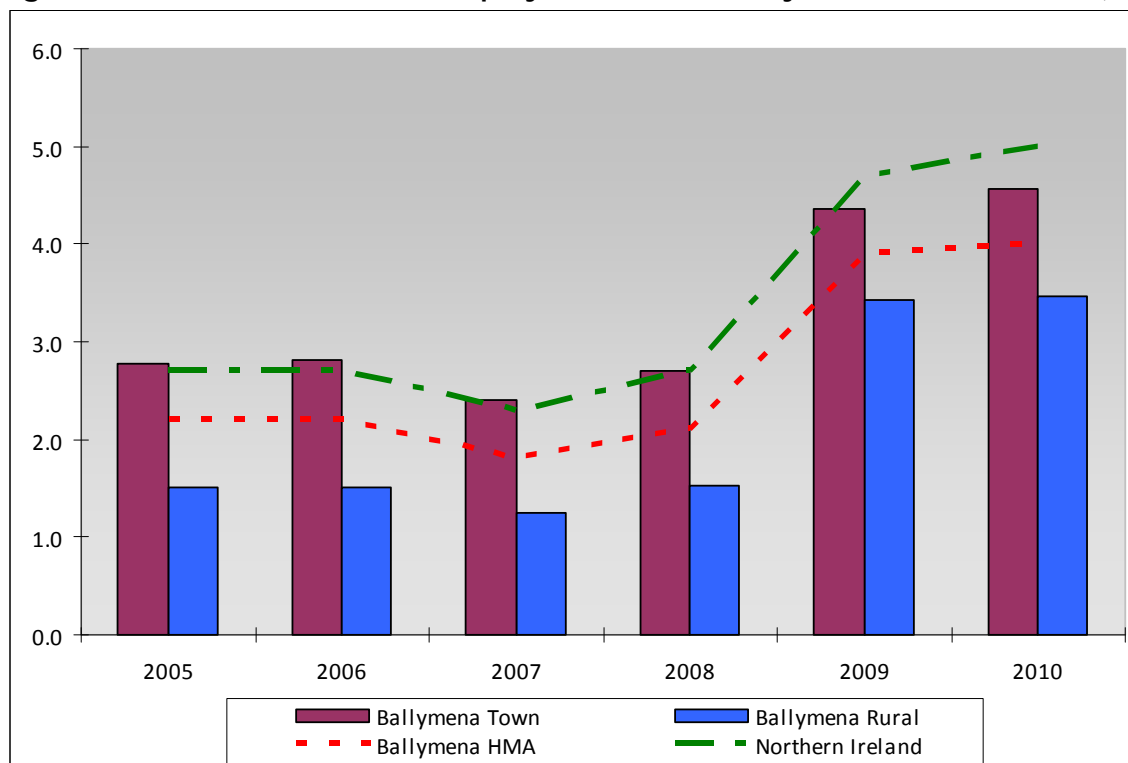


Unemployment, worklessness and deprivation

One manifestation of the recession has been a sharp rise in unemployment. Claimant count based unemployment figures for Ballymena HMA are summarised in Figure 1 and show that:

- Claimant count based unemployment rates within Ballymena town remained below 3% to 2008 but increased sharply in 2009 and continued to rise in 2010;
- Ballymena rural unemployment rates remained around 1.5% to 2008 and increased sharply in 2009 and 2010 to around 3.5%;
- In 2010, the annual average claimant count rate for Ballymena HMA was 4% compared to the Northern Ireland figure of 4.9%;
- Across Ballymena town, the wards of Ballee, Ballykeel, Dunclug and Moat had the highest rates of unemployment whilst Ballyloughan, Academy and Ardeevin had the lowest rates;
- In Ballymena rural, the wards of Cullybackey and Glenravel had the highest rates of unemployment whilst Dunminning (a predominately farming community) and Glendun (the main settlement of which is Cushendun, a small coastal village favoured by retirees) had the lowest rates.

Figure 1: Annual claimant unemployment rate for Ballymena HMA, 2005-10 (%)



Source: NISRA Annual Average Claimant Count (NINIS, 2011)

This emerging trend of increased unemployment and gradual decline in employee numbers indicates continuing high levels and possibly increasing levels of

unemployment in the short to medium term and emphasizes the fragile economic recovery.

As this year's graduates and school leavers enter the labour market, unemployment will no doubt increase in the claimants aged 18 to 24 years bracket. At the start of 2011 in Ballymena LGD approximately 32% of total claimants were aged 18 to 24; in Ballymoney LGD, 31% and in Moyle LGD 29%, compared to a Northern Ireland figure of 31%.

Overseas migrants have been affected by rising unemployment. Estimated Net International Migration for the three LGDs included in Ballymena HMA has decreased reflecting reduced employment opportunities. However, recent consultation with estate agents in Ballymena HMA reveals that new migrants are continuing to come into the area for seasonal employment, for example, in meat processing plants.

Claimant count based unemployment does not provide a complete measure of worklessness. Figure 2 shows the percentage of working age adults in receipt of key state benefits² from 2004 to 2010. It indicates that prior to 2008, the percentage of working age adults in receipt of key benefits had been falling slowly but steadily. Between 2008 and 2009 this trend went into sharp reverse nationally and locally, largely because of the increase in unemployment. Relative to the Northern Ireland rate, the percentage of working age adults in Ballymena HMA in receipt of key benefits has remained low. The retiree population for both Northern Ireland and Ballymena HMA increased sharply between 2004 and 2005 and continued to increase gradually to 2010. Population projections to 2019 predict a continuing increase in older persons in Ballymena HMA, which currently has a higher percentage of retiree population than Northern Ireland.

2 Numbers of working age claimants claiming at least one of the main benefits (Income Support, Jobseekers Allowance, Disability Living Allowance, Incapacity Benefit or Severe Disability Allowance and Pension Credit for males aged 60 - 64)



Figure 2: % Population in receipt of key benefits, 2004 to 2010



Source: NINIS, NISRA

Although Ballymena LGD ranks as 11th most deprived according to the Northern Ireland Deprivation Measure 2010 (NISRA 2010), its employment rate is higher than the Northern Ireland average. The seven most deprived areas within Ballymena LGD are located within Ballymena town and this is consistent with the perception that deprivation is concentrated more in urban Housing Executive estates as localised pockets. These areas show high levels of deprivation in six domains, income, employment, health and disability, education/skills/training, living environment and crime and disorder. Long-term unemployment is also a feature of the most deprived neighbourhoods and communities within Ballymena HMA. The super output areas in Ballymoney and Moyle LGDs included in Ballymena HMA rank amongst the least deprived in their respective LGDs only showing a low score on proximity to services.

Labour market structure

Both the Northern Ireland and Ballymena HMA employee job markets are dominated by public and private services. As Table 3 shows, in 2009 the largest employing industry in Ballymena HMA was the service sector (72.9%); the service sector is slightly stronger in Ballymena rural than Ballymena town.

Manufacturing industry is still relatively strong within Ballymena HMA with approximately one fifth of employee jobs in Ballymena town in this sector. The contraction of the construction sector is evidenced by the low percentage of employee jobs recorded for this sector. The percentage of people in full time and part time jobs in Ballymena HMA equates with the Northern Ireland figure.

Table 3: No of employees in Ballymena HMA and sub-divisions (workplace based), 2009

Area	Employee Jobs Total	Full Time (%)	Part Time (%)	Manufacture (%)	Construction (%)	Services (%)	Other (%)	Change 2001-9 (%)
Ballymena Town	21,552	61	39	20.4	6.4	72.4	0.8	12.5
Ballymena Rural	7,599	77	23	18.0	6.8	74.4	0.8	13.1
Ballymena HMA	29,151	65	35	19.8	6.5	72.9	0.8	14.0
Northern Ireland	691,404	65	35	10.7	5.3	82.8	1.2	7.9

Source: Census of Employment: DETI LGD outputs and NINIS Ward level outputs

Notes: Sub-market full time and part figures are based on ward employee counts whilst the broad industry category estimates are based on apportioning LGD outputs according to the number of employees that work in each ward.

Ballymena is recognised by the RDS 2035 as one of nine sub-regional centres which will perform higher service centre roles, where development will be directed and will attract investment through settlement clusters. Due weight needs to be given to reinforcing its leading role as the main centre of administration, cultural and leisure amenities, employment and services. A Masterplan for Ballymena town has been commissioned by Department for Social Development (DSD) in close co-operation with Ballymena Borough Council and Ballymena Town Centre Partnership. A number of projects are currently being developed to improve the town's streets and spaces, enhance the evening economy and regenerate key parts of the town centre. Regeneration will focus on attracting business and further inward and internal investment.

The North East Region (NER) partnership was formed to deliver the Northern Ireland Rural Development Programme across Ballymena, Ballymoney, Coleraine and Moyle Council areas to 2013. It has been charged with administering funds under Axis 3 of the Programme. The Programme aims to improve the quality of life in rural areas encouraging diversification of economic activity in rural areas by supporting a wide range of projects under six measures:

- Diversification into non agricultural activities;
- Support for business creation and development;
- Encouragement of tourist activities;
- Basic services for economy and rural population;
- Village renewal and development;
- Conservation and upgrading of rural heritage.

Within Ballymena HMA, Cushendun and Cullybackey villages have completed and launched village action plans and will now make application for funding. Local communities were asked to identify priorities within their village. Seventy-five per cent funding of £62.5K has been ring fenced for each village. Waterfoot, Portglenone, Cushendall, Cloughmills and Glenravel villages are currently applying

Housing Market Analysis

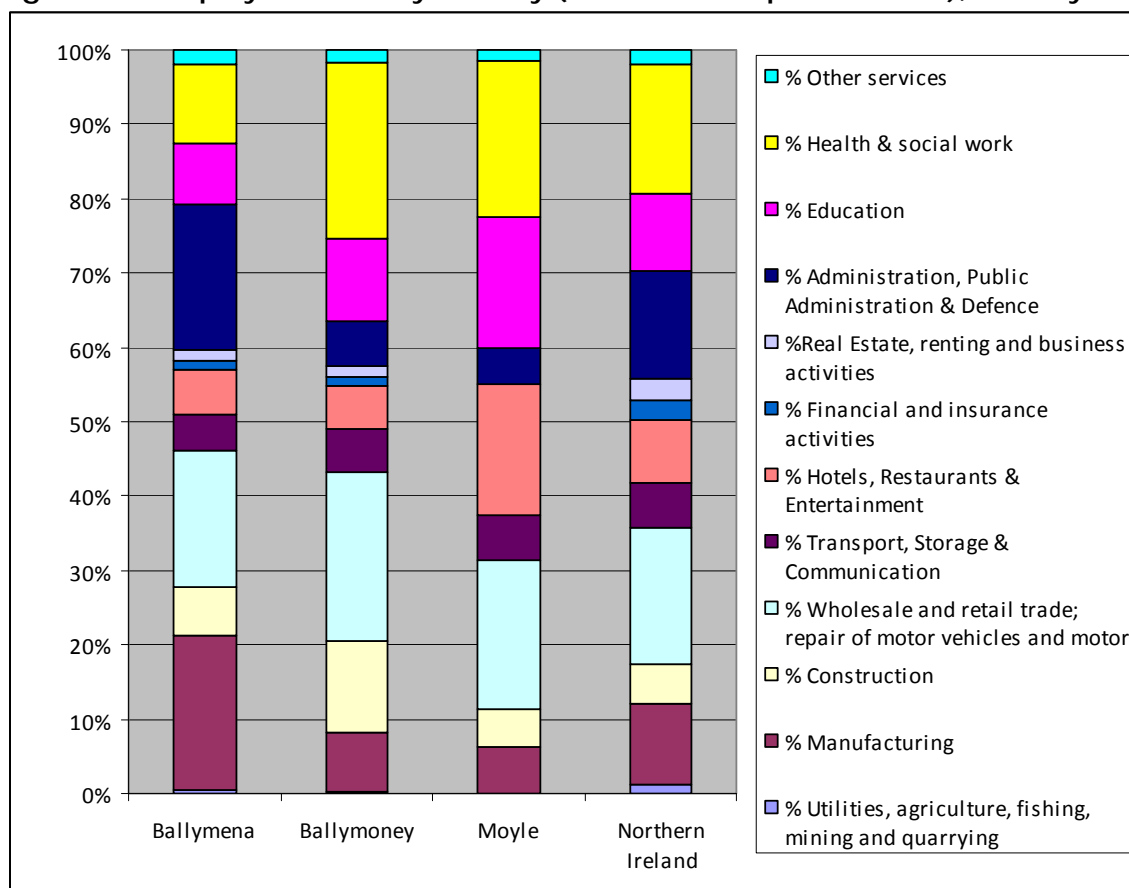
Ballymena Housing Market Area



for funding for a diverse range of projects which include environmental improvements, youth provision, play areas, websites, heritage booklets, signage, public walkways and amenities. Some improvements are cosmetic while others help existing services. NER hope to develop the Programme through linking with other villages in the Republic of Ireland (ROI) and Europe. Ballymena HMA is a predominately rural area and although the number of working farms has decreased in recent years it is still a strong sector. The Rural Development Programme provides grants to enable farm diversification.

The Standard Industrial Classification of Economic Activities (SIC 2007) employee statistics, which are summarised in Figure 3, indicate that in 2009 most employees in Ballymena town and Ballymena rural area worked in manufacturing (20.4%). Four manufacturing companies located in Ballymena town (JTI, formerly Gallahers, Wright Group, Michelin and Moy Park) each employ over 1,000 people; two of these employers are global companies while a number of other companies within Ballymena HMA export to Europe, UK and the ROI. Wrightbus has recently secured a £55 million investment while some smaller companies continue to attract considerable amounts of investment to secure and grow their businesses.

Figure 3: Employee share by industry (SIC 2007 Workplace based), 2009 by LGD



Source: Census of Employment (DETINI, 2011)

Ballymena town and Ballymena rural areas both have a high percentage (19.2%) of administration, public administration and defence jobs. Public administration

services are located throughout the area with main concentrations of employment in Ballymena town. The Northern Area Fire Service headquarters and PSNI H District, which covers Ballymena, Ballymoney, Coleraine, Larne and Moyle, are located in Ballymena town. The Public Prosecution Service has recently located to Ballymena town following a regionalisation of the service.

Wholesale and retail trade remains relatively strong within Ballymena town and Ballymena rural (18.2%) with a low leakage rate from the town (people leaving the town to shop elsewhere). Global, European and UK supermarkets are established throughout the area. However a noticeable number of national chain fashion retail outlets have closed in Ballymena town with further closures anticipated. Continuing discount sales in retail outlets indicate low consumer confidence. Employee jobs in wholesale and retail are higher in Ballymoney rural (21.8%) and Moyle rural (19.2%) areas. Within the surrounding villages wholesale and retail businesses have remained fairly stable with closures mainly in independent fashion stores. Vacant business premises in villages are predominantly due to owner retirement and developer intervention.

In both Ballymena town and Ballymena rural, 10.6% of employees work in health and social services. In Ballymoney and Moyle rural areas, 22.7% and 20.1% respectively are employed in health and social services. The two main hospitals that service Ballymena HMA are located at Coleraine and Antrim. Within Ballymena HMA, outpatient services are located at the Braid Valley hospital in Ballymena town. An investment of £25 million has been announced to provide a new health and care centre on the site of the Braid Valley hospital. Dalriada doctor on call service is based in Ballymena town and covers an area as far north as Rathlin and south to Newtownabbey. A deployment station for the ambulance service has been maintained in Ballymena and health centres are located in Ballymena and throughout the surrounding villages. In year 2009/10, Supporting People Services (administered by Housing Executive) provided funding to deliver 26 supported housing accommodation based schemes and three floating support schemes in Ballymena LGD; 12 supported housing accommodation based schemes and one floating support scheme in Ballymoney LGD and eight supported housing accommodation based schemes and one floating support scheme in Moyle LGD. These services enable vulnerable persons and older persons to live independent lives.

Within Ballymena HMA there are nine post primary schools, three of which are grammar schools. These grammar schools have wide catchment areas which include urban and rural areas outside Ballymena HMA. In both Ballymena town and Ballymena rural areas, 8% of employees worked in education while 10.6% and 16.9% worked in Ballymoney and Moyle rural areas respectively. To date, public libraries have closed in Ahoghill, Ballee, Cullybackey and Cloughmills.

Ballymena town is located on the Northern Key Transport Corridor and is well served with a good road and rail communications network including the M2 motorway. Recently completed road improvements have taken congestion out of the town, made access to the town easier and improved the flow of commuter traffic. The

Housing Market Analysis

Ballymena Housing Market Area



international airport is approximately 18 miles from Ballymena town and Belfast City Airport is approximately 30 miles from the town.

Currently 15 bus routes supply travel to and from Ballymena town. These allow commuting to and from areas within and outside Ballymena HMA. An Ulsterbus service runs from Cushendun covering Cushendall, Waterfoot and Glenariff every two hours. Ballymena town is located on the Belfast to Derry/Londonderry rail line. There are currently four local bus routes in operation in the town with a 30 minute frequency providing reasonably good public transport access to the town centre with linkage to local health, education and leisure based amenities.

In both Ballymena town and Ballymena rural, 4.6% of employees worked in transport, storage and communication while 5.6% and 5.9% were employed in Ballymoney and Moyle rural areas.



Cushendun Harbour

Tourism is a significant contributor to the Northern Ireland economy, impacting not only on tourism businesses but on other business in the supply chain creating and supporting jobs in the wider economy. The Causeway Coast and Glens Heritage Trust has just announced its successful bid to the Heritage Lottery Fund's Partnership Scheme receiving nearly £92K to help protect the landscape. They have now up to mid 2013 to submit fully developed plans to compete for the full £1.5 million award.

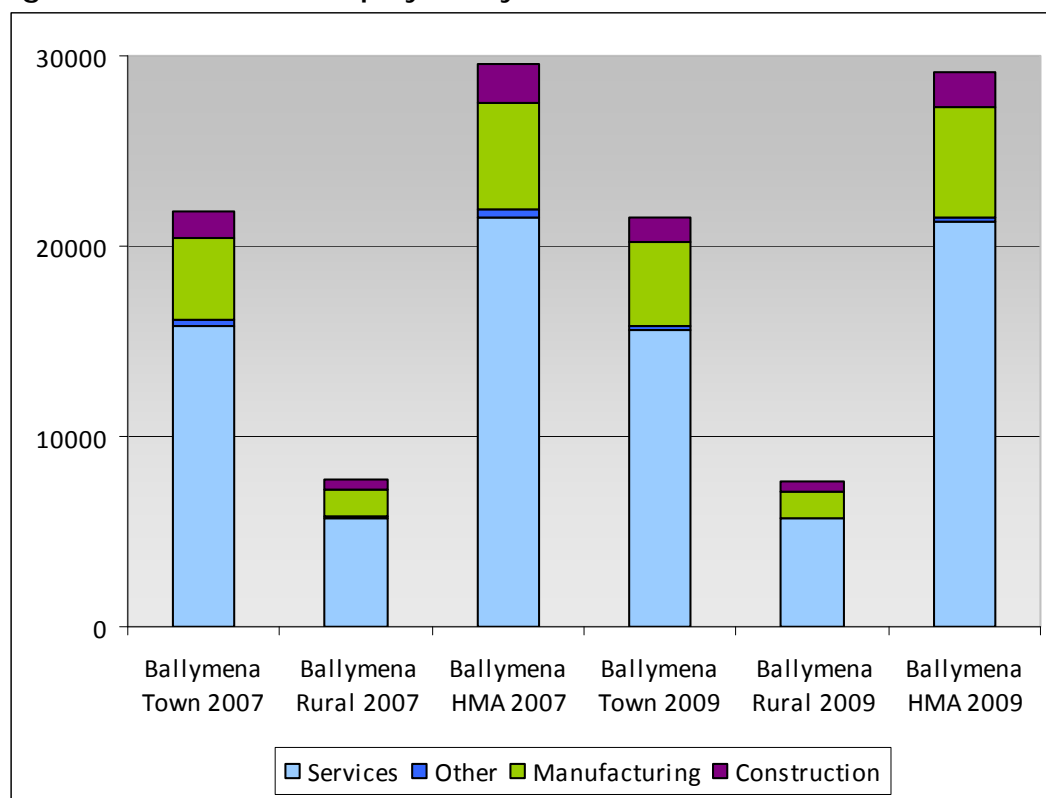
Ballymena HMA is within the Causeway Coast and Glens tourism district. Glendun, Glenaan and Glenariff areas of outstanding natural beauty are located within Ballymena HMA. The coastal villages of Cushendall and Cushendun are in themselves tourist attractions; Cushendun is a National Trust village. The Glens of Antrim offer a variety of tourist attractions including The Heart of the Glens Festival, Walk the Glens Festival, Ardclinis Outdoor Adventure Centre, fishing, cycling, Glenariff forest park, Cushendall sailing and boating club, sites of historical interest and Cushendall golf club. Although this area of the Glens has enormous potential as a tourist destination there is not adequate hotel accommodation; only one hotel in Cushendall which provides 24 rooms and 48 bedspaces. In Cushendun and Cushendall 64 guesthouses, bed & breakfast and self-catering establishments provide 225 rooms with 488 bedspaces. There are caravan parks in both Cushendall and Cushendun and the Forestry Service has a caravan park in Glenariff. In 2008 there were approximately 784,000 visitors to the Glens of Antrim with associated revenue of £107 million.

Ballymena town benefits from above average tourism spend; primarily retail spend while the surrounding countryside and villages offer a range of tourist attractions, including excellent fishing on the rivers Maine, Kellswater, Cloughwater, Braid and the river Bann is one of the most important coarse fishing areas in Europe. For golf enthusiasts, golf courses are located at Galgorm and Broughshane both on the outskirts of the town. Within Ballymena LGD there are 5 hotels offering 210 rooms and 454 bedspaces. Over the past five years Galgorm Resort & Spa has carried out refurbishments worth £20 million and has secured a further £1.5 million investment for additional enhancements. The Adair Arms Hotel has also secured a sizable investment for refurbishment. There are 40 bed & breakfast and self-catering establishments with Ballymena LGD providing 142 rooms and 280 bedspaces. The Masterplan for Ballymena town aims to revitalise the evening economy encouraging family friendly restaurants and leisure activities.

Figure 4 shows that the number of employees working in Ballymena HMA totalled 29,562 in 2007 reducing by 1.3% to 29,151 in 2009; during this period employee jobs reduced by 1.7% in Ballymena rural and 1.4% in Ballymena town. The number of employees working in Services remained fairly stable in Ballymena rural while, within Ballymena town the number of employees dropped by 1.5%. Manufacturing employment stayed fairly static in Ballymena rural while the number employees in Ballymena town rose by 3%. Within Ballymena HMA the number of employees in Construction continued to decrease by a further 5.2% with rural employment falling by 9%.



Figure 4: Number of employees by sector, 2007-09



Source: Census of employment, 2009 (DETINI, 2011)

Incomes and earnings

Earnings

LGD earnings data presented in Table 4 provide a broad indication of earnings across Ballymena HMA³. It shows that:

- Work based full time earnings, 2010, in the lower and median quartiles are highest in Ballymena LGD;
- Residence based earnings are higher than work based earnings in Ballymoney LGD conversely residence based earnings are lower than work based earnings in Ballymena LGD;
- We interpret these findings to mean that individuals who commute to Ballymena LGD from elsewhere in Ballymena HMA will typically earn more than their neighbours that live and work locally. Commuters to Ballymoney LGD will typically earn less than those who live and work in the area;

³ ASHE outputs at LGD level are subject to sampling error and are often outputs are suppressed. ASHE 2010 data was released in 2011. However this table have not been updated, because of a need to ensure consistency with other income and price data available, which are all 2009 based. However, after allowing for sampling error, there were not significant changes in the broad patterns of gross weekly earnings.

- Although this evidence is not conclusive, it may suggest that consumers who live and work in Ballymena LGD may be at a disadvantage in competing for housing with consumers who commute to Ballymena LGD to work. It also may be a reflection of the trend during the housing boom when development expanded into rural villages and hamlets attracting buyers to relatively less expensive properties in these areas. Earnings show a significant difference when considering median and lower quartile based earnings in Ballymoney LGD compared to Ballymena LGD. Figures are not available for Moyle LGD to make meaningful comment;
- Gross residence weekly pay in the lower quartile in Northern Ireland is higher than that for Ballymoney and Ballymena LGDs, while Northern Ireland work based earnings in the lower quartile and residence and work based earnings in the median quartile are considerably higher than those for Ballymoney and Ballymena LGDs.

Table 4: Full time employee gross weekly pay, 2010

LGDs	Lower quartile		Median	
	residence	Work based	residence	work based
Ballymoney	314	240	429	344
Ballymena	270	291	384	399
Moyle	-	-	-	-
Northern Ireland	350	647	611	759

Source: DETINI (2011) ASHE

Incomes

Consistent with CLG (2007) guidance, we analysed CACI PayCheck, which models gross annual household income from all sources including state benefits and savings. Comparisons with the FRS and other data sources suggest that CACI PayCheck provides a useful indication of the distribution of households' incomes at Ballymena HMA level. Table 5 illustrates that household incomes are higher in Ballymena HMA than Northern Ireland although when taken as an average, household income for Ballymena HMA falls slightly below Northern Ireland.

Table 5: Gross household income distributions, 2010

Area	Lower quartile	Median	Upper Quartile	Average
Northern Ireland	£16,810	£28,780	£51,590	£35,121
Ballymena HMA	£17,554	£30,862	£58,066	£34,307

Source: CACI (2010) PayCheck

Incomes of younger working households

At Northern Ireland level, Wilcox (2009) reported that in 2007 the average income for a younger single earner (aged 20-39 years) was £20,413, whilst the average income for all younger working households was £31,088. He also noted that changes in the underlying data can result in some upward (or downward) adjustment to these average income figures from one year to another. Considering this, it seems plausible that the CACI lower quartile and median incomes provide a useful



approximation of the average incomes of single and dual earning younger households.

Incomes and tenure

CACI PayCheck cannot be used to track trends, but some indication of change in household incomes can be gauged from the Northern Ireland HCS. Figures presented in Table 6 suggest that:

- The income profile of all households living in Ballymena HMA in 2006 is broadly similar to the income profile of all households in Northern Ireland. In 2001 mean income across all tenures in Ballymena HMA was lower than that for all households in Northern Ireland;
- As expected, households living in rented accommodation have incomes substantially lower than those in owner occupied properties. As household income increases, so does the likelihood of owner occupation.

Table 6: Income of households living in Ballymena HMA, 2001 and 2006

	Ballymena HMA								Northern Ireland All	
	Owner Occupied		Private Rented		Social Rented		All		2001	2006
	2001	2006	2001	2006	2001	2006	2001	2006		
Mean Income	£16,100	£21,000	£0	£11,900	£8,500	£11,900	£14,400	£18,700	£16,700	£19,100
Median Income	£12,500	£18,000	£0	£9,500	£8,500	£9,500	£12,500	£14,500	£12,500	£14,500

Source: HCS, 2001 and 2006

NOTE: Household income is defined as the total annual income before tax for the respondent and partner (if applicable) and therefore should include income from savings, employment, benefits, etc Percentages have been rounded.

Short and longer term economic outlook and associated challenges

The immediate impact of economic recession on the housing system

Northern Ireland saw an abrupt downturn in the economy during 2008 following the tightening of credit and the financial crisis. This made it difficult for firms to secure funds to invest in their business and for consumers to secure funds to purchase housing and other services.

The economic slowdown, alongside increased borrowing costs had a very immediate and severe impact on the housing market. There was a sharp decline in sales to first-time buyers as well as a sharp fall in sales to 'buy to let' investors throughout Ballymena HMA. This in turn led to a steep downturn in housing construction, property transactions and house prices. As prices decreased sharply house builders scaled back development activity and reduced employee numbers to cut costs and reduce exposure to risk. During 2009 and 2010, rising unemployment had a further downward effect on housing demand.

The private sector, especially the construction sector and the business and financial services sector (which includes sectors vulnerable to housing market weakness such as banks, solicitors, quantity surveyors, and estate agents), has been severely impacted by the recession.

The Department of Enterprise, Trade and Investment (DETI) (2010b) economic commentary in June 2010 observed that: output in the business and finance service sector fell by some 40% since its peak in summer 2007; output in the construction sector has fallen by around 15% and 20,000 construction sector employee and self-employed jobs have disappeared. The scale of decline in employment in the construction sector may have been even greater if not for the Executive's capital infrastructure investment programme introduced in 2007. Although the region does not have the same oversupply of vacant housing as the ROI, the slowing of the housing market and reduction in public sector capital spending mean there is little reason to expect any significant upturn in Northern Ireland's construction sector.

The Jobs and Benefits Centres in Ballymena HMA report that unemployment continues to rise during 2011 particularly with further redundancies in the construction sector. Although there had been initial redundancies, firms had held on to employees while they assessed if the drop in demand would be temporary or more permanent. Jobs currently advertised by the Jobs and Benefits Centres within Ballymena HMA are generally offering minimum wage and are mainly offering temporary contracts. However, Manufacturing and Service industries held relatively strong within Ballymena HMA. Local estate agents comment that job insecurity is one of the main reasons purchasers are not entering the housing market.

Short to medium term outlook

The UK economy pulled out of recession in early 2010, but signs of improvement in economic and labour market conditions in Ballymena HMA, as in the rest of Northern Ireland, remain tentative. There is still much uncertainty about how quickly the local economy will recover and what scale of recovery is likely. During 2011, a questionable growth in GDP and a slump in manufacturing on both sides of the Atlantic in October 2011 following a crisis in Euro Zone economies were recorded. These factors have increased uncertainty in the Northern Ireland economy.

The June 2010, Ulster Bank Purchasing Managers Index suggested that the private sector economy in Northern Ireland remained weak and that sectors related to the property market, such as construction and conveyancing, had not returned to growth. By February 2011, Ulster Bank reported that the private sector economy was still waiting for recovery and that the construction sector had weakened. The three month moving averages for each of the four months to January 2011 in terms of output, orders and employee numbers were all down from the comparable numbers for the same period to January 2010.

One reason for the lack of economic recovery in Ballymena HMA and the rest of Northern Ireland has been the regional economy's exposure to the ROI's economy, which experienced one of the deepest recessions in Europe. As DETI (2010c)



observed in December 2010, the ROI accounts for 29% of manufacturing exports by Northern Ireland companies. There has been a sharp fall in shopping expenditure by households visiting Northern Ireland from the ROI, although this may turn around to some extent if VAT levels are raised in the ROI. Over dependence on the public sector and a limited private sector export base will act as a pronounced brake on Northern Ireland's growth prospects. In Ballymena HMA there are a high number of public sector jobs, the service sector is the largest employing industry, while manufacturing is still relatively strong with companies continuing to attract considerable amounts of investment to secure and grow their businesses. Ballymena HMA has traditionally had a strong wholesale and retail business base and although there has been some contraction, wholesale and retail businesses in Ballymena HMA remain relatively strong.

DETI economic commentary in June 2011 focused on the lowering of corporation tax in Northern Ireland to act as a catalyst to attract Foreign Direct Investment and to induce economic convergence with the UK and other competitive countries by creating a more private sector oriented economy.

The economy in Northern Ireland is also more vulnerable than any other UK region to public fiscal tightening. This reflects the comparatively high levels of public spending, the high share of public sector jobs and the high proportions of working age households reliant on state benefits. The Organisation of Economic Co-Operation and Development (OECD, 2008) report that Northern Ireland receives 30% more in public funding per capita than the UK average whilst Varney (2008) observed that public expenditure represented 67% of GVA compared with 45% in the UK as a whole.

Reductions in the Northern Ireland Executive's spending plans over the next four years are likely to exert downward pressure on economic growth as well as consumer spending and confidence. Associated job losses are also likely to see the rate of unemployment climb further. Various commentators suggest that unemployment in Northern Ireland will continue to rise during 2011 and may not peak until 2012 and that employment growth will remain modest until 2013 at the earliest⁴.

There is little prospect of consumer confidence in the housing market recovering to any significant extent until the economy recovers and the availability of mortgage finance improves. This is likely to increase demand for rented housing. Whether the rented sector will respond to this anticipated growth in demand is uncertain. Constraints on funding for new social housing construction will mean that a growing share of households seeking to rent will have to look to the private rental market.

The UK Government's welfare reforms could dampen private rental supply at the lower end of the market. The Social Security Advisory Committee (2010) and others

⁴ PWC (2011) report that unemployment could increase to around 11% during 2011 whilst Ulster Bank (2010b) suggest unemployment may rise for another 18-24 months.

have expressed scepticism that landlords will reduce rents. They have also voiced concern that greater pressure on the availability of housing at the lower end of the private rental market could increase housing problems such as overcrowding and homelessness. That said, predicting the reaction of private landlords to changes in Housing Benefit is difficult. Ultimately, the behaviour of private landlords is likely to be shaped by the market they operate in.

Finally, weak economic and housing market conditions are likely to increase the number of people who continue to live with their parents, move back to live with their parents, or share housing with others. As a result, household formation rates for Ballymena HMA and elsewhere in Northern Ireland may be below the projected trend for the next three to five years. If this does arise, the number of households living in Ballymena HMA by 2015 may be somewhat lower than NISRA project.

Longer term prospects

From a planning for housing perspective it is important to look beyond the short to medium term dynamics of the economy and its impact on the housing system, and consider whether underlying trends will re-establish themselves in the long term. This in turn requires a judgement as to whether economic fundamentals are strong.

There is a widespread consensus that the rapid growth in retailing and public administration jobs that occurred in the decade to 2008 was supported by a unique set of circumstances that will not be repeated in the decade ahead. Over the next 10 years and beyond, job growth in the region is likely to be slow relative to the UK unless the economic performance and competitiveness of other sectors of the economy can be improved.

If this scenario was to arise, future levels and patterns of external and internal migration would differ from the trend-based migration assumptions embedded in the latest NISRA population and household projections. One consequence of this could be that long-term rates of population and household growth could be lower than NISRA currently project. Demand for new housing could moderate over the long term due to proportionately fewer households having the capacity to purchase housing.

Richard Barnett's (2009) review of economic policy, OECD's (2008) review of the Belfast economy and more recent reports by Oxford Economics (Belfast City Council, 2008 & 2009 Centre for Cities, 2009) all concur that the root problem of the Northern Ireland economy is that the private sector is under-developed. In order to close the productivity gap with the UK (excluding London and the South East) their reports point to a need to:

- Expand the private sector, particularly in terms of higher value added financial and business services;
- Attract a skilled population to help secure high value economic growth. An important dimension of this will be implementing housing policies which ensure a sufficient 'quality of life' to attract and retain graduates;



- Address the persistence of deprivation in many neighbourhoods and ensure that the shift to higher quantities of graduate level jobs is accompanied by expansion of other employment opportunities and skills development to prevent further social and economic marginalisation of low skilled workers.

The Northern Ireland Executive's Economic Strategy will have an important influence on the future direction of housing policy. It will be important to reflect on the mix of housing that might be required to support the type of employment that strategy seeks to promote. For example, an influx of professional and executive posts may increase demand for family housing whilst service and customer-care related jobs may attract younger single people seeking smaller and lower value dwellings.

Demographic Trends

Population and projections

Recent trends in population numbers

Table 7 shows population change for Ballymena HMA from 2001 to 2008, from Northern Ireland Statistics and Research Agency (NISRA) small area population estimates. Over this period, Ballymena HMA population increased by 3,394 to 61,162. This equated to an increase of 5.9%, which was above the Northern Ireland (5.1%) average.

Ballymena rural population increased steadily between 2001 and 2008 experiencing an 8.6% increase compared to 5.1% for Northern Ireland; indicating an outward movement of population from the urban centre to surrounding villages and hamlets. Between 2001 and 2004 Ballymena town population remained static; increasing by 3.2% between 2004 and 2008 but population growth remained lower than the Northern Ireland rate.

Table 7: Northern Ireland population estimates 2001 to 2008

	2001 (000's)	2004 (000's)	2008 (000's)	change 2001-8 (%)	change 2004-8 (%)
Ballymena Town	29,236	29,230	30,167	3.2	3.2
Ballymena Rural	28,532	29,581	30,995	8.6	4.8
Ballymena HMA	57,768	58,811	61,162	5.9	4.0
Northern Ireland	1,689,300	1,710,300	1,775,000	5.1	3.8

Source: NISRA (2010) Small area population (ward) estimates aggregated to HMA

Within Ballymena rural, population increases have been experienced in all wards between 2001 and 2008 with the exception of Glennaan where population decreased by 2.4%. Glendun population increased slightly to 2004 (0.6%), then decreased by 0.9% to 2008. The population of Glenariff increased by 9.6% between 2001 and 2008. The highest rates of increase were in Glenravel (15.7%), Broughshane (14.8%), Craigywarren (12.4%) and Slemish (11.7%), all areas within easy commuting distance of Ballymena town. The population of Killoquin Upper ward located in Ballymoney LGD increased by 10.1% during this period.

Ballymoney LGD attracted a high level of inward movement during the housing boom with properties developed in the town and surrounding villages and hamlets selling at lower prices than those in the larger towns of Ballymena, Coleraine and the coastal areas of Portrush and Portstewart. The remaining wards in Ballymena rural experienced moderate population increases.

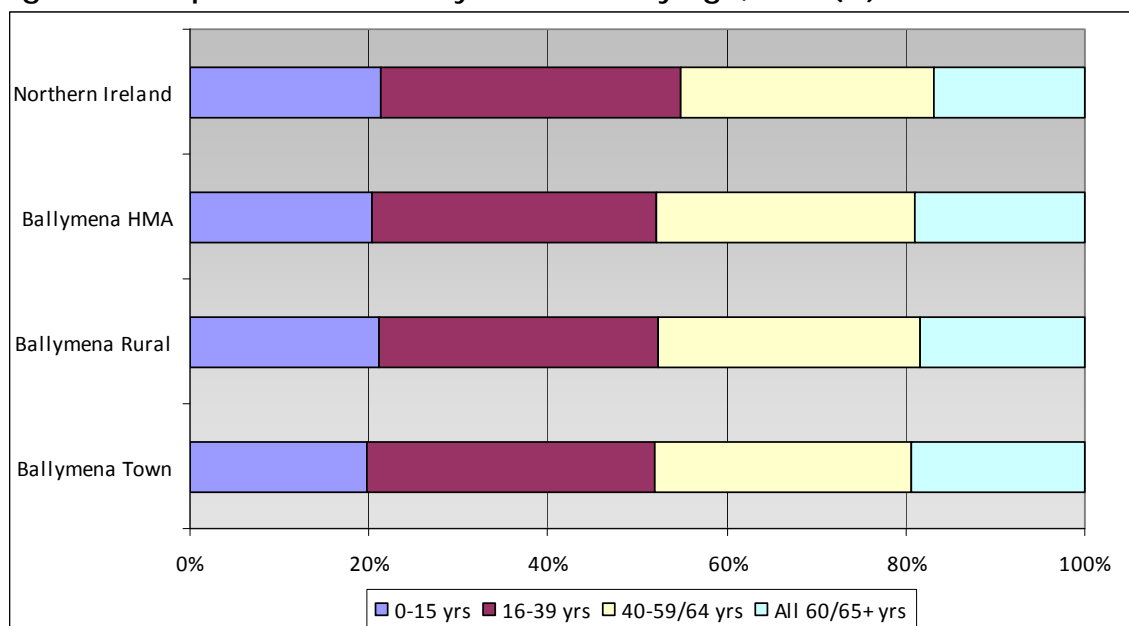
The highest level of population growth in Ballymena town between 2001 and 2008 was in Ardeevin ward (33.5%), while Galgorm ward increased by 14.1%. These two areas were amongst the least deprived areas of the town. Conversely, Ballyloughan, an affluent area of the town, experienced a 1.1% population decrease over the same period. Decreases in population were experienced in Ballee (8.7%), Ballykeel (7.6%), Dunclug (6.9% although there was some recovery in this between 2004 and 2008), Fair Green (1.9%) and Moat (3.2%) wards.

The proliferation of the PRS and increased availability of private rented accommodation in Ballymena town has led to an increased number of terminated Housing Executive tenancies as some tenants choose to move to the PRS. Additionally, population figures within Ballee, Ballykeel, Dunclug and Fair Green areas will have reduced as Housing Executive regeneration strategies for these areas have included some demolition of properties.

Composition of population

Both Northern Ireland and Ballymena HMA have a higher share of children and a lower share of older people than the UK as a whole, but the extent of this difference has diminished. ONS (2010) mid-year estimates for 2008 indicate that 18.8% of the UK population is aged 0-15 years and 19.2% are over retirement age. As Figure 5 shows, the comparable figures for Ballymena HMA are 20.4% and 18.9%.

Figure 5: Population of the Ballymena HMA by age, 2008 (%)



Source; NISRA (2010) Mid- Year Small Area Population Estimates for 2008



Relative to Northern Ireland, Ballymena HMA has experienced a lower rate of growth in the number of adults of working age and a smaller decrease in the number of children. The number of retired persons within Ballymena HMA has increased by 17.2% compared to a 12.8% increase for Northern Ireland. Total population within Ballymena HMA has increased by 5.9% compared to an increase of 5.1% for Northern Ireland.

Within Ballymena HMA, Table 8 and Figure 5 indicate that:

- In both Ballymena town and rural sub-divisions there has been growth in the number of adults of working age, although the rate of growth in Ballymena rural is almost three times that for the urban area;

Table 8: Northern Ireland population estimates 2001 to 2008

	Northern Ireland	Ballymena HMA	Ballymena Town	Ballymena Rural
Population 2008				
0-15 years	381,074	12,487	5,944	6,543
working age	1,098,109	37,091	18,350	18,741
retired	295,832	11,584	5,873	5,711
Total	1,774,995	61,162	30,167	30,995
Population 2001				
0-15 years	397,156	12,705	6,287	6,418
working age	1,029,939	35,182	17,856	17,326
Retired	262,225	9,881	5,093	4,788
Total	1,689,310	57,768	29,236	28,532
Change in population age group 2001-8 (numeric)				
0-15 years	-16,082	-218	-343	125
working age	68,170	1,909	494	1,415
Retired	33,607	1,703	780	923
Total	85,685	3,394	931	2,463
Change in population age group 2001-8 (percent)				
0-15 years	-4.0	-1.7	-5.4	1.9
working age	6.6	5.4	2.8	8.1
Retired	12.8	17.2	15.3	19.3
Total	5.1	5.9	3.2	8.6

Source; NISRA (2010) Mid- Year Small Area Population Estimates aggregated to housing market and sub-market area. Note: working age refers to women aged 16-59 years and men aged 16 to 64 years. It should also be noted that small area figures (due to rounding by NISRA) do not always aggregate precise to LGD and national totals

- Both sub-divisions show a significant increase in the number of retired persons. The highest increase was in Ballymena rural. The theme of aging in rural areas, has gained increasing attention from policy makers and researchers in the past few decades in that older persons now often comprise a disproportionately larger share of rural population (Heenan 2010). This has implications for future planning

policy and services. The demand for elderly care will grow in the future, as will the requirements for formal qualifications amongst those working in the sector;

- While Ballymena Town experienced a fall in the number of children (5.4%) the number of children in Ballymena rural increased by 1.9%.

Within Ballymena HMA, 31.7% of the population were aged between 16-39 years of age and 28.9% were aged between 40-59/64 years of age. There was no pronounced difference in the numbers within each group living in urban and rural areas. The number of retirees living in Ballymena town was slightly higher than that in Ballymena rural and the number of children was marginally higher in Ballymena rural.

Minority ethnic communities

According to the Census, in 2001 some 99.2% of the Northern Ireland population consider themselves to be white (non-traveller) compared to 92% for the UK. The largest minority ethnic communities in descending order were Chinese (0.25%), Mixed (0.2%), Irish Traveller (0.1%) and Indian (0.09%). Around 40% of the 14,271 people that belonged to a minority ethnic community had been born in Northern Ireland, 9% had been born in Britain, 3% had been born in the ROI and 48% had been born overseas.

Since the EU expansion in May 2004, there has been an increase in the number of people living in Northern Ireland that were born in Eastern Europe⁵. Oxford Economics (2009) estimate that in 2008 some 56,000 individuals living in Northern Ireland had been born outside of the UK or the ROI, although the true figure could range from 50,000 to 59,000. This figure includes some 39,000 individuals from the former A8 countries that NISRA estimate live in Northern Ireland (see Table 9). To put this in context, the Census reported that 720 residents had been born in Eastern Europe in 2001.

These estimates suggest that, whereas the former A8 population has increased rapidly there has been comparatively little change in the numbers and spatial distribution of individuals from a (non-white) minority ethnic community since 2001.

The number of migrants from Eastern Europe assumed to be living in Ballymena HMA, 2,012 at 2009, which equates to 3.2% of the population, is comparatively high. Data collected by the Department of Employment and Learning indicates that the majority of migrant workers in Northern Ireland are young with the largest grouping consisting of those between the ages of 25-34 and the second largest between the ages of 18-24. Statistical data also indicates that increasingly whole families are migrating to Northern Ireland, unlike other parts of the UK. It is considered that the decision to move here was primarily linked to economic motivation; however quality of life and lower costs of living also play a part.

5 Cyprus & Malta joined the EU in 2008, as did eight other countries often referred to as the A8 (Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Slovakia and Slovenia). Romania and Bulgaria joined in 2007.



A significant number of migrant workers in Ballymena HMA and Northern Ireland are under employed and their skills are being under utilised. Reasons for this can and do include lack of English skills at a sufficient level, personal choice relating to income differentials and the existence of a 'glass ceiling' in some employment situations, preventing migrant workers from achieving higher levels in a professional structure.

Oxford Economics suggest that between 33,000 and 41,000 people born outside the UK and ROI were working in Northern Ireland in 2008, many in the hospitality and manufacturing sectors. Within Ballymena HMA a number of migrant workers are employed in the agricultural and food processing sectors.

Table 9: NISRA estimated A8 Stock Population by LGD, 2009

	A8 Population (2009)	2009 Mid Year Estimate	% of Population
Ballymoney	400	30,400	1.4
Ballymena	2,200	63,200	3.4
Moyle	200	17,000	0.9
Assumed Ballymena HMA	2,012	62,816	3.2
Northern Ireland	39,000	1,788,900	2.2

Source: NISRA (2008b) Size of the EU Accession (A8) Population Resident in Northern Ireland and NISRA (2010) Small Area population estimates (ward based).

Notes: The A8 count for the Ballymena HMA is the aggregate count for the three LGDs that fall entirely or partly within Ballymena HMA.

Components of population change

The main components of population change are:

- Natural change (the difference between births than deaths);
- Internal migration, which refers to migration within Northern Ireland;
- External migration, which refers to migration from Britain, the ROI and the rest of the world. The term international migration refers to migration from outside the UK.

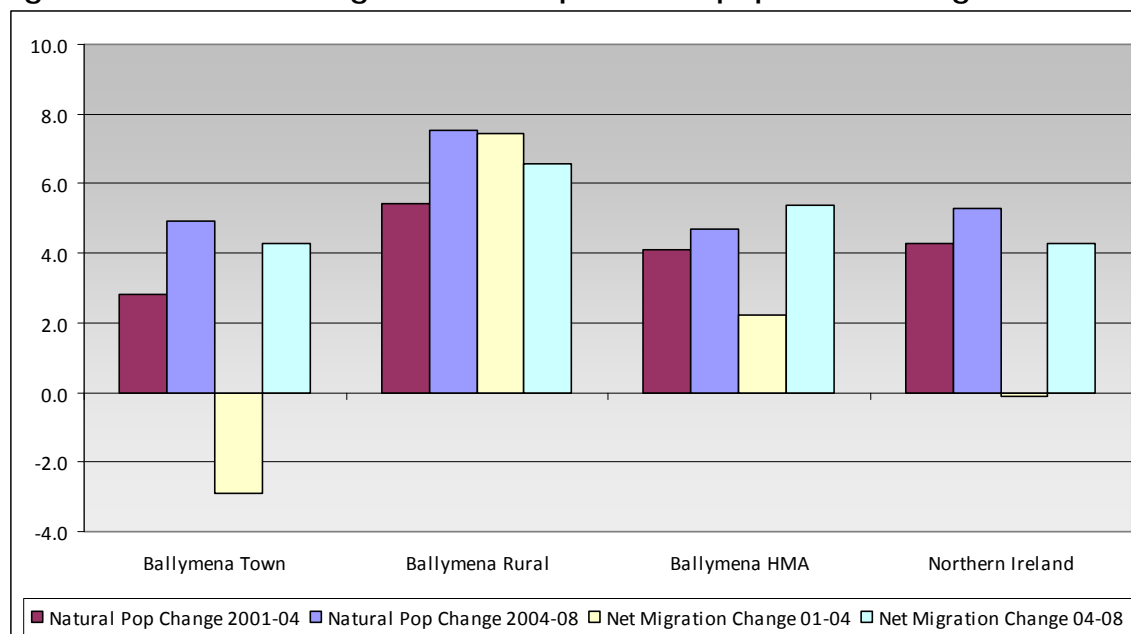
NISRA migration figures and assumptions used to inform population estimates and projections generally do not differentiate between internal and external migration at the local and small area level.

During the 1990s natural change was the main contributor to population growth in Northern Ireland, although the rate of growth was tempered by net out-migration. This remained the case until 2004 when the increase in international migration lead to the emergence of net in-migration. NISRA (2009a) estimate in the decade to 2004, the population of Northern Ireland increased by an average of 7,000 persons each year (0.4%) but this figure more than doubled to 16,100 between 2004 and 2008 (0.95%).

Population growth in Ballymena HMA has resulted from a combination of natural population change and net migration, both growing at a higher rate than the Northern Ireland average from 2001 to 2008 as shown in Figure 6. The relative

importance of natural change and net migration has varied from one sub-market to another (see Figure 6). Net migration has had a greater impact in Ballymena HMA than in Northern Ireland as a whole.

Figure 6: Annual average rate in components of population change 2001-2008



Source: NISRA (2010) small area ward based annual statistics for births and deaths aggregated to HMA, LGD and sub-market level and then cross referenced with HMA, sub-market and LGD population estimates

In Ballymena town while there was a population increase due to Population Change there was a fall in net migration between 2001 and 2004, then a dramatic increase in net migration to 2008. During this period meat processing plants within the area expanded.

Population growth in Ballymena rural has been a function of continuing natural population change and net migration with net migration decreasing slightly between 2004 and 2008. In most farming communities net migration has held steady or increased, while in The Glens area net migration has decreased which may be a product of a decrease in the number of jobs within the hospitality sector.

NISRA mid-year population estimates for 2009 confirm that one immediate consequence of the economic recession has been a sharp fall in external migration. In the year to summer 2009 net migration from Britain and the ROI fell to less than 600. Over the same period, net international migration added some 1,543 individuals to Northern Ireland's population, down from over 8,300 in 2007.

McVeigh and McAfee (2009) suggest that another consequence of the recession has been an increase in the number of migrant workers that face financial hardship. Up until 30 April 2011, migrant workers had not been entitled to state benefits unless they had signed up to the Workers Registration Scheme (WRS), or worked consecutively for 12 months. With the cessation of the 'registration scheme' any former A8 national, whether or not they have registered with the WRS, will have



access to Housing Benefit, income based job seekers allowance and council tax benefit. This is a very positive development for migrant workers and should provide much needed financial assistance for those who genuinely require it.

Ballymena HMA level population projections

In May 2010, NISRA published LGD 2008-based population projections. NISRA (2010a) stress that sub-national projections are less reliable than those for Northern Ireland due to the greater volatility of internal migration. Internal migration was particularly volatile in the period to 2008. This was closely linked to the high rate of house sales, private housing construction and residential mobility that occurred during this period. Comparison between the NISRA population estimates from 2004 to 2008 with the NISRA population projections for the same period both yield largely similar results with a steady increase in population for Ballymena HMA.

NISRA projections (see Table 10) suggest that Ballymena HMA population could increase by over 3% in the period to 2015 and by nearly 8% by 2023, which is in line with the Northern Ireland figure.

Table 10: Ballymena HMA population projections, 2010-23

	2010	2015	2023	change 2010-23		change 2010-15
				No	(%)	(%)
2008-based population projections						
Ballymena HMA	63,200	65,300	68,100	4,900	7.8	3.3
Northern Ireland	1,802,200	1,862,200	1,945,800	143,600	8.0	3.3

Source: NISRA 2008-based LGD population projections - pro-rata allocation to sub-markets

NOTES: Consistent with NISRA advice projections have been rounded to the nearest 100.

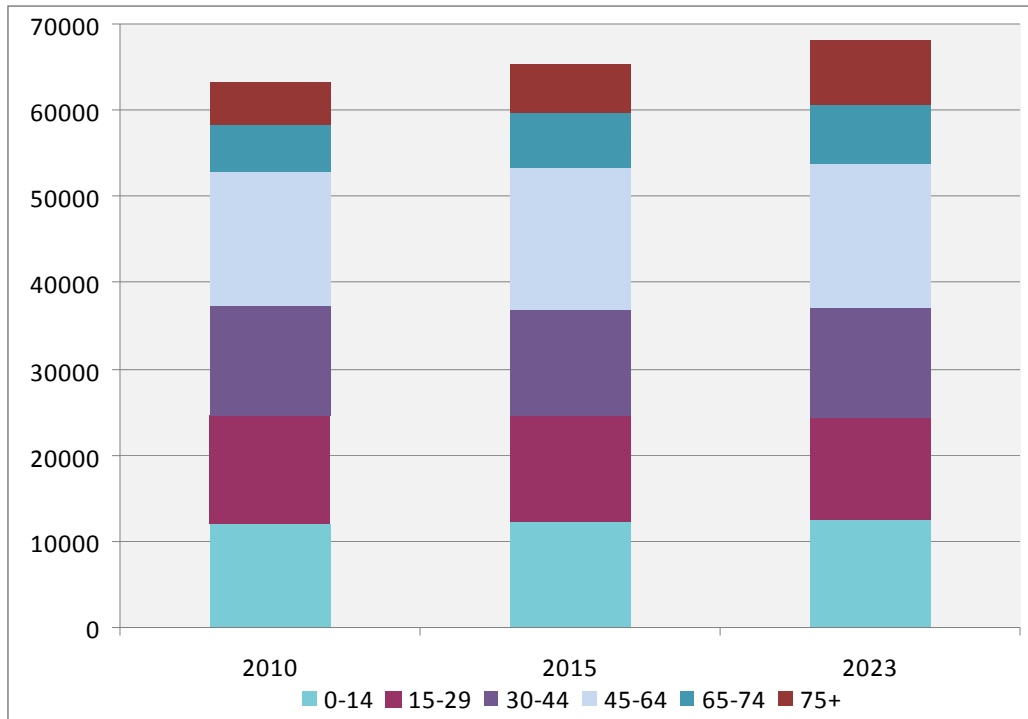
The figures are based on NISRA projections for the sections of Ballymoney, Ballymena and Moyle LGDs that fall within the Ballymena HMA.

In relation to the projected age profile of Ballymena HMA, Figure 7 shows that NISRA project from 2010 to 2023:

- 61% of the population could be adults of working age, 18% could be children under the 15 years and 21% could be aged 65+ years;
- The numbers of adults aged 15-29 years, which is the key household-forming age group, may decline by 4% to 11,808. Most of this decline is projected to occur after 2015. However, as the migration and the household formation patterns of this age group are influenced by economic conditions and the dynamics of the housing system, this long-term trend should be treated with caution;
- The number of people aged 65+ years could increase by 1,242 (22%) to 6,899 whilst the number aged 75 years or above could increase by 2,593 (55%) to 7,332. Thus, 11% of the population could be aged over 75 years by 2023. Most of the growth in the number of people aged 75+ years is projected to occur after 2015;
- The 0-14 age group is projected to increase by 4% with most growth occurring after 2015;
- The projection to 2023 shows a fairly static number in the 30-44 age group, while the 45-64 age group is expected to increase by 7%;

- The figures suggest that the future profile in Ballymena HMA will result in a higher proportion of the population at the older end of the age spectrum which will greatly impact all aspects of life in particular the economy, healthcare and housing.

Figure 7: Ballymena HMA population projections by age, 2010-2023 (2008-based)



Source: NISRA (2010a) LGD level 2008-based population projections

The 2008-based projections for the period to 2015 appear to provide a more plausible scenario for the general direction of population change at Ballymena HMA level in the period to 2015. There is a risk that the rate of population growth for Ballymena HMA and the rest of Northern Ireland could be somewhat lower than projected if continuing weak labour market conditions result in a sharper fall in net external migration than NISRA project.

Looking further ahead to 2023 it is much less certain what future rates of internal and external migration might look like. Much will depend on how quickly employment levels return to 2007/8 levels, how quickly consumer and developer confidence in the housing market returns and where new private housing construction takes place.

Household trends

From a housing perspective, the way in which the population organises itself into households and thus expresses demand and need in the housing system is of particular significance.

Ballymena HMA household trends



A small proportion of people live in communal establishments, such as 'medical and care' establishments. According to the Census, in 2001 some 1.15% in Ballymena LGD, 0.73% in Ballymoney LGD and 0.98% in Moyle LGD lived in a communal establishment compared to 1.2% of the Northern Ireland population. Most people however live in private households.

Table 11: Ballymena HMA household estimates 2001-10

	2001	2010	change 2001-10	
			No	(%)
Ballymena Town	11,740	12,650	910	7.8
Ballymena Rural	10,130	11,920	1,790	17.7
Ballymena HMA	21,870	24,570	2,700	12.3
Northern Ireland	628,500	706,400	77,910	12.4

Source: NISRA (2010)

Notes: Ward level occupied stock estimates adjusted to sum to NISRA LGD 2008-based household projections for 2010 and numbers rounded to nearest 10

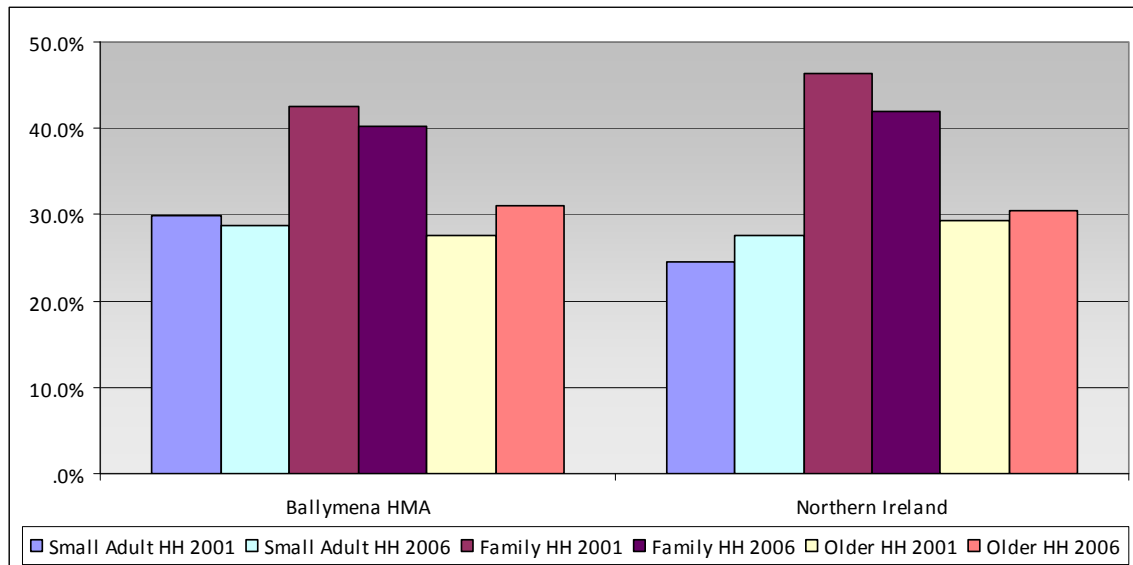
The long-run trend towards the formation of smaller and single person households have ensured that household growth has occurred across Ballymena HMA and the rest of Northern Ireland. The increase in single person households throughout the UK reflects a mix of factors. These include higher divorce rates and higher numbers of adults delaying marriage and child bearing until they are in their 30s. Most significantly, older people who outlive their partners continue to live alone for a much longer time than in the past.

Household estimates⁶, which are summarised in Table 11, suggest that from 2001 to 2010:

- The number of households in Ballymena HMA increased by 12.3% to 24,570, which was marginally below the comparable rate for Northern Ireland (12.4%);
- Household growth has been particularly pronounced in Ballymena rural which increased by 17.7%. The wards of Broughshane (25.7%), Killoquin Upper (20.8%), Craigywarren (19.7%) and Glendun (19.4%) showed the highest percentage increases. Broughshane and Craigywarren are both within easy commuting distance to Ballymena town. Glendun is a popular tourist destination while Killoquin Upper is in Ballymoney LGD which experienced a high level of new build during the housing boom;
- Household growth in Ballymena Town has been more modest. There was a high level of growth in Ardeevin (39.4%) due to a high level of new build accommodation in recent years but a reduction of stock in Ballee (-4.2%), Ballykeel (-1.4%), Dunclug (-8.6%) and Fairgreen (-2.6%) which in part reflects regeneration strategies in these areas carried out by Housing Executive involving some demolition of stock.

⁶ NISRA prepare local authority level household projections but not annual household estimates. We used occupied stock numbers to produce household estimates for Ballymena HMA. These estimates were controlled to the NISRA projected numbers of households at the LGD level. As discussed in Appendix 4, this method has drawbacks but it provides useful insights into the direction of change.

Figure 8: Change in household composition in the Ballymena HMA, 2001-2006



Source: HCS, 2001 and 2006

HCS evidence (see Figure 8) suggests that while there has been a decline in the proportions of Ballymena HMA population living in small adult and family households, there has been a considerable increase in older person households. In 2006, the percentage of small adult households and older person households was higher than that for Northern Ireland.

Household projections

Future household trends are more sensitive to economic, housing market and policy changes than future population trends. As a result, household projections are subject to a greater degree of uncertainty than population projections. As Barry et al (2005) observed in relation to the 2002-based household projections:

“LGD household projections should be treated as best estimates of what might happen in the future if past trends are allowed to continue without any policy intervention and without taking account of changing local needs. They should, in other words, be viewed more as a ‘do nothing’ policy outcome scenario that may help to inform future policy thinking. They are included here only for the sake of completeness and should not be taken as forecasts of what is actually going to happen at local level”.

NISRA sub-national household projections and household composition

NISRA issued 2008-based sub-national household projections to 2023 for Ballymena HMA, which are summarised in Table 12.

- NISRA project that 28,400 households may be living in Ballymena HMA by 2023. The number of households is projected to increase by 6% over the period 2015-2021; however projections for the period 2021-2023 suggest only a 2% increase;



- The change predicted over the period 2010-2023 for Ballymena HMA is slightly lower than the figure shown for Northern Ireland as a whole.

Table 12: NISRA 2008-based household projections for Ballymena HMA 2010-23

2008-based	2010	2015	2021	2023	change 2010-15	change 2010-21	change 2010-23
Ballymena HMA	24,900	26,300	27,800	28,400	6%	12%	14%
Northern Ireland	706,400	749,200	794,300	810,600	6%	12%	15%

Source: NISRA 2008-based household projections (2010)

Figures rounded to be consistent with NISRA reporting conventions

Table 13: NISRA 2008-based projected households by household type to 2023

	2010	2015	2023	change 2010-23		change 2010-15
				No	%	
Northern Ireland						
Single person households	213,000	236,400	273,800	60,800	29%	11%
Two adults without children	184,800	200,800	222,000	37,200	20%	9%
Other households no children	98,300	96,100	88,100	-10,200	-10%	-2%
Lone adult with children	37,000	37,100	37,500	500	1%	0%
Other households with children	173,300	178,800	189,000	15,700	9%	3%
All households	706,400	749,200	810,400	104,000	15%	6%
Ballymena HMA						
Single person households	7,500	8,300	9,600	2,100	28%	11%
Two adults without children	6,500	7,100	7,800	1,300	20%	9%
Other households no children	3,500	3,400	3,100	-400	-11%	-3%
Lone adult with children	1,300	1,300	1,300	0	0%	0%
Other households with children	6,100	6,300	6,600	500	8%	3%
All households	24,900	26,300	28,400	3,500	14%	6%

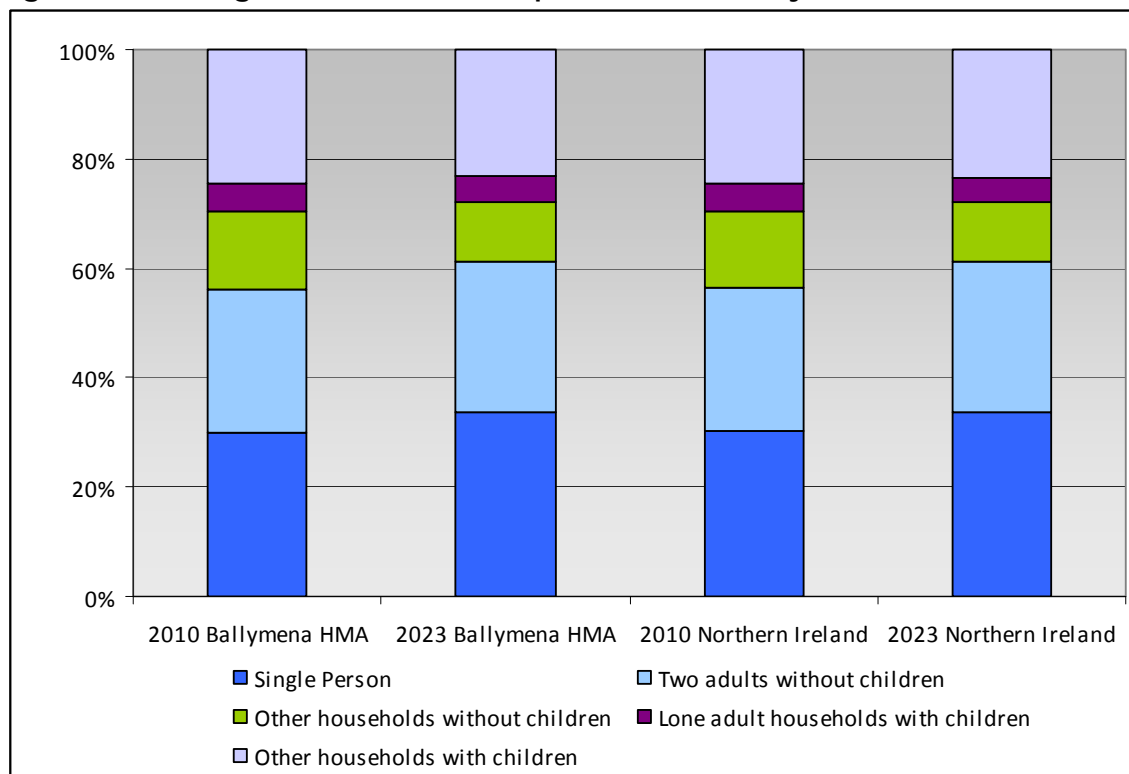
Source: NISRA household projections 2008-based

NOTE: Ballymena HMA includes sections of the LGDs of Ballymoney, Ballymena and Moyle. Figures for Ballymena HMA based on corrected figures provided by NISRA in January 2011

NISRA does not produce LGD level projections for household composition. Table 13 therefore shows projections for Ballymena HMA. It shows that household growth will be driven by an increase in single person and two adult households.

The rate of growth in Ballymena HMA largely reflects growth in Northern Ireland as a whole. It also shows that there is likely to be a decline in the number of larger households without children. Consequently, as Figure 9 shows, by 2023 almost two out of three households living in Ballymena HMA may comprise of single or two person households.

Figure 9: Change in household composition in the Ballymena HMA 2010-2023



Household projections do not attempt to predict the possible impact of future government policies, changing economic circumstances or other factors on demographic behaviour. Any set of projections therefore require judgement as to how likely the trends are to continue.

It is less certain whether the projected scale of increase in the number of households at Ballymena HMA level will materialise. If current weak economic conditions continue for some considerable time this would have a sustained downward impact on internal and external migration flows and patterns of household formation and thus overall levels of household growth.

Summary

In the decade to 2008, a dynamic economy and strong employment growth fed through into rapid demographic change across Northern Ireland. There was a significant upturn in the number of migrants coming from the UK, the ROI and overseas to Northern Ireland as well as a sharp upturn in mobility amongst existing residents.

One consequence of this dynamism was that the number of people and households living in Ballymena HMA increased at a faster rate than witnessed in the 1990s. Household growth was also supported by the continuing trend towards the formation of one and two person households and an increase in life expectancy which resulted in growing numbers of older households remaining in their homes for longer.

Housing Market Analysis

Ballymena Housing Market Area



The strongest population and household growth in numerical terms occurred in Ballymena rural which was supported by high rates of private housing construction within many of the rural settlements. Growth in Ballymena town has been more modest with a high level of growth in Ardeevin and a fall in population and household growth in four of the most deprived wards in the town. NISRA projections indicate both sub-markets may continue to experience relatively strong population and household growth but this will partly depend on how quickly the housing market recovers.



Herbison Park, Ballymena

Sustained economic and household growth fed through into strong and rising housing demand over the period to 2007. In addition, growing housing wealth and the ensuing consumer boom in Northern Ireland and the ROI further stimulated growth in the retail sector as well as growth in businesses with an active interest in the housing sector.

In the wake of the 'credit crunch' there has been a steep downturn in the housing market in Ballymena HMA and elsewhere in Northern Ireland. Prior to 2008, the Ballymena HMA and Northern Ireland economy continued to experience long standing structural problems, including a high reliance on public sector investment, an under-developed private sector and persistently high levels of economic inactivity amongst the working age population. Within Ballymena HMA, there were high concentrations of low income and benefit dependence amongst the working

age population which restricted their financial capability to exercise choice in the housing market.

Planned reductions in public spending and welfare reforms (which will reduce consumer spending at the aggregate level) point to a slow and rather jobless economic recovery. One possible consequence of this may be an increase in the number of people who delay setting up an independent home and reduce rates of household formation until employment levels increase. This could serve to reduce the requirement for housing and suppress the number of households seeking private or social housing in the short to medium term.

Affluent households who had the ability to exercise choice in the housing market had increasingly chosen to move into new build on the outskirts of the town and rural settlements where the construction of new private sector dwellings accelerated as a result. Consequently those with few choices in the housing and employment markets became concentrated in social housing estates in Ballymena town and the surrounding villages where they may face dwindling economic opportunities and have access to fewer and poorer amenities.

Household projections suggest that the number of households living in Ballymena HMA could increase by some 3,500 to 28,400 by 2023. These projections have informed the RDS 2035 Housing Growth Indicators but the actual rate of growth in household numbers and the likely level of net additional dwellings required will be shaped by economic conditions over the period.

The projections also point to a continued growth in the number of one and two person households but the implications this will have for the type and size of housing required in the future is uncertain. A large and growing share of these smaller households will be older households who will aspire to continue to live in their family home. The planning for housing implications regarding the mix of housing required to support improved economic performance will therefore require careful consideration alongside the housing implications of household growth and in particularly the growth in older households.

Over the past 12 months it has become clear that the severity and depth of the economic recession will shape future patterns of housing need and demand in the period to 2020 and beyond. The precise nature of these effects remains difficult to forecast with any certainty.

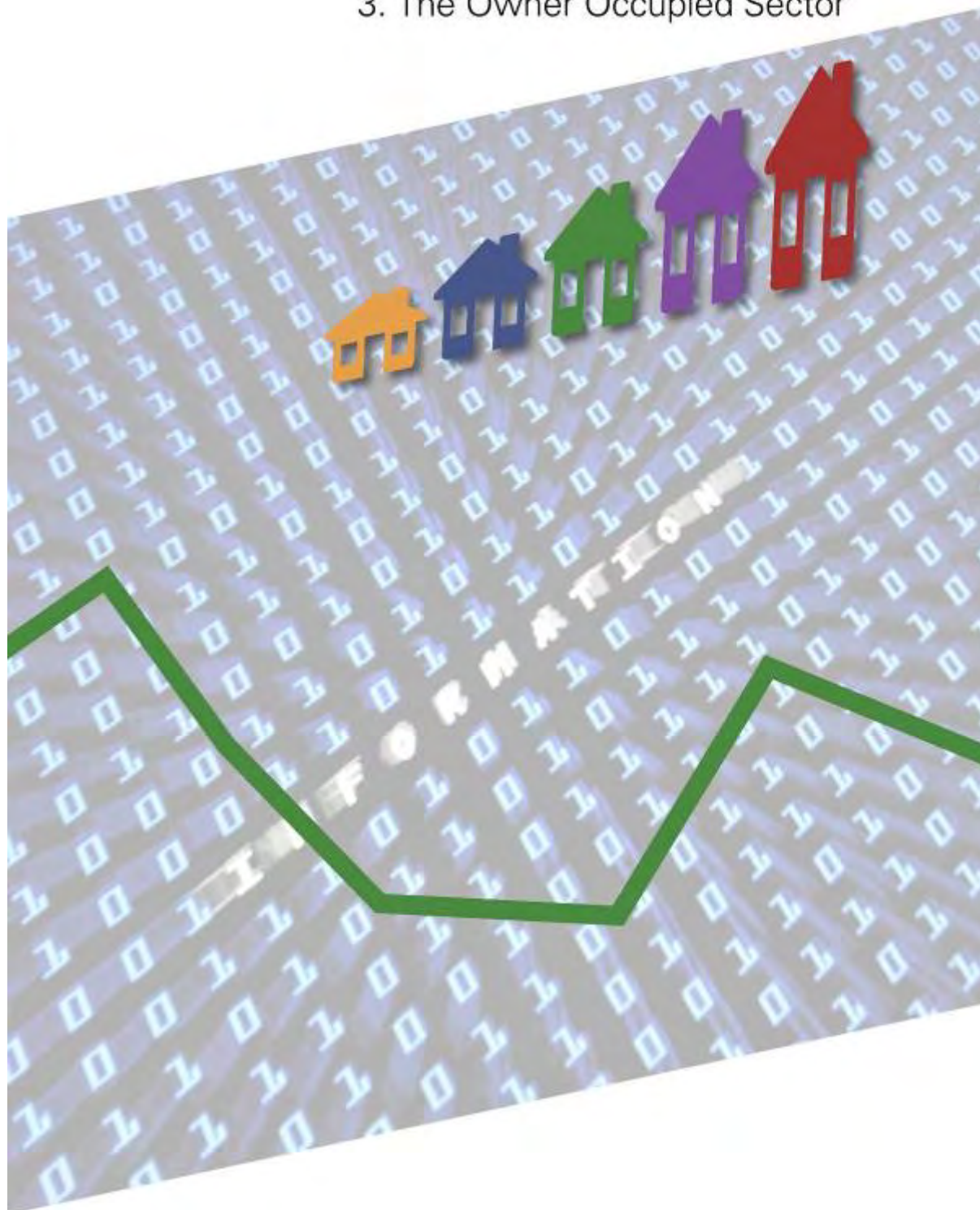
The possible implications of recent and future demographic and economic trends on the dynamics of the housing system are examined in the following chapters. It is important to keep in mind that the situation may have changed since the production of this document. As a result, some of the implications that we discuss have involved a degree of informed conjecture based on our assessment of available local evidence, emerging findings from other research and our own professional opinions.



Key Issues

- The 'credit crunch' has led to a steep downturn in the housing market in Ballymena HMA and Northern Ireland as a whole;
- Within Ballymena HMA, there are evident concentrations of low income and benefit dependency amongst the working age population. Their financial circumstances restrict their housing choices;
- Planned reductions in public spending point to a slow economic recovery;
- Uncertainty in the economy may reduce household formation as young people delay making the move to independent living outside the family home. This may lead to suppressed demand for housing in the short to medium term;
- In the decade to 2008 rapid demographic change occurred across Northern Ireland;
- Household growth in Ballymena HMA was supported by the continuing trend towards the formation of one and two person households;
- An increase in life expectancy means an increasing number of older person households, many of whom will wish to remain living in their own homes. This will require planning and innovation in terms of both policies and housing and social services.

3. The Owner Occupied Sector





3. BALLYMENA HMA: THE OWNER OCCUPIED SECTOR

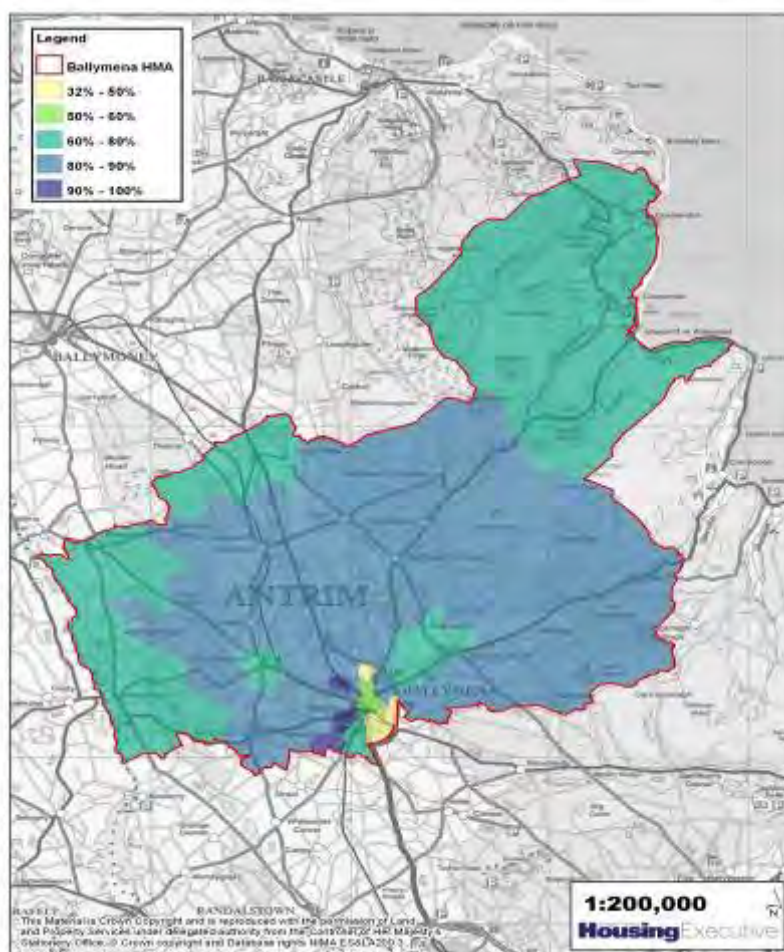
Introduction

This chapter considers the characteristics and dynamics of the owner occupied sector of Ballymena HMA, including recent housing supply and prices trends.

Profile of the owner occupied sector

In 2001 some 68% of households in Ballymena HMA were living in the owner occupied sector, which is slightly higher than the Northern Ireland figure (67%). As Map 4 shows, in 2001 there were high concentrations of owner occupation in rural wards and these proportions generally increased significantly as you move closer to the urban centre, Ballymena town. In 2001, wards where owner occupation fell below 60% were located in Ballymena town.

Map 4: Percentage of households living in owner occupied sector by ward (2001)

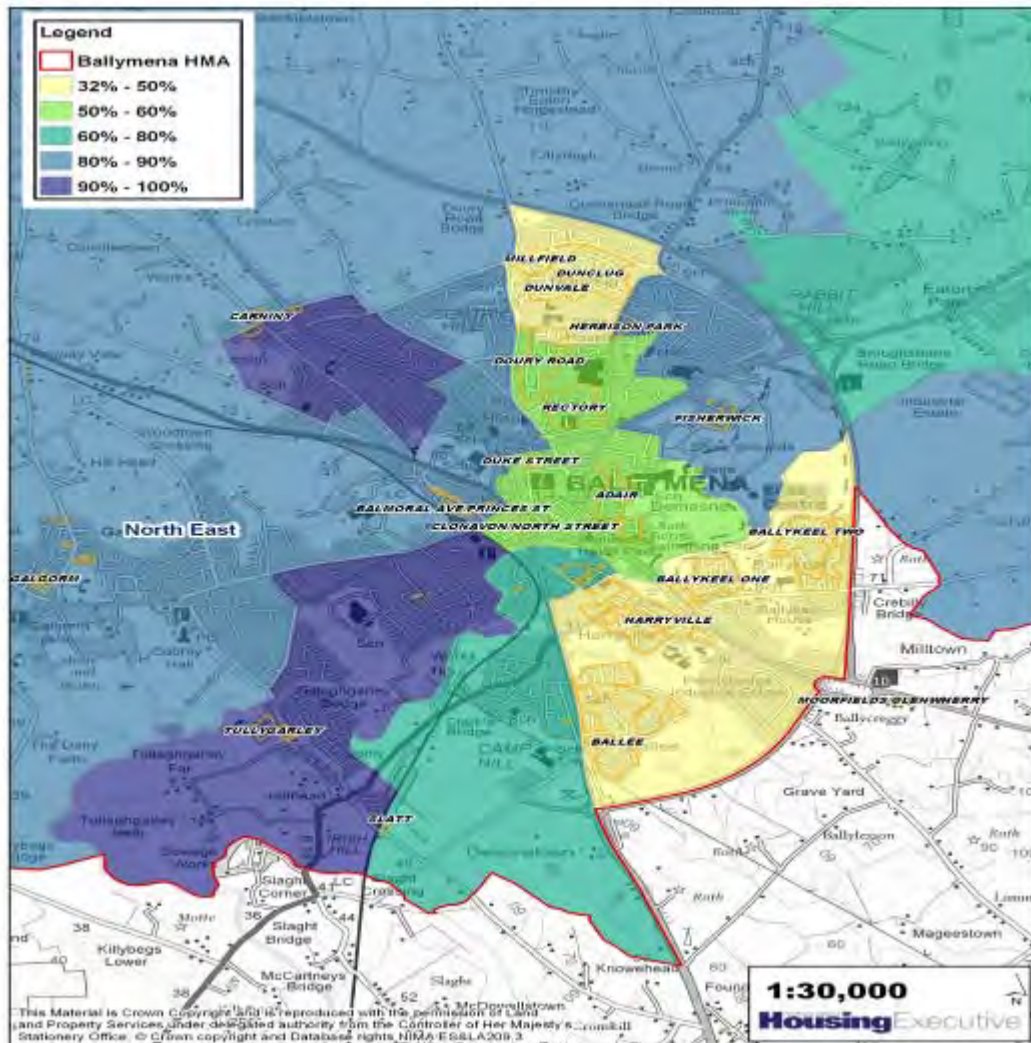


Source: Census 2001

Map 5 identifies wards in Ballymena town where percentages of households living in the owner occupied sector in 2001 fell below 60%. These wards include a high

concentration of social housing. The area within the town showing 50% to 60% owner occupation includes the town central area which contains two shopping centres and services and facilities associated with an urban commercial centre.

Map 5: Location of Common Landlord Areas (CLAs) and census percentage of households living in owner occupied sector in 2001, by ward



Source: Census 2001

Dwellings in the owner occupied sector are generally larger than those in other tenures. Within Ballymena HMA the majority of owner occupied dwellings contain five or more rooms. The majority of owner occupied dwellings in Ballymena HMA comprise of detached or semi-detached houses and bungalows as opposed to terraced houses and flats.



Recent tenure trends since 2001

Evidence from the HCS suggests that between 2001 and 2006, the number of occupied dwellings in the owner occupied sector across Northern Ireland increased by 35,700 to 468,800.

In 2001, within Ballymena HMA, 68% of total housing stock was owner occupied, increasing to 70% at 2006; this growth in owner occupied stock reflected continuing economic prosperity and population growth including a large number of migrant workers. Housing stock increased throughout the urban town, villages and hamlets within Ballymena HMA, and over the five year period, particularly in Ballymoney LGD (27%) and Moyle LGD (18%). Ballymoney LGD was particularly popular for new build during the housing boom because of its accessibility to the larger centres of employment for commuters. House prices were also more competitive than its neighbouring town of Ballymena and the Coleraine Triangle area.

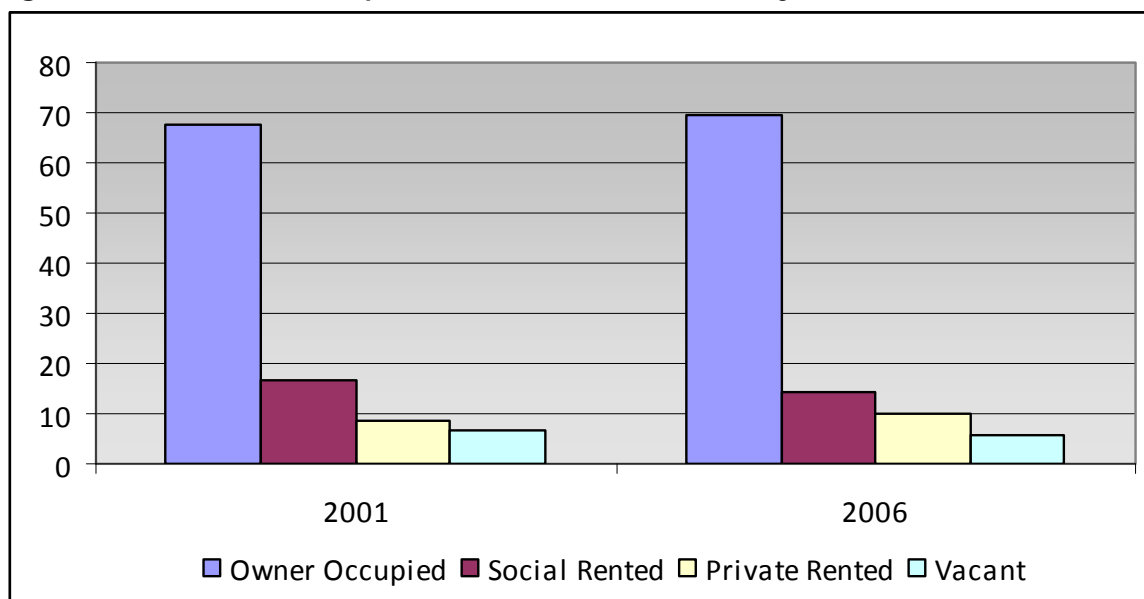
Within Ballymena town the highest levels of owner occupation were in Carniny and Ardeevin. Ardeevin had the highest level of new build housing. As properties became more expensive in the town purchasers moved out to the relatively less expensive properties in the surrounding villages and hamlets. Conversely, recent consultation with local estate agents reveals that property sales are now concentrated in the town with easy access to work, schools and other facilities a priority. This preference arising as a result of high fuel and energy costs and buyers are now more discerning regarding household running costs when considering purchase of a property.



Private Housing Development in Ballymena HMA

During the period 2001 to 2006 the social housing sector contracted (16.8% in 2001 to 14.5% in 2006) while the PRS increased (8.7% in 2001 to 10.1% in 2006) and the number of vacant properties fell from 6.6% in 2001 to 5.6% in 2006. A number of properties in Housing Executive estates have moved tenure from the social sector to the PRS. Additionally population figures within Ballee, Ballykeel, Dunclug and Fair Green areas have reduced as Housing Executive regeneration strategies for these areas has included some demolition of properties.

Figure 10: Tenure of occupied and vacant stock in Ballymena HMA, 2001-2006 (%)



Source: HCS

Between 2006 and 2009 there was some decline in the owner occupied and social housing sectors with an equivalent increase in the PRS. In 2009 there were 461,800 owner occupied properties in Northern Ireland accounting for around 62% of total stock. This proportion increased to 65% when vacant dwellings in the sector were included. The vacancy rate for all tenures rose a little from 5.7% to 5.9%.

Vacant dwellings

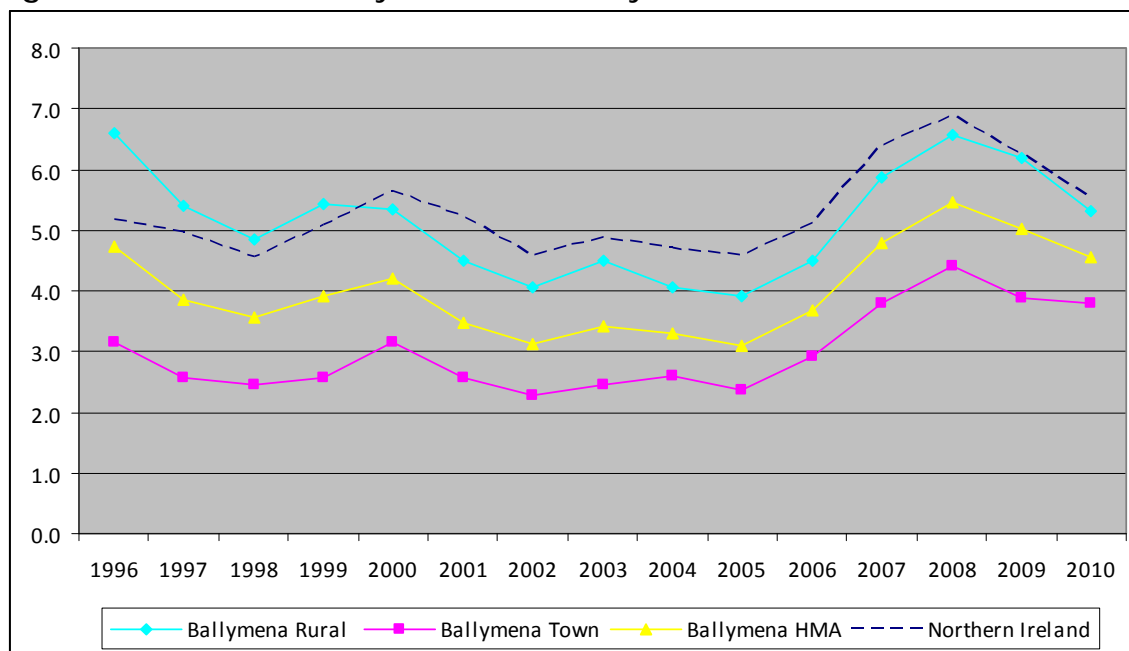
A minimum level of vacant dwellings is considered acceptable at any time to allow households to move from one dwelling to another. In addition, a number of dwellings will be vacant because they are undergoing repair or have just been completed. An allowance for vacancies is therefore necessary when calculating the balance between housing supply and demand.

The RDS 2035 assumes that a vacancy rate of 5.7% is necessary at a Northern Ireland level across all sectors of the housing market. Evidence from NINIS indicates that vacancy rates for Ballymena HMA, between 1996 and 2010, have remained below this benchmark. Figure 11 shows that vacancy rates for Ballymena town have remained well below this benchmark and well below the Northern Ireland wide rate throughout the period.



From year 2000 Ballymena rural has remained below the Northern Ireland rate but is considerably higher than the urban rate. It is likely the underlying trend for the rural area to have higher vacancy rates is due to a mix of factors, including high rates of second homes and holiday lets that may be occupied for part of the year. Within Ballymena HMA the coastal areas of Cushendun, Cushendall and Glenariff are second home locations.

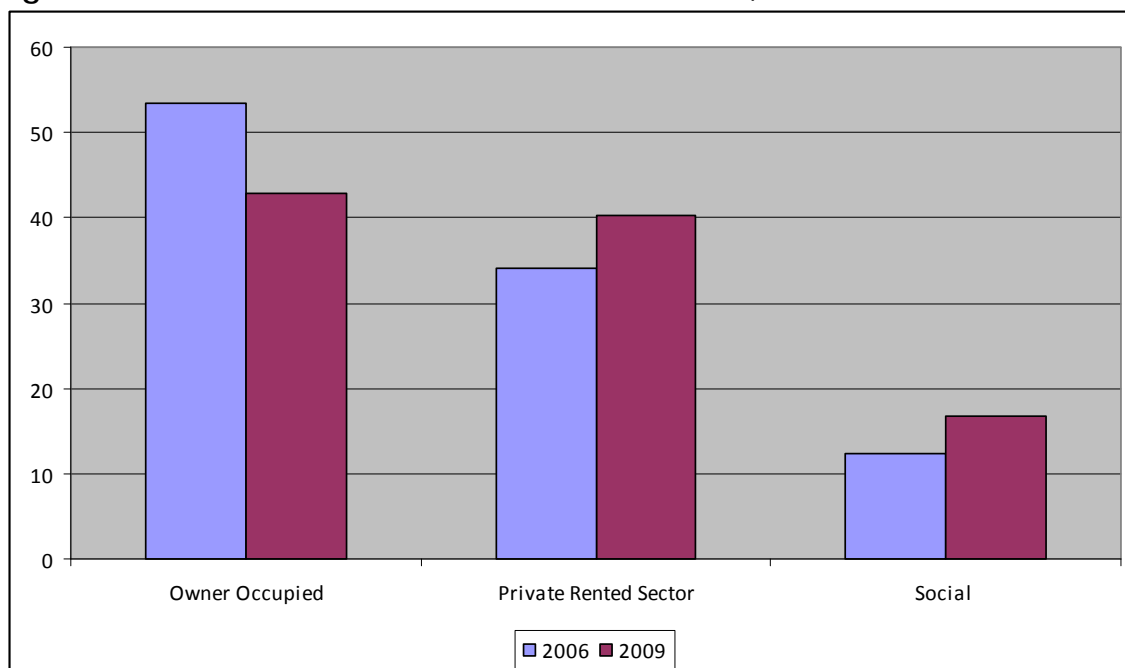
Figure 11: Annual vacancy rates across Ballymena HMA, 1996-2010



Source: NINIS (2011) RCA and DSD Small area vacant and occupied stock

It is often assumed that vacancy rates considerably over 5% signal weak demand where as rates considerably below this may signal excess demand. A limitation of this assumption is that vacancy rates typically vary between tenures. In the intensively managed social rented sector, vacancy rates of 2% or less are common. In the PRS vacancies rates of 10% or more are common due to the much shorter duration of tenancies and higher turnover rates.

Figure 12: Tenure of vacant stock in Northern Ireland, 2006 & 2009



Source: HCS

The HCS findings for 2006 and 2009 confirm that most vacant dwellings are in the private sector. As Figure 12 shows, 88% of vacant stock was privately owned, (owner occupied 54% and privately rented 34%) in 2006. Vacant stock in the private sector reduced to 83%, (owner occupied 43% and privately rented 40%) in 2009. In Ballymena HMA this does not mean that high proportions of owner occupied dwellings were lying vacant. In 2006 less than 4% of the owner occupied stock in Ballymena HMA was vacant, considerably lower than the rate for Northern Ireland. The social housing sector vacancy rate increased by 4% between 2006 and 2009; an increased turnover in social housing stock can in part be attributed to some social housing tenants choosing to move to new affordable private rented accommodation.

Ballymena HMA and elsewhere in Northern Ireland experienced a sharp increase in the number and proportions of vacant stock between 2006 and 2008. However, the number of vacant dwellings has fallen back in the past two years.

Interviewees suggested that the upturn in vacancies prior to the downturn in the housing market in 2008 was largely due to increasing numbers of investors purchasing properties in the expectation of making sufficient profit through capital gain without the need to rent out their dwellings. This has undoubtedly been a factor but the scale of increase suggests other factors must also have been at play. One strong possibility is that growth in the private rental market increased the numbers of transitional vacancies in this sector, which has fed through into higher vacancy rates.

Another possibility is that the high number of new units constructed in the three or four years to 2008 pushed up vacancy rates. Greater levels of new supply more often than not lead to some increase in vacancies in the short term. The onset of the



recession combined with severe credit constraints and an ebbing of consumer confidence has probably heightened the impact of this short-term effect. The construction of private new build has dropped considerably in Ballymena HMA since 2007/08, and this may in part explain the drop in vacancies since then.

A further possibility is that there was growth in the second and holiday homes market and a number of properties vacant because they were being modernised or because their permanent residents were in hospital or abroad.

Whatever the reasons for the recent and possibly short-term upturn in vacancies, we believe few dwellings that have been vacant for 12 or more months are likely to be in a location or of a type that could assist to alleviate housing need amongst those seeking social housing. Currently there is a relatively small number of vacant new build properties throughout Ballymena HMA compared to the neighbouring District Council areas.

Housing stock flows

New house building

Various factors influence change in the volume and mix of housing. The rate and type of housing construction is the most important influence, but inter-tenure stock transfers, property conversions and demolitions can also have an influence.

As Table 14 shows, new build private sector starts in Ballymena HMA peaked in 2002/03 at 518 units. Private sector new build starts have gradually decreased from this peak to 268 at 2009/10. There were 3,860 starts in this sector over the 10 year period. Within Ballymena town the highest level of new build was in Ardeevin and Galgorm areas and the surrounding villages and hamlets all experienced relatively high levels of new build. Additionally the number of individual rural properties increased throughout the countryside. Looking beneath the Ballymena HMA wide picture, private housing starts were highest in Ballymena LGD. However Ballymena HMA is included in two development plans, Northern Area Plan and Ballymena Plan which have both expired. There are constrained development limits around the main settlements which have restricted development opportunities.

We estimate that over the 10 year period, approximately 15 units per 1,000 households per annum were started in the private sector in Ballymena HMA, which is below the comparable rate of 21 units per 1,000 households for Northern Ireland.

Table 14: New dwelling sector starts in Ballymena HMA , 2000-10

year	New Dwelling Starts Private Sector	New Dwelling Starts Housing Associations	New Dwelling Starts Total All Sectors	HA starts as % of all New Dwellings
2000/1	369	25	394	5.4
2001/2	373	13	386	3.4
2002/3	518	5	523	1
2003/4	458	1	459	1.2
2004/5	437	0	437	0
2005/6	441	0	441	0
2006/7	376	0	376	0
2007/8	346	0	346	0
2008/9	274	4	278	1.4
2009/10	268	42	310	13.6
Average 2000/1- 2003/4	430	11	441	2.5
Average 2004/5- 2006/7	418	0	418	0
Average 2007/8-2009/10	296	15	311	4.8
Average 2001/2 – 2009/10	386	9	395	2.3
Total Ballymena HMA	3,860	90	3,950	2.3
Northern Ireland	114,007	10,308	124,315	9

Source: NINIS (2011) Total Number of New Dwellings Started in NI

Notes: Figures are aggregated from LGD figures, as small area data is not available. The LGDs include sections of the LGDs of Ballymena, Ballymoney and Moyle

The level of new private housing supported the growth in numbers (as distinct from the proportion) of households living in the owner occupied sector. The lack of a corresponding increase in the proportions of owners reflects the high share of newly constructed private dwellings that entered the PRS, often as 'buy to let' investments.

The percentage of Housing Association new build starts increased in 2009/10; this was mainly due to Transfer schemes on Housing Executive land going on site. There have been a low number of starts in the social housing sector in Ballymena HMA.

Housing Associations have had difficulty acquiring sites in areas of identified social housing need, particularly in Ballymena town and The Glens area. Recently social new build has gone on site in Broughshane village, an area where a high level of social housing need had been identified over this 10 year period but sites could not be acquired.

House building relative to RDS 2001-25 targets

The Housing Land Availability Summary Report 2010 issued by DOE Planning Service in January 2011 indicates that by July 2010 some 112,028 dwellings had been completed across Northern Ireland since the 31st December 1998, which was the start of the RDS 2001-25 housing allocation period. This includes 2,892 in Ballymena LGD, 2,051 in Ballymoney LGD and 1,333 in Moyle LGD. These completion figures are



not fully comprehensive because they focus primarily on construction activity within settlements and do not necessary include all housing completions in rural areas.

Table 15: Comparison of annual average starts relative to RDS and household growth annual averages in 10 years to march 2010

Area	HGI 1998-2015 (adjusted 2006)	HGI annualised equivalent (divided by 17 and rounded)	Draft HGI's 2011	Net average annual household growth (rounded)	Annual average number of starts	Starts as % HGI	Starts as % of net annual household growth
Ballymoney	3,800	200	3,500	200	293	146.5	146.5
Ballymena	7,000	400	6,400	300	374	93.5	124.7
Moyle	2,000	100	1,800	50	140	140	280
Northern Ireland	208,000	12,200	280,400	8,700	12,429	101.9	142.9

Source: NINIS (2011) Total Number of New Dwellings Started in NI

NISRA 2008-based household projections for 2010 and previous projections for earlier years.

The comparison provides a reasonable approximation of trends and not a precise statement of trends. The time periods involved are not fully compatible and multiyear targets do not necessarily translate easily to annualised equivalents. NISRA projection methods have also changed over time. In addition some starts will be intended to replace housing that has been demolished or closed and therefore do not add to the overall stock of dwellings. These caveats notwithstanding, we believe the information summarised in Table 15 provides a useful indication of long run trends.

Table 15 compares the annual average number of starts over the 10 years to March 2010 with the annualised equivalent housing growth indicator (HGI) and the average net annual household growth to 2010. The NISRA projections provide a 'policy neutral' scenario in the sense they indicate what would happen if underlying trends were to continue.

The trends suggest:

- At a Northern Ireland level, the number of starts has exceeded the current HGI targets despite the dip in house starts since 2008/9. In the two years to March 2010 less than 7,400 units were started each year compared to an average of almost 14,000 for the seven years to March 2007. Start rates have also outstripped household growth;
- Performance in Ballymoney and Moyle has exceeded policy intent, while performance in Ballymena has been slightly less than policy intent, this may be a reflection of the fact that Ballymena Development Plan expired in 2001. All areas are significantly above the 'policy neutral' scenario implied by the NISRA household projections. This suggests that in recent years the number of new dwellings developed has risen faster than the market could absorb in the short term;
- Local estate agents report that new build developments have stalled throughout Ballymena HMA with the exception of in and around Ballymena town and Broughshane where some small sites are being developed by the main local contractors. In general properties are being developed in small phases;

- Within Ballymena HMA there are very few NAMA sites. The NAMA listings at 31st October 2011 include one small site in Portglenone. Over the past few years there has been a relatively high level of new build in the village with a high number of these properties going to the PRS. Additionally a notable number of individual dwellings have been built in rural areas specifically for the private rental market. Access to this tenure became more easily available and consequently the social housing waiting list decreased. On the outskirts of Ballymena town, in the Galgorm area, one small site is listed by NAMA. The absence of NAMA sites in other villages and areas of the town indicate that developers are not currently facing extreme financial difficulties and would reinforce the supposition that the housing market in Ballymena HMA is in a healthier state compared to other areas in Northern Ireland.

Other stock flows

Stock changes resulting from demolitions, conversions and closures are notoriously difficult to quantify but DSD housing statistics suggest that between 2002 and 2010 an average of about 172 dwellings have been lost each year from the entire North East Area which includes Ballymena HMA. This is the highest number recorded with the exception of Belfast area.

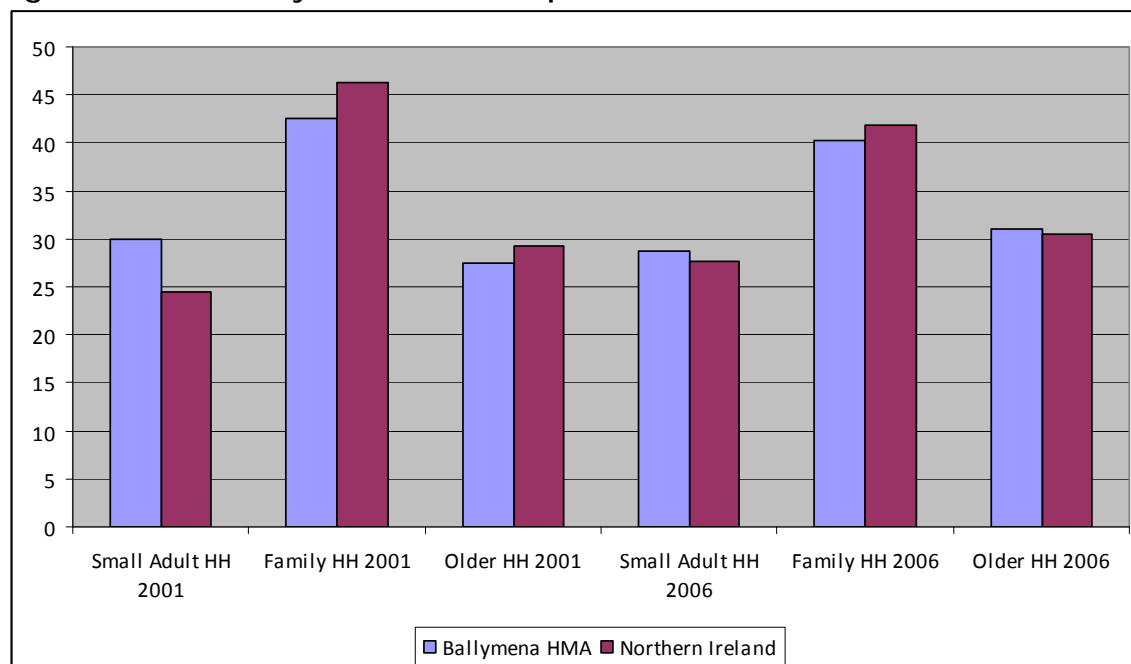
The sale of social housing has also contributed to the growth in owner occupation, although sales rates have fallen dramatically since 2007 when policy governing the sale of properties changed. Within Ballymena LGD between 2000/1 and 2006/7, Housing Executive sales to sitting tenants added on average 135 units to the owner occupied sector each year, between 2007/8 and 2010/11 the average dropped to eight units per year. In Ballymoney LGD during the same periods the average number of sold properties dropped from 66 units on average per year to five units per year. In Moyle LGD over the same periods, the average number of sold properties dropped from 41 units on average per year to an average of five units per year.

Profile of Owner Occupiers

Average income of households living in the owner occupied sector in Ballymena HMA was slightly lower than the Northern Ireland average in 2001. By 2006 average income in the owner occupied sector in Ballymena HMA had risen to 10% above the Northern Ireland average. In terms of the impact of household income on housing tenure, there is evidence from CACI PayCheck and the HCS that when household income increases so too does the likelihood of owner occupation.



Figure 13: Owners by Household Group, 2001 & 2006



Source: HCS 2001 & 2006

Figure 13 indicates that between 2001 and 2006 the number of family households in the owner occupied sector decreased slightly in both Ballymena HMA and Northern Ireland and the number of older person households increased. The number of older persons has increased throughout Ballymena HMA, the highest increase in Ballymena rural. In 2006 the number of older person households in Ballymena HMA was slightly higher than the number in Northern Ireland as a whole. Relative to owners in Northern Ireland as a whole, owner-occupiers in Ballymena HMA are more likely to live in smaller household units.

House price and transaction trends

A study of house price movements and the volume of residential transactions over time is one way to understand the market supply and demand. Housing supply and demand is inextricably linked to affordability. Migration within a housing market area tends to be influenced by the price and affordability of housing as well as location attributes such as the quality of a place and the accessibility of transport infrastructure.

There are two main sources of house price data. The first is the Regulated Mortgage Survey ⁷ (RMS) which is the basis for comparing price movements in Northern Ireland

⁷ The Regulated Mortgage survey is a monthly DCLG and CML survey of price data from lenders (although some types of loans such as 'buy to let' mortgages are excluded). In 2007 the RMS contained some 50,000 records per month supplied by about 60 lenders. In the 6 months to April 2010 it contained an average of 24,000 records per month from 35 lenders. The RMS is the price data used by Wilcox (2007, 2009)

relative to the UK. The second is the University of Ulster's house price dataset⁸ used to prepare the Northern Ireland House Price Index published by University of Ulster in partnership with Bank of Ireland and the Housing Executive. Specific prices differ depending on which data source is used, but both show similar patterns in trends over time at the Northern Ireland level.

At the sub-regional level, the Ulster University dataset is the more accessible and robust. It contains a much larger sample for each of the Northern Ireland HMAs than the RMS. On the other hand, sample sizes for both surveys, which have been low for sparsely populated areas⁹, have fallen since 2007. Only very limited analysis for areas of low market activity, for example, rural markets is therefore possible.

Volume of transactions

The fall in house prices has been accompanied by an even starker fall in the number of properties being sold. Although prices tend to get the most media profile the reduction in house sales is also symptomatic of the ongoing recession. At the UK level there were some 885,000 sales with a value of £40,000 or more in 2010; around 45% fewer than recorded in 2007 (DCLG, live table 530). The Office for National Statistics (ONS) has not updated figures for the number of sales in Northern Ireland since early 2008.

Figures from the University of Ulster, which are based on a sample covering 30-40% of activity, suggest that the number of new build and second hand sales in 2009 were 56% lower than in 2007 across Northern Ireland.

Recent consultation, with estate agents in Ballymena HMA reports that, compared to 2010, the volume of transactions had increased slightly but sales were still low compared to the pre housing boom market. Local estate agents comment that the majority of property sales are at the lower end of the market; terraced and semi-detached properties. Sales of apartments are very low in Ballymena HMA. Apartments are not a popular property type in rural areas and currently the price of houses at the lower end of the market is comparable to apartment prices.

Local estate agents report that a small number of investors are currently purchasing properties at the lower end of the market. These are generally long term investors but additionally a small number of new investors are interested in investing in property which will provide a higher yield compared to low interest rates offered by banks. First time buyers are the main purchasers in the current market and are mainly interested in new build turnkey properties. This impacts on the resale market as there are very few chains forming although some buyers are taking advantage of a suppressed market to trade up. Within Ballymena HMA estate agents report a high number of unsold resale properties on their books. Additionally, although

⁸ The University of Ulster's house price dataset is based on a sample of open market transactions gathered from a network of estate agents throughout Northern Ireland

⁹ The low sample in rural areas is indicative of the fact that sales volumes in these areas are low and that neither survey is designed to monitor price movements at the small area level.



housing requiring renovation is priced very competitively estate agents report that banks have withdrawn project lending. Purchasers of this type of property need cash in hand to renovate property and assure lenders against risk of mortgage default. In the Cushendall and Cushendun areas, holiday home owners are off loading their second homes to avert the cost of maintaining two properties.

The fall in house sales reflects the increased difficulties faced by first-time buyers because of the decline in the availability of mortgage finance discussed in greater detail later in this chapter. The fall in sales also reflects reluctance on the part of existing homeowners (unless obliged to do so) and other potential buyers (including buy to let investors) to enter the market whilst house prices look likely to continue to fall. Information supplied by local estate agents reflects commentary by the authors of The Quarterly House Price Index which suggests that although the level of transactions remains historically low in Northern Ireland, the total in quarter three 2011 was the highest in more than three years. The report also suggests that a number of factors including more realistic vendor expectations, a degree of stock clearance and a significant level of cash buying have contributed to the increase in transactions and the further downturn in average prices in the most recent quarters.

House prices in Ballymena HMA

Price trends by dwelling attribute

The average house price in Ballymena LGD peaked in 2007 and has decreased significantly since with a 29% decrease in average house price by 2010. In Ballymoney LGD the average house price fell by 39% between 2007 and 2010. Conversely in Moyle LGD the average house price was higher than the Northern Ireland average rising by 3.4%, however it should be noted that these statistics are based on a low number of property sales.

Estate agents comment that price falls are particularly marked at the higher end of the market, in new build and in large rural properties. The range of prices from the lowest to the highest has contracted considerably. Estate agents comment that prices still have some way to fall at the top end of the market but that the lower end of the market seems to have bottomed out.

Across the UK new build prices have traditionally commanded a premium relative to second hand properties. University of Ulster (Adair et al 2009b) identified that one effect of the housing market downturn has been a narrowing of this gap. The authors explained that this was mainly due to deep discounting of new house prices by developers, although they also pointed to a tendency for some mortgage providers to "instruct valuers to exercise conservatism in their approach to valuing properties".

In Ballymena HMA there appears to be very little variance between new build and resale prices within comparable property types. Currently a few ex-Housing Executive properties in less desirable locations are on the market at around £30k; estate agents state that this is not reflective of the market. Property prices are

governed by size and location. This is obvious in the range of prices for terraced units. Currently terraced units range from £50k to £117K; semi-detached £100k to £130k; bungalows £125 to 200k. There are very few apartment and detached property sales in Ballymena HMA.

Local estate agents comment that investors are attracted by repossessed properties but companies handling repossessions for lenders are only selling to cash buyers or those who have finance in place. Contracts are signed with cash buyers within 10 days and others potential purchasers must have a mortgage agreement in principle before they can even be considered to purchase a repossessed property and contracts are signed within 21 days. Estate agents report that it is only in very exceptional circumstances that a mortgage can be agreed within this time scale. In view of this estate agents comment that repossessions have only a slight affect on prices at the bottom end of the market. One reported affect is that when some surveyors are valuing properties they compare value with properties being repossessed in the same area, however estate agents comment that lenders are generally not agreeing very low prices for repossession properties because some of these properties have high financial amounts outstanding.

Estate agents report that migrant workers are buying homes in Ballymena HMA; they have saved for substantial deposits and are able to take advantage of competitive borrowing rates and low house prices.

Median and lower quartile prices for two/three bedroom properties

Any analysis of the affordability of the housing market requires a judgement about the appropriate house price threshold. The Department for Communities and Local Government (DCLG 2007) and Scottish Government (2008) guidance on the assessment of housing markets suggest that lower quartile house prices provide a reasonable indication of the price threshold that households endeavouring to enter the owner occupied sector could pay. In other words, the lower quartile price point provides an indication of the price threshold above which access to housing for first time buyers becomes unaffordable.

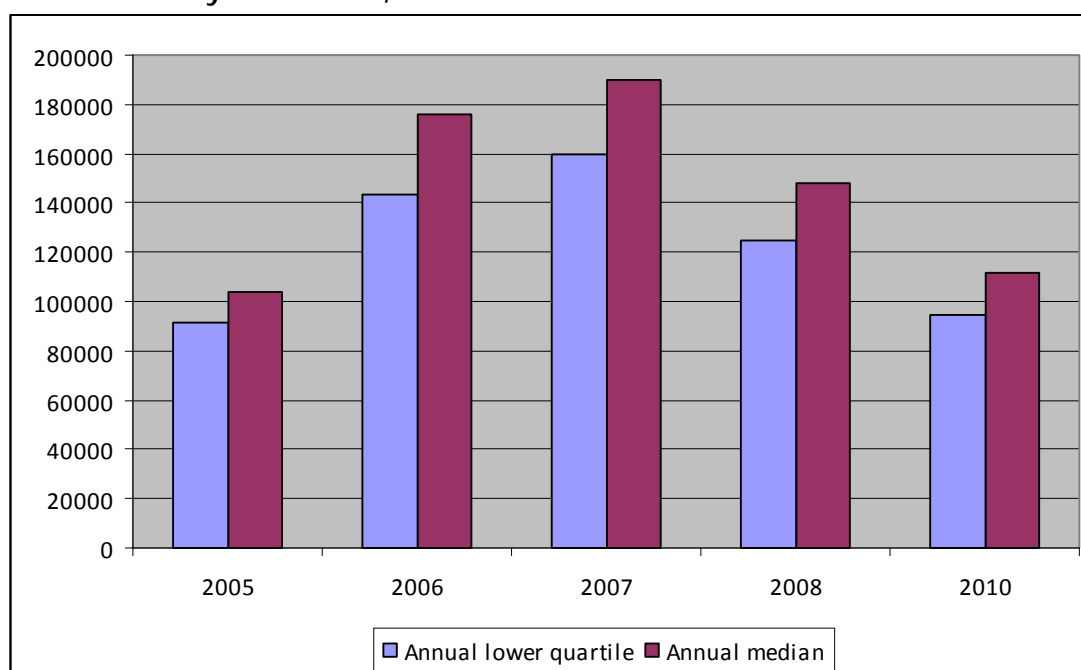
Although not always apparent at the regional and national level, local house price trends can be 'distorted' by changes in the type and size mix of dwellings transacted from one point in time to another. This is particularly the case in smaller and rural areas where the volume of sales is low. To allow for this, the lower quartile price for two or three bedroom properties has been used as an approximation for the entry level price threshold above which access to housing for prospective first



time buyers is likely to become unaffordable. This measure is broadly consistent with the affordability measure adopted by Wilcox (2007, 2008).¹⁰

Figure 14 shows that in 2010 the lower quartile threshold price in Ballymena HMA for two/three bedroom dwellings was £94,500. This was considerably less than the lower quartile price for a two/three bedroom property in 2007 demonstrating the depth of the peak to trough prices and is just £3,000 above the comparable lower quartile price in 2005. In 2010 the lower quartile threshold price in Ballymena HMA was £1,000 below the comparable lower quartile price for Northern Ireland while the median quartile was approximately £13,000 below the median quartile price for Northern Ireland.

Figure 14: Lower quartile and Median House Prices for 2/3 bedroom properties, Ballymena HMA, 2005-10



Source: University of Ulster Quarterly House Price Index (based on outputs supplied for this study) NB: No information was available for 2009. Some figures are based on low number of sales.

Affordability of owner occupation

Recent trends

Rapid increases in house prices in the decade to 2007 relative to wage growth resulted in a deterioration in the affordability of the owner occupied sector across

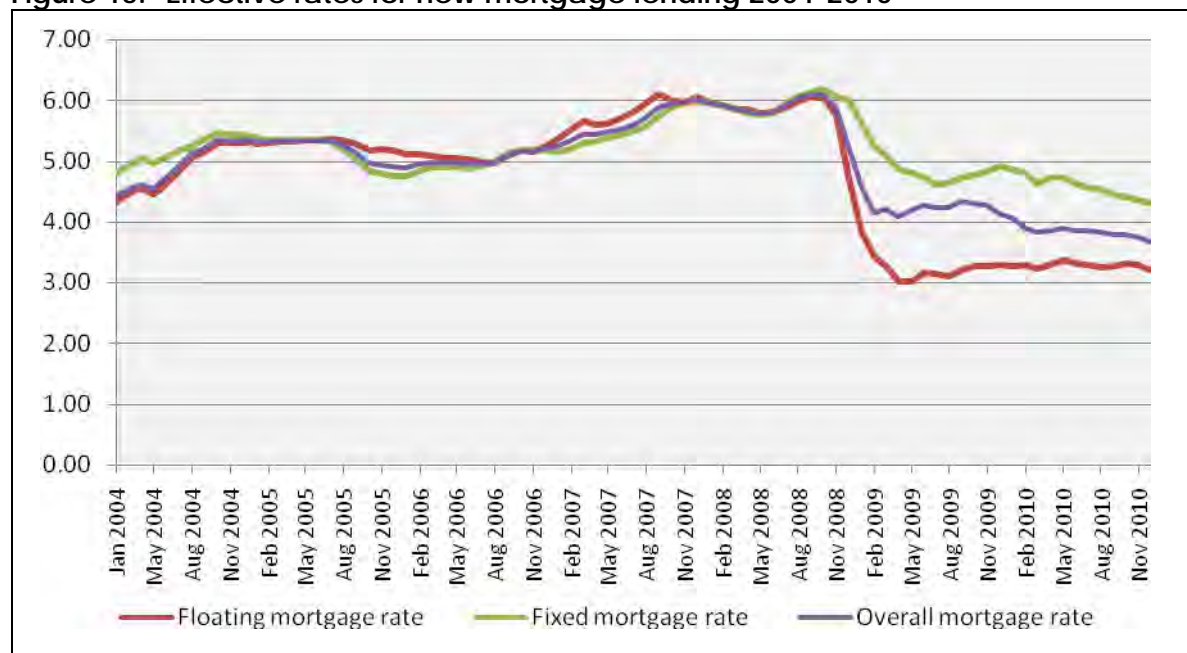
¹⁰ As part of this exercise we explored alternative entry-level price thresholds. The two/three bedroom option was preferred partly because it produced the largest sample from the University of Ulster database. More importantly, the University of Ulster LGD level lower quartile two/three bedroom prices for 2006 were broadly comparable to those from the RMS. In 3 out of the 13 LGDs we checked, the price variation was in excess of £10,000 but in two of these cases the University of Ulster's sample was considerably larger. In Antrim we concluded that the RMS price looked to be too low based relative to other LGDs.

Ballymena HMA and the rest of Northern Ireland. As Wilcox (2009) has noted, at the peak of the housing boom in 2007, Northern Ireland had become the least affordable part of the UK outside of London. In Northern Ireland house prices for two/three bedroom dwellings in 2007 represented a 5.67 multiple of the earned incomes of younger working households compared to 3.46 in 2005. Since 2007 we suspect house price to income ratios have fallen to under 4.

However, the ability of households to purchase a property is not driven solely by the relationship between income and price. As recent market conditions have highlighted, other key factors are the cost and availability of credit finance.

Since the Bank of England cut interest rates to less than 1% in early 2009 the effective mortgage rate has declined (see Figure 15). Although the effective mortgage rate continues to exceed the base rate, it remains low by historic standards. For households buying their home with a mortgage, lower interest rates have generally brought a reduction in interest payments as a proportion of income. This has eased affordability pressures for most households with a mortgage.

Figure 15: Effective rates for new mortgage lending 2004-2010



Source: Bank of England (2011)

The predicament for prospective first time buyers is that few have been able to take advantage of lower house prices and lower interest rates because of the continued credit constraints as expressed through loan to value (LTV) ratios. Deposit requirements increased sharply in 2008 as lenders sought to minimise their risk of exposure to mortgage default. In 2009 and 2010 most first time buyers continued to require a deposit of 20% to 30% to access mortgage products. As the Bank of England Credit Conditions Survey Q4 2010 confirms, most available mortgage products have a LTV of 75% or less. This is a significant limitation for many younger prospective buyers who generally do not have access to that level of capital.



Within Ballymena HMA the Northern Bank is offering a 100% mortgage but estate agents report that the criteria is set so high that they have no experience of any uptake on the product. The Ulster bank offers a momentum mortgage on three sites in Ballymena, where the developer sets aside 5%, the bank provides a 95% mortgage and if the property value increases enough in five years the purchaser has to pay back the 5%. The bank selects the sites and places a quota on the number of properties available in the scheme. Estate agents report that to date little interest has been expressed in the scheme by purchasers.

Negative equity is a constraint on the housing market, as it reduces the mobility of some households and their ability to trade up or down. In April 2009, the Council of Mortgage Lenders (CML) (2009) estimated that some 5% of homeowners across Northern Ireland had negative equity, in line with the UK average. It is possible the proportion has increased slightly since then. Estate agents in Ballymena HMA confirm that the instance of negative equity has increased in the area and that this existence of negative equity and low selling values has contributed to the fall in second-hand properties coming onto the market for resale.

Relative to the housing market downturn at the start of the 1990s repossessions have remained low, possibly assisted by the introduction of various preventative measures by the UK Government such as changes to the rules relating to Income Support for mortgage interest payments. Although there has been some increase in mortgage arrears and repossessions in recent months (NIHE, 2010, 2011) there are no indications of a significant pattern emerging that could potentially destabilise aspects of the market.

Affordability ratios across Ballymena HMA

An affordability ratio measures the relationship between the lower quartile price for an area and the incomes of households at the lower point of the income distribution. This is a useful measure for illustrating the variability of affordability pressures across Ballymena HMA.

Fully robust small area data on household earnings and household incomes that can be aggregated to Ballymena HMA level is not available. We therefore used CACI PayCheck income probability estimates for 2009 to approximate lower quartile and median gross annual household incomes.

At the Northern Ireland level, Wilcox (2009) reported that in 2007 the average income for a younger single earner under 40 years of age was £20,413 whilst the average income for all younger working households was £31,088. He also noted that changes in the underlying data can result in some upward (or downward) adjustment to these average income figures from one year to another.

Keeping this in mind and the fact that some younger households will not be in employment, it seems plausible that the CACI PayCheck 2009 figures above provide a reasonable approximation of the distribution of incomes amongst single and dual income households aged under 40 years.

The UK and Scottish Governments suggest that a household should be considered able to afford to buy a home if it costs no more than 3.5 times the gross household income for a single income household or 2.9 times the gross household income for a dual income household. Taking this as a benchmark, Table 16 compares the lower quartile and median house price for a two/three bedroom property in 2009 with the lower quartile and median CACI PayCheck income point for Ballymena HMA.

Table 16: Ballymena HMA affordability ratios for two/three bedroom properties, 2009

Area	lower quartile price	median price	lower quartile income	median household income	lower quartile ratio	median ratio	LQ price to median income
Ballymena HMA	94,500	112,000	17,554	30,682	5.4	3.6	3.1
Northern Ireland	95,500	124,950	16,810	28,780	5.7	4.3	3.3

Source: Non adjusted simple price data supplied by University of Ulster (22 July) and CACI PayCheck 2009 used to deduce incomes

Assuming the lower quartile income point is reasonably similar to the incomes of younger single income households and the median income point is similar to the income of younger dual income households, the findings in Table 16 suggest that:

- Lower quartile prices, in spite of the scale of recent falls, remain above affordable levels for younger single income households across the area. Younger single income households would struggle to purchase a home unless they have considerable savings or access to other sources of funds;
- Lower quartile house prices have become more affordable for dual income households;
- Median house price to median incomes ratios also exceed the 3.5 affordability benchmark. This may be because of the small number of transactions and the heterogeneity of the samples, particularly in the rural catchments of Ballymena HMA.

Alternative affordability measures

Affordability ratios give no indication of the proportions of households experiencing affordability problems. We therefore sought to extend the analysis of affordability to look at the costs of buying and renting privately.

This analysis, which is summarised in Table 17, is intended to illustrate the potential proportions of younger households under the age of 40 that lack the purchasing power to access the private housing market without some form of public sector intervention. It is not intended to provide a definitive measure of the number of younger households unable to access the private housing market. It is intended to measure the level of difficulty for younger households to access the lower end of the home ownership and private rented markets.



The analysis is based on the following assumptions:

- The cost of purchasing a dwelling at the lower quartile two/three bedroom property in 2009 with a mortgage equivalent to 80% or 95% of the purchase price;
- The median rent payable for a two bedroom private flat in 2009 as derived from the private rental index database prepared by University of Ulster, which is discussed in more detail in Chapter 4;
- That a household could borrow 3.0 times their income and secure a 25-year repayment mortgage with an interest rate of 4.7%;
- That rent payments, should not exceed 25% of gross household income. The rent and the owner occupation benchmarks are broadly consistent with CLG (2007) and Scottish Government (2008) guidance;
- The income distribution amongst households of less than 40 years is similar to the income distribution for all households. For example, if 10% of all households have an income of less than £10,000 then it is probable that 10% of households under 40 years will have an income of less than £10,000;
- The 95% loan to value ratio is consistent with DCLG guidance (2007) whilst the 80% loan to value ratio reflects current market conditions and the deposit requirements of mortgage lenders.

Although there has been a gradual increase in the level of inter-generational transfers of wealth used to assist new households buy a home, no wealth adjustment factor has been applied. Another caveat is that some younger households are already suitably housed and not considering purchasing or renting a property. This includes households already living in the social rented sector as well as households that have already become homeowners.

The findings presented in Table 17 suggest that:

- Just under half (49%) of younger households in Ballymena HMA could not afford to purchase a dwelling to the value of £94,500 assuming lenders were willing to provide mortgages with a loan to value ratio of 95%. This compares with a Northern Ireland figure of 52.7% unable to afford a dwelling to the value of £95,500;
- If we assume households could raise a deposit in order to secure a mortgage with a loan to value ratio of 80%, around 40% of younger households in Ballymena HMA could not afford to purchase a dwelling to the value of £94,500 compared to a Northern Ireland figure of 44%;
- Approximately 29% of younger households in Ballymena HMA have an income below the level suggested by the DCLG guidance that a rent should not exceed 25% of gross household income. This compares to a Northern Ireland average of 30.1%. In other words, 71% of younger households in Ballymena HMA could afford rent in the private sector.

Therefore, although the sharp fall in house prices has seen the gap between the cost of purchase and the cost of private renting narrow considerably, renting is still the most affordable option. The estimates are sensitive to price threshold and the

mortgage multiplier adopted. For example, if the multiplier was increased to 3.5, the proportion of households in Ballymena HMA unable to afford to purchase a dwelling valued at £94,500 with a 95% mortgage would fall to 41%. If the price increased to £112,000 the percentage unable to buy would increase to 57%.

Table 17: Comparison of the cost of owning and private renting

	Ballymena HMA	Northern Ireland
Estimated number of households under 40 years	7,029	199,456
Lower quartile purchase price (two/three bed lower quartile)		
95% mortgage	£89,775	£90,725
80% mortgage	£75,600	£76,400
Weekly cost of option (25 year repayment mortgage at 4.7% interest)		
95% mortgage	£119	£120
80% mortgage	£100	£101
Private median rent for a 2 bedroom dwelling	£92.5	£91.9
Gross income required to access open market		
3.0 multiplier and 95% mortgage	£29,925	£30,242
3.0 multiplier and 80% mortgage	£25,200	£25,467
Rent equals 25% gross income	£19,236	£19,109
Affordability test 1: Lower quartile purchase: 95% mortgage & 3.0 multiplier		
No unable to buy	3,416	105,113
% unable to buy	48.6	52.7
Affordability test 2: Lower quartile purchase: 80% mortgage & 3.0 multiplier		
No unable to buy	2,826	87,162
% unable to buy	40.2	43.7
Affordability test 3: private rent 2 bedroom dwelling (not exceeding 25% gross income)		
No unable to afford	2,003	60,036
% unable to afford	28.5	30.1

Sources: CACI PayCheck, Ulster University Price Index and published Rental Index dataset 2010

Note: NIHCS 2006 percent of householders aged 17-39 years applied to NISRA projections to derive household count for younger households for each sub-market.

A limitation of all the above affordability calculations is that they do not take into account the impact of other relevant considerations that determine how potential buyers behave in the market place. The Northern Ireland Housing Executive (NIHE 2009), states that the affordability index should not be looked at in isolation. Significantly lower loan to value ratios are being offered by lenders to first time buyers. Conversely first time buyers are facing much higher deposits and more



punitive interest rates for higher loan to value loans. It concludes that while house price to income ratios have declined significantly, deposits are an increasingly important affordability barrier to home ownership.

Potential for intermediate housing

Intermediate housing is a term used by the UK Government to refer to properties which have prices and/or rents higher than those for the social rented sector but are lower than the prevailing market rate. The term therefore covers a wide range of types of provision but the essential features of intermediate housing products are that:

- The dwellings should meet the requirements of eligible households and the cost should be low enough for them to afford;
- There should be provision for affordable homes to remain at affordable prices for future eligible households, or for the subsidy to be recycled for further affordable housing provision.

Intermediate housing products are not intended for households in receipt of Housing Benefit. Essentially, eligible households would not qualify for Housing Benefit and would have insufficient income to purchase a two or three bedroom house with a 95% mortgage¹¹. This approach is broadly comparable with that adopted by Wilcox (2007, 2008). The findings suggest that at Ballymena HMA level:

- 32% of younger households are unlikely to be able to pay a social rent without recourse to full or partial Housing Benefit. For these younger households social housing provision may be a more appropriate long-term housing option;
- Consistent with affordability test 1 outlined in Table 17, approximately 51% of younger households could afford to purchase on the open market with a 95% mortgage and would not require some form of intermediate tenure option;
- 84% of younger households could afford to pay a social sector rent without recourse to Housing Benefit but could not afford to buy locally. This suggests that there may be a potential for intermediate housing tenure in Ballymena HMA.

Set against this however, around half of the younger households that could afford an intermediate tenure product could also afford a private rent for a two bedroom dwelling and considerably more could afford the median private rent for a one bedroom dwelling. This suggests that intermediate housing could result in households moving from the PRS. This could then free up additional units in the PRS for other households.

A clear limitation of this approach is that it takes no account of demand. It simply provides an estimate of the number of households that may be in a financial position to pay for intermediate housing. Policy makers would therefore need to

¹¹ Effectively we assumed an upper social rented sector threshold £80 or so per week partly to allow for higher rents in the HA sector and partly to discount low income households likely to be on the margins of housing benefit

consider whether various intermediate tenure options would be attractive to consumers.

Previous research (McGreal and Murie et al 2005) has shown that Co-Ownership is a popular option which has had a sustained demand. However, evidence from the UK is at best mixed about the demand and popularity of intermediate housing.

Co-Ownership housing

The Northern Ireland Co-Ownership Housing Association Ltd, better known as Co-Ownership Housing, is Northern Ireland's regional body for shared ownership. The scheme allows purchasers to take a 'starter share' in the property and the option to increase that share at any time.

In 2009/10, the average purchase price for Northern Ireland was £127,310. This is below the average open market price, but above the lower quartile price for two or three bedroom properties.

Over the past decade, an increasing share of those purchasing through Co-Ownership has been single person and single income households. In 2009/10 the average single income of those purchasing through Co-Ownership was £19,600, which is very similar to our assumed income for younger single income households. This suggests that the scheme is playing a valuable role in assisting new and recently formed households with modest incomes to purchase homes.

Estate agents in Ballymena HMA report that the Co-ownership scheme and additional funding made available to the scheme have had a positive impact within the area. Second time buyers can now avail of the scheme if they do not have a mortgage. At March 2011, in Ballymena LGD, 484 properties have been purchased through the scheme; 316 properties purchased in Ballymoney LGD and 112 properties purchased in Moyle LGD.

The Housing Executive introduced an Equity Sharing scheme in February 2009 which allows tenants to buy as little as 25% of their home and they may increase their equity in steps of 5% or more. To date there has been a very low uptake of the scheme as tenants who are in work are not confident about job security, and as the valuations on property have fallen tenants who wish to buy their homes are more inclined to purchase the property outright.

Future prospects

By the end of 2010 there was little evidence that house prices in Ballymena HMA or the rest of Northern Ireland had stabilised, although estate agents in Ballymena HMA commented recently that prices appear to have bottomed out at the lower end of the market, while prices at the upper end of the market had still a considerable way to fall. Even in UK regions that have seen some recovery in house prices, property transactions and rates of building remain weak.



The general impression is that a sustained rise in real house prices will only occur when unemployment levels reduce, wages rise and credit constraints have eased for both developers and prospective buyers. Reductions in public sector spending and heightened uncertainty over future employment prospects are likely to dampen the pace of economic and housing market recovery.

One plausible scenario is that nominal house prices in Ballymena HMA may gradually stabilise over the next year or so, but a return to sustained real house price growth may not occur before 2015. If economic recovery occurs over several years it may take to 2020 or beyond before house prices climb back to intersect with the long-term trend level.

The sharp fall in new build starts since 2008 demonstrates the vulnerability of the housing market to economic recession. Without knowing when a return to real house price growth may occur, it is not possible to predict when private sector construction rates will climb back to those seen in the early part of the last decade.

The housing slump caused house-builders and developers to postpone or mothball developments and take measures, such as staff reduction, to reduce costs. There are some concerns that this may reduce the industry's capacity to respond promptly to any recovery in demand.

In addition, recessions tend to alter the market behaviour of developers. They become more risk adverse, often preferring sites that present the least challenge. For the same reason they often prefer to build traditional three to five bedroom family houses as opposed to apartments because demand for the former tends to be more stable. There is a greater perceived risk with apartments in a downturn.

On balance, the continuation of modest private house-building rates is likely to be sustained over time given the projected household growth into the next decade. A continuation of modest house building rates for five or more years, however, would pose a risk that the level of new housing would fall below the current RDS housing growth indicators for Ballymena HMA and the lower housing growth indicators proposed in the RDS 2035. Whether this would create a gap between supply and demand in Ballymena HMA, and therefore increase prices and affordability issues is uncertain. Ultimately the outcomes of a range of demographic, economic variables will only become clear as events unfold.

Summary

Owner occupation is the largest housing sector in Ballymena HMA. Areas with the lowest levels of owner occupation are concentrated in Ballymena town.

Demographic projections presented in Chapter 2 illustrate that there will be a continued upward trend in the number of smaller and older households over the next 15 years and beyond. The majority of older households will be homeowners. This implies that there may be an increased demand for property adaptations or services to allow older homeowners to continue to live independently. Building

suitable housing that presents few barriers to mobility which could entice older households to move from their family home may help ease pressure on adaptation and equipment budgets.

Whilst overall vacancy rates suggest there may be some potential to make better use of existing housing stock to meet housing demand and need, the scope for this with specific regard to owner occupied sector stock seems very limited.

In the decade to 2007, Ballymena HMA experienced a steep rise in house prices. Over this period, rates of housing construction were broadly in line with RDS targets and exceeded household growth. Ballymena HMA is included in two development plans, Northern Area Plan and Ballymena Plan, both of which have expired. There are constrained development limits around the main settlements which restricted development opportunities. However supply shortfalls were not the only factor in the rise in prices. The rapid expansion of the number of 'buy to let' investors and other speculative investors entering the housing market contributed to the house price growth which was a significant cause of the housing bubble in the three years to 2007.

The recovery of the housing market is linked to overall economic recovery in Northern Ireland. The sharp decline of first-time buyers and 'buy to let' investors in response to tighter lending criteria had a knock on impact across the housing market. The economic recession and the resulting contraction of the labour market further weakened the housing market.

The rapid decline in prices has improved affordability ratios across Ballymena HMA. If sustained over the long term this should lead to an upturn in the number of first time buyers. In the short term however, continuing uncertainty regarding the housing market and labour market and tight mortgage lending criteria, have collectively undermined the affordability benefits arising from falling prices.

Most existing homeowners have benefited from lower mortgage interest rates. However, the scale of price decline means that negative equity will remain a continuing risk for homeowners who purchased their home in the years of credit expansion and rapid house price growth. This, together with continuing difficult wider economic conditions and lack of renewed consumer confidence in the housing market is likely to suppress sales and turnover in the sector for some time.

There is also little prospect of consumer confidence in the housing market recovering to any significant extent until the availability of mortgage finance improves, employment rates increase and earnings begin to rise. Public sector reduced spending plans and pay restraint policies are therefore likely to have a dampening effect on housing demand.

Continued weak economic conditions point to the possibility that house-building rates may not recover for several years. If this were to happen, new house building rates would fall below the RDS housing growth indicators in Ballymena HMA, including the somewhat lower proposed HGI set out in the RDS 2035. Reducing this



risk will require close alignment and co-ordination between economic planning and housing strategies.

Although land values are reported to have fallen back, this may be of mixed consequence depending on the scale of developer land banks. In response to falling land prices, landowners prefer to wait and see if prices recover. This could limit the availability of land and therefore delay new housing development. With low levels of transactions and turnover in Ballymena HMA, the value of price data as a pointer of market change is likely to be limited until the housing market recovers. In such instances it would be beneficial to seek input from local experts on market activity trends and development.

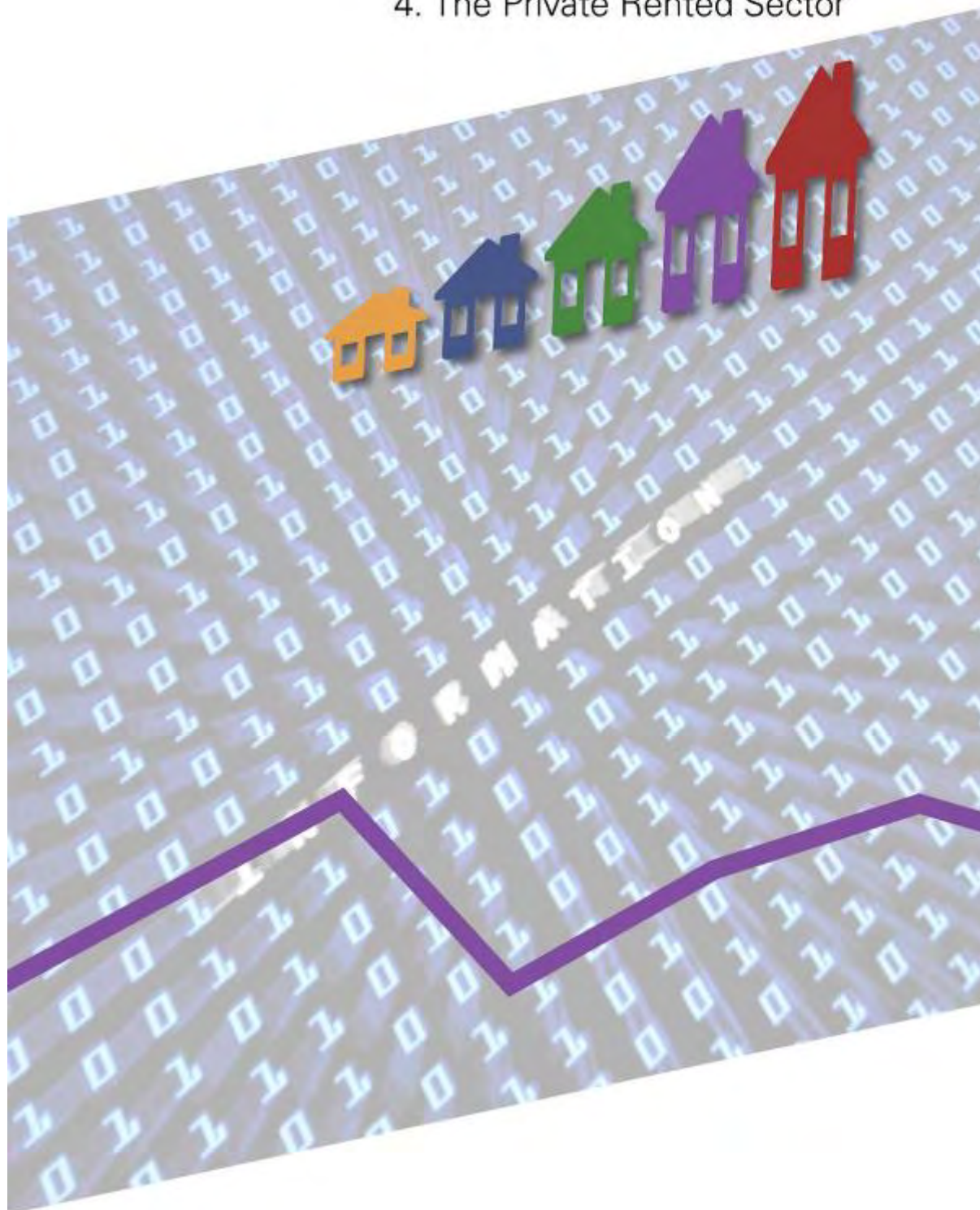
Overall, the economic conditions required for a stable but modest real house price growth are unlikely to re-emerge in the short term.

The lack of a sustained recovery in the owner occupied sector is likely to increase demand for private renting over the period to 2015 and possibly beyond. Whilst the total number and share of the housing stock in private hands is therefore likely to remain high, it is possible that the level of owner occupation will either remain static or decline slightly.

Key Issues

- Owner occupation remains the tenure of choice in Ballymena HMA with a slightly higher rate than the Northern Ireland average;
- Wards where owner occupation fell below 60% were located in Ballymena town. These are areas with high concentrations of social housing;
- Vacancy rates are low throughout Ballymena HMA;
- The economic downturn has hit the construction sector hard and led to a dramatic fall in the level of new build dwellings for sale;
- Whilst the affordability gap has narrowed, tighter lending criteria and a lack of consumer confidence means that transactions are still very low;
- Planning and innovation in housing and social services will be required to meet the needs of the ageing population, the majority of whom are homeowners;
- Negative equity and repossession remains a continuing risk for home owners in Ballymena HMA and across the country;
- Reductions in public sector spending are likely to have a dampening effect on the housing market;
- Difficulties accessing owner occupation means that demand for private rental and social housing is likely to increase in the short to medium term.

4. The Private Rented Sector





4. Private Renting within Ballymena HMA

Introduction

This chapter describes the dynamics of the private rented sector (PRS) in Ballymena HMA by examining its different components and segments and looking at a number of key issues including affordability. The inter-relationship between the PRS and other parts of the housing system is also explored. The chapter concludes by considering future prospects for the sector.

The chapter draws evidence from the Northern Ireland HCS to augment the findings of the 2001 Census¹². It also draws on expert opinion from the Housing Executive commissioned research on the PRS carried out in 2009 and research interviews with local estate and rental agents.

Expansion of private renting

Throughout Northern Ireland the PRS has experienced a major revival. The HCS and the Continuous Household Survey both indicate that between 2001 and 2006 the PRS share of total housing stock for Northern Ireland increased from just under 8% to 13%. The Housing Executive's Review & Perspectives (2009, p74) notes that at the start of the decade, annual growth in the PRS for Northern Ireland was around 2,300 units but in the five years to 2006, PRS annual growth exceeded 6,000 units per year.

Since 2006, evidence from the HCS 2009 indicates, that the sector has continued to expand rapidly throughout Northern Ireland. Between 2006 and 2009 occupied PRS stock increased by 43,800 to 124,600 units whilst the total PRS stock, including vacant units, increased by 47,400 to 142,000. By 2009 the PRS sector accounted for almost 17% of the total occupied stock and over 19% of total stock¹³.

The rapid expansion of PRS stock numbers at Northern Ireland and housing market area levels since 2001 is consistent with anecdotal evidence that:

- There has been considerable investment in the PRS, including a substantial inflow of funds from the ROI and UK buy to let investors;
- Since the downturn in the housing market there has been a notable increase in the share of new build properties entering the PRS and an increase in the number of existing home owners offering their properties for rent in order to meet mortgage payments, even temporarily.

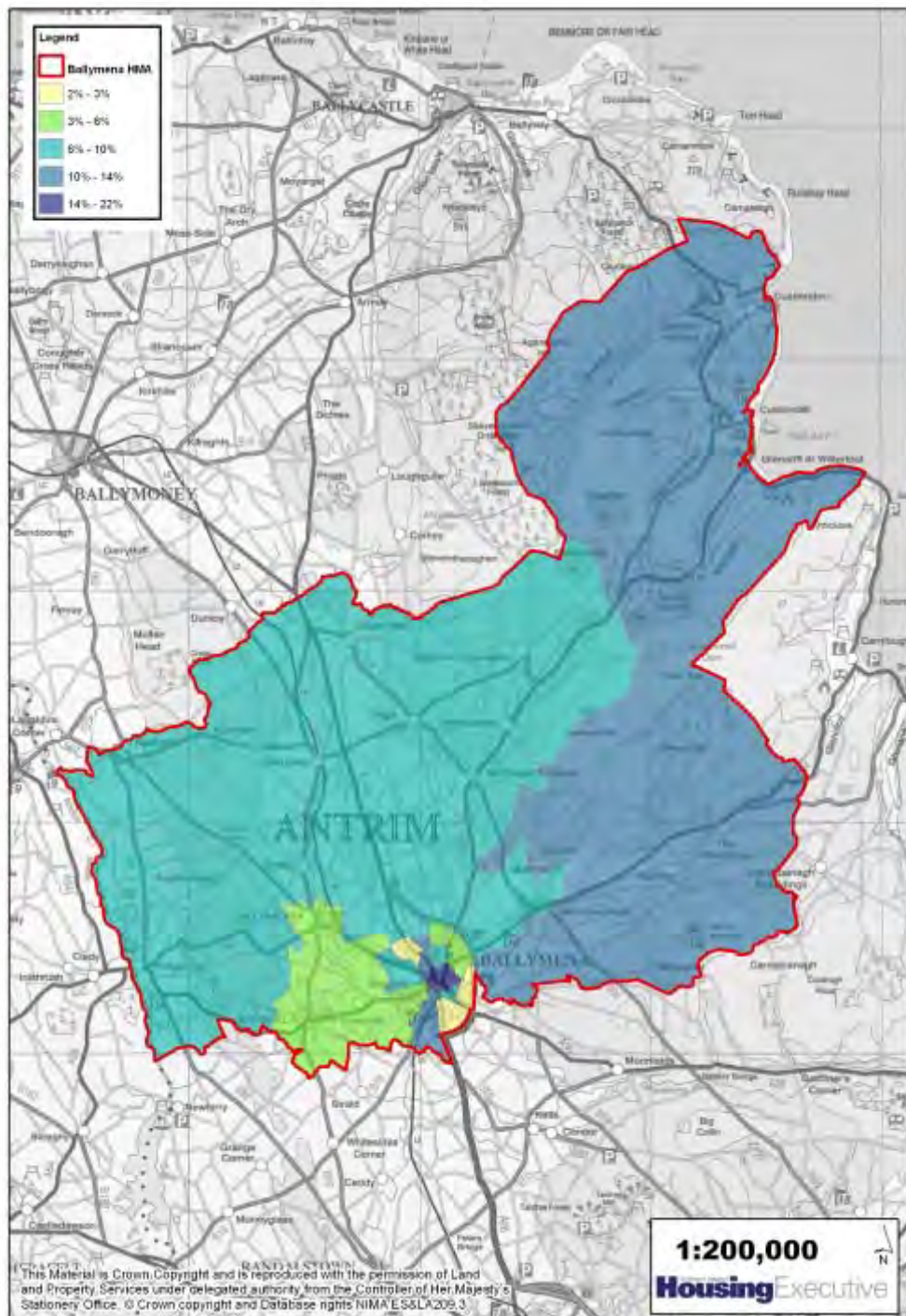
Map 6 shows that in Ballymena HMA, in 2001, the highest concentration of households in the PRS was in Ballymena town, particularly in the town central area.

12 The HCS sample size is sufficient to report robust evidence for the Ballymena HMA but not sub-submarket area level where it is often necessary to draw on Census 2001 data.

13 NIHE assign vacant dwellings to the tenure of their last occupancy. In 2009 there were some 43,400 of which 17,400 (40%) were assessed to be in the private rental sector.

Wards including Glendun, Glenaan, Glenariff and moving south through the area traditionally seen as the main route to Ballymena town from The Glens show a 10% to 14% private rental sector. The coastal area of Ballymena HMA also has a high level of second homes and holiday lets.

Map 6: Proportion of stock in the private/other rented sector at ward level, 2001



Source: Census, 2001

Map 7 shows that within Ballymena town the highest concentration of private rental properties is in the town centre. In Clonavon/North Street (mainly new build) and

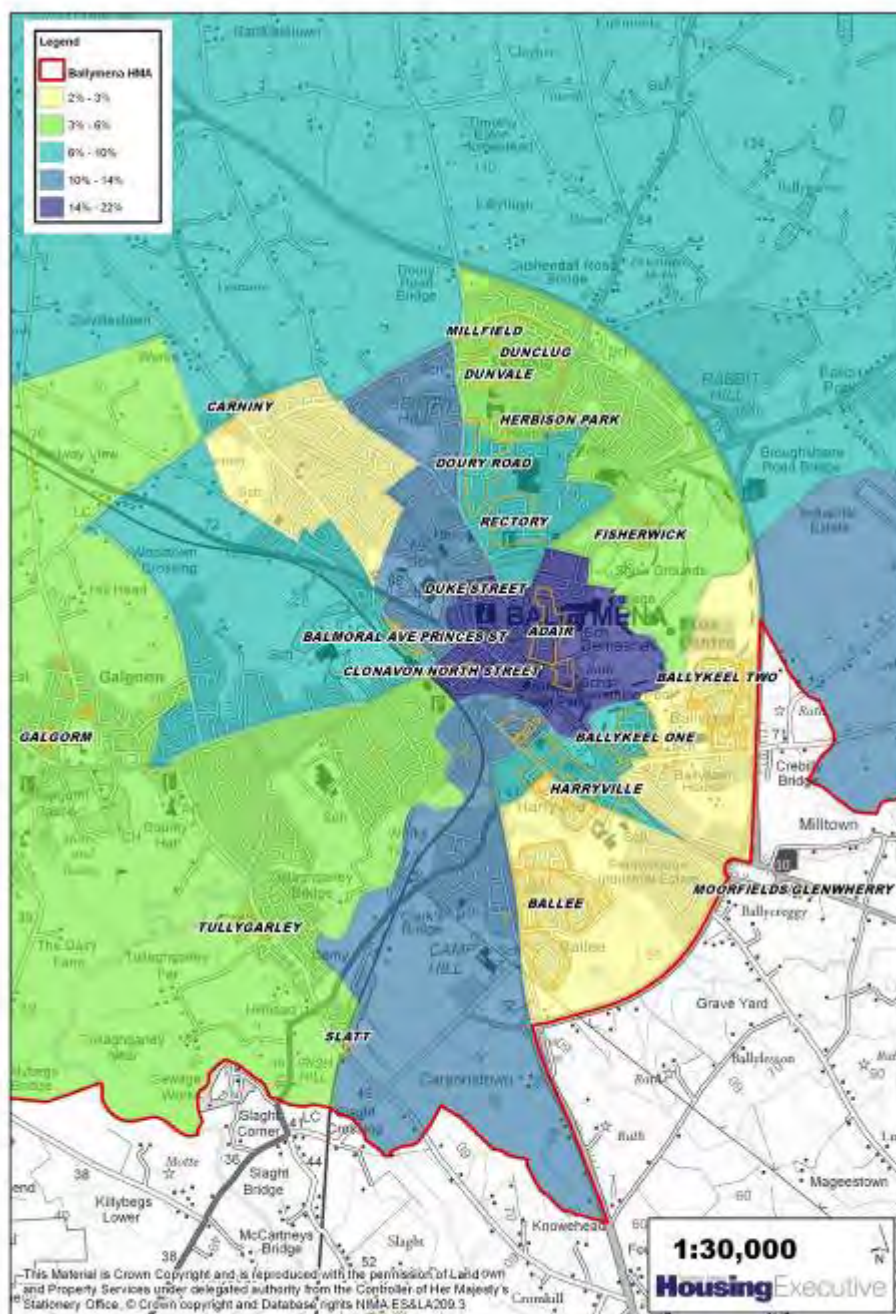
Housing Market Analysis

Ballymena Housing Market Area



Duke Street (renovated dwellings) there are a high number of apartments. In Balmoral Avenue/Princess Street properties are mainly older terraced houses. The Adair/Demesne area has the highest level of private rented properties in the town, the majority of which are ex Housing Executive properties. Areas within the town showing 10% to 14% private rental are areas which have experienced high levels of new build construction.

Map 7: Proportion of stock in the private/other rented sector at ward level, 2001 & location of CLAs



Source: Census, 2001

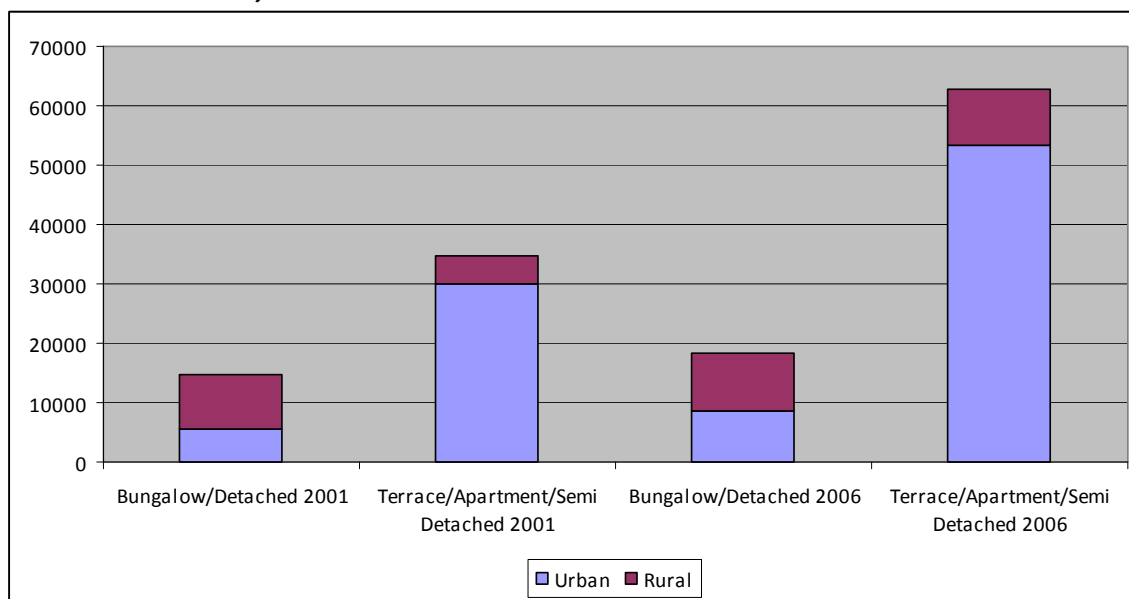
Profile of PRS stock

Dwelling type

Map 7 illustrates the expansion of the PRS since 2001 across Northern Ireland. Between 2001 and 2006:

- The number of dwellings in the PRS increased by almost 64% from 49,409 in 2001 to 80,865 in 2006. Expansion was experienced in all dwelling types but most evident in the terraced/apartment/semi-detached housing stock;
- As a share of overall housing stock, the PRS in the terraced/apartment/semi-detached property market increased from 70% in 2001 to around 77% in 2006. Share of overall housing stock in the bungalow/detached property dwellings decreased from 30% in 2001 to 22% in 2006;
- While the greatest expansion of private rental properties has been in urban areas there has also been some increased representation in rural areas, mainly in the terraced/apartment/semi-detached market. This demonstrates a better choice now available for private renting in rural areas, albeit from a low base.

Figure 16: Private Rental Stock by Urban/Rural breakdown, 2001 & 2006 (Northern Ireland)



Source: HCS 2001 & 2006 (edited dataset)

NB: Consistent with advice from NIHE Research Unit these figures have been rounded to the nearest 100.

In 2006 PRS stock accounted for approximately 12% of all dwellings in Northern Ireland. In comparison, the PRS accounted for 8.8% of occupied stock in Ballymena LGD; 9.6% in Ballymoney LGD and 17.2% in Moyle LGD. These increased levels of private rental stock corresponded with decreases in social housing tenure within the three LGDs. Coastal areas in Moyle LGD and Ballymena HMA have high levels of holiday homes and The National Trust owns a significant number of properties in Cushendun village all of which are privately rented. In Ballymena HMA and



particularly in Ballymoney LGD the number of private rental properties increased following the housing market crash. Properties that had been built for the owner occupier market continue to be rented out by developers and investors/speculators to provide a return on their investment until the housing market recovers.

The PRS in Ballymena town is dominated by older terraced properties and flats. However, new build private rental properties in the town and surrounding villages and hamlets are mainly semi-detached houses. Private rental sector flats in villages within Ballymena HMA are ex Housing Executive properties or 'Over the Shop' properties. This would indicate that a comprehensive range of property types are available within the private rental sector in Ballymena HMA.

Vacancies

The 2006 and 2009 HCS reported that most vacant dwellings in the housing market across Northern Ireland are in the owner occupied and PRS. The findings also showed that vacant private rental stock had increased significantly by 2009. This is a reflection of the high number of properties entering the private rental market following the housing market crash and speculative investors entering the rental market as property sales contracted and prices began to fall.

Within Ballymena HMA estate agents report that there is a good demand for private rental properties in the area. They state that currently there is a sufficient supply and that properties are let as soon as they become vacant with small waiting lists forming. They report that there are very few vacant private rental properties in the area; the only reasons a property will remain vacant for a period of time are if the property is in poor repair or the landlord is being particularly choosy when agreeing a tenant. Although a small number of investors are currently purchasing properties, to take advantage of lower prices and the better returns offered compared to those offered by banks, the number of properties now entering the PRS has almost stopped.

Dwelling age and condition

Table 18 below, includes information on the construction age of dwellings across Northern Ireland sourced from the HCS 2006. This indicates that just under a third of the PRS was constructed before 1919 and an additional quarter built between 1919 and 1944. From 1920 onwards house construction has been steady and increasing across all of Northern Ireland.

Table 18: PRS by Dwelling Age by Urban and Rural breakdown, Northern Ireland

	HCS 2001		HCS 2006	
	Urban	Rural	Urban	Rural
Pre 1945	20,700	8,400	26,900	8,200
Post 1945	14,700	5,600	34,900	10,900
Total	35,400	14,000	61,800	19,100

Source: HCS 2001 & 2006 (edited dataset)

NB: Consistent with advice from NIHE Research Unit these figures have been rounded to the nearest 100.

Prior to the housing boom District Councils with at least 25% of their housing stock built before 1919 tended to be those with a large rural hinterland. Moyle LGD, for example, had at least 25% of its housing stock built pre 1919, by 2006 new build construction meant that the percentage had dropped to around 24%. More than 30% of stock in Ballymoney and Moyle LGDs has been built since 1980. In Ballymoney district 34% of stock has been built since 1990.

In Ballymena HMA, house building occurred in all settlements across the area during the housing boom with the main concentration in the urban area. As house prices rose in the urban area the rate of growth of private sector stock increased in the surrounding villages and hamlets with purchasers moving to these relatively less expensive properties. In these rural areas a high percentage of this new build went to the PRS. Additionally, this tenure has increased slightly over the past two years through forced sales with the vendor selling the property before repossession procedures are enacted; in some instances sales are agreed with local private landlords with the vendor remaining in the property as a long term tenant.

The PRS in Northern Ireland has typically been associated with poor housing conditions and a legacy of poor tenant/landlord relationships and wider tenancy management issues. The HCS provides various criteria to measure the condition of dwellings across all tenures. One such measure is the 'Decent Homes' standard. A 'decent home' is described as wind and weather tight, warm, and has modern facilities. These criteria are measured by a fitness standard, the state of repair, the level of modern facilities and the degree of thermal comfort.

In Northern Ireland the highest rate of failure to meet the decent Homes standard within occupied stock in 2006 was found in the PRS (26.5%). In 2009, this had fallen significantly to 17% for the PRS, but was still the highest rate for occupied stock across all tenures.

The HCS 2006 provides information on decent homes standards at LGD level, and indicates that in Ballymena LGD 27.5% (all tenures) failed the Standard, Ballymoney LGD 20.2% and Moyle LGD 19.7%. Considering the relatively high number of private rented homes in Ballymena HMA it is a reasonable assumption that a significant percentage does not meet the Decent Homes Standard.

The HCS 2009 does not provide information at LGD level, but has indicated that across Northern Ireland the overall level of housing unfitness has fallen from 3.4% of all tenures in 2006 to 2.4% in 2009. For the PRS, comparable figures show a fall from 2.6% to 2.2% over the same period. The figure was 8.7% in 2001.

Both the 2006 and 2009 surveys indicate that unfitness and failure to meet the decent homes standard is mainly associated with unoccupied stock. In 2009, nearly three in five unfit dwellings were vacant. However a declining proportion of vacancies are unfit and the Housing Executive attributes this to the growing proportion of vacant buy to let properties, which in many cases are newly constructed or renovated. Unfitness is also associated with older pre-1919 properties



and Ballymena HMA has comparatively fewer older dwellings than the Northern Ireland average.

Households

The PRS plays a pivotal role in the local housing system. It is the tenure where wider pressures are often exhibited and remedied, even if only temporarily. The private sector is heterogeneous and can cater for a diverse range of demands. It can provide flexible accommodation for young professionals, migrant workers and students. It can also provide for households who cannot or do not want to buy or rent from a social landlord. In addition, private renting has the flexibility to provide permanent housing for long term tenants and emergency housing for homeless applicants.

Table 19 quantifies household types in the PRS for 2001, 2006 and 2009 across Northern Ireland. It mostly comprises small adult and family households. In 2009, small adult households represented 45% of the PRS with family households representing 44%. In 2009 family households were the most prevalent tenants in rural areas. From 2006 to 2009, small adult households increase by 75% overall whereas families increase by 63%. In contrast, older households declined over the same period in both urban and rural areas.

Table 19: PRS by Household Type by Urban and Rural breakdown, Northern Ireland

	HCS 2001		HCS 2006		HCS 2009	
	Urban	Rural	Urban	Rural	Urban	Rural
Small Adult HH	16,500	5,000	24,200	7,600	42,600	13,100
Family HH	12,300	5,400	27,200	6,400	37,800	17,000
Older HH	6,000	3,400	10,000	4,400	9,600	3,300
Total	34,800	13,800	61,400	18,400	90,000	33,400

Source: HCS 2001, 2006 & 2009 (edited dataset)

NB: Consistent with advice from NIHE Research Unit these figures have been rounded to the nearest 100.

The number of younger people in the PRS has risen as rates of owner occupation have lowered. Younger people are disproportionately represented in the PRS; conversely the number of younger people in the social rented sector has declined. The HCS 2006 also comments that the proportion of lone parents in the PRS has increased dramatically in Northern Ireland over time, from 10% in 1996, 13% in 2001 to 37% in 2006. Research by the Housing Executive suggests that lone parents who moved between 2001 and 2006 chose to rent privately because waiting lists for social housing were too long and the standard of accommodation and locations offered by the PRS were seen as preferable.

Estate agents report that the PRS in Ballymena HMA accommodates a diverse population which includes young couples who cannot afford to buy, single households (including professions and divorcees), families (some of whom have long term tenancies), migrant workers and some tenancies for local factories that bring in specialist employees.

The percentage of tenants living in the PRS in employment decreased slightly from 46.8% in 2001 to 42.7% in 2006. Within Ballymena HMA the number of PRS tenants in receipt of Housing Benefit has increased dramatically over a five year period: Ballymena LGD, 1,390 (2007) to 2,029 (2011); Ballymoney LGD, 697 (2007) to 1,108 (2011); Moyle LGD, 546 (2007) to 713 (2011). Estate agents in Ballymena HMA comment that changes to Housing Benefit may have a detrimental affect on the vacancy rate for private rental flats, a high number of which are occupied by young single people.

Table 20 summarises the household banded income figures for private rented households in Northern Ireland, as sourced from HCS. It suggests that there are proportionately more PRS households in the lowest income band (below £15,000). They are less likely to be found in income bands above £15,000, and especially above £30,000.

Table 20: PRS by Income by Urban and Rural breakdown, Northern Ireland

	HCS 2001		HCS 2006		HCS 2009	
	Mean Income	Median Income	Mean Income	Median Income	Mean Income	Median Income
Urban	13,200	12,500	14,000	10,500	17,300	12,500
Rural	13,500	12,500	14,700	12,500	15,500	12,500
Northern Ireland	13,300	12,500	14,100	10,500	16,800	12,500

Source: HCS 2001, 2006 & 2009 (edited dataset)

NB: Consistent with advice from NIHE Research Unit these figures have been rounded to the nearest 100.

Community Relations

An important issue is whether Ballymena HMA PRS weakens or reinforces wider community divisions. Qualitative research suggests that within Ballymena town and some villages and hamlets, new build is on neutral sites and these new build estates provide accommodation for tenants and owner occupiers from a mix of religions and nationalities. In some villages and hamlets where one religious affiliation is dominant there has been less community integration, alternatively in some other areas more diverse communities have formed. In Ballymena town, the Adair/Demesne estate, the Housing Executive estate with the highest level of private rental properties is a mixed estate. In other Housing Executive estates communities are single identity and private tenants conform to this identity. The private rental sector remains a popular choice for the migrant worker community.

Landlords

There is comparatively little information on owners of PRS properties, however Housing Executive has commissioned research on the PRS in Northern Ireland, re-analysing and in some cases augmenting HCS data. One study concerns landlords and involves a follow up survey of 191 landlords conducted in 2009 for Northern Ireland as a whole.



The interim findings included the following points:

- The majority of landlords work on a small scale (two thirds have five properties or less) though their portfolios are increasing;
- There are a small number of landlords with large portfolios in Northern Ireland;
- Many landlords entered the market during the period of rapidly rising prices and have been active for less than five years;
- The majority of those surveyed stated financial reasons as the main explanation for their choice; with 15% describing themselves as 'accidental' landlords;
- Other landlords invested in property for long term reasons including pension income and investment that combined rental and capital growth return;
- Approximately 30% own their portfolio outright, whereas the rest have borrowed in different ways including 'buy to let';
- A substantial proportion had low LTV borrowings outstanding, suggesting scope to acquire more finance if required. However, the Council of Mortgage Lenders noted that the LTV borrowing by Northern Ireland landlords was higher than the UK;
- The majority of landlords do not use a letting agent but manage directly and approximately two thirds would be interested in leasing schemes.

Expert interviews considered the investment market by approaching actual and potential landlords. The period of high growth in the sector ceased in 2007, coinciding with the financial crisis. The 'buy to let' market is currently slow and is not expected to pick up soon for a number of reasons:

- Rents are relatively low in comparison to other UK markets;
- There is an oversupply of new or recent stock in some areas of Northern Ireland, particularly in apartments;
- Specific lending rules for 'buy to let' investments, including large deposits of 40%, credit and income checks, a lease/tenant in place and minimum requirements that rents cover at least 125% of mortgage repayments.¹⁴

Affordability

On behalf of the Housing Executive, the University of Ulster has gathered information from 2007 onwards on a sample of rental transactions across Northern Ireland, based on information supplied by estate agents. The resulting database provides analysis of rents, location, bedroom number, type of property and new lettings and can be interrogated at Ballymena HMA level. The analysis can track activity in the market place, adjusted for seasonal issues and other variables. To assess rental affordability we have combined the information on analysis of rents for two and three bedroom properties with CACI income data at the different relevant geographies. The

¹⁴ It should be noted that key interviewees disagreed about current market dynamics and whether or not we might expect market tightening to lead to rising rents and vacancies.

affordability criterion is whether the market rent is less than or equal to 25% of gross household income. The latter is based on the CACI income analysis.

The following are the main findings for the rental affordability of two and three bedroom properties, as shown in Tables 21 and 22.

Table 21: Two Bed Rental Affordability, 2010

Geography	Measure	Rent £ per week	Can afford (%)	Cannot afford (%)
Ballymena HMA	Median	£92.48	71.5	28.5
	Mean	£93.32	71.2	28.8
	Mode	£90.85	72.2	27.8
	Lower quartile	£83.28	75.7	24.3
Northern Ireland	Median	£91.87	69.9	30.1
	Mean	£102.95	64.9	35.1
	Mode	£103.9	70.3	29.7
	Lower quartile	£86.85	72.2	27.8

Source: Propertyweeknews.com, NIHE, University of Ulster rental monitor and CACI

- As expected, when affordability is measured by the lower quartile rents the affordability rate is higher;
- 24.3% of households, would be unable to afford the lower quartile rent for two bedroom units in the private market;
- Affordability reduces in the three bedroom private rental market. The difference is almost 3% for the lower quartile and mean rents;
- Relatively high mode and median rental values, especially for the three bedroom units suggest that there is a relatively active market in the higher rental margins. This could be attributed to young professional persons who can afford higher priced rental accommodation and could also be attributed to the high level of new build family accommodation in Ballymena HMA;
- A limitation of these tables is that they assume the same rental levels and incomes across the entire HMA.

Table 22: Three Bed Rental Affordability, 2010

Geography	Measure	Rent £ per week	Can afford (%)	Cannot afford (%)
Ballymena HMA	Median	£102.01	67.5	32.5
	Mean	£99.65	68.5	31.5
	Mode	£107.11	65.5	34.5
	Lower quartile	£90.46	72.8	27.2
Northern Ireland	Median	£100.75	65.9	34.1
	Mean	£103.90	64.5	35.5
	Mode	£115.38	59.4	40.6
	Lower quartile	£90.67	70.4	29.6

Source: Propertyweeknews.com, NIHE, University of Ulster rental monitor and CACI



These findings also suggest that the levels of gross rents and incomes in Ballymena HMA present significant affordability problems for those not able to access Housing Benefit through the Local Housing Allowance (LHA). This implies that, only for the availability of Private Housing Benefit (PHB) the PRS would be less suitable for low income households as an alternative to social housing. The Housing Executive reports that between 2001 and 2006 tenants receiving PHB grew from 37% to 45%. This may accrue to £150 million per annum. Of the tenants paying rent in full or where PHB did not cover the market rent in full, 45% said they found it very difficult and 5% were at least a fortnight in arrears. Table 23 repeats the affordability analysis above but uses the estimated levels of LHA that would apply (for two bedroom properties only).

Table 23: Local Housing Allowance Affordability (2 bed)

Market	LHA (£)	cannot afford (%)	PRS mode rent (£)	% cannot afford (%)	PRS median rent (£)	cannot afford (%)
Ballymena HMA	£93.36	28.9	£90.85	27.8	£92.48	28.5
Northern Ireland	£86.41	27.6	£103.90	29.7	£91.87	30.1

Source: Propertyweeknews.com, NIHE, University of Ulster rental monitor and CACI

Table 23 contrasts the two bed LHA rent levels with the actual rental transactions recorded in propertynews.com/University of Ulster private rental database. Using 2009 data, it compares the LHA (which is derived from modal LHA figures) with the mode and the median of two bedroom private rents in the database. The table also shows the proportion who could not afford such rents using the same definition of rental affordability as before. However, one limitation of this analysis is that there is one LHA irrespective of the different rental markets within Ballymena HMA.

The main points from Table 23 are that:

- The median rent in Ballymena HMA is marginally lower than the LHA rate at £92.48 and £93.36 respectively;
- The modal rent is £2.51 less than the LHA rate, and this increases affordability by 1.1%;
- Non-affordability rates in Ballymena HMA are slightly lower for median and modal rents than in Northern Ireland as a whole;
- The key issue is the extent to which the LHA addresses affordability for PRS households. We can indirectly assess this by subtracting the median rent from the LHA to make an approximate assessment. This indicates that the median rent payer eligible for the full LHA could expect to have 100% of their rent paid through PHB.

Expert interviewees confirmed the importance of Private Housing Benefit to the housing market. Industry commentators argued that a large part of the PRS is underpinned by public funding through the LHA, particularly in the current market. Unlike the rest of the UK there were no changes to benefit delivery when the LHA was introduced therefore most landlords have the security of receiving their rent LHA

payments directly from social security rather than from the tenant. They argued that consequently any future cuts in PHB as part of wider fiscal austerity measures would be very consequential for the sector's future. This also has implications for the scope of the sector to take on long term leasing arrangements for homeless applicants.

Impact of Welfare Reform on the PRS

The changes to LHA and Housing Benefit first announced in the 2010 budget are being implemented in Northern Ireland. The most significant changes for tenants in the PRS are as follows:

- **Change in Rate Calculation**

Up to April 2011, the rate of LHA was set at the median rent value for properties in the broad market rental area where a property was located. This meant that about half of the properties in the area would have rents at or below the LHA rate. After April, the LHA rate has been set at the 30th percentile value. This means that only about 3 out of 10 properties in the area will be at or below the LHA rate;

- **Introduction of Caps and Excess Entitlement**

Since April 2011, there have also been caps placed on the amount of LHA that can be received, with the maximum rate based on no bigger than a four bed property. The entitlement to keep up to £15 excess payment of LHA has also been removed;

- **Sharing Rate**

From 1st January 2012, single people aged from 25 to 34 who rent from a private landlord will only be entitled to the Housing Benefit shared accommodation rate, irrespective of the size of accommodation actually rented. Depending on where the private tenant lives, this could see a reduction in benefit of up to £40 per week.

These changes could mean that:

- Low income households may have to forfeit their existing properties as they can no longer afford the difference between the rent and the LHA payment;
- Additional people will seek accommodation in the limited number of cheaper/shared properties, or give up their independence and return to the family home;
- Social housing waiting lists may increase as the supply of affordable PRS properties declines;
- A rise in homelessness may result;



- Investment opportunities may arise for landlords to respond to a market shortage of affordable rentable properties, however development or investment finance may be difficult to attain in the current lending environment.

Private Rented Sector in Ballymena Rural

Information for the PRS in Ballymena HMA is limited with most evidence drawn from local housing management and estate agents in the area.

During the housing boom housing stock increased throughout the villages, hamlets and open countryside in Ballymena HMA. A high percentage of this new build went to the PRS and has contributed to the revitalisation of rural communities through providing affordable accommodation and in some areas supporting a diversification in community through tenure mix, community background and ethnic origin mix. Estate agents comment that there is a good demand for PRS properties throughout the rural areas and that there are very few vacant PRS properties.

New build PRS dwellings are mainly semi-detached or terraced family accommodation; apartments in villages are ex Housing Executive properties or 'over the shop' accommodation. The increased level of PRS accommodation in rural areas of Ballymena HMA corresponds with a decrease in social housing.

Coastal areas in Ballymena HMA have a high number of holiday homes with some owners renting their properties to provide an income or cover mortgage payments. The National Trust owns a significant number of properties in Cushendun village.

Tenancy management issues

In 2006 the HCS found that 89% of tenants claimed to have a good relationship with their landlord or letting agent. Approximately 83% of tenants were satisfied or very satisfied with the overall service provided.

As outlined earlier in this section, the PRS has typically been associated with poor housing conditions, and some of this was linked to a legacy of poor tenant/landlord relationships and wider tenancy management issues. As mentioned, in Northern Ireland the highest rate of failure to meet the Decent Homes standard within occupied stock in 2006 was found in the PRS at 27%. This was the highest rate for all occupied dwellings at that time. In 2009, the figure had fallen significantly to 17% but still remained the highest for all occupied stock.

Houses in Multiple Occupation (HMOs)

HMOs are defined as dwellings containing more than one household. The Housing Market Review and Perspectives (2009) reports that, according to the most recent figures, there are 10,000 HMOs in Northern Ireland. This type of accommodation plays a key role in meeting the housing needs of people who are single, who have temporary employment, those on low incomes, students and increasingly since 2004 migrant workers. HMOs are now within a statutory registration scheme which will ensure management standards improve.

In 2011, there were 59 registered Houses in Multiple Occupation in Ballymena LGD, 9 in Ballymoney LGD and 6 in Moyle LGD. The majority were located in the main settlements of each LGD.



Inter-tenure flows

It is clear that the growth of the PRS in Northern Ireland and its co-existence with owner-occupation means that these two private sector parts of the housing system are likely to co-evolve. There is evidence that, particularly since 2007, the PRS has displaced much of the potential market for the owner-occupied sector, particularly in the first time buyer market. In several research interviews, it was argued that landlords were able to out-bid potential first time buyers.

The relationship between the PRS and social renting is both complex and significant if the PRS can contribute to meeting housing need, particularly where the potential for additional social housing stock remains limited in areas of need. Evidence from on-going Housing Executive research on the PRS suggests that key actors from the social housing sector clearly felt that the PRS is substituting for social renting. One commentator argued that, despite reduced security of tenure, the PRS offered flexibility, quality and a different lifestyle without the perceived stigma of social housing. One Government spokesman argued that competition between the PRS and the social rented sector is more evident in suburban towns.

When assessing whether the PRS can make a larger contribution to meeting housing need it is important to quantify and identify the consumer. If the growth in private renting is simply meeting the requirements of households who would have previously been buying property unassisted or on the open market, then that growth holds little advantage for meeting the needs of those traditionally reliant on the social rented sector. On the other hand, if the sector is accommodating people in housing stress who are not finding their way into social housing, then there is a case for examining if their accommodation needs are being met adequately. Evidence gathered at local level suggests that the PRS is providing accommodation for people who traditionally would have applied for social housing. This is evident from the proportion of PRS tenants who are welfare dependant. The question is whether the PRS can meet the needs of all prospective social housing tenants, especially the most vulnerable.

In a study for the Housing Executive, Newhaven Research (2010) suggested that rapid growth in the PRS since 2000 has been accompanied by a rapid increase in the number of households assessed to be in housing stress. This may indicate that while the PRS may be providing easy access to housing, for many private tenants it is not perceived as a permanent or even satisfactory solution.

The evidence from that research suggested that the PRS was perceived by a significant and growing number of landlords primarily as an investment and by tenants as a temporary housing solution while awaiting a more secure tenancy through the social housing market. On that basis, the research concluded that trends in sector size alone would have limited significance for meeting long term need.

Despite the notion that the PRS failed to make a major contribution to addressing unmet need, it does not mean that the sector would be unable to develop long term leasing or other protective measures that would protect both the tenant and landlord.

On balance, the PRS is thriving and if managed could provide a sustainable housing option offering choice, quality and stability. In Northern Ireland, the choice and flexibility of the PRS, together with the lack of building overheads for the tenant, and the availability of Private Housing Benefit has made the sector an attractive housing option. It could be argued that the previous breakdown of tenure was unsustainable and the current trend is simply the re-balancing of the housing market. There is a need to continue to monitor developments in all tenures, to understand what the future dynamics might be, and to plan for an integrated housing system that meets the needs of all, especially the most vulnerable.

Summary

As the PRS approaches a fifth of all housing in Northern Ireland, it is essential to better understand the dynamics of the sector, and how it can be integrated more effectively in to the housing market in order to provide a more sustained housing choice. The foundation of any such discussion should be based on understanding the complexity and inter-relationships of the entire housing system, and how it can be used for the maximum public good.

In spite of the evidence available, analysis of the PRS continues to be constrained to some extent by the diffuse nature of the sector. Expert views on the sector exhibit uncertainty and contradictory analysis of the evidence and there is still little consensus on the role played by the sector and how it might evolve. Nevertheless, there are strong indications that in Ballymena HMA the PRS is a viable housing option for many for the foreseeable future, and interest in attaining home ownership has waned.

Changes in the way Private Housing Benefit is calculated, especially the Local Housing Allowance, and restrictions for applicants aged under 35, will cause affordability problems in the sector. There may be additional demand for Houses in Multiple Occupation to address the needs of those under 35, some of whom will choose to remain living in the parental home.

In Ballymena HMA, the overall indication from our estate agent consultation is one of a strong PRS market with demand driven by a reduced demand for owner occupation. How sustainable this is remains to be seen, particularly in the light of recent and imminent changes to Housing Benefit. Currently, lending restrictions and uncertain income security are reported as being the two main obstacles to owner occupation. This combined with the choice and quality of the PRS over the social rented sector, and the lack of commitment for expenditure, for example, rates, repairs and building insurance is driving the PRS forward. There is an increasing awareness that in the current economic climate the PRS is the best housing choice for many for the foreseeable future.



Key actors point to the importance of the future direction of the Northern Ireland economy in determining housing options. While there is a significant overhang of vacant property in Northern Ireland, there does seem to be strong housing demand but little sense of a supply recovery, at least until mortgage lending conditions in the buy to let market ease. While there is some uncertainty about the scope of the sector to make a major contribution to meeting the housing requirements of the most vulnerable, it is important to recognise the large proportions of households who would find unsubsidised private rents unaffordable.

Key Issues

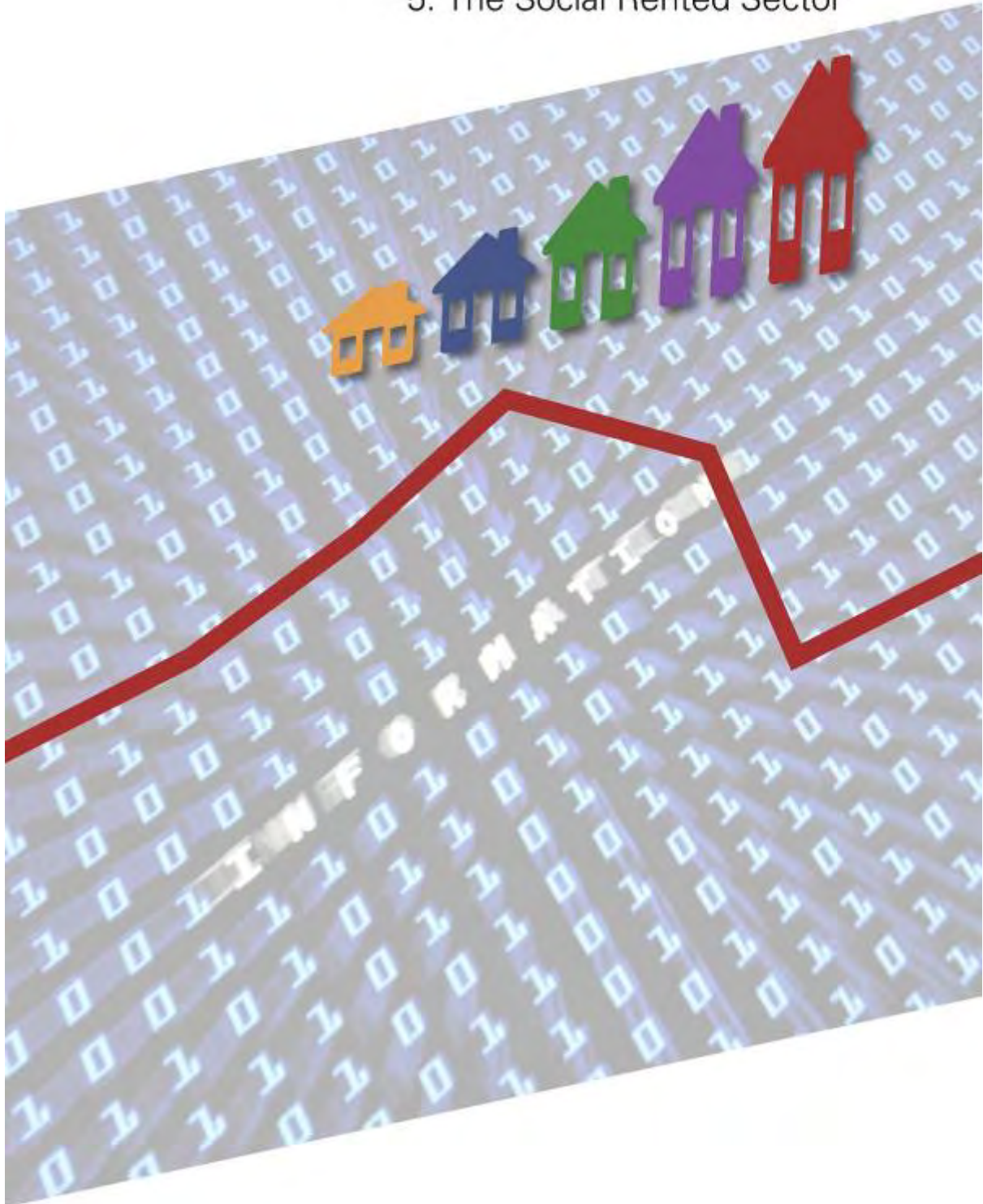
In Ballymena HMA the PRS has increased its tenure share of the market and is making a marked contribution to meeting housing need;

- Private rental properties are located throughout Ballymena HMA with the highest concentration in the centre of Ballymena town;
- There are few vacancies in the PRS;
- Welfare Reform is likely to impact on the ability of some households to access suitable private rental accommodation;
- There are indications that households do not see this tenure as a long term housing option;
- Further research into the nature and operation of the PRS at HMA level and below is necessary.



Private housing development in Ballymena Borough

5. The Social Rented Sector



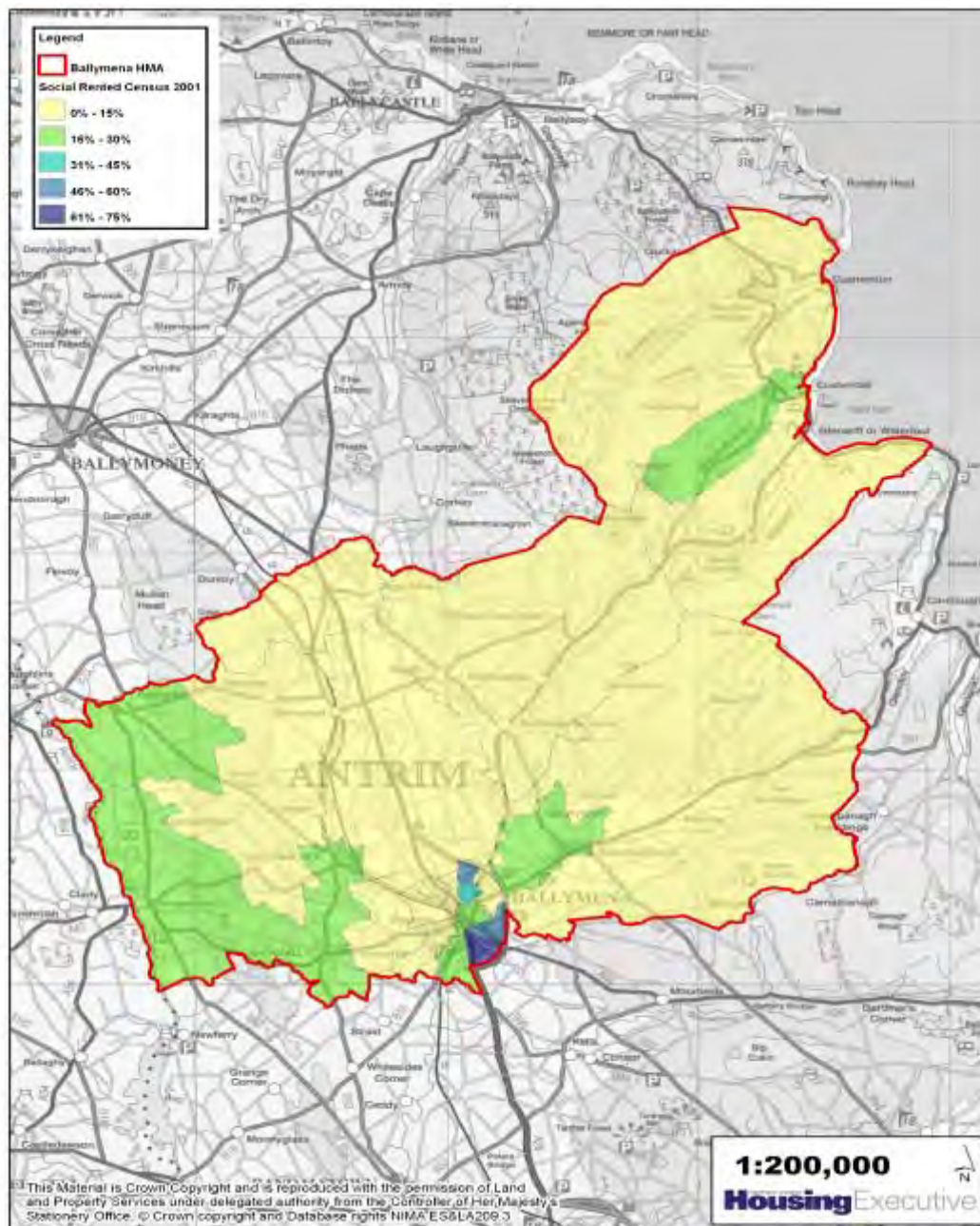


5. BALLYMENA HMA: The SOCIAL RENTED SECTOR

Introduction

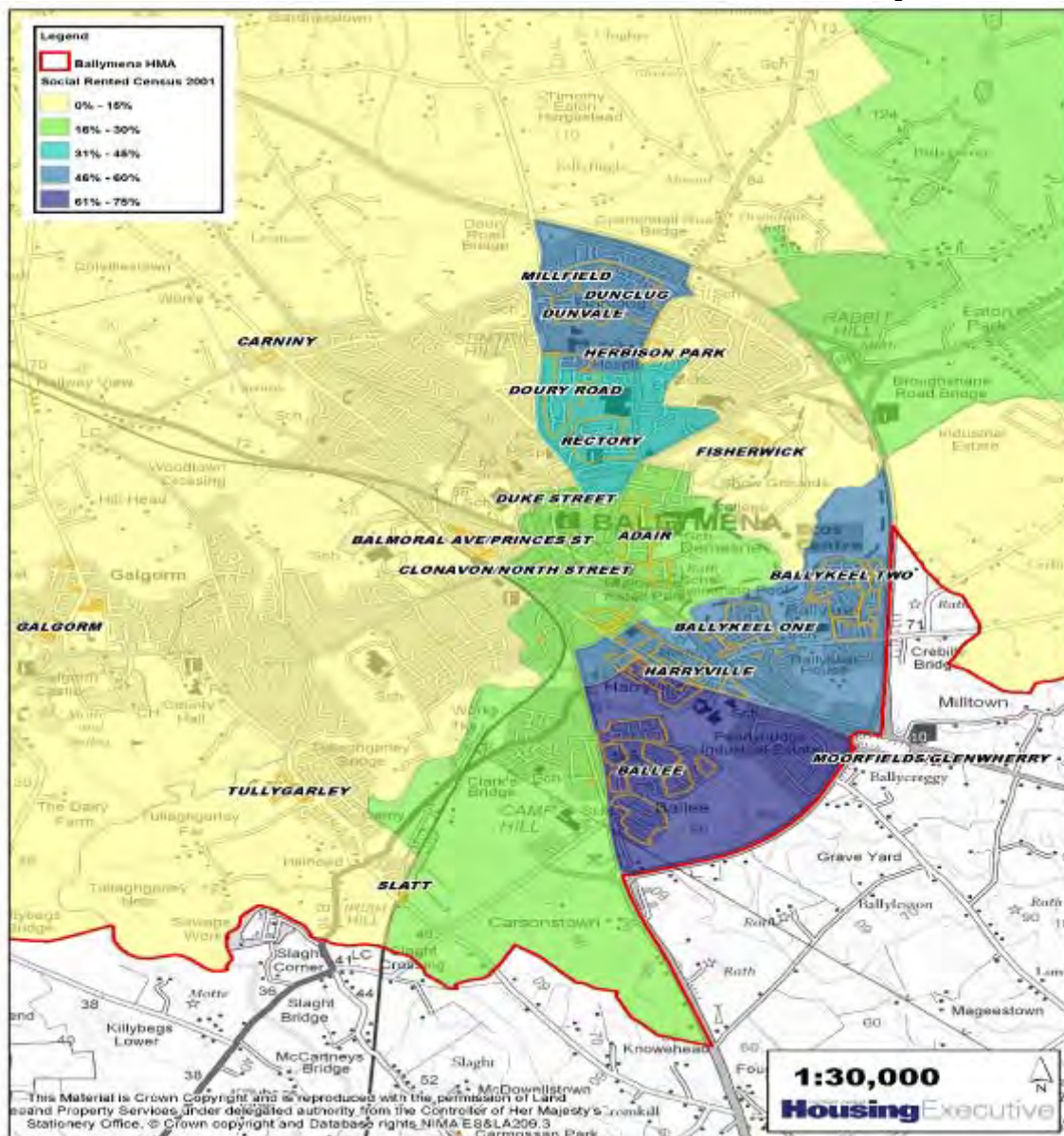
This chapter examines the social rented sector. It looks at the changing profile of social housing provision and its occupants as well as the expressed demand for the sector.

Map 8: Percentage of households living in social rented sector in 2001, at ward level



Source: Census, 2001

Map 9: Percentage of households living in social rented sector in 2001, at ward level and location of Common Landlord Areas within Ballymena HMA



Source: Census, 2001

Maps 8 and 9 illustrate the percentage of households at ward level living in the social rented sector in 2001 in Ballymena HMA. In Ballymena town the highest percentage is recorded in the Common Landlord Areas (CLAs) of Ballee and Harryville, followed by Ballykeel 1 and 2, Millfield, Dunclug, Dunvale and Herbrison Park.



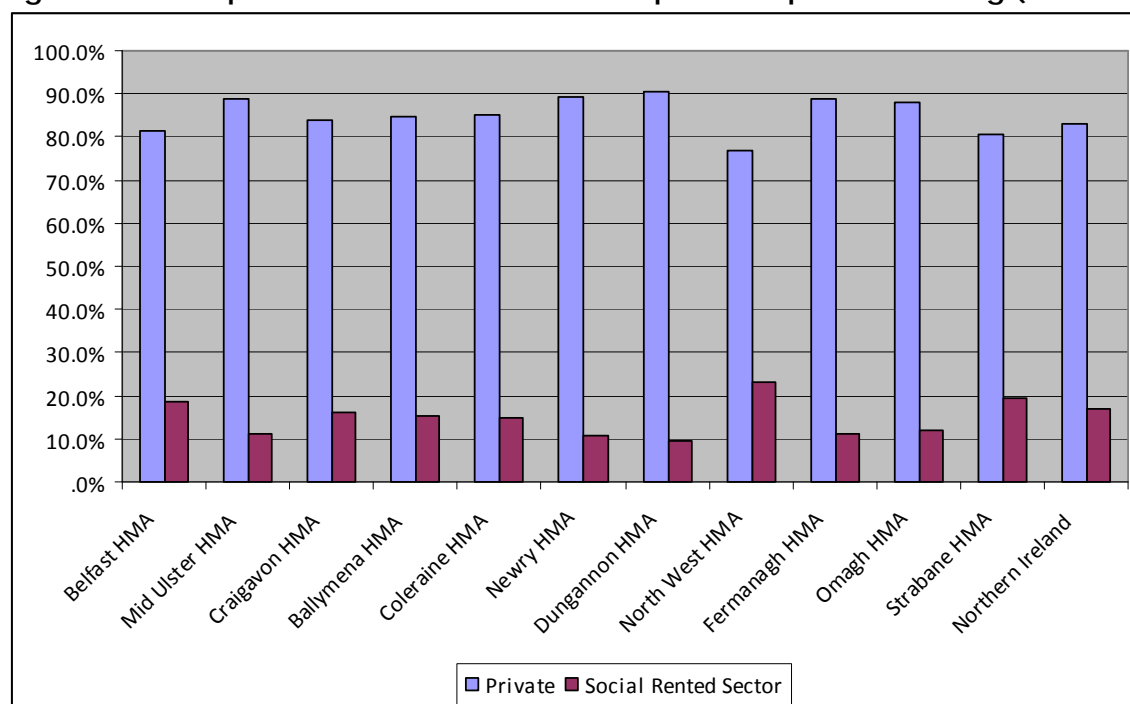
Profile of the social housing stock

Numbers and spatial distribution of social housing

At March 2011, Housing Executive owned approximately 90,000 dwellings across Northern Ireland. At March 2010, housing associations managed 26,800 self-contained dwellings and a further 4,500 units of non-self-contained units.

Figure 17 compares the percentage of households in social or private housing across all HMAs in Northern Ireland. In 2006, there were 23,173 households in Ballymena HMA and of these, some 3,531 households rented from social landlords. This represented 15.2% of all households in Ballymena HMA and compares to a Northern Ireland figure of 17%. Of the 11 HMAs across Northern Ireland, Ballymena HMA had the 5th highest percentage of households living in the social rented sector.

Figure 17: Comparison of HMA households in public or private housing (All HMAs)



Source: HCS 2006

The percentage of households in the social rented sector is however continuing to decrease in Ballymena HMA with the ongoing numerical increase of households in owner occupation and the growth of the PRS.

Changes in stock numbers over time

The decline in social rented stock has been primarily driven by the sale of Housing Executive dwellings, which has outweighed construction of new social rented dwellings by all social landlords. Between 2001 and 2010 there were 31,811 Housing Executive dwellings sold in Northern Ireland however, over the same period 10,350

social housing dwellings were constructed. In common with the rest of the UK, sales began to fall away in 2005/06.

Aside from modifications to the eligibility criteria in respect of house purchase, the decline in house sales has been shaped by changes in the profile of the stock and the tenant base plus wider housing market conditions¹⁵.

Table 24: Social rented sector completions and NIHE sales by LGD 2001 to 2010

Area	Total 2001-2010		
	No social completions	No NIHE sales	Completions as % of sales
Northern Ireland	10,350	31,811	32.5
Ballymena	82	969	8.5
Ballymoney	13	484	2.7
Moyle	2	302	0.7

Source: NINIS (2011) Social rented completions and no sales to 2009/10

Table 24 illustrates that between 2001 and 2010 some 1,755 Housing Executive dwellings were sold in the LGDs of Ballymena, Ballymoney and Moyle. During this period there were only 97 social new build completions in these three LGDs combined. Social housing completions in this period represented 5.5% of Housing Executive sales.

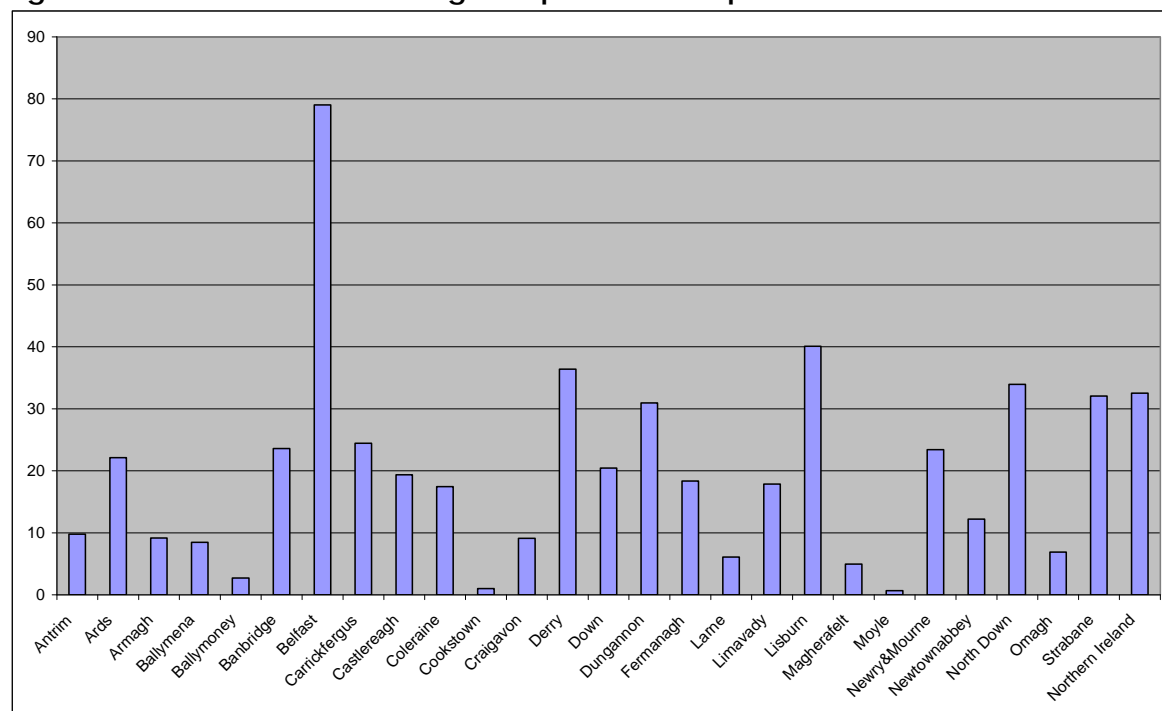
The contrast in Housing Executive sales and social new build completions was most pronounced in Moyle LGD where there were 302 Housing Executive sales and only two new social new build units completed. The 'replacement ratio' for Ballymena, Ballymoney and Moyle LGDs was therefore much lower than the Northern Ireland average of 32.5%¹⁶.

¹⁵ There was a modest upturn in sales in 2009-10 which may reflect the expansion of the NIHE sale scheme to incorporate equity sharing, starting at 25%.

¹⁶ Housing associations also acquire existing dwellings, including some in need of modernisation. Numbers of such dwellings are low (200-250 pa for Northern Ireland) Acquisitions increased prior to 2007 but have fallen back as cheaper land and construction costs have made new build more affordable.



Figure 18: Social rented housing completions as a percent of NIHE sales 2001-2010



Source: NINIS (2011) social rented completions as % of NIHE sales (replacement ratios)

Looking across all LGDs in Northern Ireland, Figure 18 shows that over the period 2001- 2010, the replacement ratio ranged from 0.7% in Moyle to 79% in Belfast City. Housing associations have traditionally found it difficult to acquire land in areas of concentrated housing need in Ballymena HMA. Examples include central Ballymena town and villages such as Broughshane and Cushendall. High land prices at the height of the housing boom severely restricted housing association activity and Housing Executive land transfer and 'marker' schemes made up the bulk of the Social Housing Development Programme (SHDP). Housing Executive land transfer schemes included sites in Portglenone, Cullybackey and Ahoghill.

The decline in land prices with the downturn in the housing market has produced more opportunities for housing associations to acquire land and there has been a recent increase in social new build development in Ballymena HMA. This has included schemes in areas such as Broughshane and Ahoghill. Social housing completions however remain totally inadequate in meeting increasing housing demand in Ballymena HMA.

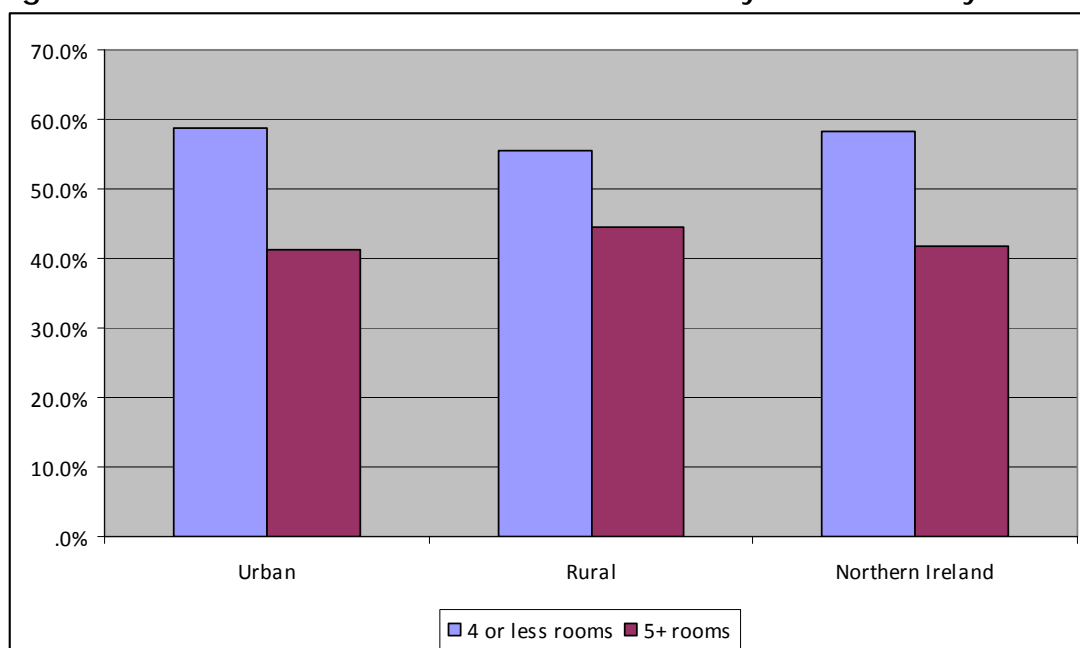
Most social housing new build schemes in Northern Ireland comprise of projects that involve less than 100 units. All of the SHDP schemes in the Ballymena HMA are less than 50 units. In Ballymena rural all schemes have been less than 20 units with the exception of Broughshane (48 units).

Dwelling attributes

Size and dwelling type

Figure 19 shows that 58.2% of social rented stock in Northern Ireland is comprised of four rooms or less. This reflects the trend to build smaller units and the fact that a much higher share of family size dwellings containing five or more rooms have been sold. In the urban environment this is reflected with 58.7% of social rented stock comprising four rooms or less. A slightly smaller percentage is recorded rurally with 55.4% comprising four rooms or less.

Figure 19: Breakdown of social rented households by Urban/Rural by No. of rooms



Source: HCS 2006

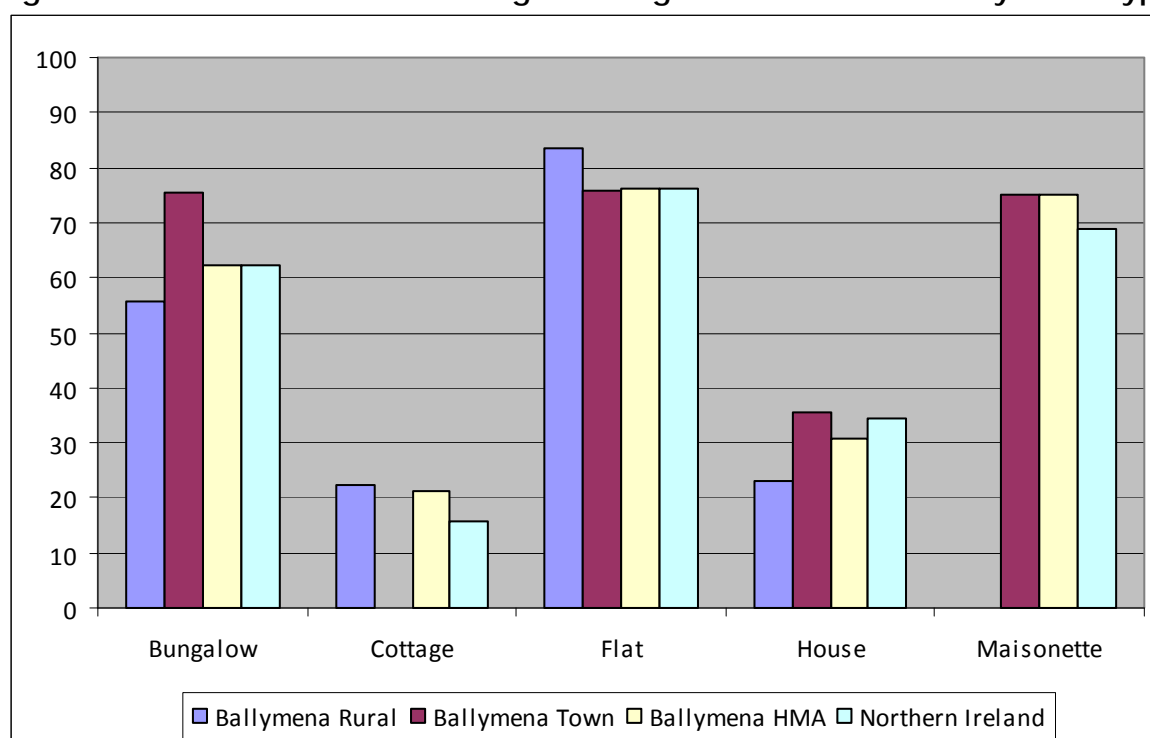
Since the House Sales Scheme was introduced in 1979, the number of Housing Executive stock in Northern Ireland has decreased by 57% (at the end of March 2011). This has been predominantly as a result of sales and to a lesser extent selective demolition. In 1979 the total stock in Ballymena HMA numbered 7,142 and by end March 2011 this numbered 2,904, a reduction of 59%. The largest percentage reduction of stock in Ballymena HMA has been in Ballymena rural (67%) whereas the largest numerical reduction has been in Ballymena town (2,347 units).

Areas of Ballymena town have undergone extensive regeneration and demolition programmes in order to rationalise Housing Executive stock and remove low demand social housing. By June 2011, a total of 776 units had been demolished in Ballymena town. These demolition programmes included 242 units in Ballykeel 2; 30 units in Ballykeel 1; 69 units in Ballee; 110 units in Dunclug; 302 units in Doury Road and 23 units at Fisherwick. This demolition programme is now nearing completion. At end of June 2011, planned demolitions included 23 units.



Figure 20 compares Housing Executive stock by house type at March 2011 as a percentage of Housing Executive stock in 1979. This illustrates that at Ballymena HMA and Northern Ireland level, the largest reduction in dwelling type over this period was houses. In Ballymena rural however, there has been a larger reduction in houses (77%) than Ballymena town (65%). These reductions demonstrate the popularity of this dwelling type, particularly in the rural sub-division. By contrast the dwelling types with fewest sales at Ballymena HMA and Northern Ireland levels are both maisonettes and flats, indicative of the lack of appeal of these dwelling forms. At Northern Ireland level, 76% of flats and 69% of maisonettes that were owned by Housing Executive in 1979 remain.

Figure 20: NIHE 2011 stock remaining for letting as a % of 1979 stock by house type



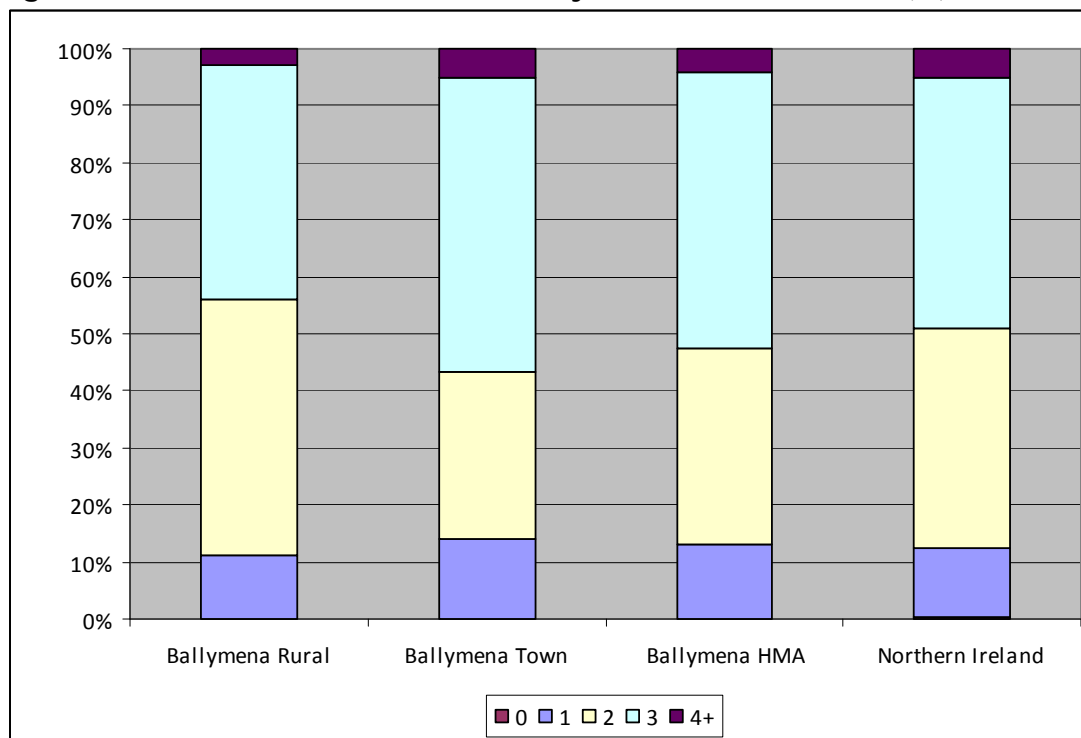
Source: NIHE Stock Data, April 2011

Housing Executive 2011 stock distributions by dwelling size and by dwelling type are shown in Figures 20 and 21. A breakdown of Housing Executive stock at March 2011 by number of bedrooms indicates that in Ballymena HMA, 48% of stock had three bedrooms, 34% had two bedrooms; 13% had one bedroom and the remainder had four bedrooms or more. This was broadly similar to the Northern Ireland figure for properties with either one bedroom and four bedrooms or more. Ballymena HMA however had just over a 4% higher percentage of Housing Executive properties with three bedrooms than the Northern Ireland figure. Conversely Ballymena HMA had just over a 4% lower percentage of properties with two bedrooms than the Northern Ireland figure.

Within Ballymena HMA there was a significant variation in Housing Executive stock by number of bedrooms between Ballymena rural and Ballymena town. Figure 21 shows that in Ballymena town, 52% of Housing Executive dwellings had three bedrooms

compared to 41% in Ballymena rural. Conversely, in Ballymena town 29% of Housing Executive dwellings had two bedrooms compared to 45% in Ballymena rural.

Figure 21: NIHE 2011 Stock distribution by number of bedrooms (%)



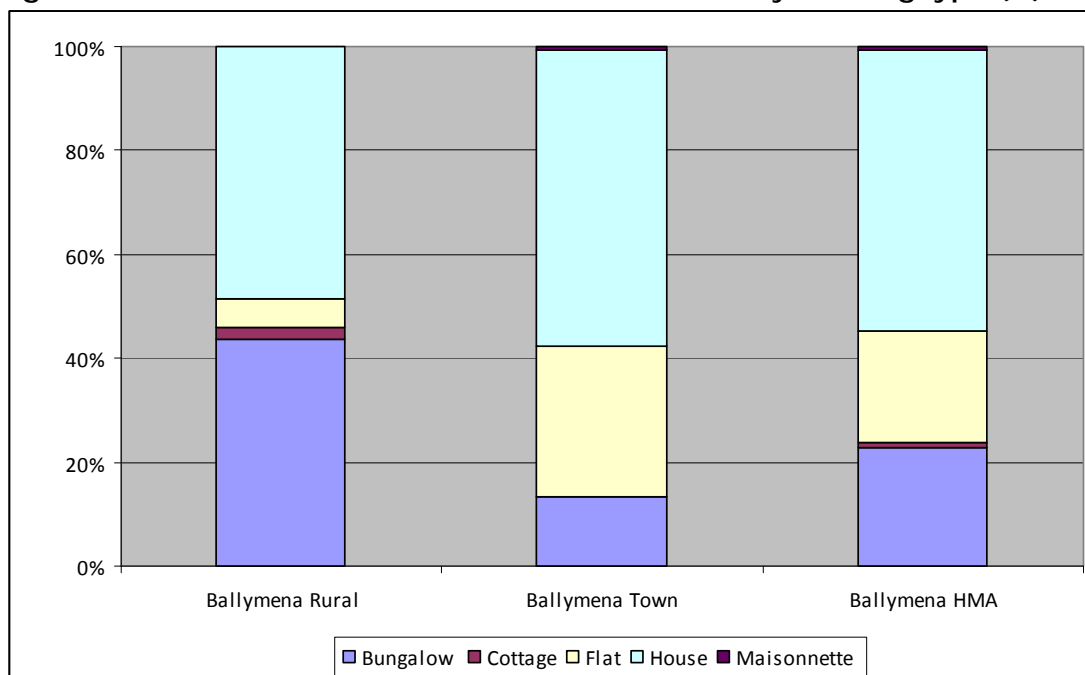
Source: NIHE Stock Data, April 2011

Housing Executive stock distribution at the end of March 2011 by dwelling type in Ballymena HMA and the town and rural sub-divisions is shown in Figure 22. Houses account for the largest percentage of dwelling type at all three levels. Bungalows however account for almost 44% of Housing Executive stock in Ballymena rural compared to 13% of stock in Ballymena town. This reflects the popularity of bungalows as a house type in rural areas and an historical availability of sufficient land in rural areas to build this house type.

Flats account for a low percentage of dwellings in Ballymena rural (5%). Although a significant number of flats have been demolished in Ballymena town, the remaining flats make up almost 30% of Housing Executive stock in this sub-division. This reflects an historic approach that flats offered a technical and economic advantage in areas of high population density and where the availability of land was more restricted. There are no maisonettes in Ballymena rural and no cottages in Ballymena town.



Figure 22: Current NIHE Stock 2011 Stock Distribution by dwelling type (%)



Source: NIHE Stock Data, April 2011

A definitive breakdown of housing association stock by number of bedrooms or dwelling type is not currently available. It is therefore difficult to determine these subsets with great accuracy. Qualitative research carried out with housing associations in Ballymena HMA however, suggests that housing association stock is mainly comprised of dwellings with two or three bedrooms with houses being the predominant house type.

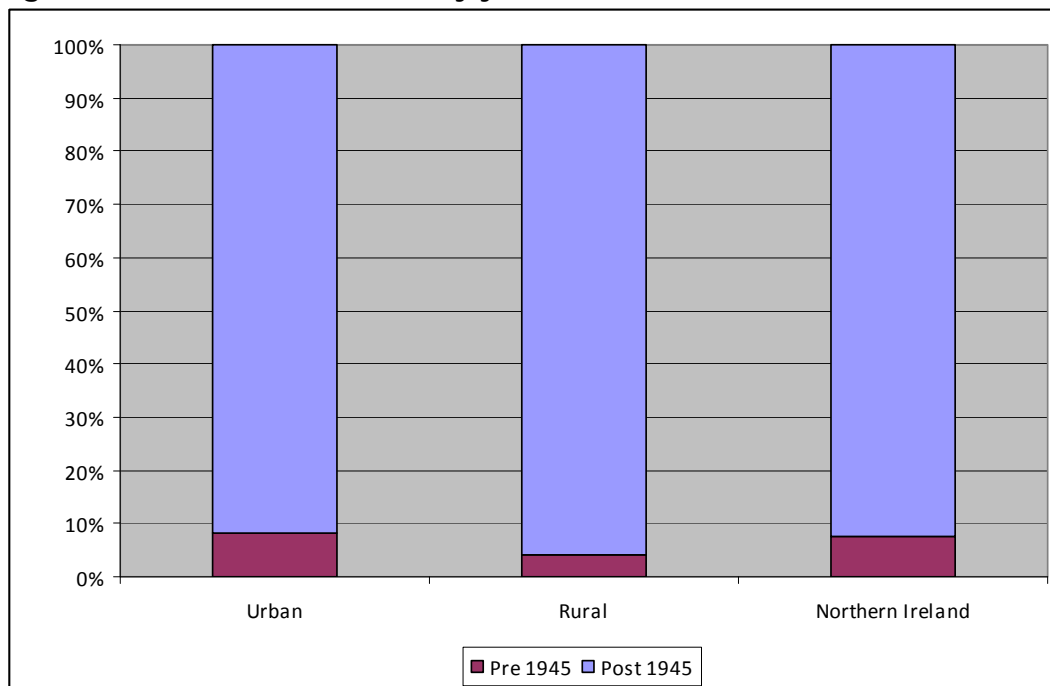
Housing association schemes in Ballymena HMA currently under development or included in the SHDP consist largely of two and three bedroom housing mixes. A number of these schemes also include a small percentage of flats. With current Department for Social Development (DSD) restrictions, the development of bungalows is subject to strict criteria and therefore very limited.

Dwelling age

Figure 23 shows the distribution of social housing stock in Northern Ireland by year of construction and provides a breakdown by urban and rural sub-divisions. Over 90% of Housing Executive stock was constructed from 1945 onwards. This is largely reflected in both urban and rural areas however, urban areas had a lower percentage of stock constructed post 1945 (91.8%) than rural areas (95.8%).

With reference to the total stock number at 2006 in the social housing sector in Northern Ireland, the majority of social housing stock was constructed in the period 1965 – 1980 (36%) followed by the period post 1980 (32%).

Figure 23: Social rented stock by year of construction



Source: HCS, 2006

Housing association stock largely comprised of dwellings constructed after 1980 (80%) or pre-1919 (11%) dwellings that were acquired and brought up to modern standards. This reflects the change in housing legislation in Northern Ireland, transferring the function of developing social new build to housing associations from Housing Executive.

Table 25: NIHE Stock 2011 by year of construction

Area	District Total					Total
	Pre 1919	1919-1944	1945-1964	1965-1980	Post 1980	
Ballymena	28	57	618	1,793	259	2,755
Ballymoney	4	127	531	638	165	1,465
Moyle	17	40	222	402	147	828

Source: NIHE (November 2011)

Table 25 provides a breakdown of Housing Executive stock at November 2011 at LGD level and year of construction. The stock total combined in Ballymena, Ballymoney and Moyle LGDs numbered 5,048 units with 2,833 (56%) units constructed in the period 1965-1980. Only 5.4% (273 units) of remaining Housing Executive stock was constructed pre 1945. The transfer of the new build function to housing associations is evident in the table with 11% of Housing Executive stock constructed post 1980.

Rents

Over the past decade, the average public sector rent in Scotland and Northern Ireland has remained below the comparable rent for England and Wales. Between 2001-2 and 2009-10, the average annual Housing Executive rent increase was 3.4%.



This was above the average annual increase in the retail price index (RPI of 3%) and consumer price index (CPI of 2%) for this period, but below the annual average UK public sector rent increase of 4.1%.

In 2010/11 the average Housing Executive weekly rent was £52.76, which was lower than the average weekly housing association rent of £81.69 in 2010/11.

Housing Executive rents are 'pooled' and reflect the type, size and age of dwellings and (where applicable) the provision of certain amenities or services. Any variation in the average rent between one area and another is therefore simply a reflection of variations of Housing Executive housing stock. It is understood that Housing Associations do not generally 'rent pool' in the same way with individual rents being set for each development based on costs to provide/construct.

Profile of existing social rented tenants

Household composition at 2006

Over time there has been a decline in the number and proportion of couple households and families in the social rented sector. There has also been a decline in the proportion of tenants in employment and an increase in the proportion of tenants who are economically inactive. Moreover, tenants who are in work tend to be in lower paid occupations and often work part-time. These long-term trends reflect the fact that the social rented sector now mainly accommodates households who cannot afford to secure private rented or owned housing that is appropriate for their circumstances from their own resources.

Appendix 10 illustrates the profile of social renting households at Northern Ireland level and provides a breakdown at urban and rural sub-divisions. The figures show that approximately one third of tenants in social housing across Northern Ireland are aged 60 plus and retired. Whilst the age profile is the same across both urban and rural sub-divisions, the percentage of retired renters is lower in rural than urban areas. Forty-nine percent of households in social housing are now one person households, again similar in both urban and rural areas. This may be both a reflection of the trend towards an ageing population and increasing rates of marital breakup and divorce.

Eighteen percent of tenants in Northern Ireland are employed and 96% of households have a banded income of less than £29,999. Twenty percent of households have an income of less than £7,000. This illustrates the economic difficulty that these households have in accessing other tenures.

There is limited statistically valid information on the socio-economic status of social rented tenants at sub-market level.

Economic status and incomes

Less than a fifth of tenants in Northern Ireland are in employment. This is slightly higher in the rural sub-division but lower in the urban. Although families and couples have higher rates of employment than single people or single parents, rates of

employment amongst all working age households are very low. Tenants are therefore heavily reliant on Housing Benefit and/or other state benefits.

The number of Housing Executive tenants in receipt of Housing Benefit in Ballymena HMA has remained static over the past number of years. In Ballymena LGD, 73% (1,969) of Housing Executive tenants were receiving Housing Benefit. The percentage was higher in both Ballymoney and Moyle LGDs with 80% (1,172) and 81% (674) respectively. The static trend of Housing Executive tenants in receipt of Housing Benefit in these LGDs is contrasted with the ongoing increase of tenants in the PRS in receipt of Private Housing Benefit.

In Chapter 2, the income of tenants in the social housing sector was discussed and it was reported that in 2006 the HCS found the mean income of social rented tenants in Ballymena HMA was £11,900. This compared to a mean income of £21,000 for households in the owner occupied sector in Ballymena HMA. This illustrates the financial gulf between incomes of households in the social rented sector and households in other tenures.

The mean income across all tenures in Ballymena HMA and Northern Ireland was £18,700 and £19,100 respectively (see Table 6).

The fact that the majority of tenants report incomes of around £10,000 or less, alongside very substantial rises in fuel costs have increasingly become the main factors associated with the continuing problem of fuel poverty in the social rented sector. In 2009, it was estimated that 55% of households in the social rented sector were assessed to be fuel poor compared to 44% of households across all tenures.

Annual supply of social housing

Lettings from 2003 to 2011

In terms of the ability of the social rented sector to respond to those looking to be rehoused in the sector, the annual flow of lettings is of much greater significance than stock numbers. Table 26 shows the number of lettings by sub-division from 2003 to 2011 inclusive and exclusive of lettings to households transferring from one house to another within the social rented sector. The figures in Table 26 are based on relets of existing Housing Executive stock plus allocations of new and existing housing association stock. Table 27 presents comparable information for Housing Executive relets from 2005 to 2011.

Tables 26 and table 27 illustrate that, in the period 2003 to 2011, social housing supply has fluctuated in Ballymena HMA. Lettings were fairly stable from 2003 to 2006 but decreased substantially between 2006 and 2008 and reached their lowest level at 2008.

A number of factors contributed to this trend of reducing supply. One likely reason for this decline was that rising house prices in the years prior to 2008 reduced the ability of working households on modest incomes to move out of the social rented sector. This period also saw the stabilisation and regeneration of a number of areas



in Ballymena HMA, increasing the popularity of these places to live. The decline in relets was accompanied by increased levels of housing stress in parts of Ballymena HMA. This has been evident in areas of Ballymena town and villages such as Ahoghill and Kells. The low level of social housing development in Ballymena HMA in this period meant that the decline in relets from 2006 – 2008 was not compensated by the introduction and allocation of newly constructed properties.

There was a 39% increase in allocations over the period 2008 to 2010 in Ballymena HMA. The level of social new build remained relatively low and the increase in lettings cannot be fully explained by the introduction of new properties to the social housing sector. Some former tenants may have moved back to their parental home or, in the case of migrant workers, returned to Europe. It is clear however that there was a substantial increase in tenants leaving the social housing sector. It is also apparent that the PRS was playing a larger and more important role within the housing market during this period.

Qualitative research carried out with local estate agents has highlighted the buoyant PRS and its popularity in the general area. Local District Office's also reported a trend of increasing tenancy terminations by tenants moving into the PRS in certain areas at this time. This may be a short term trend but it contributed to the increase in social housing stock turnover in this period. The static figure of Housing Executive tenants receiving Housing Benefit and the ongoing increase in the number of tenants in the PRS receiving Private Housing Benefit assistance would seem to confirm this tenure shift. A decrease in relets in 2011 may suggest that this tenure shift has slowed down as the availability and volume of new build private rented stock has decreased.

The tenure shift from social housing to the PRS suggests that the expansion of private renting has made it easier for social tenants to give up or abandon their tenancy. Whether the incoming amendments to Housing Benefit and the Local Housing Allowance (LHA) will impact on this trend is an open question and is something that should be monitored.



Social housing development – Rocavan Meadows, Broughshane

Housing Market Analysis

Ballymena Housing Market Area



Table 26: Ballymena HMA social rented sector allocations by applicant type and sub market , 2003-11

Area	NI				Ballymena HMA				Ballymena Town				Ballymena Rural			
Year	All	Wait List	Transfer	% Wait List	All	Wait List	Transfer	% Wait List	All	Wait List %	Transfer	Wait List %	All	Wait List	Transfer	% Wait List
2003	11,298	8,258	3,040	73	379	280	99	74	276	205	71	74	103	75	28	73
2004	10,665	7,899	2,766	74	385	286	99	74	287	207	80	72	98	79	19	81
2005	9,568	7,153	2,415	75	317	248	69	78	225	178	47	79	92	70	22	76
2006	9,802	7,472	2,330	76	358	283	75	79	260	210	50	81	98	73	25	75
2007	8,978	6,916	2,062	77	276	211	65	76	199	152	47	76	77	59	18	77
2008	8,194	6,370	1,824	78	225	187	38	83	160	129	31	81	65	58	7	89
2009	9,418	7,318	2,100	78	289	211	78	73	208	153	55	74	81	58	23	72
2010	10,751	8,278	2,473	77	337	259	78	77	221	170	51	77	116	89	27	77
2011	9,531	7,266	2,265	76	315	242	73	77	222	169	53	76	93	73	20	79
2003-5 ave	10,510	7,770	2,740		360	271	89		263	197	66		98	75	23	
2006-8 ave	8,991	6,919	2,072		286	227	59		206	164	43		80	63	17	
2009-11 ave	9,900	7,621	2,279		314	237	76		217	164	53		97	73	23	

Source: NIHE: All NIHE and HA allocations to social sector in year to 31 March each year; Ballymena HMA and sub-markets based on aggregation of CLA and LHA figures

Table 27: Ballymena HMA NIHE relets, by applicant type and by sub-market 2005-11

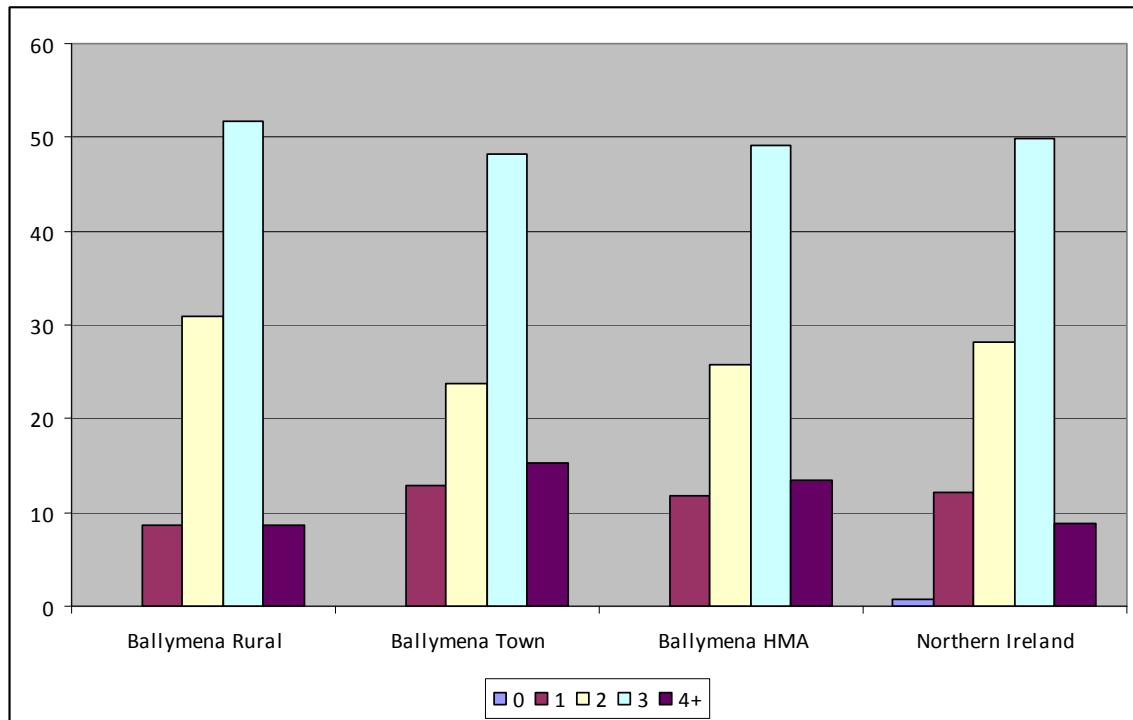
Area	NI		Ballymena HMA		Ballymena Town		Ballymena Rural	
Year	Housing Stress	Relets	Housing Stress	Relets	Housing Stress	Relets	Housing Stress	Relets
2005	15,574	7,248	523	245	349	175	174	70
2006	17,228	6,842	669	285	457	212	212	73
2007	19,707	6,223	792	212	546	153	246	59
2008	21,364	6,664	920	186	611	128	309	58
2009	20,499	7,264	849	213	589	155	260	58
2010	19,716	7,729	846	251	592	166	254	85
2011	20,967	7,468	907	242	643	169	264	73
2005-8 ave	18,458	6,744	726	232	491	167	235	65
2009-11 ave	20,394	7,487	867	235	608	163	259	72

Source: NIHE allocations to social in year to 31 March each year; Ballymena HMA and sub-markets based on aggregation of CLA and LHA figures

Variation in lettings by sub-market and dwelling size

The variations in the number of lettings and dwelling size vary from one sub-market area to another. This variation generally reflects differences in the volume of social rented stock in each sub-market. Figure 24 shows the distribution of Housing Executive relets by dwelling size for the period April 2010 to March 2011 at Ballymena HMA and Northern Ireland levels.

Figure 24: NIHE % Allocations by no. of bedrooms Apr 10 – March 11



Source: NIHE Prawl, March 2011

Figure 24 indicates that:

- Most relets comprise of smaller dwellings with three or less bedrooms. Almost 26% of all Housing Executive relet properties in Ballymena HMA contain two bedrooms. Just over 49% of relets contain three bedrooms. These percentages are similar to the Northern Ireland figures;
- 13.5% of relets in Ballymena HMA contain four or more bedrooms, higher than the Northern Ireland figure of 8.9%;
- Relets by number of bedrooms vary between Ballymena rural and Ballymena town. The combined percentage of two and three bedroom relets in Ballymena HMA is higher in Ballymena rural (83%) than Ballymena town (72%). The percentage of relets of properties with one bedroom and four bedrooms or more is higher in Ballymena town.

Housing Market Analysis

Ballymena Housing Market Area



Applications for social housing

Changes in total applicant numbers

The potential 'demand' for social housing can be assessed in different ways but the simplest is by reference to the total number of households that have applied for social housing. Table 28 therefore shows trends in the total number of applicants recorded on the Common Waiting List (CWL) at the end of March each year.

Table 28: Total number of applicants on Common Housing Waiting List at March 2003-11

Area	Year									change 2003-11	Stock 2011	% of Apps NIHE stock
	2003	2004	2005	2006	2007	2008	2009	2010	2011			
Ballymena Town	637	745	773	885	1,008	1,144	1,103	1,015	1,060	423	1,606	66.0
Ballymena Rural	347	350	374	434	478	573	511	495	531	184	919	57.8
Ballymena HMA	984	1,095	1,147	1,319	1,486	1,717	1,614	1,510	1,591	607	2,525	63.0
Northern Ireland	26,819	27,581	29,674	31,967	36,217	39,688	39,013	38,120	39,891	13,072	90,028	48.7

Source: NIHE Common Waiting List- figures relate to 31 March each year

Notes: Figures exclude 200 to 250 cases each year that could not be assigned to any geography

In 2011, there were 1,591 applicants that wished to be considered for housing in Ballymena HMA. This amounts to a 63% increase on applicants on the waiting list from 2003 compared to a 49% increase at Northern Ireland level.

The period 2003 to 2008 saw the number of applicants increasing sharply in Ballymena HMA at 74%. This increase was highest in the Ballymena town sub-division and was particularly evident in Adair/Demesne and Harryville CLAs. In the rural sub-division, villages such as Broughshane, Cullybackey, Kells and Ahoghill also saw high increases in waiting list numbers.

As previously discussed, a number of factors impacted on the waiting list at this time. These included rising house prices, household's inability to enter the owner occupied sector, rising land prices, housing association difficulty in securing land to develop new social housing and existing tenants inability to access other tenures. From 2008 to 2010, total applicant numbers fell in Ballymena HMA as opportunities for renting in the PRS increased. An increase in applicants was recorded in 2011, which may suggest that opportunities for renting in the PRS may now be decreasing. This again reflects the Northern Ireland trend.

These findings are consistent with perceptions that the build up of affordability pressures in the wider housing market has been reflected in the build up of accumulated 'demand' for social housing. When examined however, social housing demand in Ballymena HMA has increased at a much higher rate than at Northern Ireland level and currently supply is greatly inadequate in meeting demand in Ballymena HMA. This is unlikely to change significantly in the short term. House prices have decreased substantially in Ballymena HMA and across Northern Ireland however many of the other housing market issues such as households access to finance and lack of consumer confidence remain.

Social rented pressure ratios

An alternative measure of the potential 'demand' for social housing is to look at the total number of waiting list applicants at a given point in time relative to the amount of properties that become available for let to waiting list applicants in the previous 12 months.

Table 29: New applicant to let ratios annual average 2003 to 2011

	2003	2004	2005	2006	2007	2008	2009	2010	2011
Total numbers of waiting list applicants									
Ballymena Town	637	745	773	885	1,008	1,144	1,103	1,015	1,060
Ballymena Rural	347	350	374	434	478	573	511	495	531
Ballymena HMA	984	1,095	1,147	1,319	1,486	1,717	1,614	1,510	1,591
Northern Ireland	26,819	27,581	29,674	31,967	36,217	39,688	39,013	38,120	39,981
Total numbers of social rented lettings (excluding transfers)									
Ballymena Town	205	207	178	210	152	129	153	170	169
Ballymena Rural	75	79	70	73	59	58	58	89	73
Ballymena HMA	280	286	248	283	211	187	211	259	242
Northern Ireland	9,191	8,765	7,920	8,355	7,780	7,289	8,144	9,192	8,071
Ratio of new applicants (excluding transfers) to all (non transfer) lettings									
Ballymena Town	3.1	3.6	4.3	4.2	6.6	8.9	7.2	6.0	6.3
Ballymena Rural	4.6	4.4	5.3	5.9	8.1	9.9	8.8	5.6	7.3
Ballymena HMA	3.5	3.8	4.6	4.7	7	9.2	7.6	5.8	6.6
Northern Ireland	2.9	3.1	3.7	3.8	4.7	5.4	4.8	4.1	5.0

Source: NIHE common waiting list and NIHE all allocations in year to 31 March each year

Sometimes referred to as the social rented pressure ratio, this measure can be used to look at the average expected length of time a waiting list applicant may have to wait for re-housing. This measure is also sometimes used to look at the relative popularity of different areas. Ratios that approach one or two tend to be regarded as a potential indicator that a low demand problem may be emerging.

This ratio is only an approximate measure of waiting time because some applicants leave the list without being housed and applicants considered to be in housing stress are generally re-housed more quickly. Notwithstanding the limitations of the ratio, we believe it provides a useful measure of the relative 'demand' for housing in different areas as well as changes in relative demand over time.

Looking at waiting list to letting ratios for the period from 2003 to 2011, Table 29 shows:

- At both Ballymena HMA and Northern Ireland levels there has been a build up of pressure in the social rented sector over the period. This eased slightly in 2009 and 2010 mainly because of the upturn in lettings discussed earlier. Pressure had increased again in 2011;



- The increase in pressure on the social rented sector at Ballymena HMA and its sub-division levels has been substantially greater than at Northern Ireland level. At 2008, the ratio was 9.2 in Ballymena HMA compared to the Northern Ireland figure of 5.4. As per the Northern Ireland trend, pressure decreased in 2009 and 2010 and again increased in 2011. The table illustrates that the waiting list to letting ratio tends to be higher in Ballymena rural than in Ballymena town.

Waiting List applicants assessed to be in housing stress

Not all households that wish to be considered for social housing have a pressing housing need. The Housing Executive therefore assesses each applicant's circumstances against several criteria. These 'points based' criteria include insecurity of tenure, housing conditions, overcrowding, intimidation and health & social well-being. Applicants with 30 or more points are assessed to be in housing stress (NIHE, 2007). As O'Sullivan (2010) notes, these criteria are similar to the housing need indicators outlined in the Strategic Housing Market Assessment Guidance (DCLG, 2007).

Table 30 summarises the number of households on the waiting list assessed to be in housing stress from 2003 to 2011 and shows that:

- At Northern Ireland and Ballymena HMA level there was an increase in the total numbers of applicants on the CWL assessed to be in housing stress in the period from 2003 to 2008. The number reduced in 2009 and 2010 but increased in 2011;
- The percentage increase in housing stress in the period 2003 to 2011 in Ballymena HMA (109%) was much greater than at Northern Ireland level (61%);
- Ballymena town experienced a much higher level of housing stress increase (131%) than Ballymena rural (68%).

Table 30: Annual number of applicants in housing stress 2003-11

Area	Year									change 2003-11	% change 2003-11
	2003	2004	2005	2006	2007	2008	2009	2010	2011		
Waiting list applicants in housing need (30+ points and applied in last 5 years)											
Ballymena Town	278	314	349	457	546	611	589	592	643	365	131
Ballymena Rural	157	138	174	212	246	309	260	254	264	107	68
Ballymena HMA	435	452	523	669	792	920	849	846	907	472	109
Northern Ireland	13,047	14,163	15,574	17,228	19,707	21,364	20,496	19,716	20,967	7,920	61

Source: NIHE Common Waiting List- figures relate to 31 March each year

Comparisons with other evidence

It is widely acknowledged that some households in housing need may not register because they perceive their chances of re-housing to be low, due to the limited stock in some rural areas and low turnover. Depending on an applicant's area of choice, simply being in housing stress does not necessarily provide sufficient points to receive an offer as there may be a number of other applicants in greater need.

If people do not register, it can lead to a situation where a hidden need exists but is not apparent from the waiting list, which means that the new houses that are needed don't get built. In order to break this cycle in rural areas and determine if hidden need exists within an area, we carry out Rural Housing Needs Surveys (also known as Latent Demand Tests). These are designed to bring the possibility of new housing to the attention of households in need. We select approximately 10 rural areas across Northern Ireland each year and carry out an intensive information campaign to encourage anyone in genuine housing need to come forward and register on the waiting list. The level of interest gauged from the test helps determine the need for additional social new build.

Since 2002, Latent Demand Tests have been carried out in a number of areas within Ballymena HMA. These areas have included Clough Mills, Cushendun, Waterfoot, Buckna, Clough, Glenravel, Ballymarlow, Ballyconnelly, Moorfields and Grange Corner. In a number of these areas it was ascertained that there was a hidden need not evident on the waiting list and schemes were subsequently included in the SHDP to reflect this.



It is recognised that there is likely to be a degree of as yet unregistered social housing need within some rural locations. The Housing Executive's programme of Rural Housing Needs Surveys will continue to be implemented to identify such locations.

Annual flow of new (waiting list) applicants

The upward trend in the total number of waiting list applicants in housing stress clearly shows there has been an accumulated build up of pressure for social housing.

To provide some insight in relation to the extent to which this accumulated pressure has been due to a growth in the number of 'new' applicants assessed to be in stress over time, the annual flow of new waiting list applicants has been examined. The annual numbers of 'new' waiting list applicants for each year from 2003 to 2011 were identified by adding together:

- All waiting list applicants that had registered for re-housing in the 12 months to March; plus
- All non-transfer applicants that applied for and were re-housed in the 12 months to 31 March. These applicants were therefore identified through the allocations data.

Figure 25: Percentage change in annual numbers of new waiting list applicants in Ballymena HMA 2003-11

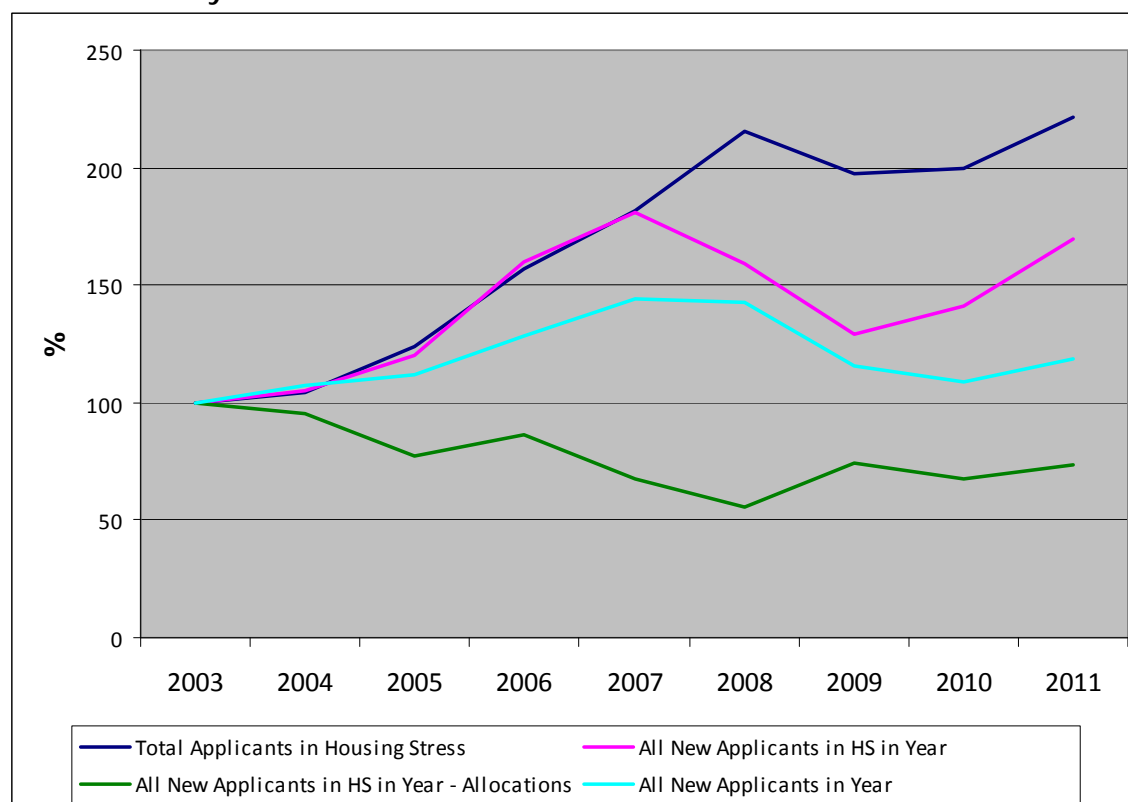


Figure 25 shows the number of applicants for each year split by whether the applicant was assessed to be in housing stress or not. In order to examine change over time, the numbers of applicants were calculated as a percentage of the number of new applicants for the year to March 2003.

Although caution should be used as the numbers are not fully comprehensive, Figure 25 shows that:

- Between 2003 and 2011, the total number of applicants in housing stress in Ballymena HMA has increased sharply. The number of new applicants in housing stress has fluctuated in this period but also increased substantially;
- The period 2008-2010 saw a dip in new applicants and new applicants in housing stress. One of the reasons for this trend was increased opportunity for housing in the buoyant Ballymena HMA PRS;
- There has been an increase in new applicants and new applicants in housing stress between 2009 and 2011. This may suggest that this tenure shift to the PRS may have slowed down as opportunity in that sector has reduced with the decline in private sector construction;
- The number of new applicants applying in each year has not increased substantially;
- The number of new applicants assessed as being in housing stress and re-housed within 12 months has decreased between 2003 and 2011. Allocations have been annually insufficient in meeting the need of these applicants throughout the period.

Overall, these figures suggest that the level of housing demand has increased dramatically in Ballymena HMA between 2003 and 2011 and remains acute. Although the total annual number of new applicants has not increased greatly, it would appear that the number of new applicants assessed as being in housing stress has increased sharply. Although lettings have increased since 2008, they fall short in meeting housing need in Ballymena HMA.

It can therefore be concluded:

- A growing share of households that have not been able to secure access to the owner occupied market have recently selected to rent privately and have not sought, and perhaps do not wish, to access social housing. It is unclear whether this will be a short or long term trend;
- Some households that may have traditionally sought social housing have perhaps selected to rent privately. On the other hand, a third of those applying for social housing currently rent from a private landlord. This suggests that for these households, private renting is a short term rather than permanent housing option;
- The build up in the total number of applicants in housing stress has meant that a smaller proportion of new applicants in housing stress are being housed within a year. This is consistent with the increase in the average time applicants in housing stress have to wait to be re-housed – as shown by the increase in the applicant to letting ratios set out in Table 30.



Profile of new applicants in housing stress

Evidence from the CWL indicates that generally applicants in housing stress tend to fall into one of three groups. These are:

- Those between the ages of 16 and 44: This group is mainly comprised of newly forming or recently formed single person or lone parent households that are living in shared accommodation (including those looking to moving out of someone else's home, such as their parents'), or in the PRS. A proportion also lives in temporary accommodation;
- Those between the ages of 45 to 64: This group of established households tend to seek re-housing due to a change in personal circumstances. Many of this group are also seeking to transfer from privately owned or rented accommodation into the social rented sector. A few live in temporary or shared accommodation;
- Those aged over the age of 65: Older established households tend to be seeking more suitable or supported accommodation, or perhaps to move nearer their family. Most are older lone households and half are seeking to move from the owner occupied sector.

It is difficult to predict the number of established households that are likely to require a transfer from the owner occupied or the PRS to the social rented sector each year because the numbers are very small and their personal circumstances are varied.

Capacity of applicants to access private rental or owner occupied market

Households on the CWL are for a large part self-selecting and some applicants could potentially have sufficient income to afford market entry house prices or private rents without recourse to Housing Benefit. However, evidence from the HCS 2006 and the CTOS 2008 suggests few applicants are likely to be in a position to access the private housing market without some form of public assistance.

Both surveys suggest that less than 10% of households that had moved to their present home in the previous 12 months have an annual income in excess of £15,000. The CTOS also indicated that upwards of 64% of recent entrants are in receipt of full Housing Benefit. These patterns are evident at Northern Ireland level. Sample size limitations preclude sub-market area level analysis.

Welfare Reform

There is a clear body of opinion across the United Kingdom that the Government's proposed reforms of Housing Benefit for social housing tenants will have very significant impacts on individual claimants, social housing providers and local strategic housing authorities.

The government's intended changes to Housing Benefit for social housing tenants are as follows.

- From April 2013, working age tenants in the social sector will have their Housing Benefit reduced if they live in a home which has more bedrooms than they require;
- The level of deductions applied for non-dependents living in the claimant's household will increase significantly;
- Limiting the total level of out-of-work benefits support to any one household to £500 per week (from April 2013) and paying help with housing costs as part of Universal Credit for working age households and as part of pension credit for non-working age households.

Government is providing some additional resources to help mitigate any negative impacts of the Housing Benefit changes. In Northern Ireland, these are focused on increasing the level of funding for discretionary housing payments, which can be made for a time-limited period to a particular household in recognition of special circumstances.

At the time of writing, Westminster was considering the proposed legislation with a view to restricting additional public expenditure to address those issues that may arise as a result of the reforms i.e. homelessness and increased rent arrears. Housing Executive is also examining how it can address these issues.

Housing Executive assessment of housing need

Annual housing need assessments based on the March 2011 waiting lists have recently been carried out on all LGD's in Northern Ireland. These assessments highlight that in Ballymena LGD, 112 new social housing units may be required annually over the next five years. Nine units and 21 units may be required in Ballymoney and Moyle LGD's respectively. Social housing need was mainly concentrated on the single, small family and older person household groups. Waiting lists were highest in the main urban centre of Ballymena town.

Summary

The proportion of households living in the social rented sector in Ballymena HMA, in common with the rest of Northern Ireland and the UK, has been declining for many years. However, the rate of this downward trend has slowed in recent years. This has resulted from a sharp fall in house sales and other stock disposals. There has also been a small upturn in new social housing completions in Ballymena HMA. Housing association new build activity however has been relatively low in the area for a number of years. The vast majority of social housing development and activity has taken place in the Ballymena rural sub-division with very little development in Ballymena town. This is partly due to the lack of available development land in areas of demand in Ballymena town such as Adair Demesne and Harryville CLAs.

The social housing sector in Ballymena HMA has seen a dramatic rise in housing demand. There has been a substantial rise in the number of applicants on the CWL and an acute rise in applicants in housing stress. The rate of increase has been much higher than Northern Ireland level. A breakdown of the waiting list trends for



Ballymena HMA (2003-2011) highlights that the social housing demand increase has been more pronounced in Ballymena town than Ballymena rural. Ballymena town has witnessed a higher increase in housing stress coupled with a greater decrease in social lettings over this period. Again these increases in housing stress are most evident in popular CLAs such as Adair Demesne and Harryville where stock turnover is low and opportunity for tenancy is very restricted.

There was a dip in these waiting list figures for Ballymena HMA (2008 – 2010) when the expansion of private renting, in the short term at least, dampened the number of new applicants that selected to apply for social housing. A rise in waiting list numbers and those in housing stress at 2011 means that the interaction between private renting and social renting will require careful monitoring by Housing Executive. It would appear that the volume of new build stock available for private renting has now decreased with the downturn in the economy and the reduction in construction activity.

A combination of wider housing market conditions and policy drivers led to a reduction in the annual supply of relets in the social rented sector up to 2008. This reduction in relets was not offset by the increase in new social housing activity. The net result was therefore an increase in the overall level of applicants in housing stress. The number of relets increased in the period 2008 – 2010 when it was apparent that the expansion of private renting has contributed to the upturn in turnover rates during this period. Relets have again dipped in 2011 suggesting that the rate of expansion of private renting has slowed down.

Only time will tell what the future trend will be, however, forthcoming adjustments to the LHA and Housing Benefit system may result in more households turning to the social rented sector. There is a high risk that the amendments to Housing Benefit and LHA announced in the UK Government budget could lead to a fall in demand for private renting and a corresponding increase in the number of new applicants seeking social housing.

As the social sector has declined in size, the proportion of working age households outside of the labour force has increased. Close to three quarters of social tenants in Ballymena HMA currently rely on full or partial Housing Benefit to meet the cost of their rent. There are also mounting problems for tenants of social landlords in terms of fuel poverty and, to a lesser extent, overcrowding. Resolution of fuel poverty remains a challenging and difficult problem due to the low income of tenants and current high fuel prices.

In the case of overcrowding, UK Government plans to limit Housing Benefit for working age tenants to the size of property they are judged to require from April 2013, suggest it may be opportune to re-evaluate what potential incentives and other measures might release the supply of existing larger dwellings, including measures to assist smaller households to downsize. Alternatively there may be some scope to extend some properties or convert two properties.

Households generally remain in their current tenure as they age. Most households in the age groups that will be retiring between 2015 and 2020 have a much lower tendency to be social tenants than those in their 60s and 70s at present. Likewise, if the upward trend in the proportion of lettings to single persons and lone parents in their 20s and 30s continues, the numbers of working age families and couples in this sector is likely to decline further.

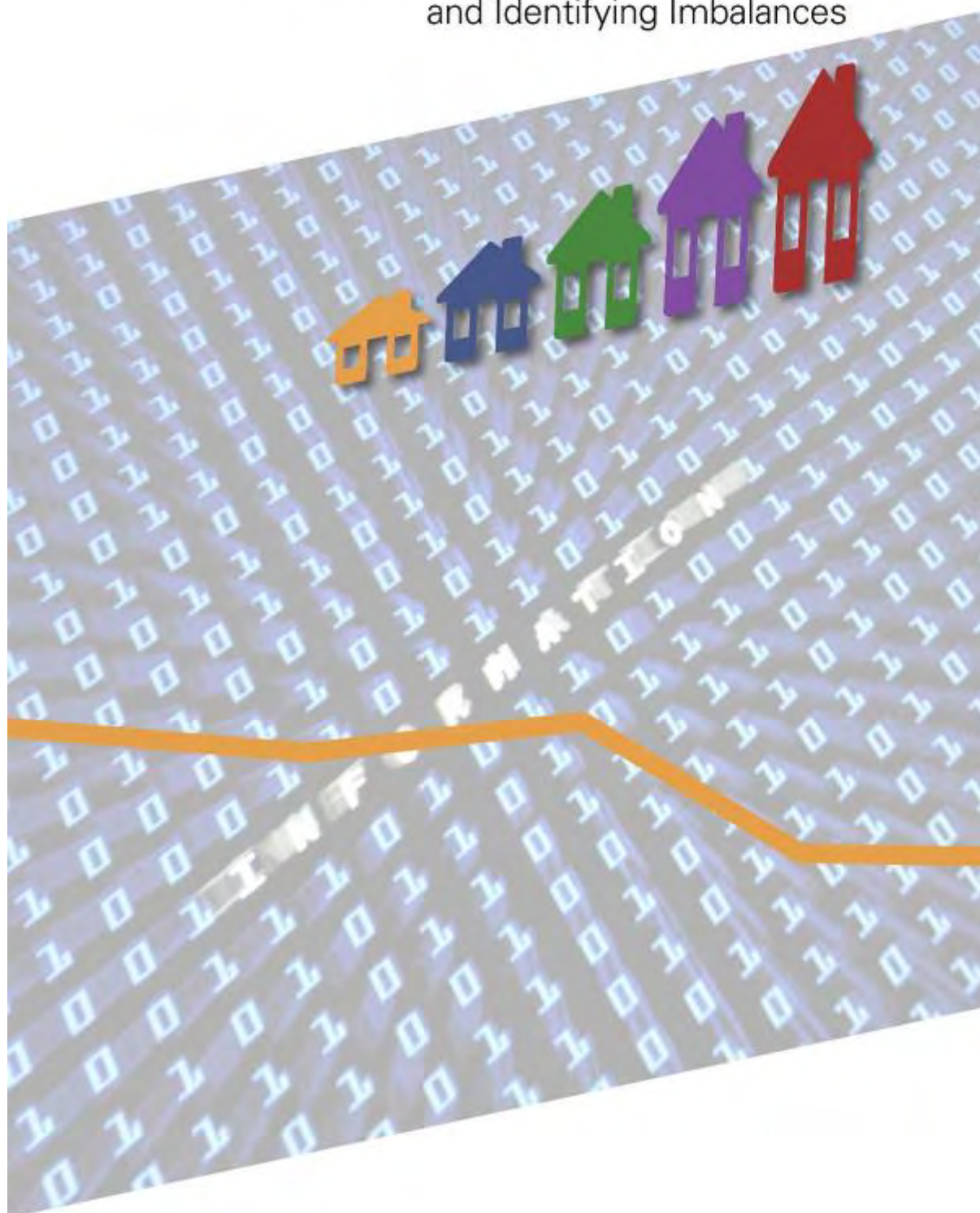
Looking ahead over the next five years, the most likely 'policy neutral' scenario is that further changes in the size of the social housing sector are likely to be minimal. Continuing difficult economic and housing market conditions will continue to limit the capacity or confidence of the relatively small number of tenants in employment to purchase their current home or to purchase on the open market.

Key Issues

- The social rented sector's tenure share of the market in Ballymena HMA and across Northern Ireland has reduced since 2003 resulting in fewer available relets;
- New social housing has not kept pace with the number of dwellings sold to sitting tenants through the House Sales scheme;
- Increasing numbers of tenants in the social rented sector in Northern Ireland (80%) are unemployed, retired or economically inactive;
- The number of applicants in housing stress on the waiting list in Ballymena HMA has increased by 109% since 2003;
- There number of new applicants in housing stress in this HMA dipped in the period 2008-2010 reflecting increased opportunity for housing in the PRS. This has increased in 2011 suggesting this opportunity may have slowed down;
- Welfare reforms are likely to result in rising waiting lists for social housing due to unaffordable rents. They may also see a desire among existing tenants who are under-occupying their properties to downsize;
- Fuel poverty continues to be a significant issue for many households in the social rented sector;
- We anticipate sustained growth in waiting lists for social housing and in levels of housing stress in the future as other tenures become increasingly inaccessible to households. Relets will also likely reduce in the face of growing demand and continued (albeit reduced) loss of stock to house sales as the economy recovers;
- New models of intermediate housing within the social sector or delivered by social sector landlords may increasingly be required.



6. Bringing the Evidence Together and Identifying Imbalances



6. BRINGING THE EVIDENCE TOGETHER AND IDENTIFYING IMBALANCES

Introduction

This chapter gathers the evidence presented in chapters 2 to 5 to identify the main characteristics of the housing market in Ballymena HMA and to consider how the housing system may develop in the future.

Any attempt to predict the future of the housing system is a difficult and speculative task due to the complexity of the housing system and difficulty in gauging the possible impact of wider economic, social, political and cultural processes. Clearly the housing market experienced shock from the effects of the financial crisis and from 2007 onwards the resultant economic downturn and credit squeeze. In addition, uncertainty in the Eurozone economics added to the uncertainty of economic growth throughout Northern Ireland, which also impacted on the housing market.

Nonetheless, this chapter identifies the pertinent points of the housing system across Ballymena HMA, considering both short and long term trends, and current knowledge of likely impacts as determined by social, economic and wider policy change.

Within Ballymena HMA two geographical subsets were used where possible, one based on the urban area of Ballymena town and the other comprising the rural areas.

Housing and the economy

In Ballymena HMA, the decade to 2008 was characterised by sustained economic growth, falling unemployment and real increases in earnings. The increasing prosperity of most households contributed to an increase in the rate of residential mobility and a strengthening of the migration links between Ballymena HMA and the surrounding areas. The economy and housing market are cyclical and intertwined, and this period of growth emphasised the previous low level of new housing development in Ballymena HMA producing a house building boom in Ballymena town and surrounding villages and hamlets and creating a catalyst for land and property speculation.

The population of Ballymena HMA represents 3.4% of the population of Northern Ireland and from 2001 to 2008 the population of Ballymena HMA increased by 5.9%, which is above the Northern Ireland average of 5.1%. The latest NISRA projections indicate that in 2010 Ballymena HMA had 21,870 households, which was equivalent to 3.5% of all households resident in Northern Ireland.

Housing Development across Ballymena HMA, in both the urban and rural areas, helped to accelerate the expansion of Ballymena HMA in terms of households. Over the ten year period, (2000/1 to 2009/10), approximately 15 units per 1,000 households



per annum were started in the private sector in Ballymena HMA. This is less than the comparable rate of 21 units per 1,000 households for Northern Ireland.

Ballymena HMA is included in two development plans, Northern Area Plan and Ballymena Plan, both of which have expired. Constrained development limits around the main settlements have restricted development opportunities. This, in addition to the development of relatively more affordable properties in rural areas, has led to considerable expansion of villages and hamlets within Ballymena HMA.

As in other areas of Northern Ireland, housing development in Ballymena HMA was closely linked to economic growth, and consequently the downturn in the economy from 2007 onwards. While the economy of Ballymena HMA has remained relatively stable, with a comparatively strong manufacturing base, public sector employment and farming businesses, unemployment particularly in the construction sector has increased sharply over the past three years, although remaining below the Northern Ireland rate. Within Ballymena HMA there are high concentrations of low income and benefit dependence amongst the working age population particularly in wards in Ballymena town where social housing is concentrated. This restricts resident's financial capability to exercise choice in the housing market and illustrates the need for a broad social remit to address housing and social related issues.

As evidenced in Chapter 2, while average incomes increased in Ballymena HMA since 2001 a wide gap still remains between higher and lower income households. Housing, health and economic opportunity are inter-related and should not be examined in isolation. Significant pockets of social deprivation exist across Ballymena HMA.

The planned public expenditure cuts in Northern Ireland in the wake of the UK Comprehensive Spending Review will result in a considerable cut in financial resources available to Housing Executive over the next four years. These will almost inevitably mean housing construction projects will be deferred or cancelled. The scale of cuts suggests that they will have implications for Ballymena HMA. The impact of these public expenditure cuts will be felt severely in Northern Ireland which has a relatively higher dependence on the public sector. Public expenditure in Northern Ireland represents 62.6% of total output. This is significantly higher than the 39.8% for the UK as a whole. This public expenditure reduction will have significant negative consequences for economic growth and employment throughout Northern Ireland.

An ageing population

The population of Ballymena HMA and Northern Ireland in general, is expected to age over the next 10 to 20 years, although relative to other parts of the UK and Europe, the proportion of older households will remain comparatively low.

The increase in the number of older households will contribute to the increase in the overall aggregate demand for housing. The growth in number of older people

aged 80 years or above will also have implications in demand for housing adaptations, specialist housing, and personal or nursing care.

Although the 'care' related needs of the most vulnerable and frail older people remain a vital policy concern, it is important to note that the majority of older households living in Ballymena HMA in 10 or 20 years time will be homeowners living in general needs housing stock. This is in line with national policy, which seeks to facilitate older households to live independently for as long as possible. It also reflects the fact that older persons generally prefer to remain in their own home.

Older people often experience a reduction in income on retirement. For older homeowners, a reduction in income and a decline in physical fitness can diminish their capacity to carry out repairs. If not addressed, this can lead to levels of disrepair that can be detrimental to the health and well-being of occupants. This suggests that the potential role for care and repair services is likely to increase. It may be beneficial to investigate the aspirations of those in their 50s to 60s and whether their long term accommodation needs are met. This information could be shared with developers to encourage them to provide 'mainstream' housing that is appealing to older households and is conveniently located to services and facilities.

In the longer term such an approach may:

- Result in greater numbers of family orientated larger houses becoming available within the second hand market than would have been the case. The population age profile for Ballymena HMA suggests that demand for this type of property will continue into the next decade and beyond;
- Help to reduce pressure on adaptation and equipment budgets (assuming the housing is designed to limit barriers to mobility) and care and repair budgets.

Gradually ease pressure in the coastal areas of Ballymena HMA which appear to have experienced comparatively high rates of inward migration from retired households or those about to retire who are able to use their considerable equity to out-bid other prospective buyers.

Improving the residential offer

Throughout the housing boom in Ballymena HMA, as properties became more expensive in Ballymena town, purchasers moved out to the relatively less expensive properties in the surrounding villages and hamlets. Conversely, local research reveals that property sales are now concentrated in the town with easy access to work and facilities a priority with purchasers. This preference arising as a result of high fuel and energy costs. The realisation that it may take some time for many couples and families to acquire their own home has encouraged many of them to choose private rented accommodation that matches many of the desired attributes of home ownership. Essentially, tenants have become more focused in their demand for rented accommodation and are taking a longer term view of their accommodation needs. It is therefore imperative for new developments to match



as closely as possible the requirements of prospective tenants, not least because changes to Housing Benefit requires a better alignment of need to dwelling size.

At settlement level, rapid in-migration may create challenges in terms of ensuring that the social, economic and transport infrastructure is in place to meet the expectations and needs of an expanding population. By contrast, out-migration from settlements or neighbourhoods may reduce demand for services and lead to a lowering of the quality and range of services provided. Sustained out-migration also risks exacerbating patterns of deprivation and segregation.

Improving the quality of the residential offer in parts of Ballymena HMA will remain an important policy priority if the RDS ambition to secure population and household growth in Ballymena HMA is to be achieved. For this and other reasons it may be valuable to further investigate what factors are influencing households' decisions to leave one location and move to another.

The owner occupied sector

The combination of strong demographic and economic growth and the willingness of financial institutions to offer consumers and businesses credit at low interest rates and generous lending terms shaped housing demand and inter-tenure dynamics in the period to 2008.

Arguably the most significant imbalance that emerged in the decade to 2008 centred on the issue of affordability and increasing difficulties faced by households seeking to gain entry to the owner occupied sector. In common with the rest of Northern Ireland and the UK, Ballymena HMA experienced a period of sharp house price rises in the decade to 2007. House prices over the period increased far more rapidly than household earnings and incomes. The rate of house price inflation was such that even prices for lower priced areas and lower value property types were becoming unaffordable for most potential first time buyers by 2005.

The increase in investors further fuelled demand and added to the upward pressure on house prices. In particular the price spike that occurred between 2005 and 2007 is widely believed to have been driven by speculator and investor activity rather than owner occupied purchase. The growth in numbers of properties in the PRS supports local perceptions that potential first time buyers became increasingly unable to compete with investors and speculators who entered the 'buy to let' market during this period. This increase of properties available in the PRS perpetuated the demand for private rental accommodation across Ballymena HMA.

The average house price in Ballymena LGD peaked in 2007 and decreased significantly (29%) by 2010. In Ballymoney LGD the average house price fell by 39% between 2007 and 2010. Conversely in Moyle LGD the average house price was higher than the Northern Ireland average rising by 3.4%. However it should be noted that these statistics are based on a low number of property sales. Local research

indicates that within Ballymena HMA prices at the top end of the market may still have some way to fall but at the lower end of the market property prices seem to have bottomed out.

On the surface, falling house prices have improved affordability in the sense that price to income ratios have subdued. However, this was offset by tighter lending criteria which has made it more difficult for prospective first time buyers, especially younger households. In the long term a stricter lending environment may constrain house price rises and help to prevent the re-emergence of affordability problems of the kind seen between 2005 and 2007.

Most existing owners who are buying their home with a mortgage have benefited from lower housing costs resulting from the reduction in mortgage rates since 2007. For some of those who have had a fall in income, UK wide policy measures such as changes to the rules relating to Income Support for mortgage interest payments have helped to protect them from the more extreme effects of the recession.

Nonetheless, Northern Ireland has witnessed an increase in mortgage arrears and repossessions (NIHE, 2010). Figures from CML also suggest that at least 5% of owners are faced with negative equity. This suggests that some lower income homeowners in Ballymena HMA and the rest of Northern Ireland may continue to face affordability related problems for some time.

Co-Ownership Housing is Northern Ireland's regional body for shared ownership. An increasing proportion of those purchasing through Co-Ownership are single persons and single income households. Local research indicates that the scheme has had a positive impact within Ballymena HMA.

In Great Britain incentives to encourage sitting tenants of social housing to purchase their homes are under review with the possibility of increased discounts being offered. Should similar incentives be introduced in Northern Ireland there is some potential for an increase of sales in the social sector to result in some degree of tenure shifting. However, a high proportion of current tenants in the social rented sector in Northern Ireland are unemployed and dependent on welfare benefits, and there is a lack of confidence amongst lenders and consumers, therefore it is unlikely that these incentives would produce any significant tenure shift in social housing stock.

Due to its dominance in the market, the owner occupied sector arguably has the biggest effect on the housing market, although its role is diminishing. The years 2007 and 2008 were pivotal in that they marked the end of a period of high demand for home ownership and inflated property prices. These issues have now been replaced by an equally perilous situation of low house prices, low demand for home ownership and a collapsed sales market, triggered by a financial crisis and stricter mortgage conditions. According to local market research this shift in tenure choice has created a demand for private rental accommodation across Ballymena HMA.

The private rented sector



The current economic uncertainty and low growth environment is spurring the demand for private rental accommodation, with many prospective purchasers unwilling to commit to a home loan. Increases in Private Housing Benefit claimants in all three LGDs in Ballymena HMA, since 2007, suggests that more people are now renting their homes from private landlords. Local estate agents confirm that there is a good demand for private rental properties throughout Ballymena HMA. The availability of Private Housing Benefit encourages the growth of the PRS and provides an assurance to tenants who may experience a fall in income. New build development entering the PRS has now plateaued and local estate agents comment that currently supply is sufficient and some waiting lists are forming. Evidence gathered at a local level suggests that the private rental sector has, and continues to attract tenants who would have traditionally applied for social housing.

Although the rise in private renting tends to be discussed solely in terms of rising house prices and speculative investment, broader factors have also been at play:

- Faced with the burden of student debt and less employment security, a growing number of individuals appear to have altered their attitude to housing. Increasing numbers of adults in their twenties appear to be delaying entering into long-term commitments associated with forming a partnership, child rearing and house purchase;
- In Ballymena HMA, the continuing, although reduced number of migrant workers employed by local businesses (particularly in meat processing plants) continues to bolster demand for private rental accommodation;
- Throughout Ballymena HMA, households have been attracted by the fact that high proportions of stock in this sector are located in sought after locations;
- There has been some discussion as to whether the private rental sector is reinforcing or defusing economic, tenure and religious segregation at neighbourhood, community and settlement level. Within some areas of Ballymena HMA, private rental properties in new build estates contribute to the revitalisation of communities through providing affordable accommodation and diversification in community through tenure mix, community background and ethnic origin mix. In some single identity social housing estates where private rental properties are available, private tenants conform to this identity.

As noted earlier, the PRS has grown in size and importance relative to other tenures. Opinions vary as to whether small investors will continue to favour housing in the future. There are factors that may support the continuation of investor interest in housing and support further growth in the PRS:

- The shift to higher rates of employment in the private sector envisaged in Northern Ireland Executive's (2011) Consultative Economic Strategy may result in a further shift towards greater labour market flexibility. This could mean fewer permanent full time jobs and more fixed term and part time jobs;

- A potential legacy of the credit crunch is that there will be further tightening of lending criteria and as a result fewer households assessed to have the financial standing to access mortgage funding;
- A growth in single person and lone parent households who are reliant on single incomes and are in a weaker financial position to buy.

There are factors which may encourage investors to withdraw from the market. These include:

- Continued uncertainty about the potential to secure capital gains over the longer term and increasing mortgage interest rates that may reduce the rate of return possible from rental income;
- The projected decline in the number of adults in the key household formation age group (15-29 years) after 2015.

Looking forward, the private rental market is likely to continue to expand, albeit at a much slower pace than seen over the past decade. The future rate of growth in the sector is likely to depend on a mix of factors, including:

- Alternative investment opportunities for smaller investors and whether these are perceived to be more attractive and less risky;
- The continuation of the perception that the private rental sector is the best housing option for the foreseeable future;
- The Government's proposed welfare changes including changes to Housing Benefit, the downward adjustment to the Local Housing Allowances and the proposed introduction of Universal Credit;
- The extent to which the private rental market is suited to low-income households who rely on Private Housing Benefit;
- The political acceptance of the option to lease private rented properties to address homelessness and other forms of housing stress;
- The willingness of more affluent homeowners currently in their 50s and 60s to trade down and use released equity to invest in the private rental market.

The social rented sector

Changes in the housing market have also had spill-over effects on the social rented sector. Since 2003 there has been a significant rise in the number of applicants in housing stress. In the period 2003-2008, the number of households on the common waiting list assessed to be in housing stress increased by over 111%. This decreased by 8% between 2008 and 2010 with increased opportunity for housing in the PRS but again increased in 2011 as opportunity appears to have slowed down.

This overall increase in housing stress in the period 2003-2011 reflects a mix of factors, not least the fall in numbers of social rented dwellings that become available for let each year. However it is striking that there has been no significant increase in the annual number of new applicants joining the common waiting list in recent years.



A growing share of households that have been unable to buy or consider they have little chance of securing a social tenancy in the short term have selected to move to the expanded PRS. Consequently, the increase in the level of housing stress has probably been lower than it might otherwise have been¹⁷.

Set against this however, many new applicants who register each year are already renting from a private landlord. On balance, the evidence suggests that the PRS is playing a vital role in providing accessible housing but it is not always seen as a permanent housing solution by a number of existing tenants. While owner occupation remains an aspiration for a number of PRS tenants, for most, the private rented market remains the most realistic option for the foreseeable future.

Responding to housing stress

The Housing Executive's annual assessment of housing need indicates that in Ballymena HMA the requirement for additional social housing has been well in excess of social housing construction rates over the past decade. Annualised average estimates from the latest assessments suggest that over the period to 2016, 112 additional social housing units may be required annually in Ballymena LGD. Nine and 21 additional social housing units may be required annually in Ballymoney and Moyle LGDs respectively over the same period.

The level of resources which the Northern Ireland Executive can make available to address social housing need is likely to be constrained given future budgetary pressures. The severe funding constraints set out in the NI Executive's Draft Budget 2011-15, suggest that it will be necessary to look at a variety of options to address housing need. In this context there may be potential for housing policies and social landlords to work more with the grain of the market than has tended to be the case to date.

Lord Best's recent Commission on the Future for housing in Northern Ireland pointed to the possibility of introducing some form of intermediate housing products. Evidence presented in Chapter 3 indicates that there may be potential to introduce some form of intermediate housing in Ballymena HMA. In practice however, new products could simply displace consumer demand from the PRS. This may not be a negative outcome if it creates additional vacancies in the PRS for a rising demand in that sector.

There may be opportunities to acquire some under-used 'buy to let' stock to accommodate lower income households who consider private renting as a realistic alternative to social renting or owner occupation. There are clear signs that such possibilities are now being considered following the launch of Building Strong

¹⁷ If the profile of new applicants that join the CWL during the year is comparable to the profile of applicants on the CWL at the start of the year, we would expect an increase in the annual numbers of new applicants to lead to a corresponding increase in the total numbers of applicants assessed to be in housing stress.

Foundations which sets out proposals regarding the PRS, including the introduction of a rent deposit scheme. Empty homes now have the same rating liability as occupied homes, from 1 October 2011, which may also increase the potential opportunity to enter into some form of private leasing arrangement to bring empty homes back into use.

The rural perspective

Ballymena HMA is a predominantly rural area. In general the housing market trends do not appear to be significantly different in the rural areas of Ballymena HMA when compared to Ballymena town. There are, however, some issues of note:

- There is a high level of owner occupied stock in Ballymena rural. As property prices rose in Ballymena town and development boundary constraints restricted potential for housing development, purchasers moved to relatively less expensive properties in the surrounding villages and hamlets. This resulted in a degree of population shift from urban to rural. Currently house sales are concentrated in Ballymena town with purchasers giving priority to easy access to work, schools and other facilities. New build in rural areas is mainly three and four bed properties, a high number of which went to the private rental market. There are few vacancies in the rural area;
- There is a strong private rental market in Ballymena rural. Local estate agents report a high demand but say that supply is currently sufficient and some waiting lists are forming. A significant number of private rental properties are under occupied and Welfare Reform will impact on these tenants' ability to pay for their current accommodation;
- Coastal areas of Ballymena rural have a high number of holiday homes with some owners renting their properties to provide an income or cover mortgage payments. The National Trust owns a significant number of properties in Cushendun village. Whilst the tourist trade is an important part of Ballymena HMA economy high house prices in second homes locations have priced local residents out of the owner occupied market. Private rentals in these areas are mainly older terraced dwellings and are in high demand. Housing Associations continue to have difficulty obtaining new build sites for social housing in Cushendall and Cushendun.
- The number of applicants for social housing has increased in Ballymena rural. The number of social housing lettings increased as the PRS expanded but currently as new supply to the PRS has plateaued social housing lettings have decreased again. There has been a recent increase in social new build in Ballymena rural on a combination of Housing Executive owned sites, surplus public sector land bank and private sites. However, new social housing has not kept pace with the reduction in stock through the house sales scheme.
- Demographic projections of increasing numbers of older households over the next 15 to 20 years will require policy and practical interventions in housing and services. Many older homeowners will wish to remain in their homes for as long as possible. To achieve this, adaptations to the property may be required, improved transport options made available and opportunities to take part in social activities provided. Others may decide to downsize or move to supported or sheltered



housing. There is need to plan for this demographic shift if we are to adequately meet the housing and other needs of our rural older population;

Longer term housing system challenges

Determining the future requirement for housing is an uncertain science. Even during periods of stable economic growth there is always ambiguity over long-term future household growth and the overall level of housing that may be required to meet housing demand and need. Changed economic circumstances and the tightening of public expenditure indicate that the assumptions on which long-range household projections and thus the RDS housing growth indicators are founded will require careful monitoring. In particular:

- It is difficult to forecast future rates of international migration and the pace of economic recovery across the EU is likely to influence this rate. Faster economic growth in parts of Europe relative to Northern Ireland could mean that international out-migration from the UK and Northern Ireland may be greater than ONS and NISRA project;
- There is much debate but little agreement on whether changes to the eligibility criteria for Housing Benefit and other state benefits may dampen rates of household formation or lead to a change in type of accommodation sought, for example, shared housing for the under 35s;
- There is some evidence that low rates of economic growth can reduce household formation, at least over the short to medium term, as more adults in their twenties defer leaving home.

Until 2007, housing construction rates for Ballymena HMA have been reasonably similar to the RDS housing growth indicators and above projected household growth. Annual private housing construction rates are currently very modest but should improve when credit constraints ease, employment levels increase, and consumer confidence in the market returns.

The difficulty is that it is unclear when this recovery period will emerge. The continuation of low rates of private housing construction for a number of years seems likely. A greater concern is the risk that the construction sector may be unable to develop enough new dwellings to achieve the RDS housing growth indicators if housing demand does not recover within five years. Continued monitoring of household growth and housing supply across Ballymena HMA is therefore necessary.

Weak housing market conditions and housing completions will limit the potential for securing social or affordable housing through the use of planning agreements, which has been a policy goal for some time. It has become necessary to investigate additional approaches for the delivery of new housing across all sectors.

Over time, the development of a more qualitative approach, as part of the ongoing LHSA, could enhance understanding of these more elusive changes in the housing system in order to inform planning, housing and regeneration policy.

Key issues

- Household growth up to 2008 was shaped by the increased trend towards one and two person households and people generally living longer;
- Private housing construction increased in Ballymena HMA in the decade to 2008. This was in response to household growth and the ready availability of credit and finance;
- The global credit crunch has led to a significant reduction in new build construction, falling house prices, a severe drop in house sales, rising unemployment and a lack of consumer confidence in the housing market;
- Regular monitoring of household growth, housing supply, housing need and market imbalances combined with revised demographic projections will be required in order to respond appropriately to changes;
- Planning and innovation within housing, health and social care will be necessary to meet the needs of the ageing population in Ballymena HMA.

Owner occupation

- Ballymena HMA experienced sharp rises in house prices in the decade to 2007. By 2005, even lower value house types were unaffordable for most first time buyers;
- Whilst owner occupation is still the tenure of choice, its share of the housing market has decreased slightly in Ballymena HMA. We anticipate this trend will continue in the short to medium term;
- Falling house prices have improved affordability to some degree. However, this has been offset by tighter lending criteria combined with a lack of confidence in the market continues to stifle demand;
- Mortgage arrears, repossession, and negative equity are a persisting risk for households in Ballymena HMA and across Northern Ireland.

Private rented sector

- The PRS has increased its market share in Ballymena HMA and demand remains high;
- The PRS is making a contribution to meeting housing need but many households do not see it as a long term housing option. This is due mainly to insecurity of tenure and aspirations towards owner occupation;
- Welfare reforms are likely to drive households out of the PRS towards social housing or change the type of housing sought in the private sector. It remains to be seen if the sector can respond to this challenge.



Social housing

- The number of applicants in housing stress on the waiting list in Ballymena HMA increased by 109% since 2003;
- Welfare reforms are likely to result in rising waiting lists for social housing. These reforms may also result in existing tenants, who are under occupying their homes, downsizing;
- Fuel poverty continues to be a significant issue for many households in the social rented sector;
- We anticipate sustained growth in waiting lists for social housing and in levels of housing stress in the future as other tenures become increasingly inaccessible to households.

The rural perspective

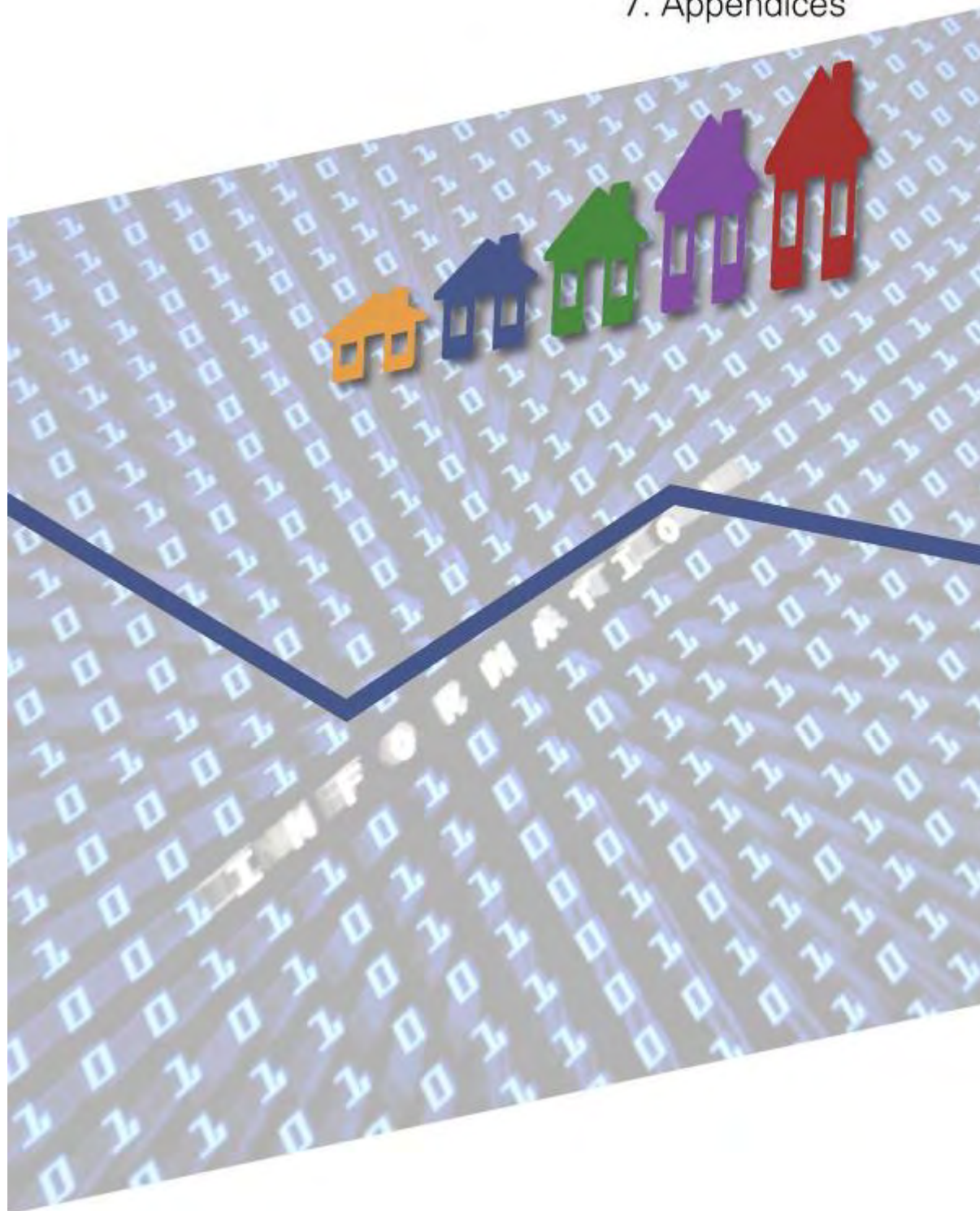
- There is a high level of owner occupation in Ballymena rural with the PRS increasing its share of the market. There is a strong social housing need in a number rural areas particularly in the coastal area of Cushendall;
- Innovations for older homeowners in Ballymena rural will be required to assist them to remain independent in their homes;
- Further investigation of Glenariff and the coastal areas of Ballymena HMA may be required to accurately determine housing dynamics in these areas.



Cushendall



7. Appendices



Appendix 1: References

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Appendix 2: The Policy Context

Introduction

This chapter describes the strategic housing and planning policy context within which the Ballymena HMA housing system functions. This chapter has been revised to take account of budget and policy developments subsequent to the election of the UK Coalition Government. This includes ongoing reform of the Northern Ireland planning system and local government reform.

UK Government spending

In October 2010, the UK Government's Comprehensive Spending Review (CSR) set out its spending plans for the four years from 2011/12 to 2014/5. This includes the block allocation to the Northern Ireland Executive. The spending plans will require Whitehall and the devolved administrations make the deepest cuts for over 65 years. The Government believe the cuts, together with tax changes and welfare benefit reforms, will reduce the UK deficit and provide the stability the private sector needs to expand and create new jobs.

In terms of housing, a 50% cut in grant funding for social rented and other forms of affordable house building was introduced. The budget also confirmed measures to reduce Housing Benefit and other welfare benefit expenditure by some £18 billion over four years with most of these measures being introduced from 2011 or 2012. These measures are explained in more detail later in this chapter.

In November 2011, the Chancellors Autumn Statement stated that UK growth forecasts have been revised down and projected public borrowing has been increased. Consequently, the Government has announced new measures including further cuts in public spending, the raising of state pension age to 67 and increased funding for infrastructure. Housing measures announced included:

- the introduction of a mortgage indemnity scheme, where first time buyers may be able to acquire 95% mortgages;
- an extension of Right to Buy with a 50% discount for social tenants who wish to buy their homes;
- an extra £50 million for empty homes strategies; and
- a fund of £400 million for 'Get Britain Building' to assist stalled house construction projects.



Welfare reform

On 11 November 2010, UK Government announced plans to introduce a 'Universal Credit' from 2013 to replace most in work and out of work benefits¹⁸ for people of working age, including Housing Benefit. The aim is to transfer all existing claimants onto the new system by October 2017. The UK Government's Welfare Reform Bill was introduced to Parliament in February 2011. This Bill includes proposals for changes to other Social Security Benefits in advance of the introduction of Universal Credit. The key features of the proposed Universal Credit are:

- The introduction of a single 'taper' for the withdrawal of the Credit. This is intended to remove the need for most people to transfer from one set of benefits to another as their employment situation changes;
- The amount of Credit, when combined with Child Benefit and other benefits including assistance with housing related costs would be subject to an upper limit. The purpose of the cap is to ensure that no household could receive more in welfare than net median earnings.

The budget also confirmed measures to reduce Housing Benefit in 2011/2012. For private tenants these changes include the intention to calculate Housing Benefit entitlement with reference to local rents at the 30th percentile instead of the 50th percentile and a rise in the age threshold for the shared room rate from 25 to 35 years. Social and private tenants will also be subject to an increase in non-dependency reductions. The Government has also announced the following longer-term measures that will require primary legislation:

- Restriction of Housing Benefit to working age social rented tenants that under-occupy their home from April 2013;
- Local Housing Allowance rates will be up-rated using the lower Consumer Price Index (CPI) measure as opposed to the Retail Price Index (RPI) from 2013/14.

The degree of uncertainty means it is not possible to be definite about the impact of public expenditure reductions and welfare reforms on the housing system, although some possible impacts are discussed in this report.

The Northern Ireland Programme for government - Building a better future - and budget

¹⁸ UC will replace Working Tax Credit, Child Tax Credit, housing benefit, Income Support, Jobseekers' Allowance (income based) and Employment and Support Allowance. In mainland UK, it will also replace Council Tax Benefit, although details remain vague. Contributory JSA plus Employment and Support would continue to exist but the treatment of earnings would be aligned with the way earnings are treated within UC. Other Benefits that would continue include Disability Living Allowance, Child Benefit, Statutory Sick Pay, Bereavement Payments, Statutory Sick Pay, Statutory Maternity/Paternity Pay and Industrial Injuries Disablement Allowance.

The Northern Ireland Executive's (NI Executive) over-arching aim is to build a peaceful, fair and prosperous society. The Draft Programme for Government 2011-15 sets out five strategic priorities to promote this aim:

- Growing a sustainable economy and investing in the future;
- Creating opportunities, tackling disadvantage and improving health and well-being;
- Protecting our people, the environment and creating safer communities;
- Building a strong and shared community;
- Delivering high quality and efficient public services.

In March 2011, the NI Executive published a budget setting out proposed spending plans for 2011 to 2015. The above priorities are to be guiding principles for Government policies, strategies and programmes.

The background for the budget is the significant reduction of levels of funding available as part of the UK Government's Spending Review in October 2010. The Spending Review set an 8% reduction in NI Executive's Department Expenditure Limit (DEL) from 2011/12 to 2014/15. Capital funding provided by the UK Government will also reduce by 40% over the same period. The NI Executive proposes to transfer resources from current expenditure into capital investment to support infrastructure and the construction industry.

The Budget's allocation to the Department for Social Development from 2010/11 to 2014/15 will increase current expenditure by 0.4% to £523.4 million. Capital investment is to decrease from £269.6m in 2010/11 to £120.3m in 2014/15, a decrease of 55%. The Department is seeking to offset some of this reduction in funding by achieving savings and by maximising income from other sources such as leveraging in additional funds from the private sector.

Projected expenditure on Housing Executive and Housing Associations is to reduce by 21% from £211.8m in 2010/11 to £165.5m in 2014/15 and, over the same period, capital investment for this sector is to decrease by 30% from £130.1m to £90m. It is envisaged that the Housing Executive's programme of modernisation and rationalisation will result in staff and running cost reductions. A review of maintenance spending, improved asset management and increased rental income are also to provide savings and revenue.

Supporting Strategies

The Programme for Government identifies a number of strategies and plans, which will promote the aims, priorities and commitments of the programme. These provide further details about the intended policy direction on specific matters. Aside from the RDS, which is discussed later in this chapter, important policy strategies for this HMA report are those relating to economic development and regeneration.

The top priority for the Programme for Government is to grow the Northern Ireland Economy. Consequently, the Northern Ireland Executive published, a draft



economic strategy 'Priorities for Sustainable Growth and Prosperity' (November 2011) for public consultation. This strategy is based around the twin aims of rebalancing the economy by growing private sector activity in the longer term and rebuilding the economy to secure employment growth in the shorter to medium term.

In terms of regeneration and tackling disadvantage, the 'People and Place: A Strategy for Neighbourhood Renewal' (DSD, 2003) identified several communities that experience high levels of deprivation. It encouraged community, voluntary and government agencies along with the private sector to work together to deliver goals associated with community, economic, social and physical renewal. Currently there is one neighbourhood renewal area in Ballymena HMA. This is situated within Ballymena town and covers the estates of Ballykeel and Ballee and a small part of Harryville.

Planning and Local Government reform

Reform of the NI Planning System

The planning system in Northern Ireland is undergoing a programme of Reform. Reform of the Planning System culminated in the Planning Act 2011. A main aim of this legislation is to transfer the majority of planning powers from the DOE to new councils, scheduled to be in place by 2015. The Planning Act provides legislation to allow:

- The councils to take responsibility for Local Development Plans. These will include a Plan Strategy and a Local Policies Plan (LPP). The former will set out the strategic objectives for the area that are aligned to the RDS whilst the LPP will provide site-specific plans for the area;
- The councils will determine applications for local and major developments;
- The DOE will retain responsibility for regionally significant development and Planning Policy;
- DOE will have powers to monitor and intervene in the LDP process, including powers to direct councils to prepare joint LDPs and powers to prescribe the form and content of the Plan Strategy and the LPP.

In preparation for the transfer of planning functions, the DOE has established two divisions, one comprising of Local Area Planning Offices, which have responsibility for the functions transferring to the councils, and a Strategic Planning Division, whose functions will remain with the DOE.

Local government reform

Reform of local government is also ongoing. It involves a reduction in the number of LGDs from 26 to 11 alongside the transfer of planning, regeneration and some other central government functions to local government. The new councils are due to be

in place by 2015, with piloting arrangements, including planning functions, to take place in 2014. The proposed new councils are summarised in Table 31.

It is intended that the new councils will receive powers of well being and community planning. It is proposed that LGDs will be given a statutory duty to lead and facilitate community planning and will be required to consult and co-operate with the community and bodies responsible for providing public services.

Table 31: Proposed New LGDs

New LGD	Current LGD
Belfast City	Belfast and some parts of adjacent LGDs
Lisburn City and Castlereagh	Lisburn; Castlereagh
Antrim and Newtownabbey	Antrim; Newtownabbey
Mid and East Antrim	Ballymena; Larne; Carrickfergus
North Down and Ards	Ards; North Down
Armagh City, Banbridge and Craigavon	Armagh; Craigavon; Banbridge
Newry City, Mourne and Down	Newry and Mourne; Down
Mid Ulster	Cookstown; Dungannon; Magherafelt
Causeway Coast and Glens	Coleraine; Limavady; Ballymoney; Moyle
Derry/Londonderry and Strabane	Derry/Londonderry; Strabane
Fermanagh and Omagh	Omagh; Fermanagh

Planning Context

The Regional Development Strategy (RDS)

The first RDS "Shaping our Future", was issued by the Department for Regional Development (DRD) at the end of 2001. Consistent with commitments given in 2001, the RDS was reviewed in 2006 and 2010. In January 2011, a draft revised RDS to guide development to 2025 was issued for consultation and the final report, RDS 2035: Building a Better Future was published in 2012.

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

The RDS contains a Spatial Development Strategy (SDS), to support balanced spatial economic development and growth between the wider Belfast area and the rest of Northern Ireland. Features of the SDS include:

- The Belfast Metropolitan Area (BMA), which is identified as the region's engine of growth and where the aim is to ensure it can compete with European cities;
- The Derry Urban Area is described as the economic hub of the North West;
- Rural Northern Ireland, where the priority is to promote decentralised growth through focusing development on a network of main and local hubs;



RDS 2035 proposes a changed spatial framework. It is proposed that a sub-regional approach should replace the 2001 HUB based SDS so that:

- Development would continue to be directed towards the principle cities of Belfast and Derry;
- There would be nine sub-regional centres which would 'perform higher service centre roles' and development would be directed to these towns. This geographical spread is designed to ensure most households would live within 15 miles of a sub-regional centre. There would be settlement clusters based around the nine sub-regional centres;
- There would be Gateways and Economic Corridors based around transport interchanges.

In terms of the Ballymena HMA, Ballymena town is a sub-regional centre and one of the main hubs within Northern Ireland situated on the strategic Northern Corridor.

RDS housing requirements

The RDS 2001-25 and its Spatial Development Strategy (SDS), aims to influence the geography of development across Northern Ireland. The RDS, therefore, sets 'Housing Growth Indicators' (HGIs) to guide distribution of housing in the region. The RDS projects housing growth required to respond to changing 'housing need'¹⁹. The RDS originally identified a net additional housing requirement for 160,000 additional dwellings between 1998 and 2015 throughout Northern Ireland. The HGIs allocate a proportion of the regional net additional housing requirement to each LGD. These allocations were intended to provide a starting point for assessing future net housing additions required at the local level through the Development Plan process.

The 5-year RDS review, DRD (2005a) proposed that the 1998-2015 figure of 160,000 should be revised upwards to 200,000. In 2006 an independent panel recommended that the HGI for Northern Ireland should be increased to 208,000 for the period to 2015. This recommendation was accepted by DRD.

The RDS 2035 provides an indication of the net additional housing requirement for 2008 to 2025. At 190,000 the figure is lower than the comparable figure for the 18 years from 1998 to 2015. This is largely because, as discussed in Chapter 2, the NISRA 2008-based household projections suggest household growth will slow in the period to 2025. The RDS 2035 also emphasises that there should be a minimum of five years supply of housing land within LGDs.

¹⁹ The RDS figures on "housing need" include households that are able to pay for housing as well as those that cannot. The RDS use of the term 'need' is usually termed 'total net housing requirement' elsewhere in the UK.

RDS housing requirements for Ballymena HMA

Ballymena HMA, as noted in Chapter 1, extends across most of Ballymena LGD, and includes an area of Ballymoney and Moyle LGDs. The 2001 RDS regional allocation of 160,000 dwellings was shared according to the SDS, with 77,500 dwellings apportioned to the Belfast Metropolitan Area and hinterland and 82,500 dwellings assigned to the North, South and West of the Region.

Table 32 summarises the original spatial distribution of HGI for 1998-2015. It also shows how the HGI allocations have changed over time. The equivalent figures from RDS 2035 for the period from 2008 to 2025 are also summarised. The RDS 2035 confirms that the projected net additional housing requirement has increased at Northern Ireland level and in all three LGDs within Ballymena HMA.

This reflects that the method adopted to identify net housing additions has been 'rolled forward'. Therefore, the RDS 2035 intention that the 48% of the regional housing figure should be allocated to the BMA and hinterland area and the remaining 52% to the rest of Northern Ireland to help achieve balanced regional development remains unchanged.

Table 32: Housing requirement spatial allocation (housing growth indicators) 1998 to 2025

Area	Original allocation RDS 2001 1998-2015		DRD Revised allocation 2008 - 2015		DRD Revised allocation RDS 2035 2008-2025	
	No	%	No	%	No	%
Ballymoney	2,400	2	3,800	2	3,500	2
Ballymena	5,900	4	7,000	3	6,400	3
Moyle	1,400	1	2,000	1	1,800	1
Northern Ireland	160,000	100	208,000	100	190,000	100

Source: DRD (2001, 2008 and 2011)

Planning Policy Statements and Development Plans

The implementation of the RDS is supported by and mediated through Planning Policy Statements and Development Plans.

Planning Policy Statements contain policies on land-use and other planning matters. Of particular significance are PPS 12 Housing in Settlements, which was issued in 2005 and PPS 21 Sustainable Development in the Countryside, which was issued in 2010:

- PPS 12 confirms the importance of containing development within existing settlements. It provides a framework for establishing the spatial distribution of housing allocations as part of the development plan process. It also allows for supply of land and other measures to deliver new social housing development predicated from the findings of Housing Needs Assessments prepared by Housing Executive. A review of PPS 12, which includes a review of developer contributions and other measures to support social and intermediate housing, is ongoing;



- PPS 21 seeks to strike a balance between rural development and rural conservation. It provides for the consolidation of existing residential clusters and for farmhouses to be built in suitable locations to support rural communities. Policy CTY 5 of PPS 21 also allows the development of up to 14 social and/or intermediate dwellings outside but close to settlement limits or within Dispersed Rural Communities where a need has been established by the Housing Executive, and where there are no readily available sites within settlement limits.

Development Plans seek to translate RDS policies and PPS guidance at the local level. These documents set out land allocations for a range of land uses, including residential development. Development Plans relevant to the Ballymena HMA, include the Ballymena Area Plan 2001 which has now expired, and the draft Northern Area Plan 2016, which is now undergoing public examination.

Housing Executive Housing Need Assessment

The RDS 2001-25 and RDS 2035 are based on a 'plan, monitor and manage' approach to provision of housing land. This approach requires regularly updated evidence on a range of matters, particularly at the development plan level. This includes evidence, such as updated figures on housing construction, land availability and local housing needs. The present spatial planning framework requires the Housing Executive to undertake a housing needs assessment, which is expected to form a technical supplement in support of local development plans. As PPS 12 states, the Housing Executive

"... will provide a Housing Need Assessment (HNA) in relation to identified areas of the housing market to assist DOE Planning Service in their preparation of development plans. The findings of the HNA will be taken into consideration in the preparation of a development plan and will be updated at regular intervals during the life of the plan. The findings of the HNA will influence how development plans will seek to facilitate a reasonable mix and balance of housing tenures and types to cater for the identified range of housing needs".

Housing need and Housing Market Assessment

The Revised RDS 2035 clarifies the HGI figures provide a starting point for assessing housing growth and should be interpreted in light of local assessments of housing need and local housing market conditions. It is now recognised that assessment of cross tenure housing need is more robust if the findings are embedded within a wider local housing market assessment.

In Great Britain, Housing Market Assessment has become a component of the local evidence base that local authorities are required to produce to support planning and housing policy. In particular, Housing Market Assessment is expected to inform the 'plan, monitor and manage' process of setting and reviewing housing supply targets at the sub-regional and local level.

In 2009, the Housing Executive established a set of functional housing market area boundaries within Northern Ireland. This Housing Market Assessment marks an important step towards ensuring Housing Executive ongoing programme of housing need assessments are understood and interpreted in light of the workings of the wider housing system.

It is important to note that guidance prepared to support LGDs analyse local housing systems in Great Britain all set out a general approach but permit different methods to be employed. In part, this is because the 'real world' environment in which different housing systems operate means that a single standardised approach is unlikely to be appropriate for all housing market areas. These differences include local housing market conditions, the availability of statistical data and other evidence available, and the different spatial scales at which housing system analysis is conducted.

Conclusions

The Ballymena HMA continues to evolve within a policy framework set out in a variety of NI Executive policy documents.

Housing is central to the NI Executive ambition to rebuild and rebalance the economy, both at the Northern Ireland and the Ballymena HMA level. Ensuring the right volume and mix of housing in the right locations will be central to increasing mobility amongst the internal workforce and encouraging people to come from abroad to take up employment.

It has become clear that the effects of the UK recession will be felt for several years. Reductions in public expenditure and the programme of welfare reforms are likely to have a greater impact on the local economy because of the comparative 'over-reliance' on the public sector and the high welfare benefit dependency of the working age population relative to other UK regions.

There are many uncertainties surrounding welfare reform but the scale of expected cuts in welfare expenditure will undoubtedly affect consumer spending and future trends in the need and demand for housing in different tenures. The precise impacts of these changes, however, remain uncertain. Continued monitoring and early identification of changing levels and patterns of housing need and demand will be vital if policy is to intervene and respond to emerging needs and demands in a timely fashion.

Reform of the planning system and local government will also have potentially far-reaching implications. The reforms will necessitate the creation of new intra-government relationships. It will require individual departments, agencies and LGDs to adopt a more integrated approach to spatial planning and to find new ways to ensure that local plans align with the community plan ambitions as well as the ambitions of the RDS.

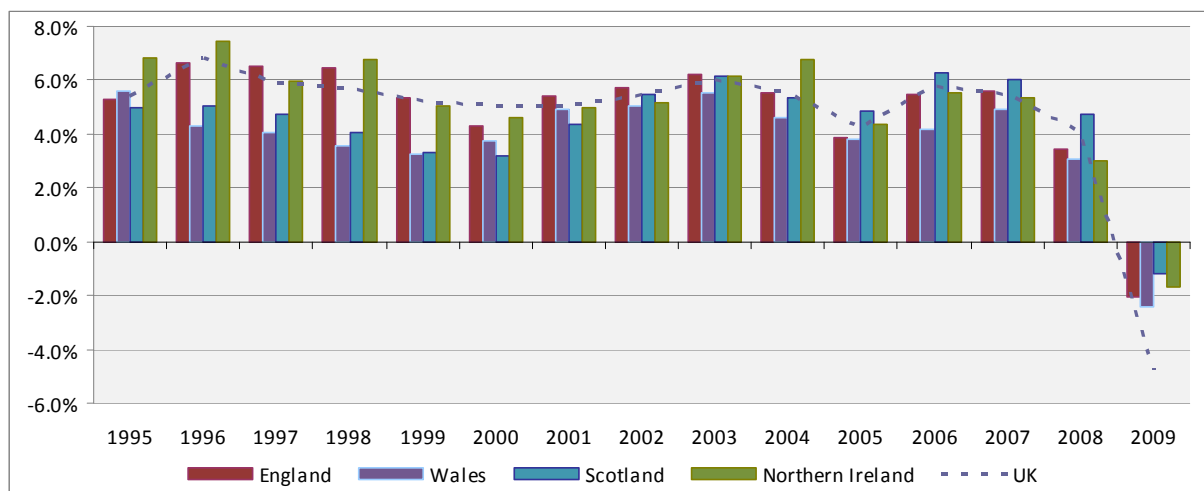


It terms of the revisions to the spatial framework underpinning the RDS 2035, it remains to be seen whether the sub-regional centre and cluster approach outlined in RDS 2035 will prove acceptable to citizens and LGDs and whether the use of Housing Growth Indicators will be taken forward. In the case of the Ballymena HMA it will be important to maintain a watching brief in terms of future development in respect of Ballymena town which is identified as having a well established sub regional role and an extensive sphere of influence.

Appendix 3: Northern Ireland's Economic Performance

The relative economic performance of an area is an important factor in attracting households to move to or remain within an area and consequently aggregates the demand for housing. Gross Value Added (GVA) is a measure of the value of the goods and services produced within the economy. It is the ONS preferred measure for monitoring economic performance at a sub-national level. Using this measure, Figure 26 shows Northern Ireland's economy prospered in the years from 1995 to 2008.

Figure 26: Annual GVA (current prices) growth for UK and constituent countries 1995 - 2009



Source: ONS (December 2010) total annual workplace based GVA 1995-2009 per head at current prices

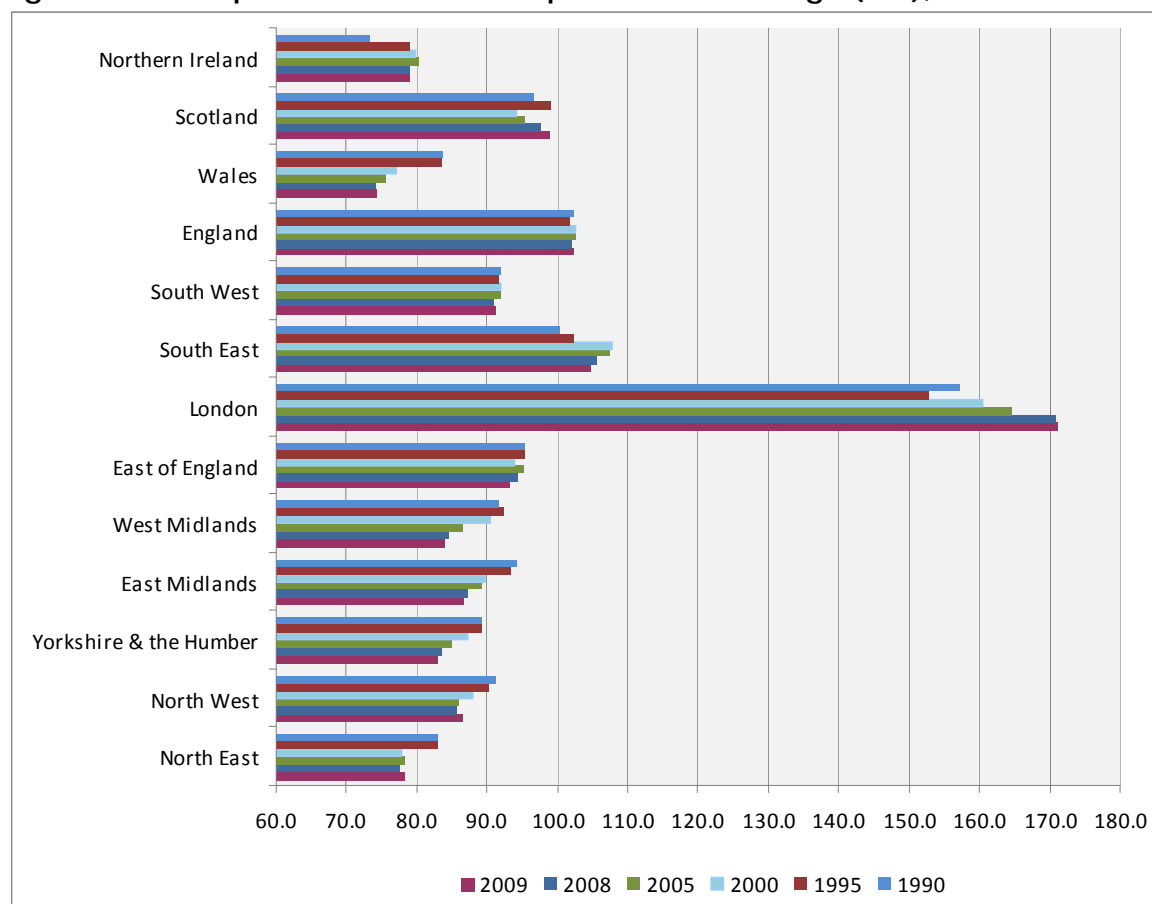
Note: UK figures are Extra-Region and exclude statistical discrepancy and offshore contribution that ONS do not assign to any region. Also, the estimates presented are current prices and do not take account of inflation.

For much of this period Northern Ireland's economy grew at a faster rate than the UK economy as a whole. A combination of increased political and social stability, significant levels of UK and EU public funding, a favourable global economy and positive spill over effects from the ROI economy all ensured strong economic growth.

In spite of this growth Northern Ireland remained amongst the least prosperous regions of the UK to 2009 in terms of the GVA per head of population as shown in Figure 27.



Figure 27: GVA per head indices compared to UK average (100), 1990-2009



Source: ONS (2010) GVA per head of population index 1990-2009, where UK including Extra-Region = 100

As Barnett (2009) observed, Northern Ireland's GVA per head of population has remained around 80% of the UK average since the mid 1990s. In part this reflects the fact that the annual growth in GVA per head for the UK has been influenced by the high rates of growth achieved in London and the South East. Outside of these two regions, GVA per head indices in most regions have decreased or remained static. Nonetheless, as the Northern Ireland Executive's 2011 consultative economic strategy highlights, low economic activity rates amongst the working age population have been a drag on productivity. A key element of the consultative strategy is to emphasize the importance of increased productivity and increasing employment in the development of the economy.

In 2009 total GVA contracted in Northern Ireland and the rest of the UK. This was a direct consequence of the abrupt downturn in the economy in the latter half of 2008 in the wake of the global financial crisis. During 2009 the economic recession deepened in spite of a series of moves to bolster the economy, including the reduction in interest rates from 5% to less than 1% in the six months to February 2009.

Falling house prices and faltering labour market conditions lead households to scale back spending which reduced demand for housing and other goods and services.

Lending became even tighter as banks sought to rebuild their balance sheets. This exerted further downward pressure on GVA as companies found it difficult to secure finance to help them adjust to the downturn in demand.

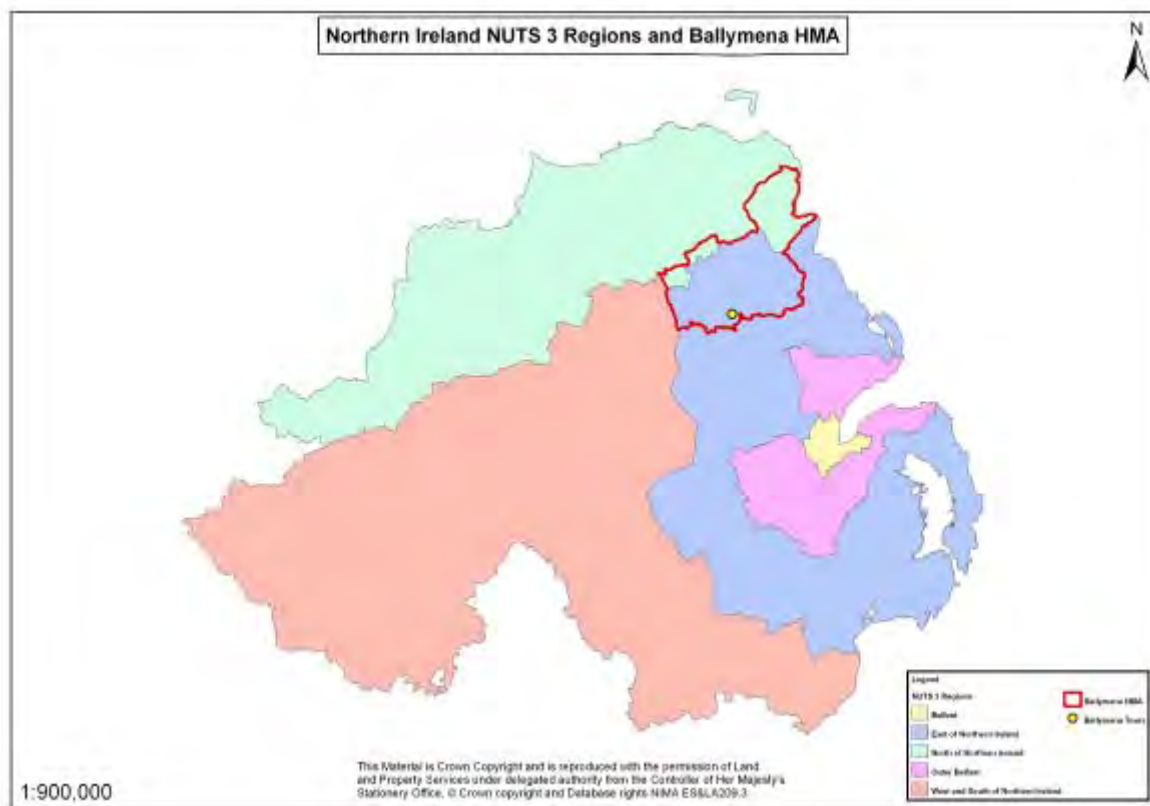
During 2010, the UK economy gradually eased out of recession but an unexpected fall in 2010's fourth quarter GDP led to a downgrade in forecast for 2011. During 2011 there was a small growth in GDP; 0.4% in the first quarter, 0.1% in the second quarter and 0.5% in the third quarter. Analysts commented that growth in the second quarter of the year had been dampened by one-off factors, for example the royal wedding, the after effects of the Japanese earthquake and tsunami, the first phase of Olympic ticket sales and the record warm weather in April. As a result, the third quarter figures should not be interpreted as an economic rebound. In view of deteriorating global market conditions and the Euro zone debt crisis, Ernst & Young (Economic Eye winter forecast, November 2011 – April 2012) have downgraded growth outlooks for both the UK and Northern Ireland in 2012. The fallout from the recession and public expenditure constraints will shape economic, labour market and housing market conditions for several years to come. Moreover, the pace of recovery in Ballymena HMA and elsewhere in Northern Ireland will be shaped by the underlying strength and employment structure of the local economy. Future prospects for the economy and their potential implications for the housing system are discussed in Chapter 2.

Economic performance of the wider Ballymena HMA economy

Performance in the local economy is inextricably linked to the Northern Ireland and UK economies. Data is not available to compare GVA growth for Ballymena HMA directly with Northern Ireland or UK figures. Figures for GVA are broken down to a sub-regional level at the Nomenclature of Units for Territorial Statistics (NUTS 3) areas. Map 4 shows the geographical dispersion of these NUTS 3 areas superimposed with Ballymena HMA.



Map 10: Ballymena HMA in Relation to NUTS 3 Regions



Source: NIHE GIS

Ballymena HMA is located within two NUTS 3 sub regional areas. Ballymena HMA extends into North of Northern Ireland NUTS 3 area including part of rural Moyle LGD and Ballymoney LGD while the urban area, Ballymena town, is covered by East of Northern Ireland NUTS 3 area.

Data from these NUTS 3 areas can be employed to reflect issues impacting on Ballymena HMA and make assumptions about GVA growth within Ballymena HMA. Table 33 shows GVA growth for Northern Ireland by NUTS 3 area and Table 34 shows GVA for Northern Ireland and Ballymena HMA economy by sector.

Housing Market Analysis

Ballymena Housing Market Area



Table 33: GVA growth for Northern Ireland split by area 1995 - 2008

NUTS 3 Area	1995	2008	Share NI GVA 1995 (%)	Share NI GVA 2008 (%)	Average Annual Growth %	GVA per head 1995	GVA per head 2008	GVA per head % UK 1995	GVA per head % UK 2008
Belfast	4,058	8,657	28	30	6.0	14,044	32,264	127.1	157.1
Outer Belfast	2,401	5,004	17	17	5.8	6,658	13,079	60.3	63.7
East of Northern Ireland	3,380	6,284	23	22	4.9	8,862	14,528	80.2	70.7
North of Northern Ireland	1,951	3,530	14	12	4.7	7,403	12,309	67	59.9
West and South of Northern Ireland	2,603	5,351	18	19	5.7	7,343	13,222	66.5	64.4
Northern Ireland	14,394	28,827	100	100	5.5	8,728	16,240	79	79.1
UK	640,915	1,261,162			5.4	11,046	20,541	100	100
Cardiff and Vale of Glamorgan	4,941	10,108			5.7	11,846	22,234	107.2	108.2
Glasgow City	8,312	16,888			5.6	13,760	28,906	124.6	140.7
Republic of Ireland	49,412	129,755			8.5	13,277	29,098	-	-

Source: ONS (2010) GVA NUTS 3 tables (current prices and workplace based).

Notes: ONS produce GVA for the Nomenclature of Units for Territorial Statistics (NUTS), which is a European Commission's statistical classification. GVA figures are published down to NUTS 3 level. The three LGDS that make up Ballymena HMA are located in part of East Of Northern Ireland and part of North of Northern Ireland NUTS areas. Further details can be found at: <http://www.nisranew.nisra.gov.uk/census/geography/nuts3.html>

Table 34: GVA for Northern Ireland and the Ballymena HMA economy by sector, 1995-2007

Northern Ireland				
	Total GVA 1995 (million)	Total GVA 2008 (million)	As % of NI GVA 1995	As % of NI GVA 2008
Agriculture, forestry and fishing	£730	£407	5	1
Production	£3,365	£4,894	23	17
Construction	£792	£2,256	6	8
Distribution, transport and communication	£2,580	£5,912	18	21
Business services and finance	£1,988	£6,622	14	23
Public administration, education, health & other services	£4,939	£8,737	34	30
Total GVA	£14,393	£28,826	100	100
North of Northern Ireland				
	Total GVA 1995 (million)	Total GVA 2008 (million)	As % of NI GVA 1995	As % of NI GVA 2008
Agriculture, forestry and fishing	£148	£70	7.6	2.0
Production	£500	£551	25.6	15.6
Construction	£126	£366	6.5	10.4
Distribution, transport and communication	£328	£726	16.8	20.6
Business services and finance	£190	£613	9.7	17.4
Public administration, education, health & other services	£659	£1,204	33.8	34.0
Total GVA	£1,951	£3,530	100	100
East of Northern Ireland				
	Total GVA 1995 (million)	Total GVA 2008 (million)	As % of GVA For NI 1995	As % of GVA for NI 2008
Agriculture, forestry and fishing	£216	£123	6.4	2.0
Production	£1,140	£1,671	33.7	26.6
Construction	£232	£586	6.9	9.3
Distribution, transport and communication	£583	£1,354	17.2	21.5
Business services and finance	£299	£1,030	8.8	16.4
Public administration, education, health & other services	£910	£1,520	26.9	24.2
Total GVA	£3,380	£6,284	100	100

Source: ONS (2010) GVA headline figures by NUTS 3 area (current prices and workplace based).

Notes: Data has been smoothed by ONS using a five year moving average and may also not sum due to rounding

Distribution includes hotels and restaurants; wholesale and retail trade; repair of motor vehicles, motorcycles and personal household goods; and transport, storage and communication.

Public administration includes defence; compulsory social security, education, health, social work, other community, social and personal service activities.

Business services etc includes real estate, renting and business activities.

Production is made up of mining and quarrying, manufacturing, and utilities supply.

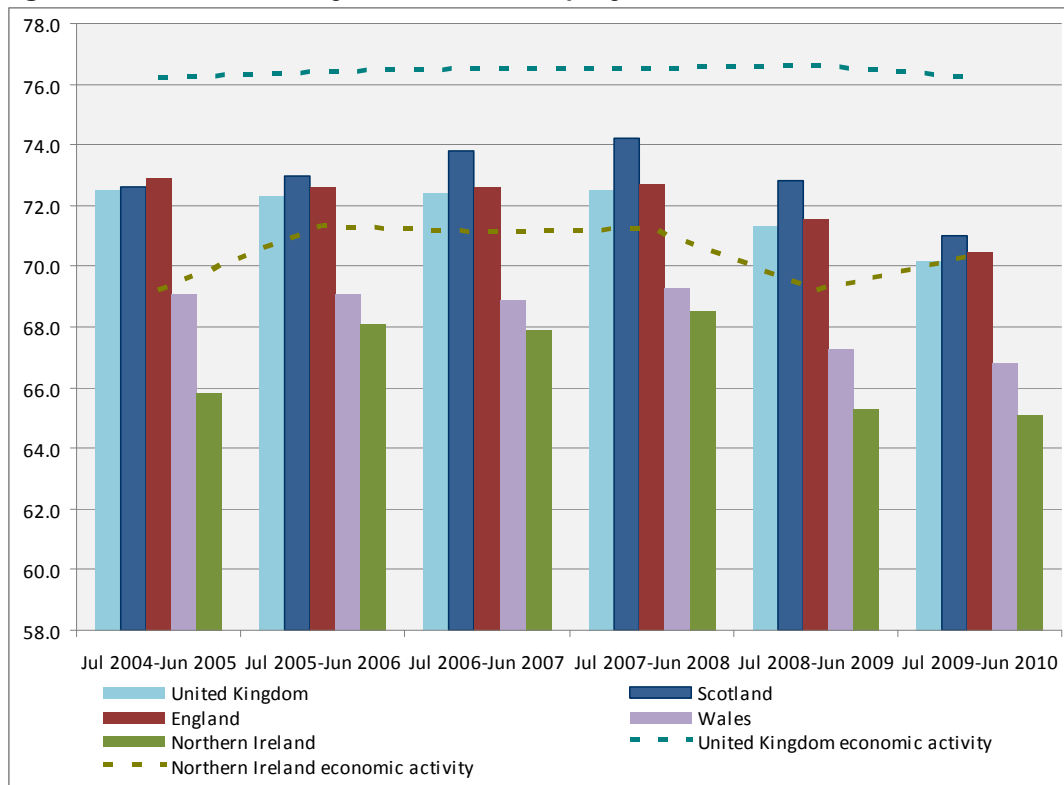
Appendix 4: Recent Employment Trends

Recent employment trends

Northern Ireland trends

Between 2004 and 2010 the proportion of the working age population aged 16 to 64 years in Northern Ireland classed as economically active ranged from approximately 69% to 71%. This proportion remained considerably below the consistent UK rate of around 77%. This upward trend was accompanied by an increase in the numbers and proportions of working age adults in employment, although the rate remained the lowest of all countries that make up the UK (see Figure 28). Total working age economic activity rates rose gradually and were fairly stable between 2005 and 2007 decreasing again to 70% at 2009.

Figure 28: Economically active and employment rates across UK 2004 -2010



Source: Labour Force Survey and Annual Population Survey (via Nomis, DETINI and NISRA)

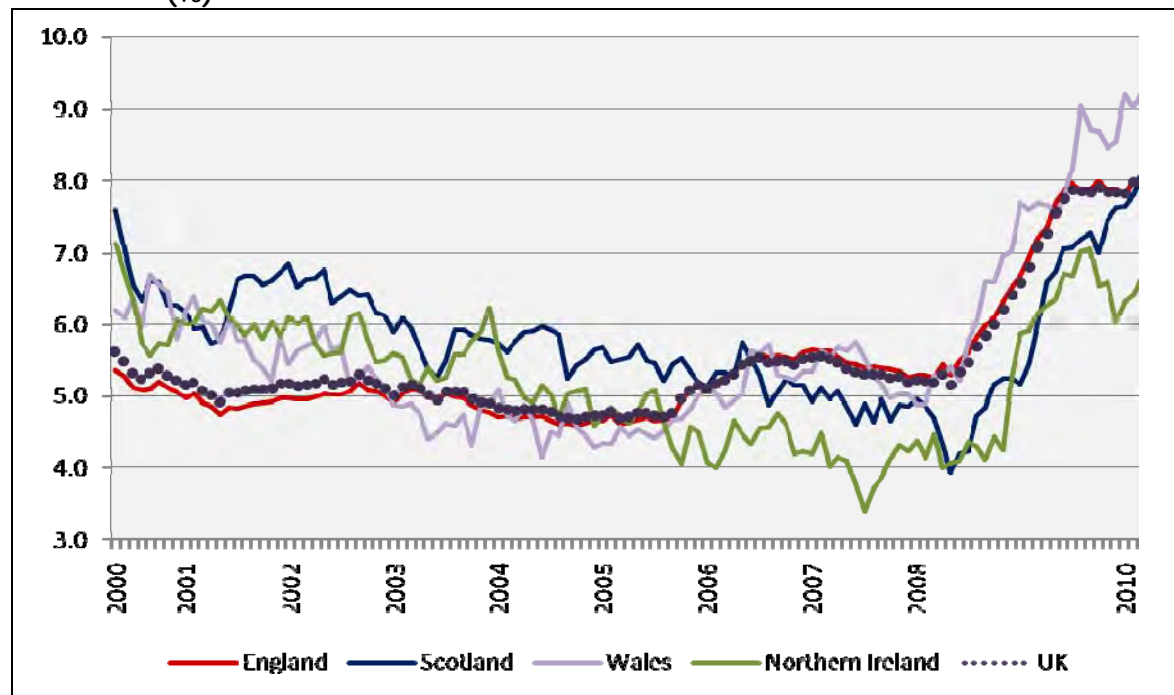
In spite of the improved economic performance in the decade to 2008, economic inactivity rates remained persistently higher than in any other UK region. In the year to September 2008, 27% of the working age population of Northern Ireland were classified as economically inactive compared to the UK average of 21%. In the year to June 2010, the proportion of economically inactive working age adults living in Northern Ireland was 339,000, around 30% of the working age population. Looking at economic inactivity patterns over the past five years:

- Around one in six have retired before reaching the age of sixty-five and are unlikely to return to the labour market;



- Around one in four are students that are likely to enter or re-enter the labour market at some future point and one in ten want a job but are either not actively seeking work and/or are not immediately available to start a job;
- Around one in five are adults looking after children or caring for a dependant adult and one in four are classed as long term sick and disabled.

Figure 29: International Labour Office (ILO) defined unemployment rates, 2001-2010 (%)



Source: ONS Annual Population Survey and Labour Force Survey (via Nomis, DETI and NISRA)

Official rates of unemployment (see Figure 29) in Northern Ireland were considerably higher than those in the UK as a whole in 2000, then fluctuated until they coincided with the UK figure in 2003. By 2006, unemployment rates in Northern Ireland had dropped dramatically and remained below the UK figure until the end of the decade. For most of the period between 2006 and 2010 unemployment rates for Northern Ireland had been lower than those for all other areas of the UK.

Unemployment is considered a lagging indicator of economic performance, because firms generally hold on to employees in the early stages of a downturn and only start down sizing when they think the drop in demand is permanent rather than temporary. Northern Ireland has a high percentage of public sector jobs. In the aftermath of the recession workers were willing to accept pay freezes in return for holding on to their jobs. Reductions in public spending will inevitably mean job losses in the public sector. Northern Ireland has one of the highest levels of long term and youth unemployment amongst the 12 regions of the UK. At the start of 2011 youth unemployment in Northern Ireland was 31% of total claimants.

Appendix 5: Northern Ireland Level Population Projections

The latest NISRA population projections are based on the 2008 population estimates and trend-based assumptions regarding future birth, mortality and migration rates. External migration rates for Northern Ireland are agreed with ONS. These and other inputs assume underlying trends will continue largely unchanged and therefore make no allowance for planned policy changes and other social and economic factors which may influence future demographic trends.

Table 35: NISRA alternative Northern Ireland population projections

Year	2002-based	2006-based	2008-based	Difference 2002 and 2008-based		Difference 2006 and 2008-based	
				No	%	No	%
2008	1,732,000	1,774,000	1,775,000	43,000	2	1,000	0.06
2009	1,739,000	1,787,000	1,789,000	50,000	3	2,000	0.11
2010	1,745,000	1,799,000	1,802,000	57,000	3	3,000	0.17
2011	1,751,000	1,812,000	1,815,000	64,000	4	3,000	0.17
2012	1,757,000	1,823,000	1,827,000	70,000	4	4,000	0.22
2013	1,763,000	1,835,000	1,839,000	76,000	4	4,000	0.22
2014	1,770,000	1,846,000	1,851,000	81,000	5	5,000	0.27
2015	1,776,000	1,857,000	1,862,000	86,000	5	5,000	0.27
2016	1,782,000	1,868,000	1,874,000	92,000	5	6,000	0.32
2017	1,788,000	1,879,000	1,885,000	97,000	5	6,000	0.32
2018	1,794,000	1,890,000	1,896,000	102,000	6	6,000	0.32
2019	1,800,000	1,901,000	1,906,000	106,000	6	5,000	0.26
2020	1,806,000	1,911,000	1,917,000	111,000	6	6,000	0.31
2021	1,811,000	1,922,000	1,927,000	116,000	6	5,000	0.26

Source: NISRA

Notes: Figures rounded up by NISRA

Table 35 summarises alternative NISRA population projections for Northern Ireland for the period from 2008 to 2021.

Figure 30 summarises the natural change and migration assumptions that underpin these alternative projections. Together they show that:

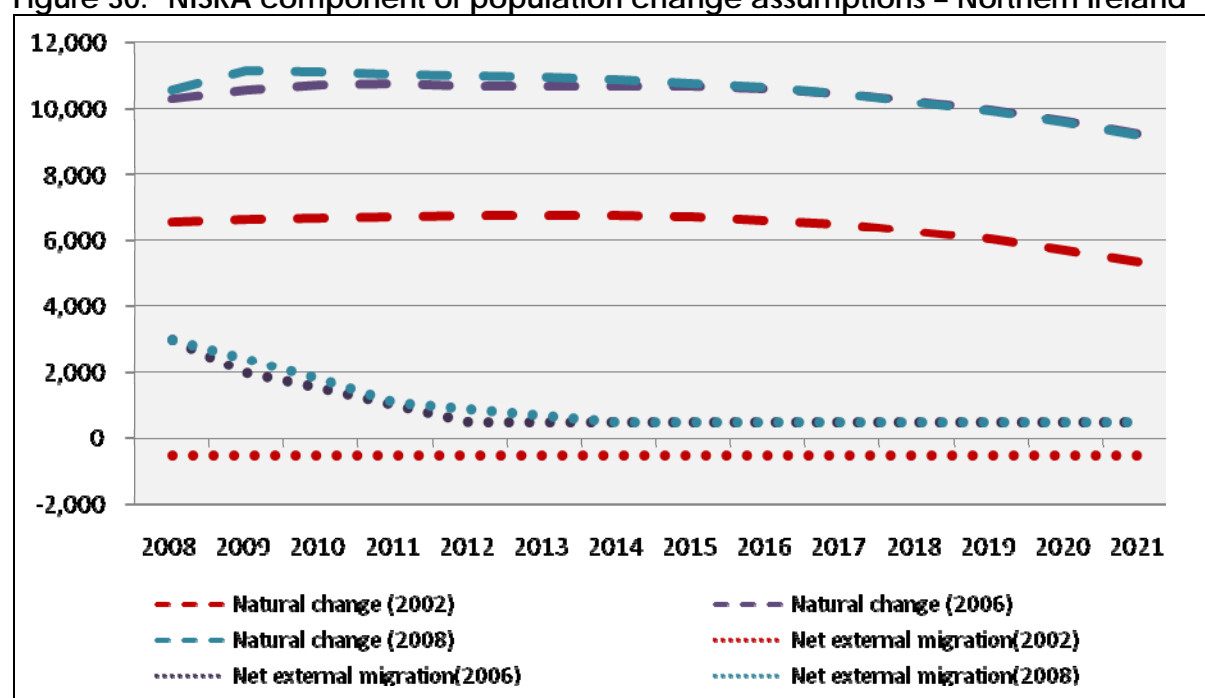
- The 2006 and 2008-based population projections apply similar assumptions over the longer term. The only significant difference is that the 2008-based projections assume higher rates of natural change and net-migration in the period to 2014;
- There is a substantial difference between the 2002-based and the 2008-based projections. The 2008-based projections suggest there could be over 1.9 million people living in Northern Ireland by 2021, some 116,000 more people than the 2002-based projections indicated. This illustrates that the upturn in net external migration and natural population growth that occurred from 2001 to 2008 is expected to have a permanent upward impact on the number of people living in Northern Ireland in the long term.



The net external migration assumptions incorporated into the 2008-based projections are higher than those assumed in 2002²⁰. Nonetheless, they are modest compared to the rate of external migration witnessed from 2004 to 2008. In particular, NISRA assume that the rate of net external migration will be very modest (around 500 pa) from 2014 onwards.

Oxford Economics (2009) suggest that the 2004 to 2008 period may prove to have been rather unusual and that weaker economic conditions will dampen inward migration for the foreseeable future. Others concur that migration will reduce. McVeigh et al (2009) and Bell et al (2009) suggest that whilst a mass exodus is unlikely, far fewer migrants will move to Northern Ireland in the coming years than in the four years to 2007 inclusive. We concur that Northern Ireland is unlikely to experience a return to net out-migration. However, the combined impact of continuing weak labour market conditions, tighter UK entry requirements for those outside the EU and a relaxation of employment rules for former A8 migrants elsewhere in Europe means the rates of net external migration could more or less remain in balance for much of the coming decade.

Figure 30: NISRA component of population change assumptions – Northern Ireland



Source: NISRA population projections

²⁰ The NISRA 2008-based projections assumed that in the six years to 2013 some 9,900 more people may come to Northern Ireland than leave but in the following six years this figure could fall to 3,000. By contrast, the 2002-based projections assumed that for both six year periods some 3000 fewer people would come to Northern Ireland than leave each year.

Household Change

Northern Ireland projections

NISRA latest 2008-based household projections are summarised in Table 36. NISRA project there could be 810,400 households living in Northern Ireland by 2023 and that this figure could increase to 880,400 by 2033. Around half of the 104,000 additional households projected from 2010 to 2023 are a result of the projected increase in population; the other half flow from a combination of the changing age structure of the population and the continued trend towards single and smaller person households.

Table 36: NISRA 2008-based household projections for Northern Ireland, 2010-33

2008-based projections	2010	2015	2023	2033	change 2010-15	change 2010-33
Household size						
1 person	213,000	236,400	273,800	326,400	11%	53%
2 person	203,800	220,200	242,300	268,100	8%	32%
3 person	111,400	114,400	116,500	116,100	3%	4%
4 person	103,000	105,500	108,100	106,300	2%	3%
5+ person	75,200	72,600	69,800	63,500	-3%	-16%
All Households	706,400	749,200	810,400	880,400	6%	25%
Average household size	2.51	2.44	2.36	2.24	NA	NA
Household type						
Single person households	213,000	236,400	273,800	326,400	11%	53%
Two adults without children	184,800	200,800	222,000	248,800	9%	35%
Other households without children	98,300	96,100	88,100	88,500	-2%	-10%
Lone adult households with children	37,000	37,100	37,500	34,500	0%	-7%
Other households with children	173,300	178,800	189,000	182,300	3%	5%
Total households	706,400	749,200	810,400	880,400	6%	25%
Comparison with 2006-based projection						
Projected household count	712,000	753,900	812,000	NA	6%	NA
Average household size	2.48	2.42	2.34	NA	NA	NA

Source: NISRA 2008-based household projections (2010)

Figures rounded by NISRA

In terms of household composition, NISRA project that if underlying trends remain unchanged then:

- Most of the additional households will comprise of single person or two person households. By 2023 therefore, over six out of ten households living in Northern Ireland may comprise of one or two adults;
- The number of households with dependent children will continue to rise until 2023, after which the number of families and lone parents may begin to reduce;
- The number of households with three or more adults without dependent children (i.e. other households without children) is projected to decline but the scale of decline is expected to be modest. This may be partly explained by the fact that



this category includes households that contain individuals aged 16-18 that are still in full time education.

The 2008-based projections suggest there may be fewer households in the period to 2015 and (to a lesser extent) to 2023 compared with the 2006-based household projections. This is in spite of a higher starting population in 2008. The most likely explanation is that the household propensity rates applied to the 2008 population projections by NISRA assume a higher proportion of the population will live in larger households than for the 2006-based projections²¹. The corresponding rise in average household size reported by NISRA supports this assumption.

²¹ To project household numbers, NISRA apply age-sex specific household membership probabilities to the population projections for the same base year. These probabilities are derived from changes in household composition between the 1991 and 2001 Census.

Appendix 6: CACI PayCheck and Family Resources Survey Incomes compared

Family Resources Survey

The Family Resources Survey (FRS) is the official source of information about income and poverty for the UK and its constituent countries. Northern Ireland was included in the survey for the first time in 2002-03. This specialised survey, which is sponsored by Department for Work and Pensions, collects detailed information about respondents' incomes from earnings and other sources. In 2007/8 there were 1,861 fully co-operative and 81 partially co-operative interviews with private households in Northern Ireland. Addresses are drawn from the Valuation and Lands Agency (VLA) property database.

The FRS is widely acknowledged as one of the best sources for understanding changes to the distribution of income over time. At the Northern Ireland and UK level the FRS income figures are considered to be among the most robust available from any source. These estimates however, are not available at Local Authority level. Responses are weighted and grossed up to be representative of all private households and benefit units.

The definition of a household used in the FRS is:

‘a single person or group of people living at the same address who either share one meal a day or share living accommodation such as a living room.’

For example, a group of three adults living in a flat with a shared living room would be counted as a single household whereas three adults living in bedsit accommodation at the same address would not.

The term benefit unit refers to an adult plus their spouse (if applicable) plus any dependent children they are living with. Thus other adults living at the same address are classified as a separate benefit unit, even if they are related. For example, a young adult living with his or her parents would count as one 'household' but two 'benefit units'. Likewise the three adults living in a flat with a shared living room would be counted as three benefit units.

CACI PayCheck

PayCheck is a commercial dataset produced by CACI Limited. It is based on 'probability estimates' of gross household income from all sources, including earnings, investment income and social security benefits (including Housing Benefit). PayCheck provides modelled estimates of the probable mean, median and mode (i.e. the most common) gross household income. It also provides estimates of the proportion of households in each of the 21 income bands of £5,000, which range from £0 - £5,000 to £100,000 and over. It does not contain information relating to household composition or tenure. Although published at a number of geographic



levels down to unit postcode level, most analysts report outputs at ward level and above.

CACI judge their modelling procedures to be commercially sensitive and do not publish details but we understand that the CACI PayCheck model draws upon government data sources as well as lifestyle survey records. More specifically:

- The model draws on the most recent three year lifestyle data from Data Locator Group (DLG), which contains records on some eight million UK households. Estimates suggest that the DLG data contains information on at least 20% of households in each local authority area in Scotland. Comparable evidence for Northern Ireland is not available but we have no reason to think the pattern would be very different;
- Data from the most recent four years of Expenditure and Food Survey (EFS), which annually collects information on some 6,000 households' resident in the UK²², is used to establish a reference control distribution. ONS time series data on changes in average earnings are used to 'inflate' survey and lifestyle data from earlier years;
- Statistics from the 2001 Census are used to model the association between income and other variables (demographic and socio-economic) to support and improve the estimates at small area level.

It is possible that for some small areas (such as postcode units) the model incorporates very few (if any) actual observations and instead relies solely on imputed data, which is created from the known relationship between income and household characteristics. CACI data is regularly updated but it is not designed to permit time series analysis because methodological changes typically limit year on year consistency.

FRS and CACI compared

FRS data is set out in Table 37. This summarises gross incomes both at Northern Ireland and the NISRA defined Belfast Metropolitan Urban Area (BMUA) levels. The remainder of Northern Ireland outside BMUA is separated into urban and rural subsets.

As Table 37 shows, the FRS data suggests that over 47% of households living in urban areas were estimated to have a gross annual income of £10,000 to £19,999 in 2009/10. This compares to 42.5% in rural areas and 42.8% at Northern Ireland level. Almost 45% of household in rural areas had an income of over £20,000, comparable to the Northern Ireland level but higher than almost 42% of households in urban areas.

²² From 2008 the Living Costs and Food (LCF) module of the Integrated Household Survey (IHS), has replaced the EFS.

Table 37: Total Annual Income for BMUA, Urban & Rural Northern Ireland 2009-10 by Households

	BMUA		Urban		Rural		Northern Ireland	
	No	%	No	%	No	%	No	%
Under £10,000	30,100	13.0	23,700	10.7	31,400	12.8	85,100	12.2
£10,000 to £19,999	89,000	38.5	105,900	47.5	103,800	42.5	298,700	42.8
Over £20,000	112,200	48.5	93,200	41.8	109,200	44.7	314,600	45.0
Total	231,300	100	222,800	100	244,400	100	698,400	100

Source: Family Resources Survey NI, 2009/10

Table 38 illustrates total annual income by benefit unit. For benefit units, which effectively separate out complex households into separate units, the proportion of rural households with an income of £20,000 or more in 2009/10 was 48.3% compared to 42.4% of urban households.

Table 38: Total Annual Income for BMUA, Urban & Rural Northern Ireland 2009-10 by Benefit Unit

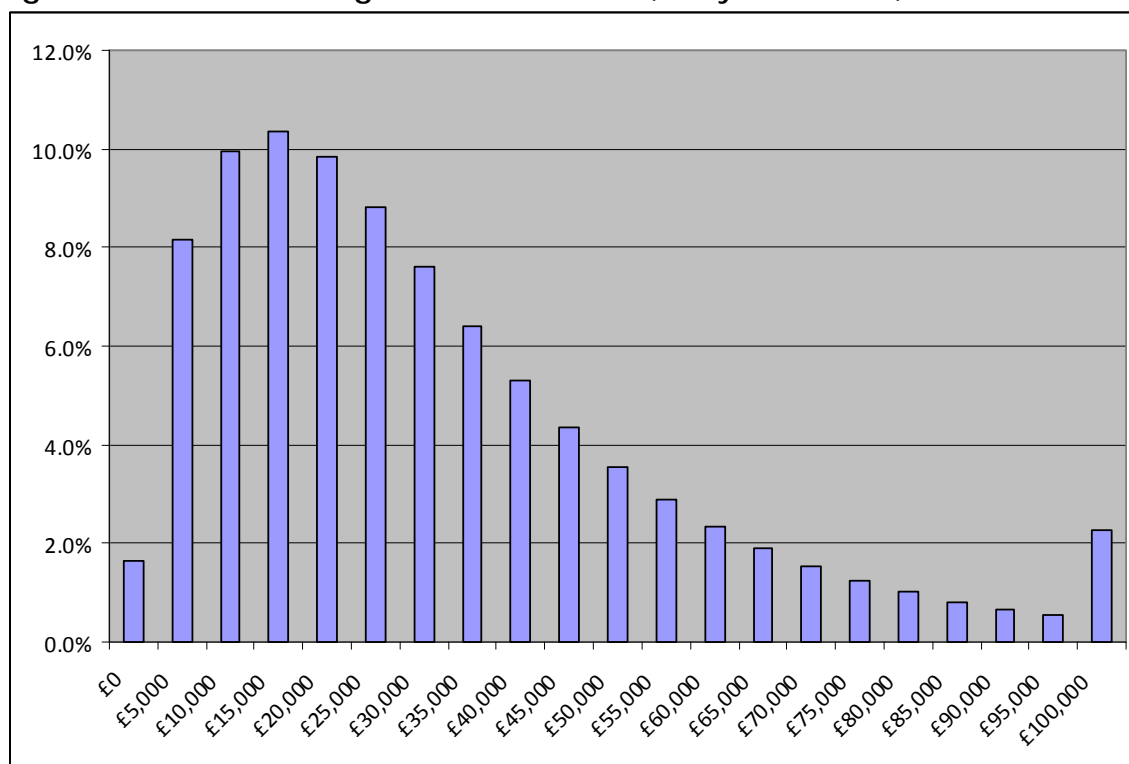
	BMUA		Urban		Rural		Northern Ireland	
	No	%	No	%	No	%	No	%
Under £10,000	34,100	12.0	29,000	10.2	36,900	11.1	100,000	11.1
£10,000 to £19,999	99,800	35.0	135,500	47.4	134,400	40.5	369,700	41.0
Over £20,000	150,900	53.0	121,300	42.4	160,600	48.4	432,700	47.9
Total	284,800	100	285,800	100	331,800	100	902,400	100

Family Resources Survey NI, 2009/10

Figure 31 shows the distribution of households in the Ballymena HMA across the £5,000 bands of household income according to CACI PayCheck in 2010. Twenty percent of households within Ballymena HMA at this time had a gross income of £10,000 or less per annum. Almost half the number of households had a gross income of £25,000 or less. At the other end of the spectrum, just over 2% of households in Ballymena HMA had an income greater than £100,000 per annum.



Figure 31: Distribution of gross annual income, Ballymena HMA, 2010

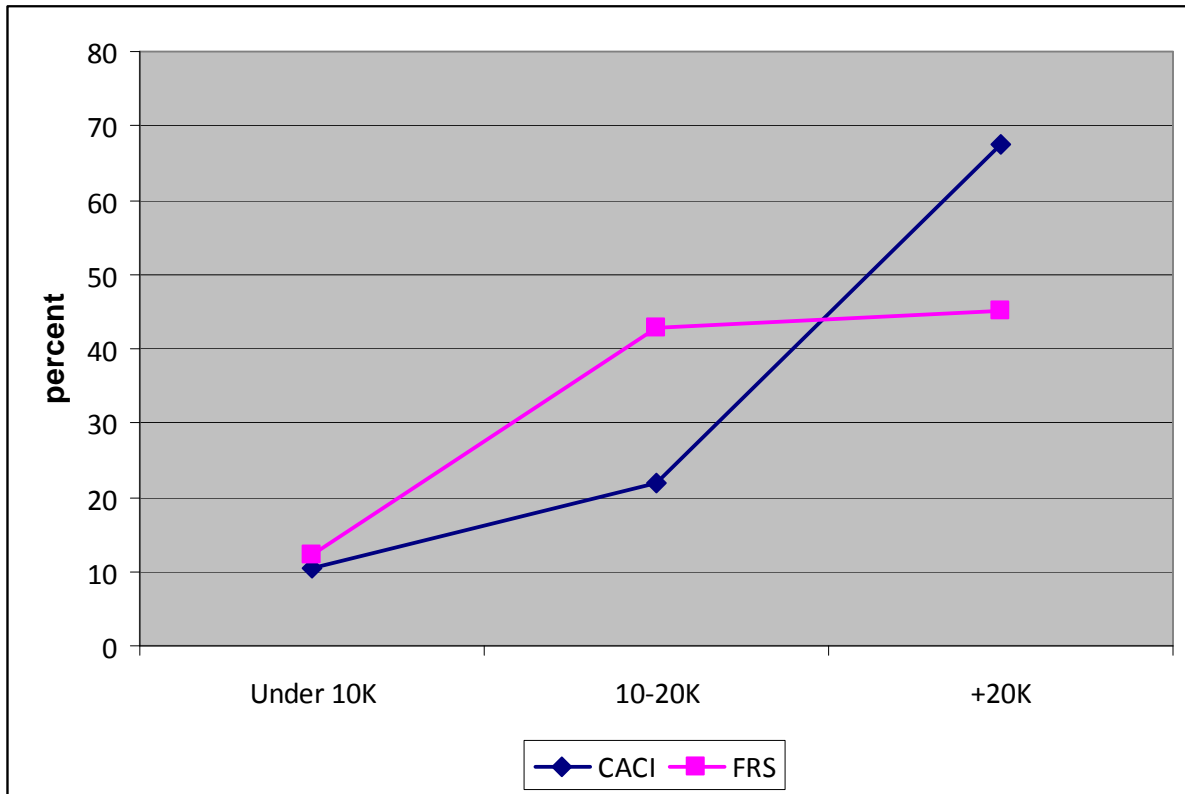


Source: CACI PayCheck

Figure 32 compares the FRS 2007/8 gross income with the equivalent CACI PayCheck for 2010. It shows:

- CACI incomes are generally higher than those reported through the FRS but this is expected given the FRS data is now somewhat dated;
- In both datasets a similar percentage of households are estimated to have a gross income of between £10,000 or under;
- CACI suggests that a much higher proportion of households have a gross income of over £20,000 (67.6% compared to 45%). This difference cannot be explained solely by reference to the time lag in respect of the FRS;
- FRS suggests a higher proportion of households have a gross income of between £10,000 and £20,000 (42.8% compared to 21.8%).

Figure 32: Comparison of FRS & CACI at Northern Ireland



Source: FRS 09/10 and CACI PayCheck 2010

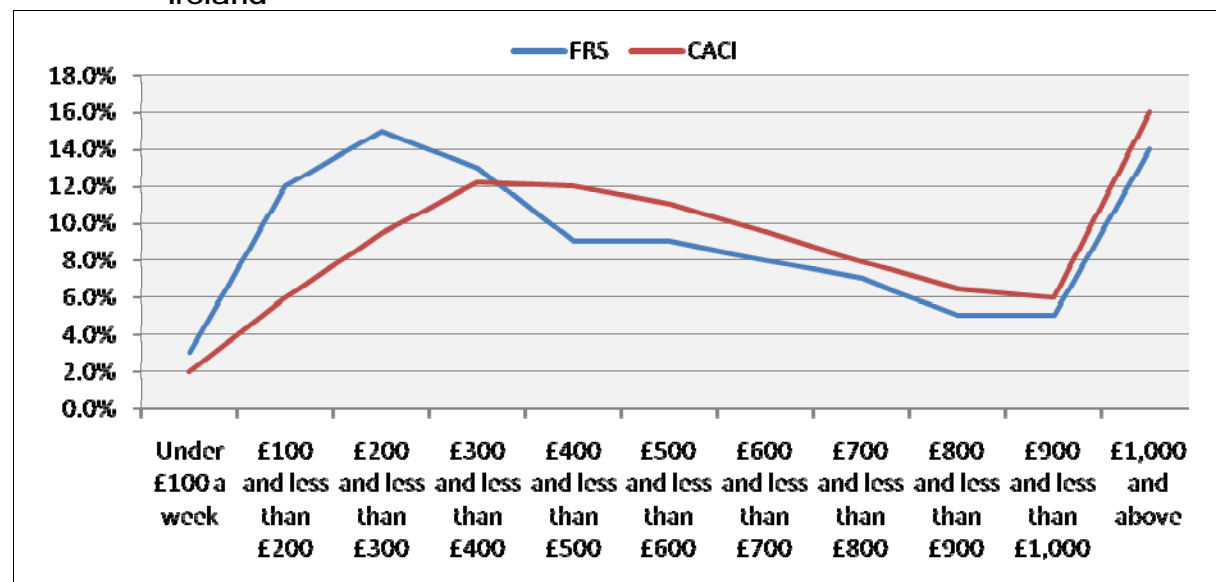
There are several possible reasons why FRS and CACI are not more closely aligned:

- The term household applied by CACI is intended to be consistent with the Census but we suspect it relates to all adults living at the same address. In Northern Ireland, where there is an above UK average proportion of large adult households, this will tend to boost gross household income. As comparisons between the FRS household and benefit unit income distributions illustrate, the 'measurement' unit adopted has a clear impact of the observed income distributions;
- There are difficulties collecting savings and investment information through household surveys, including the FRS. These are sensitive issues for some respondents and non-response or misreporting of these income components may be significant;
- A possible weakness of the CACI model is over-reliance on geo-demographic classification;
- ONS and others have observed that the FRS is known to under-report receipt of state benefits when compared with administrative data on benefits. This is partly because benefit take up can vary between different population groups and between localities which it is difficult for the FRS income imputation to allow for;
- By contrast, we believe CACI seek to allow for state benefit and tax credit transfers by ascribing similar gross incomes to households dependent on state benefits regardless of location and whether benefits are claimed. This would have the affect of 'smoothing out' the lower end of the income distribution.



Figure 33 compares FRS and CACI PayCheck findings for Northern Ireland. It supports our perception that the CACI model most likely involves 'smoothing' which may flatten out some of the extremes on the ground.

Figure 33: Comparison of FRS and CACI gross annual income distribution, Northern Ireland



Source: FRS 2007/8 and CACI PayCheck 2009

Overall conclusions

The shortcomings of CACI should not be denied, but nor should they be over-played. Overall we believe that:

- Because of the size of the underlying dataset, CACI PayCheck estimates are a useful and readily accessible source of data on income distributions and certainly provide a more realistic view of household incomes than averaged data or reliance on national survey data alone;
- This source of data should provide a useful insight into the distribution of incomes and variations in income across Northern Ireland at HMA and LGD level;
- CACI PayCheck may not, however, be of sufficient quality to provide precise estimates of the gross household incomes for smaller geographic areas that are sparsely populated.

Appendix 7: Changes in households and occupied stock numbers for 2001- 2010

Introduction

Household projections are estimates of the future number of households based on assumptions about the future population growth, household composition and size based on past trends. In summer 2010 the latest available NISRA household projections were 2006-based. These household projections were therefore shaped by trends prior to 2005. As NISRA (2008c) stress:

“While these household projections will contribute to the assessment of future housing demand in Northern Ireland, they are only one element in this process and their limitations should be fully recognised. The projections are trend-based and only demonstrate what will happen to future household numbers if past household formation trends continue and if the latest population projections hold true” (page 4)

NISRA also caution that LGD level figures are less robust than those produced for Northern Ireland or large regional areas. An important dimension of local housing system analysis is therefore to explore whether household projections fit particular local circumstances and local events.

In the case of the Ballymena HMA, we were interested to find out if the housing market boom in the period up to and including 2007 may have given rise to a situation where the household projections had become out of date. At the same time, we wanted to explore whether other data sources might shed light on recent developments in terms of the numbers of households resident within the Ballymena HMA and the movement patterns of households across the area.

The purpose of this appendix is therefore to set out the analysis we undertook to investigate this matter. It considers the extent to which recent housing system dynamics are likely to explain the apparent divergence between the projected annual numbers of households at the local level and the numbers of occupied dwellings.

The analysis presented below led us to conclude that at the Northern Ireland level the direction and scale of changes suggested by the NISRA household projections in the period from 2001 to 2008 appear to be broadly consistent with evidence on changes in the numbers of occupied stock and other evidence. We also concluded that this appeared to be the case in respect of the Ballymena HMA as a whole. By contrast, we concluded that the disparities between household projections and occupied stock estimates at the sub-market area could not be explained by measurement errors alone and that some of the disparity reflected housing market and economic developments that occurred in the 5-year period to 2008.



Relationship between projected household and occupied dwelling counts

As Table 39 shows, in the period from 2001 to 2010, NISRA household projections have tended to outstrip the numbers of occupied stock. There are several reasons why the numbers of occupied dwellings and the projected numbers of households rarely match.

Table 39: Northern Ireland occupied stock and projected household numbers, 2001-09

Year	Occupied Stock	NISRA household projection	Occupied stock as a % of households
2001	620,000	628,500	99
2002	633,200	637,000	99
2003	642,500	645,000	100
2004	653,200	652,900	100
2005	662,600	660,700	100
2006	667,700	672,600	99
2007	664,400	684,300	97
2008	676,500	693,300	98
2009	687,700	702,900	98
2010	696,300	712,000	98

- A proportion of households share their home or dwelling with another household. At the national and regional level this proportion can range from 0.5% to 1%;
- The household projections are derived from household propensity rates that applied to NISRA mid-year population estimates. The projected numbers are therefore not direct estimates of the number of households in a given year, nor are they designed to forecast year-to-year fluctuations;
- The Rates Collection Agency (RCA) stock dataset used by DSD and NISRA to prepare total, occupied and vacant dwelling counts may be incomplete. It may under-report on conversions. There may also be a lag between the time a dwelling is completed and when it appears on the RCA dataset used to compile dwelling estimates;
- The household projections and occupied dwelling count cover slightly different periods. The RCA stock dataset²³ reports stock figures for 31 March each year whereas projections relate to mid year (June);
- Landlords that enter into an agreement with LPS to pay the total rates liability for all their properties (regardless of occupancy) by 30 September receive a 15% discount. As there is no financial incentive to do so, some landlords may not report the extent to which their stock is occupied or vacant;

²³ The data on the dwelling stock comes from 'Land & Property Services (LPS)', which was formerly the Rates Collection Agency and is a snapshot of occupied stock at 31st March (from 2002 onwards). The dataset is still referred to as the RCA stock dataset by NISRA.

In short, there is no simple one to one relationship between households and occupied dwellings in any given year. Nonetheless:

- Over time it is customary to expect to see a relatively close relationship between the two variables. There is no hard and fast rule but as a rule of thumb these numbers would usually be expected to be within one or possibly two percentage points of each other;
- Annual occupied stock figures have the advantage that they are less likely to 'drift' between each Census. This is because they are updated annually and do not rely on assumptions based on the changes between the 1991 and 2001 Census.

Projected household growth and annual occupied dwelling count compared

Occupied stock to projected household ratio

Table 40 compares the occupied stock to projected household ratio for Northern Ireland, and the Ballymena HMA for 2001 to 2010 inclusive. These findings suggest that:

- Although subject to annual fluctuation, the occupied stock numbers to projected household numbers ratio for Northern Ireland have shown little change. Thus it appears that the gap between the numbers of occupied dwellings and the projected numbers of households has not widened to any significant extent;
- The occupied stock number to projected household numbers ratio for the Ballymena HMA has reduced since 2001 by 4% but at 97%, is close to the Northern Ireland figure of 99%;
- In the period 2001-2010, the projected household numbers in Ballymena HMA have increased at a higher rate than the occupied stock numbers, thus resulting in the reduction of the occupied stock number to projected household numbers ratio.

Table 40: Occupied stock as a % of households across the Ballymena HMA 2001-10

Year	Northern Ireland	Ballymena HMA
2001	99%	101%
2002	99%	101%
2003	100%	101%
2004	100%	101%
2005	100%	102%
2006	99%	100%
2007	97%	98%
2008	98%	97%
2009	99%	97%
2010	99%	97%

Source: NISRA (2010 household projections and NISRA (DSD) ward level occupied stock estimates published on NINIS aggregated up to selected geographies Figures for 2007 should be treated with caution as there appears to be some under-reporting of occupied stock in some wards

Rate of change in projected household numbers and occupied dwelling count

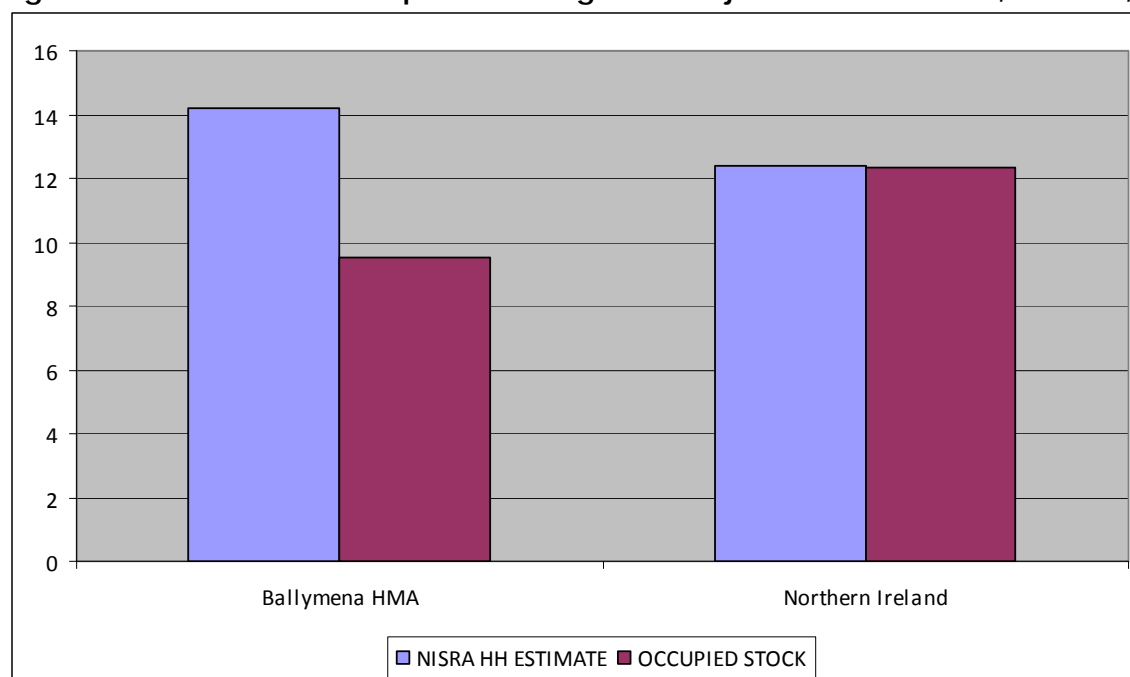


A related issue is the rate of growth in the projected numbers of households relative to the reported rate of growth in the numbers of occupied dwellings.

Figure 34 shows the increase in occupied dwellings and the projected numbers of households at Ballymena HMA and Northern Ireland levels (2001-2010):

- Between 2001 and 2010 both the number of occupied dwellings in Northern Ireland and the projected number of households increased by 12%;
- The rate of growth in Ballymena HMA has been lower than the Northern Ireland figure in respect of the number of occupied dwellings (9.5%), but the projected number of households was higher at 14%;
- In Ballymena HMA the projected number of households has grown at a higher rate than the number of occupied dwellings.

Figure 34: Increase in Occupied Dwellings and Projected HH numbers, 2001-10, %



Source: NISRA/DSD

Relationship between occupied and vacant stock

The above discussion has implicitly assumed that 'measurement errors' are likely to have occurred on the demand side; that is that the household projections are not wholly representative of recent trends.

However, it is also useful to consider the extent to which it is possible that in fact there has been an over-estimation of occupied dwellings.

The RCA dataset which records total stock is sub-divided into vacant stock and occupied stock prior to release. Although we cannot be certain, it is possible that

the count of occupied dwellings is somewhat overstated and the count of vacant dwellings is somewhat understated. In particular, we suspect that not all transitional vacancies²⁴ that arise as part of the process of households moving from one dwelling to another have been allowed for.

More generally, lags in the reporting of empty dwellings tend to be greatest in urban areas with high turnover and areas with a high proportion of private renting.

The HCS of 2006 and 2009 report the vacancy rate at different geographical levels. The 2006 HCS reports at LGD level and the 2009 HCS reports at the proposed new district council areas rendering comparison difficult. It does however suggest that the vacancy rate has decreased slightly in the general area. In addition, the number of vacant dwellings at Northern Ireland level has increased by 8% in this three year period. This is still insufficient to account for the increasing gap in occupied dwellings and projected households.

Overall it would seem that household estimates based solely on the numbers of occupied dwellings are subject to some degree of uncertainty. Notwithstanding this, possible measure problems could not explain away the 'gap' between occupied household counts and the projected household numbers for Ballymena HMA.

Housing market dynamics

Other HMAs

It should be noted that some of the housing market areas in the south and west of Northern Ireland also appear to have experienced lower rates of household growth than NISRA projected. This includes Dungannon HMA and Newry HMA.

Aside from possible affordability constraints, in areas where population growth has been strongly influenced by net-international migration, the application of Northern Ireland wide household propensity rates may tend to over-estimate the rate of household growth, at least in the short to medium term. This is because inward migrants from overseas tend to live initially in large households (i.e. low household formation rates) but over time adopt household formation patterns that are similar to the indigenous population.

Conclusion

As highlighted NISRA estimates relating to household growth have been greater than occupied households in Ballymena HMA. Uncertainty continues in the Ballymena HMA housing market and this is likely to remain for at the least the short term. Economic conditions, rising unemployment, the fear of cuts in public spending and lack of consumer confidence is likely to continue impacting on the market,

²⁴ A property is only classed as vacant for rate purposes if it is unoccupied, unfurnished and not used for storage. To be deemed devoid of furniture all furniture not permanently attached to a wall, floor or roof must be removed and remaining "white" (kitchen) goods must not be connected.



hampering recovery. In relation to these issues and in order to boost the housing market, it may be prudent to tackle the issue of intermediate housing and introduce innovative measures to tempt households across tenure.

Appendix 8: Stock condition

Information from the HCS 2006 provides some insight into the condition and quality of houses across all tenures in the LGD's of Ballymena, Ballymoney and Moyle. It also provides a perspective on unfitness in the social housing sector at Northern Ireland level.

In 2006 the level of unfitness in Ballymena Borough across all tenures was 3%. In Ballymoney Borough it was 5.5% and in Moyle District it was 6.5%. This compared to the Northern Ireland unfitness level of 3.4%. Although Ballymoney Borough and Moyle District unfitness levels were higher than the Northern Ireland figure in 2006, the level of unfitness had decreased from 2001 to 2006 in these LGD's from 7.6% and 12% respectively. At 2006, urban areas generally recorded lower levels of unfitness than rural areas. In comparison unfitness in the social rented sector is minimal. The percentage breakdown is not available at LGD level, however, at Northern Ireland level, housing unfitness in housing association properties was 0.4% and 2.1% in Housing Executive properties.

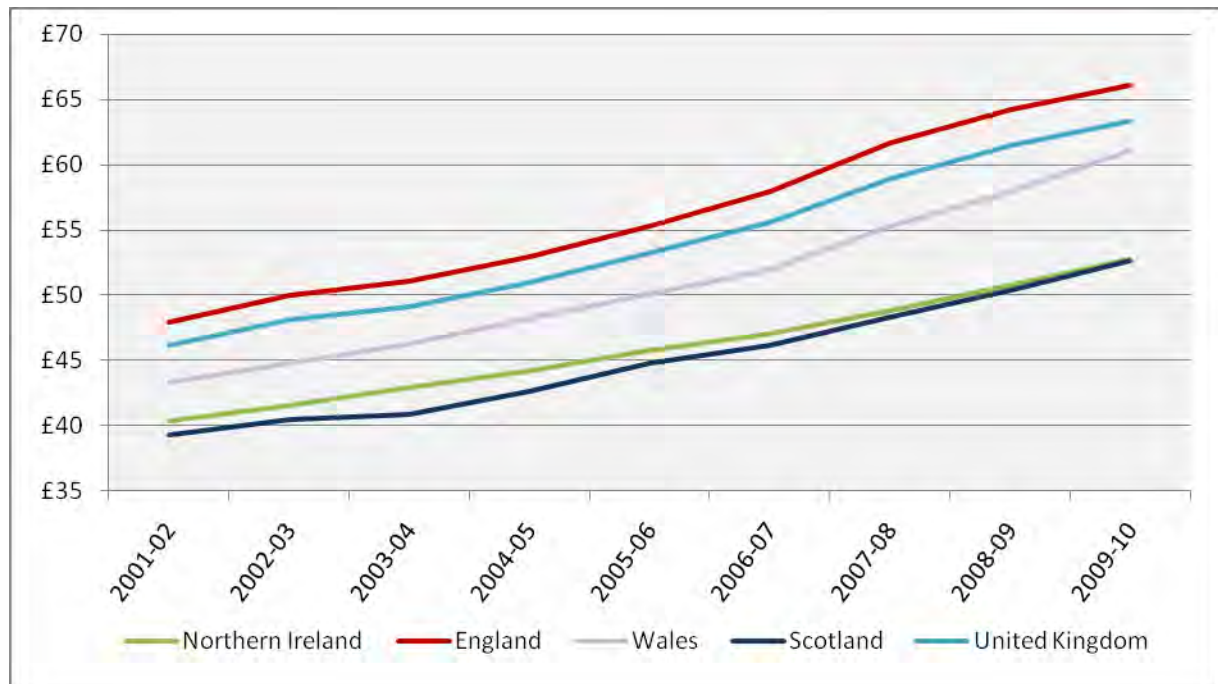
In terms of the Decent Homes Standard, 27.5% of all housing stock in Ballymena LGD failed the standard, 20.2% in Ballymoney LGD and 19.7% in Moyle LGD. These figures compared with the Northern Ireland average of 22%. The percentage breakdown for the social rented sector is also not available at LGD level, however, at Northern Ireland level, 8.9% of housing association properties and 24.7% of Housing Executive properties failed the standard.

In the intervening period, the Housing Executive improvement programme, which includes the replacement of inefficient solid fuel or electrical heating with (mainly natural gas) central heating, has increased the proportion of social rented dwellings that comply with the Decent Homes Standard. Most housing association stock is less than 25 years old and is widely assumed to be in good condition and to comply with the Decent Homes Standard.



Appendix 9: Average public sector rent by selected UK region 2000-1 to 2009-10 (£)

Figure 35: Average public sector rent by selected UK region 2000-1 to 2009-10 (£)



Source: DCLG live tables No 701 (Note rents for England for 2009/10 were not available in June 2010)

Appendix 10: Characteristics of social renters by Urban/Rural % Breakdown (2006)

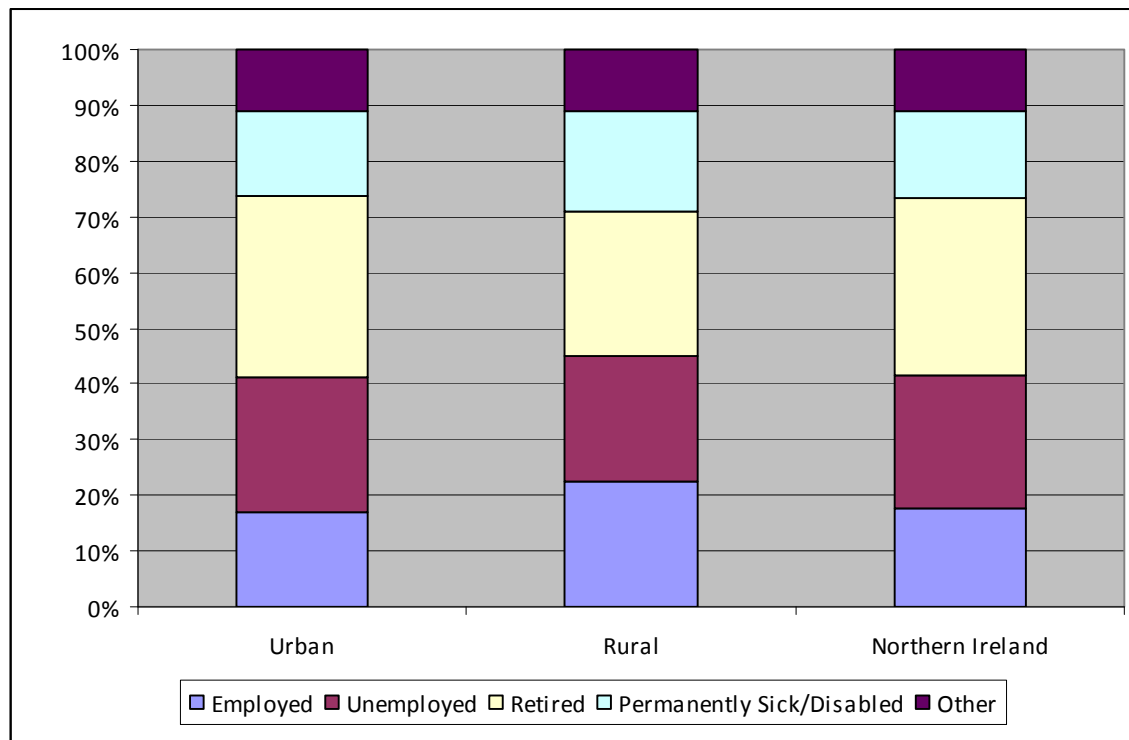
Table 41: Characteristics of social renters by Urban/Rural breakdown

	Urban	Rural	Northern Ireland
Age			
17-24	5	4	5
25-39	21	27	22
40-59	35	30	35
60 plus	39	39	39
Gender			
Male	42	52	44
Female	58	48	56
Household Size			
1 person	49	47	49
2 persons	23	27	24
3 persons	14	13	14
4+ persons	14	13	13
Economic status			
Employed	17	23	18
Unemployed	24	22	24
Retired	33	26	32
Permanently sick/disabled	15	18	15
Other	11	11	11
Religion			
Protestant	53	42	52
Catholic	42	53	43
Mixed/other/none	5	5	5
Household			
Small Adult	30	34	31
Family	35	33	35
Older	35	33	34
Banded income			
under £7000	20	24	20
£7000-£29999	76	72	76
£30000+	4	4	4

Source: HCS 2006



Figure 36: Economic Status of social renters by urban/rural breakdown



Source: HCS, 2006

Appendix 11: Total housing requirements

The RDS 2035 issued in 2012 includes updated housing growth indicators. These indicate a requirement for some 190,000 new houses over the 17 years to 2025. This equates to an average of some 11,200 units per annum. This adjustment is primarily a consequence of using the 2008-based household projections.

Determining the future requirement for housing is not an exact science. Even during times of stable economic growth there is always ambiguity over long-term future household growth and the overall level of housing that may be required to meet housing demand and need. The changed economic circumstances and the tightening of public expenditure indicate that the assumptions on which long-range household projections and thus the RDS housing growth indicators are founded will require careful monitoring and possible further review. In particular:

- It is very difficult to forecast future rates of international migration and the pace of economic recovery across the EU is likely to influence this rate. Faster economic growth in parts of Europe relative to Northern Ireland could mean that international out-migration from the UK and Northern Ireland may be greater than ONS and NISRA project;
- There is much debate but little agreement on whether changes to the eligibility criteria for Housing Benefit and other state benefits may dampen rates of household formation or lead to a change in the occupancy status (say a shift in demand from single family to shared housing) of housing sought;
- There is some evidence that low rates of economic growth can reduce household formation, at least over the short to medium term, as more adults in their twenties defer leaving home.



Appendix 12: A need to look afresh at how best to respond to Housing Stress

Looking forward, the level of resources that the Northern Ireland Executive will be able to make available to help address housing need or housing stress will be constrained. In this regard it is important to remember that the estimate of new social housing required is not strictly speaking the same thing as the numbers of new social rented housing units that will be delivered. In practice, how best to respond to 'housing need' and the potential shortfall in social rented housing provision is a policy decision.

In the face of reduced budgets and new social housing development programmes as set out in the NI Executive's Draft Budget 2011-15, it will be necessary to look at different options for addressing housing stress. In particular it will be essential to look beyond 'bricks and mortar' solutions. In this context there may be merit in looking at the potential for housing policies and social landlords to work more with the market than has tended to be the case to date.

There may be opportunities to harness some of the under-used land held in land banks or receivership to accommodate lower income households that see equity purchasing or private renting as a realistic alternative to social renting or owner occupation, at least for a transitional period. This might include current applicants for social housing as well as existing social tenants that may be willing to exit the sector and therefore create a vacancy for a household assessed to be in housing stress.

There are clear signs that such possibilities are now being considered following the launch of Building Strong Foundations which sets out proposals regarding the PRS. This includes the introduction of a rent deposit scheme. Since 1st October 2011 empty homes were given the same rating liability as occupied homes. This may also increase the potential for some form of private leasing arrangements to bring empty homes back into use.